



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

A G E N D A

MEETING, JUNE 3, 2011

A meeting of the South Coast Air Quality Management District Board will be held at 9:00 a.m., in the Auditorium at AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California.

Questions About an Agenda Item

- The name and telephone number of the appropriate staff person to call for additional information or to resolve concerns is listed for each agenda item.
- In preparation for the meeting, you are encouraged to obtain whatever clarifying information may be needed to allow the Board to move expeditiously in its deliberations.

Meeting Procedures

- The public meeting of the AQMD Governing Board begins at 9:00 a.m. The Governing Board generally will consider items in the order listed on the agenda. However, any item may be considered in any order.
- After taking action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

Questions About Progress of the Meeting

- During the meeting, the public may call the Clerk of the Board's Office at (909) 396-2500 for the number of the agenda item the Board is currently discussing.

The agenda and documents in the agenda packet will be made available upon request in appropriate alternative formats to assist persons with a disability. Disability-related accommodations will also be made available to allow participation in the Board meeting. Any accommodations must be requested as soon as practicable. Requests will be accommodated to the extent feasible. Please telephone the Clerk of the Boards Office at (909) 396-2500 from 7:00 a.m. to 5:30 p.m. Tuesday through Friday.

All documents (i) constituting non-exempt public records, (ii) relating to an item on the agenda, and (iii) having been distributed to at least a majority of the Governing Board after the agenda is posted, are available prior to the meeting for public review at the South Coast Air Quality Management District Clerk of the Board's Office, 21865 Copley Drive, Diamond Bar, CA 91765.

The Agenda is subject to revisions. For the latest version of agenda items herein or missing agenda items, check the District's web page (www.aqmd.gov) or contact the Clerk of the Board, (909) 396-2500. Copies of revised agendas will also be available at the Board meeting.

Cleaning the air that we breathe...™

CALL TO ORDER

- Pledge of Allegiance
- Presentation of Retirement Award to Paul Wuebben **Burke**
- Opening Comments: William A. Burke, Ed.D., Chair
Other Board Members
Barry R. Wallerstein, D. Env., Executive Officer

Staff/Phone (909) 396-

CONSENT CALENDAR (Items 1 through 16)

Note: Consent Calendar items held for discussion will be moved to Item No. 17

1. Approve Minutes of May 6, 2011 Board Meeting **McDaniel/2821**
2. Set Public Hearing July 8, 2011¹ to Consider Amendments and/or Adoption to AQMD Rules and Regulations **Wallerstein/3131**

Amend Rule 1133.1 – Chipping and Grinding Activities, **Tisopulos/3123**
and Adopt Rule 1133.3 – Emission Reductions from
Greenwaste Composting Operations

Proposed Amended Rule 1133.1 will update the rule to be consistent with state requirements for greenwaste that is chipped and ground. Proposed Rule 1133.3 will implement the 2007 AQMP Control Measure MCS-04 by establishing best management practices to reduce VOC and ammonia emissions from greenwaste composting operations. (Reviewed: Stationary Source Committee, April 15, 2011)

¹ Note: At the May 6, 2011 Board meeting, the Board set a public hearing for July 8, 2011 to Amend Rule 1147 – NOx Reductions from Miscellaneous Sources.

Budget/Fiscal Impact

3. **Execute Contract for Continuation of Air Quality Institute** **Abarca/3242**

Since January 2006, the Board has authorized the implementation of several Air Quality Institute (AQI) programs to disseminate information and educate community, business and industry leaders and elected officials on air quality issues. Targeted audiences have included elected officials, business leaders, city and school officials, labor organizations, health-care and faith-based groups, and other leaders at the local and national level. In December 2010, the Board approved release of an RFP to solicit qualified firms to select a contractor to continue the AQI program. One response was received from this solicitation and reviewed by a panel. This action is to appropriate funds from the Undesignated Fund Balance to the Legislative & Public Affairs FY 2010-11 Budget, Services and Supplies Major Object Account and execute a contract with Cordoba Corporation for a one-year period at a cost not to exceed \$133,470, with options for two one-year extensions. (Reviewed: Administrative Committee, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.)

4. **Establish List of Prequalified Providers for Temporary Employment Services** **Johnson/3018**

On February 4, 2011, the Board approved release of an RFQ for temporary employment services. This action is to establish a list of prequalified agencies that will be used as needed to obtain temporary employment services for a three-year period, from July 1, 2011 to June 30, 2014. (Reviewed: Administrative Committee, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.)

5. **Execute Contract for Resurfacing of Diamond Bar Headquarters Parking Structure Deck** **Johnson/3018**

On March 4, 2011, the Board authorized release of an RFP to resurface the upper deck of the two-level parking structure at the Diamond Bar Headquarters. This action is to execute a contract with Century Restoration, Inc., for an amount not to exceed \$103,233. Funding for this contract is available in the FY 2010-11 Budget. (Reviewed: Administrative Committee, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.)

6. **Establish Vice Chair's Stipend Equal to that of What is Provided to AQMD's Board Member Who Represents CARB** **Wiese/3460**

This item is to present background related to stipend for the Board Consultant reporting to the Vice Chair. In addition, it is recommended that the amount equal that provided to the Board Member representing both AQMD and CARB. (Review: Administrative Committee, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.)

7. **Authorize Funding for Cost Offsets of Rule 1147 Equipment Certifications from Air Quality Investment Fund, Rule 1121 Emission Mitigation Fee Program** **Liu/2105**

Rule 1147 was designed to reduce NOx emissions from a variety of Non-RECLAIM combustion sources. This rule allows equipment manufacturers to certify their equipment based on AQMD-approved test methods, eliminating the need for compliance testing at the end user level. This action is to authorize funding of \$300,000 for equipment certifications from Air Quality Investment Fund, Rule 1121 Emission Mitigation Fee Program. The funding will be used to offset the cost of certification tests performed by AQMD-approved contractors, in an amount up to \$25,000 per equipment certification. (Reviewed: Administrative Committee, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.)

8. **Recognize Revenue and Execute Contracts for Truck Replacement Projects** **Liu/2105**

On June 4, 2010, the Board recognized \$5 million from U.S. EPA to sponsor diesel emission reduction projects. Staff is proposing to utilize a portion of those funds to cosponsor two diesel truck replacement projects in the City of San Bernardino and the Boyle Heights neighborhood in the City of Los Angeles. This action is to execute a contract with Electric Vehicle International, Inc. to demonstrate electric vehicles with UPS at a cost not to exceed \$1.4 million from the Clean Fuels Fund. Finally, this action is also to execute a contract with Ace Beverage Co. to replace diesel trucks with new clean diesel trucks at a cost not to exceed \$1.5 million from the Carl Moyer Program Fund. (Reviewed: Administrative Committee, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.)

9. **Execute Contract for Expansion of Hydrogen Fueling Infrastructure** **Miyasato/3249**

On March 23, 2011, the CEC approved the award for a project located in Laguna Niguel that will develop hydrogen fueling infrastructure within the South Coast Air Basin. The proposed Laguna Niguel station is strategically located and will play a significant role by providing hydrogen in a Southern California area that is expected to have a high fuel cell vehicle density. However, additional funds are needed to offset the production and distribution costs of up to 100% renewable hydrogen, as well as compression redundancy and the initial operational costs while vehicle volumes remain low. This action is to execute a contract with Linde, LLC, in an amount not to exceed \$250,000 from the Clean Fuels Fund. (Reviewed: Administrative Committee, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.)

10. Approve Alternative Fuel Infrastructure and Local Government Match Contract Awards under FY 2010-11 AB 2766 Discretionary Fund Work Program **Winterbottom**

As part of their FY 2010-11 AB 2766 Discretionary Fund Work Program, MSRC issued Program Announcements for the Alternative Fuel Infrastructure and Local Government Match Programs. The MSRC approved multiple new contracts under these Programs, and seeks AQMD Board approval of these contract awards. (Reviewed: Mobile Source Air Pollution Reduction Review, May 19, 2011; Recommended for Approval)

Items 11 through 16 - Information Only/Receive and File

11. Legislative & Public Affairs Report **Abarca/3242**

This report highlights the April 2011 outreach activities of Legislative & Public Affairs, which include Environmental Justice Update, Community Events/Public Meetings, Business Assistance, and Outreach to Business and Federal, State and Local Government. (No Committee Review)

12. Hearing Board Report **Camarena/2500**

This reports the action taken by the Hearing Board during the period of April 1 through April 30, 2011. (No Committee Review)

13. Civil Filings Report **Wiese/3460**

This reports the legal actions filed by the District Prosecutor during April 1 through April 30, 2011. (No Committee Review)

14. Lead Agency Projects and Environmental Documents Received by AQMD **Chang/3186**

This report provides, for the Board's consideration, a listing of CEQA documents received by the AQMD between April 1, 2011 and April 30, 2011, and those projects for which the AQMD is acting as lead agency pursuant to CEQA. (No Committee Review)

15. Rule and Control Measure Forecast **Chang/3186**

This report highlights AQMD rulemaking activity and public workshops potentially scheduled for the year 2011. (No Committee Review)

16. **Status Report on Major Projects for Information Management Scheduled to Start During Last Six Months of FY 2010-11** **Marlia/3148**

Information Management is responsible for data systems management services in support of all AQMD operations. This action is to provide the monthly status report on major automation contracts and projects to be initiated by Information Management during the last six months of FY 2010-11. (No Committee Review)

17. Items Deferred from Consent Calendar

BOARD CALENDAR

Note: The Mobile Source, Stationary Source, and Technology Committees did not meet in May. The next meetings of the Mobile Source, Stationary Source, and Technology Committees are scheduled for June 17, 2011.

18. **Administrative Committee (Receive & File)** **Chair: Burke** **Wallerstein/3131**
19. **Investment Oversight Committee (Receive & File)** **Chair: Antonovich** **O'Kelly/2828**
20. **Legislative Committee** **Chair: Carney** **Abarca/3242**

Receive and file; and adopt the following positions as recommended:

Bill/Title	Recommended Position
AB 475 (Butler) Vehicles: Offstreet Parking: Electric Vehicles	Watch
SB 358 (Cannella) Income Tax: Gross Income: Exclusion: Air Quality Funds	Support
AB 880 (Perez) Environmental quality: CEQA: expedited environmental review	Support
SB 246 (De Leon) California Global Warming Solutions Act of 2006: Offsets	Support with Amendments
SB 862 (Lowenthal) Southern California Goods Movement Authority	Support with Amendments

21. Mobile Source Air Pollution Reduction Review Committee (Receive & File) Board Liaison: Antonovich Hogo/3184
22. California Air Resources Board Monthly Report (Receive & File) Board Rep: Loveridge McDaniel/2500

PUBLIC HEARINGS

23. Adopt Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program (***Continued from the May 6, 2011 Board Meeting***) Tisopulos/3123

Staff is proposing to adopt Proposed Rule 1325 – Federal New Source Review Program, to incorporate U.S. EPA's requirements for PM_{2.5} into Regulation XIII – New Source Review. This rule applies only to the South Coast Air Basin and to new major polluting facilities of PM_{2.5}; major modifications to major polluting facilities of PM_{2.5}; and any facility with an emissions increase or a potential to emit 100 tons per year or more of PM_{2.5} and its precursors. This action is to adopt the resolution 1) Certifying the Notice of Exemption for Proposed Rule 1325; and 2) Adopting Proposed Rule 1325. (Reviewed: Stationary Source Committee, March 18, 2011)

24. Amend Rule 1113 – Architectural Coatings Tisopulos/3123

The proposed amendments to Rule 1113 will further reduce VOC emissions from architectural coatings by limiting the allowable VOC content of previously unregulated colorants used to tint coatings at the point of sale; establishing VOC limits for certain new coating categories; and reducing the allowable VOC content for several existing coating categories. The proposed amendments will also revise the Averaging Compliance Option and Small Container Exemption, remove outdated language and provide rule clarification to improve its enforceability. This action is to adopt the resolution: 1) Certifying the Final Environmental Assessment for Proposed Amended Rule 1113; and 2) Amending Rule 1113. (Reviewed: Stationary Source Committee, January 21, 2011 and March 18, 2011)

25. Amend Rule 2005 – New Source Review for RECLAIM Tisopulos/3123

To offset emissions from a new or modified unit, Rule 2005 requires a RECLAIM facility to hold sufficient RECLAIM Trading Credits (RTCs) at the beginning of each year the unit is in operation. These RTC holding requirements may provide a disadvantage to modernization, potentially delaying emission reductions. The current proposal is to eliminate the requirement for existing facilities to hold RTCs in advance of second and subsequent years. All emissions will still be required to be offset by RTCs at the end of the applicable compliance period. This action is to adopt the resolution: 1) Certifying the Notice of Exemption for Proposed Amended Rule 2005; and 2) Amending Rule 2005. (Reviewed: Stationary Source Committee, January 21, 2011)

26. Adopt Proposed Rule 310.1 - Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment Tisopulos/3123

Proposed Rule 310.1 - Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment will exempt owners and operators of unpermitted equipment that meet certain conditions from civil and criminal penalties and late filing fees if the necessary permit applications and fees are voluntarily filed and paid during the amnesty period of July 1, 2011 through December 31, 2011. In addition, the proposed rule provides an additional 50 percent discount to small businesses filing complete applications to install control equipment during the same time period. This rule implements Board direction to incentivize compliance and encourage emission reductions. This action is to adopt the resolution: 1) Certifying the Notice of Exemption for Proposed Rule 310.1; and 2) Adopting Rule 310.1. (Reviewed: Administrative Committee, May 13, 2011)

OTHER BUSINESS

27. Establish AB 1318 Mitigation Fee Fund O'Kelly/2828

This item is to establish an AB 1318 Mitigation Fee Fund from the construction of proposed power plant project resulting from CPV Sentinel agreement. The sum of \$53,318,358.30, all of which is to be provided by CPV Sentinel, is to be placed in the AB 1318 Mitigation Fee Fund (Fund 58). (No Committee Review)

PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3)

BOARD MEMBER TRAVEL – (No Written Material)

Board member travel reports have been filed with the Clerk of the Boards, and copies are available upon request.

CLOSED SESSION - (No Written Material)

Wiese/3460

It is necessary for the Board to recess to closed session pursuant to Government Code section 54956.9(a) to confer with its counsel regarding pending litigation which has been initiated formally and to which the District is a party. The actions are:

- Cleanstreet v. SCAQMD, Los Angeles Superior Court Case No. BC441151;
- NRDC, et al. v. SCAQMD, et al., Los Angeles Superior Court Case No. BS110792; U.S. District Court Case No. CV08-05403 GW (PLAx); and U.S. Court of Appeals, Ninth Circuit, Case No. 09-57064;
- CCAT, et al. v. State of California; SCAQMD, et al., Los Angeles Superior Court Case No. BS124264 and California Court of Appeal, Second District, Case No. B226692;
- Pacific Merchant Shipping Association v. Goldstene, U.S. District Court, Eastern, Case No. 09-01151, U.S. Court of Appeals, Ninth Circuit, Case No. 09-17765;
- Southern California Gas Company v. SCAQMD, Los Angeles Superior Court Case No. BS122004;
- W. M. Barr & Company, Inc. v. SCAQMD, Los Angeles Superior Court Case No. BS127359;
- Association of Irrigated Residents v. EPA, U.S. Court of Appeals, Ninth Circuit, Case Nos. 09-71383 and 09-71404;
- Natural Resources Defense Council, et al. v. EPA, United States Court of Appeals, 9th Circuit, Case No. 08-72288; and
- Natural Resources Defense Council, et al. v. EPA, United States Court of Appeals, D.C. Circuit, Case No. 10-1056.

It is also necessary for the Board to recess to closed session under Government Code section 54956.9(c) to consider initiation of litigation (one case).

In addition, it is also necessary for the Board to recess to closed session pursuant to Government Code section 54957.6 to confer regarding upcoming labor negotiations with:

- designated representatives regarding represented employee salaries and benefits or other mandatory subjects within the scope of representation [Negotiator: William Johnson; Represented Employees: Teamsters Local 911 & SCAQMD Professional Employees Association]

and to confer with:

- labor negotiators regarding unrepresented employees [Agency Designated Representative: William Johnson; Unrepresented Employees: Designated Deputies and Management and Confidential employees].

ADJOURNMENT

*****PUBLIC COMMENTS*****

Members of the public are afforded an opportunity to speak on any listed item before or during consideration of that item. Please notify the Clerk of the Board, (909) 396-2500, if you wish to do so. All agendas are posted at AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the meeting. At the end of the agenda, an opportunity is also provided for the public to speak on any subject within the AQMD's authority. Speakers may be limited to three (3) minutes each.

Note that on items listed on the Consent Calendar and the balance of the agenda any motion, including action, can be taken (consideration is not limited to listed recommended actions). Additional matters can be added and action taken by two-thirds vote, or in the case of an emergency, by a majority vote. Matters raised under Public Comments may not be acted upon at that meeting other than as provided above.

Written comments will be accepted by the Board and made part of the record, provided 25 copies are presented to the Clerk of the Board. Electronic submittals to cob@aqmd.gov of 10 pages or less including attachment, in MS WORD, plain or HTML format will also be accepted by the Board and made part of the record if received no later than 5:00 p.m., on the Tuesday prior to the Board meeting.

ACRONYMS

AQIP = Air Quality Investment Program	NESHAPS = National Emission Standards for Hazardous Air Pollutants
BACT = Best Available Control Technology	NGV = Natural Gas Vehicle
Cal/EPA = California Environmental Protection Agency	NO _x = Oxides of Nitrogen
CARB = California Air Resources Board	NSPS = New Source Performance Standards
CEMS = Continuous Emissions Monitoring Systems	NSR = New Source Review
CEC = California Energy Commission	PAMS = Photochemical Assessment Monitoring Stations
CEQA = California Environmental Quality Act	PAR = Proposed Amended Rule
CE-CERT =College of Engineering-Center for Environmental Research and Technology	PHEV = Plug-In Hybrid Electric Vehicle
CNG = Compressed Natural Gas	PM ₁₀ = Particulate Matter ≤ 10 microns
CO = Carbon Monoxide	PM _{2.5} = Particulate Matter ≤ 2.5 microns
CTG = Control Techniques Guideline	PR = Proposed Rule
DOE = Department of Energy	RFP = Request for Proposals
EV = Electric Vehicle	RFQ = Request for Quotations
FY = Fiscal Year	SCAG = Southern California Association of Governments
GHG = Greenhouse Gas	SIP = State Implementation Plan
HRA = Health Risk Assessment	SO _x = Oxides of Sulfur
IAIC = Interagency AQMP Implementation Committee	SOON = Surplus Off-Road Opt-In for NO _x
LEV = Low Emission Vehicle	SULEV = Super Ultra Low Emission Vehicle
LNG = Liquefied Natural Gas	TCM = Transportation Control Measure
MATES = Multiple Air Toxics Exposure Study	ULEV = Ultra Low Emission Vehicle
MOU = Memorandum of Understanding	U.S. EPA = United States Environmental Protection Agency
MSERCs = Mobile Source Emission Reduction Credits	VOC = Volatile Organic Compound
MSRC = Mobile Source (Air Pollution Reduction) Review Committee	ZEV = Zero Emission Vehicle

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BOARD MEETING DATE: June 3, 2011

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the May 6, 2011 meeting.

RECOMMENDED ACTION:

Approve Minutes of the May 6, 2011 Board Meeting.

Sandra McDaniel,
Clerk of the Boards

dp

FRIDAY, MAY 6, 2011

Notice having been duly given, the regular meeting of the South Coast Air Quality Management District Board was held at District Headquarters, 21865 Copley Drive, Diamond Bar, California. Members present:

William A. Burke, Ed.D., Chairman
Speaker of the Assembly Appointee

Mayor Dennis R. Yates, Vice Chairman
Cities of San Bernardino County

Supervisor Michael D. Antonovich (arrived at 9:50 a.m.)
County of Los Angeles

Supervisor John Benoit
County of Riverside

Councilman Michael A. Cacciotti (arrived at 9:20 a.m.)
Cities of Los Angeles County – Eastern Region

Ms. Jane W. Carney
Senate Rules Committee Appointee

Supervisor Josie Gonzales
County of San Bernardino

Dr. Joseph K. Lyou
Governor's Appointee

Supervisor Shawn Nelson (arrived at 9:20 a.m.)
County of Orange

Councilwoman Jan Perry (arrived at 10:30 a.m.)
City of Los Angeles

Mayor Miguel A. Pulido
Cities of Orange County

Members Absent:

Mayor Ronald O. Loveridge
Cities of Riverside County

Councilwoman Judith Mitchell
Cities of Los Angeles County – Western Region

CALL TO ORDER: Chairman Burke called the meeting to order at 9:10 a.m.

- Pledge of Allegiance: Led by Chairman Burke.
- Swearing in of Reappointed Board Member Joseph K. Lyou, PhD.

Chairman Burke announced that Dr. Lyou, who was reappointed by Governor Brown to serve as his representative on the AQMD Governing Board for a term ending January 15, 2015, was sworn in on April 9, 2011.

- Opening Comments

Dr. Wallerstein. Noted that staff is recommending that Item No. 33, the public hearing to consider adoption of Proposed Rule 1325, be continued to the June 3, 2011 Board Meeting; and that copies of the revised staff report and proposed rule were available for the public.

- Recognize Hearing Board Chair Edward Camarena for 50 years of Service

Chairman Burke presented a crystal award and resolution to Hearing Board Chairman Edward Camarena in recognition and commendation of his 50 years of dedicated service to the District; including 33 years as a District employee and 17 years serving on the Hearing Board.

(Councilman Cacciotti and Supervisor Nelson arrived at 9:20 a.m.)

CONSENT CALENDAR

1. Approve Minutes of April 1, 2011 Board Meeting
2. Set Public Hearings to Consider Amendments and/or Adoption to AQMD Rules and Regulations as follows:
 - (A). Set Public Hearing June 3, 2011 to Amend Rule 2005 – New Source Review for RECLAIM
 - (B). Set Public Hearing June 3, 2011 to Adopt Proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment
 - (C). Set Public Hearing July 8, 2011 to Amend Rule 1147 – NOx Reductions from Miscellaneous Sources

Budget/Fiscal Impact

3. Execute and Amend Contracts for Implementation of U.S. EPA's Targeted Air Shed Grant Program
4. Amend Contract to Provide Technical Support for AQMD Coachella Valley Meteorological Network
5. Issue Purchase Order for Calibration Gas Dilution Systems and Primary Ozone Standard
6. Execute Contract to Electrify Ship to Receive Shore Power with U.S. EPA Grant Funds
7. Execute Contracts to Demonstrate NOx and PM Emission Controls on Construction Equipment in Showcase Program
8. Issue RFP for Deployment of Five Megawatts or More of In-Basin Renewable Distributed Electricity Generation and Storage to Support Electric Transportation Technologies
9. Execute Contract Under Carl Moyer Program and Issue Program Announcement for SOON Provision
10. Issue Purchase Order for CNG Passenger Vehicles for AQMD Fleet
11. Execute Contract for Worker's Compensation Claims Third-Party Administration
12. Amend Policy Pertaining to Board Assistants/Consultants Vehicle Mileage Traveled and Other Travel Expenses
13. Approve Contract Awards and Issue RFP for Programmatic Outreach Services under FY 2010-11 AB 2766 Discretionary Fund Work Program

Items 14 through 21 – Information Only/Receive and File

14. Legislative & Public Affairs Report
15. Report to Legislature and CARB on AQMD's Regulatory Activities for Calendar Year 2010
16. Hearing Board Report

17. Civil Filings and Civil Penalties Report
18. Lead Agency Projects and Environmental Documents Received by AQMD
19. Rule and Control Measure Forecast
20. Report of RFPs and RFQs Scheduled for Release in May
21. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2010-11

Supervisor Nelson announced his abstention on Item No. 13 due to campaign contributions from UPS.

Chairman Burke announced his abstention from Item 2(C) due to a financial interest in ExxonMobil. Ms. Carney announced her abstention from Item 2(C) because Brithinee Electric, Loma Linda University Medical Center, Maruhachi Ceramics of America, Precision Stampings, U.S. Battery, and Modular Metal Fabricators are sources of income to her.

Agenda Item Nos. 2(C), 3 and 8 were withheld for comment and discussion.

MOVED BY CACCIOTTI, SECONDED BY BENOIT, THE BOARD APPROVED AGENDA ITEMS 1, 2(A), 2(B), 4 THROUGH 7, AND 9 THROUGH 21, AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke (*on Item #13 only*), Carney, Cacciotti, Gonzales, Lyou, Nelson (*except Item #13*), and Yates.

NOES: None.

ABSTAIN: Burke (*on all items except #13*) and Nelson (*Item #13 only*).

ABSENT: Antonovich, Loveridge, Mitchell, Perry and Pulido.

22. Items Deferred from Consent Calendar –

2(C). Set Public Hearing July 8, 2011 to Amend Rule 1147- NOx Reductions from Miscellaneous Sources

Bill LaMarr, California Small Business Alliance, addressed the Board and expressed concern for the financial impact that the rule amendment will have on small businesses.

Agenda Item 2(C) was withheld to address the item once a quorum of Board Members were present to take action on the item.

3. Execute and Amend Contracts for Implementation of U.S. EPA's Targeted Air Shed Grant Program

Ms. Carney asked about the use of limited funds in areas greatly affected by toxic air contaminants where it appears this will provide only a small benefit.

Dr. Wallerstein responded that the items currently before the Board are part of a larger program; and these items will be augmented with additional items which will focus on industrial as well as mobile source applications.

MOVED BY CARNEY, SECONDED BY CACCIOTTI, AGENDA ITEM 3 APPROVED AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Cacciotti, Carney, Gonzales, Lyou, Nelson and Yates.

NOES: None.

ABSENT: Antonovich, Loveridge, Mitchell, Perry and Pulido.

8. Issue RFP for Deployment of Five Megawatts or More of In-Basin Renewable Distributed Electricity Generation and Storage to Support Electric Transportation Technologies

In response to Ms. Carney's inquiry regarding the anticipated response to the RFP and the types of projects that may be included, Dr. Matt Miyasato, Assistant DEO of Science and Technology Advancement, explained that the intent is to establish and demonstrate the feasibility of in-basin renewable generation that could be used for the transportation sector. Staff anticipates broad mix of technologies, for example photovoltaics on warehouses and small scale wind turbines with battery storage, as well as fuel cells powered by biogas.

Mayor Pulido announced his abstention on Item No. 8 due to a financial interest in i Cel Systems.

MOVED BY CARNEY, SECONDED BY CACCIOTTI, THE BOARD APPROVED AGENDA ITEM 8 AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Cacciotti, Carney, Gonzales, Lyou, Nelson and Yates.

NOES: None.

ABSTAIN: Pulido.

ABSENT: Antonovich, Loveridge, Mitchell and Perry.

BOARD CALENDAR

23. Administrative Committee
24. Legislative Committee
25. Mobile Source Committee
26. Stationary Source Committee

- 27. Technology Committee
- 28. Mobile Source Air Pollution Reduction Review Committee

MOVED BY CACCIOTTI, SECONDED BY LYOU, THE BOARD APPROVED AGENDA ITEMS 23 THROUGH 28, AS RECOMMENDED, RECEIVING AND FILING THE BOARD COMMITTEES' AND MSRC REPORTS AND ADOPTING THE POSITIONS ON LEGISLATION AS SET FORTH BELOW, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Cacciotti, Carney, Gonzales, Lyou, Nelson, Pulido and Yates.

NOES: None.

ABSENT: Antonovich, Loveridge, Mitchell and Perry.

Bill/Title	Recommended Position
H.R. 402 (DeLauro) National Infrastructure Development Bank Act of 2011	Support
H.R. 1122 (Richardson) The Freight FOCUS Act of 2011	Support in Concept
H.R. 1123 (Richardson) TIFIA Expansion Act of 2011	Support
SB 585 (Kehoe) Energy: solar energy systems: funding	Watch
SB 771 (Kehoe) Renewable energy resources	Support if amended

- 29. California Air Resources Board Monthly Report

MOVED BY YATES, SECONDED BY CACCIOTTI, THE BOARD APPROVED AGENDA ITEM 29 AS RECOMMENDED, RECEIVING AND FILING THE CARB REPORT, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Cacciotti, Carney, Gonzales, Lyou, Nelson, Pulido and Yates.

NOES: None.

ABSENT: Antonovich, Loveridge, Mitchell and Perry.

Staff Presentation/Board Discussion

30. Update on Communications Technology and Discussion on Request by Other Agencies to Use AQMD Apps

Oscar Abarca, DEO of Public Affairs, introduced a video that illustrated the updates to current applications and upcoming technological projects that are part of the District's public outreach program. The expanded offerings include providing application features in multiple languages, the ability to quickly locate alternative fuel stations, obtain live air quality index information, and the development of these same applications for the Android and Blackberry formats.

Denny Shaw, Supervising Radio/Telephone Operator, explained that as a result of staff's participation in outreach efforts, the District has received requests from other governmental agencies, including the Nebraska Department of Environmental Quality and CARB, to provide technical assistance in the development of similar applications; and requested guidance from the Board regarding the sharing of the source codes with outside organizations, such as private companies or governmental agencies.

Dr. Burke expressed optimism for the additional applications and noted the importance of increasing the efficiency of the District's email program.

Supervisor Nelson remarked that if there is no disadvantage to sharing the source code, it would be prudent to ask for a reciprocal agreement; in that, if the District provides source codes without cost to an agency, they agree to share information that they may develop if the District could benefit from similar programs.

Dr. Lyou suggested the addition of a ridesharing application along with information about public transit options and other such links. He also

inquired whether the District would have to comply with a Public Records Act request for the source codes.

General Counsel Kurt Wiese replied that, as a general rule, under the Public Records Act all information is available; therefore, counsel would have to further research the applicability of this situation.

MOVED BY YATES, SECONDED BY CACCIOTTI, THE BOARD APPROVED AGENDA ITEM 30 AS RECOMMENDED BY STAFF, WITH THE CAVEAT THAT THE DISTRICT ASK FOR A RECIPROCAL AGREEMENT WHEN PROVIDING SOURCE CODES WITHOUT COST TO AN AGENCY, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Cacciotti, Carney, Gonzales, Lyou, Nelson, Pulido and Yates.

NOES: None.

ABSENT: Antonovich, Loveridge, Mitchell and Perry.

31. Approve Ships-At-Berth Projects Under Proposition 1B-Goods Movement Program and Amend Contracts to Secure Technical Assistance

Dr. Lyou left the room after announcing his abstention on Item No. 31 because the City of Los Angeles is a potential source of income to him.

Fred Minassian, Technology Implementation Manager of Science and Technology Advancement, gave the staff presentation detailing the ships-at-berth projects at the Ports of Los Angeles, Long Beach and Hueneme that were funded through the Proposition 1B Program.

Mayor Yates asked for clarification on the purpose of the Port Hueneme projects.

Dr. Wallerstein explained that CARB and Ventura County APCD asked for the District's assistance to administer the program at Port Hueneme and directed funds for said project, along with reimbursement for administrative costs, to the District. He added that Port Hueneme is a large agricultural hub which requires refrigeration infrastructure.

(Supervisor Antonovich arrived at 9:55 a.m.)

Supervisor Benoit asked why the cost was so much less for the Port Hueneme projects than the others and inquired as to the percentage of the berths that would be electrified.

Mr. Minassian explained that the size of the project does make a difference with the cost and that the projects were selected based on their cost effectiveness. The contracts will require usage based on a schedule, as follows: starting in 2014, 60 percent of the visits to each berth must use electric power, after 2017, it will be 80 percent and after 2020, it will be 90 percent. The ten year contract provides that the District will recover the funds if these amounts are not reached.

MOVED BY YATES, SECONDED BY CACCIOTTI,
THE BOARD APPROVED AGENDA ITEM 31 AS
RECOMMENDED BY STAFF, BY THE FOLLOWING
VOTE:

AYES: Antonovich, Benoit, Burke, Carney,
Cacciotti, Gonzales, Nelson, Pulido and
Yates.

NOES: None.

ABSTAIN: Lyou.

ABSENT: Loveridge, Mitchell and Perry.

PUBLIC HEARINGS

32. Adopt Executive Officer's FY 2011-12 AQMD Budget and Work Program and CPI Fee Adjustment

Mike O'Kelly, Chief Financial Officer, gave the staff presentation.

The public hearing was opened and the following individuals addressed the Board on Agenda Item 32.

BILL LAMARR, California Small Business Alliance

Expressed appreciation that the agency is trying to operate in manner that reflects the current economic climate; and is encouraged by

the proposal of the amnesty program and the discount for small businesses.

CURTIS COLEMAN, Southern California Air Quality Alliance

Complimented staff on building a sound budget and working cooperatively with the Budget Advisory Committee.

BILL QUINN, California Council for Environmental and Economic Balance (CCEEB)

Illustrated the impact that the District fees and budget have on the various industries that CCEEB is comprised of; noted that CCEEB has worked to preserve the subvention funding and is ready to step in and work with District staff to make sure those funds are preserved; and expressed support for the budget proposal.

There being no further public testimony on this item, the public hearing was closed.

MOVED BY GONZALES, SECONDED BY CACCIOTTI, AGENDA ITEM NO. 32 APPROVED AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Antonovich, Benoit, Burke, Carney, Cacciotti, Gonzales, Lyou, Nelson, Pulido and Yates.

NOES: None.

ABSENT: Loveridge, Mitchell and Perry.

33. Adopt Proposed Rule 1325 – Federal PM2.5 New Source Review Program

MOVED BY LYOU, SECONDED BY CACCIOTTI, AND UNANIMOUSLY CARRIED (Absent: Loveridge, Mitchell and Perry) THE PUBLIC HEARING ON PROPOSED RULE 1325 WAS CONTINUED TO THE JUNE 3, 2011 BOARD MEETING, AS RECOMMENDED BY STAFF.

34. Annual Report for 2010 on AB 2588 Air Toxics Hot Spots Program

Naveen Berry, Planning and Rules Manager, gave the staff presentation. An errata sheet containing the addition of the following language to the Background Section, as requested by Dr. Lyou, was distributed to Board members and copies made available to the public:

“Under AB2588, AQMD is required to use OEHHA’s procedures to assess risks. These standardized procedures provide a valuable tool for statewide consistency in evaluating risks, communicating those risks to the public, and designing risk reduction programs.

“However, it is also recognized that the estimates of health risks are based on the state of current knowledge, and the process has undergone extensive scientific and public review. However, there is uncertainty associated with the processes of risk assessment. This uncertainty stems from the lack of data in many areas necessitating the use of assumptions. The assumptions are consistent with current scientific knowledge, but are often designed to be conservative and on the side of health protection in order to avoid underestimation of public health risks.

“As noted in the OEHHA risk assessment guidelines, sources of uncertainty, which may either overestimate or underestimate risk, include: (1) extrapolation of toxicity data in animals to humans, (2) uncertainty in the estimation of emissions, (3) uncertainty in the air dispersion models, and (4) uncertainty in the exposure estimates. Uncertainty may be defined as what is not known and may be reduced with further scientific studies. In addition to uncertainty, there is a natural range or variability in the human population in such properties as height, weight, and susceptibility to chemical toxicants.

“Thus, the risk estimates should not be interpreted as actual rates of disease in the exposed population, but rather as estimates of potential risk, based on current knowledge and a number of assumptions. However, a consistent approach to risk assessment is useful to compare different sources and different substances to prioritize public health concerns.”

Supervisor Benoit suggested a review to determine the necessity of an annual report, noting that reducing the reporting to once every other year or every three years would alleviate staff time spent preparing the reports and cut down on associated costs.

Dr. Lyou noted his disappointment that the Air Toxics report does not address cumulative impacts and indirect sources.

The public hearing was opened, and there being no requests to speak, the public hearing was closed.

RECEIVED AND FILED; NO ACTION NECESSARY.

CONSENT CALENDAR (continued)

22. Item Deferred from Consent Calendar –

2(C). Set Public Hearing July 8, 2011 to Amend Rule 1147- NOx Reductions from Miscellaneous Sources

There being a quorum of Board Members now present to take action on Item 2(C),

MOVED BY BENOIT, SECONDED BY CACCIOTTI, AGENDA ITEM NO. 2(C) APPROVED, AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Antonovich, Benoit, Cacciotti, Gonzales, Lyou, Nelson, Pulido, and Yates.

NOES: None.

ABSTAIN: Burke and Carney.

ABSENT: Loveridge, Mitchell and Perry.

(Councilwoman Perry arrived at 10:30 a.m.)

PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3)

There were no comments from the public on non-agenda items.

CLOSED SESSION

The Board recessed to closed session at 10:30 a.m., pursuant to:

(1) Government Code section 45956.9(c), to consider initiation of litigation (one case).

(2) Government Code section 54957.6, to confer regarding upcoming labor negotiations with:

- designated representatives regarding represented employee salaries and benefits or other mandatory subjects within the scope of representation [Negotiator: William Johnson; Represented Employees: Teamsters Local 911 & SCAQMD Professional Employees Association]

and to confer with:

- labor negotiators regarding unrepresented employees [Agency Designated Representative: William Johnson; Unrepresented Employees: Designated Deputies and Management and Confidential employees].

Following closed session, General Counsel Kurt Wiese announced that a report of any reportable actions taken in closed session will be filed with the Clerk of the Board and made available upon request.

ADJOURNMENT

There being no further business, the meeting was adjourned by General Counsel Kurt Wiese at 11:10 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on May 6, 2011.

Respectfully Submitted,

ALTHERESA ROTHSCHILD
Deputy Clerk Transcriber

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

APCD =Air Pollution Control District
CARB =California Air Resources Board
CEQA =California Environmental Quality Act
CNG =Compressed Natural Gas
FEA = Final Environmental Assessment
FY =Fiscal Year
LNG = Liquefied Natural Gas
NO_x = Oxides of Nitrogen
PAR = Proposed Amended Rule
PM =Particulate Matter
RFP = Request for Proposals
RFQ =Request for Quotations
SOON =Surplus Off-Road Opt-In for NO_x
U.S. EPA =United States Environmental Protection Agency

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 2

PROPOSAL: Set Public Hearing July 8, 2011 to Consider Amendments and/or Adoption to AQMD Rules and Regulations:

Amend Rule 1133.1 – Chipping and Grinding Activities, and Adopt Rule 1133.3 – Emission Reductions from Greenwaste Composting Operations. Proposed Amended Rule 1133.1 will update the rule to be consistent with state requirements for greenwaste that is chipped and ground. Proposed Rule 1133.3 will implement the 2007 AQMP Control Measure MCS-04 by establishing best management practices to reduce VOC and ammonia emissions from greenwaste composting operations. (Reviewed: Stationary Source Committee, April 15, 2011)

The complete text of the proposed amendment and rule, staff reports, and other supporting documents will be available from the District's Public Information Center, (909) 396-2550, and on the Internet (www.aqmd.gov) on June 7, 2011.

Note: At the May 6, 2011 Board meeting, the Board set a public hearing for July 8, 2011 to amend Rule 1147 – NOx Reductions from Miscellaneous Sources.

RECOMMENDED ACTION:

Set Public Hearing July 8, 2011 to amend Rule 1133.1 and adopt Rule 1133.3.

Barry R. Wallerstein, D.Env.
Executive Officer

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 3

PROPOSAL: Execute Contract for Continuation of Air Quality Institute

SYNOPSIS: Since January 2006, the Board has authorized the implementation of several Air Quality Institute (AQI) programs to disseminate information and educate community, business and industry leaders and elected officials on air quality issues. Targeted audiences have included elected officials, business leaders, city and school officials, labor organizations, health-care and faith-based groups, and other leaders at the local and national level. In December 2010, the Board approved release of an RFP to solicit qualified firms to select a contractor to continue the AQI program. One response was received from this solicitation and reviewed by a panel. This action is to appropriate funds from the Undesignated Fund Balance to the Legislative & Public Affairs FY 2010-11 Budget, Services and Supplies Major Object Account and execute a contract with Cordoba Corporation for a one-year period at a cost not to exceed \$133,470, with options for two one-year extensions.

COMMITTEE: Administrative, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

RECOMMENDED ACTIONS:

1. Appropriate \$133,470 from the Undesignated Fund Balance to the Legislative & Public Affairs FY 2010-11 Budget, Services and Supplies Major Object Account 67450 – Professional and Special Services.
2. Authorize the Chairman to execute a contract with Cordoba Corporation to continue the AQI program at a cost not to exceed \$133,470 for a one-year period, with options for two one-year extensions, upon satisfactory performance, at the Board's discretion.

Barry R. Wallerstein, D. Env.
Executive Officer

Background

Since 2006, the Board has authorized the implementation of several Air Quality Institute (AQI) briefings for education and outreach to community organizations, business and industry leaders, and elected officials on air quality issues. Since then, many meetings and briefings have been successfully held to increase public participation in health and air quality issues. On January 8, 2010, the Board authorized the latest series of eight (8) AQI briefings for 2010. These sessions have been instrumental in disseminating information on the Board's initiatives and priorities with emphasis on the critical need to reduce mobile source emissions, as well as related health and air quality issues. The Board amended the contract with Cordoba Corporation earlier this year for an additional four (4) AQI briefings.

The objective of the AQI is to educate and inform the public, and, in particular, first-tier opinion leaders and policy makers, including, but not limited to, elected and appointed officials, business and community leaders, editorial boards, medical representatives, and faith-based organizations about relevant air quality policy issues.

The topics for the AQI included discussions on ports and goods movement as it relates to air quality impact and solutions; air quality health studies including, MATES III, and the USC Children's Health Study; health effects of diesel exposure; environmental justice issues; advanced technology solutions; energy issues; wildfire response; and other key Board initiatives. The AQIs have also provided the attendees with information and tools for action necessary to support our clean air mission at the policy level.

The AQI briefings have been highly successful to date. Participants included federal, state and local elected officials, education and community leaders, faith leaders, labor leaders, health care professionals, and hundreds of business representatives. Discussions at these meetings were at the policy level, extensive and in-depth, leading to many important relationships being established between AQMD Board members, staff and important stakeholders.

Over the course of the program, many briefings were held in Los Angeles, Orange, San Bernardino, and Riverside counties as well as in Sacramento and Washington, D.C., delivering our messages to more than 1,000 leaders across the region. These briefings have resulted in dialogues with various organizations and individuals who have been beneficial in helping AQMD move its state and federal policy priorities forward.

From its inception, the AQI briefings have not only provided AQMD the opportunity to educate these individuals, and to build relationships with them and their organizations, but attendees have also alerted AQMD to various air quality issues of concern in their

communities or organizations. Thus, the briefings have established a means of engaging in a dialogue with the leadership of the communities served by AQMD.

At its December 3, 2010 meeting, the Board approved issuing RFP #P2011-11 to solicit proposals for consulting services regarding the continuation of the AQI program in 2011.

Outreach

In accordance with AQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and the Riverside County Press Enterprise newspapers to leverage the most cost-effective method of outreach to the entire South Coast Basin.

Additionally, thirty RFP notification letters were mailed to outreach and public affairs firms in Sacramento CA, and an electronic copy was placed on the Internet at AQMD's Web site (<http://www.aqmd.gov> where it can be viewed by making menu selections "Inside AQMD"/ "Employment and Business Opportunities"/ "Business Opportunities" or by going directly to <http://www.aqmd.gov/rfp/index.html>). Information was also made available on the AQMD bidder's 24-hour telephone message line (909) 396-2724.

Bid Evaluation

One proposal was received in response to the RFP. The proposal was evaluated and scored by a three-member evaluation panel. Cordoba Corporation's proposal was rated highly.

Panel Composition

The evaluation panel consisted of three AQMD employees: a Principal Deputy District Counsel and two Assistant Deputy Executive Officers. Of these, two are Asian and one is Hispanic; all male.

Proposal

The goal of the AQI is to partner with community leaders, elected officials and stakeholder groups to provide high-level informational and educational briefings with the intent of working together towards mutual public policy goals of importance to AQMD.

A Board of Counselors for the Institute has been previously established to guide this effort. Chaired by a State Senator, this Board includes educators, representatives from the labor and business communities, health advocates and urban planners. The contractor will continue to work with this group to review the progress made in reaching the stated goals, suggest new approaches or ideas for more effective interaction, and assist with implementation, as appropriate.

Four (4) Board of Counselors meetings are proposed for 2011, one per quarter, and eight (8) AQI briefings. The focus of the AQI briefings will continue to be mobile source emissions reductions focusing on goods movement, port emissions reductions, community-specific air quality issues, as well as the plans to meet the new NAAQS standards. Other topics that will be incorporated in the AQI program include small business incentives, jobs creation, health impacts of poor air quality and transportation funding and infrastructure. As the AQI is being implemented, it is hoped that we will partner with leaders from small business, labor, and education sectors as well as senior-citizen and faith-based groups and elected officials at the local, state and federal levels.

The sessions will be designed to educate participants on the specific air quality challenges faced by our region, to receive input and discuss issues in depth, and to develop partnerships for progress towards AQMD's clean air goals with greater public participation.

Therefore, staff recommends executing a contract with Cordoba Corporation based on their response to the RFP and their prior successful work with the AQI briefings.

The total amount of the contract will not exceed \$133,470 for a one-year period.

Resource Impacts

Funding for this contract is not included in the FY 2010-11 Budget for Legislative & Public Affairs. It is necessary to appropriate \$133,470 from the Undesignated Fund Balance to the Legislative & Public Affairs FY 2010-11 Budget, Services and Supplies Major Object Account 67450 – Professional and Special Services for this contract. Funding for the two optional one-year extensions is contingent upon Board approval of the Budget for the respective fiscal years.

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 4

PROPOSAL: Establish List of Prequalified Providers for Temporary Employment Services

SYNOPSIS: On February 4, 2011, the Board approved release of an RFQ for temporary employment services. This action is to establish a list of prequalified agencies that will be used as needed to obtain temporary employment services for a three-year period, from July 1, 2011 to June 30, 2014.

COMMITTEE: Administrative, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

RECOMMENDED ACTION:

Approve the agencies listed in Attachment B as prequalified vendors to provide temporary employment services as needed from July 1, 2011, through June 30, 2014.

Barry R. Wallerstein, D.Env.
Executive Officer

WJ:WR

Background

On February 4, 2011, the Board approved release of RFQ #Q2011-04 to establish a list of prequalified temporary employment services agencies from which temporary employment services can be purchased, as needed, over the next three-year period, covering July 1, 2011 through June 30, 2014.

The RFQ covered four major categories of temporary staffing: office/clerical, field/technical, laboratory support, and computer-related services. When temporary staffing is needed, competitive bids are solicited from all prequalified providers listed for the respective job category. Final selection is based on the cost to AQMD, the fit between job skills of temporary personnel available and AQMD's staffing needs, the pay provided the temporary employee, and the ability of the temporary employment services agency to provide any related services that might be needed. If temporary

staffing needs arise that cannot be met by any of the prequalified agencies, other agencies may be selected to provide such staffing services.

Outreach

In accordance with AQMD's Procurement Policy and Procedure, a public notice advertising the RFQ and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County Press Enterprise newspapers to leverage the most cost-effective method of outreach to the entire South Coast Basin.

Additionally, potential bidders were notified utilizing AQMD's own electronic listing of certified minority vendors. Notice of the RFQ was mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at AQMD's web site (<http://www.aqmd.gov>). Information was also available on the AQMD bidder's 24-hour telephone message line (909) 396-2724.

Bid Evaluation

Over 130 notices of the RFQ were mailed out, and 31 proposals were received by the close of bidding at 2:00 p.m., March 8, 2011. Twenty-six proposals were deemed complete and contained the required documentation specified in the RFQ.

The panel evaluating proposals included a Senior Enforcement Manager, a Technology Implementation Manager, a Human Resources Manager, and an Acting Human Resources Analyst. Of these four panel members, one is African-American and three are Caucasian; two are female and two are male.

The panel evaluated the 26 qualified proposals based on criteria specified in the RFQ, which included agency qualifications and responsiveness to the RFQ (Technical Score), and cost competitiveness (Cost Score), for a total of 100 points possible. In accordance with AQMD policy, additional points were awarded to agencies qualifying as a local business, small business, or disabled veteran business, as well as agencies subcontracting with small businesses or disabled veteran businesses.

Of the 26 proposals evaluated, 19 received the required minimum qualifying score of 65 or higher, out of a possible 100 points (Technical + Cost). Attachment A summarizes the results of the scoring process. Those 19 companies are recommended as qualified to provide temporary employment services in one or more of the categories sought, as listed in Attachment B. Of the 19 companies, all qualified as a local business and 10 qualified as a small business enterprise (SBE).

Proposal

Staff recommends approval of the agencies listed in Attachment B as prequalified to provide AQMD temporary employment services, as needed, through June 30, 2014.

Resource Impacts

There are no direct resource impacts relating to the prequalification of temporary employment services providers. The amount allocated for temporary employment services for each organizational unit is approved by the Board as part of AQMD's budget process.

Attachments

A – Evaluation Summary

B – Prequalified List of Temporary Employment Services Providers

ATTACHMENT A

EVALUATION SUMMARY RFQ 2011-04 Temporary Employment Services Providers

AGENCY	QUALIFYING SCORE (Technical + Cost) 65 Out of 100 Points Possible	ADDITIONAL POINTS 15 Points Possible
SIERRA CYBERNETICS, INC.	95.00	15.00*
TENTEK, INC.	91.75	5.00
ENTERPRISE RESOURCE SERVICES	88.25	15.00*
APPLE ONE EMPLOYMENT SERVICES	86.50	5.00
APR CONSULTING, INC.	85.25	5.00
MIDCOM CORP.	84.00	5.00
PRELUDE SYSTEMS, INC.	83.50	5.00
RYDEK COMPUTER PROFESSIONALS	82.75	5.00
PTS STAFFING SOLUTIONS	80.50	5.00
ADVANCED RESOURCES	80.25	15.00*
AMVIGOR ENGINEERING SERVICES	79.50	15.00*
TSICORP	78.25	5.00
PHOENIX ENGINEERING	77.25	15.00*
MANPOWER	75.25	5.00
CONCORDE CONSULTING, INC.	73.00	15.00*
PARTNERS IN DIVERSITY, INC.	69.50	15.00*
LG PROFESSIONALS, INC.	66.75	15.00*
SYNERGY SYSTEMS, INC.	65.75	15.00*
SUPERBTECH, INC.	65.25	15.00*

* *Small Business Enterprise (SBE)*

ATTACHMENT B

PREQUALIFIED LIST Temporary Employment Services Providers

July 1, 2011 – June 30, 2014

	AGENCY NAME	STAFFING CATEGORIES			
		Office/ Clerical	Field/ Technical	Lab Support	Computer Related
1	ADVANCED RESOURCES	X	X	X	X
2	AMVIGOR ENGINEERING SERVICES	X	X	X	X
3	APPLE ONE EMPLOYMENT SERVICES	X	---	---	X
4	APR CONSULTING, INC.	X	X	X	X
5	CONCORDE CONSULTING, INC.	---	---	---	X
6	ENTERPRISE RESOURCE SERVICES	X	X	X	X
7	LG PROFESSIONALS, INC.	X	X	X	X
8	MANPOWER	X	---	---	---
9	MIDCOM CORP.	X	X	X	X
10	PARTNERS IN DIVERSITY, INC.	X	---	---	X
11	PHOENIX ENGINEERING	X	---	---	X
12	PRELUDE SYSTEMS, INC.	---	---	---	X
13	PTS STAFFING SOLUTIONS	X	X	---	X
14	RYDEK COMPUTER PROFESSIONALS	---	---	---	X
15	SIERRA CYBERNETICS, INC.	X	X	X	X
16	SUPERBTECH, INC.	---	X	X	X
17	SYNERGY SYSTEMS, INC.	---	---	---	X
18	TENTEK, INC.	X	X	X	X
19	TSICORP	X	X	X	X

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 5

PROPOSAL: Execute Contract for Resurfacing of Diamond Bar Headquarters Parking Structure Deck

SYNOPSIS: On March 4, 2011, the Board authorized release of an RFP to resurface the upper deck of the two-level parking structure at the Diamond Bar Headquarters. This action is to execute a contract with Century Restoration, Inc., for an amount not to exceed \$103,233. Funding for this contract is available in the FY 2010-11 Budget.

COMMITTEE: Administrative, May 13, 2011, Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

RECOMMENDED ACTION:

Authorize the Chairman to execute a contract with Century Restoration, Inc. for a total amount not to exceed \$103,233, for parking structure resurfacing at Diamond Bar Headquarters.

Barry R. Wallerstein, D.Env.
Executive Officer

WJ:BJ

Background

In the FY 2010-11 Budget, the Board approved funding for the much-needed resurfacing to the upper deck of the two-level parking structure. On March 4, 2011, the Board authorized release of RFP #P2011-14 to request bids.

Outreach

In accordance with AQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County Press

Enterprise newspapers to leverage the most cost-effective method of outreach to the entire South Coast Basin.

Additionally, potential bidders may have been notified utilizing AQMD's own electronic listing of certified minority vendors. Notice of the RFP has been mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the internet at AQMD's Web site (<http://www.aqmd.gov/>). Information was also available on AQMD's bidder's 24-hour telephone message line (909) 396-2724.

Proposal Evaluation

Seventy-one RFPs were mailed out and 14 contractors attended the March 22, 2011, mandatory bidder's conference. Eight proposals were received when final bidding closed at 2:00 p.m., April 6, 2011, six of which were complete and met RFP requirements. The panel that evaluated proposals included a retired AQMD Building Maintenance Manager and two AQMD employees, the Building Maintenance Manager and the acting Building Supervisor. Of these, one is African American and two are Caucasian; three are male.

The panel evaluated the six responsive proposals based on criteria specified in the RFP, which included compliance with technical specifications, cost, contractor qualifications, and client references. Century Restoration, Inc. submitted the most qualified bid and received excellent references for comparable services.

Resource Impacts

Sufficient funds, in an amount not to exceed \$103,233, are available in the FY 2010-11 Budget, under the General Fund, Building Maintenance Operations account.

Attachment

A. Bidder's List

ATTACHMENT A

BIDDER'S LIST

RFP # P2011-14 Resurfacing the Parking Structure Upper Deck

COMPANY NAME	BID AMOUNT	S.O.W. PTS	QUALIF. PTS	REFERN. PTS	COST POINTS	SMBE/LOCAL	TOTAL
CENTURY RESTORATION	\$103,233	15.70	19.00	9.40	43.2	15.00	102.30
HOWARD RIDLEY	\$103,600	10.70	20.00	8.00	43.0	15.00	96.70
SLATER	\$124,500	13.30	19.30	10.00	35.8	15.00	93.40
WESTERN INDUSTRIAL	\$142,460	17.00	16.70	10.00	31.3	15.00	90.00
KITSON SPECIALTY	\$89,100	3.70	8.30	8.25	50.0	15.00	85.25
INDUSTRIAL COATINGS	\$148,730	8.70	8.70	7.25	30.0	10.00	64.65
CONTECH ***							
COURTNEY WATERPROOFING ***							

*** Non-Responsive Bid

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 6

PROPOSAL: Establish Vice Chair's Stipend Equal to that of What is Provided to AQMD's Board Member Who Represents CARB

SYNOPSIS: This item is to present background related to stipend for the Board Consultant reporting to the Vice Chair. In addition, it is recommended that the amount equal that provided to the Board Member representing both AQMD and CARB.

COMMITTEE: Administrative, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

RECOMMENDED ACTION:

Amend the Board Member Assistant and Board Member Consultant Policy as set forth in Attachment A.

Barry R. Wallerstein, D.Env.
Executive Officer

KW:AJO

Background

The current policy for Board Member Assistants and Consultants provides for compensation and payment for business-related expenses for Board Assistants and Board Consultants. The Policy also addresses the additional functions and responsibilities of Board Assistants and Board Consultants who serve Board Members who are assigned additional duties on behalf of the District. Specifically, the Board Member who is assigned as the District's CARB representative is provided additional monetary support for assistance with CARB-related matters.

This proposal is to provide equivalent support to the Board Assistants and/or consultants serving the Vice Chair of the Governing Board. In addition to serving in the absence of the Board Chair, the Vice Chair has a significant role in the policy-making and

operational aspects of the agency. In addition, the Vice Chair's advice/guidance is frequently sought by staff on various policy and administrative issues, along with that of the Chairman, as an interim "compass" of potential Governing Board views as projects proceed or issues arise. Similar to the Board's CARB representative, the Vice-Chair's additional duties require additional administrative support from a Board Consultant and/or Assistant. This proposal is to amend the Policy to allow for the Board's Vice Chair to be provided an amount for support services equal to that provided to the Board Member representing AQMD on the CARB Board.

Proposal

Amend the Board Member Assistant and Board Member Consultant Policy as set forth in Attachment A to provide to the Vice-Chair a level of support for Board Consultants/ Assistants equivalent to that provided to the Governing Board Member who represents AQMD on the CARB Board.

Resource Impacts

The cost impact of these proposed amendments is within the amount budgeted by the Board for the current fiscal year, and will be included in subsequent fiscal year budgets.

Attachment

- A. Board Member Assistant and Board Member Consultant Policy, with proposed revisions

ATTACHMENT A – PROPOSED REVISED

BOARD MEMBER ASSISTANT AND BOARD MEMBER CONSULTANT POLICY

1. That an employee classification of Board Member Assistant be established, with the following scope of duties, minimum requirements, and compensation rates:

Scope of Duties: performs for Board Member a variety of tasks ranging from liaison with constituent public entities, other Board Members, the public, and District staff related to clerical functions. Typical functions may include preparing narrative and statistical reports, preparing correspondence, filing and maintaining records, arranging meetings and other group functions; monitoring various programs and projects; responding to inquiries from constituent public entities, District Board Members, the public, and District staff.

Minimum requirements: evidence of the required training and experience shall be demonstrated by coursework in business administration or a related field, and/or sufficient experience performing data analysis and adjunct clerical functions for which familiarity with personal computers is desirable.

Maximum compensation rate: up to \$30.44 per hour, and as revised by the Governing Board.

2. That an employee classification of Board Member Consultant be established, with the following scope of duties, minimum requirements, and compensation rates:

Scope of Duties: performs for Board Member a variety of professional-level assignments in the development and formulation of policy, data analysis, reports, plans, assessments, and strategies for District programs; provides advice and recommendations to the Board Member regarding matters subject to the Board Member's decision-making authority; may provide liaison with the public on behalf of the Board Member. Typical functions may include planning, organizing, and developing a wide variety of programs on the Board Member's behalf and evaluating the effectiveness of various approaches.

Minimum requirements: evidence of the required training and experience shall be demonstrated by graduation from an accredited college or university preferably with a major in an academic discipline related to the assignment and/or sufficient experience involving technical or analytical work at a professional level which would demonstrate the required knowledge, skills, and abilities related to the assignment.

Maximum compensation rate: up to \$54.80 per hour, and as revised by the Governing Board, except for the Board Chair's Assistant/Consultant.

3. That class specifications of Board Member Assistant and Board Member Consultant be added to the District's Classification Plan at that maximum compensation rate and with the scope of duties and minimum requirements specified above.

4. That Board Member Consultants may be engaged as either independent contractors or exempt AQMD contract employees and that Board Member Assistants may only be employed as AQMD contract employees.
5. That the Contracts for Board Member Consultants engaged as independent contractors shall specify that they shall not, during the term of their employment, engage in any performance of work that is in direct or indirect conflict with duties and responsibilities for the District, and that their contracts shall contain a provision so stating. Contracts for Board Consultants and Assistants engaged as contract employees shall be subject to Section 40 of the District's Administrative Code—Code of Ethics, except that they shall adhere to the work rules and performance standards established by the Board Member to whom they report.
6. That a Board Member wishing to engage the services of a person to provide assistance shall submit to the Administrative Committee a Proposal identifying the person and setting forth his or her qualifications, scope of duties, and proposed compensation. The proposal shall include a listing of other employment and/or clients sufficient to determine whether the person has existing work that conflicts directly or indirectly with his or her duties and responsibilities for the District. The Administrative Committee shall review the Proposal and determine if the proposed compensation rate is consistent with the required qualifications described above and shall, with advice of District Counsel, make a case-by-case determination of whether a person proposed to provide assistance complies with the conflict-of-interest requirements of this Policy and is a Board Member Assistant or a Board Member Consultant. If the determination is made that the person is a Board Member Consultant, the Administrative Committee also shall determine whether the Board Member consultant be classified as an employee or an independent contractor. All Board Member Assistants shall be contract employees. Board Member Assistants, and Board Member Consultants who are District employees, are exempt from the District's Salary Resolution, Personnel Rules, and Administrative Code, except as specifically referenced in the said documents, this policy, or in his/her contract with the District.
7. That the position of Board Member Consultant (whether District employee or independent contractor) and Board Member Assistant be noticed for designation in the District's Conflict of Interest Code listing classifications subject to the Code and the incumbent must disclose economic interests and comply with the Conflict of Interest provisions of the Political Reform Act.
8. That Board Member Assistants and Board Member Consultants serve at the pleasure of the Board Member to whom support services are provided and pursuant to the provisions of the contract executed between the Board Member Assistant or Board Member Consultant and the District. The Board Member served may determine whether his/her Board Member Consultant is to be paid on an hourly or a monthly basis. Board Member Assistants must be paid on an hourly basis. Board Member Assistants and Board Member Consultants who are contract AQMD employees and who are paid on an hourly basis shall receive overtime pay at the rate of 1.5 times the hourly rate specified in his or her contract for hours worked in excess of ten per day or forty per week provided the Board Member approves in advance in writing the working of any overtime by the Board

Member Assistant or Board Member Consultant. Board Member Consultants paid on a monthly basis will be paid a prorata share of their annual contract amount each month, provided the Board Member approves in writing, which will also cover all expense reimbursements authorized under the contract.

9. That the maximum support service-related expenditure the District may make per Board Member (except the Chair and the CARB representative) is \$37,707 per fiscal year, and as revised by the Governing Board, not including business-related expenses. Effective May 1, 2009, expenses approved in advance that are associated with Board Member-approved attendance at mobile Board meetings and Board retreats will be reimbursed by AQMD upon presentation of expense receipts. That the Board's CARB representative shall have, in addition to the fiscal-year maximum applicable to the Board Members, an equivalent amount for assistance with CARB-related matters. That the Board Vice Chair shall have, in addition to the fiscal-year maximum applicable to the Board Members, an equivalent amount for assistance with matters related to duties specific to the Board Vice Chair. That the Board Chair's administrative support shall be, at the Chair's option, either: (1) a regular, non-contract District employee at the Executive Secretary level; or (2) a Board Member Assistant, or Board Member Consultant, or combination, at a total fiscal-year cost, not including business-related expenses, at an amount set by the Governing Board. Effective May 1, 2009, expenses approved in advance that are associated with Board Chair-approved attendance at mobile Board meetings and Board retreats will be reimbursed by AQMD upon presentation of expense receipts.
 - a. Board Member Assistants and Board Member Consultants will be provided vehicle mileage reimbursement, at the rate set forth in Administrative Code section 110.4, for travel within the geographical boundaries of the District for travel directly related to their duties as a Board Member Assistant or Board Member Consultant.
 - b. A Board Member Assistant or Board Member Consultant to the Board Member(s) serving as the District's CARB representative or as the District's representative to the California Fuel Cell Partnership (CaFCP) will be provided reimbursement for necessary expenses related to attending CARB or CaFCP workshops, hearings, meetings, or related events, subject to advance approval by the Board Chair.
 - c. The Board Chairman may also approve other Board Member Assistant/Consultant travel for District-related activities provided such travel is requested by their supervising Board Member and is reported to the Administrative Committee.
10. That Board Member Assistants and Board Member Consultants who are contract AQMD employees and who work on average a minimum of 13 hours per week may elect, from among District-sponsored health, dental, and vision insurance plans available to AQMD employees, District-paid single-party coverage up to the dollar amount of the benefits cap approved by the Board for professional employees. Board Member Consultants who are independent contracts are not eligible for any AQMD benefits.

11. That Board Member Assistants and Board Member Consultants who are contract AQMD employees may elect to participate in the deferred compensation plan AQMD sponsors for employees, as covered under section 457 of the Federal Internal Revenue Code.
12. The total compensation provided under a contract between the Board Member Assistant or Board Member Consultant and the District for any Board Member shall not exceed the amounts specified in paragraph 9 above. At such time as the compensation for services reaches said amounts, the contract for services shall be terminated at the employment relationship between the Board Member Assistant or Board Member Consultant and the District shall be terminated.
13. That all present and future assistants to a Board Member (whether Board Member Assistant or Board Member Consultant and whether or not an independent contractor) shall be subject to this policy.

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 7

PROPOSAL: Authorize Funding for Cost Offsets of Rule 1147 Equipment Certifications From the Air Quality Investment Fund, Rule 1121 Emission Mitigation Fee Program

SYNOPSIS: Rule 1147 was designed to reduce NO_x emissions from a variety of Non-RECLAIM combustion sources. This rule allows equipment manufacturers to certify their equipment based on AQMD-approved test methods, eliminating the need for compliance testing at the end user level. This action is to authorize funding of \$300,000 for equipment certifications from the Air Quality Investment Fund, Rule 1121 Emission Mitigation Fee Program. The funding will be used to offset the cost of certification tests performed by AQMD-approved contractors, in an amount up to \$25,000 per equipment certification.

COMMITTEE: Administrative, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

RECOMMENDED ACTION:

Authorize the use of \$300,000 from the Air Quality Investment Fund (Fund 27), Rule 1121 Emission Mitigation Fee Program, to offset costs for manufacturers up to \$25,000 per equipment certification. The Executive Officer may approve additional funding should costs exceed \$25,000 due to circumstances where additional analysis is required.

Barry R. Wallerstein, D.Env.
Executive Officer

Background

Rule 1147 was adopted in December 2008 to reduce NO_x emissions from a variety of Non-RECLAIM combustion equipment. The Rule requires that equipment meet the NO_x emission limit in phases based upon equipment age and type. Rule 1147 also incorporates the concept of facility modernization based on the Control Measure MCS-01 of the 2007 Air Quality Management Plan. For equipment subject to Rule 1147, modernization would require either burner system upgrades or replacement.

Rule 1147 provides two options for facilities to comply. One option is for end users to source test equipment using an AQMD-approved test method. The other option is for the manufacturers to certify burners and equipment using an AQMD-approved protocol. If the burners meet Rule requirements, the AQMD would provide a certification to the manufacturers and a copy of that certification would be required to be kept on-site by the facility operating the certified equipment. Attachment 1 provides an explanation of the equipment certification process and includes requirements for contractors who wish to participate in certification testing.

Proposal

Staff is proposing that the Board authorize the use of \$300,000 from the Air Quality Investment Fund (Fund 27) - Rule 1121 Emission Mitigation Fee Program to offset the cost of Certification Testing for Rule 1147 in an amount up to \$25,000 per equipment certification. The Executive Officer may approve additional funding should costs exceed \$25,000 due to circumstances where additional analysis is required.

Benefits to AQMD

Rule 1147 was estimated to reduce annual average emissions of NO_x by 3.5 tons per day in 2014 from an average inventory of 6.2 tons per day. Approximately 6,600 sources located at approximately 3,000 facilities are subject to the emission limits of this rule. The certification option of the rule simplifies the equipment permitting process for facility owners, and eliminates the need for source testing certified equipment, thereby saving AQMD staff time in reviewing source tests of equipment with certified burners.

Outreach

In January 2011, letters were issued by staff to solicit proposals from District-approved laboratories to conduct and evaluate certification tests. Laboratories who responded to the solicitation letter are listed in the Attachment. Staff will work with the Rule 1147 Task Force to discuss Certification Testing procedures and the cost-offset process. The Task Force is comprised of facility owners, equipment manufacturers, certified testing companies and AQMD staff.

Resource Impacts

Funds are available from the Air Quality Investment Fund (Fund 27) - Rule 1121 Emission Mitigation Fee Program Balance.

Attachment

1 – Contracting Rule 1147 Equipment Certifications and Compliance Test Reviews (3/29/11)

Contracting Rule 1147 Equipment Certifications and Compliance Test Reviews (3/29/11)

Two areas are identified for reducing cost impacts on the affected industries for Rule 1147. First, it is proposed that the South Coast Air Quality Management District (AQMD) offset testing costs for testing and emissions certification of equipment at the manufacturer's level, so that initial compliance testing is not needed by the end user of certified equipment. The second is for an AQMD-sponsored contractor to perform the reviews of these certification tests, as well as the rule required compliance source tests reviews for the non-certified equipment. The first phase of this project is to proceed with the certification portion of this project. Although Rule 1147 is currently in the process of rule revision, it has been determined that equipment certification will be an integral part of the future rule; estimates based on conversations with vendors and AQMD staff indicate approximately twelve certification tests are likely, potentially benefitting hundreds of facilities. To proceed with this portion of the project, the following is a description of the proposed certification testing process and approval along with AQMD assistance for the program:

Eligibility

For the certification tests, the manufacturer would need to have several existing units or several proposed units operating in the South Coast Basin to justify AQMD assistance. The number of qualifying units installed or proposed is a minimum of twenty. A written commitment of expectations to meeting these criteria will be required from the manufacturer to AQMD. AQMD cost offsetting, in terms of defining the twenty units, will depend on the past sales of equipment in the South Coast Basin and the percent of Rule 1147 sources which will benefit from AQMD assistance. Alternatively, the AQMD can approve certification for a lesser number of qualifying units for cases where a new technology is proposed which shows promise in reducing NO_x emissions, or an overall cost benefit can be realized without sacrificing compliance assurance.

Test Protocol

The certification testing is to consist of triplicate NO_x tests under three applicable operating ranges, while also monitoring pertinent operating data. The test protocol shall be developed jointly by the AQMD, equipment/burner manufacturer, and testing laboratory for the proposed burner-equipment model combination. Certification testing must be conducted over a variety of parameters which encompass the range of the equipment operation. Typical operating parameters include firing rate, temperature rise, and air flow. Also, certification may include additional test runs to determine the

effects of NO_x generation from burner manufacturing quality, duct or equipment configurations, or positive and negative pressures in the air flow stream.

List of Approved Contractors for Rule 1147 Certification Testing

The approved contractors must have a non-probationary current approval in the AQMD's Laboratory Approval Program (LAP). Testing shall be conducted either at the LAP contractor's or manufacturer's facility. However, if testing is performed at the manufacturer's facility, a separate application and fee for the designation of the manufacturer's facility as a satellite location is required. It is desired that the contractor has experience in certification testing, either from AQMD rule certification programs (such as Rule 1111, 1121, 1146.2, etc.), or through other testing agencies such as UL or ETL. This contractor must also own or acquire instruments which are capable of measuring emissions at the low levels expected for Rule 1147 devices. The contractor list shall be reviewed and updated at least once every two years, to accommodate contractors who wish to join or withdraw from the Rule 1147 certification program. The following is a list of AQMD LAP contractors that have expressed interest in this project and have been approved by AQMD to conduct the certification testing:

Air Hygiene
AirX
Almega
EES
Gas Consultants
World Environmental

List of Approved Contractors for Review of Rule 1147 Certification Testing

Prerequisites for reviewing Rule 1147 certification reports include a hands-on knowledge of AQMD Methods 1-4 and Method 100.1, as well as having a non-probationary current approval in the AQMD LAP. Previous experience in other AQMD certification programs is desirable. The contractor list shall be reviewed and updated at least once every two years, to accommodate contractors who wish to join or withdraw from the Rule 1147 certification program. The following is a list of AQMD LAP contractors that have expressed an interest in the project and that AQMD may use to perform the review and acceptance of the certification tests:

Airtech
EES

Submitting Test Protocol

A test protocol for the certification testing is required to be submitted to AQMD Source Testing and is subject to requirements as deemed appropriate by AQMD as to be able to ensure continued compliance to Rule 1147 emissions standards. This review may be performed by an AQMD contractor from the list above. Ideally, contractors who review these protocols must have submitted protocols to the AQMD in the past, and are aware of AQMD standards in developing test protocols. Contractors shall have a non-probationary current approval in the AQMD LAP, and be familiar with the specific industries tested. The review contractor must be from a different firm than the one that actually conducted the testing. Individual subcontracts shall be awarded based on a contractor's cost proposal to review a given batch of test protocols.

Funding for the Project

The manufacturers are to proceed on their own by contracting with one of the contractors on the AQMD-approved list above. To streamline the process, the funding can be pre-approved during the protocol approval stage, provided that adequate cost estimates are provided. Cost offsetting for the project shall follow a successful completion of the project, and upon approval by AQMD that all the criteria of this proposal were met, including demonstration that Rule 1147 compliance limits were satisfied. Special considerations will be given to technologies with greater impacts on reducing NO_x emissions, or industries that demonstrate financial hardships if facilities are required to pay for field source tests. Project cofunding will continue until the total project funding has been exhausted at which time the cost offsetting will no longer be available.

Submission of Test Results for Approval

A test report must be submitted to AQMD Source Testing for the certification testing. AQMD may contract the review of the test reports to a contractor on the above list. The contractor reviewing these reports must be a member of the AQMD's LAP, have hands-on experience in field source testing using Methods 1-4 and 100.1, and be able to represent the AQMD in legal proceedings. The test report must contain the elements required in the protocol review and show that the equipment can meet continued compliance with Rule 1147 to be able to be considered acceptable and eligible for the cost offsetting.

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 8

PROPOSAL: Recognize Revenue and Execute Contracts for Truck Replacement Projects

SYNOPSIS: On June 4, 2010, the Board recognized \$5 million from U.S. EPA to sponsor diesel emission reduction projects. Staff is proposing to utilize a portion of those funds to cosponsor two diesel truck replacement projects in the City of San Bernardino and the Boyle Heights neighborhood in the City of Los Angeles. This action is to execute a contract with Electric Vehicle International, Inc. (EVI) to demonstrate electric vehicles with UPS at a cost not to exceed \$1.4 million from the Clean Fuels Fund. Finally, this action is also to execute a contract with Ace Beverage Co. to replace diesel trucks with new clean diesel trucks at a cost not to exceed \$1.5 million from the Carl Moyer Program Fund.

COMMITTEE: Administrative, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

RECOMMENDED ACTIONS:

1. Recognize \$1.4 million of EPA grant funds in the Clean Fuels Fund (31) instead of the Carl Moyer Program Fund (32).
2. Authorize the Chairman to execute the following contracts:
 - a. Electric Vehicle International, Inc., to cosponsor the demonstration and replacement of up to 28 older UPS diesel delivery trucks with zero-emission medium-duty trucks for a total amount not to exceed \$1.4 million from the Clean Fuels Fund (31); and
 - b. Ace Beverage Co. to cosponsor the replacement of up to 25 older diesel trucks with 2010 compliant trucks for a total amount not to exceed \$1.5 million from the Carl Moyer Program Fund (32).

Barry R. Wallerstein, D.Env.
Executive Officer

Background

The Carl Moyer Program is an incentive program that provides match funds of up to 85% of project costs, while fleet owners and/or operators are required to co-fund the remaining 15% or more. The fleets, however, are financially pressed to provide the co-funding because of the current economic downturn in the state. To assist the fleets, on June 4, 2010, the Board recognized a \$5 million grant from U.S. EPA in the Carl Moyer Program Fund (32) to cosponsor three projects: the electrification of Rubber-Tired Gantry (RTG) diesel cranes for up to \$2 million, the installation of shore power infrastructure for up to \$1.6 million, and the repower of off-road diesel vehicles for up to \$1 million. The grant also provides \$400,000 for administrative costs.

The \$3 million grant for the electrification and repower projects was intended to cover all or a portion of the 15% cost share required from the fleets. However, the projects could not be implemented because CARB decided to reduce their share of match funds from the Carl Moyer Program by \$3 million. As a result, staff recommends replacing these projects with diesel truck replacement and demonstration projects located in the City of San Bernardino and the Boyle Heights neighborhood in the city of Los Angeles. These projects are a part of the Clean Air Technology Initiative established by the U.S. EPA, CARB, San Joaquin Valley Air Pollution Control District, and SCAQMD to identify and implement projects that would significantly reduce emissions in communities like San Bernardino and Boyle Heights, where residents are disproportionately impacted by emissions from diesel traffic along the Los Angeles and Inland Empire goods movement corridors and from diesel activities at rail yards. The \$1.4 million demonstration project will be administered from the Clean Fuels fund instead of the Carl Moyer Fund.

Proposals

Diesel to Zero-Emission Truck Demonstration and Replacement Project

EVI proposes to assemble and deliver twenty-eight (28) EVI Walk-In medium-duty trucks to replace UPS diesel delivery trucks, which are located and operated in the city of San Bernardino. The replacement trucks will then be demonstrated in the UPS commercial fleet for a period of five years, during which UPS and EVI will collect data to evaluate performance, reliability, durability, and emissions benefits of the EVI technology. This action is to execute a contract with EVI to co-sponsor the demonstration and replacement of 28 older UPS diesel delivery trucks with zero-emission medium-duty trucks in a amount not exceed \$1.4 million from the Clean Fuels Fund.

Diesel to Diesel Truck Replacement Project

The proposed project will replace twenty-five (25) existing heavy-duty diesel trucks with new and cleaner diesel trucks that are certified to meet 2010 emissions standards of 0.2 grams per brake horsepower-hour (g/bhp-hr) and 0.01 g/bhp-hr diesel PM. The trucks are owned and operated by Ace Beverage Co. and are located in the Boyle Heights neighborhood. This action is to execute a contract with Ace Beverage Co. to co-sponsor

the replacement of twenty-five (25) older diesel trucks with 2010 compliant trucks in an amount not exceed \$1.5 million from the Carl Moyer Program Fund.

Benefits to AQMD

The proposed diesel to zero-emission truck demonstration and replacement project is included in the *Technology Advancement Office 2011 Plan Update* under “Electric/Hybrid Technologies.” The proposed project will expedite the commercialization and increase the availability of zero-emission electric vehicles in the goods movement area. Additionally, the successful implementation of the diesel to diesel truck replacement project will provide direct emission reductions of both NOx and PM emissions.

The trucks will operate for many years and the emission reductions will provide long-term benefits for the residents of the City of San Bernardino and the Boyle Heights neighborhood.

Sole Source Justification

Section VIII.B.2 of the Procurement Policy and Procedure identifies provisions under which a sole source award may be justified. This request for a sole source award is made under provision B.2.d: other circumstances exist which in the determination of the Executive Officer require such waiver in the best interest of the AQMD. This request for sole source award is made under provision B.2.d(1): projects involving cost sharing by multiple sponsors.

The diesel truck replacement and demonstration projects are cost-shared by Ace Beverage Co., EVI, UPS, and CARB.

Resource Impacts

The total cost for the diesel to diesel truck replacement and diesel to zero-emission truck demonstration and replacement projects is estimated to be \$7,615,956, of which AQMD’s cost share shall not exceed \$1,400,000 from the Clean Fuels Fund and \$1,500,000 from the Carl Moyer Program Fund. Ace Beverage Co., EVI, UPS, and CARB will provide the remaining \$4,715,956. The total estimated cost-share for the two projects is provided below.

Proposed Projects	Funding Partner	Funding Amount	Percent
Diesel to Zero-Emission Truck Demonstration	UPS	\$2,772,000	57%
	CARB	\$560,000	11%
	EVI	\$140,000	3%
	AQMD Requested	\$1,400,000	29%
	Total	\$4,872,000	100%

Proposed Projects	Funding Partner	Funding Amount	Percent
Diesel to Diesel Truck Replacement	Ace Beverage Co.	\$1,243,956	45%
	AQMD Requested	\$1,500,000	55%
Total		\$2,743,956	100%

The proposed funding amounts of \$1,400,000 from the Clean Fuels Fund and \$1,500,000 from the Carl Moyer Program Fund are part of the \$5 million recognized by the Board from the U.S. EPA. Sufficient funds are available in the Carl Moyer Program Fund for the diesel to diesel truck replacement project. In addition, sufficient funds are available from the Clean Fuels Program Fund, established as a special revenue fund resulting from the state-mandated Clean Fuels Program, for the diesel to zero-emission demonstration and replacement project. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program.

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 9

PROPOSAL: Execute Contract for Expansion of Hydrogen Fueling Infrastructure

SYNOPSIS: On March 23, 2011, the CEC approved the award for a project located in Laguna Niguel that will develop hydrogen fueling infrastructure within the South Coast Air Basin. The proposed Laguna Niguel station is strategically located and will play a significant role by providing hydrogen in a Southern California area that is expected to have a high fuel cell vehicle density. However, additional funds are needed to offset the production and distribution costs of up to 100% renewable hydrogen, as well as compression redundancy and the initial operational costs while vehicle volumes remain low. This action is to execute a contract with Linde, LLC, in an amount not to exceed \$250,000 from the Clean Fuels Fund.

COMMITTEE: Administrative, May 13, 2011. Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

RECOMMENDED ACTION:

Authorize the Chairman to execute a contract with Linde, LLC, in an amount not to exceed \$250,000 from the Clean Fuels Fund (31).

Barry R. Wallerstein, D.Env.
Executive Officer

CSL:MMM:DS:LW

Background

On June 2, 2010, the CEC released Solicitation Number PON-09-608 to fund projects that develop infrastructure necessary to dispense hydrogen transportation fuel. The intent of this solicitation was to upgrade public and private infrastructure investments, expand the network of publicly accessible and fleet fueling stations, and develop infrastructure that will be needed to dispense hydrogen based on the population of existing and anticipated fuel cell vehicles (FCVs). The solicitation focused on the original equipment manufacturers' (OEM) deployment of FCVs in identified clusters

and connector stations in California. In addition, it allowed for the strategic establishment of justified hydrogen stations where vehicle populations will be sufficient. It included potential additional funding for stations that exceed the renewable hydrogen content standard set forth by SB 1505, exceed the minimum daily station capacity, and for stations that can achieve an accelerated establishment schedule.

On March 23, 2011, the CEC approved the award for a project located in Laguna Niguel that will develop hydrogen fueling infrastructure. This station will be designed to be a high capacity station and it is estimated to provide hydrogen fuel at a competitive price. The site of this station will provide help in expanding the Irvine cluster of FCVs. In July 2010, the OEMs identified this station as one of the desired locations in their support letter to CEC's solicitation.

Proposal

The goal of this project is to successfully provide commercially viable hydrogen fueling to a large FCV population by deploying fueling station technology that represents step change advances in reliability, performance, and speed. Linde will demonstrate that hydrogen fueling can be successfully integrated with retail gasoline fueling stations and provide public hydrogen fueling to promote its viability in the broader marketplace.

Linde will own and operate the hydrogen fueling station and lease land from the existing fueling station owner. This site would fill a significant gap in the availability of hydrogen in Southern California as part of the California Hydrogen Highway Network. The station is in a heavily traveled area close to main corridors and adjacent to key residential areas considered by OEMs to be FCV early-adopters.

Linde will design and build an MF90 Fueling System with a capacity of up to 240 kg/day with 350 and 700 bar fueling capability that will be fully SAE J2601 compliant. The system will also include high pressure storage to increase peak fueling capacity. The high throughput and redundant design is a major leap forward in hydrogen fueling station technology, and this translates to higher up-front capital costs compared to a system that supplies only 100 kg/day. Approximately 100% of the renewable biogas that Linde will purchase to fulfill SB 1505 requirements will go towards the Laguna Niguel fueling station.

This action is to execute a contract with Linde, LLC, in an amount not to exceed \$250,000 from the Clean Fuels Fund. AQMD funds will be used to offset the high cost of compression redundancy and the increased cost for hydrogen production from approximately 100% renewable biogas.

Benefits to AQMD

AQMD's Clean Fuels Program has been active in funding the development and demonstration of low emission, hydrogen fuel technologies within its Technology Advancement Office. Hydrogen vehicles and refueling stations are necessary to comply

with the Zero Emission Vehicle (ZEV) regulation to reduce criteria pollutant emissions. The development of an extensive hydrogen fueling network in Southern California will accelerate the deployment of these cleaner vehicles. Specifically, the proposed project leverages existing activities included in the *Technology Advancement Office 2011 Plan Update* under “Hydrogen Technologies and Infrastructure.”

Sole Source Justification

Section VIII.B.2 of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified. For the Linde hydrogen fueling station project, the request for a sole source award is made under provision B.2.d.: Other circumstances exist which in the determination of the Executive Officer require such waiver in the best interest of the AQMD. Specifically, these circumstances are: B.2.d.(1) Project involving cost sharing by multiple sponsors.

Significant project funding will be provided by the CEC and Linde including in-kind funding to perform the tasks of design, construction, operation and outreach required for completing the hydrogen fueling station. Furthermore, this station fills a critical gap in the region for hydrogen fueling, and promotes the utilization of the cleanest passenger vehicles.

The project team includes Linde as the prime contractor to the AQMD and to the CEC. The Linde team is uniquely qualified for this project because of their expertise and experience in hydrogen safety, production, distribution and fueling.

Resource Impacts

The total cost for this project is estimated to be \$2,732,177, of which AQMD’s cost share shall not exceed \$250,000 in addition to \$2,482,177 in cofunding to be received from CEC and Linde. The funding partners and the funding amounts are listed below:

Funding Partners	Funding Amount	Funding (%)
CEC	\$2,049,134	75
Linde	\$433,043	16
AQMD Requested	\$250,000	9
Total	\$2,732,177	100

Sufficient funding for this proposed project is available from the Clean Fuels Fund, established as a special revenue fund resulting from the state-mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program.

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 10

PROPOSAL: Approve Alternative Fuel Infrastructure and Local Government Match Contract Awards under FY 2010-11 AB 2766 Discretionary Fund Work Program

COMMITTEE: Mobile Source Air Pollution Reduction Review, May 19, 2011, Recommended for Approval

RECOMMENDED ACTIONS:

1. Approve the award of 10 contracts totaling \$1.3 million for the Alternative Fuel Infrastructure Program as part of the FY 2010-11 Work Program, as described in this letter and as follows:
 - a. A contract with USA Waste of California in an amount not to exceed \$125,000 for the expansion of an existing LNG station in Corona, California through the addition of CNG dispensing and storage capability;
 - b. A contract with Waste Management Collection and Recycling in an amount not to exceed \$125,000 for the expansion of an existing LNG station in San Gabriel, California through the addition of CNG dispensing and storage capability;
 - c. A contract with Border Valley Trading in an amount not to exceed \$150,000 for installation of a new publicly accessible LNG station in Palm Springs, California;
 - d. A contract with EDCO Disposal Corporation in an amount not to exceed \$100,000 for installation of a new CNG station in Signal Hill, California;
 - e. A contract with EDCO Disposal Corporation in an amount not to exceed \$100,000 for installation of a new CNG station in Buena Park, California;
 - f. A contract with Go Natural Gas in an amount not to exceed \$150,000 for installation of a new publicly accessible CNG station in Huntington Beach, California;
 - g. A contract with Go Natural Gas in an amount not to exceed \$150,000 for installation of a new publicly accessible CNG station in Santa Ana, California;

- h. A contract with Go Natural Gas in an amount not to exceed \$150,000 for installation of a new publicly accessible CNG station in Inglewood, California;
 - i. A contract with CR&R in an amount not to exceed \$150,000 for installation of a new publicly accessible CNG station in Perris, California; and
 - j. A contract with CR&R in an amount not to exceed \$100,000 for the expansion of an existing CNG station in Garden Grove, California;
2. Approve the award of a contract to the Coachella Valley Association of Governments in an amount not to exceed \$250,000 under the Local Government Match Program as part of the FY 2010-11 Work Program for the Coachella Valley Regional Street Sweeping Program, as described in this letter;
3. Authorize MSRC the authority to adjust contract awards up to five percent, as necessary and previously granted in prior work programs; and
4. Authorize the Chairman of the Board to execute new contracts under FY 2010-11 AB 2766 Discretionary Fund Work Program, as described above and within this letter.

Greg Winterbottom
Chair, MSRC

CSL:HH:CR

Background

In September 1990 Assembly Bill 2766 was signed into law (Health & Safety Code Sections 44220-44247) authorizing the imposition of an annual \$4 motor vehicle registration fee to fund the implementation of programs exclusively to reduce air pollution from motor vehicles. AB 2766 provides that 30 percent of the annual \$4 vehicle registration fee subvented to the AQMD be placed into an account to be allocated pursuant to a work program developed and adopted by the MSRC and approved by the Board.

Alternative Fuel Infrastructure Program

As part of the FY 2010-11 Work Program, the MSRC released a \$5 million Alternative Fuel Infrastructure Program Announcement #PA2011-12. Eligible projects include new, as well as upgraded or expanded, CNG and LNG stations. Stations are eligible for up to 50 percent of station capital equipment, site construction, signage, and reasonable project management costs, not to exceed the specified maximum award amounts. The maximum MSRC funding per project varies from \$100,000 to \$250,000 depending upon whether the applicant is a public or private entity, accessibility level of the proposed project, and number of fuels offered. Proposals meeting requirements are considered for funding throughout the application period on a first-come, first-served basis. The Program Announcement also includes a geographic minimum of \$250,000 per county, and an open application period commencing with its release and closing October 14, 2011. At its May

19, 2011 meeting, the MSRC considered requests for funding from 10 applications under this Program; details are provided in the Proposals section. Additional applications may be received and brought forward for consideration in the next few months.

Local Government Match Program

Also as part of the FY 2010-11 Work Program, the MSRC released a \$5 million Local Government Match Program Announcement #PA2011-13. The Program Announcement provides up to \$30,000 per vehicle for heavy-duty alternative fuel vehicle purchases, as well as alternative fuel infrastructure funding up to a maximum of \$400,000 per project. The re-power or retrofit of on- or off-road heavy-duty diesel vehicles, with maximum per-vehicle awards of \$50,000 per re-power and \$25,000 per retrofit, are also eligible projects. Finally, \$250,000 is reserved for qualifying AB 2766 Subvention Fund recipients in the Coachella Valley to support regional street sweeping programs. In all categories funding is provided on a dollar-for-dollar match basis, and funding for all eligible entities shall be distributed on a first-come, first-served basis with a geographic minimum per county of \$625,000. The Program Announcement includes an open application period commencing April 5, 2011 and closing June 3, 2011. 24 applications have been received to date. Further details are provided below in the Proposals section.

Outreach

In accordance with AQMD's Procurement Policy and Procedure, a public notice advertising the Alternative Fuel Infrastructure and Local Government Match Program Announcements and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County Press Enterprise newspapers to leverage the most cost-effective method of outreach to the entire South Coast Basin.

Additionally, potential bidders may have been notified utilizing AQMD's own electronic listing of certified minority vendors. Notice of the Program Announcement was mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at AQMD's website (<http://www.aqmd.gov>). Information was also available on AQMD's bidder's 24-hour telephone message line (909) 396-2724. Further, the solicitation was posted on the MSRC's website at <http://www.cleantransportationfunding.org> and electronic notifications were sent to those subscribing to this website's notification service.

Proposal Evaluation and Panel Composition

Applications received in response to the Alternative Fuel Infrastructure and Local Government Match Program Announcements were evaluated by members of the MSRC's Technical Advisory Committee (MSRC-TAC), a diverse group of individuals appointed by participating members as prescribed in the Health & Safety Code.

Proposals

At its May 19, 2011 meeting, the MSRC considered recommendations from its MSRC-TAC and unanimously approved the following:

Alternative Fuel Infrastructure Program

As mentioned in the Background section, as an element of their FY 2010-11 Work Program, the MSRC released a \$5 million Alternative Fuel Infrastructure Program Announcement #PA2011-12. A total of 10 applications have been received to date, requesting a total of \$1.3 million. Projects were evaluated for compliance with the requirements set forth in the Program Announcement. The \$250,000 per-county geographic minimums for Riverside, Los Angeles and Orange counties are met by the 10 applications received. The \$250,000 geographic minimum for San Bernardino County has not yet been met. Because the Program is not yet fully subscribed, and remains open until October 14, 2011, \$250,000 can be reserved for this purpose without any need to delay consideration of other awards. The MSRC approved funding totaling \$1.3 million to fund the 10 applications, as follows:

- a. A contract with USA Waste of California in an amount not to exceed \$125,000 for the expansion of an existing LNG station in Corona, California through the addition of CNG dispensing and storage capability;
- b. A contract with Waste Management Collection and Recycling in an amount not to exceed \$125,000 for the expansion of an existing LNG station in San Gabriel, California through the addition of CNG dispensing and storage capability;
- c. A contract with Border Valley Trading in an amount not to exceed \$150,000 for installation of a new publicly accessible LNG station in Palm Springs, California;
- d. A contract with EDCO Disposal Corporation in an amount not to exceed \$100,000 for installation of a new CNG station in Signal Hill, California;
- e. A contract with EDCO Disposal Corporation in an amount not to exceed \$100,000 for installation of a new CNG station in Buena Park, California;
- f. A contract with Go Natural Gas in an amount not to exceed \$150,000 for installation of a new publicly accessible CNG station in Huntington Beach, California;
- g. A contract with Go Natural Gas in an amount not to exceed \$150,000 for installation of a new publicly accessible CNG station in Santa Ana, California;
- h. A contract with Go Natural Gas in an amount not to exceed \$150,000 for installation of a new publicly accessible CNG station in Inglewood, California;
- i. A contract with CR&R in an amount not to exceed \$150,000 for installation of a new publicly accessible CNG station in Perris, California; and
- j. A contract with CR&R in an amount not to exceed \$100,000 for the expansion of an existing CNG station in Garden Grove, California.

Local Government Match Program

As mentioned in the Background section, as an element of their FY 2010-11 Work Program, the MSRC released a \$5 million Local Government Match Program Announcement #PA2011-13. 24 applications have been received to date. Of these, 19 were received on the first day, requesting a total of \$5,267,985. Thus, the Program was oversubscribed on the first day. The Program Announcement established a geographic minimum of \$625,000 per county. The Los Angeles, Riverside, and Orange County geographic minimums have been met, but San Bernardino County's minimum has not yet been met. Awards to first-day applicants may need to be pro-rated, but the precise pro-rating factor(s) cannot be determined until either the San Bernardino County minimum is met or the application period closes on June 3, 2011.

The Local Government Match Program specified a targeted funding amount of \$250,000 for the Coachella Valley Regional Street Sweeping Program. On May 19, 2011, the MSRC considered an application submitted by the Coachella Valley Association of Governments (CVAG) under this category. The MSRC approved a \$250,000 funding award to CVAG to implement the Coachella Valley Regional Street Sweeping Program as part of the Local Government Match Program. The MSRC will consider funding for the remainder of the Local Match applications at a future meeting.

At this time the MSRC requests the AQMD Board to approve the contract awards under the FY 2010-11 Work Program as outlined above. The MSRC also requests the Board to authorize the AQMD Chairman of the Board the authority to execute all agreements described in this letter. The MSRC further requests authority to adjust the funds allocated to each project specified in this Board letter by up to five percent of the project's recommended funding. The Board has granted this authority to the MSRC for all past Work Programs.

Resource Impacts

The AQMD acts as fiscal administrator for the AB 2766 Discretionary Fund Program (Health & Safety Code Section 44243). Money received for this program is recorded in a special revenue fund (Fund 23) and the contracts will be drawn from this fund. These contracts will have no fiscal impact on the AQMD's operational budget.

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 11

PROPOSAL: Legislative and Public Affairs Report

SYNOPSIS: This report highlights April 2011 outreach activities of Legislative and Public Affairs, which include: Environmental Justice Update, Community Events/Public Meetings, Business Assistance, and Outreach to Business and Federal, State, and Local Government.

COMMITTEE: Not Applicable

RECOMMENDED ACTION:
Receive and file.

Barry R. Wallerstein, D.Env.
Executive Officer

OA:AG:MC:DM

Background

This report summarizes the activities of Legislative and Public Affairs for April 2011. The report includes four major areas: Environmental Justice Update, Community Events/Public Meetings (including the Speakers Bureau/Visitor Services, Communications Center, and Public Information Center), Business Assistance and Outreach to Business and Federal, State, and Local Governments.

ENVIRONMENTAL JUSTICE UPDATE

The following are key environmental justice-related activities in which staff participated during April 2011. These events involve communities which suffer disproportionately from adverse air quality impacts.

- On April 13, staff participated in the first Clean Communities Plan (CCP) Working Group for San Bernardino, where the CCP pilot project in San Bernardino was discussed. Air quality related issues were highlighted as well

as projects or programs where progress has been made. The next steps for the CCP were outlined as well.

- On April 20, staff attended an Environmental Justice Task Force meeting hosted by California Rural Legal Assistance (CRLA) in the Coachella Valley. Among the issues discussed at the meeting, were odors affecting the City of Mecca in Coachella Valley. Staff provided information on the upcoming Town Hall meeting.
- On April 21, staff assisted with and attended the CCP Quest Tour in the City of San Bernardino. Staff led members of the CCP Working Group and other stakeholders on a tour of the City of San Bernardino to view first hand both issues and solutions related to air quality. Supervisor Josie Gonzales attended the tour and provided a narrative to facilitate the discussion and identify items of interest.
- On April 28, staff organized and staffed a Town Hall meeting in Mecca to provide the community with an update on District activities regarding the odor issues affecting their residents and businesses. In addition to providing information, staff gathered information from the community on environmental and public health concerns.

COMMUNITY EVENTS/PUBLIC MEETINGS

Each year, thousands of residents engage in valuable information exchanges through events and meetings that AQMD sponsors alone, or in partnership with others.

Attendees typically receive the following information: tips on reducing their exposure to smog and its health effects, clean air technologies and their deployment, invitations or notices of conferences, seminars, workshops and other public events, ways to participate in AQMD rule and policy development and assistance in resolving air quality-related problems. The events that AQMD staff attended and provided information and updates include:

- April 1-3 Redlands Bicycle Classic, Redlands
- April 6 Get Clean & Green: Ways to Get Cash for a New Machine Event, Fontana
- April 6 Orange Coast College Green Energy Day, Orange Coast College
- April 7 San Fernando Valley Clean Air For Seniors Event, Northridge
- April 8 San Gabriel Valley Public Affairs Network Luncheon, Alhambra
- April 9 Frontier Project's Earth Day, Rancho Cucamonga
- April 9 Los Angeles Sanitation District's Earth Day 2011, Whittier

- April 9 Children’s Hospital of Orange County Air Power Games Event, San Ana College
- April 10 Cucamonga Valley Water District Earth Day, Rancho Cucamonga
- April 10 Islamic Institute of Orange County Earth Day, Anaheim
- April 13 Mayfair Middle/High School Career Fair, Lakewood
- April 13 East Los Angeles College Earth Day, East Los Angeles
- April 14 Business Sustainability Expo: Go Green to Make Green, San Juan Capistrano
- April 16 Santa Ana Earth and Health Festival, Centennial Park, Santa Ana
- April 16 Earth Day Celebration and Concert, Manhattan Beach
- April 20 Earth Day 2011, Century City
- April 20 Earth Night in the Garden 2011, Western Municipal Water District, Riverside
- April 21 Sustainability Open House, Central Library, San Bernardino
- April 21 2011 Conference on Aging, First Church of Nazarene, Pasadena
- April 22 See Green Family Night, Newhart Middle School, Mission Viejo
- April 22 Wilshire Center Earth Day, Wilshire
- April 22 Earth Day at California Institute of Technology, Pasadena
- April 22 Newhart Middle School Eco Event
- April 23 Monterey Park Earth Day Town Hall Event
- April 23 6th Annual Concert in the Park for the Environment, Baldwin Hills
- April 23 Desert EcoFest, Palm Desert
- April 25 Community Meeting on Inglewood Oil Field, Los Angeles
- April 28 San Bernardino City/County Conference, Lake Arrowhead
- April 29 Upland Lemon Festival & Business Expo, Upland
- April 29 UCLA Health Briefing, Los Angeles
- April 29 Healthy Lifestyle Initiative Conference, Los Angeles
- April 30 Sage Hill High School Economic Fair, Newport Coast
- April 30 Claremont Earth Day Celebration

Speakers Bureau/Visitor Services

AQMD receives requests for staff to speak on a variety of air quality-related issues. The requests come from organizations such as trade associations, chambers of commerce, community-based groups, schools, hospitals and health-based organizations. AQMD also hosts visitors from around the world who meet with staff on a wide range of air quality issues.

- On April 15, staff provided a presentation on the AQMD and air pollution to 30 students at San Fernando High School.

- On April 19, staff provided a presentation on the AQMD and air monitoring to over 300 scientists, engineers, and support staff at the Naval, Surface Warfare Center in Norco.
- On April 25, staff provided a presentation on the AQMD and air pollution to 33 students at Gary High School in Pomona.
- On April 27, staff provided a presentation on the AQMD and air pollution to 30 students at Hollencrest Middle School in West Covina.

Communication Center Statistics

The Communication Center handles calls on the AQMD main line, 1-800-CUT-SMOG[®] line and Spanish line. Calls received in the month of April 2011 are summarized on the following page:

Main Line Calls	3,303
1-800-CUT-SMOG [®] Line	1,839
After Hours Calls*	378
Spanish Line Calls	41
Total Phone Calls	5,561

* Saturdays, Sundays, holidays and after 9:00 p.m., Monday through Friday.

Public Information Center Statistics

The Public Information Center (PIC) handles phone calls and walk-in requests for general information. Information for the month of April 2011 is summarized below:

Visitor Transactions	358
Packages Mailed Out	2
Calls Received by PIC Staff	57
Calls to Automated System	1,505
Total Phone Calls	1,562

E-mail Advisories Sent 40,965

BUSINESS ASSISTANCE

AQMD assists businesses by notifying them of proposed regulations so they can participate in the development of these rules. AQMD also works with other agencies and governments to identify efficient, cost-effective ways to reduce air pollution and shares that information broadly. Additionally, staff provides personalized assistance to

small businesses both over the telephone and by on-site consultation. The information is summarized below.

- Conducted 26 free on-site consultations
- Provided permit application assistance to 170 companies
- Issued 15 clearance letters

Types of business assisted:

- | | |
|--------------------------------|-----------------------------|
| ✓ Building/property management | ✓ Abrasive blasting |
| ✓ Gas stations | ✓ Coffee roasting |
| ✓ Auto body shops | ✓ Restaurants |
| ✓ Metal plating | ✓ Dry cleaners |
| ✓ Auto repair | ✓ Metal parts manufacturing |

OUTREACH TO BUSINESS AND FEDERAL, STATE, AND LOCAL GOVERNMENTS

Field visits and communications were conducted with elected officials or staff from the following cities:

Alhambra, Agoura Hills, Aliso Viejo, Anaheim, Arcadia, Artesia, Avalon, Azusa, Baldwin Park, Banning, Beaumont, Bell, Bell Gardens, Bellflower, Beverly Hills, Big Bear Lake, Bradbury, Brea, Buena Park, Burbank, Calabasas, Calimesa, Canyon Lake, Carson, Cathedral City, Cerritos, Chino, Chino Hills, Claremont, Coachella, Colton, Commerce, Compton, Corona, Costa Mesa, Covina, Cudahy, Culver City, Cypress, Dana Point, Desert Hot Springs, Diamond Bar, Downey, Duarte, El Monte, El Segundo, Fontana, Fountain Valley, Fullerton, Garden Grove, Gardena, Glendale, Glendora, Grand Terrace, Hawaiian Gardens, Hawthorne, Hemet, Hermosa Beach, Hidden Hills, Highland, Huntington Beach, Huntington Park, Indian Wells, Indio, Industry, Inglewood, Irvine, Irwindale, La Cañada Flintridge, La Habra, La Habra Heights, La Mirada, La Palma, La Puente, La Quinta, La Verne, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Elsinore, Lake Forest, Lakewood, Lawndale, Loma Linda, Lomita, Long Beach, Los Alamitos, Los Angeles, Lynwood, Malibu, Manhattan Beach, Maywood, Menifee, Mission Viejo, Monrovia, Montclair, Montebello, Monterey Park, Moreno Valley, Murrieta, Newport Beach, Norco, Norwalk, Ontario, Orange, Palm Desert, Palm Springs, Palos Verdes Estates, Paramount, Pasadena, Perris, Pico Rivera, Placentia, Pomona, Rancho Cucamonga, Rancho Mirage, Rancho Palos Verdes, Rancho Santa Margarita, Redlands, Redondo Beach, Rialto, Riverside, Rolling Hills, Rolling Hills Estates, Rosemead, San Bernardino, San Clemente, San Dimas, San Fernando, San Gabriel, San Jacinto, San Juan Capistrano, San Marino, Santa Ana, Santa Clarita, Santa Fe Springs, Santa Monica, Seal Beach, Sierra Madre, Signal Hill, South El Monte, South Gate, South

Pasadena, Stanton, Temecula, Temple City, Torrance, Tustin, Upland, Vernon, Villa Park, Walnut, West Covina, West Hollywood, Westlake Village, Westminster, Whittier, Wildomar, Yorba Linda, and Yucaipa.

Visits and/or communications were conducted with elected officials or staff from the following offices:

- Congress Member Judy Chu
- Congress Member Lucille Roybal-Allard
- State Senator Kevin De Leon
- State Senator Ed Hernandez
- Assembly Speaker John Perez
- Assembly Member Tim Donnelly
- Assembly Member Mike Eng
- Assembly Member Mike Morell

Staff represented AQMD and/or provided a presentation to the following groups:

Alhambra Hospital Medical Center
Alhambra Chamber of Commerce
American Association of Retired Persons, Sunland
American Lung Association, San Bernardino
Baldwin Hills Senior Center
Chinese American Real Estate Professional Association, Monterey Park
Claremont Chamber of Commerce
Coachella Valley Association of Governments
Coachella Valley Economic Partnership
Compton Chamber of Commerce
Corona Area Chamber of Commerce
Crenshaw Chamber of Commerce
Eastern Municipal Water District, Perris
Fontana Chamber of Commerce
Gardena Senior Citizens Bureau
Gateway Cities Council of Governments
Greater Riverside Chambers of Commerce
Huntington Beach Chamber of Commerce
Indio Chamber of Commerce
Inglewood Ministers Association
Inland Empire League of Cities
International Brotherhood of Electrical Workers, Pasadena
International Union of Operating Engineers, Pasadena
Irwindale Chamber of Commerce

Las Virgenes-Malibu Council of Governments
League of California Cities, Los Angeles Division
Los Angeles Metropolitan Churches
Loma Linda Chamber of Commerce
Mountain Communities Chamber of Commerce
Moreno Valley Chamber of Commerce
Orange County Business Council
Orange County Council of Governments
Palm Springs Chamber of Commerce
Pasadena Highlands Senior Facility
Pierce College, Woodland Hills
Riverside County Planning Commission
Salton Sea Stakeholders
San Bernardino Associated Governments
San Bernardino Working Group
San Bernardino County Board of Supervisors
San Fernando Community Adult School
San Fernando Valley Council of Governments
San Gabriel Valley Economic Partnership
San Gabriel Valley Council of Governments
San Gabriel Valley Parent Association
Seasons Senior Living, Redondo Beach
South Bay Cities Council of Governments
South Mountain Communities Chamber of Commerce
South Pasadena Chamber of Commerce
South West Legislative Council, Wildomar
Southern California Association of Governments
Spectrum Athletic Clubs, Los Angeles
St. John Baptist del la Salle Catholic Church, Granada Hills
Upland Chamber of Commerce
University of California, Los Angeles
Western Riverside Council of Governments

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 12

REPORT: Hearing Board Report

SYNOPSIS: This reports the actions taken by the Hearing Board during the period of April 1 through April 30, 2011.

COMMITTEE: Not Applicable

RECOMMENDED ACTION:

Receive and file this report.

Edward Camarena
Chairman of Hearing Board

DP

Two summaries are attached: **Rules From Which Variances and Orders for Abatement Were Requested in 2011** and **April 2011 Hearing Board Cases**.

The total number of appeals filed during the period April 1 to April 30, 2011 is 0; and total number of appeals filed during the period of January 1 to April 30, 2011 is 0.

Report of April 2011 Hearing Board Cases

Case Name and Case No.	Rules	Reason for Petition	District Position/ Hearing Board Action	Type and Length of Variance or Order	Excess Emissions
1. City of Burbank, Burbank Water and Power Case No. 1474-24 J. Panasiti	203(b) 2004(f)(1) 3002(c)(1)	Petitioner will be in violation when it operates its turbine to perform testing to evaluate the cause of high NH3 emissions.	Not Opposed/Granted	RV granted commencing upon notice to be given pursuant to Condition No. 3 of the Order, for two rounds of testing, 5 non-consecutive days each round, no more than 12 hours each day to occur between 4/27/11 and 10/31/11, the FCD.	NOx: 184.52 lbs/total variance period NH3: 38.12 lbs/total variance period.
2. Greka Oil & Gas, Inc. Case No. 5692-4 J. Panasiti	462(d)(1)	Equipment malfunction prevents shipping crude by pipeline. Petitioner seeks to ship crude by noncompliant means (trucking).	Opposed/Denied	ExParte EV denied.	N/A
3. Lundy-Thagard, Company Case No. 2033-17 (Consent calendar N. Feldman)	202(b) 203(b) 204 2004(f)(1)	Draft permit issued, awaiting EPA Title V review.	Not Opposed/Granted	M/E granted commencing 4/28/11 and continuing through 6/30/11.	VOC: 2 lbs/day
4. Pureenergy Operating Services, LLC Case No. 5227-8 J. Voge	203(b) 218(b)(1) 218(b)(2) 218(c)(1)(A) 218(c)(1)(B)(i) 218(c)(4)(A) 2004(f)(1) 2012(c)(2)(A) 2012(c)(2)(B) 2012(c)(3)(A) 2012(g)(1) 2012, App. A, Att C, Sec. A 3002(c)(1)	CO/NOx system assessment (gas audit and RATA) for four turbines at Drews Power Plant has not been done as the units have been inoperative since October 2010.	No Position/Granted	RV granted commencing 4/20/11 and continuing through 4/20/12, the FCD.	None

5. Pureenergy Operating Services, LLC Case No. 5227-9 J. Voge	203(b) 218(b)(1) 218(b)(2) 218(c)(1)(A) 218(c)(1)(B)(i) 218(c)(4)(A) 2004(f)(1) 2012(c)(2)(A) 2012(c)(2)(B) 2012(c)(3)(A) 2012(g)(1) 2012, App. A, Att C, Sec. A 3002(c)(1)	CO/NOx system assessment (gas audit and RATA) for four turbines at Century Power Plant has not been done as units have been inoperative since October 2010.	No Position/Granted	RV granted commencing 4/20/11 and continuing through 4/20/12, the FCD.	None
6. SCAQMD vs. Air Plaza, Inc. Case No. 5809-1 N. Sanchez	1146.2(C)(1) 1146.2(C)(5)	Hotel operates seven noncompliant boilers.	Stipulated/Issued	O/A issued commencing 4/19/11 and continuing through 12/31/13. The Hearing Board shall retain jurisdiction over this matter until 12/31/13.	N/A
7. SCAQMD vs. Lake Elsinore Unified School District, Elsinore High School Case No. 5814-1 N. Sanchez	203(a) 222(e)(1) 1146.2(c)(4) 1146.2(c)(5)	School district operates two noncompliant boilers.	Stipulated/Issued	O/A issued commencing 4/19/11 and continuing through 12/31/11. The Hearing Board shall retain jurisdiction over this matter until 12/31/11.	N/A
8. SCAQMD vs. TST, Inc. Case No. 5501-3 (Consent Calendar N. Sanchez)	203(b) 2004(f)(1) 3002(a)	Secondary aluminum processor operating without valid Title V permits pending EPA approval.	Stipulated/Issued	O/A issued commencing 4/19/11 and continuing through 10/31/11. The Hearing Board shall retain jurisdiction over this matter until 10/31/11.	N/A
9. Thums Long Beach Company Case No. 2515-19 (Consent Calendar J. Panasiti)	203(b) 2004(f)(1)	Power to vapor recovery system serving oil production operation must be shut down to install upgrade of backup system.	Not Opposed/Granted	SV granted commencing on the date specified in the notice to be given pursuant to Condition No. 1 of this Order and shall continue for 16 consecutive hours to occur between 4/19/11 and 7/22/11.	VOC: 151 lbs/total variance period.
10. Vopak Terminal Long Beach, Inc. Case No. 5527-5 N. Sanchez	203(a) 203(b)	Vapor recovery system serving chlorinated solvent storage facility must be shut down to repair system leaks.	Not Opposed/Denied	ExParte EV denied.	N/A

Acronyms

AOC: Alternative Operating Conditions
CARB: California Air Resources Board
CEMS: Continuous Emissions Monitoring System
CEQA: California Environmental Quality Act
CO: Carbon Monoxide
ESP: Electrostatic Precipitator
EV: Emergency Variance
FGRS: Flare Gas Recovery System
FCCU: Fluid Catalytic Cracking Unit
FCD: Final Compliance Date
GDF: Gasoline Dispensing Facility
H&S: Health & Safety Code
H₂S: Hydrogen Sulfide
ICE: Internal Combustion Engine
I/P: Increments of Progress
IA: Interim Authorization
IV: Interim Variance
MFCD/EXT: Modification of a Final Compliance Date and Extension of a Variance
Mod. O/A: Modification of an Order for Abatement
NH₃: Ammonia
NMOC: Non-Methane Organic Compounds
NOV: Notice of Violation
NO_x: Oxides of Nitrogen
O/A: Order for Abatement
PM: Particulate Matter
RATA: Relative Accuracy Test Audit
RECLAIM: Regional Clean Air Incentives Market
ROG: Reactive Organic Gas
RV: Regular Variance
SCR: Selective Catalytic Reduction
SO₂: Sulfur Dioxide
SO_x: Oxides of Sulfur
SV: Short Variance
TBD: To be determined
TOC: Total Organic Compounds
VOC: Volatile Organic Compounds
VRS: Vapor Recovery System

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 13

REPORT: Civil Filings Report

SYNOPSIS: This reports the legal actions filed by the District Prosecutor during April 1 through April 30, 2011.

COMMITTEE: Not Applicable

RECOMMENDED ACTION:
Receive and file this report.

Kurt R. Wiese
General Counsel

KRW:lc

Violations

Civil Actions Filed

- | | |
|---|---|
| 6 | INTERNATIONAL MARINE FUELS GROUP, INC dba
Alliance Fleet Services
Los Angeles Superior Court
Case No. BC458663; Filed 4.1.11 (TRB)
P46504, P52057, P53235, P53388, P56110, P57151
R. 461 – Gasoline Transfer and Dispensing |
| 1 | JOE RUSSELL ANDRADE dba Russ Andrade Custom Design
Los Angeles Superior Court
Case No. 11K07453; Filed 4.22.11 (NAS)
P56437
R. 109 - Recordkeeping for Volatile Organic Compound Emissions |
| 3 | QUANG PHU NGUYEN dba Custom Entertainment Centers
Orange County Superior Court
Case No. 00468114; Filed 4.15.11 (JMP)
P53421, P53424, P53428
R. 109 – Recordkeeping for Volatile Organic Compound Emissions
R. 203 – Permit to Construct |

10 Violations

3 Cases

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 14

REPORT: Lead Agency Projects and Environmental Documents Received by the AQMD

SYNOPSIS: This report provides, for the Board's consideration, a listing of CEQA documents received by the AQMD between April 1, 2011, and April 30, 2011, and those projects for which the AQMD is acting as lead agency pursuant to CEQA.

COMMITTEE: Not Applicable

RECOMMENDED ACTION:
Receive and file.

Barry R. Wallerstein, D.Env.
Executive Officer

EC:LT:SN:IM:AK

Background

CEQA Document Receipt and Review Logs (Attachments A and B) – Each month, the AQMD receives numerous CEQA documents from other public agencies on projects that could adversely affect air quality. A listing of all documents received during the reporting period of April 1, 2011 through April 30, 2011, is contained in Attachment A. A list of active projects from previous reporting periods for which AQMD staff is continuing to evaluate or prepare comments is included as Attachment B.

The Intergovernmental Review function, which consists of reviewing and commenting on the adequacy of the air quality analysis in CEQA documents prepared by other lead agencies, is consistent with the Board's 1997 Environmental Justice Guiding Principles and Initiative #4. Consistent with the Environmental Justice Program Enhancements for FY 2002-03 approved by the Board in September 2002, each of the attachments notes those proposed projects where the AQMD has been contacted regarding potential air quality-related environmental justice concerns. The AQMD has established an internal central contact to receive information on projects with potential air quality-related

environmental justice concerns. The public may contact the AQMD about projects of concern by the following means: in writing via fax, e-mail, or standard letters; through telephone communication; as part of oral comments at AQMD meetings or other meetings where AQMD staff is present; or submitting newspaper articles. The attachments also identify for each project the dates of the public comment period and the public hearing date, if known at the time the CEQA document is received by the AQMD.

At the January 6, 2006 Board meeting, the Board approved the Workplan for the Chairman's Clean Port Initiatives. One action item of the Chairman's Initiatives was to prepare a monthly report describing CEQA documents for projects related to goods movement and to make full use of the process to ensure the air quality impacts of such projects are thoroughly mitigated. In response to describing goods movement CEQA documents, Attachments A and B were reorganized to group projects of interest into the following categories: goods movement projects; schools; landfills and wastewater projects; airports; and general land use projects; etc. In response to the mitigation component, guidance information on mitigation measures were compiled into a series of tables relative to the following equipment: off-road engines, on-road engines, harbor craft, ocean-going vessels, locomotives, and fugitive dust. These mitigation measure tables are on the CEQA webpages portion of the AQMD's website. Staff will continue compiling tables of mitigation measures for other emission sources including airport ground support equipment, etc.

As resources permit, staff focuses on reviewing and preparing comments for projects: where the AQMD is a responsible agency; that may have significant adverse regional air quality impacts (e.g., special event centers, landfills, goods movement, etc.); that may have localized or toxic air quality impacts (e.g., warehouse and distribution centers); where environmental justice concerns have been raised; and those projects for which a lead or responsible agency has specifically requested AQMD review.

During the period April 1, 2011, through April 30, 2011, the AQMD received 64 CEQA documents. Of the total of 79 documents listed in Attachments A and B:

- 29 comment letters were sent;
- 33 documents were reviewed, but no comments were made;
- 26 documents are currently under review;
- 1 documents did not require comments (e.g., public notices, plot plans, Final Environmental Impact Reports); and
- 0 documents were not reviewed.

Copies of all comment letters sent to lead agencies can be found on the AQMD's CEQA webpage at the following internet address: www.aqmd.gov/ceqa/letters.html.

AQMD Lead Agency Projects (Attachment C) – Pursuant to CEQA, the AQMD periodically acts as lead agency for stationary source permit projects. Under CEQA, the lead agency is responsible for determining whether an Environmental Impact Report (EIR) or a Negative Declaration (ND) is appropriate for any proposal considered to be a “project” as defined by CEQA. An EIR is prepared when the AQMD, as lead agency, finds substantial evidence that the proposed project may have significant adverse effects on the environment. A ND or Mitigated Negative Declaration (MND) may be prepared if the AQMD determines that the proposed project will not generate significant adverse environmental impacts, or the impacts can be mitigated to less than significance. The ND and MND are written statements describing the reasons why proposed projects will not have a significant adverse effect on the environment and, therefore, do not require the preparation of an EIR.

Attachment C to this report summarizes the active projects for which the AQMD is lead agency and is currently preparing or has prepared environmental documentation. Through the end of April, the AQMD received one new request to be the lead agency for a stationary source permit application project. No CEQA documents for permit application projects were certified in April. As noted in Attachment C, through the end of April 2011, the AQMD continued working on the CEQA documents for six active projects.

To date in 2011, AQMD staff has been responsible for preparing or having prepared CEQA documents for six stationary source permit projects, five continuing from 2010. Through the end of April 2011, no CEQA documents have been certified for permit application projects.

Attachments

- A. Incoming CEQA Documents Log
- B. Ongoing Active Projects for Which AQMD Has or Will Conduct a CEQA Review
- C. Active AQMD Lead Agency Projects

**
ATTACHMENT A
INCOMING CEQA DOCUMENTS LOG
APRIL 1, 2011 TO APRIL 30, 2011

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>General Land Use (residential, etc.)</i> <u>LAC110405-02</u> Lankershim Lofts Project	The proposed project consists of demolishing an existing building and associated parking structure to allow for the development of a mixed-use project on the site. The building would be five-stories with approximately 172,080 square feet of flood area, two levels of subterranean parking, and one level of at-grade parking. The ground level would house 11,200 square feet of commercial space and would include a 1,330 square-foot lobby. The proposed project includes 156 residential units. Comment Period: 4/6/2011 - 5/20/2011 Public Hearing: N/A	DEIR	City of Los Angeles	Currently under review
<i>General Land Use (residential, etc.)</i> <u>LAC110407-01</u> Aviation Station project	This document consists of a Final EIR which includes responses to comments. The project proposes to develop a total of 390 residential units and 29,500 square feet of commercial in a mixed-use development. Comment Period: N/A Public Hearing: 4/20/2011	FEIR	County of Los Angeles	Currently under review
<i>General Land Use (residential, etc.)</i> <u>LAC110413-01</u> 10000 Santa Monica Boulevard	The proposed project consists of developing a residential project that would provide up to 283 luxury residential condominium units in a building with up to 39 stories and would provide parking and recreation/site amenities in an adjacent ancillary building up to 9 stories in height. Comment Period: 4/13/2011 - 5/12/2011 Public Hearing: 4/27/2011	NOP (No IS Attached)	City of Los Angeles	AQMD commented 4/28/2011
<i>General Land Use (residential, etc.)</i> <u>LAC110414-02</u> Residences at Saks Fifth Avenue	This document consists of a notice of availability of Recirculated DEIR. The proposed project consists of demolishing the existing surface parking lot and constructing a new six story, 44-residential unit building with a two-level subterranean parking garage with 127 parking spaces. Comment Period: 4/15/2011 - 5/9/2011 Public Hearing: N/A	Other	City of Beverly Hills	Document reviewed - No comments
<i>General Land Use (residential, etc.)</i> <u>LAC110415-01</u> Master Case 07-127 - Vista Canyon Development/Annexation and Ancillary Annexation Area (Fair Oaks Ranch, Jakes Way and Portions of Sand Canyon)	This document consists of a Final EIR which includes responses to comments as well as corrections and additions to the Draft EIR. The proposed project consists of development and annexation of the Vista Canyon Specific Plan area, and the annexation of other surrounding properties. The project will include up to 1,117 residential units and 950,000 square feet of commercial/retail space. Comment Period: N/A Public Hearing: 4/26/2011	FEIR	City of Santa Clarita	Document reviewed - No comments

**Sorted by Land Use Type (in alpha order), followed by County, then date received.

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EIS - Environmental Impact Statement

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ND - Negative Declaration

Other - Typically notices of public meetings

N/A - Not Applicable

- Project has potential environmental justice concerns due to the nature and/or location of the project.

**ATTACHMENT A
INCOMING CEQA DOCUMENTS LOG
APRIL 1, 2011 TO APRIL 30, 2011**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>General Land Use (residential, etc.)</i> <u>LAC110421-06</u> Orange and Central Apartment Project	The proposed project consists of a multi-family residential development that would consist of two separate five-story buildings connected by a pedestrian bridge over an existing public alley on the second floor. The proposed project would contain a total of 306 residential units and three live-work units in two buildings. The proposed building on Parcel A would include 103 multi-family residential units, plus three live-work units on the ground level. Comment Period: 4/21/2011 - 5/20/2011 Public Hearing: N/A	NOP (No IS Attached)	City of Glendale	Currently under review
<i>General Land Use (residential, etc.)</i> <u>LAC110427-01</u> El Segundo Aquatics Site Feasibility Alternatives Project	The proposed project consists of constructing a new aquatics facility at either the Hilltop site or Imperial site, or renovation and expansion of the existing facility at the Urho Saari site. Comment Period: 4/27/2011 - 6/13/2011 Public Hearing: N/A	DEIR	City of El Segundo	Currently under review
<i>General Land Use (residential, etc.)</i> <u>LAC110428-01</u> Millennium Hollywood Project	The proposed project consists of constructing approximately 1,052,667 square feet of a mix of land uses, including residential dwelling units, luxury hotel rooms, office and associated uses, restaurant spaces, health and fitness club uses, and retail establishments. Including the existing 114,303 square-foot Capitol Records Complex, the project would include a maximum of 1,166,970 net square feet of floor area resulting in a 6:1 Floor Area Ratio averaged across the project site. Comment Period: 4/28/2011 - 5/31/2011 Public Hearing: 5/11/2011	NOP (No IS Attached)	City of Los Angeles	Currently under review
<i>General Land Use (residential, etc.)</i> <u>LAC110428-06</u> RS-2-HD	This document consists of a notice of public hearing and intent to adopt a Mitigated ND for the construction of a new, two-story single-family residence with an attached two-car garage that would be a 3,500 square feet. Comment Period: N/A Public Hearing: 5/18/2011	Other	City of Pasadena	Document reviewed - No comments
<i>General Land Use (residential, etc.)</i> <u>ORC110407-04</u> Rio Santiago Project	The proposed project consists of revisions to establish natural open space on approximately 48 gross acres, recreational uses on approximately 10 acres, and a 265 unit age-targeted community of approximately 17 gross acres. Comment Period: 4/7/2011 - 5/9/2011 Public Hearing: N/A	NOP (No IS Attached)	City of Orange	AQMD commented 4/26/2011
<i>General Land Use (residential, etc.)</i> <u>ORC110412-02</u> Lake Forest Sports Park and Recreation Center Project	This document consists of responses to SCAQMD comments. The proposed project consists of a phased development of a sports park with athletic fields, hard courts, playgrounds, trail connections, and a recreation center. The City is proposing to develop a new sports park to serve the existing and future recreational needs of Lake Forest residents. Comment Period: N/A Public Hearing: N/A	Other	City of Lake Forest	Document reviewed - No comments

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**ATTACHMENT A
INCOMING CEQA DOCUMENTS LOG
APRIL 1, 2011 TO APRIL 30, 2011**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) <u>SBC110429-02</u> Tentative Tract Map SUBTT18122	The proposed project consists of subdividing four vacant parcels with a combined area of approximately 53 acres into 76 lots in the very low residential district, Etiwanda Specific Plan. Comment Period: 5/2/2011 - 5/25/2011 Public Hearing: 5/25/2011	Mitigated ND	City of Rancho Cucamonga	Currently under review
Industrial and Commercial <u>LAC110401-02</u> Variance and Design Review: Project No. 1425-VAR/DRX	The proposed project consists of demolishing an existing 2,055 square-foot structure and constructing a new 4,375 square-foot contemporary-style, two-story, office/live-work building. The proposal consists of a 1,577 square-foot office space, and four live-work units totaling 2,798 square feet. Comment Period: N/A Public Hearing: N/A	ND	City of South Pasadena	Document reviewed - No comments
Industrial and Commercial <u>LAC110401-05</u> Wilmington Infrastructure and Relocation Project	The proposed project consists of developing crude oil and petroleum product storage and pumping facilities on three sites within the Wilmington-Harbor City Community Plan area of the City of Los Angeles. The three sites where storage and pumping facilities would be developed include: 1) the existing Olympic Tank Farm; 2) a currently vacant property identified as the B Street Tank Farm; and 3) a portion of the existing Ultramar Inc. Wilmington Refinery property. Comment Period: 4/1/2011 - 5/2/2011 Public Hearing: 4/14/2011	NOP (No IS Attached)	City of Los Angeles	AQMD commented 4/26/2011
Industrial and Commercial <u>LAC110426-05</u> Whittier Main Oil Field Development Project	The proposed project consists of a revision to the previous oil field project, described in the DEIR. The revised project incorporates aspects of the environmentally superior project alternative and is being proposed by the applicant in order to reduce areas of disturbance and potentially significant environmental impacts. The revised project will consist of wells, oil processing, gas plant, oil and gas pipelines, and oil truck loading facilities. Comment Period: 4/25/2011 - 5/25/2011 Public Hearing: 5/5/2011	NOP (No IS Attached)	City of Whittier	Currently under review
Industrial and Commercial <u>RVC110401-03</u> Plot Plan No. 23166	This document consists of a notice of public hearing and intent to adopt a mitigated negative declaration to permit an existing unpermitted tire sales and service use, demolish the existing structures and construct a new building. The proposal consists of a 4,000 square-foot building that includes 1,796 square feet of showroom area, 2,250 square feet of services area, two concealed shipping containers for tire storage and 32 parking spaces. Comment Period: 4/1/2011 - 4/11/2011 Public Hearing: N/A	Other	County of Riverside	Document reviewed - No comments
Institutional (schools, government, etc.) <u>LAC110405-01</u> Pepperdine Campus Life Project	The proposed project consists of six components including new infill and replacement facilities as well as the renovation of existing facilities. Comment Period: N/A Public Hearing: 5/4/2011	FEIR	County of Los Angeles	Document reviewed - No comments

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- Project has potential environmental justice concerns due to the nature and/or location of the project.

**ATTACHMENT A
INCOMING CEQA DOCUMENTS LOG
APRIL 1, 2011 TO APRIL 30, 2011**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Institutional (schools, government, etc.)</i> <u>LAC110426-01</u> YULA Boys High School Expansion	This document consists of a notice of completion and availability of the Final EIR. The proposed project consists of an expansion authorized by the existing Conditional Use Permit. The project also includes amendments to specific operating conditions in order to provide increased flexibility for typical high school activities. The project also includes a reduction of the site to eliminate approximately 7,153 square feet on the second and third floors of the project site. The project will include a subterranean parking garage to provide 100 parking spaces, and a total of approximately 19,953 square feet of new construction. Comment Period: N/A Public Hearing: N/A	Other	City of Los Angeles	Document reviewed - No comments
<i>Institutional (schools, government, etc.)</i> <u>LAC110426-03</u> 4095-4101 Firestone Boulevard	This document consists of a notice to adopt a Mitigated Negative Declaration and notice of public comment period. The proposed project consists of a three-story, 118,000 gross square-foot courthouse with nine courtrooms, surface parking, secure underground parking, and new landscaping. Comment Period: 4/26/2011 - 5/22/2011 Public Hearing: 5/5/2011	Other	Judicial Council of California	Currently under review
<i>Institutional (schools, government, etc.)</i> <u>LAC110429-05</u> Columbus Elementary School Joint Use Soccer Field Project	The proposed project consists of replacing an existing natural turf field with a new artificial turf sports field with sports field lighting on the campus of the Columbus Elementary School. Project amenities include the installation of a 49,500 square-foot artificial turf soccer field with surrounding synthetic surface, a restroom facility that includes a small storage area, and a maintenance shed. Comment Period: 4/29/2011 - 6/12/2011 Public Hearing: 5/26/2011	DEIR	City of Glendale	Currently under review
<i>Institutional (schools, government, etc.)</i> <u>RVC110427-03</u> Desert Community College District	The proposed project consists of constructing a 40,000 square-foot educational facility to be known as the COD Indio Educational Center on a 2.5-acre site. Comment Period: 4/27/2011 - 5/27/2011 Public Hearing: N/A	NOP/IS	Desert Community College District	Currently under review
<i>Plans and Regulations</i> <u>LAC110405-03</u> County of Los Angeles Bicycle Master Plan	The proposed project consists of the County Bicycle Master Plan. The Plan proposes an expanded bikeway network in unincorporated communities and along rivers, creeks, and flood control facilities within County jurisdiction. Comment Period: 4/4/2011 - 5/3/2011 Public Hearing: 4/19/2011	NOP (No IS Attached)	County of Los Angeles	AQMD commented 4/26/2011

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Transportation <u>RVC110421-04</u> Temescal Canyon Road Improvement Project	This documents consists of a notice of intent to adopt a Mitigated ND. The proposed project consists of widening a two lane road to a "modified Major Highway". The four lane road will range from a minimum eighty-six foot to a maximum ninety-three foot right-of-way along the road improvement section. The project also includes the addition of sidewalks, curbs and gutters for public safety purposes, the relocation of a 14" Elsinore Valley Water District gravity agricultural line, and the construction of a 12" Lee Lake Water District non-potable reclaimed water line which is to be operated and maintained by the Lee Lake Water District. Comment Period: 4/21/2011 - 5/20/2011 Public Hearing: 6/7/2011	Other	County of Riverside	Currently under review
Transportation <u>RVC110428-03</u> Pyrite Street Improvements	The proposed project consists of improving an approximately 3,400-foot segment of Pyrite Street, between Mission Boulevard and Jurupa Road. Comment Period: 4/27/2011 - 5/27/2011 Public Hearing: 6/14/2011	Mitigated ND	County of Riverside	Currently under review
Transportation <u>RVC110429-04</u> Noble Creek Crossing at Brookside Avenue	The proposed project consists of response to SCAQMD comments. The proposed project consists of replacing a substandard, Arizona-style crossing facility with an arch style bridge structure that had been engineered to safely and efficiently convey high impact stormwater flows associated with the Noble Creek under the Brookside Avenue road segment. Comment Period: N/A Public Hearing: N/A	Other	City of Beaumont	Document reviewed - No comments
Transportation <u>SBC110408-01</u> I-215 Bi County HOV Lane Gap Closure Project	This document consists of a Final IS/MND and includes responses to comments. The proposed project consists of constructing a high-occupancy vehicle lane in each direction on Interstate 215 in Riverside County from south of the I-215/State Route 60/State Route 91 interchange to north of I-215/I-10 in San Bernardino County, ending at the Orange Show Road interchange. Total length of the proposed project is 7.5 miles. Comment Period: N/A Public Hearing: N/A	Final MND	California Department of Transportation	Document reviewed - No comments
Transportation <u>SBC110428-05</u> Colton Crossing Rail to Rail Grade Separation Project	This document consists of comments from the US EPA. The proposed project would construct a new rail overcrossing and bridge for the up mainline over the BNSF at-grade rail line. Comment Period: N/A Public Hearing: N/A	Other	US EPA	Document reviewed - No comments

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<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Waste and Water-related</i> <u>LAC110408-02</u> Hyperion Digester Gas Utilization Project	The proposed project consists of modifying the facility to beneficially use the renewable digester gas, while ensuring that the Hyperion Treatment Plant has reliable and adequate electricity and steam for plant use. To optimize the use of the renewable digas resources, the Bureau of Sanitation (BOS) will consider a wide range of equipment that will address utilization of the digas, plant electricity demand, and plant steam demand. To accommodate this project BOS may need to remove equipment from existing buildings and enclosures. Comment Period: 4/7/2011 - 5/23/2011 Public Hearing: 4/20/2011	NOP/IS	City of Los Angeles	Currently under review
<i>Waste and Water-related</i> <u>LAC110419-02</u> Broad Bend Restoration Project	The proposed project consists of addressing the geologic hazards at Broad Bend Beach associated with beach and dune erosion, flooding and other damage due to anticipated sea-level rise, storms and coastal cliff erosion. Comment Period: 4/19/2011 - 5/16/2011 Public Hearing: N/A	NOP (No IS Attached)	California State Lands Commission	AQMD commented 4/28/2011
<i>Waste and Water-related</i> <u>ORC110412-04</u> Hidden Canyon Pump Station Project	The proposed project consists of improving the existing pump station which was built in 1981. The project will replace three of the outdated electric pumps with three new, more efficient pumps, add additional soundproof enhancements and fire protection measures to the existing pump station building. Two diesel-powered backup pumps will be replaced with a single generator in a new 580 square-foot concrete masonry unit building. Comment Period: 4/11/2011 - 4/30/2011 Public Hearing: N/A	ND	City of Anaheim	Document reviewed - No comments
<i>Waste and Water-related</i> <u>ORC110415-05</u> Baker Water Treatment Plant Project	This document consists of a Final EIR which includes responses to comments. The proposed project consists of constructing the Baker Water Treatment Plant Project. The proposed plant would have a normal operating capacity of 43.5 cubic feet per second and would treat raw water from a variable supply source. Comment Period: N/A Public Hearing: 4/25/2011	FEIR	Irvine Ranch Water District	Document reviewed - No comments
<i>Waste and Water-related</i> <u>RVC110415-04</u> Eagle Canyon Dam and Debris Basin	This document consists of a Final EA/EIR which includes responses to comments. The proposed project consists of constructing, operating, and maintaining an earthen dam, debris catchment and underground storm drain for the purpose of flood retention and flood hazard mitigation for businesses and residents located downstream of the canyon. Comment Period: N/A Public Hearing: 4/26/2011	FEIR	Riverside County Flood Control & Water Conservation District	Document reviewed - No comments

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INCOMING CEQA DOCUMENTS LOG
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<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Waste and Water-related</i> <u>RVC110422-04</u> Groundwater Extraction Well No. 93 & Appurtenances Project	The proposed project consists of installing Groundwater Extraction Well Number 93. This parcel contains 1.41 acres and is adjacent to Nuevo Road. Comment Period: 4/22/2011 - 5/25/2011 Public Hearing: N/A	Mitigated ND	Eastern Municipal Water District	Document reviewed - No comments
<i>Waste and Water-related</i> <u>SBC110422-01</u> Planning Application Minor Conditional Use Permit No. 2011-049	This document consists of a plot plan for the permitting for a grease recycling collection facility. The project includes the installation of five silos, addition of a concrete pad for the silos, and new recycling equipment including a loading station for shipping and receiving. Comment Period: 4/22/2011 - 5/9/2011 Public Hearing: N/A	Other	City of Menifee	No review conducted - No comments
TOTAL DOCUMENTS RECEIVED THIS REPORTING PERIOD: 64				

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**ATTACHMENT B
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS
OR WILL CONDUCT A CEQA REVIEW**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Plans and Regulations</i> <u>LAC110308-06</u> Hollywood Community Plan Update	The Proposed Hollywood Community Plan (Proposed Plan) includes changes in land use designations and zones that are intended to accommodate growth anticipated in the SCAG 2030 Forecast and allow for additional development. Comment Period: 3/8/2011 - 6/1/2011 Public Hearing: N/A	DEIR	City of Los Angeles	Currently under review
<i>Plans and Regulations</i> <u>SBC110322-04</u> Downtown General Plan and Specific Plan No. 45 Amendment	The proposed project consists of amendments to the General Plan and the Downtown Specific Plan No. 45. The revisions involve expansion of its boundaries, modification of its goals and objectives, establishment of urban form development standards, and establishment of a development program that will provide a pedestrian-friendly, amenity-rich mixed-use environment in both the immediate and long-range future. Comment Period: 3/21/2011 - 5/5/2011 Public Hearing: N/A	DEIR	City of Redlands	Currently under review
<i>Waste and Water-related</i> <u>LAC110324-02</u> Waste Management Material Recovery Facility, Transfer Station, and Household Hazardous Waste Facility	The proposed project consists of constructing a Material Recovery Facility/Transfer Station, scale house, and Household Hazardous Waste Facility (HHWF) at the existing Waste Management Azusa Land Reclamation landfill in the City. The proposed facility would include an approximately 125,000 square-foot processing facility with offices, and a 5,400 square-foot HHWF that would be constructed and operated by the Los Angeles County. Comment Period: 3/24/2011 - 5/9/2011 Public Hearing: N/A	DEIR	City of Azusa	Currently under review
<i>Waste and Water-related</i> <u>ORC110329-03</u> Haster Basin and Recreation Field Project	The proposed project consists of the construction of a pump station and modifications to the existing basin to provide increased flood protection within the East Garden Grove Wintersburg watershed as well as increased recreational opportunities. Comment Period: 3/29/2011 - 5/12/2011 Public Hearing: N/A	DEIR	County of Orange	Currently under review
<i>General Land Use (residential, etc.)</i> <u>LAC110317-02</u> Convention Center Modernization and Farmers Field Project	The proposed project consists of expanding and modernizing the Los Angeles Convention Center and developing the Farmers Field football stadium which combined consist of 1,750,000 million square feet of net new gross floor area. Comment Period: 3/17/2011 - 4/18/2011 Public Hearing: N/A	NOP (No IS Attached)	City of Los Angeles	AQMD commented 4/5/2011
<i>General Land Use (residential, etc.)</i> <u>SBC110301-05</u> Robinson Ranch Planned Development	The proposed project consists of three individual planning areas. The project area consists of approximately 522 acres, with the following proposed general land uses: 4,159 multiple and single-family attached and detached dwelling units located on approximately 385 acres, approximately 109 acres of general commercial uses, approximately 28 acres of business park uses, and approximately 49 acres of natural open space area. Comment Period: 2/25/2011 - 4/11/2011 Public Hearing: N/A	DEIR	City of Yucaipa	AQMD commented 4/15/2011

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ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS
OR WILL CONDUCT A CEQA REVIEW**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Industrial and Commercial</i> <u>ORC110331-01</u> Hyundai Motor America North American Corporate Campus	The proposed project consists of construction of a new 469,700 square-foot corporate campus to support HMA's North American operations. The proposed facility would require demolition of HMA's existing 217,000 square-foot headquarters. Comment Period: 3/31/2011 - 5/2/2011 Public Hearing: N/A	NOP/IS	City of Fountain Valley	AQMD commented 4/6/2011
<i>Industrial and Commercial</i> <u>RVC110308-02</u> DEIR No. 512 (Thoroughbred Farm Specific Plan No. 376)	The proposed project consists of approximately 42.6 acres of light industrial uses, 36.5 acres of business park uses, 11.5 acres of commercial/retail uses, and 7.6 acres of commercial/ tourist uses with approximately 10 acres of potential roads on a 108.2 gross acre site. Comment Period: 3/8/2011 - 4/18/2011 Public Hearing: N/A	DEIR	County of Riverside	AQMD commented 4/15/2011
<i>Industrial and Commercial</i> <u>RVC110329-02</u> Liberty Quarry	This document consists of a Final EIR that consists of Granite Construction Company requesting a surface mining permit to construct and operate a 414 acre quarry and processing plant. Comment Period: N/A Public Hearing: 4/26/2011	FEIR	County of Riverside	AQMD commented 4/26/2011
<i>Institutional (schools, government, etc.)</i> <u>LAC110322-10</u> Claremont McKenna College Master Plan	The proposed project consists of a long range Master Plan for planned future improvements to the Claremont McKenna College Campus over the next 30 years. Comment Period: 3/18/2011 - 4/18/2011 Public Hearing: 4/5/2011	NOP/IS	City of Claremont	AQMD commented 4/6/2011
<i>Institutional (schools, government, etc.)</i> <u>LAC110325-01</u> Westside YMCA at University High School	The proposed project consists of constructing a joint-use facility and parking structure on approximately 1.7 acres within the University High School campus. The project entails the construction of a two-level 62,500 square-foot YMCA that would include a pool room, weight and fitness center with accompanying locker rooms, multipurpose room/indoor court, lobby area with community room, classroom and examination areas, lounge, and sections for child watch and school-age child care. Comment Period: 3/24/2011 - 4/22/2011 Public Hearing: N/A	NOP/IS	Los Angeles Unified School District	AQMD commented 4/6/2011
<i>Institutional (schools, government, etc.)</i> <u>RVC110218-05</u> Glen Mor 2 Student Apartments Project	The proposed project consists of constructing a student housing community on approximately 21 acres of University-owned property. The project entails construction and long-term operation of five residential buildings, a food emporium, a resident services office, a community building, and an executive retreat center. Comment Period: 2/18/2011 - 4/1/2011 Public Hearing: 3/15/2011	DEIR	University of California, Riverside	AQMD commented 4/1/2011

DEIR - Draft Environmental Impact Report

FEIR - Final Environmental Impact Report

RDEIR - Revised Draft Environmental Impact Report

SEIR - Subsequent Environmental Impact Report

SupEIR – Supplemental EIR

NOI - Notice of Intent to prepare an EIS

NOP - Notice of Preparation

IS - Initial Study

DEA - Draft Environmental Assessment

EIS - Environmental Impact Statement

FONSI - Finding of No Significant Impact

ND - Negative Declaration

Other - Typically notices of public meetings

N/A - Not Applicable

- Project has potential environmental justice concerns due to the nature and/or location of the project.

ATTACHMENT B
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS
OR WILL CONDUCT A CEQA REVIEW

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Institutional (schools, government, etc.)</i> <u>RVC110324-01</u> Arlington High School Athletic Facilities Master Plan	The proposed project consists of updates and improvements to the Arlington High School recreational facilities and amenities. The improvements would include the creation of new turf fields and hardscape courts, creation of a new synthetic-turf track and field, possible construction of a new indoor gymnasium with 500 spectator seats, relocation of field lights, and creation of small support structures, including team rooms, concession stands, and bleachers. Comment Period: 3/16/2011 - 4/15/2011 Public Hearing: N/A	Mitigated ND	Riverside Unified School District	AQMD commented 4/15/2011
<i>Plans and Regulations</i> <u>LAC101209-03</u> Downtown Specific Plan	The proposed project consists of the Downtown Plan Project which at full implementation could increase the density and intensity of existing Downtown land uses by allowing up to: 1) approximately 5,000 new residential units; 2) 15 million square feet of new office, civic, cultural, and similar uses; 3) 384,000 square feet of new retail; 4) 96,000 square feet of restaurants; and 5) 800 new hotel rooms. Comment Period: 12/10/2010 - 4/4/2011 Public Hearing: N/A	DEIR	City of Long Beach	AQMD commented 4/6/2011
<i>Plans and Regulations</i> <u>LAC110301-02</u> Whittier Boulevard Specific Plan Amendment	The proposed project consists of amending the existing Whittier Boulevard Specific Plan (WBSP) to account for changes in the local economy and existing conditions that have occurred within the WBSP corridor since 2005. Comment Period: 2/28/2011 - 4/14/2011 Public Hearing: N/A	DEIR	City of Whittier	AQMD commented 4/14/2011
<i>Plans and Regulations</i> <u>LAC110329-06</u> General Plan Update	The proposed project consists of updates to the City's General Plan. Buildout of the City of Industry General Plan Update would accommodate a total of 12,543,487 square feet of commercial space, 91,670,004 square feet of employment space, and 521,000 square feet of recreation and open space. Comment Period: 3/29/2011 - 4/26/2011 Public Hearing: N/A	NOP/IS	City of Industry	AQMD commented 4/6/2011
<i>Plans and Regulations</i> <u>RVC110215-06</u> Corona Revitalization Zone - Amendment II to the Combined Redevelopment Plan for the Merged Project Areas and Amendment I to the Redevelopment Plan for the temescal Canyon Redevelopment Project Area	The proposed Amendments would add territory to the existing Merged Project Areas and would merge the Temescal Canyon Plan with the Merged Plan. Comment Period: 2/14/2011 - 4/1/2011 Public Hearing: N/A	DEIR	City of Corona	AQMD commented 4/1/2011

DEIR - Draft Environmental Impact Report
FEIR - Final Environmental Impact Report
RDEIR - Revised Draft Environmental Impact Report
SEIR - Subsequent Environmental Impact Report
SupEIR - Supplemental EIR

NOI - Notice of Intent to prepare an EIS
NOP - Notice of Preparation
IS - Initial Study
DEA - Draft Environmental Assessment
EIS - Environmental Impact Statement

FONSI - Finding of No Significant Impact
ND - Negative Declaration
Other - Typically notices of public meetings
N/A - Not Applicable
- Project has potential environmental justice concerns due to the nature and/or location of the project.

**ATTACHMENT B
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS
OR WILL CONDUCT A CEQA REVIEW**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Utilities</i> <u>RVC110322-02</u> Talega-Escondido/Valley-Serrano 500kV Interconnect Project	The proposed project consists of the Talega-Escondido/Valley-Serrano 500 kilovolt Interconnect Project (TE/VS Project) which is primarily a transmission project but is connected with a related Lake Elsinore Advanced Pump Storage Project (LEAPS). The LEAPS project includes construction of a second reservoir at a higher elevation than Lake Elsinore to be used as a source of hydropower during peak demand periods. The proposed TE/VS Project would have independent utility as a transmission project, without regard to power generation. The California Public Utilities Commission's decisions regarding the proposed TE/VS project must be made in light of the impacts of both projects, because the proposed TE/VS would facilitate development of the proposed LEAPS project. Comment Period: 3/22/2011 - 4/29/2011 Public Hearing: N/A	NOP (No IS Attached)	California Public Utilities Commission	AQMD commented 4/5/2011
<i>Waste and Water-related</i> <u>ORC110329-07</u> Biosolids Handling and Energy Recovery Facilities Project	The proposed project consists of constructing new biosolids processing, biogas management, and energy generation facilities at the Michelson Water Recycling Plant (MWRP). The proposed solids-handling facilities would thicken, stabilize, dewater, and dry solids that are generated at the MWRP. Comment Period: 3/29/2011 - 4/26/2011 Public Hearing: 4/12/2011	NOP (No IS Attached)	Irvine Ranch Water District	AQMD commented 4/6/2011
<i>Waste and Water-related</i> <u>SBC110329-05</u> Turner Basin Project	The proposed project consists of the excavation of 190,000 cubic yards of material, removal of fill material, and rough grading of approximately 65 acres west of Archibald Avenue for a future recharge basin. The excavated material is proposed to be used in the construction of a new grade separated crossing where Milliken Avenue crosses Union Pacific Railroad tracks. Comment Period: 3/28/2011 - 4/16/2011 Public Hearing: N/A	Mitigated ND	Inland Empire Utilities Agency	AQMD commented 4/15/2011

<p>TOTAL NUMBER OF REQUESTS TO AQMD FOR DOCUMENT REVIEW THIS REPORTING PERIOD: 64 TOTAL NUMBER OF COMMENT LETTERS SENT OUT THIS REPORTING PERIOD: 29 TOTAL NUMBER OF DOCUMENTS REVIEWED, BUT NO COMMENTS WERE SENT: 33 TOTAL NUMBER OF DOCUMENTS CURRENTLY UNDER REVIEW: 26 TOTAL NUMBER OF DOCUMENTS THAT DID NOT REQUIRE COMMENTS: 0 TOTAL NUMBER OF DOCUMENTS THAT WERE NOT REVIEWED: 1</p>

DEIR - Draft Environmental Impact Report
FEIR - Final Environmental Impact Report
RDEIR - Revised Draft Environmental Impact Report
SEIR - Subsequent Environmental Impact Report
SupEIR – Supplemental EIR

NOI - Notice of Intent to prepare an EIS
NOP - Notice of Preparation
IS - Initial Study
DEA - Draft Environmental Assessment
EIS - Environmental Impact Statement

FONSI - Finding of No Significant Impact
ND - Negative Declaration
Other - Typically notices of public meetings
N/A - Not Applicable
- Project has potential environmental justice concerns due to the nature and/or location of the project.

**ACTIVE AQMD LEAD AGENCY PROJECTS
THROUGH APRIL 30, 2011
ATTACHMENT C**

Project Description	Project Proponent	Type of Document	Status	Consultant
# Operators of Warren E & P, Inc. are proposing to install a new flare, heater treater, etc., at their refinery facility in the Wilmington area of Los Angeles. The proposed project also includes bringing six microturbines into compliance with SCAQMD permit requirements.	E & P Warren	Subsequent Mitigated Negative Declaration	Draft Subsequent MND circulated for a 30-day public comment period on April 26, 2011. Close of comment is May 25, 2011.	Environ International Corp.
The proposed project is a biomass-to-energy project that would be located at the Sunshine Canyon Landfill. Specifically, landfill operators are proposing to generate electricity by installing turbines to burn landfill gas that is currently flared.	Sunshine Canyon Landfill	Subsequent EIR	Public comment period for Notice of Preparation/Initial Study closed on December 18, 2009. SCAQMD staff is currently reviewing the administrative Draft SEIR.	ARCADIS
Shell Carson Terminal operators are proposing a permit modification to base throughput on ethanol and gasoline, not just ethanol.	Shell Carson Distribution Terminal	EIR	Public comment period for Notice of Preparation/Initial Study closed May 18, 2010. SCAQMD staff is currently reviewing the administrative Draft EIR.	AECOM
Petro Diamond operators are proposing to change current permit conditions to allow an increase in the number of annual marine vessel visits to the terminal, but limit ship visits per month.	Petro Diamond Terminal Company	Not Yet Determined	Consultant preparing initial study	SABS Environmental Services
The project is being proposed to comply with the recently approved amendments to the Sox RECLAIM program (Regulation XX). Specifically, the proposed project consists of installing a wet gas scrubber on the sulfuric acid plant to reduce sox emissions.	Rhodia Inc., Dominguez Facility	Not Yet Determined	Consultant is compiling environmental analysis information	Environ International Corp.
Operators of the Ultramar Wilmington Refinery are proposing to construct and install a 49 MW cogeneration unit to reduce the Refinery's reliance on electricity from the Los Angeles Department of Water and Power and produce steam to meet internal needs. No other refinery modifications are proposed.	Ultramar Wilmington Refinery	Not Yet Determined	Consultant is compiling environmental analysis information.	Environmental Audit, Inc.

A shaded row indicates a new project.

= AQMD was contacted regarding potential environmental justice concerns due to the nature and/or location of the project.

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 15

REPORT: Rule and Control Measure Forecast

SYNOPSIS: This report highlights AQMD rulemaking activity and public workshops potentially scheduled for the year 2011.

COMMITTEE: Not Applicable

RECOMMENDED ACTION:
Receive and file.

Barry R. Wallerstein, D.Env.
Executive Officer

EC:LT:cg

The Rule and Control Measure Forecast Report provides the Board with a monthly update of AQMD's rulemaking and control measure implementation schedule. Scheduling changes that occurred since last month's forecast are summarized.

463	Storage of Organic Liquids
Rule 463 is moved to November from September to allow staff additional time to finalize the proposed rule and seek public input.	
1162 1132	Polyester Resin Operations (MCS-07) Further Control of VOC Emissions from High-Emitting Spray Booth Facilities
Rules 1162 and 1132 are removed from the Rule Forecast Report. An analysis conducted by staff revealed that the control effectiveness of the two rules are equivalent or superior to that of the 2008 Control Technology Guidance by U.S. EPA for boat manufacturing operations and, therefore, there is no need for further amendment.	
1177	Liquified Petroleum Gas Transfer and Dispensing (MCS-07)
Rule 1177 is moved to November from September to allow staff additional time to evaluate technology.	

Rules to be rescheduled/removed and added (continued)

2202	On-Road Motor Vehicle Mitigation Options
Rule 2202 is removed from the Rule Forecast Report. Staff has determined that existing language is adequate to accommodate flexibility sought by stakeholders; therefore, the Rule will not require an amendment. However, staff is proposing to amend the Employee Commute Reduction Program (ECRP) Guidelines document for Rule 2202 to incorporate a parking cash out strategy. The proposed amendments to the ECRP Guidelines document will be considered by the Board at a public hearing tentatively scheduled for September 9, 2011.	
2511	Credit Generation Program for Locomotive Head End Power Unit Engines
2512	Credit Generation Program for Ocean-Going Vessels at Berth
Rules 2511 and 2512 are moved to September from July to allow staff more time to work out technical details with U.S. EPA and CARB staff and other stakeholders.	

2011 MASTER CALENDAR Advance Target for Board Hearings

Below is a list of all rulemaking activity scheduled for the year 2011. The last four columns refer to the type of rule adoption or amendment. A more detailed description of the proposed rule adoption or amendment is located in the Attachments (A through D) under the type of rule adoption or amendment (i.e. AQMP, Toxics, Other and Climate Change).

**An asterisk indicates that the rulemaking is a potentially significant hearing.*

+This proposed rule will reduce criteria air contaminants and assist toward attainment of ambient air quality standards.

¹Subject to Board approval

California Environmental Quality Act shall be referred to as "CEQA."

Socioeconomic Analysis shall be referred to as "Socio."

2011

July		AQMP	Toxics	Other	Climate Change
1133.1	Chipping and Grinding Activities (MCS-05)	√			
1133.3 ⁺	Emission Reduction from Green Waste Composting (MCS-05)	√			
1147 [*]	NOx Reductions from Miscellaneous Sources			√	
September					
1107	Coating of Metal Parts and Products (MCS-07)	√			
1470	Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines		√		
1471	Agricultural Stationary Compression Ignition Engines		√		

2011 MASTER CALENDAR (continued)

2011

September	(continued)	AQMP	Toxics	Other	Climate Change
2511 ¹	Credit Generation Program for Locomotive Head End Power Unit Engines			√	
2512 ¹	Credit Generation Program for Ocean-Going Vessels at Berth			√	
4010 ^{*+}	General Provisions and Requirements for Ports of Los Angeles and Long Beach (MOB-03)		√		
4020 ^{*+}	Backstop Requirements for Ports of Los Angeles and Long Beach (MOB-03)		√		
October					
1110.2	Emissions from Gaseous- and Liquid-Fueled Engines			√	
1173	Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants				√
November					
463 ¹	Storage of Organic Liquids			√	
1118	Control of Emissions from Refinery Flares			√	√
1123	Pilot Program for Refinery Start-up, Shutdown and Turnaround Procedures (MCS-06)	√			
1177 ¹	Liquified Petroleum Gas Transfer and Dispensing (MCS-07)	√			
1420	Emissions Standard for Lead		√		
December					
1114 ^{*+}	Control of Emissions from Refinery Coking Operations (MCS-07)	√			

2011 MASTER CALENDAR (continued)

2011 TO-BE DETERMINED

TBD		AQMP	Toxics	Other	Climate Change
102	Definition of Terms			√	
223	Emission Reductions Permits for Large Confined Animal Facilities	√			
1127 ⁺	Emission Reductions from Livestock Waste (MCS-05)	√			
1127.1 ⁺	Control of Emissions from Hog and Poultry Operations (MCS-05)	√			
Reg. III	Fees			√	
314	Fees for Architectural Coatings			√	
402	Nuisance			√	
461	Gasoline Transfer and Dispensing			√	
701	Air Pollution Emergency Contingency Actions			√	
1106	Marine Coating Operations (MCS-07)	√			
1106.1	Pleasure Craft Coating Operations (MCS-07)	√			
1143	Consumer Paint Thinners & Multi-Purpose Solvents			√	
1144	Metalworking Fluids and Direct-Contact Lubricants			√	
1147	NOx Reductions from Miscellaneous Sources			√	
1151	Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations			√	
1168	Adhesive and Sealant Applications			√	
1171	Solvent Cleaning Operations			√	
1190 Series	Fleet Vehicle Requirements			√	
Reg. XIII	New Source Review			√	
1401	New Source Review of Toxic Air Contaminants		√		
1402	Control of Toxic Air Contaminants from Existing Sources		√		

2011 MASTER CALENDAR (continued)

2011 TO-BE DETERMINED

TBD	(continued)	AQMP	Toxics	Other	Climate Change
1420 1420.2	Emissions Standard for Lead Emission Standard for Lead from Medium Lead Emitting Facilities		√ √		
1903 ^{*+}	Emission Budgets and Mitigation Program for General Conformity Projects (EGM-02)	√			
1610	Old-Vehicle Scrapping			√	
Reg. XXVII	Climate Change				√
Reg. IV, IX, X, XI, XIV, XX and XXX Rules	Various rule amendments may be needed to meet the requirements of state and federal laws, address variance issues/technology-forcing limits, or to seek additional reductions to meet the SIP short- term measure commitment. The Clean Communities Plan (CCP) has been updated to include new measures to address toxic emissions in the basin. The CCP includes a variety of measures that will reduce exposure to air toxics from stationary, mobile, and area sources. Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures.	√	√	√	√

Note: AQMD may add control measures necessary to satisfy federal requirements, to abate a substantial endangerment to public health or welfare, state regulatory requirements or SIP commitment.

ATTACHMENT A

AQMP Rule Activity Schedule

This attachment lists those control measures that are being developed into rules or rule amendments for the Board consideration that are designed to implement the amendments to the 2007 Air Quality Management Plan.

2011

July	
1133.1 1133.3 ⁺	<p>Chipping and Grinding Activities (MCS-05)</p> <p>Emission Reductions from Green Waste Composting (MCS-05) <i>[Projected Emission Reduction: TBD]</i> Proposed Rule 1133.3 and amendments to 1133.1 would reduce volatile organic compounds (VOC) and ammonia (NH₃) emissions from green waste composting. <i>Jill Whynot 909.396.3104 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
September	
1107	<p>Coating of Metal Parts and Products (MCS-07) <i>[Projected Emission Reduction: N/A]</i> Amendments to Rule 1107 would further reduce VOC emissions and improve rule clarity and enforceability. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
November	
1123	<p>Pilot Program for Refinery Start-up, Shutdown and Turnaround Procedures (MCS-06) <i>[Projected Emission Reduction: N/A]</i> Rule 1123 would implement 2007 AQMP, Control Measure MCS-06 by identifying improved operating procedures and best management practices to reduce emissions from start-up, shutdown and turnaround operations. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Leu (3059)</i></p>
1177 ¹	<p>Liquid Petroleum Gas Transfer and Dispensing (MCS-07) <i>[Projected Emission Reduction for both rules: TBD]</i> Proposed Rule 1177 will establish controls for transfer and dispensing of liquefied propane gas. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
December	
1114 ^{*+}	<p>Control of Emissions from Refinery Coking Operations (MCS-07) <i>[Projected Emission Reduction for both rules: TBD]</i> Proposed Rule 1114 will establish emission limits and other requirements for the operation of coking units at petroleum refineries. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT A

AQMP Rule Activity Schedule (continued)

To-Be Determined 2011

To-Be Determined	
<p>223 1127⁺ 1127.1⁺</p>	<p>Emission Reduction Permits for Large Confined Animal Facilities Emission Reductions from Livestock Waste (MCS-05) Control of Emissions from Hog and Poultry Operations (MCS-05) <i>[Projected Emission Reduction unknown and TBD]</i> Proposed amendments to Rule 223 may be necessary to harmonize rule requirements with those in Rules 1127 and 1127.1. Proposed amendments to Rule 1127 and Proposed Rule 1127.1 will seek to reduce VOC and other pollutant emissions from livestock operations and implement Control Measure MCS-05 of the 2007 AQMP. <i>Laki Tisopulos 909.396.3123 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
<p>1106</p>	<p>Marine Coating Operations (MCS-07) <i>[Projected Emission Reduction: N/A]</i> Proposed amendments will further reduce VOC emissions from the application of marine coatings. Amendments may also improve clarity and enforceability. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
<p>1106.1</p>	<p>Pleasure Craft Coating Operations (MCS-07) <i>[Projected Emission Reduction: unknown]</i> Amendments to Rule 1106.1 will reduce VOC emissions from the application of coatings to pleasure craft and improve the enforceability and clarity of the rule. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT A

AQMP Rule Activity Schedule (continued)

TO-BE DETERMINED 2011

To-Be Determined	(continued)
1903 ^{*+}	<p>Emission Budgets and Mitigation Program for General Conformity Projects (EGM-02) <i>[Projected Emission Reduction: N/A]</i> Rule 1903 would implement Control Measure EGM-02 of the 2007 AQMP. The rule would specify procedures for how federal projects subject to general conformity could access an emission budget and/or pay mitigation fees for emissions from the project. <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
Reg. IV, IX, X, XI, XIV, XX and XXX Rules	<p>Various rule amendments may be needed to meet the requirements of state and federal laws, address variance issues/technology-forcing limits, or to seek additional reductions to meet the SIP short-term measure commitment. The Clean Communities Plan (CCP) has been updated to include new measures to address toxic emissions in the basin. The CCP includes a variety of measures that will reduce exposure to air toxics from stationary, mobile, and area sources. Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures.</p>

ATTACHMENT B

Toxics Rule Activity Schedule

This attachment lists those rules or rule amendments for the Governing Board consideration that are designed to implement the Air Toxics Control Plan.

2011

September	
1470	Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines
1471	<p>Requirements for Diesel-Fueled Internal Combustion and Other Compression Ignition Engines Used in Agricultural Operations <i>[Projected Emission Reduction: TBD]</i> CARB has amended the ATCM for stationary diesel-fueled internal combustion engines to reduce particulate emissions from stationary diesel powered agricultural engines that are used for growing crops, raising fowl or other animals at farms, ranches, universities, or other places. Proposed Rule 1471 will consolidate requirements for existing and new diesel-powered agricultural engines. <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
4010 ^{*+}	General Provisions and Requirements for Ports of Los Angeles and Long Beach (MOB-03)
4020 ^{*+}	<p>Backstop Requirements for Ports of Los Angeles and Long Beach (MOB-03) <i>[Projected Emission Reduction: TBD]</i> The proposed rules will address toxic and criteria pollutant emissions from new and existing port-related sources. <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
November	
1420	<p>Emissions Standard for Lead <i>[Projected Emission Reduction: TBD]</i> Rule 1420 would be amended to incorporate the 2008 National Ambient Air Quality Standard for Lead and may include measures to reduce lead emissions to ensure compliance with the new standard. <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT B

Toxics Rule Activity Schedule (continued)

To-Be Determined 2011

To-Be Determined	
<p>1401 1402</p>	<p>New Source Review of Toxic Air Contaminants</p> <p>Control of Toxic Air Contaminants from Existing Sources <i>[Projected Emission Reduction: TBD]</i> The Office of Environmental Health Hazard Assessment (OEHHA) periodically reviews the list of toxic compounds and revises or establishes risk values. Rules 1401 and 1402 will be amended to revise the list of TACs. OEHHA is currently revising their risk assessment guidelines and, when adopted, District guidelines will be amended requiring Board approval. In addition, other administrative changes may be proposed. <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
<p>1420 1420.2</p>	<p>Emission Standard for Lead</p> <p>Emission Standard for Lead from Medium Lead Emitting Facilities <i>[Projected Emission Reduction: TBD]</i> In October 2008, EPA lowered the National Ambient Air Quality Standard for lead from 1.5 to 0.15 ug/m³. Proposed Amended Rule 1420 and Proposed Rule 1420.2 will apply to lead sources and will include requirements to ensure the Basin meets the new lead standard. <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
<p>Reg. IV, IX, X, XI, XIV, XX and XXX Rules</p>	<p>Various rule amendments may be needed to meet the requirements of state and federal laws, address variance issues/technology-forcing limits, or to seek additional reductions to meet the SIP short-term measure commitment. The Clean Communities Plan (CCP) has been updated to include new measures to address toxic emissions in the basin. The CCP includes a variety of measures that will reduce exposure to air toxics from stationary, mobile, and area sources. Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures.</p>

ATTACHMENT C

Other Rule Activity Schedule

This attachment lists those rules or rule amendments for the Governing Board consideration that are designed to improve rule enforceability, SIP corrections, or implementing state or federal regulations.

2011

July	
1147*	<p>NOx Reductions From Miscellaneous Sources <i>[Projected Emission Reduction: N/A]</i> Proposed amendments are to clarify the fuel and time meters requirements. <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
September	
2511 ¹	<p>Credit Generation Program for Locomotive Head End Power Unit Engines <i>[Projected Emission Reduction: TBD]</i> Develop a rule to allow generation of PM mobile source emission reduction credits from Locomotive Head End Power Unit Engines. Credits will be generated by retrofitting engines with PM controls or replacing the engines with new lower-emitting engines. <i>Randal Pasek 909.396.2251 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
2512 ¹	<p>Credit Generation Program for Ocean-Going Vessels at Berth <i>[Projected Emission Reduction: TBD]</i> Develop a rule to allow generation of PM, NOx and SOx emission reduction credits from ocean going vessels while at berth. Credits will be generated by controlling the emissions from auxiliary engines and boilers of ships while docked. <i>Randal Pasek 909.396.2251 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT C

Other Rule Activity Schedule (continued)

2011

October	
1110.2	<p>Emissions from Gaseous- and Liquid-Fueled Engines <i>[Projected Emission Reduction: TBD]</i></p> <p>Amendments to Rule 1110.2 are proposed to address the impacts of contaminants in biogas used to fuel power generators at landfills and municipal waste facilities. The amendments may result in a delay or loss of emissions reductions.</p> <p>Joe Cassmassi 909.396.3155 CEQA: Smith (3054) Socio: Lieu (3059)</p>
November	
463 ¹	<p>Storage of Organic Liquids <i>[Projected Emission Reduction: N/A]</i></p> <p>The proposed amendment will seek to alter a test method for determining sulfur compounds with greater accuracy.</p> <p>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</p>
1118	<p>Control of Emissions from Refinery Flares <i>[Projected Emission Reduction: TBD]</i></p> <p>Amendments may be necessary to address results of the additional analysis required by the adopting resolution for the last amendment and to consider the advances in monitoring technology. Amendments may also be necessary to implement an AB 32 measure.</p> <p>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</p>

To-Be Determined 2011

To-Be Determined	
102	<p>Definition of Terms <i>[Projected Emission Reduction: N/A]</i></p> <p>Proposed amendments to Rule 102 may be necessary to include compounds exempted by the U.S. EPA with consideration for health risks as defined by the Office of Environmental Health Hazard Assessment (OEHHA).</p> <p>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</p>
Reg. III	<p>Fees <i>[Projected Emission Reduction: N/A]</i></p> <p>Amend fee rules in accordance with FY 2011-12 AQMD Budget.</p> <p>Jill Whynot 909.396.3104 CEQA: Smith (3054) Socio: Lieu (3059)</p>

ATTACHMENT C

Other Rule Activity Schedule (continued)

To-Be Determined 2011

To-Be Determined	(continued)
314	<p>Fees of Architectural Coatings <i>[Projected Emission Reduction: TBD]</i> Proposed amendments would improve clarity and reporting requirements as well as consider an exemption from fees for small manufacturers. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
402	<p>Nuisance <i>[Projected Emission Reduction: TBD]</i> AQMD staff will assess the feasibility of expanding the current nuisance rule as part of a proposed measure in the draft Clean Communities Plan (CCP). The assessment may result in a recommendation to amend Rule 402 to make it more effective and more responsive to public complaints. <i>Susan Nakamura 909.396.3105 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
461	<p>Gasoline Transfer and Dispensing <i>[Projected Emission Reduction: TBD]</i> Proposed amendments to Rule 461 will explore the feasibility of further reducing VOC and toxic emissions from gasoline dispensing facilities by improving implementation of the Enhanced Vapor Recovery Regulation. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
701	<p>Air Pollution Emergency Contingency Actions <i>[Projected Emission Reduction: N/A]</i> Proposed amendments to Rule 701 will update the episode criteria to reflect newly established standards and clarify air quality reporting and dissemination protocol. <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1143	<p>Consumer Paint Thinners & Multi-Purpose Solvents <i>[Projected Emission Reduction: N/A]</i> Proposed amendments may be necessary for further clarification and possible exemptions. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1144	<p>Metalworking Fluids and Direct-Contact Lubricants <i>[Projected Emission Reduction: N/A]</i> Proposed amendments may be necessary to incorporate results from ongoing technology assessments for specific facilities. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1147	<p>NOx Reductions From Miscellaneous Sources <i>[Projected Emission Reduction: N/A]</i> Proposed amendments may be necessary to address implementation issues. <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT C

Other Rule Activity Schedule (continued)

To-Be Determined 2011

To-Be Determined	(continued)
1151 ^{*+}	<p>Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations <i>[Projected Emission Reduction: unknown]</i> Amendments to the rule may be necessary to reflect further findings relative to recordkeeping requirements for tertiary butyl acetate (TBAC). <i>Laki Tisopulos 909.396.3123 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1168	<p>Adhesive and Sealant Applications <i>[Projected Emission Reduction: N/A]</i> Amendments to Rule 1168 may be necessary to reflect improvements in adhesive and sealants technology. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1171	<p>Solvent Cleaning Operations <i>[Projected Emission Reduction: N/A]</i> The proposed amendment may consider technology assessments for the cleanup of affected equipment. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1190 Series	<p>Fleet Vehicle Requirements <i>[Projected Emission Reduction: TBD]</i> Amendments to Rule 1190 series fleet rules may be necessary to address remaining outstanding implementation issues and in the event the court's future action requires amendments. In addition, the current fleet rules may be expanded to achieve additional air quality and air toxic benefits. <i>Dean Saito 909.396.2647 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
Reg. XIII	<p>New Source Review <i>[Projected Emission Reduction: TBD]</i> Proposed amendments will address U.S. EPA comments on SIP approvability issues and/or requirements that may result from U.S. EPA amendments, legislation or CARB requirements. Amendments may also be proposed for clarity and improved enforceability. <i>Jill Whynot 909.396.3104 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
1610	<p>Old-Vehicle Scrapping <i>[Projected Emission Reduction: TBD]</i> Proposed amendment may be necessary to harmonize the rule with the voluntary state vehicle scrapping program. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

ATTACHMENT C

Other Rule Activity Schedule (continued)

To-Be Determined 2011

To-Be Determined	(continued)
Reg. IV, IX, X, XI, XIV, XX and XXX Rules	Various rule amendments may be needed to meet the requirements of state and federal laws, address variance issues/technology-forcing limits, or to seek additional reductions to meet the SIP short-term measure commitment. The Clean Communities Plan (CCP) has been updated to include new measures to address toxic emissions in the basin. The CCP includes a variety of measures that will reduce exposure to air toxics from stationary, mobile, and area sources. Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures.

ATTACHMENT D

Climate Change

This attachments lists rules or rule amendments for the Governing Board consideration that are designed to implement South Coast Air Quality Managements District’s Climate Change Policy or for consistency with state or federal rules.

2011

October	
1173	<p>Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants <i>[Projected Emission Reduction: TBD]</i> Amendment to Rule 1173 may be necessary to address greenhouse gas emissions from petroleum facilities and chemical plants. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
November	
1118	<p>Control of Emissions from Refinery Flares <i>[Projected Emission Reduction: TBD]</i> Amendments may be necessary to address results of the additional analysis required by the adopting resolution for the last amendment and to consider the advances in monitoring technology. Amendments may also be necessary to implement an AB 32 measure. <i>Naveen Berry 909.396.2363 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>

To-Be Determined 2011

To-Be Determined	
Reg. XXVII	<p>Climate Change <i>[Projected Emission Reduction: TBD]</i> Additional protocols may be added to Rules 2701 and 2702. <i>Jill Whynot 909.396.3104 CEQA: Smith (3054) Socio: Lieu (3059)</i></p>
Reg. IV, IX, X, XI, XIV, XX and XXX Rules	<p>Various rule amendments may be needed to meet the requirements of state and federal laws, address variance issues/technology-forcing limits, or to seek additional reductions to meet the SIP short-term measure commitment. The Clean Communities Plan (CCP) has been updated to include new measures to address toxic emissions in the basin. The CCP includes a variety of measures that will reduce exposure to air toxics from stationary, mobile, and area sources. Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures.</p>

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 16

PROPOSAL: Status Report on Major Projects for Information Management Scheduled to Start During Last Six Months of FY 2010-11

SYNOPSIS: Information Management is responsible for data systems management services in support of all AQMD operations. This action is to provide the monthly status report on major automation contracts and projects to be initiated by Information Management during the last six months of FY 2010-11.

COMMITTEE: Not Applicable

RECOMMENDED ACTION:
Receive and file.

Barry R. Wallerstein, D.Env.
Executive Officer

JCM:MAH:OSM:nv

Background

Information Management (IM) provides a wide range of information systems and services in support of all AQMD operations. IM's primary goal is to provide automated tools and systems to implement Board-approved rules and regulations, and to improve internal efficiencies. The annual Budget specifies projects planned during the fiscal year to develop, acquire, enhance, or maintain mission-critical information systems. As provided last July for the first six months of the fiscal year, Information Management is providing this report to detail major projects/contracts or purchases that are expected during the last six months.

Summary of Report

The attached report identifies each of the major projects/contracts or purchases that are expected to come before the Board between January 1 and June 30, 2011. Information provided for each project includes a brief project description, FY 2010-11 Budget, and the schedule associated with known major milestones (issue RFP/RFQ, execute contract, etc.).

Attachments(s)

Information Management Major Projects
for the Period January 1 through June 30, 2011

ATTACHMENT
June 3, 2011 Board Meeting
Information Management Major Projects
for the Period of January 1 through June 30, 2011

Item	Brief Description	Budgeted Funds	Schedule of Board Actions	Status
System Enhancements	Provide Enhancements for: <ul style="list-style-type: none"> • Permitting Systems • Compliance Systems • CLASS System Maintenance 	\$384,000	March 4, 2011	Completed
Mini Computer Hardware and Software Support	Approve purchase of maintenance and support services for mini-computer hardware/software.	\$92,000	Approve Sole Source Purchase April 1, 2011	Completed

Double-lined Rows - Board Agenda items current for this month
Shaded Rows - activities completed

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 18

REPORT: Administrative Committee

SYNOPSIS: The Administrative Committee met on Friday, May 13, 2011. The Committee discussed various issues detailed in the Committee report. The next Administrative Committee meeting is scheduled for Friday, June 10, 2011, at 10:00 a.m. in Conference Room CC-8.

RECOMMENDED ACTION:

Receive and file.

Dr. William A. Burke, Chair
Administrative Committee

tc

Attendance: Attending the May 13, 2011, meeting was Chair Dr. William A. Burke via videoconference. Committee Member Mayor Dennis Yates was present at AQMD. Supervisor Josie Gonzales and Mayor Ron Loveridge had conflicts in their schedules and could not attend this meeting. Jane Carney was absent on bereavement leave.

Dr. Burke requested Mayor Yates to chair this meeting.

ACTION/DISCUSSION ITEMS:

1. **Board Members' Concerns:** None.
2. **Chairman's Report of Approved Travel:** None.
3. **Approval of Compensation for Board Member Assistant(s)/Consultant(s):**
Dr. Wallerstein stated that the annual renewal of contracts for Board Assistants/Consultants for continuous existing service is being made, but will be deferred to the June 3, 2011 Board meeting for approval due to lack of quorum.

Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

4. **Report of Approved Out-of-Country Travel:** None.
5. **Establish Vice Chair's Stipend Equal to that of What is Provided to AQMD's Board Member Who Represents CARB:** Dr. Wallerstein explained that several months ago, the Committee discussed this issue where the Chairman expressed his concern that the Vice Chair had significant duties increased beyond the general Board Member, including acting in the Chair's absence. Dr. Wallerstein continued that he meets with both the Chair and Vice Chair to counsel them on various issues, including personnel issues which takes a lot of effort on the part of their Board Consultants. Since the Vice Chair also chairs the Stationary Source Committee, the audience has routinely been very large speaking to various issues which takes additional research and consultation by his Board Consultants to stay abreast of the details in rulemaking occurring at AQMD.

Therefore, staff is recommending the stipend for the Vice Chair be equal to that of the Board Member who is also a member of CARB. Dr. Burke added that this discussion was held when Supervisor Wilson was present on whether all Board Members should have Board Assistants/Consultants or whether it would be at the discretion of the Chair or only for those Board Members who have committee assignments.

Mayor Yates stated that since becoming Vice Chair of the Board, he has held a lot of meetings at city hall with stakeholders, and Dr. Wallerstein added that Mayor Yates is sought after for AQMD events.

Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

6. **Status Report on Workers' Compensation Claims:** Dr. Wallerstein requested this item be postponed until the June 10, 2011 Administrative Committee meeting when Mayor Ron Loveridge should be in attendance.

JUNE AGENDA ITEMS:

7. **Execute Contract for Resurfacing of Diamond Bar Headquarters Parking Structure Deck:** Bill Johnson, Asst. DEO/Administrative & Human Resources, stated that restoration of the upper level of the two-tier parking lot will have all

the material removed and be resurfaced, which is an area of about 26,000 square feet.

Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

8. **Establish List of Prequalified Providers of Temporary Employment Services:** Mr. Johnson stated that 19 firms qualified as suppliers of temporary employment services for such areas as clerical, information management, field and technical services.

Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

9. **Proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment:** Laki Tisopulos, Asst. DEO/Planning, Rule Development & Area Sources, stated that, as requested by the Board during the Special Budget Workshop in April, staff drafted a permit amnesty program that will also provide discounts to small businesses installing control equipment.

Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

10. **Issue Purchase Orders for Purchase of Compressed U.S. EPA Protocol Calibration Gases, Ultrapure Air, and Other Specialty Gases Needed for Satisfying Special Monitoring and Federal Air Monitoring Program Requirements:** Chung Liu, DEO/Science & Technology Advancement, stated that this item will be postponed to the July 8, 2011 Board meeting.

11. **Issue Purchase Orders for Purchase of Compressed Gases and Cryogenic Liquids:** Dr. Liu stated this item also will be postponed to the July 8, 2011 Board meeting.

12. **Recognize Revenue and Execute Contracts for Truck Replacement Projects:** Dr. Liu stated that staff is proposing to cosponsor two diesel truck replacement projects in the City of San Bernardino to replace 28 UPS diesel delivery trucks and in the Boyle Heights neighborhood by replacing 25 diesel trucks for Ace Beverage Co. The amount of \$2.9 million comes from U.S. EPA.

Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

13. **Execute Contract for Expansion of Hydrogen Fueling Infrastructure:** Dr. Liu explained that staff would like to contract with Linde, LLC to develop a large capacity hydrogen fueling station located in Laguna Niguel. Mayor Yates asked how individuals would be charged, and Dr. Liu answered he does know that the weight would be by kilograms, but he does not know at this time how the fueling charges will be formulated and in the near future there will be no charge as the number of vehicles involved will be small. Dr. Burke asked where the station would be located, and Dr. Wallerstein stated in an industrial development park along side Highway 73 and Crown Valley Parkway, which is a toll road and is very accessible and near Metrolink.

Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

14. **Authorize Funding for Rule 1147 Equipment Certifications From the Air Quality Investment Fund, Rule 1121 Emission Mitigation Fee Program:** Dr. Liu stated that staff is requesting funding to offset the cost of certification tests under Rule 1147, using Rule 1121 Emission Mitigation fee funds of \$300,000. Bill LaMarr, Executive Director of California Small Business Alliance asked if this was part of compliance source testing. Dr. Tisopulos answered that certified equipment will not need to be source tested which saves money for the end users.

Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

15. **Execute Contract for Continuation of Air Quality Institute:** Oscar Abarca, DEO/Legislative & Public Affairs, stated that in December 2010 the Board approved the release of an RFP to continue Air Quality Institute briefings, which have been of benefit to AQMD. He continued that most recently an AQI was held in Washington, DC where opening comments were made by Congress members Garamendi, Rohrabacher, and Richardson.

Mr. Abarca stated that locally a Board of Counselors, chaired by Senator Carol Liu, has been formed with representatives of community, labor, and business groups, as well as academia, providing valuable dialog on air quality initiatives. Staff recommends extending a new contract with Cordoba Corporation with options for two one-year extensions in the future.

Less than a quorum was present; the Committee Members concurred that this item be approved by the Board.

16. **Local Government & Small Business Advisory Group Minutes for the March 11, 2011 Meeting:** Attached for information only are the Local Government & Small Business Advisory Group Minutes of the March 11, 2011 meeting.
17. **Review June 3, 2011 Governing Board Agenda:** Dr. Wallerstein stated that several rules will be discussed at this Board meeting, such as Rule 1113 (architectural coatings); clarifications will be made to RECLAIM to make it easier for businesses to start up but maintain air quality safeguards; and Rule 310.1 amendments related to a budgetary amendment.

Dr. Wallerstein mentioned that the Board expressed an interest in developing an energy policy or plan due to the linkage between local clean air and what is being done in conservation and supply and energy selected. Staff will present to the Board the draft policy at the Board Retreat next week. Thereafter, Elaine Chang, DEO/Planning, Rule Development & Area Sources, will schedule a consultation meeting prior to the June 3 Board meeting.

Mayor Yates suggested that the energy policy be brought to the Board Retreat for the Board's direction, bring it back to Stationary Source Committee for further discussion, then to the July 8, 2011 Board meeting for approval. Dr. Wallerstein agreed.

18. **Other Business:** None.
19. **Public Comment:** None.

Meeting adjourned at 10:28 a.m.

Attachments

Minutes from the March 11, 2011 Local Government & Small Business Assistance Advisory Group meeting



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE ADVISORY GROUP FRIDAY, MARCH 11, 2011 MEETING MINUTES

MEMBERS PRESENT:

Dennis Yates, AQMD Governing Board Member, LGSBA Chairman
Greg Adams, L.A. County Sanitation District
Paul Avila, P.B.A. & Associates
Geoffrey Blake, Metal Finishers of Southern California/All Metals
Todd Campbell, Clean Energy
Sergio Carrillo, South Bay Yellow Cab and United Checker Cab
Daniel Cunningham, Metal Finishing Association of Southern California
Lucy Dunn, Orange County Business Council
Jacob Haik, Office of School Board Member Richard Vladovic
Angelo Logan, East Yard Communities for Environmental Justice
Rita Loof, RadTech International
Steve Mugg, South Orange County Representative, City of Mission Viejo

MEMBERS ABSENT:

Ronald Loveridge, AQMD Governing Board Member, LGSBA Vice Chairman
Felipe Aguirre, Vice Mayor, City of Maywood
Luis Ayala, City of Alhambra
Samuel Garrison, Los Angeles Area Chamber of Commerce
Maria Elena Kennedy, Kennedy Communications
Mary Ann Lutz, City of Monrovia
Kelly Moulton, Paralegal

OTHERS PRESENT:

Terry Ahn – Orange County Sanitation District
Earl Elrod, Board Member Assistant (*Yates*)
Nicole Nishimura, Board Member Assistant (*Lyou*)

AQMD STAFF:

Jay Chen, Engineering & Compliance Manager
Barbara Baird, General Counsel
Joe Cassmassi, Planning and Rules Manager
Anupom Ganguli, Asst. Deputy Executive Officer/Public Advisor
John Olvera, Principal Deputy District Counsel
Jeanette Short, Senior Administrative Secretary
Laki Tisopulos, Asst. Deputy Executive Officer
Greg Ushijima, Air Quality Engineer II

Jill Whynot, Director of Strategic Initiatives, Planning & Rules Development & Area Sources

Agenda Item #1 - Call to Order/Opening Remarks

Chair Dennis Yates called the meeting to order at 11:05 a.m.

Agenda Item #2 – Approval of February 11, 2011 Meeting Minutes/Review of Follow-Up/Action Items

Chair Yates called for approval of the meeting minutes. The February 11, 2011 meeting minutes were approved.

Agenda Item #3 – Update on CARB’s Cap-and-Trade Regulation and the Roles for Local Air Districts

Ms. Barbara Baird and Ms. Jill Whynot provided a joint presentation on California Air Resources Board’s (CARB’s) Cap-and-Trade program and on recent developments regarding air districts participating in the verification of mandatory Greenhouse Gas (GHG) reporting.

Mr. Daniel Cunningham asked if CARB has given out any GHG allowances. Ms. Whynot replied that they have been working with the California Air Pollution Control Officers Association (CAPCOA) and the air districts would obtain them by purchasing or generating those through offsets. She added that there is an advisory committee with CARB Board Member Sandra Berg, the CARB Chairman and the Executive Officer, along with other CAPCOA Board Members.

Mr. Paul Avila asked if the AQMD was the only certified district in the area that can administer air offsets. Ms. Whynot replied that all air districts issue emission reduction credits and offsets but none have been certified by CARB to run a GHG registry or conduct offset projects.

Mr. Angelo Logan asked about the district’s strategy for generating offsets. Ms. Whynot responded that the District has a series of rules and there are protocols that CARB has previously approved for voluntary credits that can be used for California Environmental Quality Act (CEQA) compliance or to voluntarily offset a carbon footprint for a corporation or an individual. She added that we don’t yet have CARB approval for such usage for compliance.

Ms. Rita Loof asked how the expected April amendments to the landfill rule plays into the proposed federal legislation to halt GHG regulations by the Environmental Protection Agency (EPA). Ms. Baird responded that AB32 is authorized by state law and can go forward, as long as it is authorized by state law, whether or not EPA is allowed to take any action. She added that the Upton bill would strip EPA of any authority to implement either Prevention of Significant Deterioration (PSD) Rules they adopted last year, Title V requirements or any other GHG measures except the motor vehicle standards that they already adopted in conjunction with DOT.

Agenda Item #4 – Annual Status Report on Rule 1118 Flaring Events Implementation

This agenda item was withdrawn by staff.

Agenda Item #5 – Update on Rule 1150.1 – Control of Gaseous Emissions from Municipal Solid Waste Landfills

Ms. Whynot gave an update on proposed amendments that will incorporate provisions to make the rule consistent with a CARB statewide rule for landfills.

No comments or questions.

Agenda Item #6 – Report on Proposed Revisions to PM2.5 and Ozone State Implementation Plan for South Coast Air Basin and Coachella Valley

Mr. Joe Cassmassi reported on the proposed revision to the PM2.5 and ozone SIP which addresses the critical issues of the disapproval of the State Implementation Plan (SIP) by the U.S. EPA in November 2010.

Ms. Loof asked how the District takes credit for the excess reductions when a company reduces their emissions beyond what the District rule requires. Mr. Cassmassi responded that the District doesn't necessarily take credit for it during the SIP submittal, but this is accounted for in the next emissions inventory. Staff calculates the actual emissions that go into the baseline and then the projection for future commitments would be based on that.

Ms. Loof commented that the Best Available Control Technology (BACT) guidelines have not been amended since 2003 and wanted to know if District staff would be amending them. Dr. Laki Tisopulos replied that the Technology Advancement Office would be responsible for updating the BACT guidelines, and that staff is in the process of restarting the BACT Scientific Review Committee.

Ms. Loof asked about the District's position on GHG BACT. Dr. Tisopulos replied that staff will be working very closely with U.S. EPA. He added that the U.S. EPA has already adopted their GHG regulations but have not formulated any BACT technology for GHGs. Ms. Loof requested that staff keep the advisory group informed of the progress.

Mr. Greg Adams asked if we anticipated any surprises in U.S. EPA's reaction regarding this issue. Mr. Cassmassi replied that we have been working closely with CARB and U.S. EPA on this item.

Mr. Logan asked if the railroad measures, which were committed in the 2007 AQMP, would be handled separately. Mr. Cassmassi replied that the locomotive idling rule, Rule 3501, has not been submitted as part of the SIP yet. He added that the Governing Board committed to continue to look at the railroad measures and possibly continue them within the next AQMP. Mr. Logan asked what the timeline was for the next AQMP. Mr. Cassmassi replied that the District needs to have the next AQMP submitted to the U.S. EPA no later than December 2012. Mr. Logan asked when the measures in the 2012 AQMP will be implemented. Dr. Tisopulos responded that we typically implement them within 2-5 years after adoption of the rule by the board. Mr. Logan further asked about the timing of the implementation for this AQMP. Mr. Cassmassi stated that since there are no additional control measures being proposed and the only adjustments are not going to affect compliance with the 2014 deadline, everything will continue to be implemented by 2014.

Mr. Avila asked about the aethalometer, the small measuring tool affixed to a pole that goes into the ground compared to the larger one that is put in place. Mr. Cassmassi responded that he was not familiar with them but that it was a small unit that they could drop down in different locations. Mr. Avila asked whether the purpose of the device is to collect atmospheric data and then do analysis. Mr. Cassmassi confirmed it is to collect carbon black data which is a signature of diesel PM. He added that staff would like to give the community a better understanding of what is going on. Mr. Avila requested if the committee could be provided with pictures of the measuring device at the next committee meeting.

Action Item: Provide pictures of an aethalometer to Committee Members.

Agenda Item #7 – Monthly Report on Small Business Assistance Activities

No comments.

Agenda Item #8 - Other Business

Ms. Rita Loof commented that this committee should have more interactive discussion, rather than presentations and status reports by staff. Chair Yates replied that committee members may request agenda items. Ms. Loof requested feedback on what current incentives are provided to small businesses and get a discussion started about helping those businesses stay here.

Action Item: Agendize a presentation regarding current incentive programs at the District.

Dr. Ganguli commented that as per charter, staff brings to the committee issues that are important to the Governing Board, as part of the goals and objectives, with priority for comments and concerns from Committee members. Chair Yates commented that he remembers all input and comments made in this committee and shares such insights at Board meetings and other Board committees.

Mr. Greg Adams and Rita Loof commented about the possibility for more formalized discussions, or forums on how the District can be more proactive and help to keep businesses anchored in the District.

Agenda Item #9 - Public Comment

No comments.

Agenda Item #10 - Adjournment

The meeting adjourned at 12:01 p.m.

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 19

REPORT: Investment Oversight Committee

SYNOPSIS: The Investment Oversight Committee met Friday, May 27, 2011 and discussed various issues detailed in the Committee report. The next Investment Oversight Committee meeting is scheduled for Friday, November 18, 2011 at 12:00 noon in Conference Room CC2.

RECOMMENDED ACTION:

Receive and file this report.

Michael Antonovich, Chair
Investment Oversight Committee

MBO:lg

Attendance: Present at AQMD was Committee Member Gary Burton. Supervisor Michael Antonovich and Councilman Michael Cacciotti attended by teleconference. Absent were Committee Members Drs. William Burke and Joseph Lyou.

Investment Committee Action Items:

Quarterly Report of Investments: Reviewed the quarterly investment report to the Governing Board. For the month of December 2010, the AQMD's weighted average yield on total investments of \$526,397,893 from all sources, was 1.30%. The allocation by investment type was 92.50% in the Los Angeles County Pooled Surplus Investment Fund (PSI) and 7.50% in the State of California Local Agency Investment Fund (LAIF). The Committee approved the quarterly report.

Cash Flow Forecast: Michael O'Kelly reported on the cash flows for the current year and projected for the next three years. AQMD Investment Policy limits its Special Purpose investments to 75% of the minimum amount of funds available for investment during the Cash Flow Horizon. That limit, which includes all funds (General, MSRC, Clean Fuels), is approximately \$243.6 million.

Investment Committee Discussion Item:

Financial Market Update: Jim Martling provided the Committee with comments on current economic and investment market conditions. In summary, Mr. Martling commented on the state of the economy, low yields on Treasuries, demand for quality debt investments, and the effect of SEC regulations on money market accounts and the short-term debt markets. As a result, these short term rates will likely remain low at least through May 2012.

Other Business: Michael O’Kelly reported that the Committee’s nomination of Brent Mason, Finance Director for the City of Riverside, to fill the Committee Member seat vacated by Paul Sundeen’s retirement and resignation from the Committee, was forwarded to the Governing Board Chairman for consideration. In addition, Mr. O’Kelly reported that David Ertel submitted an email indicating he was resigning from the Committee due to his retirement from Southern California Edison.

Public Comment: None

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 20

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, May 13, 2011. The next Legislative Committee is scheduled for Friday, June 10, 2011 at 9 a.m. in Conference Room CC8. The Committee deliberated on agenda items for Board consideration and recommended the following actions:

Agenda Item	Recommended Position
AB 475 (Butler) Vehicles: Offstreet Parking: Electric Vehicles	Watch
SB 358 (Cannella) Income Tax: Gross Income: Exclusion: Air Quality Funds	Support
AB 880 (Perez) Environmental quality: CEQA: expedited environmental review.	Support
SB 246 (De Leon) California Global Warming Solutions Act of 2006: Offsets	Support with Amendments
SB 862 (Lowenthal) Southern California Goods Movement Authority.	Support with Amendments

RECOMMENDED ACTION:

Receive and file this report, and approve agenda items as specified in this letter.

Jan Perry, Vice Chair
Legislative Committee

OA:AG:WS:DM:

Attendance [Attachment 1]

The Legislative Committee met on May 13, 2011. Committee Vice-Chair, Councilwoman Jan Perry (who chaired the meeting), Councilwoman Judith Mitchell, and Supervisor Michael Antonovich were present via video conference. Supervisor Josie Gonzales and Committee Chair Jane Carney were not present.

Update on Federal Legislative Issues

Warren Weinstein, AQMD federal legislative consultant, reported that the Senate is focused on the budget and related items, particularly oil company tax breaks, deficit reductions and the debt ceiling. For its part, the Senate Environment and Public Works Committee has been in close contact with EPA while it has been working on surface transportation as well as marine vessels and shore side power issues. It is anticipated that they will have legislative language drafted in the next few weeks.

Senator Thomas R. Carper, (DE), Chair of the Sub-Committee on Clean Air and Nuclear Safety held a hearing on the Diesel Emissions Reduction Act and is working on a new bill to replace highway construction equipment. Mr. Weinstein also noted that legislation has been introduced to merge the Department of Energy and EPA. Lastly, Mr. Weinstein reported that legislators from the Commerce, Science and Transportation Committee have introduced legislation that would establish a \$10 billion fund over 2 years for infrastructure that would be administered by the Department of Transportation.

Andy Ehrlich, AQMD federal legislative consultant, reported that on the House side the focus has been on garnering bipartisan support for AQMD priorities, including zero emissions truck lanes, zero container/transportation systems, and commuter rail replacement projects. Congresswoman Laura Richardson has introduced a bill, the Freight Focus Act of 2010 which creates an Office of Freight Planning within the U.S. Department of Transportation. It creates a freight advisory committee; identifies freight corridors of national significance; and has a funding title for the corridors of national significance. AQMD staff has had several calls and meetings with Congresswoman Richardson's staff to discuss her bill and ensure that it reflects AQMD's priorities.

Reporting on the Surface Transportation Bill, Mr. Ehrlich noted that a bill is still expected out of the House either very late in May or in early June of this year.

Update on Sacramento Legislative Issues

Carolyn Veal-Hunter, AQMD state legislative consultant, reported on the progress of bills that the District is supporting. SB 209 (Corbett), Common Interest Developments: electric vehicles, passed the Senate floor and moved to the Assembly Rules Committee. SB 410 (Wright), which extends the sunset on the Public Interest Energy Research (PIER) program, had passed the policy committee and moved to the Senate Appropriations Committee. She noted that this bill might eventually merge with other similar bills. Next, Ms. Veal-Hunter informed the Committee of AB 135 (Hagman) which the District does not have a position on. This bill requires a small business representative to be a Board Member of the California Air Resources Board. It has passed the Assembly and moved to the Senate Rules Committee for assignment. AQMD sponsored bill, AB 1212 (Mansoor) passed the policy committee on a 6-0 vote and is currently on the Assembly floor.

Will Gonzalez, AQMD state legislative consultant, reported on AB 523 (Valadao). This bill would make ethanol derived from corn ineligible for funding from the Alternative and Renewable Fuel and Vehicle Technology Program. The bill failed due to opposition from agribusiness and labor groups. Mr. Gonzalez also informed the Committee of SB 533 (Wright), which would require the state board to make available to the public, at the time that the state board adopts a regulation pursuant to AB 32, any implementation schedule that is required to comply with that regulation. The bill is moving through the process without opposition. It is backed by the business community and Southern California Edison. AQMD's sponsored bill, SB 170 (Pavley), regarding intellectual property was heard on May 2 and passed out of the policy committee. It is scheduled to be heard by Senate Appropriations Committee on May 23.

Paul Gonsalves, AQMD state legislative consultant, reported that AB 462 (Lowenthal) AQMD's "School Bus" bill had passed through the Assembly virtually unopposed and was awaiting assignment in the Senate. AB 638 (Skinner), which requires the development of a state plan to increase the use of alternative transportation fuels and regulations to attain fuel consumption targets identified in the plan, was placed in the suspense file by the Assembly Appropriations Committee.

Recommend Position on the Following State Bills [Attachment 2]

Mr. Oscar Abarca, Deputy Executive Officer for LPA, and Dr. Anupom Ganguli, Assistant Deputy Executive Officer for LPA, briefed the Committee on the following state legislations.

AB 475 (Butler) Vehicles: Offstreet Parking: Electrical

Mr. Abarca explained that AB 475 expands the definition of zero-emission vehicles to include plug-in electric hybrid vehicles (PHEVs) so they may use designated off-street parking facilities as long as they are "engaged in the process of charging." The bill would

also authorize the removal of these vehicles from an offstreet parking facility if they are not plugged in for fueling purposes. In view of several issues regarding the implementation of this legislation through local ordinances, the lack of better established parameters to guide the enforcement actions and other unresolved issues, staff recommended a WATCH position.

The Legislative Committee approved staff's recommendation to Watch AB 475.

SB 358 (Cannella) Income Tax: Gross Income: Exclusion: Air Quality Funds

Mr. Abarca stated SB 358 would exempt grants provided by the California Air Resources Board or air districts for purposes of air pollution reduction from being reported as part of gross income which is subject to taxes. Thus, the full grant amount may be dedicated to emission reductions efforts, for greater environmental benefit. Staff recommends a position of SUPPORT.

The Legislative Committee approved staff's recommendation to Support SB 358.

AB 880 (Perez) Environmental Quality: CEQA: Expedited

Dr. Ganguli explained that AB 880 amends the California Environmental Quality Act (CEQA) to require agencies to perform an environmental analysis of the reasonably foreseeable methods of compliance at the time of the adoption of a rule or regulation pursuant to the California Global Warming Solutions Act of 2006 (AB 32). The bill also authorizes the use of a "focused" environmental impact report (EIR) for installation of required pollution control to achieve compliance with a rule or regulation adopted pursuant to AB 32, which would expedite the necessary permitting process. Committee Members asked what impact this would have on local cities. Dr. Ganguli explained that it would streamline implementation since a city or local jurisdiction that needs to install control equipment for compliance could now rely on the analysis performed during the adoption of the rule or regulation, as part of their CEQA analysis. Staff recommends a position of SUPPORT

The Legislative Committee approved staff's recommendation to Support AB 880

SB 246 (De Leon) California Global Warming Solutions Act of 2006: Offsets

Dr. Ganguli stated that SB 246 seeks to improve California's Carbon Offset Verification program proposed under CARB's implementation of AB 32 by ensuring that offsets are verifiable and real. Staff recommends a position of SUPPORT WITH AMENDMENTS to safeguard the role of Air Districts to perform independent review and assess fees to recover staff costs.

The Legislative Committee approved staff's recommendation to Support SB 246 With Amendments.

SB 862 (Lowenthal) Ports: Congestion Relief: Air Pollution Mitigation

Dr. Ganguli stated that SB 862 seeks to establish a Southern California Goods Movement Authority which would consist of representatives from the Ports of Los Angeles and Long Beach, as well as regional transportation authorities. The Authority would establish a priority list of goods movement related infrastructure and air quality projects in Southern California. The bill further requires the Authority to consult with the South Coast Air Quality Management District when compiling the list of air quality projects.

Staff believes that if enacted, this bill would establish an essential first step in establishing a plan to resolve the region’s congestion and air quality challenges. However, to ensure both goals are achieved, AQMD needs to participate in the deliberation process. Consequently, Staff recommends a position of SUPPORT WITH AMENDMENTS to include AQMD not just in a consultative role, but as a member of the Authority.

The Legislative Committee approved staff’s recommendation to Support SB 862 With Amendments.

TBD (Los Angeles City Attorney): Proposed Amendment to Health and Safety Code Section 42403

Oscar Abarca informed the committee that this item was being withdrawn from their consideration as the Los Angeles City Attorney was no longer pursuing this legislation.

Report from AQMD Home Rule Advisory Group [Attachment 3]

Please refer to Attachment 3 for written report.

Other Businesses: None

Public Comment Period: None

Attachments

1. Attendance Record
2. Recommend Position on State Bills
3. Home Rule Advisory Committee Report

Attachment 1

ATTENDANCE RECORD – May 13, 2011

DISTRICT BOARD MEMBERS:

Jan Perry (*Videoconference, Los Angeles*)
Michael Antonovich (*Videoconference, Los Angeles*)
Judith Mitchell (*Videoconference, Rolling Hills Estates*)

STAFF TO COMMITTEE:

Oscar Abarca, Deputy Executive Officer
Anupom Ganguli, Assistant Deputy Executive Officer
William Sanchez, Senior Legislative & Public Affairs Manager
Julie Franco, Senior Administrative Secretary
David Madsen, Sr. Public Information Specialist
Daniel Wong, Secretary

DISTRICT STAFF:

Barry Wallerstein, Executive Officer
Elaine Chang, Deputy Executive Officer
Chung Lui, Deputy Executive Officer
Kurt Wiese, District Counsel
Michael O’Kelly, Chief Financial Officer
Nancy Feldman, District Prosecutor
William Wong, Principal Deputy District Counsel
Laki Tisopulos, Assistant Deputy Executive Officer
Jill Whynot, Director of Strategic Initiatives
Philip Crabbe III, Community Relations Manager
Marc Carrel, Program Supervisor
Rocio Santacruz, Sr. Public Information Specialist
Greg Ushijima, Air Quality Engineer II (*Videoconference, Los Angeles*)
Laura Garrett, Telecommunications Technician II
Patti Whiting, Staff Specialist
Kim White, Public Affairs Specialist
Nicole Nishimura, Board Member Assistant (Lyou)
Debra Mendelsohn, Board Member Assistant (Antonovich)

OTHERS PRESENT:

Andy Ehrlich, B&D Consulting (teleconference)
Paul Gonsalves, Gonsalves & Son (teleconference)
Carolyn V. Hunter, Sloat, Higgins, Jensen & Associates (teleconference)
Warren Weinstein, Kadesh & Associates (teleconference)
Kris Flaig, City of Los Angeles/SCAP
Max Pike, AAR

Sue Gorwick, BP
Vlad Kogan, OCSO
Bill LaMarr, California Small Business Association
Rita Loof, Rad Tech
David Rothbart, LACSD
Norma Martinez, Teamsters Local 911
Ray Whitmer, Teamsters Local 911

Attachment 2a

AB 475 (Butler) Vehicles: Offstreet Parking: Electric Vehicles

Summary:

AB 475 allows plug-in hybrid electric vehicles (PHEVs) to use designated offstreet parking facilities so long as they are “engaged in the process of charging.”

Background:

Existing law designates offstreet parking stalls or spaces for fueling or parking of vehicles that displays a valid zero emission vehicle (ZEV) decal. Vehicles without the decal are prohibited.

Status:

May 10, Assembly floor; Third Reading

Specific Provisions:

- The owner or person in lawful possession of a privately owned or operated offstreet parking facility, after notifying the police or sheriff's department, may cause the removal of a vehicle from a stall or space designated in the facility to the nearest public garage if a valid EV decal identification issued pursuant to this section is not displayed on the vehicle and the vehicle is not currently plugged in for fueling purposes.

Impacts on AQMD’s mission, operations or initiatives:

This bill ensures that electric vehicle charging stations are properly utilized to allow the public to charge their vehicles rather than to just get access to better parking spots. Also, by providing PHEVs with increased access to charging facilities, the author hopes to increase vehicle miles traveled using electricity, which would decrease dependency on fossil fuels and help California meet its energy diversity, GHG, and clean air requirements.

Support:

General Motors (Sponsor, Golden Gate Electric Vehicle Association, Plug In America

Opposed: LincolNEV

Recommended Position: WATCH

Attachment 2b

AMENDED IN ASSEMBLY APRIL 25, 2011

AMENDED IN ASSEMBLY MARCH 24, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 475

Introduced by Assembly Member Butler

February 15, 2011

An act to amend Sections 22511 and 22511.5 of the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 475, as amended, Butler. Vehicles: offstreet parking: electric vehicles.

(1) Existing law authorizes a local authority, by ordinance or resolution, and a person in lawful possession of an offstreet parking facility, to designate stalls or spaces in an offstreet parking facility owned or operated by that local authority or person for the exclusive purpose of fueling and parking a vehicle that displays a valid zero emission vehicle (ZEV) decal identification posted on the driver's side rear window or bumper of the vehicle or, if the vehicle does not have a rear window or bumper, on the driver's side of the windshield, issued by the Department of Motor Vehicles pursuant to these provisions. Existing law, for purposes of those provisions, defines a "zero emission vehicle" to mean any car, truck, or other vehicle that produces no tailpipe or evaporative emissions.

This bill would instead make those provisions applicable to an electric vehicle, and would define "electric vehicle" to mean any car, truck, or other vehicle that does not produce tailpipe or evaporative emissions or is a plug-in hybrid electric vehicle (PHEV), as that term is used by

the State Air Resources Board. The bill would also authorize the removal of these vehicles from an offstreet parking facility if they are not plugged in for fueling purposes.

Existing law further prohibits a person from parking or leaving standing a vehicle in a stall or space so designated for a zero emission vehicle unless a valid zero emission vehicle decal identification is displayed on that vehicle. A violation of that law is a crime.

This bill would instead make that prohibition applicable to a vehicle in a stall or space designated pursuant to the above provisions unless a valid ~~electric vehicle~~ (EV) decal identification is displayed on that vehicle. The bill would also prohibit a person from parking or leaving standing a specified vehicle unless the vehicle is ~~plugged in for fueling purposes~~ engaged in the process of charging. By expanding the scope of a crime, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 22511 of the Vehicle Code is amended
 2 to read:
 3 22511. (a) A local authority, by ordinance or resolution, and
 4 a person in lawful possession of an offstreet parking facility may
 5 designate stalls or spaces in an offstreet parking facility owned or
 6 operated by that local authority or person for the exclusive purpose
 7 of fueling and parking a vehicle that displays a valid electric
 8 vehicle (EV) decal identification posted on the driver’s side rear
 9 window or bumper of the vehicle or, notwithstanding any other
 10 law, if the vehicle does not have a rear window or bumper, on the
 11 driver’s side of the windshield, issued by the Department of Motor
 12 Vehicles pursuant to this section, ~~while the vehicle is currently~~
 13 ~~plugged in for fueling purposes~~ engaged in the process of charging.
 14 The designation shall be made by posting a sign in compliance
 15 with subdivision (d) or (e).

1 (b) If posted in accordance with subdivision (d) or (e), the owner
 2 or person in lawful possession of a privately owned or operated
 3 offstreet parking facility, after notifying the police or sheriff’s
 4 department, may cause the removal of a vehicle from a stall or
 5 space designated pursuant to subdivision (a) in the facility to the
 6 nearest public garage if a valid EV decal identification issued
 7 pursuant to this section is not displayed on the vehicle and the
 8 vehicle is not ~~currently plugged in for fueling purposes~~ *engaged*
 9 *in the process of charging*.

10 (c) If posted in accordance with subdivision (d), the local
 11 authority owning or operating an offstreet parking facility, after
 12 notifying the police or sheriff’s department, may cause the removal
 13 of a vehicle from a stall or space designated pursuant to subdivision
 14 (a) in the facility to the nearest garage, as defined in Section 340,
 15 that is owned, leased, or approved for use by a public agency if a
 16 valid EV decal identification issued pursuant to this section is not
 17 displayed on the vehicle and the vehicle is not ~~currently plugged~~
 18 ~~in for fueling purposes~~ *engaged in the process of charging*.

19 (d) The posting required for an offstreet parking facility owned
 20 or operated either privately or by a local authority shall consist of
 21 a sign not less than 17 by 22 inches in size with lettering not less
 22 than one inch in height that clearly and conspicuously states the
 23 following: “Unauthorized vehicles not displaying valid electric
 24 vehicle decal identifications and that are not ~~plugged in for fueling~~
 25 ~~purposes~~ *engaged in the process of charging* will be towed away
 26 at owner’s expense. Towed vehicles may be reclaimed at

27 _____ or by telephoning
 28 _____
 29 (Address)
 30 _____.”
 31 (Telephone number of local law enforcement agency)
 32

33 The sign shall be posted in either of the following locations:

- 34 (1) Immediately adjacent to, and visible from, the stall or space.
- 35 (2) In a conspicuous place at each entrance to the offstreet
 36 parking facility.

37 (e) If the parking facility is privately owned and public parking
 38 is prohibited by the posting of a sign meeting the requirements of
 39 paragraph (1) of subdivision (a) of Section 22658, the requirements
 40 of subdivision (b) may be met by the posting of a sign immediately

1 adjacent to, and visible from, each stall or space indicating that a
2 vehicle not meeting the requirements of subdivision (a) will be
3 removed at the owner's expense and containing the telephone
4 number of the local traffic law enforcement agency.

5 (f) (1) For purposes of implementing this section, the
6 Department of Motor Vehicles shall make available for issuance,
7 for a fee determined by the Department of Motor Vehicles to be
8 sufficient to reimburse it for actual costs incurred pursuant to this
9 section, distinctive decals for electric vehicles.

10 (2) The department shall design the decal, which shall be two
11 inches by two inches, and be placed on the driver's side rear
12 window or bumper of the vehicle, or, notwithstanding any other
13 law, if the vehicle does not have a rear window or bumper, on the
14 driver's side of the windshield. Each decal shall display a unique
15 number. The decal may be provided to car dealers who sell electric
16 vehicles for distribution to EV purchasers.

17 (g) For purposes of this section, "electric vehicle" means any
18 car, truck, or other vehicle that does not produce tailpipe or
19 evaporative emissions or is a plug-in hybrid electric vehicle
20 (PHEV), as that term is used by the State Air Resources Board.

21 (h) ~~This~~ For purposes of this section, an "EV decal" means a
22 decal produced either pursuant to the provisions of this section,
23 or pursuant to this section as it read prior to January 1, 2012.

24 (i) This section does not interfere with existing law governing
25 the ability of local authorities to adopt ordinances related to parking
26 programs within their jurisdiction, such as programs that provide
27 free parking in metered areas or municipal garages for electric
28 vehicles.

29 SEC. 2. Section 22511.1 of the Vehicle Code is amended to
30 read:

31 22511.1. (a) A person shall not park or leave standing a vehicle
32 in a stall or space designated pursuant to Section 22511 unless a
33 valid electric vehicle (EV) decal identification issued pursuant to
34 Section 22511 is displayed on that vehicle and the vehicle is
35 ~~currently plugged in for fueling purposes~~ engaged in the process
36 of charging.

37 (b) A person shall not obstruct, block, or otherwise bar access
38 to parking stalls or spaces described in subdivision (a) except as
39 provided in subdivision (a).

1 (c) A person shall not display a decal issued pursuant to Section
2 22511 on a vehicle that does not use electricity as the motive
3 power.

4 SEC. 3. No reimbursement is required by this act pursuant to
5 Section 6 of Article XIII B of the California Constitution because
6 the only costs that may be incurred by a local agency or school
7 district will be incurred because this act creates a new crime or
8 infraction, eliminates a crime or infraction, or changes the penalty
9 for a crime or infraction, within the meaning of Section 17556 of
10 the Government Code, or changes the definition of a crime within
11 the meaning of Section 6 of Article XIII B of the California
12 Constitution.

O

Attachment 2c

SB 358 (Cannella)

Income Tax: Gross Income: Exclusion: Air Quality Funds

Summary: This bill would exclude from gross income any amount provided to a person by the State Air Resources Board, an air pollution control district, or an air quality management district for the purpose of air pollution reduction.

Background: Under existing law, grants over \$600 received by individuals or businesses are required to be included in gross income and therefore subject to state income tax.

Senator Cannella introduced SB 358 to ensure that the full amount of CARB or Air District grants are applied toward efforts to reduce air pollution, stating that businesses should not be penalized with taxes for working to comply with state air quality regulations. This legislation is sponsored by the San Joaquin Air Pollution District.

Status: Set for Senate Governance and Finance Committee on May 18.

Specific Provisions: SB 358 adds Section 17158 to the Revenue and Taxation Code to exempt from gross income any amount provided by CARB, an air pollution control district, or an air quality management district to any person for the purpose of air pollution reduction funding.

Impacts on AQMD's Mission, Operations or Initiatives:

The amendment to include grants made by air pollution districts would benefit the AQMD. By exempting AQMD grants awarded to businesses and individuals' from income taxes, the full amount of funds could be leveraged to reduce air pollution. This would extend the value of grants for key program such as the Carl Moyer On-Road Heavy-Duty Voucher Incentive Program. Further, these tax policies will enhance the incentive for businesses and individuals to participate in state and local air pollution reduction programs.

Support: Unknown

Opposition: Unknown

Recommended Position: SUPPORT

AMENDED IN SENATE APRIL 26, 2011

SENATE BILL

No. 358

Introduced by Senator Cannella
(Coauthors: Senators Fuller and Rubio)
(Coauthor: Assembly Member Olsen)

February 15, 2011

An act to add Sections 17158 and 24316 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 358, as amended, Cannella. Income tax: gross income: exclusion: air quality funds.

The Personal Income Tax Law and the Corporation Tax Law define gross income as all income from whatever source derived, unless specifically excluded.

This bill would exclude from gross income any amount provided to a person by the State Air Resources Board, *an air pollution control district, or an air quality management district* for the purpose of air pollution reduction.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17158 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17158. Gross income shall not include any amount provided
- 4 by the State Air Resources Board, *an air pollution control district,*

1 *or an air quality management district* to any person for the purpose
2 of air pollution reduction.

3 SEC. 2. Section 24316 is added to the Revenue and Taxation
4 Code, to read:

5 24316. Gross income shall not include any amount provided
6 by the State Air Resources Board, *air pollution control districts,*
7 *and air quality management districts* to any person for the purpose
8 of air pollution reduction.

9 SEC. 3. This act provides for a tax levy within the meaning of
10 Article IV of the Constitution and shall go into immediate effect.

Attachment 2e

South Coast Air Quality Management District
Legislative Analysis Summary – AB 880
Version: March 25, 2011

Assembly Bill 880 (V. Manuel Perez) Environmental quality: CEQA: expedited environmental review

Summary: Assembly Bill 880 (AB 880) streamlines the California Environmental Quality Act (CEQA) approval process for certain projects by allowing industries subject to compliance with greenhouse gas regulations under AB 32 to go through an expedited environmental review. AB 880 would allow, as is currently allowed under the District's CEQA program, companies complying with the installation of air pollution control equipment to rely upon the lead agency's environmental document and therefore not be required to conduct a full environmental impact assessment for each project.

Background: CEQA requires a lead agency to prepare and certify the completion of an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have such effect. CEQA authorizes the use of a focused environmental impact report for a project that consists solely of the installation of pollution control equipment or for a project that consists solely of the installation of that equipment or other components in compliance with the California Global Warming Solutions Act of 2006, provided the lead agency has conducted an environmental assessment at the time of adoption or amendment of a rule or regulation.

Status: May 10 Assembly Floor, Second Reading

Specific Provisions:

AB 880 streamlines the environmental documentation requirements for the installation of air pollution control equipment by allowing industry to rely upon the rule adoption environmental document when complying with the installation of air pollution control equipment, when such installation is required pursuant to a rule adopted or amended to implement AB 32, the California Global Warming Solutions Act of 2006.

Impacts on AQMD's Mission, Operations or Initiatives:

This bill is consistent with AQMD's current CEQA practices and will expedite projects that must comply with GHG reduction rules, consistent with AB 32.

Support: American Council of Engineering Companies of California, California Chamber of Commerce, California Construction & Industrial Materials Association, California Council for Environmental and Economic Balance, California Manufacturers & Technology Association, Chamber of Commerce Alliance, Fullerton Chamber of Commerce, Industrial Environmental Association, Oxnard Chamber of Commerce, Southern California Edison.

Opposed: American Lung Association, Asian Pacific Environmental Network, California League of Conservation Voters, California Environmental Justice Alliance, Center for Biological Diversity, City of Richmond, Environmental Health Coalition, Planning and Conservation League, Sierra Club California

Recommended Position: SUPPORT

Attachment 2f

AMENDED IN ASSEMBLY MARCH 25, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 880

Introduced by Assembly Member V. Manuel Pérez

February 17, 2011

An act to amend ~~Section 21159.1~~ *Sections 21159, 21159.1, and 21159.4* of the Public Resources Code, relating to the environmental quality.

LEGISLATIVE COUNSEL'S DIGEST

AB 880, as amended, V. Manuel Pérez. Environmental quality: CEQA: expedited environmental review.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA authorizes the use of a focused environmental impact report for a project that consists solely of the installation of pollution control equipment or for a project that consists solely of the installation of that equipment or other components in compliance with the California Global Warming Solutions Act of 2006.

~~This bill would make technical, nonsubstantive changes to the provision of the act that authorizes the use of a focused environmental impact report.~~

Existing law requires specified state and local government agencies to perform a specified environmental analysis at the time of the adoption of a rule or regulation requiring the installation of pollution control equipment, or a performance standard or treatment requirement,

including a rule or regulation that requires the installation of pollution control equipment or a performance standard or treatment requirement pursuant to the California Global Warming Solutions Act of 2006.

This bill would instead require that those agencies perform that environmental analysis at the time of the adoption of a rule or regulation requiring the compliance with an energy efficiency standard or compliance mechanism including that rule or regulation adopted pursuant to the California Global Warming Solutions Act of 2006.

This bill would also revise the circumstances under which a focused environmental impact report may be used for a project.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 21159 of the Public Resources Code is
2 amended to read:

3 21159. (a) An agency listed in Section 21159.4 shall perform,
4 at the time of the adoption of a rule or regulation requiring the
5 installation of pollution control equipment, or *compliance with a*
6 *performance standard*~~or, treatment requirement, or energy~~
7 *efficiency standard*, including a rule or regulation that requires the
8 installation of pollution control equipment or *compliance with a*
9 *performance standard*~~or, treatment requirement, energy efficiency~~
10 *standard, or compliance mechanism adopted* pursuant to the
11 California Global Warming Solutions Act of 2006 (Division 25.5
12 (commencing with Section 38500) of the Health and Safety Code),
13 an environmental analysis of the reasonably foreseeable methods
14 of compliance. In the preparation of this analysis, the agency may
15 utilize numerical ranges or averages where specific data is not
16 available; however, the agency shall not be required to engage in
17 speculation or conjecture. The environmental analysis shall, at
18 minimum, include all of the following:

19 (1) An analysis of the reasonably foreseeable environmental
20 impacts of the methods of compliance.

21 (2) An analysis of reasonably foreseeable feasible mitigation
22 measures.

23 (3) An analysis of reasonably foreseeable alternative means of
24 compliance with the rule or regulation.

1 (4) For a rule or regulation ~~that requires the installation of~~
2 ~~pollution control equipment~~ adopted pursuant to the California
3 Global Warming Solutions Act of 2006 (Division 25.5
4 (commencing with Section 38500) of the Health and Safety Code)
5 *that requires the installation of pollution control equipment,*
6 *improvements in energy efficiency, or compliance with performance*
7 *standards*, the analysis shall also include reasonably foreseeable
8 greenhouse gas emission impacts of compliance with the rule or
9 regulation.

10 (b) The preparation of an environmental impact report at the
11 time of adopting a rule or regulation pursuant to this division shall
12 be deemed to satisfy the requirements of this section.

13 (c) The environmental analysis shall take into account a
14 reasonable range of environmental, economic, and technical factors,
15 population and geographic areas, and specific sites.

16 (d) This section does not require the agency to conduct a
17 project-level analysis.

18 (e) For purposes of this article, the term “performance standard”
19 includes process or raw material changes or product reformulation.

20 (f) This section is not intended, and may not be used, to delay
21 the adoption of any rule or regulation for which an analysis is
22 required to be performed pursuant to this section.

23 ~~SECTION 1.~~

24 *SEC. 2.* Section 21159.1 of the Public Resources Code is
25 amended to read:

26 21159.1. (a) A focused environmental impact report may be
27 utilized if a project meets all of the following requirements:

28 (1) The project consists solely of ~~the installation of either any~~
29 of the following:

30 (A) ~~Pollution~~ *Installation of pollution* control equipment
31 required by a rule or regulation of an agency listed in subdivision
32 (a) of Section 21159.4 and the other components necessary to
33 complete the installation of that equipment.

34 (B) ~~Pollution~~ *Installation of pollution* control equipment and
35 other components necessary to complete the installation of that
36 equipment that reduces greenhouse gases, as required by a rule or
37 regulation of an agency listed in Section 21159.4 pursuant to the
38 California Global Warming Solutions Act of 2006 (Division 25.5
39 (commencing with Section 38500) of the Health and Safety Code).

1 (C) Installation of pollution control equipment or new or
2 modified equipment, or implementation of other facility process
3 changes, or both, necessary or used to achieve compliance with
4 a performance standard, treatment requirement, energy efficiency
5 standard, or compliance mechanism included in a rule or
6 regulation adopted by an agency listed in subdivision (a) of Section
7 21159.4 pursuant to the California Global Warming Solutions Act
8 of 2006 (Division 25.5 (commencing with Section 38500) of the
9 Health and Safety Code).

10 (2) The agency certifies an environmental impact report on the
11 rule or regulation or reviews it pursuant to a certified regulatory
12 program, and, in either case, the review includes an assessment of
13 growth inducing impacts and cumulative impacts of, and
14 alternatives to, the project.

15 (3) The environmental review required by paragraph (2) is
16 completed within five years of certification of the focused
17 environmental impact report.

18 (4) An environmental impact report is not required pursuant to
19 Section 21166.

20 (b) The discussion of significant effects on the environment in
21 the focused environmental impact report shall be limited to
22 project-specific potentially significant effects on the environment
23 of the project that were not discussed in the environmental analysis
24 of the rule or regulation required pursuant to subdivision (a) of
25 Section 21159. A discussion of growth-inducing impacts or
26 cumulative impacts shall not be required in the focused
27 environmental impact report, and the discussion of alternatives
28 shall be limited to a discussion of alternative means of compliance,
29 if any, with the rule or regulation.

30 *SEC. 3. Section 21159.4 of the Public Resources Code is*
31 *amended to read:*

32 21159.4. (a) This article shall apply to all of the following
33 agencies:

- 34 (1) The State Air Resources Board.
- 35 (2) A district as defined in Section 39025 of the Health and
36 Safety Code.
- 37 (3) The State Water Resources Control Board.
- 38 (4) A California regional water quality control board.
- 39 (5) The Department of Toxic Substances Control.
- 40 (6) The Department of Resources Recycling and Recovery.

1 (b) This article shall apply to the State Energy Resources
2 Conservation and Development Commission and the California
3 Public Utilities Commission for rules and regulations requiring
4 the installation of pollution control equipment *or new or modified*
5 *equipment, or the implementation of other facility or process*
6 *changes, or both, including energy efficiency projects,* adopted
7 pursuant to the California Global Warming Solutions Act of 2006
8 (Division 25.5 (commencing with Section 38500) of the Health
9 and Safety Code).

O

Senate Bill 246 (De Leon)
California Global Warming Solutions Act of 2006: Offsets

Summary: In anticipation of the California Air Resources Board (CARB) use of compliance offsets as part of its regulation of greenhouse gas emissions (GHG), SB 246 creates a definition of compliance offsets and states four requirements regarding offset credits.

Background: Existing law requires the California Air Resources Board (CARB), in accordance with the Global Warming Solutions Act of 2006 (AB 32), to adopt statewide greenhouse gas (GHG) emissions limits to reduce GHG emissions to 1990 levels by 2020 and ultimately achieving an 80% reduction from 1990 levels by 2050. Existing law also requires CARB adopt regulations to achieve maximum technologically feasible and cost-effective GHG emission reductions. Existing law also authorizes CARB to use market-based compliance mechanisms to comply with GHG reduction regulations, and requires any direct regulation or market-based compliance mechanism to achieve real, permanent, quantifiable, verifiable, and enforceable GHG reductions.

Compliance offsets allow regulated entities to purchase emission reduction credits from unregulated entities in sectors that are not subject to emission limits, instead of directly reducing their own emissions or causing emissions to be reduced amongst other entities in California.

The cost of compliance offsets should accurately include the true cost of ensuring that offset protocols are developed based on the best existing science and that the compliance offsets are monitored, verified, audited, enforced, and tracked by one or more state regulatory agencies, not third- party, for-profit offset business.

Status: May 16 Hearing in Senate Appropriations

Specific Provision: This bill adds the following definition:

“Compliance offset” means a quantified reduction in emissions of greenhouse gases in a sector different from the sector or sectors regulated by a greenhouse gas emission limit adopted by CARB. Also, four requirements are added to the Greenhouse Gas Emission Reduction portion of the Health and Safety Code. CARB is required to ensure:

- a. that each compliance offset is permanently retired and the emission reductions represented have not been claimed by another person or entity;
- b. that the compliance offset does not cause or contribute to significant adverse effects on human health or the environment, as determined by CARB;
- c. that CARB maintains authority over the eligibility of a compliance offset;
- d. that CARB must conduct an independent review of all third-party claims regarding a compliance offset before the offset has been credited.

Impacts on AQMD’s mission, operations or initiatives:

This may be aligned with our clean air priorities, specifically AQMD’s climate change principles, if the legislation assures that any credits or offsets allowed under the law are real, quantifiable, surplus, enforceable, and permanent for the time span in which they can be used. If any program authorized under the legislation allows credits or offsets from sources outside California, they must be subject to enforcement, quantification, and monitoring procedures of comparable stringency to those used in California, and must be enforceable by California officials.

Support: Breathe California, California Apollo Alliance, California Interfaith Power and Light, Catholic Charities, Diocese of Stockton, Clean Power Campaign, Coalition for Clean Air, Environment California, Latino Coalition for a Healthy California, National Parks Conservation Association, Our Children's Earth Foundation, Physician for Social Responsibility, Planning and Conservation League, Public Health Law & Policy, Regional Asthma Management and Prevention, Sierra Club California, Union of Concerned Scientists

Opposed: California Manufactures & Technology, Building Owners & Managers Association (California), California Business Properties Association, California Chamber of Commerce, California Grocers Association, California League of Food Processors, Commercial Real Estate Development Association (California), International Council of Shopping Centers, Western States Petroleum Association, Wine Institute

Recommended Position: Support with Amendments:

- 1) On page 5, line 27, after “board” insert “or a district approved by the executive officer of the state board.”
- 2) At the end of section 38573(d) on page 5, line 29, add “If a district is authorized to conduct the independent review, the state board shall reimburse the district’s reasonable costs of such review from fees collected pursuant to Section 38957 of this code.”

SENATE BILL

No. 246

Introduced by Senator De León

February 10, 2011

An act to amend Section 38505 of, and to add Section 38573 to, the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 246, as introduced, De León. California Global Warming Solutions Act of 2006: offsets.

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 state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions. The state board is authorized to adopt market-based compliance mechanisms, as defined, meeting specified requirements to be used for compliance with those regulations.

This bill would require the state board to meet specified requirements relating to verification and oversight of compliance offsets, as defined, if the state board allows the use of compliance offsets as part of a regulation adopted pursuant to the act.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) A transition to a clean energy economy is essential for
4 meeting the state's long-term goals for reducing global warming
5 pollution and can also result in substantial air quality, health,
6 economic, and environmental benefits.

7 (b) The State Air Resources Board has voted to adopt a
8 market-based regulation pursuant to the California Global Warming
9 Solutions Act of 2006 that sets a limit on emissions of greenhouse
10 gases by the state's largest emitters and that allows for flexible
11 compliance including the expansive use of offsets.

12 (c) Compliance offsets allow regulated entities to purchase
13 emission reduction credits from unregulated entities in sectors that
14 are not subject to emission limits, instead of directly reducing their
15 own emissions or causing emissions to be reduced amongst other
16 regulated entities in California.

17 (d) Offsets are inherently risky and difficult to quantify. Large
18 portions of offsets claimed in other global warming compliance
19 programs, such as the United Nations' Clean Development
20 Mechanism, have been proven to be fake.

21 (e) In order for compliance offsets to be of value in reducing
22 greenhouse gas emissions and achieving the requirements of the
23 state's landmark climate solutions law, they should be proven to
24 be real and additional. The integrity of any market-based regulation
25 that includes offsets depends on strict oversight, verification,
26 monitoring, and enforcement of the offsets program.

27 (f) Pursuant to Section 38597 of the Health and Safety Code,
28 the state board has the authority to assess fees on regulated emitters
29 of greenhouse gases to be used for the purposes of carrying out
30 the California Global Warming Solutions Act of 2006, including
31 oversight and enforcement of all elements of any market-based
32 regulation.

33 (g) The costs of compliance offsets should accurately include
34 the true cost of ensuring that offset protocols are developed based
35 on the best existing science and that the compliance offsets are
36 monitored, verified, audited, enforced, and tracked by one or more
37 state regulatory agencies, not third-party, for-profit offset
38 businesses.

1 SEC. 2. Section 38505 of the Health and Safety Code is
2 amended to read:

3 38505. For the purposes of this division, the following terms
4 have the following meanings:

5 (a) “Allowance” means an authorization to emit, ~~during a~~
6 ~~specified year, up to~~ *not more than* one ton of carbon dioxide
7 equivalent *in a specified year*.

8 (b) “Alternative compliance mechanism” means an action
9 undertaken by a greenhouse gas emission source that achieves the
10 equivalent reduction of greenhouse gas emissions over the same
11 time period as a direct emission reduction, and that is approved
12 by the state board. “Alternative compliance mechanism” includes,
13 but is not limited to, a flexible compliance schedule, alternative
14 control technology, a process change, or a product substitution.

15 (c) “Carbon dioxide equivalent” means the amount of carbon
16 dioxide by weight that would produce the same global warming
17 impact as a given weight of another greenhouse gas, based on the
18 best available science, including from the Intergovernmental Panel
19 on Climate Change.

20 (d) “Compliance offset” means a quantified reduction in
21 emissions of greenhouse gases in a sector different from the sector
22 or sectors regulated by a greenhouse gas emission limit for which
23 a market-based compliance mechanism has been adopted by the
24 state board, that is used for compliance of that greenhouse gas
25 emission limit by a greenhouse gas emission source regulated by
26 that limit.

27 ~~(e)~~

28 (e) “Cost-effective” or “cost-effectiveness” means the cost per
29 unit of reduced emissions of greenhouse gases adjusted for its
30 global warming potential.

31 ~~(e)~~

32 (f) “Direct emission reduction” means a greenhouse gas emission
33 reduction action made by a greenhouse gas emission source at that
34 source.

35 ~~(f)~~

36 (g) “Emissions reduction measure” means programs, measures,
37 standards, and alternative compliance mechanisms authorized
38 pursuant to this division, applicable to sources or categories of
39 sources, that are designed to reduce emissions of greenhouse gases.

40 ~~(g)~~

- 1 (h) “Greenhouse gas” or “greenhouse gases” includes all of the
2 following gases:
3 (1) Carbon dioxide.
4 (2) Methane.
5 (3) Nitrous oxide.
6 (4) Hydrofluorocarbons.
7 (5) Perfluorocarbons.
8 (6) Sulfur hexafluoride.
9 (7) Nitrogen trifluoride.
10 ~~(h)~~
- 11 (i) “Greenhouse gas emissions limit” means an authorization,
12 during a specified year, to emit up to a level of greenhouse gases
13 specified by the state board, expressed in tons of carbon dioxide
14 equivalents.
15 ~~(i)~~
- 16 (j) “Greenhouse gas emission source” or “source” means any
17 source, or category of sources, of greenhouse gas emissions whose
18 emissions are at a level of significance, as determined by the state
19 board, that its participation in the program established under this
20 division will enable the state board to effectively reduce greenhouse
21 gas emissions and monitor compliance with the statewide
22 greenhouse gas emissions limit.
23 ~~(j)~~
- 24 (k) “Leakage” means a reduction in emissions of greenhouse
25 gases within the state that is offset by an increase in emissions of
26 greenhouse gases outside the state.
27 ~~(k)~~
- 28 (l) “Market-based compliance mechanism” means either of the
29 following:
30 (1) A system of market-based declining annual aggregate
31 emissions limitations for sources or categories of sources that emit
32 greenhouse gases.
33 (2) Greenhouse gas emissions exchanges, banking, credits, and
34 other transactions, governed by rules and protocols established by
35 the state board, that result in the same greenhouse gas emission
36 reduction, over the same time period, as direct compliance with a
37 greenhouse gas emission limit or emission reduction measure
38 adopted by the state board pursuant to this division.
39 ~~(l)~~
- 40 (m) “State board” means the State Air Resources Board.

1 ~~(m)~~

2 (n) “Statewide greenhouse gas emissions” means the total annual
3 emissions of greenhouse gases in the state, including all emissions
4 of greenhouse gases from the generation of electricity delivered
5 to and consumed in California, accounting for transmission and
6 distribution line losses, whether the electricity is generated in state
7 or imported. Statewide emissions shall be expressed in tons of
8 carbon dioxide equivalents.

9 ~~(n)~~

10 (o) “Statewide greenhouse gas emissions limit” or “statewide
11 emissions limit” means the maximum allowable level of statewide
12 greenhouse gas emissions in 2020, as determined by the state board
13 pursuant to Part 3 (commencing with Section 38550).

14 SEC. 3. Section 38573 is added to the Health and Safety Code,
15 to read:

16 38573. If the state board allows the use of compliance offsets
17 as part of a regulation adopted pursuant to this division, the state
18 board shall ensure all of the following:

19 (a) That each compliance offset is permanently retired and the
20 emission reductions represented by the compliance offset have not
21 been claimed by another person or entity.

22 (b) That the compliance offset does not cause or contribute to
23 significant adverse effects on human health or the environment,
24 as determined by the state board.

25 (c) That the state board maintains authority over the eligibility
26 of a compliance offset.

27 (d) That the state board has conducted an independent review
28 of all third-party claims regarding a compliance offset before a
29 compliance offset is credited.

O

Attachment 2i

South Coast Air Quality Management District
Legislative Analysis Summary – SB 862 (Lowenthal)
Version: April 4, 2011

SB 862 (Lowenthal) Southern California Goods Movement Authority

An act to add Part 3 (commencing with Section 1770) to Division 6 of the Harbors and Navigation Code, relating to the Southern California Goods Movement Authority

Summary: The bill would establish the Southern Californian Goods Movement Authority which would consist of representatives from the ports of Los Angeles and Long Beach, the cities of Los Angeles, Long Beach, Anaheim, Riverside and San Bernardino, MTA, OCTA, RCTA, and ACE. The authority would identify and prioritize goods movement infrastructure and air quality improvement projects.

Background: Existing law requires the California Marine and Intermodal Transportation System Advisory Council, a federal entity, to compile data on, among other issues; air pollution caused by the movement of goods through the state's maritime ports and proposed methods of mitigating or alleviating that pollution. This bill would establish a local entity, the Southern California Goods Movement Authority, which would be charged with establishing a priority list of projects that is intended to leverage funding and other resources.

Status: In Senate Transportation and Housing Committee

Specific Provisions:

Establishes the Southern California Goods Movement Authority, with representatives from the Ports of Los Angeles and Long Beach, the cities of Los Angeles, Long Beach, Anaheim, Riverside, San Bernardino, MTA, OCTA, RCTA, and ACE, which will determine a list of infrastructure and air quality improvement goods movement projects. ACE would provide staff and meeting space for the Southern Californian Goods Movement Authority. Examples of projects include grade separations, ondock zero emission rail infrastructure improvements, retrofitting, replacement or repowering of heavy-duty diesel vehicles and locomotive engines, electrification of rail infrastructure and shoreside power. The bill would authorize the authority to enter into a memorandum of understanding with PierPass, a not-for-profit company, or a similar entity created by the West Coast Marine Terminal Operator Agreement, for funding the list of goods movement infrastructure and air quality improvement projects. The bill would provide that this funding is intended to leverage funding from other sources and is not intended to be the sole source of funding for the projects. Additionally, the bill would require the authority to consult with the South Coast Air Quality Management District regarding air quality improvement projects.

Impacts on AQMD's Mission, Operations or Initiatives:

The impetus for this bill is the need to mitigate the enormous goods movement impacts generated by the Ports of Los Angeles and Long Beach and the need to attain federal air quality standards. The bill calls for leveraging funding in order to achieve air quality improvements related to goods movement at the ports and throughout the AQMD region. It also requires the authority to consult with AQMD regarding air quality improvement projects. If enacted, this bill would establish an essential first step in establishing a plan to resolve the regions congestion and air quality challenges. However, to ensure both goals are achieved, AQMD needs to be at the table.

Support: Unknown

Opposition: Unknown

Recommended Position: Support with Amendments to include AQMD not just in a consultative role, but as a member of the Authority.

AMENDED IN SENATE APRIL 4, 2011

SENATE BILL

No. 862

Introduced by Senator Lowenthal

February 18, 2011

An act to add Part 3 (commencing with Section 1770) to Division 6 of the Harbors and Navigation Code, relating to the Southern California Goods Movement Authority.

LEGISLATIVE COUNSEL'S DIGEST

SB 862, as amended, Lowenthal. Southern California Goods Movement Authority.

(1) Existing law requests the California Marine and Intermodal Transportation System Advisory Council, a federal entity, to compile data on, among other issues, air pollution caused by the movement of goods through the state's maritime ports and proposed methods of mitigating or alleviating that pollution.

This bill would establish the Southern California Goods Movement Authority consisting of representatives from specified entities. The bill would require the authority to establish a priority list of ~~goods movement infrastructure and air quality improvement~~ projects related to the movement of port-related cargo and port operations in southern California. The bill would require the Alameda Corridor East Construction Authority, a local agency, to provide staff and meeting space for the authority, thereby imposing a state-mandated local program. The bill would authorize the authority to enter into a memorandum of understanding with ~~PierPass, a not-for-profit company~~ PierPASS or a similar entity created by the West Coast Marine Terminal Operator Agreement, for funding the list of ~~goods movement infrastructure and air quality improvement~~ projects. The bill would

provide that this funding is intended to leverage funding from other sources and is not intended to be the sole source of funding for the projects. The bill would require the authority to consider specified projects for inclusion in the priority list and would require the authority to consult with the South Coast Air Quality Management District regarding air quality improvement projects.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Part 3 (commencing with Section 1770) is added
 2 to Division 6 of the Harbors and Navigation Code, to read:

3
 4 PART 3. SOUTHERN CALIFORNIA GOODS MOVEMENT
 5 AUTHORITY

6
 7 CHAPTER 1. GENERAL PROVISIONS

8
 9 1770. (a) The Legislature finds and declares all of the
 10 following:

11 (a)
 12 (1) There is a need to mitigate the enormous burden imposed
 13 on the highway transportation system serving the Ports of Los
 14 Angeles and Long Beach by the overland movement of container
 15 cargo shipped to and from those ports.

16 (b)
 17 (2) The operation of the ports and the trains, ships, and trucks
 18 that move cargo containers to and from the ports cause air pollution
 19 that requires mitigation.

20 (c)
 21 (3) The improvement of goods movement infrastructure would
 22 benefit the owners of container cargo moving through the ports

1 by allowing them to move container cargo more efficiently and
2 reliably, and to move more cargo through those ports.

3 ~~(d)~~

4 (4) It is vital to the movement of goods in California, especially
5 in southern California, to resolve the road and rail conflicts of
6 locomotives carrying container cargo and automobile traffic by
7 building grade separations. This infrastructure will reduce air
8 pollution and provide benefits to the owners of container cargo by
9 mitigating rail expansion. Without these grade separations, the rail
10 expansion may not happen, and California could lose valuable
11 goods movement jobs.

12 ~~(e)~~

13 (5) The reduction of goods movement air pollution would benefit
14 the owners of container cargo moving through the ports by
15 contributing to the achievement or maintenance of federal air
16 quality standards, which will allow for continued federal funding
17 of goods movement infrastructure projects.

18 ~~(f)~~

19 (6) The Ports of Los Angeles and Long Beach operate in unique
20 communities, environments, and markets that require infrastructure
21 improvements and air pollution reduction measures tailored to the
22 nature and degree of need in each port of each community.

23 (b) *It is the intent of the Legislature to alleviate these burdens*
24 *by leveraging public dollars with private funds to do both of the*
25 *following:*

26 (1) *Improve the goods movement infrastructure system in*
27 *southern California with a cleaner, more efficient infrastructure*
28 *system.*

29 (2) *Mitigate the air pollution resulting from port operations*
30 *moving goods from the Ports of Los Angeles and Long Beach*
31 *throughout southern California.*

32

33 CHAPTER 2. THE AUTHORITY

34

35 1772. (a) There is hereby established the Southern California
36 Goods Movement Authority. The authority shall be composed of
37 one representative from each of the following:

38 (1) The Port of Los Angeles, appointed by the Los Angeles
39 Board of Harbor Commissioners.

1 (2) The Port of Long Beach, appointed by the Long Beach Board
2 of Harbor Commissioners.

3 (3) The City of Los Angeles, appointed by the Mayor of Los
4 Angeles.

5 (4) The City of Long Beach, appointed by the Mayor of Long
6 Beach.

7 (5) The City of Anaheim, appointed by the Mayor of Anaheim.

8 (6) The City of Riverside, appointed by the Mayor of Riverside.

9 (7) The City of San Bernardino, appointed by the Mayor of San
10 Bernardino.

11 (8) The Los Angeles County Metropolitan Transportation
12 Authority, appointed by the board of directors of the Los Angeles
13 County Metropolitan Transportation Authority.

14 (9) The Orange County Transportation Authority, appointed by
15 the board of directors of the Orange County Transportation
16 Authority.

17 (10) The Riverside County Transportation Commission.

18 (11) The San Bernardino Associated Governments.

19 (12) The Alameda Corridor East Construction Authority.

20 ~~(b) The authority shall be organized solely for the purpose of~~
21 ~~establishing a priority list of goods movement projects in southern~~
22 ~~California.~~

23 (b) Each representative shall have one vote when determining
24 the list of projects. When deciding on a list of projects, the authority
25 shall have at least a majority of its members ~~supporting the list~~
26 ~~that is transmitted to the California Transportation Commission~~
27 *supporting the list. The authority shall consider infrastructure and*
28 *air quality improvement projects that are consistent with Section*
29 *1773 or 1774.*

30 (c) For organization and meeting purposes, the Alameda
31 Corridor Transportation Authority shall provide staff and meeting
32 space for the authority. Public meeting laws that apply to the City
33 of Long Beach or the City of Los Angeles shall apply to the
34 authority.

35 (d) The authority may enter into a memorandum of
36 ~~understanding with PierPass, a not-for-profit company created by~~
37 ~~the marine terminal operators at the Ports of Los Angeles and Long~~
38 ~~Beach, for funding projects listed pursuant to subdivision (b).~~
39 *understanding with PierPASS, created by the West Coast Marine*
40 *Terminal Operator Agreement, or a similar entity created by the*

1 *agreement and approved by the Federal Maritime Commission*
2 *for providing funding for projects listed pursuant to subdivision*
3 *(b) that are consistent with Sections 1773 and 1774.*

4 *(e) Funding sought by the authority pursuant to subdivision (c)*
5 *for projects is intended to leverage funding from other sources,*
6 *including, but not limited to, local agencies, state sources, and*
7 *federal sources, and is not intended to be the sole source of*
8 *funding.*

9

10 *CHAPTER 3. INFRASTRUCTURE AND AIR QUALITY IMPROVEMENT*
11 *PROJECTS*

12

13 *1773. (a) When considering infrastructure projects, the*
14 *authority shall consider all of the following projects:*

15 *(1) Grade separation projects in the Counties of Los Angeles,*
16 *Orange, Riverside, and San Bernardino.*

17 *(2) A project to separate at-grade rail crossings between the*
18 *Union Pacific Railroad and the Burlington Northern Santa Fe*
19 *Railroad in the County of San Bernardino, also known as Colton*
20 *Crossing.*

21 *(3) A project to improve ondock rail infrastructure at the Port*
22 *of Los Angeles and the Port of Long Beach using electricity,*
23 *magnetic levitation, or other similar zero-emission technology.*

24 *(4) Other projects deemed appropriate by the authority.*

25 *(b) In determining which projects to select for the list, the*
26 *authority shall also take into account the entire rail and trade*
27 *corridor servicing the Ports of Los Angeles and Long Beach.*

28 *(c) A rail grade separation project considered pursuant to this*
29 *section shall reduce conflicts between trains carrying port-related*
30 *cargo and motor vehicles, or reduce conflicts among trains*
31 *carrying port-related cargo.*

32 *1774. (a) When considering air quality improvement projects,*
33 *the authority shall consider all of the following projects:*

34 *(1) The replacement, repowering, or retrofitting of heavy-duty*
35 *diesel vehicles moving port-related cargo.*

36 *(2) The replacement, repowering, or retrofitting of locomotive*
37 *engines, including engines within railyards in southern California,*
38 *moving port-related cargo.*

39 *(3) Mobile or portable shoreside distributed power generation*
40 *to oceangoing cargo container vessels that eliminates the need to*

1 *use the electricity grid at the Port of Los Angeles or the Port of*
2 *Long Beach, and that has been tested and verified by the State Air*
3 *Resources Board or a local air quality management district.*

4 *(4) The electrification of the rail infrastructure used to move*
5 *cargo to and from the Port of Los Angeles or the Port of Long*
6 *Beach.*

7 *(5) Shoreside electrical power generation to oceangoing cargo*
8 *container vessels at the Port of Los Angeles or the Port of Long*
9 *Beach.*

10 *(6) Container cargo-handling equipment at the Port of Los*
11 *Angeles or the Port of Long Beach.*

12 *(b) The authority shall consult with the South Coast Air Quality*
13 *Management District before compiling a list of projects pursuant*
14 *to this section.*

15 SEC. 2. If the Commission on State Mandates determines that
16 this act contains costs mandated by the state, reimbursement to
17 local agencies and school districts for those costs shall be made
18 pursuant to Part 7 (commencing with Section 17500) of Division
19 4 of Title 2 of the Government Code.

Attachment 2k

Amendment to Health and Safety Code §42403: Los Angeles City Attorney Proposal

Proposed Authorization for Prosecuting City Attorney to File Civil Penalty Action for Air Pollution Violations

Summary: Staff has received a proposal from the Los Angeles City Attorney’s Office to amend Health and Safety Code Section 42403 to allow prosecuting city attorneys to file actions for civil penalties to enforce air pollution violations. Currently, this authority belongs to the Attorney General, district attorneys, and the attorneys for the air districts.

Background: State law currently authorizes air pollution violations to be prosecuted either as criminal misdemeanors, or by an action for a civil penalty (but not both). Criminal actions are brought by county district attorneys as well as certain prosecuting city attorneys who have been authorized by their respective district attorney. Actions for civil penalties may be brought by “the Attorney General, by any district attorney, or by the attorney for any district in which the violation occurs...” (H&S §42403(a)). AQMD maintains a District Prosecutor’s Office that brings actions for civil penalties, and in appropriate situations refers cases to the applicable criminal prosecutor for action. The Los Angeles City Attorney’s Office is proposing bill language (as yet not introduced) that would add “any prosecuting city attorney” to the list of persons able to file civil penalty actions for air pollution violations. The LA City Attorney maintains that it is anomalous that their office is authorized to prosecute air pollution violations criminally but not civilly.

Status: The language is not yet introduced. The Los Angeles City Attorney indicates they have an author who will modify an existing bill to incorporate the requested language.

Specific Provisions: The proposal would add “any prosecuting city attorney” to the list of persons authorized to file civil penalty actions for air pollution violations. The term “prosecuting city attorney” refers to one who has been authorized by their respective district attorney to prosecute criminal misdemeanors including state law violations within that specific city. According to the California District Attorneys Association website, there are 13 such authorized prosecuting city attorneys, of which eleven are located within the South Coast District.

Impacts on AQMD’s Mission, Operations, Or Initiatives:

The proposed language would authorize eleven individual city attorneys within the South Coast District to bring an action for civil penalties within their jurisdictions. Presently, most civil actions are brought by the AQMD District Prosecutor. The cities within the District having authorized prosecuting city attorneys are: Anaheim, Burbank, Hawthorne, Hermosa Beach, Inglewood, Long Beach, Los Angeles, Pasadena, Redondo Beach, Santa Monica, and Torrance. This bill would raise the potential for inconsistent enforcement policies and make it difficult to ensure a “level playing field” for regulated businesses. In addition, Staff is also concerned that there may be jurisdictional disputes concerning whether a particular city or the AQMD is

properly bringing the action, and that alleged violators may be subject to civil enforcement actions by both the city and the AQMD. The bill is likely to complicate enforcement procedures.

Recommended Position: Oppose

Supporters: Los Angeles City Attorney's Office **Opposition:** Unknown

Attachment 21

An act to amend Section 42403 of the Health and Safety Code, relating to air quality.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 42403 of the Health and Safety Code is amended to read:
42403. (a) The civil penalties prescribed in Sections 39674, 42401, 42402, 42402.1, 42402.2, and 42402.3 shall be assessed and recovered in a civil action brought in the name of the people of the State of California by the Attorney General, by any district attorney, by any prosecuting city attorney or by the attorney for any district in which the violation occurs in any court of competent jurisdiction.

(b) In determining the amount assessed, the court, or in reaching any settlement, the district, shall take into consideration all relevant circumstances, including, but not limited to, the following:

- (1) The extent of harm caused by the violation.
- (2) The nature and persistence of the violation.
- (3) The length of time over which the violation occurs.
- (4) The frequency of past violations.
- (5) The record of maintenance.
- (6) The unproven or innovative nature of the control equipment.
- (7) Any action taken by the defendant, including the nature, extent, and time of response of the cleanup and construction undertaken, to mitigate the violation.
- (8) The financial burden to the defendant.

Attachment 3

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE REPORT

FROM HOME RULE ADVISORY GROUP MEETING OF APRIL 20, 2011

HRAG members present:

Dr. Elaine Chang (SCAQMD)
Greg Adams, L.A. County Sanitation Districts
Kenneth Boshart, Boshart Engineering
Mike Carroll, Latham & Watkins
Curtis Coleman, Southern California Air Quality Alliance
Chris Gallenstein, CARB (participated by phone)
Jayne Joy, Eastern Municipal Water District
Bill LaMarr, California Small Business Alliance
Rongsheng Luo on behalf of Jonathan Nadler, SCAG
Art Montez, AMA International
Bill Quinn, CCEEB (participated by phone)
Marco Robles, Cardenas Markets
Lee Wallace, So Cal Gas and SDG&E
Mike Wang, WSPA

LEGISLATIVE UPDATE

Philip Crabbe provided the Legislative Update for the meeting on April 8, 2011, as follows.

Federal

The consultants reported on the federal budget negotiations. The agreement proposed would cut approximately \$40 billion through September 2011, and included proposed budget riders that would have repealed EPA's ability to regulate greenhouse gases. However, those budget riders did not occur. The consultants reported that a series of meetings were held with AQMD staff, members of Congress, and department agencies, including the Department of Energy. Some of the issues discussed were a vehicle technology program and renewable energy projects, as well as other AQMD priorities.

State

The consultants reported that the state budget negotiations are continuing behind closed doors. Two major points of contention are the pension reform and the spending cap. SB 170 (Pavley), an AQMD sponsored bill related to intellectual property rights, is scheduled to be heard in the Senate Environmental Quality Committee on May 2, 2011.

The following bills were also discussed at the Legislative Committee meeting:

H.R. 402	DeLauro	National Infrastructure Development Bank Act of 2011
H.R. 1122	Richardson	The Freight FOCUS Act of 2011
H.R. 1123	Richardson	TIFIA Expansion Act of 2011
SB 585	Kehoe	Energy: solar energy systems: funding
SB 771	Kehoe	Renewable energy resources

H.R. 402 would create and fund the National Infrastructure Development Bank (a wholly owned government entity) that would direct federal and private funds toward infrastructure projects of regional or national significance.

H.R. 1122, the freight FOCUS Act of 2011, would facilitate national freight planning and prioritization of funding. The bill would transfer \$3 billion a year from the General Fund into the Goods Movement Trust Fund. Additional revenue for the Fund would be derived from a 12 cent per gallon increase in the diesel fuel tax paid by trucks. The Fund will provide assistance to eligible projects focused on improving goods movement based on specified criteria.

H.R. 1123 would enhance the federal Transportation Infrastructure Finance and Innovation Act of 2011 (TIFIA) loan program. The bill would provide additional funds for the program, greater flexibility, and expanded eligibility for projects to receive TIFIA funding.

SB 585 would secure additional incentive funding to complete the non-residential component of the California Solar Initiative (CSI).

SB 771 would include continuous clean renewable energy sources that utilize waste gases from landfills, digesters, or wastewater treatment facilities to generate electricity as eligible electricity generating systems that may receive incentives pursuant to the Emerging Renewable Resources Account. The author withdrew the bill from hearing and narrowed the scope of the bill to only deal with the California Alternative Energy and Advanced Transportation Financing Authority which would provide financing for the development and commercialization of competitive advanced transportation technologies and would facilitate utilizing alternative methods and sources of energy.

The Legislative Committee took the following positions on these bills:

H.R. 402 (DeLauro)	Support
H.R. 1122 (Richardson)	Support in concept and recommend that the author develop a consensus funding approach
H.R. 1123 (Richardson)	Support
SB 585 (Kehoe)	Watch
SB 771 (Kehoe)	Support if amended

Discussion

Mr. Wang asked if the funding for these programs, in particular the program proposed under H.R. 1122, is dependent on a tax increase. Mr. Crabbe responded that the Legislative Committee members supported the bill in concept, but did not take a position on the method proposed for providing funding for the program. Mr. Wang felt that the 12 cent per gallon increase on diesel fuel to support the program is a substantial increase during a recession. He asked staff to provide a report on the potential impact of H.R. 1122 at the next HRAG meeting. Mr. LaMarr asked if the Legislative Committee would discuss the bill again. Mr. Crabbe responded that not all bills are brought back before the Legislative Committee. Dr. Chang responded that, if staff does bring the item before the Legislative Committee again, the item will also be brought back to HRAG for discussion.

Mr. Montez commented on H.R. 402 (DeLauro). He noted that the summary says that the bill would “create and fund the National Infrastructure Development Bank that would direct federal and private funds toward infrastructure projects of regional or national significance.” He was concerned with the ambiguity of the word “regional” and with the potential to direct the money to certain regions but not to others. He was also concerned that there may not be minority representation on the boards that decide how the funds are dispersed and that the communities that are ultimately affected will not receive funding. He also felt that, since an investment is involved, the entities receiving the fund should have some type of business plan showing a return on investment or how the funds will be managed.

Mr. Wallace noted that the utilities are concerned with AB 1370 (Hernandez) which amends the public utility code by narrowing the authority of the commission to approve utilities’ energy efficiency programs, programs that promote the reduction of air pollution and greenhouse gas emissions, and also the promotion of programs that increase the use of electric and natural gas vehicles. Dr. Chang asked what the utilities’ concern is. Mr. Wallace responded that the bill would narrow the definition of what is in the ratepayer interest and would result in a reduction in the funds that would be approved by the PUC for the utilities to use for these programs. Mr. Boshart asked if the funds have a positive return on investment. Mr. Wallace responded that third party auditors determine whether or not the programs have been effective according to what the PUC currently defines as in the ratepayer interest. Ms. Baird suggested that District staff

look into this issue further to determine whether or not to continue discussions on this bill at the next Legislative Committee meeting. Mr. Boshart asked if a certain percentage of funding is targeted for renewable energy and a certain percentage on infrastructure improvement. Mr. Crabbe responded that the focus is on creating a bank that will fund infrastructure, energy, transportation, environment, and telecommunications projects. Ms. Baird added that there is a provision for energy infrastructure projects but that there are no specific percentages indicated in the bill.

Mr. Wang asked if two specific sections could be added to staff's bill analysis report. He asked for staff to include a section on the fiscal impact to the District as an agency and another section on the fiscal impact to the District residents or the community. He explained that this information could be used by the Board members to make a more enlightened decision on what legislation to support.

Mr. Montez suggested the formation of an audit committee to review that certain requirements or parameters have been met and to evaluate potential impacts. Mr. Crabbe responded that, in general, the Governing Board has directed staff to focus on air quality impacts and health benefits in support of the District's mission. Mr. Montez responded that the District needs to evolve with the times and that the current economy calls for fiscal restraint, openness, and transparency. He added that forming a committee to review and determine that requirements have been met would avoid litigation, and the agency would gain the support of the community.

Mr. LaMarr suggested that the District should have a public advocate position, separate from the public advisor. He added that the District has used negotiated rulemaking in the past where all sides can provide input on rules, and he suggested the same tool be used for discussing the impacts of potential legislation.

Dr. Chang noted that the HRAG members' comments will be included in the Report to the Legislative Committee.

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 21

REPORT: Mobile Source Air Pollution Reduction Review Committee

SYNOPSIS: Below is a summary of key issues addressed at the MSRC's meeting on May 19, 2011. The MSRC's next meeting will be its 20th Anniversary Retreat & Workshop, which will be held on Wednesday, June 29, 2011, at California State University Los Angeles.

RECOMMENDED ACTION:
Receive and file.

Michael D. Antonovich
AQMD Representative on MSRC

CSL:HH:DAH

Minutes

Minutes from the April 21, 2011, meeting were unanimously approved. They are attached for your information (*Attachment 1*).

Re-Election of MSRC Chair & Vice-Chair

Annually the MSRC elects its chair and vice-chair. At its May 19, 2011 meeting, the MSRC re-elected its chair and vice-chair for another one-year term. Mr. Greg Winterbottom, representing OCTA, was re-elected as the chair. Cathedral City Council Member Greg Pettis, representing the Riverside County Transportation Commission, was re-elected as the vice-chair. This is the second consecutive term in these positions for both.

Alternative Fuel Infrastructure Contract Awards Approved

As part of the FY 2010-11 Work Program, the MSRC released a \$5 million Alternative Fuel Infrastructure Program Announcement #PA2011-12. Eligible projects would include new, as well as upgraded or expanded, CNG and LNG stations. Stations are eligible for up to 50 percent of station capital equipment, site construction, signage, and reasonable project management costs. The maximum MSRC funding requested per project varies

from \$100,000 to \$250,000 depending upon whether the applicant is a public or private entity, accessibility level of the proposed project, and number of fuels offered. Proposals meeting requirements would be considered for funding throughout the application period on a first-come, first-served basis. The PA also includes a geographic minimum of \$250,000 per county, and an open application period which will close October 14, 2011.

To date, 10 applications have been received requesting \$1.3 million. These applications were evaluated for compliance with the requirements set forth in the PA, and the \$250,000 per-county geographic minimums for Riverside, Los Angeles and Orange counties are met by the 10 applications received to date. The \$250,000 geographic minimum for San Bernardino County has not yet been met but the funding has been set aside until the PA closes. At its May 19, 2011 meeting, as part of its FY 2010-11-Work Program, the MSRC considered these requests and approved funding totaling \$1.3 million for these 10 applications. The AQMD Board will consider these awards (Item #10) at its June 3, 2011 meeting. It is anticipated additional applications will be received before the PA's closing date, and any additional funding awards will be brought forward for consideration at that time.

Local Government Match Program Award Approved

Also as part of the FY 2010-11 Work Program, the MSRC released a \$5 million Local Government Match Program Announcement #PA2011-13. The PA provides up to \$30,000 per vehicle for heavy-duty alternative fuel vehicle purchases, as well as alternative fuel infrastructure funding up to a maximum of \$400,000 per project. The repower or retrofit of on- or off-road heavy-duty diesel vehicles, with maximum per vehicle awards of \$50,000 per repower and \$25,000 per retrofit, are also eligible projects. Finally, \$250,000 is reserved for qualifying AB 2766 Subvention Fund recipients in the Coachella Valley to support regional street sweeping programs. In all categories funding is provided on a dollar-for-dollar match basis, and funding for all eligible entities shall be distributed on a first-come, first-served basis with a geographic minimum per county of \$625,000. The PA includes an open application period closing June 3, 2011.

To date, 24 applications have been received; of these, 19 were received on the first day, requesting a total of \$5,267,985. Thus, the Program was oversubscribed on the first day. Since the PA includes a geographic minimum of \$625,000 per county, and the geographic minimum has not been met for San Bernardino County, pro-rated awards may be necessary and will likely be decided after the PA closes. In the interim, however, the reserve for Coachella Valley's regional street sweeping programs can be awarded. On May 19, 2011, as part of its FY 2010-11 Work Program, the MSRC unanimously awarded \$250,000 to CVAG to implement the Coachella Valley Regional Street Sweeping Program. The AQMD Board will consider the award to CVAG along with the above alternative fuel infrastructure awards at its June 3, 2011 meeting. The MSRC will

consider funding for the remainder of the Local Match applications at a future meeting and bring those awards forward to the AQMD Board separately.

Received and Approved Final Reports

The MSRC received and approved two final report summaries this month, as follows:

1. For Los Angeles County Metropolitan Transportation Authority, which provided \$53,500 towards regional rideshare database enhancements; and
2. For Azusa Unified School District Contract #MS08076, which provided \$172,500 for installation of a limited-access CNG station and modified maintenance facility.

All final reports are filed in the AQMD's library and a two-page summary of each closed project can be viewed in the electronic library on the MSRC's website at <http://www.cleantransportationfunding.org>.

Contract Modification Requests

The MSRC considered two contract modification requests and took the following unanimous actions:

1. For UPS Contract #MS08007, which provides \$300,000 towards the purchase of 10 heavy-duty natural gas trucks, the MSRC approved a vehicle substitution for all 10 trucks and a 25-month, no-cost contract term extension; and
2. For TransVironmental Solutions, which provides \$227,198 for a Rideshare 2 School Demonstration Program, the MSRC approved a three-month, no-cost contract term extension.

Contracts Administrator's Report

The MSRC's AB 2766 Contracts Administrator provides a written status report on all open contracts from FY 2002-03 through the present. The Contracts Administrator's Report for May 2011 is attached for your information (*Attachment 2*).

Attachments

Attachment 1 – Approved 4/21/11 MSRC Minutes

Attachment 2 - May 2011 Contracts Administrator's Report



MSRC Agenda Item No. 3

DATE: May 19, 2011

FROM: Cynthia Ravenstein

SUBJECT: AB 2766 Contracts Administrator's Report

SYNOPSIS: This report covers key issues addressed by MSRC staff, status of open contracts, and administrative scope changes from March 31 through April 22, 2011.

RECOMMENDATION: Receive and file report

WORK PROGRAM IMPACT: None

Contract Execution Status

2009-10 Work Program

On September 11, 2009, the AQMD Governing Board approved 27 awards under the Local Government Match Program as part of the MSRC's FY 2009-10 Work Program. All these projects also received partial funding as part of the MSRC's FY 2008-09 Work Program (see below). These contracts are with the prospective contractor for signature or executed.

On November 6, 2009, the AQMD Governing Board approved 11 additional awards, as well as 1 augmentation for a project which previously received a partial award, under the Local Government Match Program as part of the MSRC's FY 2009-10 Work Program. These contracts are awaiting responses from the prospective contractor, with the prospective contractor for signature, or executed.

On March 5, 2010, the AQMD Governing Board approved an award to the Coachella Valley Association of Governments for the Coachella Valley Regional PM10 Street Sweeping Program. Also on March 5, 2010, the Board approved an award to the Los Angeles County Metropolitan Transportation Authority to provide clean fuel transit service to Dodger Stadium. Both awards were part of the MSRC's FY 2009-10 Work Program and both contracts are executed.

On July 9, 2010, the AQMD Governing Board approved 21 awards under the Heavy-Duty Alternative Fuel Engines for On-Road Vehicles Program as part of the FY 2009-10 Work Program. These contracts are under development, undergoing internal review, with the prospective contractor for signature, or executed.

2008-09 Work Program

On July 11, 2008, the AQMD Governing Board approved six augmentations for projects which previously received partial awards under the FY 2007-08 Work Program, as well as six additional awards, for the Alternative Fuel Heavy-Duty Engines for On-Road Vehicles Program as part of the MSRC's FY 2008-09 Work Program. Also on July 11, 2008, the Board approved 26 awards under the Local Government Match Program and 22 awards under the Alternative Fuel Infrastructure Funding Opportunities Program as part of the MSRC's FY 2008-09 Work Program. Some of these projects also received partial funding as part of the MSRC's FY 2007-08 Work Program (see below). Lastly, on this date the Board approved a sole-source award to Administrative Services Co-Op/Long Beach Yellow Cab to place into service up to 15 dedicated CNG taxicabs. Except as detailed below, these contracts are executed:

- One of the augmented awards was to Diversified Truck Rental and Leasing for the purchase of ten natural gas refuse trucks. MSRC staff has been informed that the company was sold. After multiple attempts to obtain a response from the purchasing entity, they were informed that they must respond by July 16, 2010 or MSRC staff would recommend that the MSRC terminate negotiations. Diversified subsequently responded and MSRC staff is making final attempts to negotiate a contract.

On September 5, 2008, the AQMD Governing Board approved an augmented award under the Local Government Match Program for an application which had been misplaced and thus not considered with the original awards. This contract is executed. Also on September 5, 2008, the MSRC approved a sole-source award to FuelMaker Corporation to provide incentives for natural gas home refueling units. This contract was under development when MSRC staff learned that FuelMaker Corporation had been adjudged bankrupt by the Ontario (Canada) Superior Court. Subsequently, FuelMaker was purchased by IMPCO. MSRC staff is currently awaiting responses from IMPCO to determine what actions may be necessary to continue implementation of the Program.

On January 9, 2009, the AQMD Governing Board approved an award for a replacement CNG refueling station vendor in support of the Mountain Area CNG School Bus Demonstration Program. At their March 19, 2009 meeting, the MSRC approved an augmentation to this award, and the AQMD Board approved the increase on May 1, 2009; this contract is executed.

On March 6, 2009, the AQMD Governing Board approved two augmented awards under the Local Government Match Program for applications which had been misplaced and thus not considered with the original awards. These contracts are executed.

On September 11, 2009, the AQMD Governing Board approved 29 awards under the MSRC's FY 2008-09 Local Government Match Program. Some of these projects also received funding as part of the MSRC's FY 2009-10 Work Program (see above). Also on September 11, 2009, the Board approved modifications to the 511 Commuter Services Outreach and Public Awareness Campaign, reflecting the bifurcation of outreach efforts, as part of the MSRC's FY 2006-07 Work Program. These included a modified award changing the original contractor name to LA SAFE and reducing the award amount from \$1,000,000 to \$700,000, as well as new sole-source awards to Riverside County Transportation Commission and the Better World Group. These contracts are with the prospective contractor for signature or executed.

2007-08 Work Program

Except as discussed below, contracts for this Work Program are executed or declined.

On May 2, 2008, the Board approved nine awards for the Alternative Fuel Heavy-Duty Engines for On-Road Vehicles Program. As noted above, MSRC staff is making final attempts to conclude negotiations with the entity which purchased Diversified Truck Rental and Leasing.

Work Program Status

Contract Status Reports for work program years with open and pending contracts are attached. MSRC or MSRC-TAC members may request spreadsheets covering any other work program year.

FY 2003-04 Work Program Contracts

1 regular contract from this work program year is open. Additionally, one regular (replacement) contract is pending.

FY 2003-04 Regular Work Program Invoices Paid

No invoices were paid during this period.

FY 2004-05 Work Program Contracts

1 regular and 4 Local Match contracts from this work program year are open. All Diesel Exhaust After-treatment contracts are now closed.

FY 2004-05 Regular Work Program Invoices Paid

No invoices were paid during this period.

FY 2004-05 Local Government Match Program Invoices Paid

No invoices were paid during this period.

FY 2005-06 Work Program Contracts

4 regular, 10 Local Match, and one Diesel Exhaust After-treatment contracts from this work program year are open; and 10 regular and 25 Local Match contracts are in "Open/Complete" status, having completed all obligations save ongoing operation. One contract closed during this period, with the funds reverting: Menifee Union School District, Contract #MS06051 – Install CNG Fueling Station. One contract passed into "Open/Complete" status during this period: City of Santa Monica, Contract #ML06025 – Purchase 12 Heavy-Duty CNG Vehicles.

FY 2005-06 Regular Work Program Invoices Paid

No invoices were paid during this period.

FY 2005-06 Local Government Match Program Invoices Paid

No invoices were paid during this period.

FY 2005-06 Diesel Exhaust After-treatment Program Invoices Paid

No invoices were paid during this period.

FY 2006-07 Work Program Contracts

20 regular and 9 Local Match contracts from this work program year are open; and 13 regular and 10 Local Match contracts are in "Open/Complete" status, having completed all obligations save ongoing operation.

FY 2006-07 Regular Work Program Invoices Paid

One invoice in the amount of \$40,626.00 was paid during this period.

FY 2006-07 Local Government Match Program Invoices Paid

No invoices were paid during this period.

FY 2007-08 Work Program Contracts

24 regular and 16 Local Match contracts from this work program year are open; and 13 regular and 9 Local Match contracts are in "Open/Complete" status, having completed all obligations save ongoing operation. Two contracts were canceled during this period with the funds reverting, both with Burrtec Waste Industries, Inc: Contract #MS08052 – Install New CNG Station, Fontana; and Contract #MS08059 – Install New CNG Station, San Bernardino.

FY 2007-08 Regular Work Program Invoices Paid

No invoices were paid during this period.

FY 2007-08 Local Government Match Program Invoices Paid

No invoices were paid during this period.

FY 2008-09 Work Program Contracts

2 regular and 30 Local Match contracts from this work program year are open; and 3 Local Match contracts are in "Open/Complete" status. One contract closed during this period: A-Z Bus Sales, Contract #MS09002 – Alternative Fuel School Bus Incentive Program.

FY 2008-09 Regular Work Program Invoices Paid

No invoices were paid during this period.

FY 2008-09 Local Government Match Program Invoices Paid

No invoices were paid during this period.

FY 2009-10 Work Program Contracts

10 regular contracts from this work program year are open.

FY 2009-10 Regular Work Program Invoices Paid

One invoice in the amount of \$4,547.40 was paid during this period.

Administrative Scope Changes

Three administrative scope changes were initiated during the period of March 31 through April 22, 2011:

- MS08017 – Omnitrans: One-year no-cost term extension
- ML08041 – City of Los Angeles, Department of Transportation – Six-month contract term extension, vehicle substitutions and reductions and \$5,800 contract value reduction
- MS08078 – Sunline Transit Agency: Eight-month no-cost term extension

Attachments

- FY 2003-04 through FY 2009-10 Contract Status Reports

2003-04 AB2766 Contract Status Report

5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS04062	Los Angeles County MTA	10/1/2010	3/31/2011		\$53,500.00	\$53,500.00	Regional Rideshare Database Enhancement	\$0.00	No
Total: 1									
Pending Execution Contracts									
MS04063	Riverside County Transportation Co				\$225,000.00	\$0.00	Regional Rideshare Database Enhancement	\$225,000.00	No
Total: 1									
Declined/Cancelled Contracts									
MS04002	City of Riverside				\$58,096.00	\$0.00	3 Refuse Trucks, 3 Dump Trucks, 2 Water T	\$58,096.00	No
MS04051	NorthStar, Inc.				\$250,000.00	\$0.00	New LNG Station	\$250,000.00	No
MS04053	Clean Energy Fuels Corp.				\$250,000.00	\$0.00	New CNG Station - Mid-Wilshire	\$250,000.00	No
MS04054	Clean Energy Fuels Corp.				\$250,000.00	\$0.00	New CNG Station - Mission Viejo	\$250,000.00	No
Total: 4									
Closed Contracts									
MS04001	City of Ontario	8/27/2004	9/26/2005		\$35,082.00	\$35,082.00	2 CNG Refuse Trucks	\$0.00	Yes
MS04003	Long Beach Transit	8/27/2004	6/26/2006		\$335,453.00	\$330,453.00	27 Gasoline-Electric Hybrid Buses/Mech. Tr	\$5,000.00	Yes
MS04005	City of Norwalk Transportation Dept.	11/27/2004	1/27/2007		\$118,052.00	\$88,539.00	4 Gas-Electric Hybrid Vehicles	\$29,513.00	Yes
MS04006	Orange County Transportation Autho	10/1/2004	4/30/2006	7/31/2008	\$405,000.00	\$405,000.00	2 Gas-Electric Hybrid and 20 CNG Transit B	\$0.00	Yes
MS04007	Foothill Transit Agency	6/24/2005	11/23/2006		\$715,000.00	\$714,100.00	75 CNG Buses, Fueling Station	\$900.00	No
MS04008	Los Angeles County MTA	11/1/2004	9/30/2007		\$854,050.00	\$854,050.00	50 CNG Buses	\$0.00	Yes
MS04017	Road Builders, Inc.	10/13/2004	4/12/2006	12/31/2006	\$953,080.00	\$953,080.00	Repower 12 Scrapers & 1 Loader	\$0.00	Yes
MS04027	Larry Jacinto Construction	9/13/2004	3/12/2006		\$454,510.00	\$454,510.00	Repower 6 Scrapers	\$0.00	Yes
MS04029	Herigstad Equipment Rental	9/16/2004	3/15/2006		\$1,190,024.00	\$830,172.00	Repower 10 Scrapers	\$359,852.00	Yes
MS04036	Sukut Equipment, Inc.	12/15/2004	2/15/2006		\$466,807.00	\$466,807.00	Repower 4 Scrapers & 3 Dozers	\$0.00	Yes
MS04039	CR&R, Inc.	1/25/2005	3/24/2007	2/24/2009	\$463,168.00	\$461,550.00	30 LNG Refuse Trucks	\$1,618.00	Yes
MS04041	CR&R, Inc.	7/25/2005	9/24/2007	9/24/2008	\$155,468.00	\$153,850.00	10 LNG Refuse Trucks, Mechanic Training	\$1,618.00	Yes
MS04050	R.F. Dickson Co., Inc.	6/3/2005	6/2/2006	10/2/2007	\$250,000.00	\$250,000.00	Upgrade CNG Station	\$0.00	Yes
MS04052	Downs Energy	5/6/2005	6/5/2006	6/30/2009	\$250,000.00	\$250,000.00	New LNG/L-CNG Station	\$0.00	Yes
MS04058	American Honda Motor Company	11/2/2005	6/30/2007	3/31/2008	\$300,000.00	\$4,000.00	Home Refueling Apparatus Lease Incentives	\$296,000.00	Yes
MS04059	FuelMaker Corporation	9/9/2005	6/30/2006	12/31/2006	\$100,000.00	\$100,000.00	Home Refueling Apparatus Incentives	\$0.00	Yes
Total: 16									
Closed/Incomplete Contracts									
MS04004	Athens Services, Inc.	9/3/2004	3/2/2006	9/2/2006	\$311,421.00	\$197,503.50	14 LNG Waste Haulers, Maint. Facility. Mod	\$113,917.50	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS04055	Riverside County Transportation Co	6/29/2006	8/28/2007	2/28/2008	\$225,000.00	\$0.00	Regional Rideshare Database Enhancement	\$225,000.00	No
MS04056	Los Angeles County MTA	6/13/2006	12/12/2007	1/12/2010	\$120,000.00	\$66,488.40	Regional Rideshare Database Enhancement	\$53,511.60	Yes
MS04061	Riverside County Transportation Co	6/29/2009	8/31/2010		\$225,000.00	\$0.00	Regional Rideshare Database Enhancement	\$225,000.00	No

Total: 4

2004-05 AB2766 Contract Status Report

5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS05070	Haaland Internet Productions (HIP D	6/24/2005	5/31/2007	5/31/2011	\$98,915.00	\$90,658.24	Design, Host & Maintain MSRC Website	\$8,256.76	No
Total: 1									
Declined/Cancelled Contracts									
MS05030	City of Inglewood				\$31,662.00	\$0.00	2 CNG Street Sweepers	\$31,662.00	No
MS05032	H&C Disposal				\$34,068.00	\$0.00	2 CNG Waste Haulers	\$34,068.00	No
MS05044	City of Colton				\$78,720.00	\$0.00	CNG Station Upgrade	\$78,720.00	No
Total: 3									
Closed Contracts									
MS05001	A-Z Bus Sales, Inc.	2/4/2005	12/31/2005	12/31/2006	\$1,385,000.00	\$1,385,000.00	CNG School Bus Buydown	\$0.00	Yes
MS05002	California Bus Sales	2/4/2005	12/31/2005	12/31/2006	\$1,800,000.00	\$1,800,000.00	CNG School Bus Buydown	\$0.00	Yes
MS05003	BusWest	1/28/2005	12/31/2005	12/31/2006	\$2,100,000.00	\$1,620,000.00	CNG School Bus Buydown	\$480,000.00	Yes
MS05004	Johnson/Ukropina Creative Marketin	11/27/2004	1/18/2006	4/18/2006	\$1,000,000.00	\$994,612.56	Implement "Rideshare Thursday" Campaign	\$5,387.44	Yes
MS05031	City of Ontario	7/22/2005	3/21/2007		\$191,268.00	\$191,268.00	11 CNG Waste Haulers	\$0.00	Yes
MS05033	Waste Management of the Desert	9/26/2005	5/25/2007		\$202,900.00	\$202,900.00	10 CNG Waste Haulers	\$0.00	Yes
MS05034	Sukut Equipment, Inc.	9/9/2005	5/8/2007		\$1,151,136.00	\$1,151,136.00	Repower 12 Scrapers	\$0.00	Yes
MS05035	Varner Construction Inc.	11/28/2005	4/27/2007	2/27/2008	\$334,624.00	\$334,624.00	Repower 5 Off-Road H.D. Vehicles	\$0.00	Yes
MS05036	Camarillo Engineering	8/18/2005	1/17/2007		\$1,167,276.00	\$1,167,276.00	Repower 12 Scrapers	\$0.00	Yes
MS05037	Road Builders, Inc.	11/21/2005	4/20/2007	6/20/2008	\$229,302.00	\$229,302.00	Repower 2 Scrapers	\$0.00	Yes
MS05038	SunLine Transit Agency	3/30/2006	9/29/2007		\$135,000.00	\$135,000.00	15 CNG Buses	\$0.00	Yes
MS05039	Los Angeles County MTA	4/28/2006	4/27/2008		\$405,000.00	\$405,000.00	75 CNG Buses	\$0.00	Yes
MS05040	Orange County Transportation Autho	3/23/2006	12/22/2007	6/22/2008	\$200,000.00	\$200,000.00	25 CNG Buses	\$0.00	Yes
MS05041	The Regents of the University of Cali	9/5/2006	8/4/2007	9/4/2008	\$15,921.00	\$15,921.00	CNG Station Upgrade	\$0.00	Yes
MS05042	City of Ontario	11/21/2005	9/20/2006	7/20/2007	\$117,832.00	\$74,531.27	CNG Station Upgrade	\$43,300.73	Yes
MS05043	Whittier Union High School District	9/23/2005	7/22/2006		\$15,921.00	\$15,921.00	CNG Station Upgrade	\$0.00	Yes
MS05045	City of Covina	9/9/2005	7/8/2006		\$10,000.00	\$7,435.61	CNG Station Upgrade	\$2,564.39	Yes
MS05046	City of Inglewood	1/6/2006	5/5/2007		\$139,150.00	\$56,150.27	CNG Station Upgrade	\$82,999.73	Yes
MS05047	Orange County Transportation Autho	10/20/2005	10/19/2006	1/19/2007	\$75,563.00	\$75,563.00	CNG Station Upgrade	\$0.00	Yes
MS05048	City of Santa Monica	7/24/2006	11/23/2007		\$150,000.00	\$150,000.00	CNG Station Upgrade	\$0.00	Yes
MS05049	Omnitrans	9/23/2005	2/22/2007		\$25,000.00	\$7,250.00	CNG Station Upgrade	\$17,750.00	Yes
MS05050	Gateway Cities Council of Governme	12/21/2005	4/20/2010		\$1,464,839.00	\$1,464,838.12	Truck Fleet Modernization Program	\$0.88	Yes
MS05051	Jagur Tractor	1/16/2006	4/15/2007	10/15/2007	\$660,928.00	\$660,928.00	Repower 6 Scrapers	\$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS05052	Caufield Equipment, Inc.	8/3/2005	1/2/2007		\$478,000.00	\$478,000.00	Repower 4 Scrapers	\$0.00	Yes

Total: 24

2004-05 AB2766 Local Government Match Program Contract Status Report

5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML05009	Los Angeles County Department of	6/22/2006	12/21/2007	9/30/2011	\$56,666.00	\$0.00	2 Propane Refueling Stations	\$56,666.00	No
ML05013	Los Angeles County Department of	1/5/2007	7/4/2008	7/4/2011	\$313,000.00	\$0.00	Traffic Signal Synchronization	\$313,000.00	No
ML05014	Los Angeles County Department of	5/21/2007	11/20/2008	6/20/2012	\$204,221.00	\$0.00	Traffic Signal Synchronization	\$204,221.00	No
ML05072	Los Angeles County Department of	8/24/2009	5/23/2010	1/23/2011	\$349,000.00	\$0.00	Traffic Signal Synchronization (LADOT)	\$349,000.00	No
Total: 4									
Declined/Cancelled Contracts									
ML05005	City of Highland				\$20,000.00	\$0.00	2 Medium Duty CNG Vehicles	\$20,000.00	No
ML05008	Los Angeles County Department of				\$140,000.00	\$0.00	7 Heavy Duty LPG Street Sweepers	\$140,000.00	No
ML05010	Los Angeles County Department of				\$20,000.00	\$0.00	1 Heavy Duty CNG Bus	\$20,000.00	No
Total: 3									
Closed Contracts									
ML05006	City of Colton	7/27/2005	7/26/2006		\$30,000.00	\$30,000.00	3 Medium Duty CNG Vehicles	\$0.00	Yes
ML05011	Los Angeles County Department of	8/10/2006	12/9/2007	6/9/2008	\$52,409.00	\$51,048.46	3 Heavy Duty LPG Shuttle Vans	\$1,360.54	Yes
ML05015	City of Lawndale	7/27/2005	7/26/2006		\$10,000.00	\$10,000.00	1 Medium Duty CNG Vehicle	\$0.00	Yes
ML05016	City of Santa Monica	9/23/2005	9/22/2006	9/22/2007	\$350,000.00	\$350,000.00	6 MD CNG Vehicles, 1 LPG Sweep, 13 CNG	\$0.00	Yes
ML05017	City of Signal Hill	1/16/2006	7/15/2007		\$126,000.00	\$126,000.00	Traffic Signal Synchronization	\$0.00	Yes
ML05018	City of San Bernardino	4/19/2005	4/18/2006		\$40,000.00	\$40,000.00	4 M.D. CNG Vehicles	\$0.00	Yes
ML05019	City of Lakewood	5/6/2005	5/5/2006		\$10,000.00	\$10,000.00	1 M.D. CNG Vehicle	\$0.00	Yes
ML05020	City of Pomona	6/24/2005	6/23/2006		\$10,000.00	\$10,000.00	1 M.D. CNG Vehicle	\$0.00	Yes
ML05021	City of Whittier	7/7/2005	7/6/2006	4/6/2008	\$100,000.00	\$80,000.00	Sweeper, Aerial Truck, & 3 Refuse Trucks	\$20,000.00	Yes
ML05022	City of Claremont	9/23/2005	9/22/2006		\$20,000.00	\$20,000.00	2 M.D. CNG Vehicles	\$0.00	Yes
ML05024	City of Cerritos	4/18/2005	3/17/2006		\$10,000.00	\$10,000.00	1 M.D. CNG Vehicle	\$0.00	Yes
ML05025	City of Malibu	5/6/2005	3/5/2006		\$10,000.00	\$10,000.00	1 Medium-Duty CNG Vehicle	\$0.00	Yes
ML05026	City of Inglewood	1/6/2006	1/5/2007	2/5/2009	\$60,000.00	\$60,000.00	2 CNG Transit Buses, 1 CNG Pothole Patch	\$0.00	Yes
ML05027	City of Beaumont	2/23/2006	4/22/2007	6/22/2010	\$20,000.00	\$20,000.00	1 H.D. CNG Bus	\$0.00	Yes
ML05028	City of Anaheim	9/8/2006	9/7/2007	5/7/2008	\$85,331.00	\$85,331.00	Traffic signal coordination & synchronization	\$0.00	Yes
ML05029	Los Angeles World Airports	5/5/2006	9/4/2007		\$140,000.00	\$140,000.00	Seven CNG Buses	\$0.00	Yes
ML05071	City of La Canada Flintridge	1/30/2009	1/29/2011		\$20,000.00	\$20,000.00	1 CNG Bus	\$0.00	Yes
Total: 17									
Closed/Incomplete Contracts									
ML05007	Los Angeles County Dept of Beache	6/23/2006	6/22/2007	12/22/2007	\$50,000.00	\$0.00	5 Medium Duty CNG Vehicles	\$50,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML05012	Los Angeles County Department of	11/10/2006	5/9/2008	1/9/2009	\$349,000.00	\$0.00	Traffic Signal Synchronization (LADOT)	\$349,000.00	No
ML05023	City of La Canada Flintridge	3/30/2005	2/28/2006	8/28/2008	\$20,000.00	\$0.00	1 CNG Bus	\$20,000.00	No

Total: 3

2005-06 AB2766 Contract Status Report

5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS06001	Riverside County Transportation Co	8/3/2007	9/2/2011		\$825,037.00	\$825,037.00	New Freeway Service Patrol	\$0.00	Yes
MS06002	Orange County Transportation Autho	11/7/2007	11/6/2013		\$928,740.00	\$748,770.00	New Freeway Service Patrol	\$179,970.00	No
MS06004	Los Angeles County MTA	8/10/2006	7/9/2010		\$1,391,983.00	\$1,391,791.98	New Freeway Service Patrol	\$191.02	No
MS06043X	Westport Fuel Systems, Inc.	2/3/2007	12/31/2010	9/30/2011	\$2,000,000.00	\$2,000,000.00	Advanced Natural Gas Engine Incentive Pro	\$0.00	No
Total: 4									
Declined/Cancelled Contracts									
MS06009	Clean Energy Fuels Corp.	6/23/2006	12/22/2012		\$250,000.00	\$0.00	New CNG Station - Laguna Niguel	\$250,000.00	Yes
MS06040	Capistrano Unified School District				\$136,000.00	\$0.00	New CNG Fueling Station	\$136,000.00	No
MS06041	Clean Energy Fuels Corp.	12/1/2006	3/31/2013	6/18/2009	\$250,000.00	\$0.00	New CNG Station-Newport Beach	\$250,000.00	No
MS06046	City of Long Beach, Dept. of Public				\$250,000.00	\$0.00	LNG Fueling Station	\$250,000.00	No
MS06051	Menifee Union School District	3/2/2007	7/1/2014		\$150,000.00	\$0.00	CNG Fueling Station	\$150,000.00	No
Total: 5									
Closed Contracts									
MS06003	San Bernardino Associated Govern	10/19/2006	6/18/2010		\$804,240.00	\$804,239.87	New Freeway Service Patrol	\$0.13	Yes
Total: 1									
Open/Complete Contracts									
MS06010	US Airconditioning Distributors	12/28/2006	6/27/2012		\$83,506.00	\$83,506.00	New CNG Station - Industry	\$0.00	Yes
MS06011	County Sanitation Districts of L.A. C	6/1/2006	7/31/2012		\$150,000.00	\$150,000.00	New CNG Station - Carson	\$0.00	Yes
MS06012	Consolidated Disposal Service	7/14/2006	9/13/2012		\$297,981.00	\$297,981.00	New LNG Station & Facility Upgrades	\$0.00	Yes
MS06013	City of Commerce	1/9/2008	7/8/2014	7/8/2015	\$350,000.00	\$350,000.00	New L/CNG Station - Commerce	\$0.00	Yes
MS06042	Clean Energy Fuels Corp.	1/5/2007	1/4/2013		\$150,000.00	\$150,000.00	New CNG Station-Baldwin Park	\$0.00	No
MS06045	Orange County Transportation Autho	8/17/2007	12/16/2013		\$200,000.00	\$200,000.00	CNG Fueling Station/Maint. Fac. Mods	\$0.00	Yes
MS06047	Hemet Unified School District	9/19/2007	11/18/2013		\$125,000.00	\$125,000.00	CNG Refueling Station	\$0.00	Yes
MS06048	Newport-Mesa Unified School Distric	6/25/2007	8/24/2013	8/24/2014	\$50,000.00	\$50,000.00	CNG Fueling Station	\$0.00	Yes
MS06049	Clean Energy Fuels Corp.	4/20/2007	7/19/2013		\$250,000.00	\$228,491.18	CNG Fueling Station - L.B.P.D.	\$21,508.82	Yes
MS06050	Rossmoor Pastries	1/24/2007	10/23/2012		\$18,750.00	\$14,910.50	CNG Fueling Station	\$3,839.50	Yes
Total: 10									

2005-06 AB2766 Local Government Match Program Contract Status Report

5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML06020	Los Angeles Department of Water a	3/19/2007	9/18/2013	4/18/2014	\$25,000.00	\$0.00	CNG Aerial Truck	\$25,000.00	No
ML06028	City of Pasadena	9/29/2006	11/28/2012	3/28/2014	\$245,000.00	\$0.00	New CNG Station & Maint. Fac. Upgrades	\$245,000.00	No
ML06031	City of Inglewood	4/4/2007	6/3/2013	9/3/2015	\$150,000.00	\$65,602.40	Purchase 4 H-D LPG Vehicles & Install LPG	\$84,397.60	No
ML06035	City of Hemet, Public Works	11/10/2006	12/9/2012	10/9/2014	\$414,000.00	\$175,000.00	7 Nat Gas Trucks & New Nat Gas Infrastruct	\$239,000.00	No
ML06039	City of Inglewood	2/9/2007	2/8/2008	4/8/2011	\$50,000.00	\$0.00	Modify Maintenance Facility for CNG Vehicle	\$50,000.00	No
ML06054	Los Angeles County Department of	6/17/2009	6/16/2016		\$150,000.00	\$0.00	3 CNG & 3 LPG HD Trucks	\$150,000.00	No
ML06058	City of Santa Monica	7/12/2007	7/11/2013		\$149,925.00	\$0.00	3 H.D. CNG Trucks & CNG Fueling Station	\$149,925.00	No
ML06060	City of Temple City	6/12/2007	6/11/2013		\$31,885.00	\$0.00	Upgrade existing CNG infrastructure	\$31,885.00	No
ML06061	City of Chino Hills	4/30/2007	4/29/2013		\$25,000.00	\$0.00	One H.D. CNG Vehicle	\$25,000.00	No
ML06070	City of Colton	4/30/2008	2/28/2015		\$50,000.00	\$0.00	Two CNG Pickups	\$50,000.00	No
Total: 10									
Declined/Cancelled Contracts									
ML06018	Los Angeles County Dept of Beache				\$375,000.00	\$0.00	New CNG Station & 2 CNG Dump Trucks	\$375,000.00	No
ML06019	Los Angeles County Dept of Beache				\$250,000.00	\$0.00	New CNG Station & 2 CNG Dump Trucks	\$250,000.00	No
ML06023	City of Baldwin Park	6/16/2006	9/15/2012		\$20,000.00	\$0.00	CNG Dump Truck	\$20,000.00	No
ML06024	City of Pomona	8/3/2007	7/2/2013	7/2/2014	\$286,450.00	\$0.00	New CNG Station	\$286,450.00	No
ML06030	City of Burbank	3/19/2007	9/18/2011		\$287,700.00	\$0.00	New CNG Fueling Station	\$287,700.00	No
ML06037	City of Lynwood				\$25,000.00	\$0.00	1 Nat Gas Dump Truck	\$25,000.00	No
ML06055	City of Los Angeles, Dept. of Genera				\$125,000.00	\$0.00	5 Gas-Electric Hybrid Buses	\$125,000.00	No
ML06059	City of Fountain Valley				\$25,000.00	\$0.00	One H.D. CNG Truck	\$25,000.00	No
Total: 8									
Closed Contracts									
ML06056	City of Los Angeles, Dept. of Genera	11/30/2007	11/29/2008		\$350,000.00	\$350,000.00	Maintenance Facility Mods.	\$0.00	Yes
Total: 1									
Open/Complete Contracts									
ML06016	City of Whittier	5/25/2006	5/24/2012	11/24/2012	\$50,000.00	\$50,000.00	2 CNG Refuse Trucks	\$0.00	Yes
ML06017	City of Claremont	8/2/2006	4/1/2012		\$50,000.00	\$50,000.00	2 CNG Refuse Trucks	\$0.00	Yes
ML06021	Los Angeles World Airports	9/13/2006	5/12/2013		\$150,000.00	\$150,000.00	6 CNG Buses	\$0.00	Yes
ML06022	City of Los Angeles, Bureau of Sanit	5/4/2007	1/3/2014		\$1,250,000.00	\$1,250,000.00	50 LNG Refuse Trucks	\$0.00	Yes
ML06025	City of Santa Monica	1/5/2007	11/4/2012	12/14/2014	\$300,000.00	\$300,000.00	12 H.D. CNG Vehicles	\$0.00	Yes
ML06026	City of Cerritos	10/27/2006	9/26/2010		\$60,500.00	\$60,500.00	CNG Station Upgrade	\$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML06027	City of Redondo Beach	9/5/2006	5/4/2012	10/4/2012	\$50,000.00	\$50,000.00	2 Heavy-Duty CNG Trucks	\$0.00	Yes
ML06029	City of Culver City Transportation De	9/29/2006	12/28/2012		\$50,000.00	\$50,000.00	2 CNG Heavy-Duty Trucks	\$0.00	Yes
ML06032	City of Rancho Cucamonga	2/13/2007	3/12/2013	2/12/2014	\$237,079.00	\$237,079.00	New CNG Station & 2 CNG Dump Trucks	\$0.00	Yes
ML06033	City of Cathedral City	11/17/2006	12/16/2012	12/16/2013	\$125,000.00	\$125,000.00	5 Heavy-Duty CNG Trucks	\$0.00	Yes
ML06034	City of South Pasadena	9/25/2006	9/24/2012		\$16,422.42	\$16,422.42	2 Nat. Gas Transit Buses	\$0.00	Yes
ML06036	City of Riverside	3/23/2007	3/22/2013		\$200,000.00	\$200,000.00	8 Heavy-Duty Nat Gas Vehicles	\$0.00	Yes
ML06038	City of Los Angeles, Department of	5/21/2007	1/20/2014		\$625,000.00	\$625,000.00	25 CNG Street Sweepers	\$0.00	Yes
ML06044	City of Pomona	12/15/2006	3/14/2013		\$50,000.00	\$50,000.00	2 CNG Street Sweepers	\$0.00	Yes
ML06052	City of Hemet, Public Works	4/20/2007	2/19/2013		\$25,000.00	\$25,000.00	Purchase One CNG Dump Truck	\$0.00	Yes
ML06053	City of Burbank	5/4/2007	7/3/2013		\$125,000.00	\$125,000.00	Five Nat. Gas Refuse Trucks	\$0.00	Yes
ML06057	City of Rancho Cucamonga	8/28/2007	6/27/2013	8/27/2014	\$100,000.00	\$100,000.00	4 H.D. Nat. Gas Vehicles	\$0.00	Yes
ML06062	City of Redlands	5/11/2007	5/10/2013		\$100,000.00	\$100,000.00	4 H.D. LNG Vehicles	\$0.00	Yes
ML06063	City of Moreno Valley	3/23/2007	11/22/2012		\$25,000.00	\$25,000.00	One H.D. CNG Vehicle	\$0.00	Yes
ML06064	City of South Pasadena	1/25/2008	11/24/2013	11/24/2014	\$50,000.00	\$50,000.00	2 H.D. CNG Vehicles	\$0.00	Yes
ML06065	City of Walnut	6/29/2007	6/28/2013		\$44,203.00	\$44,203.00	Upgrade Existing CNG Infrastructure	\$0.00	Yes
ML06066	City of Ontario	5/30/2007	1/29/2013		\$125,000.00	\$125,000.00	5 H.D. CNG Vehicles	\$0.00	Yes
ML06067	City of El Monte	3/17/2008	5/16/2014	11/16/2014	\$157,957.00	\$157,957.00	Upgrade existing CNG infrastructure	\$0.00	Yes
ML06068	City of Claremont	8/28/2007	6/27/2013		\$60,000.00	\$60,000.00	Expand existing CNG infrastructure	\$0.00	Yes
ML06069	City of Palos Verdes Estates	11/19/2007	11/18/2013		\$25,000.00	\$25,000.00	One H.D. CNG Vehicle	\$0.00	Yes

Total: 25

2005-06 Diesel Exhaust Retrofit Program Contract Status Report

5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
PT06006	Los Angeles County Sheriff's Depart	5/15/2006	2/14/2008		\$98,000.00	\$0.00	Diesel Exhaust Aftertreatment Program	\$98,000.00	No
Total: 1									
Closed Contracts									
PT06005	Los Angeles County Department of	6/29/2006	3/28/2008	12/28/2008	\$184,500.00	\$184,500.00	Diesel Exhaust Aftertreatment Program	\$0.00	Yes
PT06007	County Sanitation Districts of L.A. C	6/16/2006	12/15/2007	12/28/2008	\$108,000.00	\$108,000.00	Diesel Exhaust Aftertreatment Program	\$0.00	Yes
PT06008	City of Los Angeles, Bureau of Sanit	9/6/2006	6/5/2008		\$184,500.00	\$184,500.00	Diesel Exhaust Aftertreatment Program	\$0.00	Yes
PT06014	Los Angeles Department of Water a	2/8/2007	8/7/2008	9/30/2009	\$112,500.00	\$103,500.00	Diesel Exhaust Aftertreatment Program	\$9,000.00	Yes
PT06015	City of San Bernardino	10/23/2006	4/22/2008		\$66,000.00	\$66,000.00	Diesel Exhaust Aftertreatment Program	\$0.00	Yes
Total: 5									

2006-07 AB2766 Contract Status Report

5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS07008	City of Los Angeles, Department of T	9/18/2009	5/17/2020		\$2,040,000.00	\$0.00	Purchase 102 Transit Buses	\$2,040,000.00	No
MS07011	Los Angeles Service Authority for Fr	3/12/2010	5/31/2011		\$700,000.00	\$0.00	"511" Commuter Services Campaign	\$700,000.00	No
MS07022	California State University, Los Ange	10/30/2009	12/29/2015	12/29/2016	\$250,000.00	\$0.00	New Hydrogen Fueling Station	\$250,000.00	No
MS07049	Palm Springs Disposal Services	10/23/2008	11/22/2014	9/22/2016	\$96,000.00	\$57,600.00	Three Nat. Gas Refuse Trucks	\$38,400.00	No
MS07058	The Better World Group	11/17/2007	11/16/2009	11/16/2011	\$247,690.00	\$161,899.67	MSRC Programmatic Outreach Services	\$85,790.33	No
MS07059	County Sanitation Districts of L.A. C	9/5/2008	9/4/2010	7/14/2011	\$248,300.00	\$157,800.00	Off-Road Diesel Equipment Retrofit Program	\$90,500.00	No
MS07060	Community Recycling & Resource R	3/7/2008	1/6/2010	7/6/2011	\$177,460.00	\$98,471.00	Off-Road Diesel Equipment Retrofit Program	\$78,989.00	No
MS07061	City of Los Angeles, Department of	10/31/2008	8/30/2010	2/28/2012	\$40,626.00	\$40,626.00	Off-Road Diesel Equipment Retrofit Program	\$0.00	No
MS07063	Shimmick Construction Company, In	4/26/2008	2/25/2010	8/25/2011	\$80,800.00	\$11,956.37	Off-Road Diesel Equipment Retrofit Program	\$68,843.63	No
MS07064	Altfillisch Contractors, Inc.	9/19/2008	7/18/2010	1/18/2011	\$160,000.00	\$155,667.14	Off-Road Diesel Equipment Retrofit Program	\$4,332.86	No
MS07068	Sukut Equipment Inc.	1/23/2009	11/22/2010	5/22/2012	\$26,900.00	\$26,900.00	Off-Road Diesel Equipment Retrofit Program	\$0.00	No
MS07069	City of Burbank	5/9/2008	3/8/2010	9/8/2011	\$8,895.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$8,895.00	No
MS07070	Griffith Company	4/30/2008	2/28/2010	8/28/2011	\$230,705.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$230,705.00	No
MS07071	Tiger 4 Equipment Leasing	9/19/2008	7/18/2010	1/18/2012	\$333,967.00	\$84,308.97	Off-Road Diesel Equipment Retrofit Program	\$249,658.03	No
MS07075	Dan Copp Crushing	9/17/2008	7/16/2010	1/16/2012	\$73,600.00	\$40,200.00	Off-Road Diesel Equipment Retrofit Program	\$33,400.00	No
MS07076	Reed Thomas Company, Inc.	8/15/2008	6/14/2010	12/14/2011	\$348,050.00	\$19,500.00	Off-Road Diesel Equipment Retrofit Program	\$328,550.00	No
MS07078	Waste Management Collection and	5/1/2009	12/31/2014	12/31/2015	\$256,000.00	\$201,600.00	Eight Nat. Gas Refuse Trucks (Dewey's)	\$54,400.00	No
MS07079	Riverside County Transportation Co	1/30/2009	7/29/2013	12/31/2011	\$20,000.00	\$8,265.45	BikeMetro Website Migration	\$11,734.55	No
MS07080	City of Los Angeles, Bureau of Sanit	10/31/2008	8/30/2010	2/28/2012	\$63,192.00	\$52,265.00	Off-Road Diesel Equipment Retrofit Program	\$10,927.00	No
MS07092	Riverside County Transportation Co	9/1/2010	10/31/2011		\$350,000.00	\$0.00	"511" Commuter Services Campaign	\$350,000.00	No
Total: 20									
Declined/Cancelled Contracts									
MS07010	Palos Verdes Peninsula Transit Auth				\$80,000.00	\$0.00	Repower 4 Transit Buses	\$80,000.00	No
MS07014	Clean Energy Fuels Corp.				\$350,000.00	\$0.00	New L/CNG Station - SERRF	\$350,000.00	No
MS07015	Baldwin Park Unified School District				\$57,500.00	\$0.00	New CNG Station	\$57,500.00	No
MS07016	County of Riverside Fleet Services D				\$36,359.00	\$0.00	New CNG Station - Rubidoux	\$36,359.00	No
MS07017	County of Riverside Fleet Services D				\$33,829.00	\$0.00	New CNG Station - Indio	\$33,829.00	No
MS07018	City of Cathedral City				\$350,000.00	\$0.00	New CNG Station	\$350,000.00	No
MS07021	City of Riverside				\$350,000.00	\$0.00	New CNG Station	\$350,000.00	No
MS07050	Southern California Disposal Co.				\$320,000.00	\$0.00	Ten Nat. Gas Refuse Trucks	\$320,000.00	No
MS07062	Caltrans Division of Equipment				\$1,081,818.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$1,081,818.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS07065	ECCO Equipment Corp.				\$174,525.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$174,525.00	No
MS07067	Recycled Materials Company of Calif				\$99,900.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$99,900.00	No
MS07074	Albert W. Davies, Inc.	1/25/2008	11/24/2009		\$39,200.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$39,200.00	No
MS07081	Clean Diesel Technologies, Inc.				\$240,347.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$240,347.00	No
MS07082	DCL International, Inc.				\$153,010.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$153,010.00	No
MS07083	Dinex Exhausts, Inc.				\$52,381.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$52,381.00	No
MS07084	Donaldson Company, Inc.				\$42,416.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$42,416.00	No
MS07085	Engine Control Systems Limited				\$155,746.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$155,746.00	No
MS07086	Huss, LLC				\$84,871.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$84,871.00	No
MS07087	Mann+Hummel GmbH				\$189,361.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$189,361.00	No
MS07088	Nett Technologies, Inc.				\$118,760.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$118,760.00	No
MS07089	Rypos, Inc.				\$68,055.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$68,055.00	No
MS07090	Sud-Chemie				\$27,345.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$27,345.00	No

Total: 22

Closed Contracts

MS07001	A-Z Bus Sales, Inc.	12/28/2006	12/31/2007	2/29/2008	\$1,920,000.00	\$1,380,000.00	CNG School Bus Buydown	\$540,000.00	Yes
MS07002	BusWest	1/19/2007	12/31/2007	3/31/2008	\$840,000.00	\$840,000.00	CNG School Bus Buydown	\$0.00	Yes
MS07005	S-W Compressors	3/17/2008	3/16/2010		\$60,000.00	\$7,500.00	Mountain CNG School Bus Demo Program-	\$52,500.00	Yes
MS07006	Coachella Valley Association of Gov	2/28/2008	10/27/2008		\$400,000.00	\$400,000.00	Coachella Valley PM10 Reduction Street Sw	\$0.00	Yes
MS07012	City of Los Angeles, General Service	6/13/2008	6/12/2009	6/12/2010	\$50,000.00	\$50,000.00	Maintenance Facility Modifications	\$0.00	Yes
MS07019	City of Cathedral City	1/9/2009	6/8/2010		\$32,500.00	\$32,500.00	Maintenance Facility Modifications	\$0.00	Yes
MS07072	City of Culver City Transportation De	4/4/2008	2/3/2010	8/3/2011	\$72,865.00	\$72,865.00	Off-Road Diesel Equipment Retrofit Program	\$0.00	Yes
MS07091	BusWest	10/16/2009	3/15/2010		\$33,660.00	\$33,660.00	Provide Lease for 2 CNG School Buses	\$0.00	Yes

Total: 8

Closed/Incomplete Contracts

MS07004	BusWest	7/2/2007	7/1/2009		\$90,928.00	\$68,196.00	Provide Lease for 2 CNG School Buses	\$22,732.00	No
MS07066	Skanska USA Civil West California D	6/28/2008	4/27/2010	10/27/2010	\$111,700.00	\$36,128.19	Off-Road Diesel Equipment Retrofit Program	\$75,571.81	No
MS07073	PEED Equipment Co.	10/31/2008	8/30/2010		\$11,600.00	\$0.00	Off-Road Diesel Equipment Retrofit Program	\$11,600.00	No

Total: 3

Open/Complete Contracts

MS07003	Westport Fuel Systems, Inc.	11/2/2007	12/31/2011	6/30/2013	\$1,500,000.00	\$1,499,990.00	Advanced Nat. Gas Engine Incentive Progra	\$10.00	Yes
MS07007	Los Angeles World Airports	5/2/2008	11/1/2014		\$420,000.00	\$420,000.00	Purchase CNG 21 Transit Buses	\$0.00	Yes
MS07009	Orange County Transportation Autho	5/14/2008	4/13/2016		\$800,000.00	\$800,000.00	Purchase 40 Transit Buses	\$0.00	Yes
MS07013	Rainbow Disposal Company, Inc.	1/25/2008	3/24/2014		\$350,000.00	\$350,000.00	New High-Volume CNG Station	\$0.00	Yes
MS07020	Avery Petroleum	5/20/2009	7/19/2015		\$250,000.00	\$250,000.00	New CNG Station	\$0.00	Yes
MS07051	City of San Bernardino	8/12/2008	12/11/2014		\$480,000.00	\$480,000.00	15 Nat. Gas Refuse Trucks	\$0.00	Yes
MS07052	City of Redlands	7/30/2008	11/29/2014		\$160,000.00	\$160,000.00	Five Nat. Gas Refuse Trucks	\$0.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS07053	City of Claremont	7/31/2008	12/30/2014		\$96,000.00	\$96,000.00	Three Nat. Gas Refuse Trucks	\$0.00	Yes
MS07054	Republic Services, Inc.	3/7/2008	9/6/2014	9/6/2016	\$1,280,000.00	\$1,280,000.00	40 Nat. Gas Refuse Trucks	\$0.00	Yes
MS07055	City of Culver City Transportation De	7/8/2008	9/7/2014		\$192,000.00	\$192,000.00	Six Nat. Gas Refuse Trucks	\$0.00	Yes
MS07056	City of Whittier	9/5/2008	3/4/2015		\$32,000.00	\$32,000.00	One Nat. Gas Refuse Trucks	\$0.00	Yes
MS07057	CR&R, Inc.	7/31/2008	8/30/2014	6/30/2015	\$896,000.00	\$896,000.00	28 Nat. Gas Refuse Trucks	\$0.00	No
MS07077	Waste Management Collection and	5/1/2009	12/31/2014		\$160,000.00	\$160,000.00	Five Nat. Gas Refuse Trucks (Santa Ana)	\$0.00	Yes

Total: 13

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5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML07023	City of Riverside	6/20/2008	10/19/2014	7/19/2016	\$462,500.00	\$350,000.00	CNG Station Expansion/Purch. 14 H.D. Vehi	\$112,500.00	No
ML07024	City of Garden Grove	3/7/2008	9/6/2014	7/6/2016	\$75,000.00	\$50,000.00	Three H.D. CNG Vehicles	\$25,000.00	No
ML07028	City of Los Angeles, General Service	3/13/2009	3/12/2014		\$350,000.00	\$0.00	New CNG Refueling Station/Hollywood Yard	\$350,000.00	No
ML07033	City of La Habra	5/21/2008	6/20/2014	7/31/2016	\$75,000.00	\$25,000.00	One H.D. Nat Gas Vehicle/Expand Fueling S	\$50,000.00	No
ML07036	City of Alhambra	1/23/2009	2/22/2015		\$145,839.00	\$50,000.00	3 H.D. CNG Vehicles/Expand CNG Station	\$95,839.00	No
ML07039	City of Baldwin Park	6/6/2008	6/5/2014	8/5/2015	\$50,000.00	\$0.00	Two N.G. H.D. Vehicles	\$50,000.00	No
ML07043	City of Redondo Beach	9/28/2008	7/27/2014		\$125,000.00	\$0.00	Five H.D. CNG Transit Vehicles	\$125,000.00	No
ML07044	City of Santa Monica	9/8/2008	3/7/2015		\$600,000.00	\$50,000.00	24 H.D. Nat. Gas Vehicles	\$550,000.00	No
ML07045	City of Inglewood	2/6/2009	4/5/2015		\$75,000.00	\$25,000.00	3 H.D. Nat. Gas Vehicles	\$50,000.00	No
Total: 9									
Declined/Cancelled Contracts									
ML07031	City of Santa Monica				\$180,000.00	\$0.00	Upgrade N.G. Station to Add Hythane	\$180,000.00	No
ML07032	City of Huntington Beach Public Wor				\$25,000.00	\$0.00	One H.D. CNG Vehicle	\$25,000.00	No
ML07035	City of Los Angeles, General Service				\$350,000.00	\$0.00	New CNG Refueling Station/Southeast Yard	\$350,000.00	No
ML07038	City of Palos Verdes Estates				\$25,000.00	\$0.00	One H.D. LPG Vehicle	\$25,000.00	No
Total: 4									
Closed Contracts									
ML07025	City of San Bernardino	8/12/2008	7/11/2010		\$350,000.00	\$350,000.00	Maintenance Facility Modifications	\$0.00	Yes
ML07042	City of La Quinta	8/15/2008	9/14/2010		\$100,000.00	\$100,000.00	Street Sweeping Operations	\$0.00	Yes
ML07048	City of Cathedral City	9/19/2008	10/18/2010		\$100,000.00	\$84,972.45	Street Sweeping Operations	\$15,027.55	Yes
Total: 3									
Open/Complete Contracts									
ML07026	City of South Pasadena	6/13/2008	6/12/2014		\$25,000.00	\$25,000.00	One H.D. CNG Vehicle	\$0.00	Yes
ML07027	Los Angeles World Airports	6/3/2008	7/2/2014		\$25,000.00	\$25,000.00	One H.D. LNG Vehicle	\$0.00	Yes
ML07029	City of Los Angeles, General Service	3/13/2009	3/12/2014		\$350,000.00	\$350,000.00	New CNG Refueling Station/Venice Yard	\$0.00	Yes
ML07030	County of San Bernardino Public Wo	7/11/2008	9/10/2015		\$200,000.00	\$200,000.00	8 Natural Gas H.D. Vehicles	\$0.00	Yes
ML07034	City of Los Angeles, General Service	3/13/2009	3/12/2014		\$350,000.00	\$350,000.00	New CNG Refueling Station/Van Nuys Yard	\$0.00	Yes
ML07037	City of Los Angeles, General Service	10/8/2008	10/7/2015		\$255,222.00	\$255,222.00	Upgrade LNG/LCNG Station/East Valley Yar	\$0.00	Yes
ML07040	City of Moreno Valley	6/3/2008	9/2/2014		\$25,000.00	\$25,000.00	One Heavy-Duty CNG Vehicle	\$0.00	Yes
ML07041	City of La Quinta	6/6/2008	6/5/2014		\$25,000.00	\$25,000.00	One CNG Street Sweeper	\$0.00	Yes
ML07046	City of Culver City Transportation De	5/2/2008	5/1/2014		\$25,000.00	\$25,000.00	One H.D. Nat. Gas Vehicle	\$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML07047	City of Cathedral City	6/16/2008	9/15/2014	3/15/2015	\$225,000.00	\$225,000.00	Two H.D. Nat. Gas Vehicles/New CNG Fueli	\$0.00	Yes

Total: 10

2007-08 AB2766 Contract Status Report

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Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS08001	Los Angeles County MTA	12/10/2010	6/9/2014		\$1,500,000.00	\$0.00	Big Rig Freeway Service Patrol	\$1,500,000.00	No
MS08007	United Parcel Service	12/10/2008	10/9/2014		\$300,000.00	\$0.00	10 H.D. Nat. Gas Vehicles	\$300,000.00	No
MS08012	California Cartage Company, LLC	12/21/2009	10/20/2015	4/20/2016	\$480,000.00	\$432,000.00	12 H.D. Nat. Gas Yard Tractors	\$48,000.00	No
MS08013	United Parcel Service	12/10/2008	10/9/2014		\$480,000.00	\$216,000.00	12 H.D. Nat. Gas Yard Tractors	\$264,000.00	No
MS08014	City of San Bernardino	12/5/2008	6/4/2015		\$390,000.00	\$360,000.00	13 H.D. Nat. Gas Vehicles	\$30,000.00	No
MS08015	Yosemite Waters	5/12/2009	5/11/2015		\$180,000.00	\$117,813.60	11 H.D. Propane Vehicles	\$62,186.40	No
MS08016	TransVironmental Solutions, Inc.	1/23/2009	12/31/2010	6/30/2011	\$227,198.00	\$60,830.77	Rideshare 2 School Program	\$166,367.23	No
MS08017	Omnitrans	12/13/2008	12/12/2015		\$900,000.00	\$729,000.00	30 CNG Buses	\$171,000.00	No
MS08018	Los Angeles County Department of	8/7/2009	10/6/2016		\$90,000.00	\$0.00	3 CNG Vehicles	\$90,000.00	No
MS08021	CalMet Services, Inc.	1/9/2009	1/8/2016	7/8/2016	\$900,000.00	\$675,000.00	30 CNG Vehicles	\$225,000.00	No
MS08053	City of Los Angeles, Bureau of Sanit	2/18/2009	12/17/2015		\$400,000.00	\$0.00	New LNG/CNG Station	\$400,000.00	No
MS08055	Clean Energy Fuels Corp.	11/26/2009	3/25/2016	9/25/2016	\$400,000.00	\$0.00	New LNG Station - Long Beach-Pier S	\$400,000.00	No
MS08056	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$160,000.00	New LNG Station - POLB-Anah. & I	\$240,000.00	No
MS08058	Clean Energy Fuels Corp.	11/26/2009	3/25/2016	3/25/2017	\$400,000.00	\$0.00	New CNG Station - Ontario Airport	\$400,000.00	No
MS08061	Clean Energy Fuels Corp.	12/4/2009	3/3/2015		\$400,000.00	\$160,000.00	New CNG Station - L.A.-La Cienega	\$240,000.00	No
MS08062	Go Natural Gas	9/25/2009	1/24/2016	1/24/2017	\$400,000.00	\$0.00	New CNG Station - Rialto	\$400,000.00	No
MS08063	Go Natural Gas	9/25/2009	1/24/2016	1/24/2017	\$400,000.00	\$0.00	New CNG Station - Moreno Valley	\$400,000.00	No
MS08066	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$160,000.00	New CNG Station - Palm Spring Airport	\$240,000.00	No
MS08068	The Regents of the University of Cali	11/5/2010	11/4/2017		\$400,000.00	\$0.00	Hydrogen Station	\$400,000.00	No
MS08070	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$160,000.00	New CNG Station - Paramount	\$240,000.00	No
MS08072	Clean Energy Fuels Corp.	12/4/2009	3/3/2015		\$400,000.00	\$150,785.76	New CNG Station - Burbank	\$249,214.24	No
MS08073	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$160,000.00	New CNG Station - Norwalk	\$240,000.00	No
MS08076	Azusa Unified School District	10/17/2008	11/16/2014	11/16/2015	\$172,500.00	\$172,500.00	New CNG station and maint. Fac. Modificati	\$0.00	No
MS08078	SunLine Transit Agency	12/10/2008	6/9/2015	2/9/2016	\$189,000.00	\$0.00	CNG Station Upgrade	\$189,000.00	No
Total: 24									
Pending Execution Contracts									
MS08008	Diversified Truck Rental & Leasing				\$300,000.00	\$0.00	10 H.D. Nat. Gas Vehicles	\$300,000.00	No
Total: 1									
Declined/Cancelled Contracts									
MS08002	Orange County Transportation Autho				\$1,500,000.00	\$0.00	Big Rig Freeway Service Patrol	\$1,500,000.00	No
MS08010	Orange County Transportation Autho				\$10,000.00	\$0.00	20 H.D. Nat. Gas Vehicles	\$10,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS08011	Green Fleet Systems, LLC				\$10,000.00	\$0.00	30 H.D. Nat. Gas Vehicles	\$10,000.00	No
MS08052	Burrtec Waste Industries, Inc.	12/24/2008	11/23/2014	11/23/2015	\$100,000.00	\$0.00	New CNG Station - Fontana	\$100,000.00	No
MS08054	Clean Energy Fuels Corp.				\$400,000.00	\$0.00	New LNG Station - Fontana	\$400,000.00	No
MS08059	Burrtec Waste Industries, Inc.	12/24/2008	11/23/2014		\$100,000.00	\$0.00	New CNG Station - San Bernardino	\$100,000.00	No
MS08060	Burrtec Waste Industries, Inc.	12/24/2008	11/23/2014		\$100,000.00	\$0.00	New CNG Station - Azusa	\$100,000.00	No
MS08074	Fontana Unified School District	11/14/2008	12/13/2014		\$200,000.00	\$0.00	Expansion of Existing CNG station	\$200,000.00	No
MS08077	Hythane Company, LLC				\$144,000.00	\$0.00	Upgrade Station to Hythane	\$144,000.00	No

Total: 9

Closed Contracts

MS08003	A-Z Bus Sales, Inc.	5/2/2008	12/31/2008	2/28/2009	\$1,480,000.00	\$1,400,000.00	Alternative Fuel School Bus Incentive Progr	\$80,000.00	Yes
MS08004	BusWest	5/2/2008	12/31/2008		\$1,440,000.00	\$1,440,000.00	Alternative Fuel School Bus Incentive Progr	\$0.00	Yes

Total: 2

Closed/Incomplete Contracts

MS08079	ABC Unified School District	1/16/2009	12/15/2009	12/15/2010	\$50,000.00	\$0.00	Maintenance Facility Modifications	\$50,000.00	No
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Total: 1

Open/Complete Contracts

MS08005	Burrtec Waste Industries, Inc.	10/23/2008	11/22/2014	10/22/2015	\$450,000.00	\$450,000.00	15 H.D. Nat. Gas Vehicles - Azusa	\$0.00	Yes
MS08006	Burrtec Waste Industries, Inc.	10/23/2008	11/22/2014	10/22/2015	\$450,000.00	\$450,000.00	15 H.D. Nat. Gas Vehicles - Saugus	\$0.00	Yes
MS08009	Los Angeles World Airports	12/24/2008	12/23/2014		\$870,000.00	\$870,000.00	29 H.D. Nat. Gas Vehicles	\$0.00	Yes
MS08019	Enterprise Rent-A-Car Company of L	2/12/2010	7/11/2016		\$300,000.00	\$300,000.00	10 CNG Vehicles	\$0.00	Yes
MS08020	Ware Disposal Company, Inc.	11/25/2008	2/24/2016		\$900,000.00	\$900,000.00	30 CNG Vehicles	\$0.00	Yes
MS08022	SunLine Transit Agency	12/18/2008	3/17/2015		\$311,625.00	\$311,625.00	15 CNG Buses	\$0.00	Yes
MS08057	Orange County Transportation Autho	5/14/2009	7/13/2015		\$400,000.00	\$400,000.00	New CNG Station - Garden Grove	\$0.00	Yes
MS08064	Hemet Unified School District	1/9/2009	3/8/2015		\$75,000.00	\$75,000.00	Expansion of Existing Infrastructure	\$0.00	Yes
MS08065	Pupil Transportation Cooperative	11/20/2008	7/19/2014		\$10,500.00	\$10,500.00	Existing CNG Station Modifications	\$0.00	Yes
MS08067	California Trillium Company	3/19/2009	6/18/2015		\$311,600.00	\$254,330.00	New CNG Station	\$57,270.00	Yes
MS08069	Perris Union High School District	6/5/2009	8/4/2015	8/4/2016	\$225,000.00	\$225,000.00	New CNG Station	\$0.00	Yes
MS08071	ABC Unified School District	1/16/2009	1/15/2015		\$63,000.00	\$63,000.00	New CNG Station	\$0.00	Yes
MS08075	Disneyland Resort	12/10/2008	2/1/2015		\$200,000.00	\$200,000.00	Expansion of Existing CNG Infrastructure	\$0.00	Yes

Total: 13

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Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML08023	City of Villa Park	11/7/2008	10/6/2012		\$6,500.00	\$0.00	Upgrade of Existing Refueling Facility	\$6,500.00	No
ML08024	City of Anaheim	7/9/2010	7/8/2017		\$425,000.00	\$225,000.00	17 LPG Buses	\$200,000.00	No
ML08025	Los Angeles County Department of	10/30/2009	3/29/2011		\$75,000.00	\$0.00	150 Vehicles (Diagnostic)	\$75,000.00	No
ML08026	Los Angeles County Department of	7/20/2009	7/19/2016		\$275,000.00	\$0.00	11 LPG Heavy-Duty Vehicles	\$275,000.00	No
ML08027	Los Angeles County Department of	7/20/2009	1/19/2011	7/19/2011	\$6,901.00	\$0.00	34 Vehicles (Diagnostic)	\$6,901.00	No
ML08028	City of Santa Monica	9/11/2009	9/10/2016		\$600,000.00	\$0.00	24 CNG Heavy-Duty Vehicles	\$600,000.00	No
ML08030	City of Azusa	5/14/2010	3/13/2016		\$25,000.00	\$0.00	1 CNG Heavy-Duty Vehicle	\$25,000.00	No
ML08034	County of San Bernardino Public Wo	3/27/2009	7/26/2015		\$200,000.00	\$0.00	8 CNG Heavy-Duty Vehicles	\$200,000.00	No
ML08036	City of South Pasadena	5/12/2009	7/11/2013		\$169,421.00	\$0.00	New CNG Station	\$169,421.00	No
ML08038	Los Angeles Department of Water a	7/16/2010	7/15/2017		\$1,050,000.00	\$0.00	42 CNG Heavy-Duty Vehicles	\$1,050,000.00	No
ML08040	City of Riverside	9/11/2009	9/10/2016		\$505,500.00	\$0.00	16 CNG Vehicles, Expand CNG Station & M	\$505,500.00	No
ML08041	City of Los Angeles, Dept of Transpo	8/6/2010	7/5/2011		\$14,600.00	\$0.00	73 Vehicles (Diagnostic)	\$14,600.00	No
ML08043	City of Desert Hot Springs	9/25/2009	3/24/2016		\$25,000.00	\$0.00	1 CNG Heavy-Duty Vehicle	\$25,000.00	No
ML08049	City of Cerritos	3/20/2009	1/19/2015		\$25,000.00	\$0.00	1 CNG Heavy-Duty Vehicle	\$25,000.00	No
ML08050	City of Laguna Beach	8/12/2009	4/11/2016		\$75,000.00	\$0.00	3 LPG Trolleys	\$75,000.00	No
ML08080	City of Irvine	5/1/2009	5/31/2015		\$50,000.00	\$0.00	Two Heavy-Duty Nat. Gas Vehicles	\$50,000.00	No
Total: 16									
Declined/Cancelled Contracts									
ML08051	City of Colton				\$75,000.00	\$0.00	3 CNG Heavy-Duty Vehicles	\$75,000.00	No
Total: 1									
Closed Contracts									
ML08033	County of San Bernardino Public Wo	4/3/2009	2/2/2010		\$14,875.00	\$14,875.00	70 Vehicles (Diagnostic)	\$0.00	Yes
ML08035	City of La Verne	3/6/2009	11/5/2009		\$11,925.00	\$11,925.00	53 Vehicles (Diagnostic)	\$0.00	Yes
ML08045	City of Santa Clarita	2/20/2009	6/19/2010		\$3,213.00	\$3,150.00	14 Vehicles (Diagnostic)	\$63.00	Yes
Total: 3									
Closed/Incomplete Contracts									
ML08032	City of Irvine	5/1/2009	8/31/2010		\$9,000.00	\$0.00	36 Vehicles (Diagnostic)	\$9,000.00	No
Total: 1									
Open/Complete Contracts									
ML08029	City of Gardena	3/19/2009	1/18/2015		\$25,000.00	\$25,000.00	1 Propane Heavy-Duty Vehicle	\$0.00	Yes
ML08031	City of Claremont	3/27/2009	3/26/2013	3/26/2015	\$97,500.00	\$97,500.00	Upgrade of Existing CNG Station, Purchase	\$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML08037	City of Glendale	5/20/2009	5/19/2015		\$325,000.00	\$325,000.00	13 CNG Heavy-Duty Vehicles	\$0.00	Yes
ML08039	City of Rancho Palos Verdes	6/5/2009	8/4/2015		\$50,000.00	\$50,000.00	2 LPG Transit Buses	\$0.00	Yes
ML08042	City of Ontario	5/1/2009	1/31/2016		\$175,000.00	\$175,000.00	7 CNG Heavy-Duty Vehicles	\$0.00	Yes
ML08044	City of Chino	3/19/2009	3/18/2015		\$25,000.00	\$25,000.00	1 CNG Heavy-Duty Vehicle	\$0.00	Yes
ML08046	City of Paramount	2/20/2009	2/19/2015		\$25,000.00	\$25,000.00	1 CNG Heavy-Duty Vehicle	\$0.00	Yes
ML08047	City of Culver City Transportation De	5/12/2009	8/11/2015		\$150,000.00	\$150,000.00	6 CNG Heavy-Duty Vehicles	\$0.00	Yes
ML08048	City of Santa Clarita	2/20/2009	6/19/2015		\$25,000.00	\$25,000.00	1 CNG Heavy-Duty Vehicle	\$0.00	Yes

Total: 9

2008-09 AB2766 Contract Status Report

5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS09001	Administrative Services Co-Op/Long	3/5/2009	6/30/2012	12/31/2013	\$225,000.00	\$150,000.00	15 CNG Taxicabs	\$75,000.00	No
MS09047	BusWest	7/9/2010	12/31/2010	4/30/2011	\$480,000.00	\$480,000.00	Alternative Fuel School Bus Incentive Progr	\$0.00	No
Total: 2									
Declined/Cancelled Contracts									
MS09003	FuelMaker Corporation				\$296,000.00	\$0.00	Home Refueling Apparatus Incentives	\$296,000.00	No
Total: 1									
Closed Contracts									
MS09002	A-Z Bus Sales, Inc.	11/7/2008	12/31/2009	12/31/2010	\$2,520,000.00	\$2,460,000.00	Alternative Fuel School Bus Incentive Progr	\$60,000.00	No
MS09004	A-Z Bus Sales, Inc.	1/30/2009	3/31/2009		\$156,000.00	\$156,000.00	Alternative Fuel School Bus Incentive Progr	\$0.00	Yes
MS09005	Gas Equipment Systems, Inc.	6/19/2009	10/18/2010		\$71,000.00	\$71,000.00	Provide Temp. Fueling for Mountain Area C	\$0.00	Yes
Total: 3									

2008-09 AB2766 Local Government Match Program Contract Status Report

5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML09007	City of Rancho Cucamonga	2/26/2010	4/25/2012		\$117,500.00	\$0.00	Maintenance Facility Modification	\$117,500.00	No
ML09008	City of Culver City Transportation De	1/19/2010	7/18/2016		\$200,000.00	\$0.00	8 Nat. Gas Heavy-Duty Vehicles	\$200,000.00	No
ML09009	City of South Pasadena	11/5/2010	12/4/2016		\$152,000.00	\$0.00	CNG Station Expansion	\$152,000.00	No
ML09010	City of Palm Springs	1/8/2010	2/7/2016		\$25,000.00	\$0.00	1 Nat. Gas Heavy-Duty Vehicle	\$25,000.00	No
ML09011	City of San Bernardino	2/19/2010	5/18/2016		\$250,000.00	\$0.00	10 Nat. Gas Heavy-Duty Vehicles	\$250,000.00	No
ML09012	City of Gardena	3/12/2010	11/11/2015		\$25,000.00	\$25,000.00	1 Nat. Gas Heavy-Duty Vehicle	\$0.00	No
ML09013	City of Riverside Public Works	9/10/2010	12/9/2011		\$144,470.00	\$0.00	Traffic Signal Synchr./Moreno Valley	\$144,470.00	No
ML09014	City of Riverside Public Works	9/10/2010	12/9/2011		\$113,030.00	\$0.00	Traffic Signal Synchr./Corona	\$113,030.00	No
ML09015	City of Riverside Public Works	9/10/2010	12/9/2011		\$80,060.00	\$0.00	Traffic Signal Synchr./Co. of Riverside	\$80,060.00	No
ML09016	County of San Bernardino Public Wo	1/28/2010	3/27/2014		\$50,000.00	\$0.00	Install New CNG Station	\$50,000.00	No
ML09017	County of San Bernardino Public Wo	1/28/2010	7/27/2016		\$200,000.00	\$0.00	8 Nat. Gas Heavy-Duty Vehicles	\$200,000.00	No
ML09018	Los Angeles Department of Water a	7/16/2010	9/15/2012		\$850,000.00	\$0.00	Retrofit 85 Off-Road Vehicles w/DECS	\$850,000.00	No
ML09020	County of San Bernardino	8/16/2010	2/15/2012		\$49,770.00	\$0.00	Remote Vehicle Diagnostics/252 Vehicles	\$49,770.00	No
ML09021	City of Palm Desert	7/9/2010	3/8/2012		\$39,450.00	\$0.00	Traffic Signal Synchr./Rancho Mirage	\$39,450.00	No
ML09023	Los Angeles County Department of	12/10/2010	12/9/2017		\$50,000.00	\$0.00	2 Heavy-Duty Alternative Fuel Transit Vehic	\$50,000.00	No
ML09024	Los Angeles County Department of	10/15/2010	12/14/2012		\$400,000.00	\$0.00	Maintenance Facility Modifications	\$400,000.00	No
ML09025	Los Angeles County Department of	10/15/2010	12/14/2012		\$50,000.00	\$0.00	Remote Vehicle Diagnostics/85 Vehicles	\$50,000.00	No
ML09026	Los Angeles County Department of	10/15/2010	10/14/2017		\$250,000.00	\$0.00	5 Off-Road Vehicle Repowers	\$250,000.00	No
ML09027	Los Angeles County Department of	7/23/2010	3/22/2012		\$150,000.00	\$0.00	Freeway Detector Map Interface	\$150,000.00	No
ML09030	City of Los Angeles GSD/Fleet Servi	6/18/2010	6/17/2011		\$22,310.00	\$0.00	Remote Vehicle Diagnostics/107 Vehicles	\$22,310.00	No
ML09031	City of Los Angeles, Department of	10/29/2010	10/28/2017		\$825,000.00	\$0.00	33 Nat. Gas Heavy-Duty Vehicles	\$825,000.00	No
ML09032	Los Angeles World Airports	4/8/2011	4/7/2018		\$175,000.00	\$0.00	19 Nat. Gas Heavy-Duty Vehicles	\$175,000.00	No
ML09033	City of Beverly Hills	3/4/2011	5/3/2017		\$550,000.00	\$0.00	10 Nat. Gas Heavy-Duty Vehicles & CNG St	\$550,000.00	No
ML09035	City of Fullerton	6/17/2010	6/16/2017		\$450,000.00	\$0.00	2 Nat. Gas Heavy-Duty Vehicles & CNG Sta	\$450,000.00	No
ML09036	City of Long Beach Department of P	5/7/2010	5/6/2017		\$875,000.00	\$450,000.00	Purchase 35 LNG Refuse Trucks	\$425,000.00	No
ML09038	City of Chino	9/27/2010	5/26/2017		\$250,000.00	\$0.00	Upgrade Existing CNG Station	\$250,000.00	No
ML09041	City of Los Angeles, Bureau of Sanit	10/1/2010	9/30/2017		\$875,000.00	\$0.00	Purchase 35 H.D. Nat. Gas Vehicles	\$875,000.00	No
ML09042	Los Angeles Department of Water a	12/10/2010	12/9/2017		\$1,400,000.00	\$0.00	Purchase 56 Dump Trucks	\$1,400,000.00	No
ML09043	City of Covina	10/8/2010	4/7/2017		\$186,591.00	\$0.00	Upgrade Existing CNG Station	\$186,591.00	No
ML09046	City of Newport Beach	5/20/2010	5/19/2016		\$162,500.00	\$0.00	Upgrade Existing CNG Station, Maintenance	\$162,500.00	No

Total: 30

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Pending Execution Contracts									
ML09028	Riverside County Waste Manageme				\$140,000.00	\$0.00	Retrofit 7 Off-Road Vehicles w/DECS	\$140,000.00	No
ML09044	City of San Dimas				\$425,000.00	\$0.00	Install CNG Station and Purchase 1 CNG S	\$425,000.00	No
ML09045	City of Orange				\$125,000.00	\$0.00	Purchase 5 CNG Sweepers	\$125,000.00	No
Total: 3									
Declined/Cancelled Contracts									
ML09019	City of San Juan Capistrano Public	12/4/2009	11/3/2010		\$10,125.00	\$0.00	Remote Vehicle Diagnostics/45 Vehicles	\$10,125.00	No
ML09022	Los Angeles County Department of				\$8,250.00	\$0.00	Remote Vehicle Diagnostics/15 Vehicles	\$8,250.00	No
ML09039	City of Inglewood				\$310,000.00	\$0.00	Purchase 12 H.D. CNG Vehicles and Remot	\$310,000.00	No
ML09040	City of Cathedral City				\$83,125.00	\$0.00	Purchase 3 H.D. CNG Vehicles and Remote	\$83,125.00	No
Total: 4									
Open/Complete Contracts									
ML09029	City of Whittier	11/6/2009	4/5/2016		\$25,000.00	\$25,000.00	1 Nat. Gas Heavy-Duty Vehicle	\$0.00	Yes
ML09034	City of La Palma	11/25/2009	6/24/2015		\$25,000.00	\$25,000.00	1 LPG Heavy-Duty Vehicle	\$0.00	Yes
ML09037	City of Redondo Beach	6/18/2010	6/17/2016		\$50,000.00	\$50,000.00	Purchase Two CNG Sweepers	\$0.00	Yes
Total: 3									

2009-10 AB2766 Contract Status Report

5/19/2011

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
MS10001	Los Angeles County MTA	3/19/2010	2/28/2011	4/28/2011	\$300,000.00	\$196,790.61	Clean Fuel Transit Bus Service to Dodger St	\$103,209.39	No
MS10005	Domestic Linen Supply Company, In	10/8/2010	7/7/2016		\$47,444.00	\$0.00	Purchase 5 Gas-Electric Hybrid Vehicles	\$47,444.00	No
MS10006	Nationwide Environmental Services	11/19/2010	4/18/2017		\$94,887.00	\$0.00	Purchase Three Street Sweepers	\$94,887.00	No
MS10008	Republic Services, Inc.	12/10/2010	5/9/2017		\$123,354.00	\$0.00	Purchase 4 CNG, 9 LNG H.D. Vehicle	\$123,354.00	No
MS10009	Ware Disposal Company, Inc.	10/29/2010	3/28/2017		\$123,353.00	\$0.00	Purchase 4 CNG Refuse Trucks	\$123,353.00	No
MS10010	New Bern Transport Corporation	10/29/2010	3/28/2017		\$113,865.00	\$0.00	Repower 4 Heavy-Duty Vehicles	\$113,865.00	No
MS10016	Rio Hondo Community College	11/5/2010	5/4/2017		\$16,077.00	\$0.00	Purchase 1 CNG Shuttle Bus	\$16,077.00	No
MS10019	EDCO Disposal Corporation	11/19/2010	2/18/2017		\$379,549.00	\$341,355.43	Purchase 11 H.D. CNG Refuse Trucks	\$38,193.57	No
MS10021	City of Glendora	10/29/2010	11/28/2016		\$9,489.00	\$0.00	Purchase 1 H.D. CNG Vehicle	\$9,489.00	No
MS10025	Elham Shirazi	2/18/2011	10/17/2012		\$199,449.00	\$4,547.40	Telework Demonstration Program	\$194,901.60	No
Total: 10									
Pending Execution Contracts									
MS10003	City of Sierra Madre				\$13,555.00	\$0.00	Purchase 1 H.D. CNG Vehicle	\$13,555.00	No
MS10004	Linde LLC				\$56,932.00	\$0.00	Purchase 6 H.D. CNG Vehicles	\$56,932.00	No
MS10007	Enterprise Rent-A-Car Company of L				\$18,977.00	\$0.00	Purchase 2 H.D. CNG Vehicles	\$18,977.00	No
MS10011	Foothill Transit Agency				\$113,865.00	\$0.00	Purchase 12 H.D. CNG Vehicles	\$113,865.00	No
MS10012	Foothill Transit Agency				\$85,399.00	\$0.00	Purchase 9 H.D. Electric Vehicles	\$85,399.00	No
MS10013	City of San Bernardino				\$68,834.00	\$0.00	Purchase 9 H.D. LNG Vehicles	\$68,834.00	No
MS10014	Serv-Wel Disposal				\$18,977.00	\$0.00	Purchase 2 H.D. CNG Vehicles	\$18,977.00	No
MS10015	County of Los Angeles Department o				\$37,955.00	\$0.00	Purchase 4 H.D. CNG Vehicles	\$37,955.00	No
MS10017	Ryder Truck Rental, Inc.				\$651,382.00	\$0.00	Purchase 60 H.D. CNG and LNG Vehicles	\$651,382.00	No
MS10020	American Reclamation, Inc.				\$18,977.00	\$0.00	Purchase 2 H.D. CNG Vehicles	\$18,977.00	No
MS10023	Dix Leasing				\$105,000.00	\$0.00	Purchase 3 H.D. LNG Vehicles	\$105,000.00	No
MS10024	Frito-Lay North America				\$47,444.00	\$0.00	Purchase 5 Electric Vehicles	\$47,444.00	No
Total: 12									
Declined/Cancelled Contracts									
MS10018	Shaw Transport Inc.				\$81,332.00	\$0.00	Purchase 6 H.D. LNG Vehicles	\$81,332.00	No
MS10022	Los Angeles World Airports				\$123,353.00	\$0.00	Purchase 13 H.D. CNG Vehicles	\$123,353.00	No
Total: 2									
Closed Contracts									
MS10002	Coachella Valley Association of Gov	6/18/2010	2/17/2011		\$400,000.00	\$400,000.00	Coachella Valley PM10 Reduction Street Sw	\$0.00	Yes



**MEETING OF THE
MOBILE SOURCE AIR POLLUTION REDUCTION REVIEW COMMITTEE
THURSDAY, APRIL 21, 2011 MEETING MINUTES
21865 Copley Drive, Diamond, Bar, CA 91765- Conference Room CC-8**

MEMBERS PRESENT:

(Vice Chair) Cathedral City Council Member Greg Pettis, rep. RCTC
Temecula Council Member Ron Roberts, representing SCAG
Chino Hills Council Member Gwenn Norton-Perry, rep. SANBAG
Ric Teano (Alt.), rep. Orange County Transportation Authority
David Sutton (Alt.), rep. Regional Rideshare Agency (via v/c)
Earl Withycombe, rep. California Air Resources Board (via v/c)

MSRC MEMBERS ABSENT:

(Chair) Greg Winterbottom, representing OCTA
County of LA Supervisor Michael Antonovich, representing SCAQMD
Steve Veres, rep. L.A. County MTA

MSRC-TAC MEMBERS PRESENT:

Rongsheng Luo (Alt.), rep. Southern California Association of Governments
Cosette Stark, rep. Regional Rideshare Agency (via v/c)

OTHERS PRESENT:

Debra Mendelsohn, AQMD Board Asst. (Antonovich)
John Roselli, A-Z Bus Sales

AQMD Staff

Ray Gorski, MSRC Technical Advisor
John Kampa, Financial Analyst
Cynthia Ravenstein, MSRC Contracts Administrator
Henry Hogo, Assistant DEO/Science & Technology Advancement
Rachel Valenzuela, MSRC Contracts Assistant
Matt MacKenzie, MSRC Contracts Assistant
Veera Tyagi, Deputy District Counsel II
Ana Ponce, MSRC Administrative Liaison
Paul Wright, Audio Visual Specialist

CALL TO ORDER

- Opening Comments

MSRC Vice Chair Greg Pettis called the meeting to order at 2:02 p.m.

PUBLIC COMMENT PERIOD

- Public comments were allowed during the discussion of each agenda item. No comments were made on non-agenda items.
- Clean Transportation Policy Update
The Clean Transportation Policy Update was distributed at the meeting. MSRC Contracts Administrator Cynthia Ravenstein indicated that the Policy Update will also be emailed to the members so that they will have access to the links. The California Energy Commission has released solicitation to do a buy-down program for On-Road Natural Gas and Propane Vehicles. That will provide several million in funding for the on-road vehicles. There are also a couple of bills before the legislature that could authorize the Air Quality Management District to use some of the motor vehicle registration fees for replacement of natural gas tanks on school buses and for retrofitting school buses. These are some of the issues that the MSRC has been looking into.

CONSENT CALENDAR (Items 1 through 7)**Receive and Approve Items****Agenda Item #1 – Minutes of the March 17, 2011 MSRC Meeting**

This item was postponed because the minutes were not ready for distribution.

Agenda Item #2 – Summary of Final Reports by MSRC Contractors

The agenda package included a final report summary, as follows: Waste Management Collection and Recycling, Contract #MS07078, which provided \$256,000 for the purchase of 8 refuse trucks equipped with advanced NG engines.

ON MOTION BY MSRC ALTERNATE RIC TEANO AND SECONDED BY MSRC MEMBER EARL WITHYCOMBE, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #2 AND 4-7, THE MSRC UNANIMOUSLY APPROVED THE FINAL REPORT ABOVE.

ACTION: MSRC staff will file the final report in the AQMD's library and release any retention on these contracts.

Receive and File Items**Agenda Item #3 – MSRC Contracts Administrator's Report**

The MSRC AB 2766 Contract Administrator's Report for March 2011 was included in the agenda package.

An MSRC Member asked about the status of several items that are still open from the 2003 Work Program.

MSRC Contracts Administrator Cynthia Ravenstein indicated that there are two open contracts from 2003-04 which are both related to the Regional Rideshare Data Base Enhancement project. That one has taken a considerable amount of time. Both Metro and RCTC have had contracts on this and have needed to get replacement contracts because they have lapsed. Metro has just about finished their work. Staff is expecting to get the final report. RCTC's work is dependent upon Metro finishing their work. The item for 2004-05 is the contract for the website. It includes the ongoing maintenance of the website. Some of these local government match items are mostly for traffic signal synchronization. Those have ended up taking a considerably long time. Ms. Ravenstein will report back to the MSRC with more detail on the open items from the 2003 to 2006-07 Work Programs.

ON MOTION BY MSRC MEMBER RON ROBERTS, AND SECONDED BY MSRC MEMBER GWEN NORTON-PERRY, THE MSRC UNANIMOUSLY APPROVED THE CONTRACTS ADMINISTRATOR'S REPORT FOR MARCH 2011.

ACTION: AQMD staff will include the MSRC Contract Administrator's Report in Supervisor Antonovich's MSRC Committee Report for the May 6, 2011 AQMD Board meeting. In addition, staff will report back to the MSRC with more detail on the open Work Program items through 2006-07.

Agenda Item #4 – Financial Report on AB 2766 Discretionary Fund

A financial report on the AB 2766 Discretionary Fund for the period ending March 31, 2011, was included in the agenda package.

ON MOTION BY MSRC ALTERNATE RIC TEANO, AND SECONDED BY MSRC MEMBER EARL WITHYCOMBE, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #2 AND 4-7, THE MSRC UNANIMOUSLY APPROVED THE FINANCIAL REPORT ABOVE.

No further action is required.

Agenda Item #5 – Receive Report on Results of 511 Regional Outreach Program

The report on Results of 511 Regional Outreach Program was included in the agenda package.

ON MOTION BY MSRC ALTERNATE RIC TEANO AND SECONDED BY MSRC MEMBER EARL WITHYCOMBE, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #2 AND 4-7, THE MSRC UNANIMOUSLY RECEIVED AND FILED THE REPORT ON RESULTS OF THE 511 REGIONAL OUTREACH PROGRAM.

No further action is required.

For Approval - As Recommended

Agenda Item #6 – Consider Two-Year No-Cost Term Extension by United Parcel Service (UPS), Contract MS08013 (\$480,000 – Purchase 12 Heavy-Duty Natural Gas Vehicles)

United Parcel Service (UPS) requests a two-year no-cost term extension. This item was considered by the MSRC-TAC and unanimously recommended for approval.

ON MOTION BY MSRC ALTERNATE RIC TEANO AND SECONDED BY MSRC MEMBER EARL WITHYCOMBE, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #2 AND 4-7, THE MSRC UNANIMOUSLY APPROVED A TWO-YEAR NO COST TERM EXTENSION FOR UNITED PARCEL SERVICE (UPS) CONTRACT #MS08013.

ACTION: MSRC staff will modify the contract above accordingly.

Agenda Item #7 – Consider Modified Statement of Work, Contract Value Reduction and One-Year No-Cost Term Extension by County Sanitation Districts of Los Angeles County (LACSD), Contract #MS07059 (\$248,300 – Off-Road Diesel Retrofit Program)

The County Sanitation Districts of Los Angeles County (LACSD) requests 2 vehicle substitutions, 2 device substitutions, a reduction from 12 to 9 devices and corresponding contract value reduction, and a 1-year no cost term extension. This item was considered by the MSRC-TAC and unanimously recommended for approval.

ON MOTION BY MSRC ALTERNATE RIC TEANO AND SECONDED BY MSRC MEMBER EARL WITHYCOMBE, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS #2 AND 4-7, THE MSRC UNANIMOUSLY APPROVED A MODIFIED STATEMENT OF WORK, CONTRACT VALUE REDUCTION AND ONE-YEAR NO-COST TERM EXTENSION FOR COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY (LACSD) CONTRACT #MS07059.

ACTION: MSRC staff will modify the contract above accordingly.

ACTION CALENDAR (Items 8 through 13)

FY 2010-11 WORK PROGRAM**Agenda Item #8 – Consider Funding for Proposals Received Under the Major Event Center Transportation Program**

MSRC Technical Advisor Ray Gorski presented this item on behalf of Kelly Lynn, the Subcommittee Chair. Mr. Gorski indicated that this is an item for the Event Center program. This specific item is submitted by OCTA. This is to implement additional Metrolink rail service to Angels Stadium of Anaheim. Because the Angels games often times run in the early evening, approximately 7:05 p.m., but finish later, regular Metrolink service cannot accommodate taking passengers and returning them via Metrolink. This program is designed to have two new routes established. One would begin at the Union Station, Los Angeles, and terminate in the Angels Stadium, Metrolink Station. The other route would begin in Laguna Niguel and also terminate at the Metrolink Station in proximity to the Angels Stadium. The service will then take people back to their respective Metrolink stop, after the game. Should the game run into extra innings, the service will wait to accommodate those riders. The anticipated number of games that will be included is 46. These are regular season games. The first three home games are being paid for by OCTA, as part of their co-funding contribution. In the event of post season play, there will be trains to accommodate those additional games. The MSRC portion will be 43 of the 46 games. The total cost of this service is approximately \$629,000. The MSRC funding request is \$268,207. This is matched by OCTA in an amount no less than \$361,600. When this went through the Subcommittee and TAC process, there was quite a bit of discussion, especially relative to the emission reductions that are attributable to this service, the offset of automobiles, and the use of heavy rail to bring people to the stadium. During that discussion, it was recommended that Metrolink, to the best of their ability, utilize the cleanest locomotives that they have in their inventory; specifically, Tier 2 locomotives, as opposed to Tier Zero locomotives. The TAC recommended that a condition be placed upon the OCTA contract, should the MSRC choose to move forward with an award, that no less than 75% of the total trips be accomplished using Tier 2 locomotives. What this means is that the MSRC would not pay for any Tier Zero locomotive trips beyond 25% of trips. The desire is to have Metrolink, to the best of their ability, but no less than 75%, use the cleanest locomotives in their inventory. The MSRC-TAC did recommend that the MSRC approve this item with the consideration that the requirement to use no greater than 25% Tier Zero locomotives be an element of the contract. In the event that OCTA would exceed the 25%, they have agreed, in principle, to pay for those trips.

MSRC Alternate Ric Teano indicated that, so far, OCTA is at 100% Tier 2, since the service began.

**ON MOTION BY MSRC MEMBER GWENN NORTON-PERRY, AND
SECONDED BY MSRC MEMBER RON ROBERTS, THE MSRC
UNANIMOUSLY APPROVED OCTA'S FUNDING REQUEST OF \$268,207,
WITH AN ADDITIONAL REQUIREMENT TO USE METROLINK
LOCOMOTIVES POWERED BY TIER 2-RATED ENGINES FOR AT LEAST
75% OF THE TRIPS OR FUNDING SHALL BE PRO-RATED.**

ACTION: The AQMD Board will consider this award as part of the MSRC's FY 2010-11 Work Program at their May 6, 2011 meeting.

Agenda Item #9 – Consider Vendor Qualification Recommendations Under the Alternative Fuel School Bus Incentive Program

MSRC Technical Advisor Ray Gorski reported that as an element of the 2010-11 Work Program, the MSRC allocated \$1.5 million for the continuation of an alternative school bus incentive program. This program has been ongoing for several years. It offers an incentive for the purchase of an expansion or replacement school bus that runs on alternative fuel. Because the program had gone many years without doing a requalification, it was prudent to go back and find out what products are available and if anyone else would like to participate in the program. The MSRC released a request for qualifications (RFQ) document. Two responses were recently received. One is from A-Z Bus Sales, which is headquartered in Colton; and the second is from BusWest, which is headquartered in Carson, California. These are the two bus vendors which the MSRC has had contractual relationships with for the last several years. The purpose for the RFQ was to look at the bus offerings from a business entity to determine whether or not it is in the best interest of the MSRC to work with them to pass incentives through to school districts and other school bus purchasers. The recommendation of the MSRC-TAC was to grant qualified status to both A-Z Bus Sales and BusWest. They both submitted application packages which were deemed fully compliant with the RFQ.

A-Z Bus Sales will offer four vehicles which meet the requirements of the RFQ. Specifically, a full-size CNG bus; a conventional-style bus, which operates on liquefied petroleum gas or propane; and 2 of the smaller cutaway vehicles, one that operates on propane and one that is a gasoline hybrid, advanced technology vehicle. The gasoline hybrid is a new offering. It's the first time that the MSRC has funded a school bus which is an advanced technology configuration.

BusWest is offering their full-size compressed natural gas Thomas Built Bus. This is very similar to the buses which they have offered for the last several years. However, all these buses are equipped with low-emission engines and the full-size natural gas buses utilize the Cummins ISL G, which is the cleanest commercially available heavy-duty engine.

The hybrid configuration operates on gasoline instead of diesel. Gasoline engines can be equipped with very efficient catalytic converters. More importantly, however, because it's a hybrid configuration, this vehicle might be able to achieve fuel economy savings upwards of 40%. Forty percent is fuel that is not being combusted, and that's an emission reduction. Compared to a diesel configuration, it offers no toxic air contaminant diesel particulate matter, and offers very low oxides of nitrogen, hydrocarbon, and carbon monoxide emissions.

ON MOTION BY MSRC MEMBER GWENN NORTON-PERRY, AND

SECONDED BY MSRC MEMBER RON ROBERTS, THE MSRC UNANIMOUSLY APPROVED A-Z BUS SALES AND BUSWEST AS QUALIFIED VENDORS UNDER THE ALTERNATIVE FUEL SCHOOL BUS INCENTIVE PROGRAM.

ACTION: MSRC staff will include this item in Supervisor Antonovich's MSRC Committee Report for the May 6, 2011 AQMD Board meeting.

Agenda Item #10 – Consider Potential Awards Under the Alternative Fuel School Bus Incentive Program

MSRC Technical Advisor Ray Gorski indicated that Item #10 is a companion item to Agenda Item #9. Item #9 was seeking a determination of qualified status. Item #10 is to provide an initial funding award to each of the vendors to give them some basis to start to entertain bus purchases and have an incentive flow to the respective purchasers. The total program value is \$1.5 million. Staff is recommending that the initial allocation to each vendor be in the amount of \$300,000. The balance of funds, \$900,000, would remain unallocated and the MSRC would have the discretion to allocate additional moneys based on the performance of each of the bus vendors. As the vendors bring in purchase orders, staff will bring items for MSRC consideration to allocate additional funds to their contracts to provide them additional moneys for those incentives.

ON MOTION BY MSRC MEMBER GWENN NORTON-PERRY, AND SECONDED BY MSRC MEMBER EARL WITHYCOMBE, THE MSRC UNANIMOUSLY APPROVED AN AWARD OF \$300,000 INITIAL FUNDING ALLOCATION TO A-Z BUS SALES AND BUSWEST, AS QUALIFIED VENDORS FOR ALTERNATIVE FUEL SCHOOL BUS INCENTIVES; A TOTAL COMBINED AWARD OF \$600,000. THE \$900,000 BALANCE OF FUNDS WILL REMAIN ALLOCATED FOR FUTURE ALTERNATIVE FUEL SCHOOL BUS INCENTIVES, AS PURCHASE ORDERS ARE RECEIVED.

ACTION: The AQMD Board will consider this award as part of the MSRC's FY 2010-11 Work Program at their May 6, 2011 meeting.

Agenda Item #11 – Consider Next Steps for Development and Implementation of 511 "Smart Phone" Application

MSRC Technical Advisor Ray Gorski reported that as an element of the 2010-11 Work Program, the MSRC allocated \$200,000 for the development of a 511 traveler information service "Smart Phone" application. This basically will allow a commuter to get important information that they would normally obtain from 511 via telephone or computer, but doing it in a "Smart Phone" application style, which many people are getting comfortable using. The original intent of the work program item was to have one "Smart Phone" application that would serve the entire SCAQMD. However, more technical aspects were uncovered during the subcommittee process. Information was brought forward by Metro, which implements Southern California GO 511 on behalf of

Orange and Los Angeles Counties, as well as conversations with Riverside County Transportation Commission, which implements the IE 511 on behalf of San Bernardino and Riverside. During those discussions, it became clear that the technology platforms which these two systems are built upon are different. They use different software, different hardware, and different technical approaches. Not only that, there are licensing issues for some of the software which may preclude having a third-party access that software. Because they are very different systems, the probability of successfully having one application that can support both platforms is nil. The Subcommittee, during their deliberations, decided that the best course of action would be to have two applications developed: one that was specific to the technical aspects of the IE 511; and one that was unique to GO 511 for the Los Angeles/Orange County area.

The next issue that the subcommittee and the TAC dealt with was how the funds should be allocated to the various entities. It is recommended that RCTC assume the development responsibilities on behalf of San Bernardino and Riverside, and that Metro assume similar responsibilities on behalf of Orange County and Los Angeles. What the TAC is asking the MSRC to do is to grant staff authority to have Metro and RCTC, on behalf of their respective 511 systems, provide additional detail. Specifically, more about the technical attributes of a mobile application; the approach; limitations; schedule; and cost. The TAC is recommending that once this information is provided by each respective agency, the TAC will come forward, at some point in the near future, with recommendations as to whether the application should go forward for development and, if so, what the respective funding awards should be to RCTC and Metro on behalf of their 511 systems.

There is, at least at this point, a feeling that the amount of money the MSRC has allocated will be sufficient for the development of two applications.

Today's action is to grant authority for staff to request additional information from Metro and RCTC, by June 12, which the TAC will then use to put together a recommendation for MSRC consideration, no earlier than at the July MSRC meeting.

No money has been expended to date.

ON MOTION BY MSRC MEMBER EARL WITHYCOMBE, AND
SECONDED BY MSRC MEMBER GWEN NORTON-PERRY, THE MSRC
UNANIMOUSLY APPROVED STAFF TO REQUEST ADDITIONAL
INFORMATION FROM METRO AND RCTC FOR MSRC CONSIDERATION
AT THEIR JULY MEETING.

ACTION: MSRC Staff will request additional information from RCTC and Metro and put together a recommendation for MSRC consideration at its July meeting.

Agenda Item #12 – Consider Next Steps for Implementation of Multi-Mobility Hubs

MSRC Technical Advisor Ray Gorski gave an update on the MSRC's efforts in participating in the development of Multi-Mobility Hubs. Staff is not asking the MSRC to take action, although this was an actionable item. There has been some additional information received relative to the use of a subcontractor to the Better World Group. At this time, staff believes that the recommendation will need to change because of a potential conflict of interest. The program, in itself, remains intact and will be brought forth for MSRC consideration at a future meeting. The TAC has been debating and deliberating about how best to move forward with MSRC participation in the development of Multi-Mobility Hubs. Different agencies appear to have different concepts of what constitutes a Multi-Mobility Hub and it is not clear, necessarily, what the MSRC role would be in some of these concepts. What the MSRC-TAC will be recommending, before the MSRC is asked to invest money, is to step back a little bit to go out and do some additional research to bring forward what is the spectrum of agency concepts with respect to Multi-Mobility Hubs. What do they look like? What purpose do they serve? Who's doing it? What do they cost? Once staff has a better basis of knowledge, they could come to the MSRC and make a recommendation as to what a potential role, if any, should be.

Agenda Item #13 – Consider Request for Proposals for MSRC Programmatic Outreach Services

MSRC Contracts Administrator Cynthia Ravenstein indicated that MSRC for the past several years has engaged a consultant to do programmatic outreach to help publicize MSRC programs and the availability of MSRC funding. The current contract is going to expire in November, 2011. It is the policy to do this on a competitive basis, so the Administrative Subcommittee and the TAC are recommending that the MSRC release an RFP seeking proposals for programmatic outreach. Funding was not previously allocated for this item. The recommendation is also to allocate \$100,000 as part of the MSRC 2010-11 Work Program that would cover the first 2-year period. As in past years, it is recommended that there would be an option for an additional two-year period and then, if the MSRC chose to exercise that option, they could allocate additional funds at that time.

ON MOTION BY MSRC MEMBER GWEN NORTON-PERRY, AND
SECONDED BY MSRC ALTERNATE RIC TEANO, THE MSRC
UNANIMOUSLY APPROVED THE RELEASE OF AN RFP SEEKING
PROPOSALS FOR PROGRAMMATIC OUTREACH AND TO ALLOCATE
\$100,000 AS PART OF THE MSRC FY 2010-11 WORK PROGRAM TO
COVER THE FIRST TWO-YEAR PERIOD, WITH AN ADDITIONAL TWO-
YEAR EXTENSION OPTION WHICH CAN BE EXERCISED AT MSRC
DISCRETION.

ACTION: Staff will seek approval of the RFP at the May 6, 2011 AQMD Board meeting and subsequently release the RFP.

OTHER BUSINESS

MSRC Technical Advisor Ray Gorski reported that at the last MSRC meeting, there was some discussion relative to Metrolink and the locomotives that they currently operate. Some of the issues they are having pertain to reliability and the desire to have cleaner locomotives. There was an action item to investigate this further. Staff has been doing this, in cooperation with SCAQMD. It is premature today to present all the findings. Discussions with SCRRA have been taking place to try to determine what the issues are and what the potential role of the MSRC could be in a future work program to assist them in their rail operations. It's complex and also expensive, but jointly between the District staff and the MSRC it is believed that there are some viable options for future consideration. Staff is recommending continuing internal dialog, as well as to engage SCRRA, and then bring forward to a subsequent MSRC meeting, probably in connection with the work program development process, the findings and some options for MSRC consideration, should they want to work with the SCRRA Metrolink to help clean up locomotive emissions for passenger rail.

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS, THE MSRC MEETING
ADJOURNED AT 2:52 PM.

NEXT MEETING: Thursday, May 19, 2011 at 2 p.m., Room CC-8.

[Prepared by Ana Ponce]

 [Back to Agenda](#)

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 22

REPORT: California Air Resources Board Monthly Meeting

SYNOPSIS: The California Air Resources Board met on May 26, 2011. The following is a summary of this meeting.

RECOMMENDED ACTION:
Receive and file.

Ronald O. Loveridge, Member
SCAQMD Governing Board

sm

The Air Resources Board's (ARB or Board) May meeting was held in Sacramento. Key items presented are summarized below.

1. Public Meeting to Update the Board on Ozone Air Quality Progress and the Status of Federal Air Quality Standards

ARB staff presented the Board with an overview of the process underway to revise the federal ozone standards, and of progress made in improving ozone air quality in California. The U.S. Environmental Protection Agency (EPA) is required to review federal air quality standards every five years to incorporate the latest scientific health findings. The current ozone standard is an 8-hour standard of 0.08 parts per million, though U.S.EPA has proposed revising the ozone standard to a level within the range of 0.060 to 0.70 parts per million. U.S. EPA action on this revision is still pending, however, if the standard is reduced, there will be substantially more nonattainment areas in California as well as across the nation.

ARB staff's discussion of the progress made toward meeting ozone air quality standards largely focused on the San Joaquin Valley (Valley) and the South Coast Air Basins, the regions with the greatest air quality challenges. Both air basins show substantial

progress, with the most dramatic progress occurring in the South Coast: 10 million of the area's more than 14 million people live in communities that meet the standard; more than half of the South Coast area has already met, or is within 10 percent of the standard. Each monitoring site located in the South Coast's valley area measured fewer than 10 exceedance days in 2010, as compared to twenty years ago, when Glendora had over 100 exceedance days. In the South Coast, while peak concentrations still need to be reduced by 25 percent in order to meet the current ozone standard, the highest concentrations in the South Coast are now limited to a small portion of the northeastern basin, which is the current focus for attainment planning. No action was required of the Board on this item.

2. Public Meeting to Update the Board on CalNex2010

ARB staff provided an update to the Board on the progress in analyzing data collected during CalNex 2010, and shared some policy-relevant preliminary results. CalNex is a major study on air quality, climate science, and the nexus between the two areas. The field work was conducted a year ago throughout California and was primarily funded by the National Oceanic and Atmospheric Administration (NOAA). Because some pollutants impact both air quality and climate, it is important to understand the linkages between air quality, climate change, and meteorology. With employment of resources including three research aircraft, one research vessel, and the large routine monitoring network already operating in California, the study was able to cover most areas of the state. A priority for analysis of CalNex data will be support for State Implementation Plan efforts. No action was required of the Board on this item.

3. Public Meeting to Update the Board on Monitoring California's Progress Towards Clean Air

ARB staff presented, in video format, an update to the Board on ARB's ambient air monitoring program, which produces air quality data to determine attainment status with national and state ambient air quality standards. The video presented images and descriptions of California's air quality monitoring network, including the types of equipment employed, and the many tasks that are accomplished by ARB's Monitoring and Laboratory Division (MLD). No action was required of the Board on this item.

Attachment

CARB May 26, 2011 Meeting Agenda

LOCATION:



Air Resources Board
1001 I Street, 2nd Floor
Byron Sher Auditorium
Sacramento, California 95814

**PUBLIC MEETING
AGENDA**

May 26, 2011

Webcast

This facility is accessible by public transit. For transit information, call: (916) 321-BUSS, website <http://www.sacrt.com/> (This facility is accessible to persons with disabilities.)

TO SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

<http://www.arb.ca.gov/lispub/comm/bclist.php>

May 26, 2011
9:00 a.m.

CONSENT CALENDAR:

All items on the consent calendar will be voted on by the board immediately after the start of the public meeting. Any item may be removed from the consent calendar by a Board member or by someone in the audience who would like to speak on that item. The following item is on the consent calendar:

<u>Consent Item #</u>	<u>Agenda Topic</u>
None.	

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

<u>Agenda Item #</u>	<u>Agenda Topic</u>
11-3-1	Public Meeting to Update the Board on Ozone Air Quality Progress and the

Status of Federal Air Quality Standards

Staff will provide an update on ozone air quality progress in California and the process underway to revise the federal ozone standards.

[More Information](#)

[Staff Presentation](#)

11-3-2 Public Meeting to Update the Board on CalNex 2010

Staff will update the Board on progress in analyzing the data collected during CalNex 2010 and share some policy-relevant results preliminary to the full analysis due in 2012. CalNex is a major study on air quality, climate science, and the nexus between the two areas conducted a year ago throughout California and was primarily funded by the National Oceanic and Atmospheric Administration.

[More Information](#)

[Staff Presentation](#)

11-3-3 Public Meeting to Update the Board on Monitoring California's Progress Towards Clean Air

The Monitoring and Laboratory Division (MLD) staff will provide an update on the ambient air monitoring program which produces air quality data to determine attainment status with national and state ambient air quality standards. The data provides the Board with information that underlie its regulatory decisions to reduce emissions from mobile, stationary, and area sources to protect public health. MLD is holding an open house at 1927 13th Street, Sacramento, California between 10:00 a.m. and 3:00 p.m., to which the public is invited.

[More Information](#)

[Staff Presentation](#)

CLOSED SESSION – LITIGATION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation:

*Pacific Merchant Shipping Association v. Goldstene, U.S. District Court (E.D. Cal. Sacramento),
Case No. 2:09-CV-01151-MCE-EFB.*

*POET, LLC, et al. v. Goldstene, et al., Superior Court of California (Fresno County),
Case No. 09CECG04850.*

*Rocky Mountain Farmers Union, et al. v. Goldstene, U.S. District Court (E.D. Cal. Fresno),
Case No. 1:09-CV-02234-LJO-DLB.*

National Petroleum & Refiners Association, et al. v. Goldstene, et al., U.S. District Court (E.D. Cal. Fresno) Case No. 1:10-CV-00163-AWI-GSA.

Association of Irrigated Residents, et al. v. California Air Resources Board, Superior Court of California (San Francisco County), Case No. CPF-09-509562.

Association of Irrigated Residents, et al. v. U.S. E.P.A., 2011 WL 310357 (C.A.9), (Feb. 2, 2011).

California Dump Truck Owners Association v. California Air Resources Board, U.S. District Court (E.D. Cal. Sacramento) Case No. 2:11-CV-00384-MCE-GGH.

Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774.

OPPORTUNITY FOR MEMBERS OF THE BOARD TO COMMENT ON MATTERS OF INTEREST

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

OPEN SESSION TO PROVIDE AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON SUBJECT MATTERS WITHIN THE JURISDICTION OF THE BOARD

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

TO SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

<http://www.arb.ca.gov/lispub/comm/bclist.php>

NEW FEATURE

You can now sign up online in advance to speak at the Board meeting when you submit an electronic Board item comment. For more information go to:

<http://www.arb.ca.gov/board/online-signup.htm>

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERK OF THE BOARD

1001 I Street, 23rd Floor, Sacramento, CA 95814, (916) 322-5594

ARB Homepage: <http://www.arb.ca.gov>

To request a special accommodation or language needs for any of the following:

- An interpreter to be available at the hearing.
- Have documents available in an alternate format (i.e. Braille, Large print) or another language.
- A disability-related reasonable accommodation.

Please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 10 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Para solicitar alguna comodidad especial o necesidad de otro idioma para alguna de las siguientes:

- Un intérprete que esté disponible en la audiencia
- Tener documentos disponibles en un formato alternativo (por decir, sistema Braille, o en impresión grande) u otro idioma.
- Una acomodación razonable relacionados con una incapacidad.

Por favor llame a la oficina del Secretario del Consejo de Recursos Atmosféricos al (916) 322-5594 o envíe un fax al (916) 322-3928 no menos de diez (10) días laborales antes del día programado para la audiencia. Para el Servicio Telefónico de California para Personas con Problemas Auditivos, ó de teléfonos TDD pueden marcar al 711.

**SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR
RESOURCES BOARD**

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 23

PROPOSAL: Adopt Proposed Rule 1325 – Federal New Source Review Program

SYNOPSIS: Staff is proposing to adopt Proposed Rule 1325 – Federal New Source Review Program, to incorporate U.S. EPA’s requirements for PM_{2.5} into Regulation XIII – New Source Review. This rule applies only to the South Coast Air Basin and to new major polluting facilities of PM_{2.5}; major modifications to major polluting facilities of PM_{2.5}; and any facility with an emissions increase or a potential to emit 100 tons per year or more of PM_{2.5} and its precursors.

COMMITTEE: Stationary Source, March 18, 2011, Reviewed

RECOMMENDED ACTIONS:

Adopt the attached resolution:

1. Certifying the Notice of Exemption for Proposed Rule 1325 – Federal New Source Review Program; and
2. Adopting Proposed Rule 1325 – Federal New Source Review Program.

Barry R. Wallerstein, D.Env.
Executive Officer

EC:LT:JW:RP:SH

Background

Airborne particulate matter with a nominal aerodynamic diameter of 2.5 micrometers or less are considered to be “fine particles,” and are also known as PM_{2.5}. Fine particles in the atmosphere are made up of a complex mixture of components, including sulfate, nitrate, ammonium, elemental carbon, organic compounds, and inorganic material. There are substantial health effects associated with exposure to PM_{2.5}. Epidemiological studies have shown a significant correlation between elevated PM_{2.5} levels and premature mortality. Other important health effects associated with PM_{2.5} exposure include aggravation of respiratory and cardiovascular disease, lung disease, decreased lung function, asthma attacks, and certain cardiovascular problems. Individuals

particularly sensitive to PM_{2.5} exposure include older adults, people with heart and lung disease, and children.

On July 18, 1997, U.S. EPA revised the National Ambient Air Quality Standards (NAAQS) for PM to add new standards for fine particles, using PM_{2.5} as the indicator. It established primary annual and 24-hour standards for PM_{2.5}; U.S. EPA set an annual standard at 15 micrograms per cubic meter ($\mu\text{g}/\text{m}^3$) and a 24-hour standard at $65\mu\text{g}/\text{m}^3$. At the same time, U.S. EPA established secondary standards identical to the primary standards. The secondary standards are designed to protect against major environmental effects of PM_{2.5} such as visibility impairment, soil, and materials damage.

U.S. EPA revised the primary and secondary NAAQS for PM_{2.5} and PM₁₀ on October 17, 2006. The 24-hour NAAQS for PM_{2.5} was changed to $35\mu\text{g}/\text{m}^3$ but the existing annual PM_{2.5} NAAQS of $15\mu\text{g}/\text{m}^3$ was retained. In addition, U.S. EPA retained PM₁₀ as the indicator for coarse PM, retained the existing PM₁₀ 24-hour NAAQS of $150\mu\text{g}/\text{m}^3$ and revoked the annual PM₁₀ NAAQS which had previously been set at $50\mu\text{g}/\text{m}^3$.

On July 15, 2008 U.S. EPA promulgated a rule amending NSR regulations to establish the minimum requirements for state, local, and tribal agency programs implementing NSR for the PM_{2.5} NAAQS. In the final rule, U.S. EPA established the NSR provisions including the major source threshold, significant emissions rate, and offset ratios for PM_{2.5}, inter-pollutant trading for offsets and applicability of NSR to PM_{2.5} and PM_{2.5} precursors. U.S. EPA's final rule supplements the final implementation rule for PM_{2.5} (excluding the NSR provisions) that U.S. EPA promulgated on April 25, 2007 at 72 FR 20586.

In addition to the final rule, the U.S. EPA has published Appendix S to Part 51 – Emission Offset Interpretative Ruling. This appendix sets forth U.S. EPA's Interpretative Ruling on the preconstruction review requirements for stationary sources of air pollution (not including indirect sources) under 40 CFR subpart I and section 129 of the Clean Air Act Amendments of 1977. U.S. EPA's July 15, 2008 final rule directed states to follow Appendix S (40 CFR part 51, Appendix S) for PM_{2.5} NSR until they adopt NSR rules for PM_{2.5} into their SIP (State Implementation Plan). Appendix S is currently applicable and implementation of these requirements is superseded once a SIP-approved rule is in place. Staff is aware of at least one facility that has gone through NSR using Appendix S requirements.

PM_{2.5} is a sub-set of PM₁₀ which is already regulated under the District's NSR and source-specific rules. Although it was not previously separately categorized and there were no PM_{2.5} specific limits, the effect was that no new or modified source could emit PM_{2.5} in excess of the threshold values of Rule 1303 for PM₁₀ without providing offsets. In addition, District rules already require BACT, which is equivalent to federal LAER (Lowest Achievable Emissions Rate) for major and minor sources making a modification that causes any increase of PM₁₀. BACT for PM₁₀ is currently the same as for PM_{2.5}.

In the proposed rule, the District is implementing the requirements of EPA's final rule for PM_{2.5} by mirroring the federal requirements which include the definition of major source, significant emissions rate, offset ratios, and the applicability requirements of LAER, facility compliance, offsets, and control of PM_{2.5} precursors. Precursors for PM_{2.5} are NO_x and SO₂. A provision for plantwide applicability limits as required for federal NSR programs is also included.

Failure to adopt a rule by the statutory deadline could result in an 18-month sanctions clock by U.S. EPA. Sanctions can include an increase in the emission offset ratio; loss of federal highway funds; and the development and imposition of federal rule by U.S. EPA.

Proposal

Staff proposes to adopt the same thresholds as the EPA and as published in the final rule, effective July 15, 2008. U.S. EPA's final rule is specific to implementation of PM_{2.5} in NSR programs for all areas of the country, which includes both attainment and non-attainment areas. In the proposed rule, the District is implementing the requirements of the final U.S. EPA rule by proposing the same major source threshold, significant emissions rate, offset ratios, and calculation procedures for PM_{2.5}.

Staff's proposal is primarily drawn from the code of federal regulations provisions implementing federal NSR. As such, the rule language largely mirrors federal requirements. Staff has added language to harmonize federal requirements with AQMD elements such as the public notice requirement with District Rule 212 (g) and the offset requirements for NO_x and SO₂ with the RECLAIM program.

Proposed Rule 1325 applies to the following sources:

1. New facilities with emissions greater than 100 tons per year of PM_{2.5} or its precursors;
2. Any existing facility with an increase of 100 tons per year or more of PM_{2.5} or its precursors; and.
3. Major modifications at existing major sources (major modification thresholds are 10 tons per year of PM_{2.5} or 40 tons per year of NO_x or SO₂).

The requirements for sources subject to the proposed rule are as follows:

1. LAER is employed for the new or relocated source or for the actual modification to an existing source;
2. Emission increases are offset at a ratio of 1.1:1 for PM_{2.5}. The offset ratio for NO_x and SO₂ shall be the ratio required under the applicable NSR rule (Regulation XIII or Rule 2005). Offsets must be either ERCs for non-RECLAIM pollutants or RTCs for sources in the RECLAIM program for either NO_x or SO₂.
3. Certification that all major sources, as defined in the jurisdiction where the facilities are located, that are owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) in the State of California are subject to emission limitations and are in compliance or on

a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act; and

4. An analysis conducted of alternative sites, sizes, production processes, and environmental control techniques for such proposed source and demonstration made that the benefits of the proposed project outweigh the environmental and social costs associated with that project.

CEQA ANALYSIS

Pursuant to the California Environmental Quality Act (CEQA) and the AQMD's Certified Regulatory Program (Rule 110), the AQMD will prepare a notice of exemption for Proposed Rule 1325.

SOCIOECONOMIC ANALYSIS

The proposed rule is consistent with existing federal requirements as currently implemented, and no additional control costs are anticipated due to this rule.

AQMP AND LEGAL MANDATES

The California Health and Safety Code require the AQMD to adopt an Air Quality Management Plan (AQMP) to meet state and federal ambient air quality standards in the South Coast Air Basin. In addition, the California Health and Safety Code require that the AQMD adopt rules and regulations that carry out the objectives of the AQMP. While Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program is not a control measure included in the AQMP, its requirements are consistent with the AQMP objectives. Since this proposal is not an AQMP control measure and does not result in emission reductions, cost effectiveness is not applicable. The Proposed Rule would not require anything more stringent than federal requirements.

RESOURCE IMPACTS

Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program, can be implemented within the current staffing levels.

COMPARATIVE ANALYSIS

A comparative analysis is not applicable for Proposed Rule 1325 as the AQMD is adopting the federal mandated requirements for PM_{2.5} NSR. Proposed Rule 1325 does not impose a new emissions limitation or standard or make an existing emissions limitation or standard more stringent.

PUBLIC PROCESS

A Public Consultation Meeting was held on March 22, 2011 to present and solicit information and suggestions from the public regarding Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program. A second Public Consultation meeting was held on May 4, 2011 to solicit comments and suggestions on the revised rule and staff report. Comments received at these meetings and other written comments that staff received are included with the staff response at the end of the staff report.

Conclusions and Recommendations

Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program, incorporates U.S. EPA requirements for PM_{2.5}, into Regulation XIII. The proposed rule would apply to new and modified major sources that trigger the NSR threshold for PM_{2.5}.

Staff is proposing that Proposed Rule 1325 be adopted. The proposed rule is consistent with and mirrors federal requirements for PM_{2.5}. Rule thresholds, emission offsets, calculation procedures, and other requirements are taken directly from U.S. EPA requirements. Likewise, the definitions for the terms used in the proposed rule are consistent with those in federal requirements.

Because the federal NSR requirements for PM_{2.5} are already in effect, no additional impacts are anticipated from Rule 1325. Potentially impacted facilities could take an emissions cap to avoid the requirements of Rule 1325. As stated above, facilities would be subject to the same federal requirements in the absence of this proposed rule, as Appendix S is currently in effect, and would remain in effect in the absence of this rule. Staff will work with facility operators that may be subject to these requirements.

Attachments

- A. Summary of Proposed Rule
- B. Rule Development Process
- C. Key Contacts
- D. Resolution
- E. Proposed Rule 1325
- F. Notice of Exemption
- G. Staff Report

ATTACHMENT A

SUMMARY OF PROPOSED RULE 1325

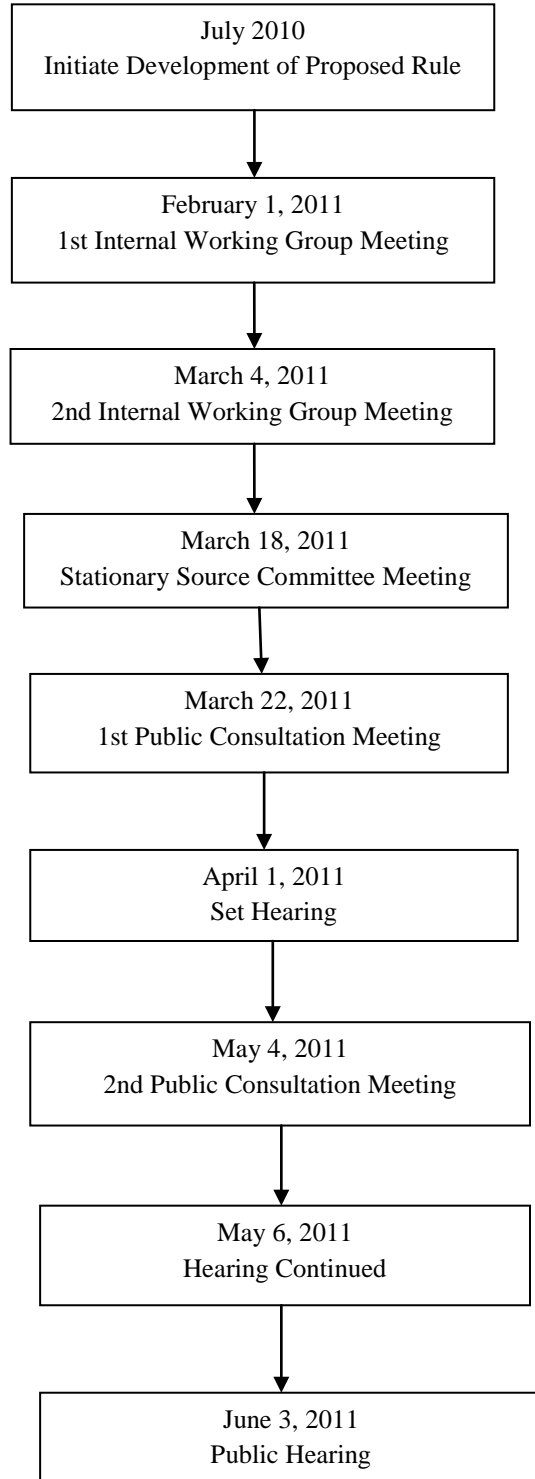
Proposed Rule 1325 has the following main elements:

- ❖ **Applicability:** Proposed Rule 1325 applies to new major polluting facilities of PM_{2.5} or its precursors; major modifications to major polluting facilities of PM_{2.5} or its precursors; and any facility with an emissions increase of a potential to emit 100 tons per year or more of PM_{2.5} or its precursors. The rule only applies in federal non-attainment areas for PM_{2.5}.
- ❖ **Definitions:** For the purposes of this rule, the definitions in 40 CFR 51.165(a)(1), as they exist on the date of adoption of the rule shall apply except for the following: Baseline Actual Emissions, Facility, Major Modification, Major Source, Major Polluting Facility, Plantwide Applicability Limitation, PM_{2.5}, Precursors, Projected Actual Emissions, Regulated NSR Pollutant, Reviewing Authority, Significant, and Source. To avoid duplication in the rule, staff has not included definitions that are identical to those in 40 CFR 51.165(a)(1). A list of such definitions is included in Appendix A of the staff report.
- ❖ **Requirements:** The Executive Officer or designee shall deny the Permit for new major polluting facilities; or major modifications to major polluting facilities of PM_{2.5}; or any facility with an emissions increase of a potential to emit 100 tons per year or more of PM_{2.5} or its precursors (which for the purposes of this rule are NO_x and SO₂), unless each of the following requirements is met:
 - (1) LAER is employed for the new or relocated source or for the actual modification to an existing source;
 - (2) Emission increases are offset at a ratio of 1.1:1 for PM_{2.5}. The offset ratio for NO_x and SO₂ shall be the ratio required under the applicable NSR rule (Regulation XIII or Rule 2005);
 - (3) Certification that all major sources, as defined in the jurisdiction where the facilities are located, that are owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) in the State of California are subject to emission limitations and are in compliance or on a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act; and
 - (4) An analysis conducted of alternative sites, sizes, production processes, and environmental control techniques for such proposed source and demonstration made that the benefits of the proposed project outweigh the environmental and social costs associated with that project.External offsets must be either ERCs for non-RECLAIM pollutants or RTCs for sources in the RECLAIM program for either NO_x or SO_x.

- ❖ **Emission Calculations:** For the purposes of this rule, emissions calculations shall be pursuant to 40CFR51.165.
- ❖ **Recordkeeping:** Recordkeeping is required if the past actual to projected future actual or the hybrid emissions calculation methodology is used to determine that the modification at issue is not major and hence does not trigger this rule.
- ❖ **Plantwide Applicability Limitation (PAL):** To be consistent with federal requirements, the proposed rule incorporates the language from 40CFR 51.165 for Plantwide Applicability Limitations (PALs). PALs are a voluntary option that allows a major stationary source to manage emissions without triggering major new source review. Public notice pursuant to Rule 212(g) is required prior to the issuance of a PAL.
- ❖ **Limitation on Facility Exemption:** Any facility, with accumulated emission increases in excess of 100 tons per year of PM_{2.5} due to permit actions within any two-year period after the date of adoption of this rule, shall offset the total emission increases during such period to zero. This is an anti-piecemealing provision to prevent sources which currently emit less than 100 tons per year of PM_{2.5} from increasing more than 100 tons per year of PM_{2.5} without providing offsets by phasing the project.
- ❖ **Test Methods:** Testing for point sources shall be in accordance with EPA Test Methods 201A and 202. These test methods are cited in reference to the revised versions recently finalized by EPA in December 2010 for this rule only. The test methods referenced herein are used for Proposed Rule 1325 exclusively and are not applicable to any non-Proposed Rule 1325 AQMD rules, including the rest of Regulation XIII rules.
- ❖ **Exclusions:** The provisions of Rule 1304 – Exemptions and Rule 1309.1 – Priority Reserve, do not apply for the purposes of this rule. Regulation XIII does not apply to PM_{2.5} but staff is specifically citing Rules 1304 and 1309.1 because of the many questions regarding the applicability of these two rules to PM_{2.5} NSR.
- ❖ **Fugitive Emissions:** The requirements for fugitive emissions have changed recently (EPA revised these per a March 30, 2011 Federal Register Notice. See 76FR 17548). Prior to the above revision, the Federal NSR program required that fugitive emissions be included in determining whether a physical or operational change results in a major modification only for sources in designated industries. After the revision on March 30, 2011 fugitive emissions are to be included for all categories to the extent they are quantifiable. Proposed Rule 1325 has been changed to match the new requirements.

ATTACHMENT B

RULE DEVELOPMENT PROCESS FOR PROPOSED RULE 1325



11 months spent in rule development

ATTACHMENT C

KEY CONTACTS

AECOM
AES Southland
Air Quality, Energy, and Climate Change from an Environmental Justice Perspective
BP West Coast Products LLC
California Air Resources Board
California Energy Commission
California ISO
CCEEB
Chevron Products
Communities for a Better Environment
Edison Mission Energy
Environ
Exxon Mobil
GE
JE Compliance Services, Inc.
LA City Sanitation
LA County Sanitation Districts
LADWP
Latham & Watkins
NRDC
Orange County Sanitation District
Paramount Petroleum
Reliant Energy
SCEC
Southern California Edison
Sempra Utilities
Sierra Research
Tesoro
TFS Energy, LLC
Toyota Motor Sales, Inc.
Trinity Consultants
US EPA
Ventura County APCD
WSPA

ATTACHMENT D
RESOLUTION NO.

A Resolution of the South Coast Air Quality Management District (AQMD) Governing Board certifying the Notice of Exemption for Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program.

A Resolution of the AQMD Governing Board adopting Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program.

WHEREAS, the AQMD Governing Board finds and determines that Proposed Rule 1325 – Federal New Source Review Program, is considered a "project" pursuant to the California Environmental Quality Act (CEQA); however, AQMD staff reviewed the proposed project and because it can be seen with certainty that there is no possibility that the proposed project in question has the potential to have a significant adverse effect on the environment, it was determined that the proposed project is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) – Review for Exemption and §15308 – Actions by Regulatory Agencies for the Protection of the Environment; and

WHEREAS, the AQMD has had its regulatory program certified pursuant to Public Resources Code Section 21080.5 and has conducted CEQA review and analysis pursuant to such program (Rule 110); and

WHEREAS, AQMD staff has prepared a Notice of Exemption for Proposed Rule 1325, as proposed, that is completed in compliance with CEQA Guidelines §15002 (k)(1) - Three Step Process and §15061(b)(3) – Review for Exemption (General Rule Exemption) and §15308 – Actions by Regulatory Agencies for the Protection of the Environment; and

WHEREAS, the Governing Board prior to voting on Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program, has reviewed and considered the Notice of Exemption; and

WHEREAS, a Mitigation Monitoring Plan pursuant to Public Resources Code §21081.6, has not been prepared since no mitigation measures are necessary; and

WHEREAS, the AQMD staff report, the CEQA Notice of Exemption, this June 3, 2011 Board letter, and other supporting documentation was presented to the AQMD Governing Board and that the Board has reviewed and considered the entirety of this information prior to approving the project; and

WHEREAS, the AQMD Governing Board has determined that a need exists to adopt Rule 1325 – Federal PM_{2.5} New Source Review Program, in order to incorporate the NSR requirements mandated by U.S. EPA for PM_{2.5}; and

WHEREAS, the AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 40000, 40001, 40440, 42300 (permit system), and 40702 of the California Health and Safety Code; and

WHEREAS, The AQMD Governing Board has determined that Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program is written and displayed so that the meaning can be easily understood by persons directly affected; and

WHEREAS, the AQMD Governing Board has determined that Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program, as proposed, is in harmony with, and not in conflict with, or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, the AQMD Governing Board has determined that Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program, as proposed, does not impose the same requirements as any existing state or federal regulation, and the proposed rule is necessary and proper to execute the powers and duties granted to, and imposed upon, the AQMD; and

WHEREAS, the AQMD Governing Board, in developing the rule, references the following statutes which the AQMD hereby implements, interprets, or makes specific: Health and Safety Code Sections 42300, and CAA §§ 171, 172 and 173; and

WHEREAS, the AQMD Governing Board has determined that no adverse socioeconomic impact of Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program – is anticipated because it does not change federal requirements currently in effect; and

WHEREAS, a public hearing has been properly noticed in accordance with all provisions of Health and Safety Code, Section 40725; and

WHEREAS, the Governing Board finds and determines, taking into consideration the factors in §(d)(4)(D) of the Governing Board Procedures, that the modifications adopted which have been made to Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program since notice of public hearing was published do not significantly change the meaning of the proposed amended rule within the meaning of Health and Safety Code §40726 and would not constitute significant new information pursuant to CEQA Guidelines §15088.5; and

WHEREAS, the AQMD Governing Board has held a public hearing in accordance with all provisions of law; and

WHEREAS, the AQMD specifies the manager of Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of this proposed rule is based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California.

NOW, THEREFORE, BE IT RESOLVED, that the South Coast Air Quality Management District Board does hereby certify that the Notice of Exemption for Proposed Rule

1325 – Federal PM_{2.5} New Source Review Program was prepared in compliance with the California Environmental Quality Act statutes and CEQA Guidelines. This information was presented to the Governing Board, whose members reviewed, considered, and approved the information therein prior to acting on Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program; and

BE IT FURTHER RESOLVED, that the AQMD Governing Board does hereby adopt, pursuant to the authority granted by law, Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program, as set forth in the attached, and incorporated herein by this reference.

DATE: _____

CLERK OF THE BOARD

ATTACHMENT E

May-June 2011

PROPOSED RULE 1325. FEDERAL PM_{2.5} NEW SOURCE REVIEW PROGRAM

(a) Applicability

This rule applies to any new major polluting ~~facilities~~facility; ~~major modifications to a major polluting facilities~~facility; ~~and any modification to an existing facility that would constitute a major polluting existing facility in and of itself; with a potential to emit increase of 100 tons per year or more of PM_{2.5} or its precursors~~ located in areas federally designated pursuant to Title 40 of the Code of Federal Regulations (40 CFR) 81.305 as non-attainment for PM_{2.5}.

With respect to major modifications, this rule applies on a pollutant-specific basis to those pollutants for which (1) the source is major, (2) the modification results in a significant increase, and (3) the modification results in a significant net emissions increase.

(b) Definitions

For the purposes of this rule, the definitions in Title 40 CFR 51.165(a)(1), as it exists on *(date of adoption)* shall apply, unless the same term is defined below, then the defined term below shall apply:

~~(1) ACTUAL EMISSIONS means the actual rate of emissions of a regulated New Source Review (NSR) pollutant from an emissions unit, as determined in accordance with Title 40 of the Code of Federal Regulations (CFR) 51.165(a)(1)(xii).~~

~~(2)~~(1) BASELINE ACTUAL EMISSIONS means the rate of emissions, in tons per year, of a regulated NSR pollutant, as determined in accordance with the following:

(A) For any existing electric utility steam generating unit, ~~as defined in 40 CFR 51.165(a)(1)(xx),~~ baseline actual emissions means the average rate, in tons per year, at which the unit actually emitted the pollutant during any consecutive 24-month period selected by the owner or operator within the 5-year period immediately preceding when the owner or operator begins actual construction of the project. The Executive Officer shall allow the use of a different time period upon a determination that it is more representative of normal source operation.

(i) The average rate shall include fugitive emissions to the extent quantifiable, and emissions associated with startups, shutdowns, and malfunctions; ~~and, for an emissions unit that is part of one of the source categories listed in paragraph (d)(1) or for an emissions unit that is located at a major polluting facility that belongs to one of the listed source categories in paragraph (d)(1), shall include fugitive emissions (to the extent quantifiable).~~

- (ii) The average rate shall be adjusted downward to exclude any non-compliant emissions that occurred while the source was operating above any emission limitation that was legally enforceable during the consecutive 24-month period.
 - (iii) For a regulated NSR pollutant, when a project involves multiple emissions units, only one consecutive 24-month period must be used to determine the baseline actual emissions for the emissions units being changed. A different consecutive 24-month period **can be used for each regulated NSR pollutant.**
 - (iv) The average rate shall not be based on any consecutive 24-month period for which there is inadequate information for determining annual emissions, in tons per year, and for adjusting this amount if required by (b)(21)(A)(ii) above.
- (B) For an existing emissions unit (other than an electric utility steam generating unit), baseline actual emissions means the average rate, in tons per year, at which the emissions unit actually emitted the pollutant during any consecutive 24-month period selected by the owner or operator within the 10-year period immediately preceding either the date the owner or operator begins actual construction of the project, or the date a complete permit application is received by the Executive Officer for a permit required under ~~this section or by the reviewing authority for a permit required by a plan~~ NSR or Prevention of Significant Deterioration (PSD), whichever is earlier, except that the 10-year period shall not include any period earlier than November 15, 1990.
- (i) The average rate shall include fugitive emissions to the extent quantifiable, and emissions associated with startups, shutdowns, and malfunctions; ~~and, for an emissions unit that is part of one of the source categories listed in paragraph (d)(1) or for an emissions unit that is located at a major polluting facility that belongs to one of the listed source categories, shall include fugitive emissions (to the extent quantifiable).~~
 - (ii) The average rate shall be adjusted downward to exclude any non-compliant emissions that occurred while the source was operating above an emission limitation that was legally enforceable during the consecutive 24-month period.
 - (iii) The average rate shall be adjusted downward to exclude any emissions that would have exceeded an emission limitation with which the major polluting facility must currently comply, had such major polluting facility been required to comply with such limitations during the consecutive 24-month period.
 - (iv) For a regulated NSR pollutant, when a project involves multiple emissions units, only one consecutive 24-month period must be used to determine the baseline actual emissions for all the emissions units being changed. A different consecutive 24-month period can be used for each regulated NSR pollutant.

- (v) The average rate shall not be based on any consecutive 24-month period for which there is inadequate information for determining annual emissions, in tons per year, and for adjusting this amount if required by (b)(2)(B)(ii) and (b)(2)(B)(iii) above.
- (C) For a new emissions unit, the baseline actual emissions for purposes of determining the emissions increase that will result from the construction and operation of such unit shall equal zero; and thereafter, for all other purposes, shall equal the unit's potential to emit. ~~In the latter case, fugitive emissions, to the extent quantifiable, shall be included only if the emissions unit is part of one of the source categories listed in paragraph (d)(1) of this rule or if the emissions unit is located at a major polluting facility that belongs to one of the listed source categories in paragraph (d)(1).~~
- (D) For a Plantwide Applicability Limitation (PAL) for a major ~~stationary source~~polluting facility, the baseline actual emissions shall be calculated for existing electric utility steam generating units in accordance with the procedures contained in paragraph (ab)(1)~~(xxxv)(A) of 40CFR 51.165~~, for other existing emissions units in accordance with the procedures contained in paragraph (ab)(1)~~(xxxv)(B) of 40CFR 51.165~~, and for a new emissions unit in accordance with the procedures contained in paragraph (ab)(1)~~(xxxv)(C) of 40CFR 51.165~~, except that ~~fugitive emissions (to the extent quantifiable) shall be included regardless of the source category.~~
- ~~(3) CONTEMPORANEOUS means an increase or decrease in actual emissions only if it occurs between:~~
- ~~(A) The date five years before construction on the particular change commences; and~~
- ~~(B) The date that the increase from the particular change occurs.~~
- ~~(4) CREDITABLE means an increase or decrease in actual emissions only if:~~
- ~~(A) It occurs within a reasonable period to be specified by the Executive Officer; and~~
- ~~(B) The Executive Officer has not relied on it in issuing a permit for the source under regulations approved pursuant to this section, which permit is in effect when the increase in actual emissions from the particular change occurs; and~~
- ~~(C) As it pertains to an increase or decrease in fugitive emissions (to the extent quantifiable), it occurs at an emissions unit that is part of one of the source categories listed in paragraph (d)(1) of this rule or it occurs at an emissions unit that is located at a major stationary source that belongs to one of the listed source categories. Fugitive emission increases or decreases are not creditable for those emissions units located at a facility whose primary activity is not represented by one of the source categories listed in paragraph (d)(1) of this rule and that are not, by themselves, part of a listed source category.~~
- ~~(5) EMISSIONS UNIT means any part of a stationary source as defined in 40CFR 51.165(a)(1)(vii)~~

(2) FACILITY means any source or group of sources or other air contaminant-emitting activities which are located on one or more contiguous properties within the District, in actual physical contact or separated solely by a public roadway or other public right-of-way, and are owned or operated by the same person (or by persons under common control), or an outer continental shelf (OCS) source as determined in 40CFR 55.2. Such above-described groups, if noncontiguous, but connected only by land carrying a pipeline, shall not be considered one facility. Sources or installations involved in crude oil and gas production in Southern California Coastal or OCS Waters and transport of such crude oil and gas in Southern California Coastal or OCS Waters shall be included in the same facility which is under the same ownership or use entitlement as the crude oil and gas production facility on-shore.

~~(6)~~(3) LOWEST ACHIEVABLE EMISSIONS RATE (LAER) means the more stringent rate of emissions as defined in 40CFR 51.165(a)(1)(xiii).

~~(7)~~(4) MAJOR MODIFICATION means:

- (A) Any physical change in or change in the method of operation of a major polluting facility that would result in: a significant emissions increase of a regulated NSR pollutant; and a significant net emissions increase of that pollutant from the major polluting facility.
- (B) A physical change or change in the method of operation shall not include:
 - (i) Routine maintenance, repair, and replacement;
 - (ii) Use of an alternative fuel or raw material by reason of an order under section 2 (a) and (b) of the Energy Supply and Environmental Coordination Act of 1974 (or any superseding legislation) or by reason of a natural gas curtailment plan pursuant to the Federal Power Act;
 - (iii) Use of an alternative fuel by reason of an order or rule under section 125 of the Energy Supply and Environmental Coordination Act;
 - (iv) Use of an alternative fuel at a steam generating unit to the extent that the fuel is generated from municipal solid waste;
 - (v) Use of an alternative fuel or raw material by a polluting facility which:
 - (A) The source was capable of accommodating before January 6, 1975, unless such change would be prohibited under any federally enforceable permit condition which was established after January 6, 1975, pursuant to 40 CFR 52.21 or under regulations approved pursuant to 40 CFR subpart I or 40 CFR 51.166; or
 - (B) The source is approved to use under any permit issued under 40 CFR 51.165;
 - (vi) An increase in the hours of operation or in the production rate, unless such change would be prohibited under any federally enforceable permit condition which was established after January

- 6, 1975 pursuant to 40 CFR 52.21 or under regulations approved pursuant to 40 CFR subpart I or 40 CFR 51.166;
- (vii) Any change in ownership at a polluting facility.
- (C) ~~Fugitive emissions shall not be included in determining for any of the purposes of this section whether a physical change in or change in the method of operation of a major polluting facility is a major modification, unless the source belongs to one of the source categories listed in paragraph (d)(1). This definition shall not apply with respect to a particular regulated NSR pollutant when the major polluting facility is complying with the requirements under subdivision (e) of this rule for a Plantwide Applicability Limit (PAL) for that pollutant. Instead, the definition in paragraph (e)(2)(H) shall apply.~~
- (5) MAJOR POLLUTING FACILITY means, on a pollutant specific basis, any emissions source located in areas federally designated pursuant to 40 CFR 81.305 as non-attainment for the South Coast Air Basin (SOCAB) which has actual emissions of, or the potential to emit, 100 tons or more per year of PM_{2.5}, or its precursors. A facility is considered to be a major polluting facility only for the specific pollutant(s) with a potential to emit of 100 tons or more per year.
- ~~(8)~~(6) MAJOR SOURCE as used in any definition found in 40CFR 51.165(a)(1), means the same as Major Polluting Facility, as defined in this rule.
- ~~(9)~~ NET EMISSIONS INCREASE means the amount by which the sum of the following exceeds zero:
- (A) ~~The increase in emissions from a particular physical change or change in the method of operation at a polluting facility as calculated pursuant to subdivision (d) of this rule; and~~
- (B) ~~Any other increases and decreases in actual emissions at the major polluting facility that are contemporaneous with the particular change and are otherwise creditable. Baseline actual emissions for calculating increases and decreases shall be determined as provided in paragraph (b)(2) of this rule.~~
- ~~(10)~~(7) PLANTWIDE APPLICABILITY LIMITATION means an emissions limitation as defined in 40 CFR 51.165(f)(2)(v).
- ~~(11)~~ POTENTIAL TO EMIT means the maximum capacity of a polluting facility to emit a pollutant under its physical and operational design, ~~as defined in 40CFR 51.165(a)(1)(iii).~~
- ~~(12)~~(8) PM_{2.5} means airborne particulate matter with a nominal aerodynamic diameter of 2.5 micrometers or less as measured by an applicable reference test method.
- ~~(13)~~(9) PRECURSORS means, for the purposes of this rule, nitrogen oxides (NO_x) and sulfur dioxides (SO₂).

~~(14)~~(10) PROJECTED ACTUAL EMISSIONS means the maximum annual rate, in tons per year, at which an existing emissions unit is projected to emit a regulated NSR pollutant in any one of the 5 years (12-month period) following the date the unit resumes regular operation after the project, or in any one of the 10 years following that date, if the project involves increasing the emissions unit's design capacity or its potential to emit that regulated NSR pollutant and full utilization of the unit would result in a significant emissions increase or a significant net emissions increase at the major polluting facility. In determining the projected annual emissions before beginning actual construction, the owner or operator of the major polluting facility:

- (A) Shall consider all relevant information, including but not limited to, historical operational data, the company's own representations, the company's expected business activity and the company's highest projections of business activity, the company's filings with the State or Federal regulatory authorities, and any compliance plans; and
- (B) Shall include fugitive emissions to the extent quantifiable, and emissions associated with startups, shutdowns, and malfunctions; and, ~~for an emissions unit that is part of one of the source categories listed in paragraph (d)(1) or for an emissions unit that is located at a major polluting facility that belongs to one of the listed source categories, shall include fugitive emissions (to the extent quantifiable); and~~
- (C) Shall exclude, in calculating any increase in emissions that results from the particular project, that portion of the unit's emissions following the project that an existing unit could have accommodated during the consecutive 24-month period used to establish the baseline actual emissions and that are also unrelated to the particular project, including any increased utilization due to product demand growth.

(11) REGULATED NSR POLLUTANT means for the purpose of this rule any of the following pollutants: Nitrogen oxides (NO_x), and sulfur dioxide (SO₂) as PM_{2.5} precursors, and PM_{2.5}.

~~(15)~~(12) REVIEWING AUTHORITY as used in any definition found in 40CFR 51.165(a)(1), means the same as Executive Officer, as defined in District Rule 102.

~~(16) SECONDARY EMISSIONS means emissions as defined in 40 CFR 51.165(a)(1)(viii).~~

~~(17)~~(13) SIGNIFICANT means, in reference to a net emissions increase or the potential of a source to emit any of the following pollutants, a rate of emissions that would equal or exceed any of the following rates:

- Nitrogen oxides: 40 tons per year
- Sulfur dioxide: 40 tons per year
- PM_{2.5}: 10 tons per year

~~(18)~~(14) SOURCE means, any permitted individual unit, piece of equipment, article, machine, process, contrivance, or combination thereof, which may emit or control an air contaminant. This includes any permit unit at any non-RECLAIM facility and any device at a RECLAIM facility.

(c) Requirements

(1) The Executive Officer shall deny the Permit for a new major polluting facilities~~facility~~; or major modifications to a major polluting facilities~~facility~~; or any modification to an existing facility that would constitute a major polluting facility in and of itself~~facility with a potential to emit emissions increase of 100 tons per year or more of PM_{2.5} or its precursors~~, unless each of the following requirements is met:

(A) LAER is employed for the new or relocated source or for the actual modification to an existing source; and

(B) Emission increases shall be offset at an offset ratio of 1.1:1 for PM_{2.5} and the ratio required in Regulation XIII or Rule 2005 for NO_x and SO₂ as applicable; and

(C) Certification is provided by the owner/operator that all major sources, as defined in the jurisdiction where the facilities are located, that are owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) in the State of California are subject to emission limitations and are in compliance or on a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act; and

(D) An analysis is conducted of alternative sites, sizes, production processes, and environmental control techniques for such proposed source and demonstration made that the benefits of the proposed project outweigh the environmental and social costs associated with that project.

~~(E)~~(2) At such time that a particular source or a source undergoing modification becomes a major polluting facility or major modification solely by virtue of a relaxation in any enforcement limitation which was established after (date of adoption), on the capacity of the polluting facility or modification otherwise to emit PM_{2.5} or its precursors to avoid applicability of this rule, such as a restriction on hours of operation, then the requirements of this rule shall apply to the source or modification as though construction had not yet commenced on the source or modification.

(d) Emission Calculations

~~The elements for calculating an emissions increase include:~~

~~(1) Fugitive emissions, to the extent quantifiable, are included only if the emissions unit is part of or is located at a major polluting facility that belongs one of the listed source categories below:~~

~~(A) Coal cleaning plants (with thermal dryers);~~

- ~~(B) Kraft pulp mills;~~
- ~~(C) Portland cement plants;~~
- ~~(D) Primary zinc smelters;~~
- ~~(E) Iron and steel mills;~~
- ~~(F) Primary aluminum ore reduction plants;~~
- ~~(G) Primary copper smelters;~~
- ~~(H) Municipal incinerators capable of charging more than 250 tons of refuse per day;~~
- ~~(I) Hydrofluoric, sulfuric, or nitric acid plants;~~
- ~~(J) Petroleum refineries;~~
- ~~(K) Lime plants;~~
- ~~(L) Phosphate rock processing plants;~~
- ~~(M) —Coke oven batteries;~~
- ~~(N) Sulfur recovery plants;~~
- ~~(O) Carbon black plants (furnace process);~~
- ~~(P) Primary lead smelters;~~
- ~~(Q) Fuel conversion plants;~~
- ~~(R) Sintering plants;~~
- ~~(S) Secondary metal production plants;~~
- ~~(T) Chemical process plants — The term chemical processing plant shall not include ethanol production facilities that produce ethanol by natural fermentation included in NAICS codes 325193 or 312140;~~
- ~~(U) Fossil fuel boilers (or combination thereof) totaling more than 250 million British thermal units per hour heat input;~~
- ~~(V) Petroleum storage and transfer units with a total storage capacity exceeding 300,000 barrels;~~
- ~~(W) —Taconite ore processing plants;~~
- ~~(X) Glass fiber processing plants;~~
- ~~(Y) Charcoal production plants;~~
- ~~(Z) Fossil fuel fired steam electric plants of more than 250 million British thermal units per hour heat input, and~~
- ~~(AA) — Any other polluting facility category which, as of August 7, 1980, is being regulated under section 111 or 112 of the Clean Air Act.~~

~~Fugitive emissions are not included for those emissions units located at a facility whose primary activity is not represented by one of the source categories listed in subparagraph (d)(1)(A) through (d)(1)(AA) and that are not, by themselves, part of a listed source category. The procedure for calculating (before beginning actual construction) whether a net emissions increase will occur at the major polluting facility is contained in the definition in paragraph (b)(9).~~

(1) Except as provided in subdivision (e) of this rule, and consistent with the definition of a major modification, a project is a major modification for a regulated NSR pollutant if it causes two types of emission increases—a significant emissions increase and a significant net emissions increase. The procedure for calculating whether a significant emissions increase will occur at the major polluting facility depends on the type of emissions units being modified, according to

paragraphs (d)(2) through (d)(5). The procedure for calculating whether a significant net emissions increase will occur at the major polluting facility is contained in the definition of the term Net Emission Increase.

- (2) Actual-to-projected-actual applicability tests for projects that only involve existing emissions units.

A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the difference between the projected actual emissions and the baseline actual emissions [as defined in **sub-paragraph (b)(21)(A) and (b)(21)(B), as applicable**] for each existing emissions unit, equals or exceeds the significant amount for that pollutant.

- (3) Actual-to-potential tests for projects that only involve construction of a new emissions unit(s).

A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the difference between the potential to emit from each new emissions unit following completion of the project and the baseline actual emissions (as defined in sub-paragraph (b)(1)(C)) of these units before the project equals or exceeds the significant amount for that pollutant.

- (4) Hybrid tests for projects that involve multiple types of emissions units. A significant emissions increase of a regulated NSR pollutant is projected to occur if the sum of the emissions increases for each emissions unit, using the method specified in paragraphs ~~(d)(1),~~ (d)(2) and (d)(3) as applicable with respect to each emissions units for each type of emissions unit equals or exceeds the significant amount for that pollutant.

- (5) In lieu of using the method set out in paragraph (d)(2) ~~through (d)(4)~~, the owner or operator of a major polluting facility may elect to use the emissions unit's potential to emit, in tons per year to determine if a significant emissions increase is projected to occur, ~~as defined under paragraph (b)(12).~~ For this purpose, ~~if the emissions unit is part of one of the source categories listed in paragraph (d)(1) or if the emissions unit is located at a major polluting facility that belongs to one of the listed source categories,~~ the unit's potential to emit shall include fugitive emissions (to the extent quantifiable).

- (e) Plantwide Application Limitation (PAL)

~~The pre-construction plan for PALs shall provide for PALs according to the provisions in paragraphs (e)(1) through (e)(15) of this rule.~~

- (1) Applicability

(A) The Executive Officer may approve the use of an actuals PAL for any existing major polluting facility if the PAL meets the requirements in paragraphs (e)(1) through (15) of this rule. The term "PAL" shall mean "actuals PAL" throughout subdivision (e) of this rule.

(B) Any physical change in or change in the method of operation of a major ~~stationary source~~ polluting facility that maintains its total source-wide emissions below the PAL level, meets the requirements in

paragraphs (e)(1) through (e)(15) of this rule, and complies with the PAL permit:

- (i) Is not a major modification for the PAL pollutant;
- (ii) ~~Is not subject to the provisions in subdivision (c) of this rule; Does not have to be approved through the plan's nonattainment major NSR program;~~ and
- (iii) Is not subject to the provisions in paragraph ~~(c)(2) of this rule. (a)(5)(ii) of 40CFR 51.165.~~

(C) Except as provided under clause (e)(1)(B)(iii), a major ~~stationary source~~ polluting facility shall continue to comply with all applicable Federal or State requirements, emission limitations, and work practice requirements that were established prior to the effective date of the PAL.

(2) Definitions. The ~~plan shall use the following~~ definitions in subparagraphs (e)(2)(A) through (K) apply for the purposes of subdivision (e) ~~developing and implementing regulations that authorize the use of actuals PALs consistent with paragraphs (e)(1) through (15)~~ of this rule. When a term is not defined below ~~in these paragraphs~~, it shall have the meaning given in paragraph (b)(1) of this rule or in the Clean Air Act.

- (A) ~~ACTUALS PAL FOR A MAJOR STATIONARY SOURCE~~ POLLUTING FACILITY means a PAL based on the baseline actual emissions, of all emissions units at the source, that emit or have the potential to emit the PAL pollutant.
- (B) ~~ALLOWABLE EMISSIONS~~ means “allowable emissions” as defined in 40CFR 51.165(a)(1)(xi), except as this definition is modified according to clauses (e)(2)(B)(i) and (ii).
 - (i) The allowable emissions for any emissions unit shall be calculated considering any emission limitations that are enforceable as a practical matter on the emissions unit's potential to emit.
 - (ii) An emissions unit's potential to emit shall be determined using the definition in ~~paragraph 40CFR 51.165(a)(1)(iii)(b)(12) of this rule~~, except that the words “or enforceable as a practical matter” should be added after “federally enforceable.”
- (C) ~~SMALL EMISSIONS UNIT~~ means an emissions unit that emits or has the potential to emit the PAL pollutant in an amount less than the significant level for that PAL pollutant, as defined in paragraph (b)(~~12~~) of this rule or in the Clean Air Act, whichever is lower.
- (D) ~~MAJOR EMISSIONS UNIT~~ means:
 - (i) Any emissions unit that emits or has the potential to emit 100 tons per year or more of the PAL pollutant in an attainment area; or
 - (ii) Any emissions unit that emits or has the potential to emit the PAL pollutant in an amount that is equal to or greater than the major source threshold for the PAL pollutant as defined by the Clean Air Act for non-attainment areas.
- (E) ~~PLANTWIDE APPLICABILITY LIMITATION (PAL)~~ means an emission limitation expressed in tons per year, for a pollutant at a major ~~stationary~~

~~source~~polluting facility, that is enforceable as a practical matter and established source-wide in accordance with paragraphs (e)(~~2~~1) through (e)(15) of this rule.

- (F) **PAL EFFECTIVE DATE** generally means the date of issuance of the PAL permit. The PAL effective date for an increased PAL is the date any emissions unit which is part of the PAL major modification becomes operational and begins to emit the PAL pollutant.
 - (G) **PAL EFFECTIVE PERIOD** means the period beginning with the PAL effective date and ending 10 years later.
 - (H) **PAL MAJOR MODIFICATION** means any physical change in or change in the method of operation of the PAL source that causes it to emit the PAL pollutant at a level equal to or greater than the PAL.
 - (I) **PAL PERMIT** means the major NSR permit, the minor NSR permit, ~~or the State operating permit under a program that is approved into the plan,~~ or the ~~title~~-Title V permit issued by the Executive Officer that establishes a PAL for a major ~~stationary source~~polluting facility.
 - (J) **PAL POLLUTANT** means the pollutant for which a PAL is established at a major ~~stationary source~~polluting facility.
 - (K) **SIGNIFICANT EMISSIONS UNIT** means an emissions unit that emits or has the potential to emit a PAL pollutant in an amount that is equal to or greater than the significant level (as defined in paragraph (b)(~~4~~812) of this rule or in the Clean Air Act, whichever is lower) for that PAL pollutant, but less than the amount that would qualify the unit as a major emissions unit as defined in subparagraph (e)(2)(D) of this rule.
- (3) Permit application requirements.
- As part of a permit application requesting a PAL, the owner or operator of a major polluting facility shall submit the following information to the Executive Officer for approval:
- (A) A list of all emissions units at the source designated as small, significant or major based on their potential to emit. In addition, the owner or operator of the source shall indicate which, if any, Federal or State applicable requirements, emission limitations or work practices apply to each unit.
 - (B) Calculations of the baseline actual emissions (with supporting documentation). Baseline actual emissions are to include emissions associated not only with operation of the unit, but also emissions associated with startup, shutdown and malfunction.
 - (C) The calculation procedures that the major ~~stationary source~~polluting facility owner or operator proposes to use to convert the monitoring system data to monthly emissions and annual emissions based on a 12-month rolling total for each month as required by subparagraph (e)(13)(A) of this rule.
- (4) General requirements for establishing PALs
- (A) The ~~plan allows the~~ Executive Officer ~~to~~may establish a PAL at a major polluting facility, provided that at a minimum, the requirements in subparagraph (e)(4)(A) of this rule are met.

- (i) The PAL shall impose an annual emission limitation, in tons per year, that is enforceable as a practical matter, for the entire major polluting facility. For each month during the PAL effective period after the first 12 months of establishing a PAL, the major polluting facility owner or operator shall show that the sum of the monthly emissions from each emissions unit under the PAL for the previous 12 consecutive months is less than the PAL (a 12-month average, rolled monthly). For each month during the first 11 months from the PAL effective date, the major polluting facility owner or operator shall show that the sum of the preceding monthly emissions from the PAL effective date for each emissions unit under the PAL is less than the PAL.
 - (ii) The PAL shall be established in a PAL permit that meets the public participation requirements in paragraph (e)(5) of this rule.
 - (iii) The PAL permit shall contain all the requirements of paragraph (e)(7) of this ~~section~~ rule.
 - (iv) The PAL shall include fugitive emissions, to the extent quantifiable, from all emissions units that emit or have the potential to emit the PAL pollutant at the major polluting facility, ~~regardless of whether the emissions unit or major polluting facility belongs to one of the source categories listed in paragraph (d)(1) of this rule.~~
 - (v) Each PAL shall regulate emissions of only one pollutant.
 - (vi) Each PAL shall have a PAL effective period of 10 years.
 - (vii) The owner or operator of the major polluting facility with a PAL shall comply with the monitoring, recordkeeping, and reporting requirements provided in paragraphs (e)(12) through (14) of this rule for each emissions unit under the PAL through the PAL effective period.
- (B) At no time (during or after the PAL effective period) are emissions reductions of a PAL pollutant, which occur during the PAL effective period, creditable as decreases for purposes of generating offsets ~~under paragraph (a)(3)(ii) of 40CFR 51.165~~ unless the level of the PAL is reduced by the amount of such emissions reductions and such reductions would be creditable in the absence of the PAL.
- (5) Public participation requirement for PALs.
Prior to the issuance of a new, renewed or increased PAL, the Executive Officer shall comply with the public participation requirements of District Rule 212(g). ~~PALs for existing major polluting facilities shall be established, renewed, or increased through a procedure that is consistent with 40CFR 51.160 and 40CFR 51.161. This includes the requirement that the Executive Officer provide the public with notice of the proposed approval of a PAL permit and at least a 30-day period for submittal of public comment.~~ The Executive Officer must address all material comments before taking final action on the permit.

- (6) Setting the 10-year actuals PAL level
- (A) Except as provided in paragraph (e)(6)(B) of this rule, ~~the plan shall provide that~~ the actuals PAL level for a major polluting facility shall be established as the sum of the baseline actual emissions of the PAL pollutant for each emissions unit at the source; plus an amount equal to the applicable significant level for the PAL pollutant under paragraph (b)(~~18~~12) of this rule or under the Act, whichever is lower. When establishing the actuals PAL level, for a PAL pollutant, only one consecutive 24-month period must be used to determine the baseline actual emissions for all existing emissions units. However, a different consecutive 24-month period may be used for each different PAL pollutant. Emissions associated with units that were permanently shut down after this 24-month period must be subtracted from the PAL level. The Executive Officer shall specify a reduced PAL level(s) (in tons/yr) in the PAL permit to become effective on the future compliance date(s) of any applicable Federal or State regulatory requirement(s) that the Executive Officer is aware of prior to issuance of the PAL permit.
- (B) For newly constructed units (which do not include modifications to existing units) on which actual construction began after the 24-month period, in lieu of adding the baseline actual emissions as specified in sub-paragraph (f)(6)(A) of this rule, the emissions must be added to the PAL level in an amount equal to the potential to emit of the units.
- (7) Contents of the PAL permit.
- The ~~plan shall require that the~~ PAL permit shall contain, at a minimum, the following information.
- (A) The PAL pollutant and the applicable source-wide emission limitation in tons per year.
- (B) The PAL permit effective date and the expiration date of the PAL (PAL effective period).
- (C) Specification in the PAL permit that if a major polluting facility owner or operator applies to renew a PAL in accordance with paragraph (e)(10) of this rule before the end of the PAL effective period, then the PAL shall not expire at the end of the PAL effective period. It shall remain in effect until a revised PAL permit is issued by the Executive Officer.
- (D) A requirement that emission calculations for compliance purposes include emissions from startups, shutdowns and malfunctions.
- (E) A requirement that, once the PAL expires, the major polluting facility is subject to the requirements of paragraph (e)(9) of this rule.
- (F) The calculation procedures that the major polluting facility owner or operator shall use to convert the monitoring system data to monthly emissions and annual emissions based on a 12-month rolling total for each month as required by sub-paragraph (e)(13)(A) of this rule.
- (G) A requirement that the major polluting facility owner or operator monitor all emissions units in accordance with the provisions under paragraph (e)(12) of this rule.
- (H) A requirement to retain the records required under paragraph (e)(13) of this rule on site. Such records may be retained in an electronic format.

- (I) A requirement to submit the reports required under paragraph (e)(14) of this rule by the required deadlines.
- (J) Any other requirements that the Executive Officer deems necessary to implement and enforce the PAL.
- (8) PAL effective period and reopening of the PAL permit.
The ~~PAL plan~~ shall ~~require~~ include the following information:
 - (A) PAL effective period. The Executive Officer shall specify a PAL effective period of 10 years.
 - (B) Reopening of the PAL permit.
 - (i) During the PAL effective period, the plan shall require the Executive Officer to reopen the PAL permit to:
 - (A) Correct typographical/calculation errors made in setting the PAL or reflect a more accurate determination of emissions used to establish the PAL.
 - (B) Reduce the PAL if the owner or operator of the major polluting facility creates creditable emissions reductions for use as offsets.
 - (C) Revise the PAL to reflect an increase in the PAL as provided under paragraph (e)(11) of this ~~section~~ rule.
 - (ii) The ~~plan shall provide the~~ Executive Officer ~~discretion to~~ may reopen the PAL permit for the following:
 - (A) Reduce the PAL to reflect newly applicable Federal requirements (for example, New Source Performance Standard) with compliance dates after the PAL effective date.
 - (B) Reduce the PAL consistent with any other requirement, that is enforceable as a practical matter, and that the State may impose on the major polluting facility under the ~~plan~~ District rules.
 - (C) Reduce the PAL if the Executive Officer determines that a reduction is necessary to avoid causing or contributing to a NAAQS or PSD increment violation, or to an adverse impact on an air quality related value that has been identified for a Federal Class I area by a Federal Land Manager and for which information is available to the general public.
 - (iii) Except for the permit reopening in paragraph (e)(8)(B)(i)(A) of this ~~section~~ rule for the correction of typographical/calculation errors that do not increase the PAL level, all other re-openings shall be carried out in accordance with the public participation requirements of paragraph (e)(5) of this ~~section~~ rule.
- (9) Expiration of a PAL.
Any PAL which is not renewed in accordance with the procedures in paragraph (e)(10) of this ~~section~~ rule shall expire at the end of the PAL effective period, and the requirements in paragraph (e)(9) shall apply.
 - (A) Each emissions unit (or each group of emissions units) that existed under the PAL shall comply with an allowable emission limitation under a revised

permit established according to the following procedures: ~~in sub-paragraph (e)(9)(A).~~

- (i) Within the time frame specified for PAL renewals in sub-paragraph (e)(10)(B), the major polluting facility shall submit a proposed allowable emission limitation for each emissions unit (or each group of emissions units, if such a distribution is more appropriate as decided by the Executive Officer) by distributing the PAL allowable emissions for the major polluting facility among each of the emissions units that existed under the PAL. If the PAL had not yet been adjusted for an applicable requirement that became effective during the PAL effective period, as required under paragraph (e)(10)(E) of this ~~section~~rule, such distribution shall be made as if the PAL had been adjusted.
 - (ii) The Executive Officer shall decide whether and how the PAL allowable emissions will be distributed and issue a revised permit incorporating allowable limits for each emissions unit, or each group of emissions units, as the Executive Officer determines is appropriate.
- (B) Each emissions unit shall comply with the allowable emission limitation on a 12-month rolling basis. The Executive Officer may approve the use of monitoring systems (source testing, emission factors, etc.) other than CEMS (Continuous emissions monitoring system), CERMS (Continuous emissions rate monitoring system), PEMS (Predictive emissions monitoring system) or CPMS (Continuous parameter monitoring system) to demonstrate compliance with the allowable emission limitation.
- (C) Until the Executive Officer issues the revised permit incorporating allowable limits for each emissions unit, or each group of emissions units, as required under clause (e)(9)(A)(i) of this rule, the source shall continue to comply with a source-wide, multi-unit emissions cap equivalent to the level of the PAL emission limitation.
- (D) Any physical change or change in the method of operation at the major ~~stationary source~~polluting facility will be subject to the nonattainment major NSR requirements if such change meets the definition of major modification in paragraph (b)(~~8~~3) of this rule.
- (E) The major ~~stationary source~~polluting facility owner or operator shall continue to comply with any State or Federal applicable requirements (BACT, RACT, NSPS, etc.) that may have applied either during the PAL effective period or prior to the PAL effective period except for those emission limitations that had been established pursuant to ~~paragraph (a)(5)(ii) of~~ 40CFR 51.165 (a)(5)(ii), but were eliminated by the PAL in accordance with the provisions in paragraph (e)(1)(B)(iii) of this rule.
- (10) Renewal of a PAL.
- (A) The Executive Officer shall follow the procedures specified in paragraph (e)(5) of this ~~section~~rule in approving any request to renew a PAL for a major polluting facility, and shall provide both the proposed PAL level and a written rationale for the proposed PAL level to the public for review and comment. During such public review, any person may propose a PAL level for the source for consideration by the Executive Officer.

- (B) Application deadline. The plan shall require that a major polluting facility owner or operator shall submit a timely application to the Executive Officer to request renewal of a PAL. A timely application is one that is submitted at least 6 months prior to, but not earlier than 18 months from, the date of permit expiration. If the owner or operator of a major polluting facility submits a complete application to renew the PAL within this time period, then the PAL shall continue to be effective until the revised permit with the renewed PAL is issued.
- (C) Application requirements. The application to renew a PAL permit shall contain the information required in paragraphs (e)(10)(C)(i) through (iv) of this rule.
- (i) The information required in paragraphs (e)(3)(A) through (C) of this rule.
 - (ii) A proposed PAL level.
 - (iii) The sum of the potential to emit of all emissions units under the PAL (with supporting documentation).
 - (iv) Any other information the owner or operator wishes the Executive Officer to consider in determining the appropriate level for renewing the PAL.
- (D) PAL adjustment. In determining whether and how to adjust the PAL, the Executive Officer shall consider the options outlined in paragraphs (e)(10)(D)(i) and (ii) of this rule. However, in no case may any such adjustment fail to comply with paragraph (e)(10)(D)(iii) of this rule.
- (i) If the emissions level calculated in accordance with paragraph (e)(6) of this ~~section~~ rule is equal to or greater than 80 percent of the PAL level, the Executive Officer may renew the PAL at the same level without considering the factors set forth in paragraph (e)(10)(D)(ii) of this rule; or
 - (ii) The Executive Officer may set the PAL at a level that it determines to be more representative of the source's baseline actual emissions, or that it determines to be appropriate considering air quality needs, advances in control technology, anticipated economic growth in the area, desire to reward or encourage the source's voluntary emissions reductions, or other factors as specifically identified by the Executive Officer in its written rationale.
- (iii) Notwithstanding (e)(10)(D)(i) and (ii) of this rule,
- (A) If the potential to emit of the major ~~stationary~~ source polluting facility is less than the PAL, the Executive Officer shall adjust the PAL to a level no greater than the potential to emit of the source; and

- (B) The Executive Officer shall not approve a renewed PAL level higher than the current PAL, unless the major polluting facility has complied with the provisions of paragraph (e)(11) of this rule.
- (E) If the compliance date for a State or Federal requirement that applies to the PAL source occurs during the PAL effective period, and if the Executive Officer has not already adjusted for such requirement, the PAL shall be adjusted at the time of PAL permit renewal or title V permit renewal, whichever occurs first.
- (11) Increasing a PAL during the PAL effective period.
- (A) The plan shall require that the Executive Officer may increase a PAL emission limitation only if the major polluting facility complies with the provisions in clause (e)(11)(A)(i) through (e)(11)(A)(iv) of this rule.
- (i) The owner or operator of the major polluting facility shall submit a complete application to request an increase in the PAL limit for a PAL major modification. Such application shall identify the emissions unit(s) contributing to the increase in emissions so as to cause the major polluting facility's emissions to equal or exceed its PAL.
- (ii) As part of this application, the major polluting facility owner or operator shall demonstrate that the sum of the baseline actual emissions of the small emissions units, plus the sum of the baseline actual emissions of the significant and major emissions units assuming application of BACT equivalent controls, plus the sum of the allowable emissions of the new or modified emissions unit(s) exceeds the PAL. The level of control that would result from BACT equivalent controls on each significant or major emissions unit shall be determined by conducting a new BACT analysis at the time the application is submitted, unless the emissions unit **is currently required to comply with a BACT or LAER requirement that was established within the preceding 10 years. In such a case, the assumed control level for that emissions unit shall be equal to the level of BACT or LAER with which that emissions unit must currently comply.**
- (iii) The owner or operator obtains a major NSR permit for all emissions unit(s) identified in paragraph (e)(11)(A)(i) of this ~~section~~ **rule, regardless of the magnitude of the emissions increase resulting from them. These emissions unit(s) shall comply with any emissions requirements resulting from the nonattainment major NSR program process (for example, LAER), even though they have also become subject to the PAL or continue to be subject to the PAL.**
- (iv) **The PAL permit shall require that the increased PAL level shall be effective on the day any emissions unit that is part of the PAL major modification becomes operational and begins to emit the PAL pollutant.**

- (B) The Executive Officer shall calculate the new PAL as the sum of the allowable emissions for each modified or new emissions unit, plus the sum of the baseline actual emissions of the significant and major emissions units (assuming application of BACT equivalent controls as determined in accordance with paragraph (e)(11)(A)(ii)), plus the sum of the baseline actual emissions of the small emissions units.
- (C) The PAL permit shall be revised to reflect the increased PAL level pursuant to the public notice requirements of paragraph (e)(5) of this ~~section~~rule.
- (12) Monitoring requirements for PALs
- (A) General requirements.
- (i) Each PAL permit must contain enforceable requirements for the monitoring system that accurately determines plantwide emissions of the PAL pollutant in terms of mass per unit of time. Any monitoring system authorized for use in the PAL permit must be based on sound science and meet generally acceptable scientific procedures for data quality and manipulation. Additionally, the information generated by such system must meet minimum legal requirements for admissibility in a judicial proceeding to enforce the PAL permit.
- (ii) The PAL monitoring system must employ one or more of the four general monitoring approaches meeting the minimum requirements set forth in paragraphs (e)(12)(B)(i) through (iv) of this rule and must be approved by the Executive Officer.
- (iii) Notwithstanding paragraph (e)(12)(A)(ii) of this rule, a major polluting facility may also employ an alternative monitoring approach that meets paragraph (e)(12)(A)(i) of this rule if approved by the Executive Officer.
- (iv) Failure to use a monitoring system that meets the requirements of this ~~section~~rule renders the PAL invalid.
- (B) Minimum Performance Requirements for Approved Monitoring Approaches. The following are acceptable general monitoring approaches when conducted in accordance with the minimum requirements in paragraphs (e)(12)(C) through (I) of this rule:
- (i) Mass balance calculations for activities using coatings or solvents;
- (ii) CEMS;
- (iii) CPMS or PEMS; and
- (iv) Emission Factors.
- (C) Mass Balance Calculations. An owner or operator using mass balance calculations to monitor PAL pollutant emissions from activities using coating or solvents shall meet the following requirements:
- (i) Provide a demonstrated means of validating the published content of the PAL pollutant that is contained in or created by all materials used in or at the emissions unit;

- (ii) Assume that the emissions unit emits all of the PAL pollutant that is contained in or created by any raw material or fuel used in or at the emissions unit, if it cannot otherwise be accounted for in the process; and
 - (iii) Where the vendor of a material or fuel, which is used in or at the emissions unit, publishes a range of pollutant content from such material, the owner or operator must use the highest value of the range to calculate the PAL pollutant emissions unless the Executive Officer determines there is site-specific data or a site-specific monitoring program to support another content within the range.
- (D) CEMS. An owner or operator using CEMS to monitor PAL pollutant emissions shall meet the following requirements:
- (i) CEMS must comply with applicable Performance Specifications found in 40 CFR part 60, appendix B; and
 - (ii) CEMS must sample, analyze and record data at least every 15 minutes while the emissions unit is operating.
- (E) CPMS or PEMS. An owner or operator using CPMS or PEMS to monitor PAL pollutant emissions shall meet the following requirements:
- (i) The CPMS or the PEMS must be based on current site-specific data demonstrating a correlation between the monitored parameter(s) and the PAL pollutant emissions across the range of operation of the emissions unit; and
 - (ii) Each CPMS or PEMS must sample, analyze, and record data at least every 15 minutes, or at another less frequent interval approved by the Executive Officer, while the emissions unit is operating.
- (F) Emission factors. An owner or operator using emission factors to monitor PAL pollutant emissions shall meet the following requirements:
- (i) All emission factors shall be adjusted, if appropriate, to account for the degree of uncertainty or limitations in the factors' development;
 - (ii) The emissions unit shall operate within the designated range of use for the emission factor, if applicable; and
 - (iii) If technically practicable, the owner or operator of a significant emissions unit that relies on an emission factor to calculate PAL pollutant emissions shall conduct validation testing to determine a site-specific emission factor within 6 months of PAL permit issuance, unless the Executive Officer determines that testing is not required.
- (G) A source owner or operator must record and report maximum potential emissions without considering enforceable emission limitations or operational restrictions for an emissions unit during any period of time that there is no monitoring data, unless another method for determining emissions during such periods is specified in the PAL permit.
- (H) Notwithstanding the requirements in paragraphs (e)(12)(C) through (G) of this rule, where an owner or operator of an emissions unit

cannot demonstrate a correlation between the monitored parameter(s) and the PAL pollutant emissions rate at all operating points of the emissions unit, the Executive Officer shall, at the time of permit issuance:

- (i) Establish default value(s) for determining compliance with the PAL based on the highest potential emissions reasonably estimated at such operating point(s); or
 - (ii) Determine that operation of the emissions unit during operating conditions when there is no correlation between monitored parameter(s) and the PAL pollutant emissions is a violation of the PAL.
- (I) Re-validation. All data used to establish the PAL pollutant must be re-validated through performance testing or other scientifically valid means approved by the ~~reviewing authority~~ Executive Officer. Such testing must occur at least once every 5 years after issuance of the PAL.
- (13) Recordkeeping requirements.
- (A) The PAL permit shall require an owner or operator to retain a copy of all records necessary to determine compliance with any requirement of paragraph (e) of this ~~section~~ rule and of the PAL, including a determination of each emissions unit's 12-month rolling total emissions, for 5 years from the date of such record.
 - (B) The PAL permit shall require an owner or operator to retain a copy of the following records for the duration of the PAL effective period plus 5 years:
 - (i) A copy of the PAL permit application and any applications for revisions to the PAL; and
 - (ii) Each annual certification of compliance pursuant to title V and the data relied on in certifying the compliance.
- (14) Reporting and notification requirements. The owner or operator shall submit semi-annual monitoring reports and prompt deviation reports to the Executive Officer in accordance with the applicable title V operating permit program. The reports shall meet the requirements in paragraphs (e)(14)(A) through (C).
- (A) Semi-Annual Report. The semi-annual report shall be submitted to the Executive Officer within 30 days of the end of each reporting period. This report shall contain the information required in paragraphs (e)(14)(A)(i) through (vii) of this ~~section~~ rule.
- (i) The identification of owner and operator and the permit number.
 - (ii) Total annual emissions (tons/year) based on a 12-month rolling total for each month in the reporting period recorded pursuant to paragraph (e)(13)(A) of this rule.

- (iii) All data relied upon, including, but not limited to, any Quality Assurance or Quality Control data, in calculating the monthly and annual PAL pollutant emissions.
 - (iv) A list of any emissions units modified or added to the major polluting facility during the preceding 6-month period.
 - (v) The number, duration, and cause of any deviations or monitoring malfunctions (other than the time associated with zero and span calibration checks), and any corrective action taken.
 - (vi) A notification of a shutdown of any monitoring system, whether the shutdown was permanent or temporary, the reason for the shutdown, the anticipated date that the monitoring system will be fully operational or replaced with another monitoring system, and whether the emissions unit monitored by the monitoring system continued to operate, and the calculation of the emissions of the pollutant or the number determined by method included in the permit, as provided by paragraph (e)(12)(G) of this rule.
 - (vii) A signed statement by the responsible official (as defined by the applicable title V operating permit program) certifying the truth, accuracy, and completeness of the information provided in the report.
- (B) Deviation report. The major polluting facility owner or operator shall promptly submit reports of any deviations or exceedance of the PAL requirements, including periods where no monitoring is available. A report submitted pursuant to 40CFR 70.6(a)(3)(iii)(B) shall satisfy this reporting requirement. The deviation reports shall be submitted within the time limits prescribed by ~~the applicable program implementing 40CFR 70.6(a)(3)(iii)(B)~~ [District Rule 3004\(g\)\(4\)](#). The reports shall contain the following information:
- (i) The identification of owner and operator and the permit number;
 - (ii) The PAL requirement that experienced the deviation or that was exceeded;
 - (iii) Emissions resulting from the deviation or the exceedance; and
 - (iv) A signed statement by the responsible official (as defined by the applicable title V operating permit program) certifying the truth, accuracy, and completeness of the information provided in the report.
- (C) ~~Re-validation results. The owner or operator shall submit to the Executive Officer the results of any re-validation test or method within 3 months after completion of such test or method.~~
- (15) Transition requirements.
- (A) The Executive Officer may not issue a PAL that does not comply with the requirements in paragraphs (e)(1) through (15) of this rule after the ~~U.S. EPA Administrator~~ has approved [this rule as part of the California State Implementation Plan](#) ~~regulations incorporating these requirements into a plan.~~
- ~~(B) The Executive Officer may supersede any PAL which was established prior to the date of approval of the plan by the U.S. EPA~~

~~Administrator with a PAL that complies with the requirements of paragraphs (e)(1) through (15) of this section.~~

(f) Two Year Limit on Facility Exemption

Any facility, with accumulated emission increases in excess of 100 tons per year of PM_{2.5} due to permit actions within any two-year period after (*date of adoption*), shall offset the total emission increases during such period to zero.

(g) Recordkeeping Requirements

(1) If an owner or operator uses the calculation methods specified in paragraphs (d)(2) or (d)(4) of this rule to calculate projected actual emissions, and where there is a reasonable possibility, within the meaning of paragraph (g)(6) of this rule, that a project that is not a part of a major modification may result in a significant emissions increase of such pollutant, then before beginning actual construction of the project, the owner or operator shall document and maintain a record of the following information:

(A) A description of the project;

(B) Identification of the emissions unit(s) whose emissions of a regulated NSR pollutant could be affected by the project; and

(C) A description of the applicability test used to determine that the project is not a major modification for any regulated NSR pollutant, including the baseline actual emissions, the projected actual emissions, the amount of emissions excluded under paragraph (b)(9)(C) of this rule and an explanation for why such amount was excluded, and any netting calculations, if applicable.

(2) If the emissions unit is an existing electric utility steam generating unit, before beginning actual construction, the owner or operator shall provide a copy of the information set out in paragraph (g)(1) to the Executive Officer. Nothing in this paragraph shall be construed to require the owner or operator of such a unit to obtain any determination from the Executive Officer before beginning actual construction.

(3) The owner or operator shall monitor the emissions of any regulated NSR pollutant that could increase as a result of the project and that is emitted by any emissions units identified in paragraph (g)(1)(B); and calculate and maintain a record of the annual emissions, in tons per year on a calendar year basis, for a period of 5 years following resumption of regular operations after the change, or for a period of 10 years following resumption of regular operations after the change if the project increases the design capacity or potential to emit of that regulated NSR pollutant at such emissions unit.

(4) If the unit is an existing electric utility steam generating unit, the owner or operator shall submit a report to the Executive Officer within 60 days after the end of each year during which records must be generated under paragraph (g)(3) setting out the unit's annual emissions.

- (5) If the unit is an existing unit other than an electric utility steam generating unit, the owner or operator shall submit a report to the Executive Officer if the annual emissions, in tons per year, from the project identified in paragraph (g)(1), exceed the baseline actual emissions (as documented and maintained pursuant to paragraph (g)(1)(C), by a significant amount (as defined in paragraph (b)(12) of this rule) for that regulated NSR pollutant, and if such emissions differ from the preconstruction projection as documented and maintained pursuant to paragraph (g)(1)(C). Such report shall be submitted to the Executive Officer within 60 days after the end of such year. The report shall contain the following:
- (A) The name, address and telephone number of the major polluting facility;
 - (B) The annual emissions as calculated pursuant to paragraph (g)(3); and
 - (C) Any other information that the owner or operator wishes to include in the report (e.g., an explanation as to why the emissions differ from the preconstruction projection).
- (6) A “reasonable possibility” occurs when the owner or operator calculates the project to result in either:
- (A) A projected actual emissions increase of at least 50 percent of the amount that is a “significant emissions increase,” as defined under paragraph (b)(12) of this rule (without reference to the amount that is a significant net emissions increase), for the regulated NSR pollutant; or
 - (B) A projected actual emissions increase that, added to the amount of emissions excluded under paragraph (b)(9)(C), sums to at least 50 percent of the amount that is a “significant emissions increase,” as defined under paragraph (b)(12) of this rule (without reference to the amount that is a significant net emissions increase), for the regulated NSR pollutant. For a project for which a reasonable possibility occurs only within the meaning of paragraph (g)(6)(B) of this rule, and not also within the meaning of paragraph (g)(6)(A) of this rule, then provisions (g)(2) through (5) do not apply to the project.

~~(g)~~(h) Test Methods

For the purpose of this rule only, testing for point sources of PM_{2.5} shall be in accordance with U.S. EPA Test Methods 201A and 202.

~~(h)~~(i) Exclusions

The provisions of Rule 1304 – Exemptions and Rule 1309.1 – Priority Reserve, do not apply for the purposes of this rule. Rule 1325 and not other provisions of Regulation XIII regulates PM_{2.5} as a non-attainment pollutant.

ATTACHMENT F



South Coast
Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

SUBJECT: NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

PROJECT TITLE: PROPOSED RULE 1325 – FEDERAL PM_{2.5} NEW SOURCE REVIEW PROGRAM

Pursuant to the California Environmental Quality Act (CEQA) Guidelines, the South Coast Air Quality Management District (SCAQMD) is the Lead Agency and will prepare a Notice of Exemption for the project identified above.

The SCAQMD has reviewed the proposed project pursuant to the CEQA Guidelines §15002(k)(1), the first step of a three-step process for deciding which document to prepare for a project subject to CEQA. The currently proposed rule would incorporate and adopt by reference U.S. EPA's requirements for PM_{2.5} into Regulation XIII- New Source Review (NSR). Proposed Rule (PR) 1325 – Federal PM_{2.5} New Source Review Program – would apply to new and modified major sources that trigger the NSR threshold for PM_{2.5}. The proposed rule mirrors existing federal requirements for PM_{2.5} that are already in effect.

The proposed rule incorporates existing federal regulations into Regulation XIII and does not require any major modifications or changes to existing operations. PR 1325 qualifies for one common sense exemption (§15061 (b)(3) and one categorical exemption (§15308). The Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties immediately following the adoption of the proposed project.

Any questions regarding this Notice of Exemption should be sent to Jeff Inabinet (c/o Planning, Rule Development & Area Sources) at the above address. Mr. Inabinet can also be reached at (909) 396-2453. Questions regarding Proposed Rule 1325 should be directed to Mr. Shams Hasan at (909) 396-2338.

Date: June 3, 2011

Signature: _____

Steve Smith, Ph.D.
Program Supervisor
CEQA Unit
Planning, Rule Development &
Area Sources

NOTICE OF EXEMPTION

To: County Clerks of
Los Angeles, Orange, Riverside, San
Bernardino

From: South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Project Title:

Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program

Project Location:

South Coast Air Quality Management District (SCAQMD) area of jurisdiction consisting of the four-county South Coast Air Basin (Orange County and the non-desert portions of Los Angeles, Riverside and San Bernardino counties), and the Riverside County portions of the Salton Sea Air Basin and the Mojave Desert Air Basin.

Description of Nature, Purpose, and Beneficiaries of Project:

The purpose of the proposed rule is to incorporate and adopt by reference U.S. EPA's existing requirements for PM_{2.5} that are already in effect into Regulation XIII- New Source Review (NSR). Proposed Rule 1325 – Federal PM_{2.5} NSR Program – would apply to new and modified major sources that trigger the NSR threshold for PM_{2.5}. A major source is defined as having a potential to emit 100 tons per year of PM_{2.5}. The proposed rule mirrors federal requirements for PM_{2.5}. Rule thresholds, major modification levels, emission offsets, and other requirements of the proposed rule are taken directly from U.S. EPA requirements. It is anticipated that Proposed Rule 1325 will have little impact on existing sources.

Public Agency Approving Project:

South Coast Air Quality Management District

Agency Carrying Out Project:

South Coast Air Quality Management District

Exempt Status:

Three Step Process [CEQA Guidelines §15002(k)(1)];
Common Sense Exemption [CEQA Guidelines §15061 (b)(3)]; and
Actions by Regulatory Agencies for Protection of the Environment [CEQA Guidelines §15308]

Reasons why project is exempt:

The SCAQMD has reviewed Proposed Rule 1325, pursuant to CEQA Guidelines §15002(k)(1) – Three Step Process, and CEQA Guidelines §15061 – Review for Exemption, and has determined that the proposed rule is exempt from CEQA for the following reasons. SCAQMD proposes to incorporate existing federal requirements already in effect for PM_{2.5}. The proposed rule is categorically exempt because it is considered an action to protect or enhance the environment pursuant to CEQA Guidelines §15308 – Class 8 Categorical Exemption. Any potential facilities affected by the proposed rule in the future would still be subject to modeling requirements and best available control technology (BACT) requirements for PM₁₀, which is the same as BACT for PM_{2.5}. Therefore, no new or additional control equipment would be required as a result of Proposed Rule 1325. As a result, Proposed Rule 1325 is statutorily exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) and categorically exempt from CEQA pursuant to CEQA Guidelines §15308.

Certification Date:

SCAQMD Governing Board Hearing: June 3, 2011, 9:00 a.m.; SCAQMD Headquarters

CEQA Contact Person:	Phone Number:	Fax Number:	Email:
Mr. Jeff Inabinet	(909) 396-2453	(909) 396-3324	<jinabinet@aqmd.gov>

Rule Contact Person:	Phone Number:	Fax Number:	Email:
Mr. Shams Hasan	(909) 396-2338	(909) 396-3324	<shasan@aqmd.gov>

Date Received for Filing _____

Signature _____

Steve Smith, Ph.D.
Program Supervisor - CEQA
Planning, Rule Development and Area Sources

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

~~REVISED DRAFT~~ STAFF REPORT

PROPOSED RULE 1325 – FEDERAL PM_{2.5} NEW SOURCE REVIEW PROGRAM

~~May-June~~ 2011

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BARRY R. WALLERSTEIN, D.Env.

PREFACE

Proposed Rule 1325 was originally set on April 1, 2011 for a public hearing on May 6, 2011. The proposed rule and staff report were revised to reflect rule applicability and other comments made by EPA subsequent to April 1, 2011. Revisions from the April 1, 2011 documents to the revised documents available for 30 days before the June Governing Board meeting are shown as double underline and double strikethrough. These revised rule requirements are consistent with federal requirements that are already in effect under 40 CFR Part 51, Appendix S (Appendix S). At the May Governing Board meeting, ~~Staff will recommend that~~ the hearing ~~be~~ was continued to the June Governing Board meeting to provide the public with additional review time.

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EXECUTIVE SUMMARY

Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program, implements federally mandated requirements for fine particulate matter with an aerodynamic diameter less than or equal to a nominal 2.5 micrometers (PM_{2.5}). The proposed rule applies to new sources with a potential to emit of 100 tons per year (tpy) or more of PM_{2.5} or its precursors; any existing source with an emissions increase ~~of 100 tpy or more of PM_{2.5} or its precursors~~ large enough to be a major source in and of itself; and a major modification of a major stationary source. A major modification is an increase of 10 or more tons per year of PM_{2.5} or 40 or more tons per year of either NO_x or SO₂. The proposed rule mirrors federal requirements for applicability, emissions calculations, and source test methods.

As a PM_{2.5} non-attainment area, the AQMD is required to adopt a PM_{2.5} New Source Review Rule ~~July 15, 2011~~.

Proposed Rule 1325 will have minimal impact on new or modified sources because this rule mirrors the requirements of Appendix S (40 CFR Part 51, Appendix S) which is currently in effect. Based on the unaudited data received by District's Annual Emissions Reporting staff for calendar year 2009, there are seven facilities that emit more than 90 tons of total PM per year and fourteen facilities that emit 50 tons or more of PM per year. Of these, at least six actually emitted over 100 tpy of PM. These emissions do not indicate the total PM_{2.5} emissions as the facilities are currently not required to report those separately. Almost all of these facilities could be major polluting facilities according to the definition in Rule 1302. It is unlikely that any new facilities, such as power plants, will be built in the near future that will emit 100 tons or more of PM_{2.5} emissions. Existing large power plants undergoing modifications to comply with Once Through Cooling requirements or to modernize their electrical generating equipment could be major polluting facilities with major modifications. ~~However, this rule does not change the requirements for any facilities, as the same requirements are currently in effect under Appendix S (40 CFR part 51, Appendix S).~~ A source with a Potential to Emit (PTE) of 100 tons per year or more of PM_{2.5}, NO_x, or SO₂ is a major source for PM_{2.5}. No new or additional control equipment would be required for existing facilities as a result of Proposed Rule 1325, unless a source makes a modification, and even then as BACT (Best Available Control Technology) equipment for PM₁₀ and PM_{2.5} are the same. Minor sources will not be impacted, as they are not covered by this rule, but are subject to existing Rule 1303, which already requires PM₁₀ BACT.

BACKGROUND

Airborne particulate matter with a nominal aerodynamic diameter of 2.5 micrometers or less are considered to be “fine particles,” and are also known as PM_{2.5}. Fine particles in the atmosphere are made up of a complex mixture of components, including sulfate, nitrate, ammonium, elemental carbon, organic compounds, and inorganic material. There are substantial health effects associated with exposure to PM_{2.5}. Epidemiological studies have shown a significant correlation between elevated PM_{2.5} levels and premature

mortality. Other important health effects associated with PM_{2.5} exposure include aggravation of respiratory and cardiovascular disease, lung disease, decreased lung function, asthma attacks, and certain cardiovascular problems. Individuals particularly sensitive to PM_{2.5} exposure include older adults, people with heart and lung disease, and children.

PM_{2.5} is a sub-set of PM₁₀ which is already regulated under the District's NSR and source-specific rules. Although it was not previously separately categorized and there were no PM_{2.5} specific limits, the effect was that no new or modified source could emit PM_{2.5} in excess of the threshold values of Rule 1303 for PM₁₀ without providing offsets. In addition, District rules already required BACT, which is equivalent to federal LAER (Lowest Achievable Emissions Rate) for major and minor sources making a modification that causes any increase of PM₁₀. The BACT for PM₁₀ is the same as for PM_{2.5}.

In the proposed rule, the District is implementing the requirements of ~~U.S.~~EPA's final rule for PM_{2.5} by mirroring the federal requirements which include the definition of major source significant emissions rate, offset ratios, and the applicability requirements of LAER, facility compliance, offsets, and control of PM_{2.5} precursors. A provision for plantwide applicability limits as required for federal NSR programs is also included.

On July 18, 1997, ~~U.S.~~EPA revised the NAAQS for PM to add new standards for fine particles, using PM_{2.5} as the indicator. It established primary annual and 24-hour standards for PM_{2.5}; ~~U.S.~~EPA set an annual standard at 15 micrograms per cubic meter ($\mu\text{g}/\text{m}^3$) and a 24-hour standard at 65 $\mu\text{g}/\text{m}^3$. At the same time, ~~U.S.~~EPA established secondary standards identical to the primary standards. The secondary standards are designed to protect against major environmental effects of PM_{2.5} such as visibility impairment, soil, and materials damage.

~~U.S.~~EPA revised the primary and secondary NAAQS for PM_{2.5} and PM₁₀ on October 17, 2006. The 24-hour NAAQS for PM_{2.5} was changed to 35 $\mu\text{g}/\text{m}^3$ but the existing annual PM_{2.5} NAAQS of 15 $\mu\text{g}/\text{m}^3$ was retained. In addition, ~~U.S.~~EPA retained PM₁₀ as the indicator for coarse PM, retained the existing PM₁₀ 24-hour NAAQS of 150 $\mu\text{g}/\text{m}^3$ and revoked the annual PM₁₀ NAAQS which had previously been set at 50 $\mu\text{g}/\text{m}^3$. After the 1997 revision to the NAAQS, ~~U.S.~~EPA issued a guidance document that stated that sources would be allowed to use implementation of a PM₁₀ program as a surrogate for meeting PM_{2.5} NSR requirements until certain difficulties were resolved, primarily the lack of necessary tools to calculate the emissions of PM_{2.5} and related precursors, the lack of adequate modeling techniques to project ambient impacts, and the lack of PM_{2.5} monitoring sites^[A1].

On April 5, 2005, ~~U.S.~~EPA issued a guidance document entitled "Implementation of New Source Review Requirements in PM_{2.5} Non-attainment Areas". This memorandum provided guidance on the implementation of the non-attainment major NSR provisions in PM_{2.5} non-attainment areas in the interim period between the effective date of the PM_{2.5} NAAQS designations (April 5, 2005) and the promulgation date of the final NSR regulations reflected in the final action of 2008. The April 5, 2005 memo recommended

that until ~~U.S.~~EPA promulgates the PM_{2.5} major NSR regulations, state and local agencies should use a PM₁₀ non-attainment major NSR program as a surrogate to address the requirements of non-attainment major NSR for PM_{2.5}.

~~U.S.~~EPA's final rule, 40CFR Parts 51 & 52, promulgated on July 15, 2008, amends the NSR regulations to establish the minimum requirements for state, local, and tribal agency programs implementing NSR for the PM_{2.5} NAAQS. In the final rule, ~~U.S.~~EPA finalized the NSR provisions of the November 1, 2005 proposed rule including the major source threshold, significant emissions rate, and offset ratios for PM_{2.5}, inter-pollutant trading for offsets and applicability of NSR to PM_{2.5} and PM_{2.5} precursors. ~~U.S.~~EPA's final rule supplements the final implementation rule for PM_{2.5} (excluding the NSR provisions) that ~~U.S.~~EPA promulgated on April 25, 2007 at 72 FR 20586.

In addition to the final rule, the ~~U.S.~~EPA has published Appendix S to Part 51 – Emission Offset Interpretative Ruling. This appendix sets forth ~~U.S.~~EPA's Interpretative Ruling on the preconstruction review requirements for stationary sources of air pollution (not including indirect sources) under 40 CFR subpart I and section 129 of the Clean Air Act Amendments of 1977. ~~U.S.~~EPA's July 15, 2008 final rule directed states to follow "Appendix S to Part 51" for PM_{2.5} NSR until they adopt NSR rules for PM_{2.5} into their SIP (State Implementation Plan). Appendix S is currently applicable and implementation of these requirements are superseded once a SIP-approved rule is in place, which Rule 1325 will be.

EPA staff raised the issue that a net air quality benefit must be demonstrated when offsets are used. This is traditionally met by an offset ratio greater than 1:1. EPA staff suggested that it would be appropriate to use the annual percentage rate of progress for Reasonable Further Progress (RFP) used in our most recent Air Quality Management Plan (AQMP) as a guide post. Table 6-3A, Summary of Reasonable Further Progress Calculations from the 2007 AQMP has 1% as the annual percent reduction needed to show linear progress for PM_{2.5}. This rate of progress is sufficient to meet attainment over the period 2002 – 2014. Using this calculation as the basis for determining the offset ratio, and to be conservative to address future limits (24-hour PM_{2.5} NAAQS and anticipated revisions to PM_{2.5} NAAQS), staff proposes an offset ratio of 1.1:1 for PM_{2.5} for Proposed Rule 1325. The offset ratio for NO_x and SO₂ shall be the ratio required under the applicable NSR rule (Regulation XIII or Rule 2005).

It should be noted that the AQMD already satisfies RFP through the control measures including projected growth assumed in the AQMP (which includes new sources). An increased offset ratio for PM_{2.5} is not needed for RFP demonstration, but is to give additional protection and meet the net air quality benefit requirement for the PM_{2.5} NSR program. Demonstration that there was a net air quality benefit would have been required for any facility subject to Appendix S, so this change is still consistent with staff's proposal for a rule that mirrors the federal PM_{2.5} NSR requirements.

PURPOSE OF PROPOSED RULE

The purpose of the proposed rule is to incorporate ~~U.S.~~EPA's requirements for PM_{2.5}, into Regulation XIII. Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program – would apply to new and modified major sources that trigger the NSR threshold for PM_{2.5}. A major source is defined as having a potential to emit of 100 tons per year or more of PM_{2.5} or its precursors. Rule thresholds, emission offsets, emissions calculations, and other requirements are taken directly from ~~U.S.~~EPA requirements.

District staff proposes to adopt the same thresholds as the ~~U.S.~~EPA and as published in the final rule, effective July 15, 2008. EPA's final rule is specific to implementation of PM_{2.5} in NSR programs for all areas of the country, which includes both attainment and non-attainment areas. It also requires the relevant agencies to develop SIP approved rules implementing this proposal by ~~July 15~~May 16, 2011. However, EPA staff has indicated that a June 2011 AQMD Board hearing on Proposed Rule 1325 would be satisfactory. In the proposed rule, the District is implementing the requirements of the final ~~U.S.~~EPA rule by proposing the same major source threshold, significant emissions rate, offset ratios, and calculation procedures for PM_{2.5}.

Failure to adopt a rule by the statutory deadline will-could result in an 18-month sanctions clock by ~~U.S.~~EPA. Sanctions can include an increase in the emission offset ratio; loss of federal highway funds; and the development and imposition of federal rule by ~~US~~EPA.

Rule 1325 applies only to PM_{2.5} and its precursors and is the only New Source Review Rule affecting PM_{2.5}. The remainder of Regulation XIII does not apply to PM_{2.5}.

POTENTIAL SOURCES SUBJECT TO PROPOSED RULE

It is anticipated that Proposed Rule 1325 will not have any impact on existing sources because the thresholds are high before requirements are triggered, and the same requirements are currently in effect under Appendix S. The potential sources subject to the proposed rule fall under three main categories:

1. New facilities with emissions greater than 100 tons per year of PM_{2.5} or its precursor;
2. Any existing facility with an increase of 100 tons per year or more of PM_{2.5} or its precursor; and.
3. Major modifications at existing major sources (10 tons per year of PM_{2.5} or 40 tons per year of NO_x or SO₂).

Table 1 lists sources with reported emissions greater than 50 tons per year of PM. Depending on the PM_{2.5} fraction of these PM emissions, these sources may potentially be subject to the proposed rule. It is likely that in many cases existing facilities would take a cap on total facility PM_{2.5} emissions and/or make concurrent facility reductions to avoid triggering the PM_{2.5} NSR requirements.

Table 1 – ~~List of~~ Facilities in the South Coast Air Basin ~~with Reporting~~ 50 Tons or more of PM Emissions in Calendar Year 2009

Facility ID	Facility Name	SIC Code	NAICS Code	CY 2009 Reported Emissions Data		
				NO _x (TPY)	SO _x (TPY)	PM (TPY)
800089	EXXONMOBIL OIL CORPORATION	2911	324110	706	232	494
131003	BP WEST COAST PROD.LLC BP	2911	324110	653	583	313
800436	TESORO REFINING AND MARKETING	2911	324110	682	321	233
800030	CHEVRON PRODUCTS CO.	2911	324110	641	386	227
800363	CONOCOPHILLIPS COMPANY	2911	324110	629	105	168
121737	MOUNTAINVIEW GENERATING STATION	4911	221111	103	15	116
115315	RRI ENERGY ETIWANDA, INC.	4911	221112	21	2	92
800181	CALIFORNIA PORTLAND CEMENT	3241	327310	444	33	80
800183	PARAMOUNT PETR CORP	1794	324110	63	27	69
800026	ULTRAMAR INC	2911	324110	243	276	65
800362	CONOCOPHILLIPS COMPANY	2911	324110	343	310	60
3704	ALL AMERICAN ASPHALT	2951	324121	9	0	56
800074	LA CITY, DWP HAYNES GENERATING STATION	4911	221112	109	7	56
16642	ANHEUSER-BUSCH INC.	2082	312120	15	3	50

SIC: Standard Industrial Classification, a United States government system for classifying industries by a four-digit code.

NAICS: North American Industry Classification System, used by business and government to classify business establishments according to type of economic activity in Canada, Mexico and the United States. It has largely replaced the SIC system.

PROPOSED RULE

As stated above, the purpose of the proposed rule is to incorporate ~~U.S.~~EPA's requirements for PM_{2.5} into Regulation XIII. The proposed rule mirrors federal requirements for PM_{2.5} and is no more stringent than the federal rule for any provisions. Rule thresholds, emission offsets, calculation procedures, and other requirements are taken directly from ~~U.S.~~EPA requirements. The definitions for the terms used in the proposed rule are consistent with those in federal requirements.

Proposed Rule 1325 has the following main elements:

- ❖ **Applicability:** Since the purpose of the proposed rule is to incorporate ~~U.S.~~EPA's requirements for PM_{2.5}, into Regulation XIII, Proposed Rule 1325 applies to new major polluting facilities of PM_{2.5} or its precursors; major modifications to major polluting facilities of PM_{2.5} or its precursors; and any facility with an emissions increase of a potential to emit 100 tons per year or more of PM_{2.5} or its precursors. The rule only applies in federal non-attainment areas for PM_{2.5}.
- ❖ **Definitions:** For the purposes of this rule, the definitions in 40 CFR 51.165(a)(1), as they exist on the date of adoption of the rule shall apply except for the following: The proposed rule includes definitions from 40CFR51.165 for Baseline Actual Emissions, Facility, Major Modification, Major Source, Major Polluting Facility, Plantwide Applicability Limitation, PM_{2.5}, Precursors, Projected Actual Emissions, Regulated NSR Pollutant, Reviewing Authority, Significant, and Source. To avoid duplication in the rule, staff has not included definitions that are identical to those in 40 CFR 51.165(a)(1) . A list of such definitions is included in Appendix A of this staff report. Lowest Achievable Emissions Rate (LAER), Major Modification, Major Polluting Facility, Potential to Emit, PM_{2.5}, Relocation, Secondary Emissions, Significant Emissions Increase, Significant Net Emissions Increase, and other terms.
- ❖ **Requirements:** The Executive Officer or designee shall deny the Permit for new major polluting facilities; or major modifications to major polluting facilities of PM_{2.5}; or any facility with an emissions increase of a potential to emit 100 tons per year or more of PM_{2.5} or its precursors (which for the purposes of this rule are NO_x and SO₂), unless each of the following requirements is met:
 - (1) LAER is employed for the new or relocated source or for the actual modification to an existing source;
 - (2) Emission increases are offset at a ratio of 1.1:1 for PM_{2.5}. The offset ratio for NO_x and SO₂ shall be the ratio required under the applicable NSR rule (Regulation XIII or Rule 2005);
 - (3) Certification that all major sources, as defined in the jurisdiction where the facilities are located, that are owned or operated by such person (or by any entity controlling, controlled by, or under common control with such person) in the State of California are subject to emission limitations and are in compliance or on a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act; and

(4) An analysis conducted of alternative sites, sizes, production processes, and environmental control techniques for such proposed source and demonstration made that the benefits of the proposed project outweigh the environmental and social costs associated with that project.

Offsets must be either ERCs for non-RECLAIM pollutants or RTCs for sources in the RECLAIM program for either NO_x or SO_x.

- ❖ **Emission Calculations:** For the purposes of this rule, emissions calculations shall be pursuant to 40CFR51.165.
- ❖ **Recordkeeping:** Recordkeeping is required if the past actual to projected future actual or the hybrid emissions calculation methodology is used to determine that the modification at issue is not major and hence does not trigger this rule.
- ❖ **Plantwide Applicability Limitation (PAL):** To be consistent with federal requirements, the proposed rule incorporates the language from 40CFR 51.165 for Plantwide Applicability Limitations (PALs). PALs are a voluntary option that allows a major stationary source to manage emissions without triggering major new source review. PALs can be utilized for PM_{2.5} and SO₂ emissions but not for NO_x as PALs are not allowed for ozone precursors in extreme non-attainment areas. Public notice pursuant to Rule 212(g) is required prior to the issuance of a PAL.
- ❖ **Limitation on Facility Exemption:** Any ~~new~~ facility, with accumulated emission increases in excess of 100 tons per year of PM_{2.5} due to permit actions within any two-year period after the date of adoption of this rule, shall offset the total emission increases during such period to zero. This is an anti-piecemealing provision to prevent sources which currently emit less than 100 tons per year of PM_{2.5} from increasing more than 100 tons per year of PM_{2.5} without providing offsets by phasing the project.
- ❖ **Test Methods:** Testing for point sources shall be in accordance with U.S. EPA Test Methods 201A and 202. These test methods are cited in reference to the revised versions recently finalized by EPA in December 2010 for this rule only. The test methods referenced herein are used for Proposed Rule 1325 exclusively and are not applicable to any non-Proposed Rule 1325 AQMD rules, including the rest of Regulation XIII rules. For those rules, a PM₁₀ test must use EPA Method 201A in combination with AQMD Method 5.1, 5.2, or 5.3, which include both the filterable and condensable PM₁₀ measured emissions, unless otherwise specified in future rule revisions. It should be noted that the PM₁₀ emissions limits in those rules were established based on U.S. EPA Test Method 201A in combination with AQMD Method 5.1, 5.2, or 5.3.
- ❖ **Exclusions:** The provisions of Rule 1304 – Exemptions and Rule 1309.1 – Priority Reserve, do not apply for the purposes of this rule. Regulation XIII does not apply to PM_{2.5} but we are specifically citing Rules 1304 and 1309.1 because of the many questions regarding the applicability of these two rules to PM_{2.5} NSR.
- ❖ **Fugitive Emissions:** The requirements for fugitive emissions have changed recently (U.S. EPA revised these per a March 30, 2011 Federal Register Notice. See 76FR 17548). Prior to the above revision, the Federal NSR program required that fugitive

emissions be included in determining whether a physical or operational change results in a major modification only for sources in designated industries. After the revision on March 30, 2011 fugitive emissions are to be included for all categories to the extent they are quantifiable. Proposed Rule 1325 has been changed to match the new requirements.

APPLICABILITY

Table 2 summarizes the applicability of Proposed Rule 1325.

Table 2 – Applicability of Proposed Rule 1325

	PM _{2.5} (tpy)	NO _x or SO ₂ (tpy)
New major facility	100 or more	100 or more
Modifications at existing non-major facility	100 or more	100 or more
Modifications at existing major facility	10 or more	40 or more

Notes:

- ❖ Potentially impacted facilities can take an emissions cap to avoid the requirements of Rule 1325.
- ❖ They could also use the NSR Reform calculation methods to opt out of PM_{2.5} NSR requirements, if the “highest 24 months in the past 10 years” and “future actual” emissions show no significant increase in PM_{2.5} emissions.
- ❖ PM_{2.5} precursors are subject to their own NSR requirements and not Rule 1325 when they reach their thresholds. For example, a source that is subject to the rule only for NO_x emissions is not subject to the rule for PM_{2.5} emissions or SO₂. The rule only applies on a pollutant by pollutant basis.

OPERATION OF PROPOSED RULE

The federal PM_{2.5} NSR provisions apply to Federal major sources (100 tons per year or more) of PM_{2.5} and its precursors. The precursors for PM_{2.5} are NO_x and SO₂. The rule applies individually to each pollutant. A source that is subject to the rule only for NO_x emissions (a new or modified source with emissions greater than 100 tons of NO_x per year or an increase of greater than 40 tons of NO_x per year at a source with existing emissions of more than 100 tons per year of NO_x) is not subject to the rule for PM_{2.5} emissions or SO₂. The rule only applies (on a pollutant by pollutant basis) to (1) new sources with potential emissions of more than 100 tons per year of either PM_{2.5}, NO_x, or SO₂; (2) major modifications (potential emission increases greater than 10, 40, and 40 tons per year of PM_{2.5}, NO_x, and SO₂, respectively) at a source that has more than 100

tons per year potential emissions for that pollutant; and (3) any source with an potential emission increase of more than 100 tons per year of PM_{2.5}, NO_x, or SO₂.

The following table presents five different scenarios with varying amounts of baseline emissions and emission increases to demonstrate how the proposed rule would be applied.

Table 3 – Operation of Proposed Rule 1325

Scenario	Pollutant	Baseline Emissions (TPY)	Emissions Increase (TPY)	Subject to PR 1325
1	PM _{2.5}	80	80	No
	NO _x	115	35	No
	SO ₂	50	60	No
2	PM _{2.5}	150	15	Yes
	NO _x	205	65	Yes
	SO ₂	35	30	No
3	PM _{2.5}	105	8	No
	NO _x	30	40	No
	SO ₂	30	105	Yes
4	PM _{2.5}	50	110	Yes
	NO _x	140	60	Yes
	SO ₂	50	80	No
5	PM _{2.5}	0	50	No
	NO _x	0	150	Yes
	SO ₂	0	50	No

In scenario 1, the rule doesn't apply for any of the pollutants. Although the baseline NO_x emissions are greater than 100 tons per year, the threshold for a major modification is 40 tons per year. Since the baseline emissions for both PM_{2.5} and SO₂ are less than 100 tons per year and the emission increases for those pollutants were less than 100 tons per year, the rule does not apply for these pollutants.

In scenario 2, the rule would apply to the emission increase for both PM_{2.5} and NO_x. The rule applies as the source is major for both pollutants (greater than 100 tons per year of emissions) and the emission increase is greater than the major modification threshold (10

tons per year for PM_{2.5} and 40 tons per year of NO_x). The rule does not apply to SO₂ as the baseline emissions are less than 100 tons per year (the source is not major) and the emission increase is less than 100 tons per year.

Only SO₂ emissions are subject to the rule in scenario 3 as SO₂ emissions increase by more than 100 tons per year. This is the case even though the baseline emissions are less than 100 tons per year. Although the baseline PM_{2.5} emissions are greater than 100 tons per year, the emission increase is less than the major modification threshold for PM_{2.5} (10 tons per year).

In scenario 4, both the emission increases of PM_{2.5} and NO_x are subject to the rule as the baseline emissions for NO_x is greater than 100 tons per year and the emission increase is greater than the major modification threshold (40 tons per year for NO_x). The rule applies to PM_{2.5} as although the baseline emissions are less than 100 tons per year, the emissions increase is greater than 100 tons per year. The rule does not apply to SO₂ as the baseline emissions are less than 100 tons per year and the emission increase is less than 100 tons per year.

A new source is represented in Scenario 5 so there are no baseline emissions. The rule would only apply to the NO_x emissions as the source is a new major source for NO_x (emission increase of more than 100 tons per year). NO_x would be offset pursuant to Rule 2005 for RECLAIM facilities and Rule 1303 for non-RECLAIM facilities.

PM_{2.5} ERCs

PM_{2.5} ERCs can either be generated from the existing universe of PM₁₀ ERCs (based on an apportioning analysis approved by the U.S. EPA) or from future PM_{2.5} reductions. PM_{2.5} ERCs will be evaluated and issued based on the U.S. EPA Test Method 201A and 202.

CEQA ANALYSIS

Pursuant to ~~State the~~ California Environmental Quality Act (CEQA) and the AQMD's Certified Regulatory Program (Rule 110), the AQMD ~~will~~ has prepared a notice of exemption for Proposed Rule 1325.

SOCIOECONOMIC ANALYSIS

The proposed rule is consistent with federal requirements as currently implemented, and no additional control costs are anticipated due to this rule.

AQMP AND LEGAL MANDATES

The California Health and Safety Code require the AQMD to adopt an Air Quality Management Plan (AQMP) to meet state and federal ambient air quality standards in the South Coast Air Basin. In addition, the California Health and Safety Code require that the AQMD adopt rules and regulations that carry out the objectives of the AQMP. While Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program is not a control measure included in the AQMP, its requirements are consistent with the AQMP

objectives. Since this proposal is not an AQMP control measure and does not result in emission reductions, cost effectiveness is not applicable. The Proposed Rule would not require anything more stringent than federal requirements.

RESOURCE IMPACTS

Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program, can be implemented within the current staffing levels.

~~DRAFT FINDINGS~~

~~Before adopting, amending or repealing a rule, the AQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference, as defined in Health and Safety Code Section 40727. The draft findings are as follows:~~

~~**Necessity** – The AQMD Governing Board has determined that a need exists to adopt Rule 1325 – Federal PM_{2.5} New Source Review Program, in order to incorporate the NSR requirements mandated by U.S. EPA for PM_{2.5}.~~

~~**Authority** – The AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 40000, 40001, 40440, 42300 (permit system), and 40702 of the California Health and Safety Code.~~

~~**Clarity** – The AQMD Governing Board has determined that Rule 1325 – Federal PM_{2.5} New Source Review Program as proposed to be adopted, is written or displayed so that its meaning can be easily understood by the persons directly affected.~~

~~**Consistency** – The AQMD Governing Board has determined that Rule 1325 – Federal PM_{2.5} New Source Review Program, as proposed to be adopted, is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.~~

~~**Non-Duplication** – The AQMD Governing Board has determined that Rule 1325 – Federal PM_{2.5} New Source Review Program, as proposed to be adopted, does not impose the same requirements as any existing state or federal regulation and is necessary and proper to execute the power and duties granted to, and imposed upon, the District.~~

~~**Reference** – The AQMD Governing Board, in developing the rule, references the following statutes which the AQMD hereby implements, interprets, or makes specific: Health and Safety Code Sections 42300, and CAA §§ 171, 172 and 173.~~

COMPARATIVE ANALYSIS

A comparative analysis is not applicable for Proposed Rule 1325 as the AQMD is adopting the federal mandated requirements for PM_{2.5} NSR. Proposed Rule 1325 does not impose a new emissions limitation or standard or make an existing emissions limitation or standard more stringent.

PUBLIC PROCESS

A Public Consultation Meeting was conducted on March 22, 2011 to present and solicit information and suggestions from the public regarding Proposed Rule 1325 – Federal

PM_{2.5} New Source Review Program. Comments received at that meeting and other written comments that staff received are included with the staff response at the end of this staff report. A second consultation meeting is scheduled to be held on May 4, 2011 to solicit input on the revised draft rule and staff report.

CONCLUSIONS AND RECOMMENDATIONS

Proposed Rule 1325 – Federal PM_{2.5} New Source Review Program, incorporates U.S. EPA requirements for PM_{2.5}, into Regulation XIII. The proposed rule would apply to new and modified major sources that trigger the NSR threshold for PM_{2.5}. The proposed rule requirements are consistent with -and largely # mirrors federal requirements for PM_{2.5}.

Because the federal NSR requirements for PM_{2.5} are already in effect, no additional No impacts are anticipated from the implementation of Rule 1325. Potentially impacted facilities will likely take an emissions cap to avoid the requirements of Rule 1325. Facilities that are unable to do so would be subject to the same federal requirements in the absence of this proposed rule, as Appendix S (40 CFR part 51, Appendix S) is currently in effect, and would remain in effect in the absence of this rule.

COMMENTS AND RESPONSE TO COMMENTS

EPA COMMENTS:

Comment: EPA staff reviewed the proposed rule and draft staff report developed for the April 1, 2011 Set Hearing. The edits seen in the current Proposed Rule 1325 reflect EPA staff's recommendations that will help ensure that the rule will be federally approvable. The major comments are:

- An increased offset ratio is traditionally used to meet the requirements for a net air quality benefit.
- The requirements for fugitive emissions have changed recently (U.S. EPA revised these per March 30, 2011 Federal Notice. See 76FR 17548), so Proposed Rule 1325 must be changed to match the new requirements.
- Recordkeeping and public notice requirements must be included in the rule.
- Various terms have been clarified.

Response: *Staff appreciates the review and input and have made the changes to reflect these recommendations.*

PUBLIC COMMENTS:

1. Comment: The rule should “Incorporate by Reference” (IBR) the federal PM_{2.5} requirements.

Response: Staff evaluated this approach, and working with EPA staff, came to the conclusion that only some definitions could be handled this way. When provisions are incorporated by reference, they need to be able to stand on their own as enforceable requirements. There is so much “extra” language in 40CFR 51.165 and the Federal Regulations of May 16, 2008 notice, that it is not possible to incorporate the majority of the provisions by reference. Also, it is not possible to IBR requirements, without incorporating specific enforceable text that contains those requirements. EPA staff informed AQMD staff that they could not SIP approve a rule that tries to implement an NSR program by simply incorporating by reference 40CFR 51.165 requirements.

2. Comment: What source test method would be used for PM_{2.5}?

Response: For the purpose of this rule only, and consistent with EPA’s source testing requirements for PM_{2.5} NSR rule, testing for point sources of PM_{2.5} shall be in accordance with U.S. EPA Test Methods 201A and 202.

3. Comment: We believe that Proposed Rule 1325 should be a PM_{2.5} specific rule. We are concerned that the current proposed definitions of “Major Polluting Facility” and “Precursors” would expand the application of this rule to include facilities that are major sources of NO_x and SO₂. We suggest removing all references to precursors of PM_{2.5}.

Response: Federal requirements are that PM_{2.5} NSR applies to PM_{2.5} and its precursors. However, Table 3 of the Staff Report and the associated descriptions clarify that this rule is pollutant-specific, and several examples are provided to show how this rule and other NSR provisions would be applied.

4. Comment: We understand that it is staff’s intent to apply PR1325 to facilities that have the Potential to Emit more than 100 tons per year of PM_{2.5}. It appears that the staff analysis only screened for facilities that actually emit more than 50 tons per year of PM_{2.5}. We believe this resulted in greatly under estimating the number of facilities that would be impacted by this rule. We would appreciate clarification in the staff analysis on this point.

Response: Staff examined facilities with actual PM emissions greater than 50 tons per year (this includes PM₁₀ and PM_{2.5}). ~~In many cases PM_{2.5} emissions are likely to be much less than that.~~ For combustion sources, the emissions are essentially all PM_{2.5} so the PM_{2.5} and PM emissions would nearly be the same. For non-combustion sources, PM_{2.5} emissions are likely to be much less than that. The analysis identified large PM sources that may be subject to the rule in the future. Facilities have the option to take a cap or to disaggregate to keep emissions lower than the thresholds that trigger the rule. Staff recognizes that some coastal electrical generating facilities may be subject to the proposed rule even though their actual PM emissions may be low. Staff has worked with existing proposed projects and will be working on future projects to address the permitting of coastal power plants consistent with the requirements of PM_{2.5} NSR. For existing facilities with numerous permit units, calculating a facility-wide PTE would be difficult. However, staff believes that there are unlikely to be many existing facilities that have a PM_{2.5} PTE of 100 tpy or more, but do not have actual PM₁₀ emissions of at least 50 tpy. If there are such facilities, where actual emissions are so much less than PTE, in most cases it would therefore be practical to take an emissions cap of 100 tpy PM_{2.5} to avoid applicability of Rule 1325.

5. Comment: PR 1325 (c)(1)(D) requires an analysis of alternative sites, sizes, production processes and controls for the proposed source and a demonstration that the benefits of the proposed project outweigh the environmental and social costs associated with the project. Why is such an analysis required in addition to the project's CEQA analysis?

Response: This is a federal requirement. It may be possible that the CEQA analysis could be used for and satisfy this requirement.

6. Comment: Does the inclusion of startup, shutdown, and malfunction emissions have ramifications for other SCAQMD rules? (see PR 1325 (b)(2)(A)(i) and (B)(i))?

Response: No. Proposed Rule 1325 is specific to PM_{2.5} and its precursors.

7. Comment: Why does PR 1325 (b)(10) require federally enforceable permit conditions in order to reduce PTE?

Response: This is a federal requirement and PR 1325 mirrors the federal requirements.

8. Comment: Remove the exclusion of the provisions of Rule 1304. SCAQMD Rule 1304(a)(2) provides an exemption for providing offsets for the replacement of electric utility steam boilers with new, qualifying generating technology. This exemption has been in place for 20 years, is part of the State Implementation Plan and has always included an exemption for particulate matter (PM). While PM_{2.5} is a new pollutant by regulation, this is the same pollutant discharge that has always been exempted from the Rule 1304(a)(2) sources. All of the exempt electric utility steam boilers in the SCAB burn natural gas. The PM emitted from these sources is airborne PM with a nominal diameter of 2.5 micrometers or less. Therefore, the SCAQMD has always provided an exemption from providing offsets of these pollutants.

Response: As indicated in this staff report, the PM_{2.5} NSR rule is a new requirement promulgated by EPA, and state and local permitting agencies are required to adopt or amend their NSR rules to implement this new requirement. The AQMD's existing NSR Rules do not address PM_{2.5}, which is why the AQMD has proposed the new Rule 1325. Staff identified all sources within the basin with actual emissions of greater than 50 tons per year of PM. It is not possible to identify the PTE of every source in the basin. There are certain coastal electrical generating facilities with historically low emissions of PM that may be subject to the rule if the units are repowered. Staff is working to address the issue of repowering in a construct that is

consistent with all of New Source. See also response to Comments 13 and 20.

9. Comment: If a facility provides PM₁₀ offsets under Rule 1303, could those same offsets be used for PM_{2.5} under Proposed Rule 1325?

Response: Yes, at least partially. Because PM_{2.5} is a subset of PM₁₀, if it can be demonstrated what portion of PM₁₀ is PM_{2.5}, PM₁₀ offsets could be used for a portion of the PM_{2.5} increases. The offset ratio is 1:1 for PM_{2.5} and 1.2:1 for PM₁₀. Upon such demonstration, Staff will apportion PM₁₀ ERCs into PM_{2.5} ERCs as required.

10. Comment: Has the SCAQMD decided about the CEQA documentation for this Proposed Rule?

Response: Staff has determined that the project is exempt from CEQA and will prepare a Notice of Exemption in connection with the rule adoption.

11. Comment: NSR requirements for RECLAIM pollutants at RECLAIM facilities - including SO₂ and NO_x - are the exclusive purview of Rule 2005 NSR for RECLAIM. In addition, Rule 2001 (j) exempts RECLAIM pollutants from Regulation XIII.

Response: Federal requirements are that precursors be regulated as part of PM_{2.5} NSR and the recognized precursors are SO₂ and NO_x. Emission increases are offset at a ratio of 1.1:1 for PM_{2.5}. The offset ratio for NO_x and SO₂ shall be the ratio required under the applicable NSR rule (Regulation XIII or Rule 2005).

12. Comment: We are concerned about the proposed offset ratio as it would apply to PM_{2.5} where ERCs are in short supply, and opportunities for internal offsets are very limited. Also, the higher offset ratio is not likely to provide much of an overall air quality benefit due to the small number of future projects that are reasonably expected.

Response: EPA policy requires demonstration of a net air quality benefit for offsets. The 1.1 to 1 ratio will satisfy this requirement. Staff appreciates that PM₁₀ ERCs are scarce and has an effort underway to address that issue.

13. Comment: We had to rely on Rule 1304(a)(4), when the construction of additional processing facilities was necessary to meet regulatory requirements. We believe that the opportunities for internal netting, in particular, are likely to be very limited. It is only equitable to provide such exemptions for PM_{2.5} especially given the short supply of ERCs and their high cost.

Response: Proposed Rule 1325 is designed to mirror the federal NSR requirements for PM_{2.5} and because the federal rule does not provide any exemptions from offsets, staff did not incorporate into Proposed Rule 1325 any such exemptions. We agree that the AQMD's existing NSR program through Rule 1304 does provide certain qualifying processes and operations with an exemption from offsets and certain other provisions of the program. However, these exemptions were offered to the regulated public within the context of a more stringent local NSR program. Consequently, because of its difference from the federal NSR program, the AQMD is obligated to track and account for all NSR-related transactions, including any exemptions provided through the tracking mechanism provided under the recently adopted Rule 1315 and demonstrate to EPA that its program is of equivalent stringency with that of the federal program. The AQMD uses its internal offset bank accounts to cover any exemptions provided through its existing program. Please note, however, that the AQMD's internal offset bank does not have any quantified PM_{2.5} offset balances that can be used for this purpose.

14. Comment: We understand that, when needed by a facility, the District will convert existing credits to PM_{2.5} on a case-by-case basis based on their origin.

Response: PM₁₀ ERCs could be converted into PM_{2.5} ERCs on a case-by-case basis.

15. Comment: Please clarify that the same pound of PM ERCs will simultaneously satisfy any requirements for both PM₁₀ and PM_{2.5}.

Response: Credits provided for PM_{2.5} can be used to offset PM₁₀. As indicated by the response above, some fraction of PM₁₀ credits can be used to offset PM_{2.5}. An owner/operator can satisfy their PM offset obligation through a combination of PM₁₀ and PM_{2.5} ERCs.

16. Comment: We understand that any required CEQA evaluation for a project will be the primary mechanism for satisfying the requirement of PR 1325(c)(1)(D).

Response: It is likely that the CEQA analysis conducted for these large projects potentially subject to Proposed Rule 1325 can satisfy the requirements of analyses of alternate sites, sizes, processes, and emission controls.

17. Comment: Regardless of Rule 1325, an analysis for PM₁₀ will still be required for a project under Regulation XIII.

Response: That is correct.

18. Comment: The Basin is in attainment for SO₂, a precursor for PM_{2.5}, which is a non-attainment pollutant. Therefore SO₂ should be removed from PSD requirements.

Response: Federal regulations require that attainment pollutants (even if they are precursors to non-attainment pollutants) be regulated as attainment pollutants.

19. Comment: The District has provided no analysis of the potential limits this rule would impose on existing large power plants undergoing modifications to comply with Once Through Cooling (OTC) requirements nor the environmental and socio-economic impacts that would occur. As a result, the analysis does not accurately reflect the difficulties of repowering existing OTC units under the proposed rule.

Response: Two power plants have repowered under Appendix S regulations and satisfied the OTC requirements. It is likely that many other power plants will be able to repower and comply with either Appendix S or the proposed rule. Staff does not have information on the PTE for PM_{2.5} for each power plant. Preliminary emission factors indicate that a 1500 MW base load combined cycle plant would have PM_{2.5} emissions of less than 100 tons per year and that even larger facilities would be able to retrofit while staying below the 10 tons per year threshold for permitted PM_{2.5}. Please also note that the proposed rule does not introduce any new limitations that are not already included in Appendix S, which has been in effect for some time now. Therefore, any asserted environmental impacts would also occur under baseline conditions, and are not the result of the adoption of Rule 1325. Even if Rule 1325 were not adopted, EPA would impose a FIP, which would also have the same requirements, and the same environmental impacts, as Rule 1325. Thus, Rule 1325 clearly does not cause any significant environmental impacts.

20. Comment: It is requested that the District continue to allow the existing and SIP approved Rule 1304 offset exemption for all emissions, including PM_{2.5} resulting from repowering projects, and that Rule 1325 include this offset exemption. Without the Rule 1304 offset exemption, the repowering of existing OTC units would be subject to severe generating capacity limitations and would result in new power plants being built at greenfield sites with negative environmental consequences.

Response: Proposed Rule 1325 is designed to mirror the federal NSR requirements for PM_{2.5} and because the federal rule does not provide any exemptions from offsets, staff did not incorporate into Proposed Rule 1325 any such exemptions. The District's existing NSR program through Rule 1304 does

provide certain qualifying processes and operations with an exemption from offsets and certain other provisions of the program. However, these exemptions were offered to the regulated public within the context of a more stringent local NSR program. Consequently, because of the difference from the federal NSR program, the District is obligated to track and account for all NSR-related transactions, including any exemptions provided through the tracking mechanism provided under the recently adopted Rule 1315. There is also a demonstration to EPA that the District program is of equivalent stringency with that of the federal program. The District uses its internal offset bank accounts to cover any exemptions provided through its existing program. Please note, however, that the District's internal offset bank does not have any quantified PM_{2.5} offset balances that can be used for this purpose.

21. Comment: PR 1325 will result in additional power plants to be developed on new greenfield sites within the South Coast Air Basin as the proposed rule does not have exemption from offsets for power plants with OTC. This will have negative environmental consequences.

Response: Sufficient flexibility is available under PR1325 to allow for repowering of generating facilities subject to OTC regulations. An existing facility with actual and potential emissions of less than 100 tons per year of PM_{2.5} can increase emissions of PM_{2.5} by up to 99 tons per year without triggering Rule 1325 for PM_{2.5}. For PM_{2.5}, testing for point sources of PM_{2.5} shall be in accordance with EPA Test Methods 201A and 202. Existing OTC plants likely have the ability to structure their configuration to ensure that both their actual and potential emissions of PM_{2.5} are less than the Rule 1325 threshold of 100 tons per year or they may comply with OTC requirements by alternate means which would not result in a permitted increase greater than 10 tons per year of PM_{2.5}, for instance by retrofitting. Moreover, any repowering of an OTC would not be likely to trigger an increase in the PTE of either NO_x or SO₂. Any new greenfield generating facility would be subject to environmental review through the California Energy Commission siting process or CEQA or both processes. In addition, a new generating facility would be required to comply with all District rules and regulations including offsets, BACT, and modeling. Given the current environmental requirements, any new greenfield generating facility will be required to mitigate any negative environmental consequences. Two current generating facilities have already permitted under Appendix S to satisfy OTC requirements. The commenter has made the claim that different types of power plants will necessarily be built, with different types of environmental effects, because existing large power plants will not be able to repower. As discussed above, our experience so far is that plants have

been able to repower. Moreover, as stated previously, Appendix S is already in effect and Proposed Rule 1325 does not impose new requirements beyond those already in effect. See also Response to Comment 19.

22. Comment: The staff report does not address the problem of repowering the coastal plants and makes two inaccurate assumptions – one regarding plants opting out of PR 1325 and the other about new power plants will have potential PM_{2.5} emissions less than the 100 tons per year applicability threshold.

Response: Staff's assertions are consistent with the fact that at least one power plant has repowered under Appendix S requirements and that preliminary emission factors indicate that a 1500 MW base load combine cycle has PM_{2.5} emissions of less than 100 tons per year.

23. Comment: PR 1325 will directly affect our entire generating fleet and threatens to significantly limit the capacity of replacement generation at our existing sites.

Response: Proposed Rule 1325 does not impose new requirements beyond those already in effect. Appendix S currently imposes the same requirements as PR 1325. Even if PR 1325 were not adopted, Appendix S requirements would still be in effect, and ultimately EPA would impose a FIP, which would also have the same requirements.- Sufficient flexibility is available under PR 1325 to allow for most repowering of generating facilities subject to OTC regulations. Such flexibility includes use of EPA test methods for point sources of PM_{2.5} instead of the District test method, baseline emissions selection based on 2 years of emissions out of past 10 years, internal netting offsets, etc.

24. Comment: Alamitos generating station was not identified as a potentially affected facility in the PR 1325 Revised Draft Staff Report.

Response: The information used by staff was reported by the facilities as actual emissions. PTE values for PM_{2.5} are not available.

25. Comment: We cannot accept operating restrictions to limit PM_{2.5} emissions without violating the terms of existing contracts and jeopardizing the electrical system of the LA Basin.

Response: There is no requirement for an existing power producer to accept a cap. There is sufficient flexibility in Proposed Rule 1325 to allow for most repowering, including retrofitting. Staff encourages facility to do source

tests, look at internal netting offsets, and choose baseline to utilize all the flexibility available.

26 Comment: Offsets for the El Segundo power plant were obtained from the SCAQMD internal offset bank under a Rule 1304 exemption which would no longer apply after PR 1325 is in effect. If the El Segundo power project were to be permitted after adoption of PR 1325, it would need to purchase external offsets because the project exceeds the PM_{2.5} major source threshold. It can be concluded that unless a new power plant limits its size and/or capacity factor, it is likely to exceed 100 tons per year.

Response: The El Segundo project was permitted under Appendix S. Those requirements are the same as in PR 1325.

27. Comment: Appendix S provides an exemption from offsets where a “source is required to be modified as a result of EPA regulations.” This provision is applicable to OTC regulations and staff should have an exemption in PR 1325 for this.

Response: Appendix S does contain a provision for a limited exemption from offsets for sources required to comply with EPA regulations. The language in Appendix S for such an exemption includes a requirement that “such an exemption may result in the need to revise the SIP to provide additional control of existing sources”. Staff does not know of any available way to significantly further reduce PM_{2.5} from existing sources to meet this requirement. Moreover, it would be inequitable to shift the offset burden to existing sources. Repowering is not necessarily required to comply with OTC requirements. A SIP revision to use existing source reductions is not feasible as additional PM_{2.5} reductions are not identifiable or available.

28. Comment: PR 1325 presents the potential for a significant reduction in generation capacity of over 4,200 MW of AES-SL’s electrical generation in the SCAB.

Response: OTC regulations do not require repowering. OTC requirements can be satisfied through alternative condensation measures, including retrofitting. AES has stated that it has the option to retrofit with closed cycle cooling systems, or redevelop the fleet with new combustion technology and cooling systems. It has not indicated that it would be unable to use the retrofit option, which would not cause a facility to increase the 10 tons per year permitted increase. Moreover, there is sufficient flexibility in Rule 1325 to allow for most repowering. As noted previously, preliminary emission factors indicate that a 1500 MW base load combine cycle has PM_{2.5} emissions of less than 100 tons per year. Staff will work with the facility operators to facilitate the permitting process. Regardless, Proposed Rule

1325 does not impose any new requirements beyond those already in effect under Appendix S.

29. Comment: A Rule 1304 offset exemption would be consistent with and supported by the attainment demonstrations outlined in the 2007 and 2011 AQMPs. The analysis for establishing that there is no conflict can be based on the approach used for the Rule 1315 re-adoption Final Program Environmental Assessment (PEA) for Re-Adoption of Proposed Rule 1315, Certified February 4, 2011). The 2007 AQMP and its March 2011 revisions addressed ozone, PM_{2.5} and PM₁₀, and laid out control strategies for meeting attainment goals for all three pollutants. Two of the control measures identified include facility modernization (MCS-01) and compliance flexibility programs (FLX-01) for obtaining reductions of SO₂, NO_x, and PM_{2.5}. The AQMP assumes that regulations, such as Rules 1304 and 1315, would be in place to support different measures under which modernization projects (e.g., repowering) could proceed. The AQMP includes provisions for regional growth, including permits for repowering projects issued under the Rule 1304 offsets exemption and under AB1318, SB 827, and proposed SB 388. It should be noted that AB1318 sunsets on January 1, 2012 and SB 827 sunsets on May 1, 2012. The PEA analysis stated that Rule 1315 would not conflict with or obstruct the implementation of the AQMP or attainment of the PM_{2.5} or ozone NAAQS. The Rule 1315 CEQA analysis evaluated both individual and cumulative impacts. Therefore, there is no conflict between including the Rule 1304 offsets exemption for repowering in Rule 1325 and either the AQMP or the Rule 1315 PEA. On the contrary, both of these other documents support the modernization of existing power plants, which requires that the offset exemption for repowering be in place in Rule 1325.

Response: As stated previously, staff does not support providing the requested offset exemption. Please note that our attainment strategy with respect to PM_{2.5} NAAQS is still under development. With the 2007 AQMP and the supporting analysis that the commentor is referring to, we addressed only the annual average NAAQS for PM_{2.5} but not the 24-hour average NAAQS for PM_{2.5}. Therefore, until the attainment strategy for the PM_{2.5} NAAQS is developed, it would be premature to conclude that the control measures and strategy included in the 2007 AQMP address the PM_{2.5} NAAQS. While we are making good progress towards implementing most of the control measures and achieving the emission reduction commitments with respect to most pollutants included in the 2007 AQMP, the PM_{2.5} control measures are among the few that we are experiencing difficulty with in implementing and meeting our reduction commitments. Also, the federal NSR program and the federal PM_{2.5} NSR program, in particular, are intended to assist

with the attainment strategy and are designed to be “in addition to” programs to the attainment strategy and not “in lieu of” or alternate or optional programs. We agree that re-powering, generally speaking, is good for air quality and Proposed Rule 1325, as designed within the framework allowed under Appendix S, will allow many of the repowering projects to move forward. However, as stated in our previous response, because both Rules 1304 and 1315 were not designed to address PM_{2.5}, staff is not proposing to include an offset exemption for PM_{2.5} in Proposed Rule 1325. See also Response to Comments 13 and 20.

APPENDIX – A

The following definitions from 40CFR 51.165 apply for Proposed Rule 1325:

- (1) ACTUAL EMISSIONS means the actual rate of emissions of a regulated New Source Review (NSR) pollutant from an emissions unit, as determined in accordance with 40 CFR 51.165(a)(1)(xii).
- (2) CONTEMPORANEOUS means an increase or decrease in actual emissions only if it occurs between:
 - (A) The date five years before construction on the particular change commences; and
 - (B) The date that the increase from the particular change occurs.
- (3) CREDITABLE means an increase or decrease in actual emissions only if:
 - (A) It is contemporaneous; and
 - (B) The Executive Officer has not relied on it in issuing a permit for the source under regulations approved pursuant to this rule, which permit is in effect when the increase in actual emissions from the particular change occurs; and
 - (C) As it pertains to an increase or decrease in fugitive emissions (to the extent quantifiable), it occurs at an emissions unit that is part of one of the source categories listed in 40 CFR 51.165(a)(1)(iv)(C) or it occurs at an emissions unit that is located at a major polluting facility that belongs to one of the listed source categories. Fugitive emission increases or decreases are not creditable for those emissions units located at a facility whose primary activity is not represented by one of the source categories listed in 40 CFR 51.165(a)(1)(iv)(C) and that are not, by themselves, part of a listed source category.
- (4) EMISSIONS UNIT means any part of a stationary source as defined in 40CFR 51.165(a)(1)(vii).
- (5) NET EMISSIONS INCREASE means the amount by which the sum of the following exceeds zero:
 - (A) The increase in emissions from a particular physical change or change in the method of operation at a polluting facility as calculated pursuant to subdivision (d) of this rule; and
 - (B) Any other increases and decreases in actual emissions at the major polluting facility that are contemporaneous with the particular change and are otherwise creditable. Baseline actual emissions for calculating increases and decreases shall be determined as provided in paragraph (b)(2) of this rule.
- (6) POTENTIAL TO EMIT means the maximum capacity of a polluting facility to emit a pollutant under its physical and operational design, as defined in 40CFR 51.165(a)(1)(iii).

(7) SECONDARY EMISSIONS means emissions as defined in 40 CFR 51.165(a)(1)(viii).

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 24

PROPOSAL: Amend Rule 1113 – Architectural Coatings

SYNOPSIS: The proposed amendments to Rule 1113 will further reduce VOC emissions from architectural coatings by limiting the allowable VOC content of previously unregulated colorants used to tint coatings at the point of sale; establishing VOC limits for certain new coating categories; and reducing the allowable VOC content for several existing coating categories. The proposed amendments will also revise the Averaging Compliance Option and Small Container Exemption, remove outdated language and provide rule clarification to improve its enforceability.

COMMITTEE: Stationary Source, January 21, 2011 and March 18, 2011, Reviewed

RECOMMENDED ACTION:

Adopt the attached resolution:

1. Certifying the Final Environmental Assessment for Proposed Amended Rule 1113 – Architectural Coatings; and
2. Amending Rule 1113 – Architectural Coatings.

Barry R. Wallerstein, D.Env.
Executive Officer

Background

Architectural coatings are one of the largest non-mobile sources of VOC emissions in the South Coast Air Quality Management District (AQMD). Rule 1113 is applicable to manufacturers, distributors, specifiers, and end-users of architectural coatings. These coatings are used to enhance the appearance of and to protect stationary structures and their appurtenances, including homes, office buildings, factories, pavements, curbs, roadways, racetracks, bridges, other structures; and their appurtenances, on a variety of substrates. Architectural coatings are typically applied using brushes, rollers, or spray guns by homeowners, painting contractors, and maintenance personnel. Rule 1113 was first adopted in 1977, and has undergone numerous amendments, most recently on July 15, 2007, to address the metallic pigmented coatings category. Although successive amendments to Rule 1113 contributed to significantly reduced emissions, architectural coatings continue to be one of the largest sources of VOC emissions in the AQMD, with the exception of consumer products and mobile sources.

The 2007 Air Quality Management Plan (AQMP) projected that the 2010 Annual Average Emissions for architectural coatings would be 23 tons per day (tpd), with a Summer Planning Inventory of 27 tpd. That estimate is based on the CARB's 2001 survey of coatings sold in California in calendar year 2000; assuming 45% of those coatings were sold in the AQMD. The survey was last updated in 2006 with 2004 sales data.

Based on data collected under Rule 314 – Fees for Architectural Coatings for coatings shipped in 2008 and 2009, the emissions in the AQMD that can be attributed to architectural coatings were 15 tpd and 12 tpd, respectively, and do not include VOC emissions from colorants added at the point of sale. Staff notes that the Rule 314 data has not been fully audited, and volumes and emissions may be under or over-reported. The data may be revised upon more detailed audits and subsequent compliance reviews. Furthermore, Rule 314 data indicates declining coating sales volumes exemplifying impacts of the decline in economic activity, particularly the local real estate market, which is the biggest driver for architectural coating usage.

Proposal

Staff proposes the following amendments to achieve emission reductions and clarify rule implementation issues for improved enforceability:

- Remove outdated language;
- Clarify existing definitions and requirements;
- Create several new categories with VOC limits;
- Reduce the VOC content limits of certain architectural coating categories, effective January 1, 2014;
- Add VOC limits for colorants added at the point of sale, effective January 1, 2014;
- Make changes to the Averaging Compliance Option (ACO) provision:

- Lower ceiling limits, effective upon Rule adoption;
- Limit coating categories that can be averaged, effective January 1, 2012; and
- Phase-out provision, effective January 1, 2015.
- Add a general prohibition against the use of Group II exempt solvents, other than cyclic, branched, or linear, completely methylated siloxanes (VMS).
- Include specific labeling requirements to improve the visibility of the VOC content.
- Remove reporting requirements that are now redundant with Rule 314.
- Propose changes to the Small Container Exemption (SCE):
 - Clarify that the exemption only applies to the VOC limits; and
 - Prohibit “bundling” of the coatings sold on the retail shelves.
- Amend the exemptions for stains used above 4,000 feet to include use or sale in such areas for such use.
- Remove exemption for adding 10% VOC by volume to lacquers, since it is no longer necessary to prevent blushing on cool days with high humidity.

Emission Inventory and Emission Reduction

The emission inventory of architectural coatings is calculated from the CARB 2005 Architectural Coatings Survey based on 2004 reported sales of architectural coatings in California and the Rule 314 – Fees for Architectural Coatings Annual Quantity and Emissions Reports of reported sales of architectural coatings in the 2009 calendar year. Staff used the sales volumes reported in the 2005 Architectural Survey as an indication of the pre-recession sales and the sales weighted VOC and percent compliant products in the Rule 314 Annual Quantity and Emissions Reports. The share of statewide sales in the AQMD is based upon the percentage of the California population within the AQMD jurisdiction. Staff has estimated the emission reductions to be 4.4 tons of VOC reductions per day, as summarized below.

Rule Change	Emission Reductions (tpd)		
	2012	2014	2015
Remove PSU & Specialty Primer from ACO	0.9	0	0
Reduce VOC Limits	0	0.4	0
Limit VOC of Colorants (see Table 20)³	0	2.8	0
Phase out ACO	0	0	0.3
Total Emission Reductions (tpd)	4.4		

Cost-Effectiveness

Staff has estimated the cost-effectiveness to be \$6,211 per ton of VOC reduced from lowering the VOC limit for the following coating categories: Dry Fog Coatings, Fire Proofing Coatings, Form Release Compounds, Graphic Arts Coatings, Mastic Coatings, and Metallic Coatings; establishing a VOC limit on colorants used at the point of sale; eliminating certain coating categories eligible for the Averaging Compliance Option (ACO); and phasing out the ACO. The range of cost-effectiveness is within that for other VOC rules adopted by your Board.

California Environmental Quality Act (CEQA)

Pursuant to the CEQA and AQMD Rule 110, AQMD has prepared an Environmental Assessment (EA) for the proposed amendments to Rule 1113. The Draft EA was circulated for a 30-day public review and comment period from April 12, 2011 to May 11, 2011. Comments received on the Draft EA and responses to the comments have been incorporated into the Final EA for the proposed project.

Socioeconomic Analysis

Proposed amendments to Rule 1113 would affect 198 coating manufacturers, of which 48 are local, and 3,436 retail outlets selling paints in the four-county area. The manufacturers and retail outlets belong to the industries of chemical manufacturing (NAICS 325) and retail trade (NAICS 44), respectively. PAR 1113 would also affect the end-users of coatings which include paint and wall covering contractors and the general public. The paint contractors belong to the construction sector (NAICS 238). The total annualized cost of the proposed amendments is projected to be \$9.0 million. It is estimated that approximately 1- 21 jobs could be forgone annually, on average, in the four-county area between 2012 and 2025. It should be noted that job estimate impacts are small enough and are considered to be within the noise of the economic model employed for this analysis.

AQMP and Legal Mandates

The California Health and Safety Code require the AQMD to adopt an Air Quality Management Plan (AQMP) to meet state and federal ambient air quality standards within the South Coast Air Basin. In addition, California Health and Safety Code require the AQMD to adopt rules and regulations that carry out the objectives of the AQMP.

Implementation Plan and Resource Impact

Existing AQMD resources will be sufficient to implement the proposed changes to this rule with minimal impact on the budget.

Attachments

- A. Summary of Proposed Amendments
- B. Rule Development Process Flow Chart
- C. Key Contacts
- D. Resolution
- E. Rule Language
- F. Final Staff Report
- G. Socioeconomic Assessment
- H. CEQA – Environmental Assessment

A T T A C H M E N T A

PROPOSED AMENDMENTS TO

RULE 1113 – ARCHITECTURAL COATINGS

**PROPOSED AMENDMENTS TO
RULE 1113 – ARCHITECTURAL COATINGS**

Staff proposes the following amendments to achieve emission reductions and clarify rule implementation issues for improved enforceability:

- Change the applicability of the rule by eliminating the phrase “for use,” including “market for sale” and adding language to include “storing coatings at worksites.”
- Add 20 definitions; amend 13 definitions, and delete 3 definitions:
 - Add – Concrete Surface Retarders; Driveway Sealers; Faux Finishing subcategories: Glazes, Decorative Coatings, Trowel Applied Coatings, and Clear Topcoats; Form Release Compounds; Gonioapparent; Manufacturer; Market; Non-Sacrificial Anti-Graffiti Coating; Pearlescent; Pigmented; Reactive Penetrating Sealers; Restoration Architect; Retail Outlet; Sacrificial Anti-Graffiti Coatings; Stationary Structures; Stone Consolidants; and Worksite.
 - Amend – Architectural Coatings; Faux Finishing Coatings; Fire Proofing Coatings; Floor Coatings; Japans/Glazes; Metallic Pigmented Coatings; Product Line; Quick Dry Enamels; Quick Dry Primers, Sealers, Undercoaters; Sanding Sealers; Swimming Pool Coatings; Varnishes; Volatile Organic Compounds; and Waterproofing Concrete/Masonry Sealers.
 - Delete – Clear Brushing Lacquers; Fire Retardant Coatings, and Non-Flat High Gloss Coatings.
- Clarify the requirements in paragraphs (c)(1) and (c)(2) which address the VOC limits in the Table of Standards, the VOC limit for the default category, and the new VOC limits established for colorants added at the point of sale.
- Establish a VOC limit for the following new coating categories and reduce the VOC limit for the following categories:

**PROPOSED AMENDMENTS TO
RULE 1113 – ARCHITECTURAL COATINGS**

Category	Current VOC limit (g/L)	Proposed VOC limit (g/L)	Current Category	New Category
Concrete Surface Retarder	250	50 ³	Default	Yes
Driveway Sealers	100	50 ²	Waterproofing Sealers	Yes
Dry Fog Coatings	150	50 ³	N/A	No
Faux Finishing Coatings				
Clear topcoat	50	200 ² (100 ³)	Flat or Non-Flat	Yes
Decorative Coatings	50		Flat or Non-Flat	Yes
Glazes	350		Japan/Faux	No
Japan	350		Japan/Faux	No
Trowel Applied Coatings	50	150 ² (50 ³)	Flat or Non-Flat	Yes
Fire Proofing Coatings	350	150 ³	N/A	No
Form Release Compound	250	100 ³	Default	Yes
Graphic Arts Coatings	500	150 ³	N/A	No
Mastic Coatings	300	100 ³	N/A	No
Metallic Pigmented Coatings	500	150 ³	N/A	No
Non-Sacrificial Anti-Graffiti Coating	100	100	Industrial Maintenance	Yes
Reactive Penetrating Sealer	100	350 ¹	Waterproofing Sealers	Yes
Stone Consolidants	100	450 ¹	Waterproofing Sealers	Yes
Sacrificial Anti-Graffiti Coatings	250	50	Default	Yes

1. Effective upon Rule adoption
2. Effective January 1, 2012
3. Effective January 1, 2014

- Add VOC limits for colorants added at the point of sale, effective January 1, 2014.
- Propose changes to the ACO provision:
 - Lower ceiling limits, effective upon Rule adoption;
 - Limit coating categories that can be averaged, effective January 1, 2012; and
 - Phase-out provision, effective January 1, 2015.
- Add a general prohibition against the use of Group II exempt solvents, other than cyclic, branched, or linear, completely methylated siloxanes (VMS).
- Include specific labeling requirements to improve the visibility of the VOC content.
- Remove reporting requirements that are now redundant with Rule 314.

**PROPOSED AMENDMENTS TO
RULE 1113 – ARCHITECTURAL COATINGS**

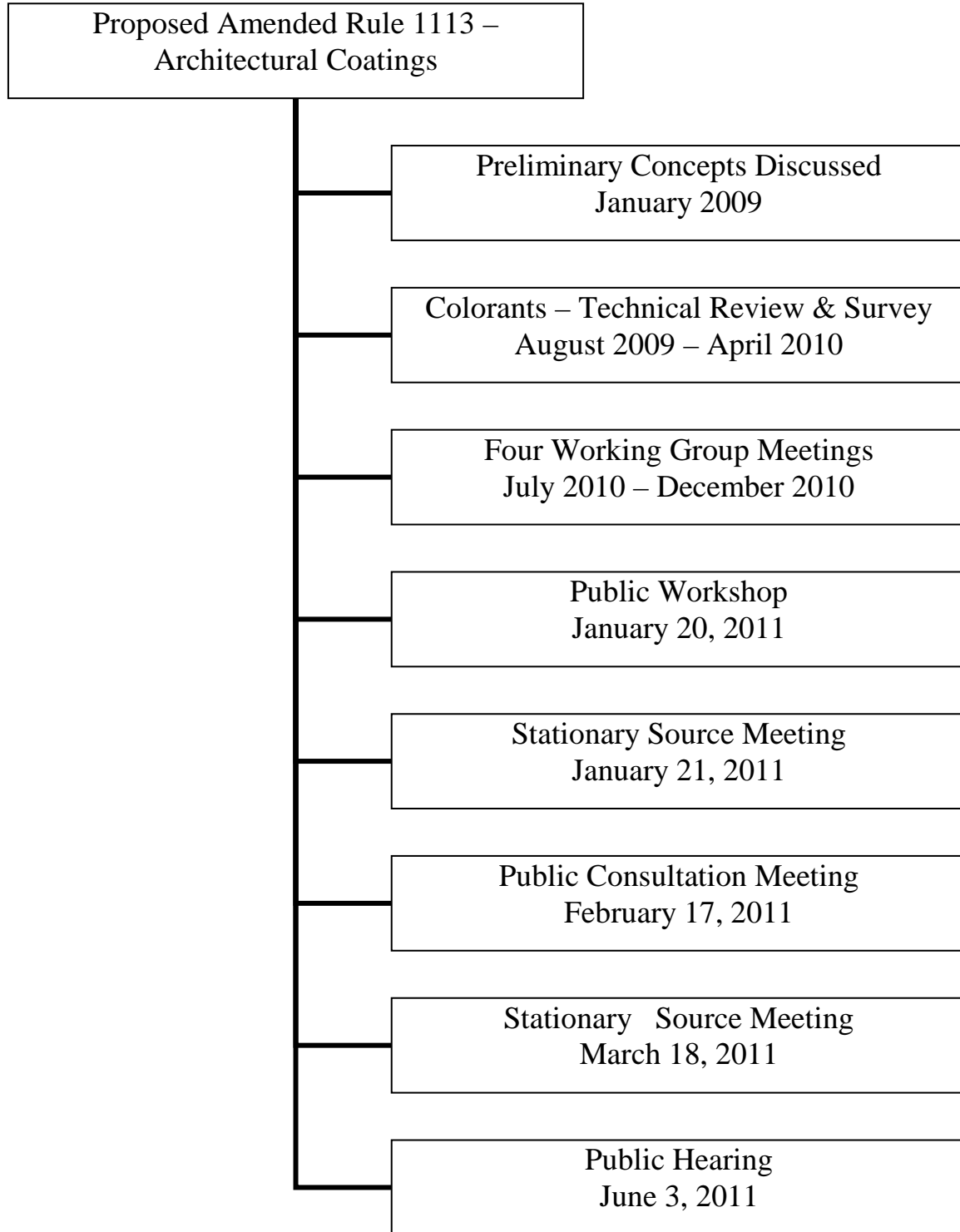
- Add American Society for Testing and Materials (ASTM) E 284 Standard Terminology of Appearance.
- Add ASTM C67, C97/97M, C140 for water repellency of Reactive Penetrating Sealers.
- Add ASTM E96/96M for water vapor transmission of Reactive Penetrating Sealers.
- Add the National Cooperative Highway Research Report 244 (1981), “Concrete Sealers for the Protection of Bridge Structures” for chloride screening of Reactive Penetrating Sealers.
- Add ASTM E2176 for selection and use of Stone Consolidants.
- Propose changes to the Small Container Exemption (SCE):
 - Clarify that the exemption only applies to the VOC limits; and
 - Prohibit “bundling” of the coatings sold on the retail shelves, effective July 1, 2011.
- Remove outdated rule language, including exemptions that have expired or requirements that have surpassed their effective date.
- Amend the exemptions for stains used above 4,000 feet to include use or sale in such areas for such use.
- Remove exemption for adding 10% VOC by volume to lacquers, since it is no longer necessary to prevent blushing on cool days with high humidity.

ATTACHMENT B

RULE DEVELOPMENT PROCESS FOR

PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS

RULE DEVELOPMENT PROCESS



ATTACHMENT C

KEY CONTACTS FOR

PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS

KEY CONTACTS

<u>KEY CONTACTS LIST</u>	
Catherine F. Jacobson	3M
Leslie Berry	American Chemistry Council
David Darling	American Coatings Association
Jim Kantola	Akzo Nobel
Michael Butler	BEHR Process Corporation
Dana Autenrieth	Benjamin Moore Paints
Gerald E Thompson	BonaKemi USA, Inc
Lisa King	BonaKemi USA, Inc
Sue Gornick	BP
Dane Jones, Ph.D.	Cal Poly, SLO
Max Wills, Ph.D.	Cal Poly, SLO
Barry Marcks	Caltrans
Tom Whitelock	Can-Am Coatings
Jim Nyarady	CARB
Romesh Kumar	Clariant
Dean Bell	CPS Color Equipment Inc.
Bart Wilbanks	CPS Color Equipment Inc.
Barry Barman	CSI Services, Inc.
Bob Sypowicz	Deft Finishes
Elke Jensen	Dow Corning Corporation
Robert Wendoll	Dunn-Edwards Paints
Emily Taylor	DuPont
Ayaz Khan	Elementis
Jason Stalk	Ellis Paint Company
Joseph Tashjian	Ellis Paint Company
Howard Berman	Environmental Mediation, Inc.
Daniel Goldberg	Evonik Degussa Corporation
John Lund	Ferro
James Dunn	Ferro
Lisa A. Presutti	Fluid Management, Inc.
Ben Gavett	Golden Artists Colors, Inc
Aaron Mann	JFB Hart
Burt Osen	LASCT
Daniel B. Pourreau, Ph.D	Lyondell
Joe Salvo	Miracle Sealants
Henry Lum	Modern Masters
Jim Rogers	Modern Masters
Carol Yip Kaufman	MWD
Janet Bell	MWD

KEY CONTACTS LIST

John Wallace	MWD
James Heumann	Northrop Grumman
Mark Huck	The Office of Historic Preservation
Joe Malato	Pacific Polymers & Schnee-Morehead Inc.
Wayne Nelson	PPG Architectural Finishes, Inc
Dwayne Fuhlhage	Prosoco
Rita Loof	Radtech International North Americas
Claude Florent	Rainguard
Doug Raymond	Raymond Regulatory Resources (3R), LLC
Laurel Jamison	Rudd Company, Inc.
Mike Murphy	Rust-Oleum
Madelyn Harding	Sherwin-Williams Company
John A. Fidler	Simpson Gumpertz & Heger
Zacharie Muepo	Southern California Gas Company
Mike Gernon	Taminco
Mike Hakos	Taminco
Ben York	Texture Coat of America
Mark Gierki	Texture Coat of America
Dustin Kaatz	Tnemec Corporation
Kyle Frakes	Tnemec Corporation
Michael Schmeida	Tremco CS&W Division
Joseph C. Bellas	Universal Studios
Stanley Tong	US EPA
Nicole Law	US EPA
Tina Glomstead	Valspar
Hamid Pourshirazi	Vista Paint
Joseph D Pfeiffer	The Vintage Floor Company

A T T A C H M E N T D

RESOLUTION FOR

PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS

RESOLUTION NO. 2011-

A Resolution of the Governing Board of the South Coast Air Quality Management District (AQMD) certifying the Final Environmental Assessment prepared for Proposed Amended Rule 1113.

A Resolution of the AQMD Governing Board adopting Amended Rule 1113 - Architectural Coatings.

WHEREAS, the AQMD Governing Board finds and determines that Proposed Amended Rule 1113 – Architectural Coatings, is considered a "project" pursuant to the California Environmental Quality Act (CEQA); and

WHEREAS, the AQMD has had its regulatory program certified pursuant to Public Resources Code Section 21080.5 and has conducted CEQA review and analysis pursuant to such program (Rule 110); and

WHEREAS, the AQMD staff prepared a program Environmental Assessment (EA) setting forth the potential environmental consequences of adopting Proposed Amended Rule 1113 - Architectural Coatings, which was released for a 30-day public review period; and

WHEREAS, it is necessary that the adequacy of the EA be determined by the AQMD Governing Board prior to its certification; and

WHEREAS, two comment letters were received and responses to these comments have been prepared and included in the Final EA; the Draft EA has been revised such that it is now a Final EA; and

WHEREAS, the Final EA has been completed in compliance with CEQA and Rule 110; and

WHEREAS, the Final EA concluded that the proposed project does not have the potential to generate significant adverse impacts. Since no significant adverse impacts were identified, no mitigation measures are necessary or required; and

WHEREAS, the staff report, the Final EA and the Socioeconomic Impact Analysis, this June 3, 2011 Board letter, and other supporting documentation was presented to the AQMD Governing Board and that the Board has reviewed and considered the entirety of this information prior to approving the project; and

WHEREAS, the AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 39002, 40000, 40001, 40440, 40441, 40702, and 41508 of the California Health and Safety Code; and

WHEREAS, the AQMD Governing Board has determined that a need exists to amend Rule 1113 - Architectural Coatings to achieve further VOC emission reductions for architectural coatings by implementing Control Measure MCS-07 of the 2007 AQMP in order to achieve federal PM2.5 and ozone standards in 2014 and 2024, respectively; and

WHEREAS, the AQMD Governing Board has determined that Rule 1113 - Architectural Coatings, as proposed to be amended, is written and displayed so that its meaning can be easily understood by persons directly affected by them; and

WHEREAS, the AQMD Governing Board has determined that Rule 1113 - Architectural Coatings, as proposed to be amended, is in harmony with, and not in conflict with, or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, the AQMD Governing Board has determined that Rule 1113 - Architectural Coatings, as proposed to be amended, does not impose the same requirements as any existing state or federal regulation, and the proposed amended rule is necessary and proper to execute the powers and duties granted to, and imposed upon, the AQMD; and

WHEREAS, the AQMD Governing Board in amending the regulation, references the following statutes which the AQMD hereby implements, interprets or makes specific: Health and Safety Code Sections 40001(a) (air quality standards and enforcement of federal standards), 40440(a) (rules to carry out plan), 40440(b)(1) (BARCT), 40702 (adopt regulation to execute duties), and Federal Clean Air Act Sections 116 (state standards at least as stringent as federal standards); and

WHEREAS, the AQMD Governing Board determines that there is a problem that Proposed Amended Rule 1113 - Architectural Coatings will alleviate, (i.e., the South Coast Air Basin does not meet state or federal standards for ozone) and the proposed amendment will promote the attainment or maintenance of such air quality standards; and

WHEREAS, the AQMD Governing Board has determined that Proposed Amended Rule 1113 - Architectural Coatings should be adopted because the proposed amended rule provides the best balance between cost-effectiveness and air quality benefits; and

WHEREAS, the AQMD Governing Board has determined that the Socioeconomic Impact Assessment is consistent with the provisions of the March 17, 1989 and October 14, 1994, Board Resolution for rule adoption and Health and Safety Code Sections 40440.8, 40728.5 and 40920.6; and

WHEREAS, the AQMD Governing Board has reviewed and considered the staff's findings related to cost and employment impacts of Proposed Rule 1113 – Architectural Coatings set forth in the socioeconomic impact assessment, and hereby finds and determines that cost and employment impacts are as set forth in that assessment; and

WHEREAS, the AQMD Governing Board has actively considered the Socioeconomic Impact Assessment and has made a good faith effort to minimize such impacts; and

WHEREAS, the proposed amendments to Rule 1113 – Architectural Coatings help achieve emission reductions of VOCs from the various coating categories, estimated to be up to 4.4 ton/day, and that even after considering the Socioeconomic Impact Assessment, the adoption of such amendments is necessary for achieving the federal and state standards for ozone and for implementing the AQMP; and

WHEREAS, a public hearing has been properly noticed in accordance with all provisions of Health and Safety Code, Section 40725; and

WHEREAS, the AQMD Governing Board finds and determines, taking into consideration the factors in §(d)(4)(D) of the Governing Board Procedures, that the modifications adopted which have been made to Rule 1113 – Architectural Coatings since notice of public hearing was published do not significantly change the meaning of the proposed amended rule within the meaning of Health and Safety Code §40726 and would not constitute significant new information pursuant to CEQA Guidelines §15088.5.

WHEREAS, the AQMD Governing Board has held a public hearing in accordance with all provisions of law; and

WHEREAS, the AQMD specifies the manager of Rule 1113 as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of this proposed amendment is based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California.

NOW, THEREFORE, BE IT RESOLVED, that the AQMD Governing Board does hereby approve the written responses to the comments to the Draft EA, and certify the Final EA for Proposed Amended Rule 1113 - Architectural Coatings, which was completed in compliance with CEQA and Rule 110 provisions; and find that the Final EA was presented to the AQMD Governing Board, whose members reviewed, considered, and approved the information therein prior to acting on Proposed Amended Rule 1113 - Architectural Coatings; and

BE IT FURTHER RESOLVED, that the AQMD Governing Board does hereby amend, pursuant to the authority granted by law, Rule 1113 - Architectural Coatings, as set forth in the attached, and incorporated herein by this reference.

DATE: _____

CLERK OF THE BOARD

ATTACHMENT E

RULE LANGUAGE FOR

PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS

Single underline text shows new language added to the existing rule language.

Double underline text shows new language added to the rule subsequent to the Set Hearing.

~~Italicized Strikeout~~ text shows new deletions from the rule subsequent to the Set Hearing.

~~Underline Strikeout~~ text shows language proposed for addition to the Set Hearing Package, which is now being deleted from the Public Hearing Package.

(Adopted Sept. 2, 1977)(Amended Dec. 2, 1977)(Amended Feb. 3, 1978)
(Amended Sept. 5, 1980)(Amended Apr. 3, 1981)(Amended July 3, 1981)
(Amended by California Air Resources Board Oct. 21, 1981)
(Amended Aug. 5, 1983)(Amended Mar. 16, 1984)(Amended Aug. 2, 1985)
(Amended Nov. 1, 1985)(Amended Feb. 6, 1987)(Amended Jan. 5, 1990)
(Amended Feb. 2, 1990)(Amended Nov. 2, 1990)(Amended Dec. 7, 1990)
(Amended Sept. 6, 1991)(Amended March 8, 1996)(Amended August 9, 1996)
(Amended November 8, 1996)(Amended May 14, 1999; Vacated)
(Amended July 20, 2001)(Amended December 6, 2002)(Amended December 5, 2003)
(Amended July 9, 2004)(Amended June 9, 2006)(Amended July 13, 2007)
(PAR June 3, 2011)

PROPOSED AMENDED RULE 1113. ARCHITECTURAL COATINGS

(a) Applicability

This rule is applicable to any person who supplies, sells, markets, offers for sale, or manufactures any architectural coating ~~for use~~ in the District that is intended to be field applied to stationary structures or their appurtenances, and to fields and lawns; mobile homes, pavements or curbs; as well as any person who applies, stores at a worksite, or solicits the application of any architectural coating within the District. The purpose of this rule is to limit the VOC content of architectural coatings used in the District or to allow the averaging of such coatings, as specified, so their actual emissions do not exceed the allowable emissions if all the averaged coatings had complied with the specified limits.

(b) Definitions

For the purpose of this rule, the following definitions shall apply:

- (1) AEROSOL COATING PRODUCT means a pressurized coating product containing pigments or resins that dispenses product ingredients by means of a propellant, and is packaged in a disposable can for hand-held application, or for use in specialized equipment for ground marking and traffic marking applications.
- (2) ALUMINUM ROOF COATINGS are roof coatings containing at least 0.7 pounds per gallon (84 grams per liter) of coating as applied, of elemental aluminum pigment.
- (3) APPURTENANCES are accessories to a stationary structure, including, but not limited to: hand railings, cabinets, bathroom and kitchen fixtures, fences, rain-gutters and down-spouts, window screens, lamp-posts, heating

and air conditioning equipment, other mechanical equipment, large fixed stationary tools, signs, motion picture and television production sets, and concrete forms.

- (4) ARCHITECTURAL COATINGS are any coatings applied to stationary structures and their appurtenances, to fields and lawns, ~~mobile homes, to pavements, to curbs.~~
- (5) BELOW-GROUND WOOD PRESERVATIVES are wood preservatives formulated to protect below-ground wood.
- (6) BITUMINOUS COATING MATERIALS are black or brownish coating materials, soluble in carbon disulfide, consisting mainly of hydrocarbons and which are obtained from natural deposits, or as residues from the distillation of crude petroleum oils, or of low grades of coal.
- (7) BITUMINOUS ROOF PRIMERS are primers formulated for or applied to roofing that incorporate bituminous coating materials.
- (8) BOND BREAKERS are coatings formulated for or applied between layers of concrete to prevent the freshly poured top layer of concrete from bonding to the substrate over which it is poured.
- ~~(9) CLEAR BRUSHING LACQUERS are clear wood finishes, excluding clear lacquer sanding sealers, formulated with nitrocellulose or synthetic resins to dry by solvent evaporation without chemical reaction and to provide a solid, protective film, which are intended exclusively for application by brush, and which are labeled as specified in paragraph (d)(7).~~
- ~~(10)~~(9) CLEAR WOOD FINISHES are clear and semi-transparent coatings, including lacquers and varnishes, applied to wood substrates, including floors, decks and porches, to provide a transparent or translucent solid film.
- ~~(11)~~(10) COATING is a material which is applied to a surface in order to beautify, protect, or provide a barrier to such surface.
- ~~(12)~~(11) COLORANTS are solutions of dyes or suspensions of pigments.
- ~~(13)~~(12) CONCRETE-CURING COMPOUNDS are coatings formulated for or applied to freshly poured concrete to retard the evaporation of water. Concrete-curing compounds manufactured and used for roadways and bridges (does not include curbs and gutters, sidewalks, islands, driveways and other miscellaneous concrete areas) are those concrete-

curing compounds that meet ASTM Designation C309, Class B, and meet a loss of water standard of less than 0.15-kg/m² in 24 hours as determined by the California Transportation Department, California Test 534.

(13) CONCRETE SURFACE RETARDERS are coatings containing one or more ingredients such as extender pigments, primary pigments, resins, and solvents that interact chemically with the cement to prevent hardening on the surface where the retarder is applied, allowing the mix of cement and sand at the surface to be washed away to create an exposed aggregate finish.

(14) DRIVEWAY SEALERS are coatings that are applied to worn asphalt driveway surfaces in order to:

(A) Fill cracks;

(B) Seal the surface to provide protection; or

(C) Restore or preserve the surface appearance.

(14)(15) DRY-FOG COATINGS are coatings which are formulated only for spray application so that when sprayed, overspray droplets dry before falling on floors and other surfaces.

(15)(16) EXEMPT COMPOUNDS (See Rule 102-Definition of Terms.)

(17) FAUX FINISHING COATINGS are coatings that meet one or more of the following subcategories:

(A) GLAZES, which are coatings designed for wet-in-wet techniques used to create artistic effects, including but not limited to dirt, old age, smoke damage, simulated marble and wood grain finishes, decorative patterns, color blending, and wet edge techniques.

(B) DECORATIVE COATINGS, which are coatings used to create a gonioapparent appearance, such as metallic, iridescent, or pearlescent appearance, that contain at least 48 grams of pearlescent mica pigment or other iridescent pigment per liter of coating as applied (at least 0.4 pounds per gallon).

(C) JAPANS, which are pure concentrated pigments, finely ground in a slow drying vehicle used by Motion Picture and Television Production Studios to create artistic effects, including but not limited to, dirt, old age, smoke damage, water damage, and simulated marble and wood grain.

(D) TROWEL APPLIED COATINGS, which are coatings applied by trowel that are used to create aesthetic effects, including, but not

limited to polished plaster, clay, suede and dimensional, tactile textures.

(E) CLEAR TOPCOATS, which are clear coatings used to enhance, seal and protect a Faux Finishing coating that meets the requirements of subsection (b)(18)(A), (B), (C) or (D). These clear topcoats must be sold and used solely as part of a Faux Finishing coating system, and must be labeled in accordance paragraph (d)(7).

~~(16)~~(18) FIRE-PROOFING ~~EXTERIOR~~ COATINGS are opaque coatings formulated to protect the structural integrity of ~~outdoor~~-steel and other ~~outdoor~~-construction materials and listed by Underwriter's Laboratories, Inc. for the fire protection of steel.

~~(17)~~ FIRE RETARDANT COATINGS are coatings labeled and formulated to retard ignition and flame spread, that has been fire tested and rated by a testing agency approved by building code officials for use in bringing building and construction materials into compliance with federal, state and local building code requirements. The fire retardant coating and the testing agency must be approved by building code officials. The fire retardant coating shall be tested in accordance with ASTM Test Method E 84, incorporated by reference in paragraph (e)(4) or listed by Underwriter's Laboratories, Inc. as fire retardant coatings with a flame spread index of less than 25.

~~(18)~~(19) FLAT COATINGS are coatings that register a gloss of less than 15 on an 85-degree meter or less than 5 on a 60-degree meter.

~~(19)~~(20) FLOOR COATINGS are opaque coatings that are formulated for or applied to flooring; including but not limited to garages, decks, and porches, and clear coatings formulated for or applied to concrete flooring, but do not include Industrial Maintenance Coatings.

(21) FORM RELEASE COMPOUNDS are coatings designed for or applied to a concrete form to prevent the freshly poured concrete from bonding to the form. The form may consist of metal, wood, or some material other than concrete.

~~(20)~~(22) FORMULATION DATA is the actual product recipe which itemizes all the ingredients contained in a product including VOCs and the

quantities thereof used by the manufacturer to create the product. Material Safety Data Sheets (MSDS) are not considered formulation data.

(23) GONIOAPPARENT means a change in appearance with a change in the angle of illumination or the angle of view, as defined according to ASTM E 284.

(21)(24) GRAMS OF VOC PER LITER OF COATING OR COLORANT, LESS WATER AND LESS EXEMPT COMPOUNDS, is the weight of VOC per combined volume of VOC and coating or colorant solids and can be calculated by the following equation:

$$\frac{\text{Grams of VOC per Liter of Coating, Less Water and Less Exempt Compounds}}{\text{Water and Less Exempt Compounds}} = \frac{W_s - W_w - W_{es}}{V_m - V_w - V_{es}}$$

Where:

- Ws = weight of volatile compounds in grams
- Ww = weight of water in grams
- Wes = weight of exempt compounds in grams
- Vm = volume of material in liters
- Vw = volume of water in liters
- Ves = volume of exempt compounds in liters

For coatings that contain reactive diluents, the Grams of VOC per Liter of Coating, Less Water and Less Exempt Compounds, shall be calculated by the following equation:

$$\frac{\text{Grams of VOC per Liter of Coating, Less Water and Less Exempt Compounds}}{\text{Water and Less Exempt Compounds}} = \frac{W_s - W_w - W_{es}}{V_m - V_w - V_{es}}$$

Where:

- Ws = weight of volatile compounds emitted during curing, in grams
- Ww = weight of water emitted during curing, in grams
- Wes = weight of exempt compounds emitted during curing, in grams
- Vm = volume of the material prior to reaction, in liters
- Vw = volume of water emitted during curing, in liters
- Ves = volume of exempt compounds emitted during curing, in liters

~~(22)~~(25) GRAMS OF VOC PER LITER OF MATERIAL is the weight of VOC per volume of material and can be calculated by the following equation:

$$\text{Grams of VOC per Liter of Material} = \frac{W_s - W_w - W_{es}}{V_m}$$

- Where:
- W_s = weight of volatile compounds in grams
 - W_w = weight of water in grams
 - W_{es} = weight of exempt compounds in grams
 - V_m = volume of the material in liters

~~(23)~~(26) GRAPHIC ARTS COATINGS (Sign Paints) are coatings formulated for hand-application by artists using brush or roller techniques to indoor and outdoor signs (excluding structural components) and murals, including lettering enamels, poster colors, copy blockers, and bulletin enamels.

~~(24)~~(27) HIGH-TEMPERATURE INDUSTRIAL MAINTENANCE COATINGS are industrial maintenance coatings formulated for or applied to substrates exposed continuously or intermittently to temperatures above 400 degrees Fahrenheit.

~~(25)~~(28) INDUSTRIAL MAINTENANCE COATINGS are coatings, including primers, sealers, undercoaters, intermediate coatings and topcoats, formulated for or applied to substrates, including floors, that are exposed to one or more of the following extreme environmental conditions:

- (A) ~~i~~mmersion in water, wastewater, or chemical solutions (aqueous and non-aqueous solutions), or chronic exposure of interior surfaces to moisture condensation;
- (B) ~~a~~Acute or chronic exposure to corrosive, caustic or acidic agents, or similar chemicals, chemical fumes, chemical mixtures, or solutions;
- (C) ~~r~~Repeated exposure to temperatures in excess of 250 degrees Fahrenheit;
- (D) ~~r~~Repeated heavy abrasion, including mechanical wear and repeated scrubbing with industrial solvents, cleaners, or scouring agents; or

(E) ~~e~~Exterior exposure of metal structures.

~~(26)~~(29) INTERIOR STAINS are stains labeled and formulated exclusively for use on interior surfaces.

~~(27)~~—~~JAPANS/FAUX FINISHING COATINGS are glazes designed for wet-in-wet techniques used as a stain or glaze to create artistic effects, including but not limited to, dirt, old age, smoke damage, and simulated marble and wood grain.~~

~~(28)~~(30) LACQUERS are clear or pigmented wood finishes, including clear lacquer sanding sealers, formulated with nitrocellulose or synthetic resins to dry by evaporation without chemical reaction.

~~(29)~~(31) LOW-SOLIDS COATINGS are coatings containing one pound or less of solids per gallon of material.

~~(30)~~(32) MAGNESITE CEMENT COATINGS are coatings formulated for or applied to magnesite cement decking to protect the magnesite cement substrate from erosion by water.

~~(33)~~ MANUFACTURER is any person, company, firm, or establishment who imports, blends, assembles, produces, packages, repackages, or re-labels an architectural coating, not including retail outlets where labels or stickers may be affixed to containers or where colorant is added at the point of sale.

~~(34)~~ MARKET means to facilitate sales through third party vendors, including but not limited to catalog or ecommerce sales that bring together buyers and sellers. For the purposes of this rule, market does not mean to generally promote or advertise coatings.

~~(34)~~(35) MASTIC COATINGS are coatings formulated to cover holes and minor cracks and to conceal surface irregularities, and applied in a thickness of at least 10 mils (dry, single coat).

~~(32)~~(36) METALLIC PIGMENTED COATINGS are ~~decorative~~ coatings, excluding ~~industrial maintenance and~~ roof coatings, containing at least 0.4 pounds per gallon (48 grams/liter) of coating, as applied, of elemental metallic pigment (excluding zinc). Effective July 1, 2012, metallic pigmented coatings are decorative coatings, excluding industrial maintenance and roof coatings, containing at least 0.4 pounds per gallon (48 grams/liter) of coating, as applied, of elemental metallic pigment (excluding zinc).

~~(33)~~(37) MULTI-COLOR COATINGS are coatings which exhibit more than one color when applied and which are packaged in a single container and applied in a single coat.

~~(34)~~(38) NONFLAT COATINGS are coatings that are not defined under any other definition in this rule and that register a gloss of 5 or greater on a 60 degree meter and a gloss of 15 or greater on an 85 degree meter according to ASTM Test Method D 523 as specified in paragraph (e)(6).

~~(35)~~ ~~NONFLAT HIGH GLOSS COATINGS are coatings that register a gloss of 70 or above on a 60 degree meter according to ASTM Test Method D 523 as specified in paragraph (e)(6).~~

(39) NON-SACRIFICIAL ANTI-GRAFFITI COATINGS are clear or opaque Industrial Maintenance Coatings formulated and recommended to deter adhesion of graffiti and to resist repeated scrubbing and exposure to harsh solvents, cleansers, or scouring agents used to remove graffiti.

(40) PEARLESCENT means exhibiting various colors depending on the angles of illumination and viewing, as observed in mother-of-pearl.

(41) PIGMENTED means containing colorant or dry coloring matter, such as an insoluble powder, to impart color to a substrate.

~~(36)~~(42) POST-CONSUMER COATINGS are finished coatings that would have been disposed of in a landfill, having completed their usefulness to a consumer, and does not include manufacturing wastes.

~~(37)~~(43) PRE-TREATMENT WASH PRIMERS are coatings which contain a minimum of 1/2 percent acid, by weight, applied directly to bare metal surfaces to provide necessary surface etching.

~~(38)~~(44) PRIMERS are coatings applied to a surface to provide a firm bond between the substrate and subsequent coats.

~~(39)~~(45) PRODUCT LINE is a line of coatings reported under one product number and name and subject to one coating VOC limit as specified in paragraph-subdivision (c)(2) Table of Standards.

~~(40)~~(46) QUICK-DRY ENAMELS are non-flat, high gloss coatings which comply with the following:

- (A) Shall be capable of being applied directly from the container by brush or roller under normal conditions, normal conditions being ambient temperatures between 60°F and 80°F; and
- (B) When tested in accordance with ASTM D 1640 they shall: set-to-touch in two hours or less, dry-hard in eight hours or less, and be

tack-free in four hours or less by the mechanical test method.
Effective July 1, 2011, coatings classified as quick-dry enamels are subsumed by the non-flat coating category.

~~(41)~~(47) QUICK-DRY PRIMERS, SEALERS, AND UNDERCOATERS are primers, sealers, and undercoaters which are intended to be applied to a surface to provide a firm bond between the substrate and subsequent coats and which are dry-to-touch in one-half hour and can be recoated in two hours (ASTM D 1640). Effective July 1, 2011, coatings classified as quick-dry primers, sealers, and undercoaters are subsumed by the primer, sealer, undercoater category.

(48) REACTIVE DILUENT is a liquid which is a VOC during application and one in which, through chemical and/or physical reaction, such as polymerization, becomes an integral part of the coating.

(49) REACTIVE PENETRATING SEALERS are clear or pigmented coatings labeled and formulated for application to above-grade concrete and masonry substrates to provide protection from water and waterborne contaminants, including, but not limited to, alkalis, acids, and salts. Reactive Penetrating Sealers must meet the following criteria:

(A) Used only for reinforced concrete bridge structures for transportation projects within 5 miles of the coast or above 4,000 feet elevation or for restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect.

(B) Penetrate into concrete and masonry substrates and chemically react to form covalent bonds with naturally occurring minerals in the substrate.

(C) Line the pores of concrete and masonry substrates with a hydrophobic coating, but do not form a surface film.

(D) Improve water repellency at least 80 percent after application on a concrete or masonry substrate. This performance must be verified on standardized test specimens, in accordance with one or more of the following standards: ASTM C67, or ASTM C97, or ASTM C140.

(E) Not reduce the water vapor transmission rate by more than 2 percent after application on a concrete or masonry substrate. This

performance must be verified on standardized test specimens, in accordance with ASTM E96/E96M.

(F) Meet the performance criteria listed in the National Cooperative Highway Research Report 244 (1981), surface chloride screening applications, for products labeled and formulated for vehicular traffic.

(50) RECYCLED COATINGS are coatings formulated such that 50 percent or more of the total weight consists of secondary and post-consumer coatings and 10 percent or more of the total weight consists of post-consumer coatings, and manufactured by a certified recycled paint manufacturer.

(42)(51) RESTORATION ARCHITECT is an architect that has a valid certificate of registration as an architect issued by the California State Board of Architectural Examiners or the National Council of Architectural Registration Boards and working on registered historical restoration and/or preservation projects.

(52) RETAIL OUTLET means any establishment at which architectural coatings are sold or offered for sale to consumers.

(43)(53) ROOF COATINGS are coatings formulated for application to exterior roofs for the primary purpose of preventing penetration of the substrate by water, or reflecting heat and ultraviolet radiation.

(44)(54) RUST PREVENTATIVE COATINGS are coatings formulated for use in preventing the corrosion of metal surfaces in residential and commercial situations.

(55) SACRIFICIAL ANTI-GRAFFITI COATINGS are non-binding, clear coatings which are formulated and recommended for applications that allow for the removal of graffiti primarily by power washing.

(45)(56) SANDING SEALERS are clear wood coatings formulated for or applied to bare wood for sanding and to seal the wood for subsequent application of coatings. Until July 1, 2013, Tto be considered a sanding sealer a coating must be clearly labeled as such.

(46)(57) SEALERS are coatings applied to either block materials from penetrating into or leaching out of a substrate, to prevent subsequent coatings from being absorbed by the substrate, or to prevent harm to subsequent coatings by materials in the substrate.

(47)(58) SECONDARY (REWORK) COATINGS are fragments of finished coatings or finished coatings from a manufacturing process that has

converted resources into a commodity of real economic value, but does not include excess virgin resources of the manufacturing process.

~~(48)~~(59) SHELLACS are clear or pigmented coatings formulated solely with the resinous secretions of the lac insect (*laccifer lacca*). Shellacs are formulated to dry by evaporation without a chemical reaction providing a quick-drying, solid, protective film for priming and sealing stains and odors; and for wood finishing excluding floors effective January 1, 2007.

~~(49)~~(60) SOLICIT is to require for use or to specify, by written or oral contract.

~~(50)~~(61) SPECIALTY PRIMERS are coatings formulated for or applied to a substrate to seal fire, smoke or water damage; or to condition excessively chalky surfaces. An excessively chalky surface is one that is defined as having chalk rating of four or less as determined by ASTM D-4214 – Photographic Reference Standard No. 1 or the Federation of Societies for Coatings Technology “Pictorial Standards for Coatings Defects”.

~~(62)~~ STAINS are opaque or semi-transparent coatings which are formulated to change the color but not conceal the grain pattern or texture.

~~(63)~~ STATIONARY STRUCTURES include but are not limited to, homes, office buildings, factories, mobile homes, pavements, curbs, roadways, racetracks, and bridges.

~~(64)~~ STONE CONSOLIDANTS are coatings that are labeled and formulated for application to stone substrates to repair historical structures that have been damaged by weathering or other decay mechanisms. Stone Consolidants must meet the following criteria:

(A) Used only for restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect.

(B) Penetrate into stone substrates to create bonds between particles and consolidate deteriorated material.

(C) Specified and used in accordance with ASTM E2167.

~~(51)~~(65) SWIMMING POOL COATINGS are coatings specifically formulated for or applied to the interior of swimming pools, including but not limited to water park attractions, ponds and fountains, ~~and~~ to resist swimming pool chemicals.

~~(52)~~(66) SWIMMING POOL REPAIR COATINGS are chlorinated, rubber-based coatings used for the repair and maintenance of swimming pools over existing chlorinated, rubber-based coatings.

~~(53)~~(67) TINT BASE is an architectural coating to which colorants are added.

~~(54)~~(68) TRAFFIC COATINGS are coatings formulated for or applied to public streets, highways, and other surfaces including, but not limited to, curbs, berms, driveways, and parking lots.

~~(55)~~(69) UNDERCOATERS are coatings formulated for or applied to substrates to provide a smooth surface for subsequent coats.

~~(56)~~(70) VARNISHES are clear or pigmented wood finishes formulated with various resins to dry by chemical reaction.

~~(57)~~(71) VOLATILE ORGANIC COMPOUND (VOC) is as defined in Rule 102 – Definition of Terms. For the purpose of this rule, tertiary butyl acetate (~~Tt~~BAC) is not a VOC shall be considered exempt as a VOC only for purposes of VOC emissions limitations or VOC content requirements and will continue to be a VOC for purposes of all recordkeeping, emissions reporting, photochemical dispersion modeling, and inventory requirements which apply to VOCs, when used in industrial maintenance coatings, including zinc-rich industrial maintenance coatings and non-sacrificial anti-graffiti coatings.

~~(58)~~(72) WATERPROOFING SEALERS are coatings which are formulated for the primary purpose of preventing penetration of porous substrates by water.

~~(59)~~(73) WATERPROOFING CONCRETE/MASONRY SEALERS are clear or pigmented sealers that are formulated for sealing concrete and masonry to provide resistance against water, alkalis, acids, ultraviolet light, ~~and-or~~ staining.

~~(74)~~ WOOD PRESERVATIVES are coatings formulated to protect wood from decay or insect attack by the addition of a wood preservative chemical registered by the California Environmental Protection Agency.

~~(60)~~(75) WORKSITE means any location where architectural coatings are stored or applied.

~~(61)~~(76) ZINC-RICH INDUSTRIAL MAINTENANCE PRIMERS are primers formulated to contain a minimum of 65 percent metallic zinc

powder (zinc dust) by weight of total solids for application to metal substrates.

(c) Requirements

~~(1) — Except as provided in paragraphs (c)(2), (c)(3), (c)(4), and specified coatings averaged under (c)(6), no person shall supply, sell, offer for sale, manufacture, blend, or repackage any architectural coating for use in the District which, at the time of sale or manufacture, contains more than 250 grams of VOC per liter of coating (2.08 pounds per gallon), less water, less exempt compounds, and less any colorant added to tint bases, and no person shall apply or solicit the application of any architectural coating within the District that exceeds 250 grams of VOC per liter of coating as calculated in this paragraph.~~

~~(2)(1)~~ Except as provided in paragraphs (c)(3), (c)(4), and designated coatings averaged under (c)(6), no person shall supply, sell, offer for sale, market for sale, manufacture, blend, ~~or repackage~~, apply, store at a worksite, or solicit the application of for use within the District, any architectural coating within the District:

(A) That is listed in the Table of Standards 1 which and contains VOC (excluding any colorant added to tint bases) in excess of the corresponding VOC limit specified in the table, after the effective date specified, and no person shall apply or solicit the application of any architectural coating within the District that exceeds the VOC limit as specified in this paragraph; or

(B) That is not listed in the Table of Standards 1, and contains VOC (excluding any colorant added to tint bases) in excess of 250 grams of VOC per liter of coating (2.08 pounds per gallon), less water, less exempt compounds, until January 1, 2014, at which time the limit drops to 50 grams of VOC per liter of coating, less water, less exempt compounds (0.42 pounds per gallon).

~~(2) No person within the District shall add colorant at the point of sale that is listed in the Table of Standards 2 and contains VOC in excess of the corresponding VOC limit specified in the Table of Standards 2, after the effective date specified. No person shall apply or solicit the application within the District of any industrial maintenance coatings, except anti-graffiti coatings, for residential use or for use in areas such as office space~~

and meeting rooms of industrial, commercial or institutional facilities not exposed to such extreme environmental conditions described in the definition of industrial maintenance coatings; or of any rust preventative coating for industrial use, unless such a rust preventative coating complies with the Industrial Maintenance Coating VOC limit specified in the Table of Standards.

**TABLE OF STANDARDS 1
VOC LIMITS**

**Grams of VOC Per Liter of Coating,
Less Water and Less Exempt Compounds**

COATING CATEGORY	Ceiling Limit ^{*1}	Current Limit ²	Effective Date								
			<u>1/1/03</u>	<u>1/1/04</u>	<u>1/1/05</u>	<u>7/1/06</u>	<u>7/1/07</u>	<u>7/1/08</u>	<u>1/1/12</u>	<u>1/1/14</u>	
Bond Breakers	350	350									
Clear Wood Finishes	350	275				275					
Varnish	350	275				275					
Sanding Sealers	350	275				275					
Lacquer	680	550/275			275						
Clear Brushing Lacquer	680				275						
Concrete-Curing Compounds	350	100					100				
Concrete-Curing Compounds For Roadways and Bridges ^{**3}	350	350									
Concrete Surface Retarder	250	250									50
Driveway Sealer	400	100								50	
Dry-Fog Coatings	400	150					150				50
Faux Finishing Coatings											
Clear topcoat		350								200	100
Decorative Coatings	700	350									
Glazes	700	350									
Japan	700	350									
Trowel Applied Coatings	700	350								150	50
Fire-Proofing Exterior Coatings	450	350									150
Fire Retardant Coatings^{***}											
Clear	650										
Pigmented	350										
Flats	250	100/50						50			
Floor Coatings	420/100	50	100			50					
Form Release Compound	250	250									100
Graphic Arts (Sign) Coatings	500	500									150
Industrial Maintenance (IM) Coatings	420	100		250		100					
High Temperature IM Coatings	420	420	420								
Non-Sacrificial Anti-Graffiti Coatings		100									
Zinc-Rich IM Primers	420/340	100	340			100					
Japans/Faux Finishing Coatings	700	350									
Magnesite Cement Coatings	600	450									
Mastic Coatings	300	300									100
Metallic Pigmented Coatings	500	500									150

COATING CATEGORY	Ceiling Limit ^{*1}	Current Limit ²	Effective Date							
			1/1/03	1/1/04	1/1/05	7/1/06	7/1/07	7/1/08	1/1/12	1/1/14
Multi-Color Coatings	420	250								
Nonflat Coatings	250 150	<u>50</u>	150				50			
Nonflat High-Gloss	250		150					50		
Pigmented Lacquer	680	550			275					
Pre-Treatment Wash Primers	780 420	<u>420</u>	420							
Primers, Sealers, and Undercoaters	350 200	<u>100</u>	200				100			
Quick-Dry Enamels	400		250				150	50		
Quick-Dry Primers, Sealers, and Undercoaters	350		200				100			
Reactive Penetrating Sealers		<u>350</u>								
Recycled Coatings	<u>250</u>	<u>250</u>	250							
Roof Coatings	300 250	<u>50</u>	250			50				
Roof Coatings, Aluminum	500	<u>100</u>				100				
Roof Primers, Bituminous	350	<u>350</u>	350							
Rust Preventative Coatings	420 400	<u>100</u>	400				100			
Stone Consolidant		<u>450</u>								
Sacrificial Anti-Graffiti Coatings		<u>100</u>							50	
Shellac										
Clear	730	<u>730</u>								
Pigmented	550	<u>550</u>								
Specialty Primers	350	<u>100</u>					250	100		
Stains	350 250	<u>100</u>	250					100		
Stains, Interior	250	<u>250</u>								
Swimming Pool Coatings										
Repair	650	<u>340</u>	340							
Other	340	<u>340</u>								
Traffic Coatings	250	150 100						100		
Waterproofing Sealers	400 250	<u>100</u>	250				100			
Waterproofing Concrete/Masonry Sealers	400	<u>100</u>					100			
Wood Preservatives	<u>350</u>	<u>350</u>								
Below-Ground	350									
Other	350									

*1. The specified ceiling limits are applicable to products sold under the Averaging Compliance Option.

2. The specified limits remain in effect unless revised limits are listed in subsequent columns in the Table of Standards.

**3. Does not include compounds used for curbs and gutters, sidewalks, islands, driveways and other miscellaneous concrete areas.

*** ~~The Fire Retardant Coating category will be eliminated on January 1, 2007 and subsumed by the coating category for which they are formulated.~~

TABLE OF STANDARDS 1 (cont.)
VOC LIMITS

Grams of VOC Per Liter of Material

COATING	Limit
Low-Solids Coating	120

TABLE OF STANDARDS 2
VOC LIMITS FOR COLORANTS
Grams of VOC Per Liter of Colorant
Less Water and Less Exempt Compounds

<u>COLORANT</u>	<u>Limit⁴</u>
<u>Architectural Coatings, excluding IM Coatings</u>	<u>50</u>
<u>Solvent-Based IM</u>	<u>600</u>
<u>Waterborne IM</u>	<u>50</u>

4. Effective January 1, 2014.

(3) Coating Categorization

(A) If anywhere on the container of any coating listed in ~~the either~~ Table of Standards, on any sticker or label affixed thereto, or in any sales or advertising literature, any representation is made that the coating may be used as, or is suitable for use as, a coating for which a lower VOC standard is specified in the table or in paragraph (c)(1), then the lowest VOC standard shall apply.

(B) The provisions of paragraph (c)(3)(A) shall not apply to a coating described in part as a flat, nonflat or primer-sealer-undercoater coating, or represented in part for use on flooring, provided that all of the following requirements are met:

- (i) The coating meets the definition of a specific coating category for which a higher VOC standard is specified in the Table of Standards, and
- (ii) The coating is labeled in a manner consistent with the definition and all the specific labeling requirements for that specific coating category, and
- (iii) The coating is suitable and only recommended for the intended uses of that specific coating category.

(4) Sell-Through Provision

~~(A)~~—Any coating that is manufactured prior to the effective date of the applicable limit specified in the Table of Standards, and that has a VOC content above that limit (but not above the limit in effect on the date of manufacture), may be sold, supplied, offered for sale, or applied for up to three years after the specified effective date. The manufacturer shall maintain sales and distribution records, as

applicable, for any coating manufactured prior to the effective date if that coating volume is not included in an approved Averaging Compliance Option [specified in paragraph (c)(6) of this rule] Program that includes the same coating manufactured on or after the effective date. Such records shall clearly indicate the date of manufacture (or date code or batch code) and volume of coating sold or distributed to distinguish between those coatings subject to the provisions of this paragraph and those subject to the provisions of Appendix A section (K). These records shall be made available to the Executive Officer upon request and shall be maintained for a period of at least three years after the end of a compliance period of the Averaging Compliance Option Program.

~~(B) — Any coating in containers of one quart or less that is manufactured prior to the expiration of the exemption under subparagraph (g)(1)(A) which has a VOC content above that limit specified in the Table of Standards, or shellac manufactured prior to January 1, 2007 and represented for use on wood flooring may be sold, supplied, offered for sale, or applied for up to one year after the effective date specified in the Table of Standards or the shellac definition. A manufacturer using this small container sell-through provision shall submit an annual report to the Executive Officer within three months of the end of the appropriate sell-through period. The report shall contain information as required by the Executive Officer to monitor the use of small containers under this provision. The manufacturer shall also provide written notice of the one year sell-through expiration date to their distribution chain. These records shall be made available to the Executive Officer upon request and shall be maintained for a period of at least three years.~~

- (5) All architectural coating containers used to apply the contents therein to a surface direct from said container by pouring, siphoning, brushing, rolling, padding, ragging or other means, shall be closed when not in use. These architectural coating containers include, but should not be limited to: drums, buckets, cans, pails, trays or other application containers.
- (6) Averaging Compliance Option

Until January 1, 2015, In lieu of specific compliance with the applicable limits in the Table of Standards, manufacturers may average designated coatings such that their actual cumulative emissions from the averaged coatings are less than or equal to the cumulative emissions that would have been allowed under those limits over a compliance period not to exceed one year.

(A) ~~On or after January 1, 2001,~~ †The following coatings may be averaged until December 31, 2011: bituminous roof primers; floor coatings; industrial maintenance coatings; interior stains; metallic pigmented coatings; primers, sealers, and undercoaters; ~~quick-dry primers, sealers, and undercoaters;~~ roof coatings; ~~quick-dry enamels;~~ rust preventative coatings; ~~roof coatings;~~ sanding sealers; specialty primers; stains; waterproofing concrete/masonry sealers; waterproofing sealers; ~~industrial maintenance coatings;~~ varnishes; zinc-rich industrial maintenance primers; as well as flats and nonflats (excluding recycled coatings).

~~(B) — On or after July 1, 2006, the following coatings in addition to those designated in subparagraph (c)(6)(A) may be averaged: bituminous roof primers; fire retardant coatings, high gloss nonflats, metallic pigmented coatings, zinc rich industrial maintenance primers, interior stains; waterproofing concrete/masonry sealers; varnishes; and sanding sealers.~~

(B) Effective January 1, 2012, only the following coatings may be averaged: floor coatings; industrial maintenance coatings; interior stains; metallic pigmented coatings; rust preventative coatings; sanding sealers; stains; varnishes; as well as flats and nonflats (excluding recycled coatings).

(C) Manufacturers using the Averaging Compliance Option shall:

- (i) Comply with the averaging provisions contained in Appendix A, as well as maintain all records for the Averaging Compliance Option (ACO) Program and make these records available to the Executive Officer upon request, for a period of at least three years after the end of the compliance period; and

- (ii) Use only the sell-through provision in Appendix A for each coating included in the ACO Program in lieu of the sell-through provision of subparagraph (c)(4).

(7) No person shall apply or solicit the application within the District of any industrial maintenance coatings, except non-sacrificial anti-graffiti coatings, for residential use or for use in areas such as office space and meeting rooms of industrial, commercial or institutional facilities not exposed to such extreme environmental conditions described in the definition of industrial maintenance coatings.

(8) General Prohibition

No person shall supply, sell, market, offer for sale, manufacture, blend, or repackage any architectural coating in the District subject to the provisions of this rule with any materials that contain in excess of 0.1% by weight any Group II exempt compounds listed in Rule 102. Cyclic, branched, or linear, completely methylated siloxanes (VMS) are not subject to this prohibition. This provision is effective January 1, 2012 except that products manufactured prior to the effective date may be sold until January 1, 2013.

(d) Administrative Requirements

- (1) Containers for all coatings subject to this rule shall display the date of manufacture of the contents or a code indicating the date of manufacture. The manufacturers of such coatings shall file with the Executive Officer of the District and the Executive Officer of the Air Resources Board an explanation of each code.
- (2) Containers for all coatings subject to the requirements of this rule shall carry a statement of the manufacturer's recommendation regarding thinning of the coating. This requirement shall not apply to the thinning of architectural coatings with water. The recommendation shall specify that the coating is to be employed without thinning or diluting under normal environmental and application conditions, unless any thinning recommended on the label for normal environmental and application conditions does not cause a coating to exceed its applicable standard.
- (3) Each container of any coating subject to this rule shall display the maximum VOC content of the coating, as supplied, and after any thinning as recommended by the manufacturer. The VOC content of low-solids coatings shall be displayed as grams of VOC per liter of material

(excluding any colorant added to the tint bases) and the VOC content of any other coating shall be displayed as grams of VOC per liter of coating (less water and less exempt compounds, and excluding any colorant added to tint bases). VOC content displayed may be calculated using product formulation data, or may be determined using the test method in subdivision (e). VOC content calculated from formulation data shall be adjusted by the manufacturer to account for cure volatiles (if any) and maximum VOC content within production batches. Effective January 1, 2014, the VOC shall be displayed on the coating container such that the required language is:

- (A) Noticeable and in clear and legible English;
- (B) Separated from other text; and
- (C) Conspicuous, as compared with other words, statements, designs, or devices in the label as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use.

~~(4) — The coating container label or container for quick-dry primers, sealers, and undercoaters and quick-dry enamels shall include the words “Quick-Dry” or shall list the following:~~

- ~~(A) — The recoat time for quick-dry primers, sealers, and undercoaters, or~~
- ~~(B) — The dry-hard time for quick-dry enamels.~~

~~Containers and container labels shall not contain the words “Quick-Dry” unless the material meets the dry times specified in the respective definitions or the material complies with the respective general VOC limit for enamels or primers, sealers, and undercoaters.~~

~~(5)(4) The labels of all rust preventative coatings shall include the statement “For Metal Substrates Only” prominently displayed, effective January 1, 2003.~~

~~(6)(5) Effective January 1, 2003, (T)The labels of all specialty primers shall prominently display one or more of the following descriptions:~~

- ~~(A) For fire-damaged substrates.~~
- ~~(B) For smoke-damaged substrates.~~
- ~~(C) For water-damaged substrates.~~
- ~~(D) For excessively chalky substrates.~~

~~(7)(6) The labels of concrete-curing compounds manufactured and used for roadways and bridges shall include the statement "FOR ROADWAYS~~

AND BRIDGES ONLY (Not for Use on Curbs and Gutters, Sidewalks, Islands, Driveways and Other Miscellaneous Concrete Areas)" prominently displayed, ~~effective July 1, 2007.~~

~~(8) — Each manufacturer of the following coating categories shall, on or before April 1 of each calendar year submit an annual report to the Executive Officer:~~

~~(A) — Recycled coatings, including the gallons repackaged and distributed in the District.~~

~~(B) — Shellacs~~

~~(C) — Specialty primers.~~

~~The report shall specify the number of gallons of each coating within the category sold in the District during the preceding calendar year as well as their coating VOC content, and shall describe the method used by the manufacturer to calculate such sales.~~

~~(7) Effective January 1, 2012, the labels of all Clear Topcoat for Faux Finishing coatings shall prominently display the statement "This product can only be sold as a part of a Faux Finishing coating system".~~

~~(9)(8)~~ A manufacturer, distributor, or seller of a coating meeting the requirements of this rule, who supplies that coating to a person who applies it in a non-compliant manner, shall not be liable for that non-compliant use, unless the manufacturer, distributor, or seller knows that the supplied coating would be used in a non-compliant manner.

~~(10)(9)~~ Manufacturers of recycled coatings shall submit a letter to the Executive Officer certifying their status as a Recycled Paint Manufacturer.

(e) Test Methods

For the purpose of this rule, the following test methods shall be used:

(1) VOC Content of Coatings and Colorants

The VOC content of coatings subject to the provisions of this rule shall be determined by:

(A) U.S. EPA Reference Test Method 24 (Determination of Volatile Matter Content, Water Content, Density, Volume Solids, and Weight Solids of Surface Coatings, Code of Federal Regulations Title 40, Part 60, Appendix A) with the exempt compounds' content determined by Method 303 (Determination of Exempt Compounds) in the South Coast Air Quality Management District's

(SCAQMD) "Laboratory Methods of Analysis for Enforcement Samples" manual, or

(B) Method 304 [Determination of Volatile Organic Compounds (VOC) in Various Materials] in the SCAQMD's "Laboratory Methods of Analysis for Enforcement Samples" manual.

(C) Exempt Perfluorocarbons

The following classes of compounds:

cyclic, branched, or linear, completely fluorinated alkanes

cyclic, branched, or linear, completely fluorinated ethers with no unsaturations

cyclic, branched, or linear, completely fluorinated tertiary amines with no unsaturations

sulfur-containing perfluorocarbons with no unsaturations and with sulfur bonds only to carbon and fluorine

will be analyzed as exempt compounds for compliance with subdivision (c), only when manufacturers specify which individual compounds are used in the coating formulations. In addition, the manufacturers must identify the U.S. EPA, CARB, and SCAQMD approved test methods, which can be used to quantify the amount of each exempt compound.

(2) Acid Content of Coatings

The acid content of a coating subject to the provisions of this rule shall be determined by ASTM Test Method D 1613-85 (Acidity in Volatile Solvents and Chemical Intermediates Used in Paint, Varnish, Lacquer, and Related Products).

(3) Metal Content of Coatings

The metallic content of a coating subject to the provisions of this rule shall be determined by Method 318 (Determination of Weight Percent Elemental Metal in Coatings by X-Ray Diffraction) in the SCAQMD's "Laboratory Methods of Analysis for Enforcement Samples" manual.

~~(4) — Flame Spread Index~~

~~The flame spread index of a fire retardant coating subject to the provisions of this rule shall be determined by ASTM Test Method E 84 05 (Standard Test Method for Surface Burning Characteristics of Building Materials), or the most recent version, after application to an organic or inorganic substrate, based on the manufacturer's recommendations.~~

~~(5)~~(4) Drying Times

The set-to-touch, dry-hard, dry-to-touch, and dry-to-recoat times of a coating subject to the provisions of this rule shall be determined by ASTM Test Method D 1640 (Standard Test Methods for Drying, Curing, or Film Formation of Organic Coatings at Room Temperature). The tack-free time of a coating subject to the provisions of this rule shall be determined by ASTM Test Method D 1640, according to the Mechanical Test Method.

~~(6)~~(5) Gloss Determination

The gloss shall be determined by ASTM Test Method D 523 (Specular Gloss).

(6) Gonioapparent Characteristics for Coatings

A coating will be determined to have a gonioapparent appearance by ASTM E 284 (Standard Terminology of Appearance).

(7) Water Repellency for Reactive Penetrating Sealers shall be determined by any of the following:

(A) ASTM C67 (Standard Test Methods for Sampling and Testing Brick and Structural Clay Tile);

(B) ASTM C97/97M (Standard Test Methods for Absorption and Bulk Specific Gravity of Dimension Stone);

(C) ASTM C140 (Standard Test Methods for Sampling and Testing Concrete Masonry Units and Related Units).

(8) Water Vapor Transmission for Reactive Penetrating Sealers shall be determined by ASTM E96/96M (Standard Test Methods for Water Vapor Transmission of Materials).

(9) Selection and Use of Stone Consolidants shall be determined by ASTM E2176 (Standard Guide for Selection and Use of Stone Consolidants).

(10) Chloride Screening for Reactive Penetrating Sealer shall be determined using the National Cooperative Highway Research Report 244 (1981), "Concrete Sealers for the Protection of Bridge Structures".

~~(7)~~(11) Equivalent Test Methods

Other test methods determined to be equivalent after review by the Executive Officer, CARB, and the U.S. EPA, and approved in writing by the District Executive Officer may also be used.

~~(8)~~(12) Multiple Test Methods

When more than one test method or set of test methods are specified for any testing, a violation of any requirement of this rule established by any one of the specified test methods or set of test methods shall constitute a violation of the rule.

~~(9)~~(13) All test methods referenced in this subdivision shall be the version most recently approved by the appropriate governmental entities.

~~(f)~~ Technology Assessment

~~The Executive Officer shall conduct a technology assessment for the future VOC limit as specified in paragraph (c)(2) for flat coatings by July 1, 2007. In conducting the assessment, the Executive Officer shall consider any applicable future CARB surveys on architectural coatings and shall report to the Governing Board as to the appropriateness of maintaining the future VOC limit.~~

~~(g)~~(f) Exemptions

(1) Until December 31, 2013, The provisions of this rule shall not apply to:
~~(A) Any~~ architectural coatings in containers having capacities of one liter (1.057 quart) or less, excluding clear wood finishes, varnishes, sanding sealers, lacquers, and pigmented lacquers and, provided that the provisions in the subparagraphs below are met. Effective January 1, 2014, the provisions of the Table of Standards and paragraph (c)(1) of this rule shall not apply to any architectural coatings in containers having capacities of one liter (1.057 quart) or less, excluding clear wood finishes, varnishes, sanding sealers, lacquers, and pigmented lacquers, provided the provisions in the subparagraphs below are met:

~~(A) ¶~~The manufacturer submits an annual report to the Executive Officer within three months of the end of each calendar year reports the sales in the Rule 314 Annual Quantity and Emissions Report. The report shall contain information as required by the Executive Officer to monitor the use of the small container exemption. The loss of this exemption due to the failure of the manufacturer to submit an annual the Rule 314 Annual Quantity and Emissions ¶Report shall apply only to the manufacturer. ~~—Effective July 1, 2006 clear wood finishes, including varnishes and sanding sealers; and lacquers, including pigmented lacquers, in containers having capacities of one quart or less shall no longer be exempt from the requirements of this rule.~~

(B) The coating containers are not bundled together to be sold as a unit that exceeds one liter (1.057 quarts), excluding containers packed together for shipping to a retail outlet.

(C) The label or any other product literature does not suggest combining multiple containers so that the combination exceeds one liter (1.057 quarts).

Subparagraphs (f)(1)(B) and (f)(1)(C) are effective July 1, 2011. Products otherwise qualifying for the one liter (1.057 quart) exemption, manufactured prior to this effective date of July 1, 2011, may be sold until January 1, 2012.

(2) The provisions of this rule shall not apply to:

~~(B)~~(A) Architectural coatings supplied, sold, offered for sale, marketed, manufactured, blended, repackaged or stored in this District for shipment outside of this District or for shipment to other manufacturers for repackaging;~~;~~ ~~or~~

~~(C)~~(B) Emulsion type bituminous pavement sealers;~~;~~ ~~or~~

~~(D)~~(C) Aerosol coating products.

~~(E)~~(D) Use of stains and lacquers in all areas within the District at an elevation of 4,000 feet or greater above sea level or sale in such areas for such use.

~~(2) Notwithstanding the provisions of paragraph (c)(2), a person or facility may add up to 10 percent by volume of VOC to a lacquer to avoid blushing of the finish during days with relative humidity greater than 70 percent and temperature below 65 degrees Fahrenheit, at the time of application provided that:~~

~~(A) The coating is not applied from April 1 to October 31 of any year.~~

~~(B) The coating contains acetone and no more than 550 grams of VOC per liter of coating (275 grams of VOC per liter of coating after January 1, 2005), less water and exempt compounds, prior to the addition of VOC.~~

~~(3) The January 1, 2005 VOC limit for lacquers shall not be applicable until January 1, 2007 and the July 1, 2008 VOC limit for flat coatings shall not be applicable to any manufacturer which meets all of the following criteria:~~

~~(A) The total gross annual receipts are \$2,000,000 or less, and~~

~~(B) The total number of employees is 100 or less, and~~

~~(C) — The manufacturer requesting this exemption files a written request with the Executive Officer annually which includes, but is not limited to:~~

~~(i) — The total gross annual receipts for each of the last three years.~~

~~(ii) — The total number of employees for each of the last three years.~~

~~For the purposes of determining the total gross annual receipts and the total number of employees, a manufacturer shall include data from all facilities (both within and outside of the District) which they own, operate, have an ownership interest, or are legally affiliated. If a manufacturer exceeds the criteria specified in subparagraphs (g)(3)(A) or (g)(3)(B) any time after the initial request is filed with the Executive Officer, this exemption shall be immediately terminated, the manufacturer shall forfeit any future eligibility for this exemption, and the manufacturer shall be considered in violation of this rule for each and every day that lacquers or flat coatings which do not comply with the respective VOC limit in the Table of Standards are supplied, sold, or offered for sale within the District. The loss of this exemption due to the manufacturer exceeding the criteria in subparagraphs (g)(3)(A) or (g)(3)(B) shall apply only to the manufacturer.~~

~~(4)(3)~~ The provisions of paragraph (c) shall not apply to facilities which apply coatings to test specimens for purposes of research and development of those coatings.

~~(5) — The July 1, 2006 VOC limit for nonflats, primers, sealers, and undercoaters, quick dry enamels, waterproofing concrete/masonry sealers and rust preventative coatings shall not be applicable until July 1, 2008 to any manufacturer which meets all of the following criteria:~~

~~(A) — The total gross annual receipts are \$5,000,000 or less, and~~

~~(B) — The total number of employees is 100 or less, and~~

~~(C) — The manufacturer requesting this exemption files a written request with the Executive Officer annually which includes, but is not limited to:~~

~~(i) — The total gross annual receipts for each of the last three years.~~

~~(ii) — The total number of employees for each of the last three years.~~

~~For the purposes of determining the total gross annual receipts and the total number of employees, a manufacturer shall include data from all facilities (both within and outside of the District) which they own, operate, have an ownership interest, or are legally affiliated. If a manufacturer exceeds the criteria specified in subparagraphs (g)(5)(A) or (g)(5)(B) any time after the initial request is filed with the Executive Officer, this exemption shall be immediately terminated, the manufacturer shall forfeit any future eligibility for this exemption, and the manufacturer shall be considered in violation of this rule for each and every day that nonflats, primers, sealers, and undercoaters, quick dry enamels, and rust-preventative coatings do not comply with the respective VOC limit in the Table of Standards are supplied, sold, or offered for sale within the District. The loss of this exemption due to the manufacturer exceeding the criteria in subparagraphs (g)(5)(A) or (g)(5)(B) shall apply only to the manufacturer.~~

~~(6) — Effective January 1, 2005 through December 31, 2006, roof coatings with a VOC content of 100 grams per liter or less that are certified under the U.S. EPA Energy Star Program shall not be subject to the VOC limit in the Table of Standards.~~

APPENDIX A: Averaging Compliance Option (ACO) Provision

(A) The manufacturer shall demonstrate that actual emissions from the coatings being averaged are less than or equal to the allowable emissions, for the specified compliance period using the following equation:

$$\sum_{i=1}^n G_i M_i \leq \sum_{i=1}^n G_i V_i L_i$$

Where:

$$\sum_{i=1}^n G_i M_i = \text{Actual Emissions}$$

$$\sum_{i=1}^n G_i V_i L_i = \text{Allowable Emissions}$$

G_i = Total Gallons of Product (i) subject to Averaging;

M_i = Material VOC content of Product (i), as pounds per gallon; {as defined in paragraph (b)(22)}

V_i = Percent by Volume Solids and VOC in Product (i), {as defined in paragraph (b)(21)}

$$\frac{V_m - V_w - V_{es}}{V_m}$$

For Non-Zero VOC Coatings:

$$= \frac{\text{Material VOC}}{\text{Coating VOC}}$$

For Zero VOC coatings:

= % solids by volume

L_i = Regulatory VOC Content Limit for Product (i), as pounds per gallon; {as listed in ~~paragraph-subdivision~~ (c)(2) Table of Standards}

The averaging is limited to coatings that are designated by the manufacturer. Any coating not designated in the ACO Program shall comply with the VOC limit in the Table of Standards. The manufacturer shall not include any quantity of coatings that it knows or should have known will not be used in the District.

In addition to the requirements specified in Section (A), a manufacturer shall not include in an ACO Program or supply, sell, offer for sale, manufacture, blend, or repack for use within the District any architectural coating with a VOC content in excess of the ~~maximum VOC content in effect, immediately prior to July 1, 2001 ceiling limit in the Table of Standards~~ or the VOC content limits specified in the National VOC Emission Standard, whichever is less. ~~Manufacturers that submitted the required 2005 annual report for clear wood finish containers of one quart or less, may include in an ACO Program varnishes and sanding sealers so long as these coatings sold in such containers do not exceed the applicable National Standard of 450 grams of VOC per liter of coating less water and less exempt compounds, in lieu of the otherwise applicable VOC limit of 350 grams per liter.~~

(B) ACO Program

At least six months prior to the start of the compliance period, manufacturers shall submit an ACO Program, which is subject to all the provisions of Rule 221 – Plans and Rule 306 – Plan Fees, to the Executive Officer. Averaging may not be implemented until the ACO Program is approved in writing by the Executive Officer.

Within 45 days of submittal of an ACO Program, the Executive Officer shall approve, disapprove or deem the ACO Program incomplete. The ACO Program applicant and the Executive Officer may agree to an extension of time for the Executive Officer to take action on the ACO Program.

(C) General Requirements

The ACO Program shall include all necessary information for the Executive Officer to make a determination as to whether the manufacturer may comply with the averaging requirements over the specified compliance period in an

enforceable manner. Such information shall include, but is not limited to, the following.

1. An identification of the contact persons, telephone numbers, and name of the manufacturer who is submitting the ACO Program.
2. An identification of each coating that has been selected by the manufacturer for inclusion in this ACO Program that exceeds the applicable VOC limit in the Table of Standards, their VOC content specified in units of both grams of VOC per liter of coating, and grams of VOC per liter of material and the designation of the coating category.
3. A detailed demonstration showing that the projected actual emissions will not exceed the allowable emissions for a single compliance period that the ACO Program will be in effect. In addition, the demonstration shall include VOC content information for each coating that is below the compliance limit in the Table of Standards. The demonstration shall use the equation specified in paragraph (A) of this Appendix for projecting the actual emissions and allowable emissions during each compliance period. The demonstration shall also include all VOC content levels and projected volume to be sold and distributed, as applicable, within the District for each coating listed in the ACO Program during each compliance period. The requested data can be summarized in a matrix form.
4. A specification of the compliance period(s) and applicable reporting dates. The length of the compliance period shall not be more than one year nor less than six months.
5. An identification and description of specific records to be used to calculate emissions and track coating volume for the ACO Program and subsequent reporting. This shall include a detailed explanation as to how the records are to be used to demonstrate compliance with the averaging requirements of the ACO Program. Such records or electronic versions (if hardcopy originals are not generated) shall be made available to the Executive Officer upon request. These records shall include records from each of the following categories:
 - (a) PProduct formulation records (including both coating and material VOCs):
 - (1) Lab reports [including percent weight of non-volatiles, water, and exempts (if applicable); density of the coating;

and raw laboratory data] of test methods conducted as specified in paragraph (e)(1) of the rule or

- (2) ~~p~~Product formulation data, including physical properties analyses, as applicable, with a VOC calculation demonstration; and
- (b) ~~p~~Production records consisting of batch tickets including the date of manufacture, batch weight and volume; and
- (c) ~~d~~Distribution records:
 - (1) ~~e~~Customer lists or store distribution lists or both (as applicable) and
 - (2) ~~s~~Shipping manifests or bills of lading or both (as applicable); and
- (d) ~~s~~Sales records consisting of point of sale receipts or invoices to local distributors or both, as applicable.

If the manufacturer requests to demonstrate compliance with the ACO Program by using records other than those specifically listed above, those records must be approved by the U.S. EPA, CARB, and the Executive Officer before an ACO Program can be approved. The Executive Officer may request additional records, as necessary, as a condition of approving the ACO Program or to verify compliance.

- 6. A statement, signed by a responsible party for the manufacturer, certifying that all information submitted is true and correct, and that records will be made available to the Executive Officer upon request.

(D) Reporting Requirements

- 1. For every single compliance period, the manufacturer shall submit to the Executive Officer a mid-term report listing all coatings subject to averaging during the first half of the compliance period, detailed analysis of the actual and allowable emissions at the end of the mid-term, and if actual emissions exceed allowable emissions an explanation as to how the manufacturer intends to achieve compliance by the end of the compliance period. The report shall be signed by the responsible party for the manufacturer, attesting that all information submitted is true and correct. The mid-term report shall be submitted within 45 days after the midway date of the compliance period. A manufacturer may request, in writing, an extension of up to 15 days for submittal of the mid-term report.

2. Within 60 days after the end of the compliance period or upon termination of the ACO Program, whichever is sooner, the manufacturer shall submit to the Executive Officer a final report, providing a detailed demonstration of the balance between the actual and allowable emissions for the compliance period, an update of any identification and description of specific records used by the manufacturer to verify compliance with the averaging requirement, and any other information requested by the Executive Officer to determine whether the manufacturer complied with the averaging requirements over the specified compliance period. The report shall be signed by the responsible party for the manufacturer, attesting that all information submitted is true and correct, and that records will be made available to the Executive Officer upon request. A manufacturer may request, in writing, an extension of up to 30 days for submittal of the final report.

(E) **Renewal of an ACO Program**

An ACO Program automatically expires at the end of the compliance period. The manufacturer may request a renewal of the ACO Program by submitting a renewal request that shall include an updated ACO Program, meeting all applicable ACO Program requirements. The renewal request will be considered conditionally approved until the Executive Officer makes a final decision to deny or approve the renewal request based on a determination of whether the manufacturer is likely to comply with the averaging requirements. The Executive Officer shall base such determination on all available information, including but not limited to, the mid-term and final reports of the preceding compliance period. The Executive Officer shall make a decision to deny or approve a renewal request no later than 45 days from the date of the final report submittal, unless the manufacturer and the Executive Officer agree to an extension of time for the Executive Officer to take action on the renewal request.

(F) **Modification of an ACO Program**

A manufacturer may request a modification of the ACO Program at any time prior to the end of the compliance period. The Executive Officer shall take action to approve or disapprove the modification request no longer than 45 days from the

date of its submittal. No modification of the compliance period shall be allowed. An ACO Program need not be modified to specify additional coatings to be averaged that are below the applicable VOC limits.

(G) Termination of an ACO Program

1. A manufacturer may terminate its ACO Program at any time by filing a written notification to the Executive Officer. The filing date shall be considered the effective date of the termination, and all other provisions of this rule including the VOC limits shall immediately thereafter apply. The manufacturer shall also submit a final report 60 days after the termination date. Any exceedance of the actual emissions over the allowable emissions over the period that the ACO Program was in effect shall constitute a separate violation for each day of the entire compliance period.
2. The Executive Officer may terminate an ACO Program if any of the following circumstances occur:
 - (a) The manufacturer violates the requirements of the approved ACO Program, and at the end of the compliance period, the actual emissions exceed the allowable emissions.
 - (b) The manufacturer demonstrates a recurring pattern of violations and has consistently failed to take the necessary steps to correct those violations.

(H) Change in VOC Limits

If the VOC limits of a coating listed in the ACO Program are amended such that its effective date is less than one year from the date of adoption, the affected manufacturer may base its averaging on the prior limits of that coating until the end of the compliance period immediately following the date of adoption.

(I) Labeling

Each container of any coating that is included in an ACO Program, and that exceeds the applicable VOC limit in the Table of Standards shall display the following statement: "This product is subject to the averaging provisions of SCAQMD Rule 1113". A symbol specified by the Executive Officer may be used as a substitute.

(J) Violations

The exceedance of the allowable emissions, as defined in Appendix A, Section (A), at the end of any compliance period shall constitute a separate violation for each gallon of each coating product line that is over the VOC limit specified in the Table of Standards for each day of the compliance period. However, any violation of the requirements of the ACO Provision of this rule, which the violator can demonstrate, to the Executive Officer, did not cause or allow the emission of an air contaminant and was not the result of negligent or knowing activity may be considered a minor violation (pursuant to District Rule 112).

(K) Sell-Through Provision

A coating that is included in an approved ACO Program that does not comply with the specified limit in the Table of Standards may be sold, supplied, offered for sale, or applied for up to three years after the end of the compliance period specified in the approved ACO Program. This section of Appendix A does not apply to any coating that does not display on the container either the statement: “This product is subject to architectural coatings averaging provisions of the SCAQMD Rule 1113” or a designated symbol specified by the Executive Officer of the SCAQMD.

A T T A C H M E N T F

FINAL STAFF REPORT FOR

PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

**Final Staff Report
Proposed Amended Rule 1113– Architectural Coatings**

May 2011

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Appendix A 2010 AQMD Colorant Survey

Appendix B Map of Cities and Communities above 4,000 feet

ACRONYMS USED IN THIS REPORT

ACA American Coatings Association

AQMD South Coast Air Quality Management District

AQMP Air Quality Management Plan

ASTM American Society for Testing and Materials

Avg Average

BARCT Best Available Retrofit Control Technology

CARB California Air Resources Board

CEQA California Environmental Quality Act

EIP Economic Incentive Program

EPA United States Environmental Protection Agency
GC/MS Gas Chromatography/Mass Spectrometry
g/L Grams per Liter
IM Industrial Maintenance
NO_x Oxides of Nitrogen
NSAG Non-Sacrificial Anti-Graffiti Coatings
OEHHA Office of Environmental Health Hazard Assessment
PAR Proposed Amended Rule
PPE Personal Protective Equipment
ppd Pounds per day
PSU Primer, Sealer, & Undercoater
SAG Sacrificial Anti-Graffiti Coatings
SCM Suggested Control Measure
SIP State Implementation Plan
SWA Sales Weighted Average
tBAc Tertiary-Butyl Acetate
tpd Tons per day
tpy Tons per year
UV/EB Ultraviolet/Electron Beam
VOC Volatile Organic Compound
WPCMS Waterproofing Concrete/Masonry Sealer

EXECUTIVE SUMMARY

Rule 1113 - Architectural Coatings, was originally adopted by the AQMD on September 2, 1977, to regulate the Volatile Organic Compound (VOC) emissions from the application of architectural coatings, and has since undergone numerous amendments. The 2007 Air Quality Management Plan (AQMP), specifically Control Measure CM#2007 MCS-07 – Application of All Feasible Measures, explicitly lists coating and solvent rules to achieve additional VOC reductions. Rule 314 – Fees for Architectural Coatings, was adopted on June 6, 2008 requiring manufacturers to pay fees, as well as report sales and emissions of architectural coatings into the AQMD. Based on the 2008 and 2009 sales data collected from Rule 314, documents from CARB, numerous site visits, technical research, and working group meetings, staff has developed PAR 1113 in regard to the following:

- Remove outdated language;
- Clarify existing definitions and requirements;
- ~~Include~~ Include ~~N~~new categories with VOC limits;
- Reduce the VOC content limits of certain architectural coating categories;
- Limit the VOC content of previously unregulated colorants used to tint coatings at the point of sale;
- Limit categories eligible for the Averaging Compliance Option (ACO) with eventual phase-out;
- Revise the Small Container Exemption (SCE) to address bundling and clarify exemption; and
- Prohibit the storage of non-compliant coatings at worksites.

Staff has held four working group meetings with stakeholders over the past six months, as well as met with individual architectural coating manufacturers and the American Coatings Association (ACA), previously the National Paints and Coatings Association. Based on the ACA's recommendation, staff conducted extensive surveys on the use of colorant. The current proposal incorporates and addresses numerous comments and concerns expressed by the stakeholders.

Staff proposes the following amendments to achieve emission reductions and clarify rule implementation issues for improved enforceability:

- Change the applicability of the rule by eliminating the phrase “for use,” including “market for sale” and adding language to include “storing coatings at worksites.”
- Add 20 definitions; amend ~~12-13~~ definitions, and delete 3 definitions:
 - Add – Concrete Surface Retarders; Driveway Sealers; Faux Finishing subcategories: Glazes, Decorative Coatings, Trowel Applied Coatings, and Clear Topcoats; Form Release Compounds; Gonioapparent; Manufacturer; Market; Non-Sacrificial Anti-Graffiti Coating; Pearlescent; Pigmented; Reactive Penetrating Sealers; Restoration Architect; Retail Outlet; Sacrificial Anti-Graffiti Coatings; Stationary Structures; Stone Consolidants; and Worksite.

- Amend – Architectural Coatings; Faux Finishing Coatings; Fire Proofing Coatings; Floor Coatings; Japans/Glazes; Metallic Pigmented Coatings; Product Line; Quick Dry Enamels; Quick Dry Primers, Sealers, Undercoaters; Sanding Sealers; Swimming Pool Coatings; Varnishes; ~~and~~ Volatile Organic Compounds; and Waterproofing Concrete/Masonry Sealers.
- Delete – Clear Brushing Lacquers; Fire Retardant Coatings, and Non-Flat High Gloss Coatings.
- Clarify the requirements in paragraphs (c)(1) and (c)(2).
- Establish a VOC limit for the following new coating categories:
 - Concrete Surface Retarders; Driveway Sealers; Trowel Applied Faux Finishes; Clear Topcoats for Faux Finishes; Reactive Penetrating Sealers and Stone Consolidants.
- Reduce the VOC limit on the following categories:
 - Default; Dry-Fog Coatings; Fire-Proofing Coatings; Form Release Compounds; Graphic Arts Coatings; Mastic Coatings; and Metallic Pigmented Coatings.
- Add VOC limits for colorants added at the point of sale.
- Propose changes to the ACO provision:
 - Lower ceiling limits;
 - Limit coating categories that can be averaged; and
 - Phase-out provision by January 1, 2015.
- Add a general prohibition against the use of Group II exempt solvents, other than cyclic, branched, or linear, completely methylated siloxanes (VMS).
- Include specific labeling requirements to improve the visibility of the VOC content.
- Remove reporting requirements that are now redundant with Rule 314.
- Add American Society for Testing and Materials (ASTM) E 284 Standard Terminology of Appearance.
- Add ASTM C67, C97/97M, C140 for water repellency of Reactive Penetrating Sealers.
- Add ASTM E96/96M for water vapor transmission of Reactive Penetrating Sealers.
- Add the National Cooperative Highway Research Report 244 (1981), “Concrete Sealers for the Protection of Bridge Structures” for chloride screening of Reactive Penetrating Sealers.

- Add ASTM E2176 for selection and use of Stone Consolidants.
- Propose changes to the Small Container Exemption (SCE):
 - Clarify that the exemption only applies to the VOC limits; and
 - Prohibit “bundling” of the coatings sold on the retail shelves.
- Remove outdated rule language, including exemptions that have expired or requirements that have surpassed their effective date.
- Amend the exemptions for stains used above 4,000 feet to include use or sale in such areas for such use.
- Remove exemption for adding 10% VOC by volume to lacquers, to prevent blushing on cool days with high humidity.

The overall estimated emission reductions from the proposed amendment are 4.4 tons per day (tpd) by January 1, 2016, and the overall cost effectiveness is estimated to be ~~\$5,9106,211~~ per ton.

PAR1113 will partially implement CM#2007 MCS-07.

BACKGROUND

Architectural coatings are one of the largest non-mobile sources of VOC emissions in the AQMD. Rule 1113 is applicable to manufacturers, distributors, specifiers, and end-users of architectural coatings. These coatings are used to enhance the appearance of and to protect stationary structures and their appurtenances, including homes, office buildings, factories, pavements, curbs, roadways, racetracks, bridges, other structures; and their appurtenances, on a variety of substrates. Architectural coatings are typically applied using brushes, rollers, or spray guns by homeowners, painting contractors, and maintenance personnel. Rule 1113 was first adopted in 1977, and has undergone numerous amendments, most recently on July 15, 2007, to address the metallic pigmented coatings category. Although successive amendments to Rule 1113 contributed to significantly reduced emissions, architectural coatings continue to be one of the largest sources of VOC emissions in the AQMD, with the exception of consumer products and mobile sources.

The 2007 AQMP projected that the 2010 Annual Average Emissions for architectural coatings would be 23 tons per day (tpd), with a Summer Planning Inventory of 27 tpd. That estimate is based on the California Air Resources Board (CARB) 2001 survey of coatings sold in California in calendar year 2000; assuming 45% of those coatings were sold in the AQMD. The survey was updated in 2006 with 2004 sales data.

According to more recent Rule 314 data for products shipped in 2008 and 2009, the emissions in the AQMD that can be attributed to architectural coatings were 15 tpd and 12 tpd, respectively, and do not include VOC emissions from colorants added at the point of sale. Staff notes that the

Rule 314 data has not been fully audited, and volumes and emissions may be under or over-reported. The data may be revised upon more detailed audits and subsequent compliance reviews. Furthermore, Rule 314 data indicates coating sales volumes exemplifying impacts of the decline in economic activity, particularly the local real estate market, which is the biggest driver for architectural coating usage. Table 1 summarizes sales and emissions collected for Rule 314 for 2008 and 2009, as well as the 2005 CARB survey of coatings sold in the 2004 calendar year.

Table 1: Total Sales and Emissions by Type

Year	Total Annual Sales Volume			Percentage	
	Total	SB	WB	SB	WB
2008	39,006,780	2,815,527	36,191,253	7.2%	92.8%
2009	34,117,105	2,025,777	32,091,328	5.9%	94.1%
	-12.5%	-28.0%	-11.3%		
2004	44,304,827	7,607,795	36,697,032	17.2%	82.8%
Year	Total Emissions (tpd)			Percentage	
	Total	SB	WB	SB	WB
2008	15.05	6.51	8.54	43.3%	56.7%
2009	11.64	4.77	6.87	41.0%	59.0%
	-22.7%	-26.7%	-19.6%		
2004	49.4	28.9	20.5	58.5%	41.5%

Table 1 demonstrates that while the recession has impacted the volume of coatings sold, there has been a sharper decrease in emissions relative to sales volumes. This can partially be attributed to the Rule 314 fee structure which charges a higher fee for higher-VOC coatings. It may also be the result of increased consumer demand for low-VOC products. There has been a significant shift in the marketplace over the past decade as consumers are seeking out low-VOC products, utilizing low-VOC colorants, and are willing to pay a premium for those products. The 2005 CARB survey is used to indicate the higher volume sales in 2004, with an adjustment for volumes and emissions representing the South Coast only; however, the 2004 sales volume does not necessarily represent the upper bounds of paint sales or economic activity, although it does reflect pre-recession volumes.

The 2007 AQMP, specifically Control Measure CM#2007 MCS-07 – Application of All Feasible Measures, explicitly lists coating and solvent rules to achieve additional VOC reductions. PAR1113 will partially implement CM#2007 MCS-07.

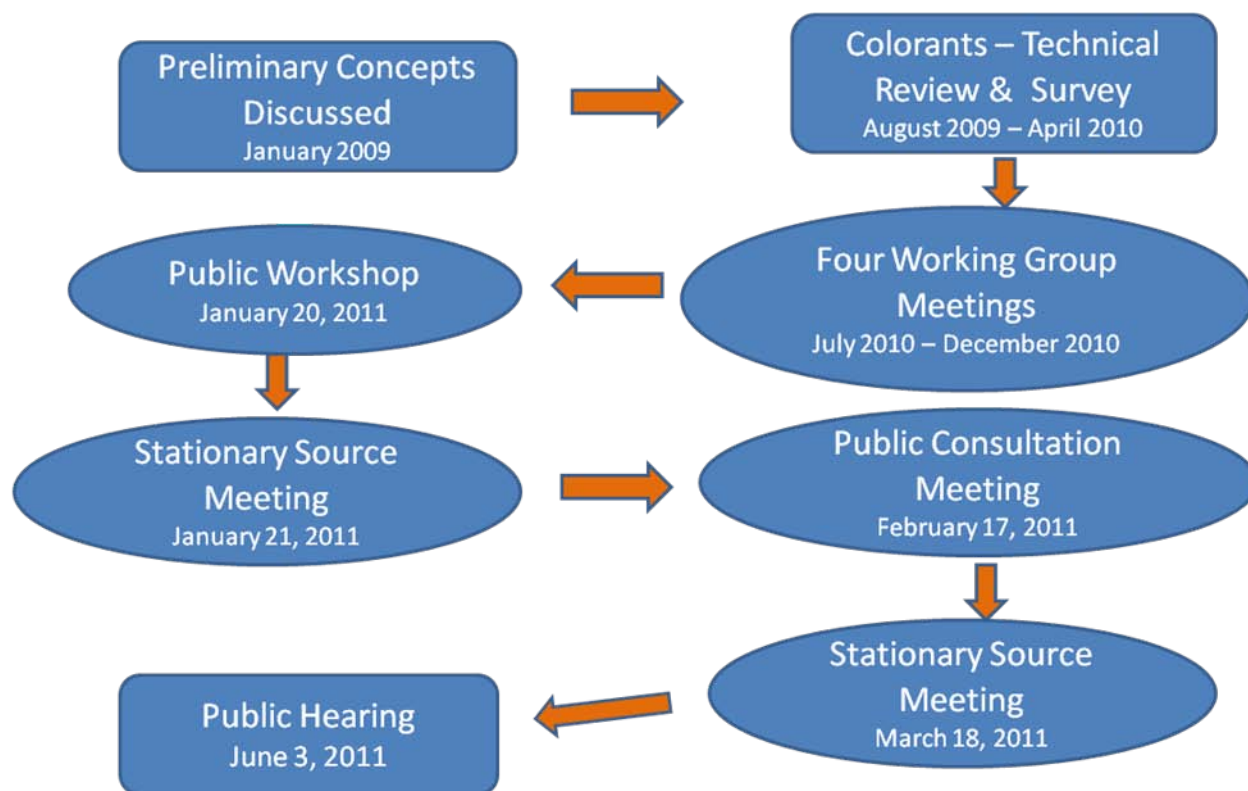
RULE DEVELOPMENT PROCESS

Staff initiated outreach with stakeholders regarding the intent to amend Rule 1113 almost 18 months prior to the announcement of the first working group meeting in the summer of 2010. Initially, during the January 2009 regulatory meeting of the Paint and Related Materials session of the American Society for Testing and Materials (ASTM), staff presented preliminary concepts including regulating colorants and looking for further VOC reductions. The concepts were discussed with representatives from ACA and several major coating manufacturers at the meeting.

In August 2009, staff began working on several surveys to determine the type of colorants that are currently being used to tint coatings at the point of sale for architectural and industrial maintenance applications. The goal was to gather information from manufacturers and retail outlets on the use and their experience with near zero-VOC colorants. The surveys were conducted while researching the feasibility of setting a VOC limit on colorants. The surveys were sent out in April 2010, after incorporating feedback from small and large manufacturers of coatings, pigment (colorant) suppliers, and the ACA. The first survey was a general survey sent to 288 contacts on the AQMD Rule 1113 subscribers list that are identified as architectural coatings manufacturers. According to Rule 314 reporting, there are approximately 200 manufacturers selling architectural coatings in the AQMD. The second survey was a targeted survey sent to 35 coating manufacturers who are listed on the AQMD Super-Compliant Coatings Manufacturers List. The third and final survey was sent electronically to 11 architectural coating retail sales contacts in the Rule 1113 subscribers list. In addition, hard copies of the survey were circulated to retail locations throughout the AQMD. The surveys were anonymous; therefore, no data from specific companies were recorded. The results of the surveys can be found in Appendix A of this report.

In addition, over the past six months, staff held four working group meetings, a Public Workshop and a Public Consultation Meeting, see Figure 1, including several meetings with three sub-groups for more in-depth discussions on Anti-Graffiti Coatings, Faux Finishing Coatings, and VOC Test Methods. Numerous stakeholders participated both in person and via teleconference. Over the course of the discussions, the ACA and the manufacturers provided feedback on rule language, requirements, and appropriate effective dates for the rule proposal. Additionally, staff met individually with local and national manufacturers, both large and small, to discuss the proposal and obtain feedback on the status of technology and desired implementation dates.

FIGURE 1: RULE DEVELOPMENT FLOW CHART



STAFF ASSESSMENT FOR THE PROPOSED AMENDMENTS

APPLICABILITY

To improve the enforceability of the rule, staff is proposing to alter the applicability section by removing the phrase “for use” in subdivision (a). The proposed change is based on the reasonable assumption that a coating sold in the AQMD is going to be used in the AQMD. The change will strengthen rule enforceability by clarifying that compliance staff can require a retail outlet to remove coatings that are labeled as non-compliant from their shelves. In recent years, staff has found a considerable amount of non-compliant coatings being offered for sale at both small and large retailers. There have also been instances of retailers incentivizing the sale of these higher-VOC products through drastic price reductions in order to eliminate their inventory. This change will help ensure that non-compliant coatings are not being sold in the AQMD resulting in lower emissions from the application of architectural coatings.

A new requirement being proposed in the applicability section is to prohibit non-compliant coatings from being stored at a worksite. It is a reasonable assumption that coatings stored at a worksite are going to be used at that location. The proposed amendment will result in a reduction of non-compliant coatings used at worksites. Staff has worked with manufacturers to ensure that the change in applicability would not affect coatings supplied, sold, offered for sale, marketed, manufactured, blended, repackaged or stored in the District for shipment to another jurisdiction.

During the Public Workshop, a member of the public voiced concerns regarding contractors work trucks containing non-compliant coatings. The concern regarded who would be liable for non-compliant coatings stored in a contractors work truck located at a facility owner or operator. Staff considered this scenario and based on the rule language, the facility would not be liable provided the non-compliant coatings were not specified by the facility and the non-compliant coatings were not being applied at the facility. The contractor or truck owner would be responsible for those non-compliant coatings and not the facility. This is similar to how current provisions in the rule are enforced. If a contractor is applying a non-compliant coating, the contractor, specifier and possibly the architect may be liable, but not the coating manufacturer.

Staff is proposing to add the phrase “markets” in the applicability and requirement sections to address mail order coatings and e-commerce companies such as Amazon and E-Bay who do not sell the coatings themselves but market them for sale on their website. Promotion or advertisements of architectural coatings are not included in the definition of “market.”

Staff is also proposing to add the phrase “fields and lawns” to clarify that field marking coatings and coatings used on lawns are architectural coatings. The phrase “to mobile homes to pavements, to curbs” will be removed from the applicability section and included in the new definition for a stationary structure. The proposed changes are for rule clarification.

DEFINITIONS

For rule clarification, staff is proposing several new or amended definitions and is proposing to delete several definitions. This section does not include definitional changes to coating categories; those are included in the next section labeled Coating Categories and VOC Limit Changes.

Architectural Coatings

Staff is proposing to add the phrase “fields and lawns” and remove the phrase “to mobile homes to pavements, to curbs” from the definition. The new definition for a stationary structure will include that language along with “roadways, racetracks, and bridges.” The proposed change is for rule clarification.

Manufacturer

Staff is proposing a definition for a manufacturer as a result of confusion regarding the Rule 314 requirement that requires *manufacturers* to report their sales annually to the AQMD. During initial rule implementation, there was some confusion over who was responsible for reporting the coating sales. Rule 314 applies to coating manufacturers, but does not define a manufacturer. In instances where coatings are toll manufactured for a private labeler, there was confusion as to who was responsible for the reporting and fees. Staff crafted the definition of a manufacturer in the PAR 1113 with assistance from the working group members. In addition, staff will provide further clarification as to who is responsible for reporting in the instance of a toll manufacturer, when Rule 314 is amended later this year.

Market

Staff is proposing to include a definition for “market” since this term is now included in the applicability section of the rule. The purpose of the definition is to specify that Rule 1113 also applies to e-commerce and catalog sales, but not promotion or advertising of coatings.

Pigmented

Staff is proposing to include a definition for “pigmented,” as it is currently referenced in the following places in the rule: lacquers, metallic pigmented coatings, shellacs, waterproofing concrete/masonry sealers, and in the proposed definition of varnish.

Quick-Dry Enamel, Quick-Dry Primer, Sealer, and Undercoater & High-Gloss Nonflats

Staff is proposing to subsume the Quick Dry Enamel category into the Non-Flat Category since the two are essentially the same. In the past, there was a distinction between Quick-Dry Enamels and Non-Flat Coatings because they had different VOC limits, labeling requirements, and ceiling limits in the ACO. On July 1, 2006, the VOC limit for Non-Flat Coatings were reduced to 50 g/L, then on July 1, 2007, the VOC limits for High-Gloss Non-Flat Coatings and Quick-Dry Enamels were reduced to 50 g/L, and the three year sell through period expired on July 1, 2010. To simplify the rule and the Table of Standards, staff is proposing to subsume the Quick-Dry Enamel Category, and eliminate the labeling requirements in paragraph (d)(4). Similarly, staff is proposing to subsume the Quick-Dry Primers, Sealers, and Undercoaters category into the Primers, Sealers, and Undercoaters category.

Staff is also proposing to eliminate the Non-Flat High Gloss Coating category. This category was added in 2006 to allow for a longer phase-in period for the 50 g/L limit for high-gloss non-flat coatings versus non-flat coatings. Now that the VOC limit for the Non-Flat and the High-Gloss Non-Flat coatings are the same, staff would like to simplify the rule by eliminating the High-Gloss category. The sell through period has also expired for this category.

Retail outlet

Staff is proposing to add a definition for retail outlet because this term was added to the exemption section. See the section on applicability for a discussion as to why this definition was necessary.

Restoration Architect

Staff is proposing to add a definition for a restoration architect since two new categories are going to be limited to restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect.

Stationary Structure

Staff is proposing to add a definition for a stationary structure which includes, but is not limited to, homes, office buildings, factories, mobile homes, pavements, curbs, roadways, racetracks, or bridges. This will clarify both the applicability section and definition of architectural coatings.

Volatile Organic Compound

Due to a partial SIP disapproval by the EPA, staff is proposing to clarify that the exemption for tertiary-Butyl Acetate (tBAC) is limited to the VOC content. Staff received guidance from the EPA on this new requirement. Since there are currently no specific reporting requirements for VOCs under Rule 1113, there will be no additional reporting requirements for tBAC. The proposed change to the tBAC exemption will only affect any required state or federal reporting requirements.

Worksite

Staff is proposing to add a definition for worksite because of the change in the applicability section to prohibit non-compliant coatings from being stored at worksites. See the section on applicability for further information.

COATING CATEGORIES

The following section contains new coating categories with VOC limits, amended definitions for existing coating categories and proposed reductions of current VOC limits for existing categories. Staff has a sizeable source of data on coatings that were sold in the AQMD as a result of Rule 314 reporting, which has been in place since 2008. It should be noted that the Rule 314 data has not been validated at this time, so there may be revisions in the future. Additionally, staff noted the significant decline in sales that the coatings industry experienced during 2008 and 2009. Coating sales are beginning to recover, and while they may not soon reach the peak realized during the housing boom, the 2008 and 2009 sales volumes do not portray an accurate account of the emissions that will result from the application of architectural coatings in the future. For this reason, staff relied on the 2005 CARB coating survey of coatings sold in California in 2004, using the assumption that 45% of those coatings were sold in the AQMD. The 2004 coating sales do not represent the height of the housing/coating boom, but is considered a more accurate estimate of the level where coating sales may eventually reach. While staff is confident that the coating sales volume should rebound to at least 2004 levels, the same assumption does not apply to the VOC levels. For this reason, the data analysis includes an estimate of the VOC reductions based on the 2004 sales volume from the CARB survey and the sales weighted average (SWA) VOC based on the latest data available from Rule 314, which is the 2009 sales data that serves as baseline emissions. The emission reduction estimates rely on the difference between the baseline emissions and the overall emissions for the proposed VOC limits. This approach is also consistent with the AQMP, as the baseline emissions from architectural coatings is based on an earlier CARB survey.

Table 2 summarizes sales volume and SWA VOC from the 2004 CARB survey, as well as 2009 Rule 314, with separate columns for data that excludes and includes sales in the ACO and under the SCE. This table illustrates the differences in sales volumes and SWA VOC for the different data set.

TABLE 2: CARB DATA/RULE 314 DATA SUMMARY

CATEGORY	2004 CARB Data		2009 Rule 314 Data		2009 Rule 314 Data*	
	Sales	SWA VOC	Sales	SWA VOC	Sales	SWA VOC
Concrete Surface Retarders	-	-	574	0	574	0
Default	-	-	127,072	97	127,081	97
Dry Fog coatings	169,968	233	89,116	62	89,116	62
Fire Proofing Coatings	5,630	124	16,188	157	16,188	157
Form Release Compounds	145,625	233	26,691	143	26,691	143
Graphic Arts Coatings	pd	350	7,459	157	7,459	157
Metallic Pigmented Coatings	20,250	301	10,405	176	10,461	178
Primers, Sealers, & Undercoaters	4,682,569	128	3,312,237	44	3,401,446	47
Specialty Primers	908,998	281	79,601	74	369,150	285

* Includes ACO and SCE but not sell through or low solids coatings

VOC LIMIT CHANGES

Staff has conducted a comprehensive review of all the coating categories that are being proposed for VOC reductions, including the performance properties of each specific coating category, and found future compliant coatings to have equivalent performance as currently used coatings. The review included consideration of performance results based on ASTM Test Methods, including but not limited to coverage, dry times, service life, fire rating and heat resistance based on data listed on technical or product data sheets. There is no one coating characteristic that defines service life, but based on discussions with manufacturers, a combination of coating characteristics provide an expected service life. This information was obtained through discussions with manufacturers. Additional information was also obtained from the manufacturers that produce the future compliant coatings.

Anti-graffiti coatings

Staff formed a separate Working Group to specifically address Anti-Graffiti Coatings. Based on those discussions, staff is proposing to separate this category into two new categories, Sacrificial Anti-Graffiti Coatings (SAG) and Non-Sacrificial Anti-Graffiti Coatings (NSAG). This change is intended to clarify the coating category for anti-graffiti coatings, but is not expected to result in emission reductions. It became evident upon reviewing the Rule 314 data that there was confusion on how to categorize these types of coatings. SAG coatings would currently fall under the default category with a VOC limit of 250 g/L but are typically very low-VOC coatings. They are paraffinic or wax-based coatings that are applied to surfaces and then washed off once the surface is defaced. NSAG, also known as permanent anti-graffiti coatings, are currently categorized as Industrial Maintenance (IM) coatings because they are high performance coatings that can withstand abrasive cleaning. The VOC limits for SAG coatings are being proposed at

50 g/L and the NSAG coatings are proposed to remain as a subset of IM coatings with a VOC limit of 100 g/L. Staff has conducted site visits where high-end NSAG coatings have been applied which are projected to have a 30 year service life. In addition, staff is clarifying that tBAC is considered an exempt solvent for NSAG coatings, since under the current Industrial Maintenance Coatings; tBAC is considered an exempt solvent.

The other type of anti-graffiti coatings that have been reported in Rule 314 are coatings designed to cover graffiti. These coatings are low cost flat, non-flat or recycled coatings mostly used by cities to cover-up graffiti. These types of coatings would still be categorized as flat, non-flat or recycled coatings.

Clear Brushing Lacquers

Staff is proposing to subsume the clear brushing lacquers into the lacquer category, since the VOC limit of 275 g/L has been the same as the general lacquer category for more than three years, and the sell through period is no longer applicable.

Concrete Surface Retarders

One of the two most common coatings that fall into the default category is concrete surface retarders. Staff is proposing to create a separate category for concrete surface retarders with a VOC limit of 50 g/L, the current default limit is 250 g/L.

Concrete surface retarders are applied to freshly poured cement in order to prevent the surface from hardening. They are used so that the top layer can be washed away to expose the aggregate finish. Concrete surface retarders are included in the EPA Federal Register 40 CFR Part 59 National Volatile Organic Compound Emission Standards for Architectural Coatings (Federal AIM Rule) with a VOC limit of 780 g/L; they are not included in the CARB Suggested Control Measure (SCM). Based on the data in Rule 314, there were only two manufacturers reporting coatings that were reported such that they could be identified as concrete surface retarders. There were two coatings reported in 2008 and two in 2009, one coating has a VOC content of 643 g/L, the remaining were reported as zero-VOC. In addition, there is another manufacturer that distributes concrete surface retarders into California with VOC content of 6 g/L. Staff is not projecting any emission reductions for the addition of this category and the VOC limit of 50 g/L was set at the level that these coatings are currently formulated. Based on the 2008 calendar year data from Rule 314, there would be a slight emission reduction of 0.5 pounds per day (ppd). In 2009, all coatings that could be identified as concrete surface retarders were reported as zero-VOC.

Default Category

Rule 1113 has always had a default category for coatings that do not fit into any of the categories in the Table of Standards. This differs from the approach of the CARB SCM and the Federal AIM Rule where coatings default into the Flat or Non-Flat category if there is not a defined category for a coating. Based on past staff rule interpretations, the coatings that currently fall into the default category are concrete curing compounds, form release compounds, dry erase, magnetic board and chalk board coatings. Staff is proposing to carve out categories for the first two. The other coatings are generally sold in small containers, and are such niche products that they do not warrant a category carve out at this time.

The current VOC limit for the default category is 250 g/L. This limit has been in place since the rule was adopted on September 2, 1977. Historically, the default category VOC limit was one of the lowest VOC limits in the Table of Standards. Today, the default limit is one of the highest limits. If Rule 1113 followed the state or federal coatings rule convention, coatings would default to the 50 g/L Flat or Non-Flat limit in Rule 1113. Staff originally proposed to reduce the VOC limit from 250 g/L to 100 g/L, but based on feedback received from several coating manufacturers during the Public Workshop, PAR1113 proposes a 50 g/L limit for the default category. Since other coatings regulations, including the CARB SCM implementing by several air districts and the EPA, default to the lower-VOC limit of the flat or non-flat category, the manufacturers felt it would eliminate confusion if Rule 1113 followed that same model with a VOC limit of 50 g/L.

According to the Rule 314 data for the default category, in 2008 the sales weighted average (SWA) was less than 50 g/L, and in 2009 the SWA was less than 100 g/L as summarized in Table 3. The SWA drops to 26 g/L in 2008 and 69 g/L in 2009 once the coating categories that staff is carving out in this rule amendment are removed as shown in Table 4. Staff intends to work with manufacturers who are currently reporting their coatings under the default category as there has been confusion regarding what coatings should be categorized as default. Staff is not projecting any VOC reductions from the VOC limit reduction. The change is being proposed for additional clarification and alignment with other similar regulations.

TABLE 3: RULE 314 DATA FOR ALL REPORTED DEFAULT COATINGS

Year	VOC (g/L)						Total Gal.	Total # of Prod.	Above Proposed Limit		Below Proposed Limit	
	Limit	Proposed	SWA	Max	Avg	Min			Total Gal.	# of Prod.	Total Gal.	# of Prod.
2008	250	100	46	702	71	0	164,640	243	30,330	49	134,310	194
2009	250	100	97	483	101	0	127,072	135	57,633	57	69,439	78

TABLE 4: RULE 314 DATA FOR DEFAULT WITHOUT FORM RELEASE AND CONCRETE SURFACE RETARDERS

Year	VOC (g/L)						Total Gal.	Total # of Prod.	Above Proposed Limit		Below Proposed Limit	
	Limit	Proposed	SWA	Max	Avg	Min			Total Gal.	# of Prod.	Total Gal.	# of Prod.
2008	250	100	26	702	69	0	139,724	227	11,274	46	128,451	181
2009	250	100	69	483	101	0	102,427	131	33,188	55	69,239	76

Driveway sealers

In the 2007 amendment to the SCM, Driveway Sealers were included with a VOC limit lower than Rule 1113. The AQMD has reviewed that VOC limit and has determined that it is also at a minimum Best Available Retrofit Control Technology (BARCT) for the AQMD. Pursuant to H&S Code Section 40440 (b)(1), the AQMD is required to adopt that limit at a minimum as BARCT. In addition to the VOC limits in California, the Ozone Transport Commission, the multi-state organization created to develop and implement regional solutions to the ground-level

ozone problem in the Northeast and Mid-Atlantic regions, adopted the VOC limits in the 2007 SCM. Table 5 lists the 6 California Air Districts that have already adopted the SCM and the dates they were adopted.

TABLE 5: AIR DISTRICTS THAT HAVE ADOPTED CARB SCM

District	Rule Number	Adopted Date
Bay Area Air Quality Management District	Rule 8-3	July 1, 2009
San Joaquin Valley Air Pollution Control District	Rule 4601	December 17, 2009
Ventura County Air Pollution Control District	Rule 74.2	January 12, 2010
Imperial County Air Pollution Control District	Rule 101 & Rule 424	February 23, 2010
Eastern Kern Air Pollution Control District	Rule 410.1A	March 11, 2010
Placer County Air Pollution Control District	Rule 218	October 14, 2010

CARB included this category after an evaluation of their 2004 Architectural Coatings Surveys data indicated that 100% of Driveway Sealers were at or below 50 g/L. In addition, they wanted to distinguish Driveway Sealers from Roof Coatings for future surveys. AQMD staff is proposing to include Driveway Sealers with a VOC limit of 50 g/L. Currently, Driveway Sealers would be categorized under the Waterproofing Sealer category with a VOC limit of 100 g/L. Staff is not projecting any emission reductions from this coating category.

Dry Fog Coatings

Dry-fog (dry-fall) coatings are applied by spray application only, so that the overspray droplets dry before falling on floors and other surfaces. Overspray generated during atomization of a typical protective coating or paint, can collect on adjacent surfaces or fall, potentially damaging surfaces not intended to be coated, resulting in extensive clean-up procedures. Dry-fog coatings were developed to reduce the amount of clean-up effort necessary, particularly when spraying overhead surfaces like ceilings inside plants or other facilities. With dry-fog coatings, the overspray releases all of its solvents (dries) as it falls through the air, such that it is dry when it contacts the surface(s) below. This minimizes the need for installation of protective coverings and allows the contractor to literally sweep-up or vacuum the overspray from these surfaces once the application is complete. The VOC limit for this category is currently 150 g/L.

According to the Rule 314 data as seen in Table 6, Dry Fog coatings have a SWA of 70 g/L and 62 g/L for the 2008 and 2009 calendar year, respectively. Most of the coatings sold in the AQMD are significantly below the 150 g/L limit. The technology to formulate the coatings below 50 g/L is currently available and being used in the AQMD.

TABLE 6: RULE 314 DATA FOR DRY FOG COATINGS

Year	VOC (g/L)						Total Gal.	Total # of Prod.	Above Proposed Limit		Below Proposed Limit	
	Limit	Proposed	SWA	Max	Avg	Min			Total Gal.	# of Prod.	Total Gal.	# of Prod.
2008	150	50	70	141	65	10	99,896	28	57,670	16	42,226	12
2009	150	50	62	394	93	14	89,116	32	41,541	20	47,575	12

Additionally, Table 7 demonstrates potential emission reductions by lowering the VOC limit from 150 g/L to 50 g/L, based on the Rule 314 data, and the 2005 CARB survey of coatings sold in 2004.

TABLE 7: ESTIMATED EMISSION REDUCTIONS FROM DRY-FOG COATINGS

Coating Category	Current VOC Limit (g/L)	Proposed VOC Limit (g/L)	CARB Sales Volume 2004 (gal)	Rule 314 SWA VOC 2009 (g/L)	Emission Reductions (tpy)
Dry Fog Coatings	150	50	169,968	62	7

PERFORMANCE PROPERTIES

Dry fog coatings serve a unique function and therefore have different performance criteria than most other coating categories. These coatings are applied to ceilings, hence scrub and abrasion resistance are not critical to the service life of the coating, but dry time is a very important characteristic. Staff did evaluate coverage and projected service life of the coatings and found no appreciable difference between existing dry fog coatings and PAR 1113 compliant dry fog coatings. PAR 1113-compliant dry fog coatings based on technical data sheet review have greater practical coverage, less solids, higher fire rating and do not need solvent for clean up (i.e., are waterborne). PAR 1113-compliant dry fog coatings dry thickness is less, but the PAR 1113 non-compliant appear to be slightly skewed by one company that reported a broad range of coating thickness (two to five mils). The median dry thickness of PAR 1113 non-compliant and PAR 1113-compliant dry fog coatings is the same at two mils.

The average service life for PAR 1113-compliant dry fog coatings is shorter six years versus nine for PAR 1113 non-compliant dry fog coatings. The service life data was not typically on technical sheets, but obtained from e-mail or phone conversations with coating manufacturers. The PAR 1113 non-compliant dry fog coatings were skewed greatly by one coating with a 20 year service life and another with a single year service life. The median of both PAR 1113 non-compliant and PAR 1113-compliant dry fog coatings is the same at six years.

Faux Finishing/Japans

Staff is proposing to expand and enhance the definition of the Faux Finishing/Japan category. In recent years, there has been a sharp increase in decorative coatings being marketed to the homeowner such as, metallic coatings, suede coatings, plasters, etc. The current definition in Rule 1113 reflects the work that is done for studio painting with Japans and Glazes. Based on feedback during the initial working group meeting, staff developed a specific sub-group to discuss the Faux Finishing/Japan categorization. With the assistance from manufacturers involved with the sub-group, staff has developed the following five distinct subcategories of coatings that create these effects:

Japans - traditionally used by professional artist for developing studio sets

Glazes – used for some commercial and residential decorative finishes

Decorative Coatings – used by consumers and sold at typical retail outlets

Trowel Applied Coatings – used by consumers and sold at typical retail outlets but with significantly lower-VOC levels than typical decorative coatings

Clear topcoat – used to protect the Faux Finishing Coatings

Staff is proposing to add definitions for the five subcategories that will fall under the Faux Finishing category and amend the definition for Japan Coatings.

In addition, staff is also proposing to add a definition for gonioapparent, and pearlescent, as well as a test method to measure the appearance of a coating. This proposal is to assist with rule enforcement and prevent circumvention. As an example, in 2002, Rule 1113 was amended to allow mica to be included in the metallic pigmented coating definition. The intent was to allow flexibility for the use of the mica pigments that create a pearlescent or metallic look. There is also a different grade of mica which serves as an extender or filler in coatings. By 2006, some manufacturers increased the concentration of the mica used as a filler, then claimed the coatings were metallic or metal fortified coatings. At that time, metallic coatings had a VOC limit of 500 g/L, while non-flat coatings had a VOC limit of 150 g/L or 50 g/L depending on the gloss level. The gonioapparent requirement and test method is being proposed to demonstrate that a coating is pearlescent in order to prevent similar rule circumvention.

While Faux coatings are a relatively small volume category, there has been significant growth with many major manufacturers marketing faux finishing products to the consumer market. As discussed in the definition section, the Rule 1113 definition reflects what is occurring at the film studios; therefore, the Rule 314 data was not as useful for determining an appropriate VOC limit for the subcategories of Faux Finishes. Staff based the proposed limits on discussions with the manufacturers who primarily produce these types of coatings. The VOC limits shown in Table 8 are based on those discussions.

TABLE 8: FAUX & JAPAN VOC LIMITS

	Current Limit	Proposed Limit 07/01/11	Proposed Limit 01/01/14
Faux			
Clear topcoat	350	200	100
Decorative Coatings	350		
Glaze	350		
Japans	350		
Trowel Applied Coatings	350	150	50

PERFORMANCE PROPERTIES

All of the subcategories, other than Japans and Glazes, are new categories. Staff chose to use the current limit for the Japan/Faux category for all subcategories, but is proposing to drop the limit for two of the subcategories within several months of rule adoption. This short time frame reflects the fact that coatings are already available at the proposed VOC level. For instance, many trowel applied coatings are very near zero-VOC. Trowel applied coatings do not require the same flow characteristics as traditional architectural coatings and therefore inherently contain

lower levels of VOCs. Staff received feedback from several manufacturers that the majority of the trowel applied coatings at formulated well below 50 g/L, but there are a few products formulated at 150 g/L. Staff is proposing to set the VOC limit at 150 g/L effective January 1, 2012 and then further reduce the VOC limit of this subcategory to 50 g/L, effective January 1, 2014.

The other VOC limit that is being proposed to be lowered for a subcategory is the clear topcoats. Under the current Rule, staff has interpreted that the clear topcoats fall under either the flat or nonflat category with a 50 g/L limit. During the rule development process, manufacturers made the case that a separate clear topcoat category was necessary and that current technology reflects a need for a higher VOC limit. Staff is proposing to lower the VOC limit to 200 g/L effective January 1, 2012. The majority of clear topcoats that are currently available range between 150 g/L – 200 g/L. Staff is proposing to further reduce the VOC limit of this subcategory to 100 g/L, effective January 1, 2014. Staff is also adding language to require that the clear topcoat must be sold, labeled, and used, solely as part of a Faux Finishing coating.

Staff is not projecting emission reductions from the Faux Finishing category.

PERFORMANCE PROPERTIES

Several coatings that will fall under the subcategories in PAR1113, including decorative coatings, trowel applied coatings and the clear topcoats have unique properties and characteristics that require separate categories and VOC limits. Currently, the confusion over the faux finishing coatings resulted in mis-categorization by the manufacturers as mastic coatings, metallic pigmented coatings or default coatings. Based on evaluating the data collected under Rule 314, staff is unable to discern the total emissions for these products, but based on a detailed review of product names as well as discussions with the manufacturers, the total emissions from the faux finishing subcategories is fairly low. Overall, the intent of this rule change is to provide rule clarification and not achieve VOC reductions.

Staff did discuss the overall performance characteristics of the faux coating subcategories and based on feedback from the manufacturers, concluded that performance characteristics of the faux coatings subcategories should not be affected by the proposed clarification.

Based on the current categorization by the manufacturers of these products, staff is proposing to allow for a VOC limit of 200 g/l for the Clear Topcoats and a final VOC limit of 100 g/l, based on manufacturers' feedback reflecting available technology. While some products may meet the final limit today, other manufacturers are in the process of reformulating the Clear Topcoats to achieve the 100 g/L limit effective January 1, 2014. These limits were set based on some manufacturers' recommendations, with support that the reformulated products will not impact performance.

An interim VOC limit is also being proposed for the trowel applied coatings, since some manufacturers indicated there are a few coatings that currently have a VOC content near 150 g/L. The VOC limit will be reduced down to 50 g/L effective January 1, 2014 allowing ample time for reformulation of the few products that currently exceed the 50 g/L VOC limit. A performance analysis of the high-VOC coatings versus the coatings that meet the future VOC limit is complicated by the nature of these coatings. Trowel applied coatings can be applied at

various film thicknesses depending on the desired final appearance. The coating coverage can vary greatly but that is not an indication that one coating is superior, it is a reflection of the desired look. Typical coating properties such as durability, scrub and hardness are not necessarily critical features of trowel applied coatings, these coatings are selected primarily for their unique finish. The feedback received regarding the higher VOC content of the select trowel applied coatings is the need for additional open time, which manufacturers feel they can overcome by 2014 for the few products that do not meet the 50 g/l level.

These VOC limits were developed with input from the manufacturers who produce the majority of the faux coatings and are based on what is currently available in the marketplace. These are specialty categories with unique performance and application properties so a standard analysis does not necessarily reflect the attributes of the coating. Based on feedback from the manufacturers, staff is confident that the final VOC limits will be achievable without a loss of performance for the faux subcategories.

Fire-Proofing Exterior Coatings

Staff is proposing to remove the term “exterior” both from the name of fire-proofing exterior coatings as well as from the definition. Fire-proofing coatings help to prevent catastrophic failure of buildings due to fires. This is to address instances where the steel structure of a building requires touch up after the structure was enclosed in the building envelope. The way the definition is currently written, this would be prohibited. Staff would like to clarify the definition to allow this type of coating operation.

In addition to the definitional change, staff is proposing to lower the VOC limit from 350 g/L to 150 g/L, effective January 1, 2014. This is a comparably small volume category; however, the data clearly shows that the proposed 150 g/L limit is achievable as shown in Table 9. Furthermore, with the expansion of the definition to include interior steel, the volume for this category could increase in the future.

TABLE 9: RULE 314 DATA FOR FIRE-PROOFING COATINGS DATA

Year	VOC (g/L)						Total Gal.	Total # of Prod.	Above Proposed Limit		Below Proposed Limit	
	Limit	Proposed	SWA	Max	Avg	Min			Total Gal.	# of Prod.	Total Gal.	# of Prod.
2008	350	150	154	344	174	1	21,084	12	9,614	6	11,470	6
2009	350	150	157	350	151	0	16,188	21	7,435	12	8,753	9

Additionally, Table 10 demonstrates potential emission reductions by lowering the VOC limit from 350 g/L to 150 g/L, based on the Rule 314 data, and the 2005 CARB survey of coatings sold in 2004.

TABLE 10: ESTIMATED EMISSION REDUCTIONS FROM FIRE PROOFING COATINGS

Coating Category	Current VOC Limit	Proposed VOC Limit	CARB Sales Volume	Rule 314 SWA VOC 2009	Emission Reductions (tpy)

	(g/L)	(g/L)	2004 (gal)	(g/L)	
Fire Proofing Coatings	350	150	5,630	157	3

PERFORMANCE PROPERTIES

Both PAR 1113 non-compliant and PAR 1113-compliant fire proofing coatings are solvent-based and tend to be epoxy coatings. No coverage data was found on coverage for fire proofing coatings in technical data sheets. Fire proofing thickness varies greatly because there are two types of fire proofing coatings: those tested by pooled hydrocarbon or jet fire test (UL 1709 and API 2218) and those tested by cellulosic tests (UL 263 and ASTM E119) for occupied buildings. The pooled hydrocarbon or jet fire tests are more stringent and require greater thickness. The cellulosic test are less stringent and do not require coatings to be as thick as those tested by hydrocarbon or jet fire tests. Manufacturers typically stated that their products would last the life of the structure coated unless damaged. The fire rating was slightly longer for PAR 1113-compliant fire proofing coatings (four hours versus three hours) for PAR 1113 non-compliant fire proofing coatings. One PAR 1113-compliant fire proofing coatings skewed the solid content higher than the PAR 1113 non-compliant fire proofing coatings.

Only one coating technical sheet had directions for clean-up (a solvent composed of 50 to 100 percent xylene and 10 to 25 percent ethylbenzene), but since all of the fireproof coatings are solvent-based, it is likely that all would require solvent for clean-up. These technical data sheets may be updated to comply with Rule 1143 requirements that call for clean-up with aqueous, soy-based, or exempt solvent based cleaning solvents.

Form Release Compounds

The other most common coating that falls into the default category is form release compounds. Staff is proposing to create a separate category for form release compounds with a VOC limit of 100 g/L, effective January 1, 2014. The current default limit is 250 g/L.

Form release compounds are applied to concrete forms in order to prevent the freshly poured concrete from bonding to the form. Form release compounds are included in the Federal AIM rule and the SCM with a VOC limit of 450 g/L and 250 g/L, respectively. According to the Rule 314 data, there were three manufacturers reporting sales of form release coatings in 2008 and four in 2009. Table 11 shows sales data and VOC information for form release compounds. Table 12 shows an estimate of the potential emission reductions for the products reported in Rule 314 (2008 & 2009 calendar years) and in the CARB survey of coatings sold in the 2004 calendar year.

TABLE 11: RULE 314 DATA FOR FORM RELEASE COMPOUNDS

Year	VOC (g/L)						Total Gal.	Total # of Prod.	Above Proposed Limit		Below Proposed Limit	
	Limit	Proposed	SWA	Max	Avg	Min			Total Gal.	# of Prod.	Total Gal.	# of Prod.
2008	250	100	138	246	122	0	24,756	9	21,256	4	3,500	5
2009	250	100	146	238	113	0	26,691	6	24,445	2	2,246	4

TABLE 12: ESTIMATED EMISSION REDUCTIONS FROM FORM RELEASE COMPOUNDS

Coating Category	Current VOC Limit (g/L)	Proposed VOC Limit (g/L)	CARB Sales Volume 2004 (gal)	Rule 314 SWA VOC 2009 (g/L)	Emission Reductions (tpy)
Form Release	250	100	145,625	146	59

PERFORMANCE PROPERTIES

During the rule development process, there was concern from several manufacturers of form release compounds regarding the proposed VOC limit. The trend for these types of coatings is not to convert to waterborne due to the risk of rust forming on metal forms. Manufacturers have had greater success with bio-based oils, which are typically soy or canola oil with minor additives. Initially the manufacturers were uncertain of the VOC content of the bio-based oil. The AQMD laboratory and a third party laboratory analyzed several samples and found the bio-based oils to contain very low-VOCs. For many years, bio-based oils have been certified as less than 25 g/L under the AQMD Clean Air Solvent program for solvent cleaning operations. The bio-based oils are also non-toxic and not hazardous. This demonstrates the advantage of technology transfer for reducing the VOC content of architectural coatings.

Form release coatings are not typical coatings. Form release coatings are used to prevent concrete from adhering to forms used to shape concrete. Since the forms are only used until concrete is dry, the service life of form release coatings are not of concern. No primer or thinners are required. About half of PAR 1113 form release coatings and half of PAR 1113 non-compliant coatings would require solvent cleaners, which include solvents formulated with exempt solvents; water can be used for the rest. Based on technical data sheets, PAR 1113 form release coatings would provide greater coverage than PAR 1113 non-compliant form release coatings.

Graphic Arts Coatings

Graphic Arts Coatings are used by artists, typically on signs or murals, using hand-applications such as brush or roller techniques. The graphic arts category is another comparably small volume category where Rule 314 data suggests the current VOC of 500 g/L is significantly higher than the SWA VOC as shown in Table 13. Although the number of products above and below the proposed limit is about 50% the volume below the proposed limit is significantly greater. In addition, graphic arts coatings are frequently sold in small containers, therefore, those products above the allowable limit that cannot be reformulated could continue to be sold under the small container exemption.

TABLE 13: RULE 314 DATA FOR GRAPHIC ARTS COATINGS

Year	VOC (g/L)						Total Gal.	Total # of Prod.	Above Proposed Limit		Below Proposed Limit	
	Limit	Proposed	SWA	Max	Avg	Min			Total Gal.	# of Prod.	Total Gal.	# of Prod.
2008	500	150	156	496	135	11	12,464	206	4,073	103	8,391	103
2009	500	150	157	496	132	0	7,459	205	2,892	101	4,567	104

Table 14 further demonstrates potential emission reductions by lowering the VOC limit from 500 g/L to 150 g/L, based on the Rule 314 data, and the 2005 CARB survey of coatings sold in 2004.

TABLE 14: ESTIMATED EMISSION REDUCTIONS FROM GRAPHIC ARTS COATINGS

Coating Category	Current VOC Limit (g/L)	Proposed VOC Limit (g/L)	CARB Sales Volume 2004 (gal) ¹	Rule 314 SWA VOC 2009 (g/L)	Emission Reductions (tpy)
Graphic Arts Coatings	500	150	7,459	157	1

1. Sales volume from Rule 314 data for Rule 314, CARB data is protected (less than 3 companies reported)

PERFORMANCE PROPERTIES

Graphic arts coating manufacturers were contacted by AQMD staff. Technical data sheets were either not available or were not provided by manufacturers. Therefore, no quantitative analysis could be made between existing and PAR 1113-compliant graphic arts coatings. Manufacturers contacted stated that graphic arts coatings that are not exposed to direct sunlight should last five or more years. Graphic art coatings exposed to direct sunlight may need to be touched up more frequently. No distinction was made between existing and PAR 1113-compliant graphic arts coatings by manufacturers in regards to service life.

Mastic Coatings

In the 2007 amendment to the SCM, the VOC limit for Mastic Coatings was lowered below the limit in Rule 1113. Table 5 lists the 6 Air Districts that have already adopted the SCM and the dates they were adopted. In addition to the VOC limits in California, the Ozone Transport Commission adopted the VOC limits in the 2007 SCM. The AQMD has reviewed that VOC limit and has determined that it is also at a minimum BARCT for the AQMD. Pursuant to H&S Code Section 40440 (b)(1), the AQMD is required to adopt that limit at a minimum as BARCT.

Mastic Coatings are formulated to cover holes and minor cracks and to conceal surface irregularities, and applied in a thickness of at least 10 mils (dry, single coat). A review of the Rule 314 data shows a large percentage of coatings reported under this category are miss-reported flat coatings, floor coatings, roof coatings, and coatings that meet the proposed trowel applied faux finish category and some that fall under other AQMD rules, such as Rule 1168 – Adhesives and Sealant Applications. Table 15 summarizes data for mastic coatings only based on staff review of the individual products reported.

TABLE 15: RULE 314 DATA FOR MASTIC COATINGS - REVISED

Year	VOC (g/L)						Total Gal.	Total # of Prod.	Above Proposed Limit		Below Proposed Limit	
	Limit	Proposed	SWA	Max	Avg	Min			Total Gal.	# of Prod.	Total Gal.	# of Prod.
2008	300	100	119	294	120	0	114,938	44	46,313	14	68,625	30
2009	300	100	136	294	80	0	37,925	53	21,414	12	16,511	41

Table 16 summarizes the proposed emission reductions from lowering the VOC limit.

TABLE 16: ESTIMATED EMISSION REDUCTIONS FROM MASTIC COATINGS

Coating Category	Current VOC Limit (g/L)	Proposed VOC Limit (g/L)	CARB Sales Volume 2004 (gal) ¹	Rule 314 SWA VOC 2009 (g/L)	Emission Reductions (tpy)
Mastic Coatings	300	100	304,678	136	83

The CARB SCM lowered the VOC limit for Mastic Coatings to the limit 100g/L, which is the same VOC limit for Concrete/Masonry Sealers Category. The justification was that the Mastic Coatings will fit into several different categories including Concrete/Masonry Sealers, Flat Coatings, Industrial Maintenance coatings, or Faux Finishing Coatings. CARB found no justification for a higher VOC limit for Mastic coatings and will consider deleting the category in the future. In an effort to be consistent with the SCM, staff is proposing to lower the VOC limit from 300 g/L to 100 g/L.

PERFORMANCE PROPERTIES

Based on the Technical Report for the CARB 2007 SCM, product information sheets indicate that Mastic Texture coatings that meet the proposed VOC limit are available that possess performance characteristics similar to higher-VOC coatings. The Technical Support Document for the Proposed Amendments to the Suggested Control Measure for Architectural Coatings is referenced and can be found at: <http://www.arb.ca.gov/coatings/arch/docs.htm>.

Metallic Pigmented Coatings

Metallic Pigmented Coatings are decorative coatings used by homeowners, businesses, and theme parks to create a metallic look on various surfaces. The intent of the coating category is for an aesthetic appearance, and not to provide a protective coating such as an industrial maintenance coating. The current limit of the Metallic Pigmented Coating is 500 g/L.

Over the years, there has been significant rule circumvention within the metallic pigmented coating category due to the high limit. One instance is discussed in the definitions section for Faux Coatings of this report. Another instance became apparent where manufacturers were advertising metallic pigmented coatings as industrial maintenance coatings. Staff sent a compliance advisory in an email on August 17, 2006 (Attachment A) to curtail this practice, but recently came across two examples of this type of circumvention. Staff is proposing to amend the definition to specify that metallic pigmented coatings are decorative coatings, not including industrial maintenance coatings.

Regarding the VOC limit reduction, in the past, the high-VOC limit for this category was justified because solvent was needed for the metal flake to properly align. With the existence of low- and even zero-VOC metallic coatings, it is clear that this technological barrier has been overcome. Waterborne and high end two-component metallic pigmented coatings are currently

available. Even though the lower-VOC limit will not result in significant emission reductions, it is anticipated that it will result in fewer instances of rule circumvention. Table 187 shows VOC information, sales data, and products distribution above and below the proposed limit, substantiating an allowable VOC limit reduction.

TABLE 17: RULE 314 DATA FOR METALLIC PIGMENTED COATINGS

Year	VOC (g/L)						Total Gal.	Total # of Prod.	Above Proposed Limit		Below Proposed Limit	
	Limit	Proposed	SWA	Max	Avg	Min			Total Gal.	# of Prod.	Total Gal.	# of Prod.
2008	500	150	177	498	258	0	11,950	58	3,881	37	8,069	21
2009	500	150	176	498	260	0	10,405	59	3,395	39	7,011	20

Figures 2 -4 show a breakdown of the metallic pigmented coatings reported under Rule 314 for the 2009 calendar year:

FIGURE 2: MPC VOLUME/PRODUCT COUNT BY VOC CONTENT

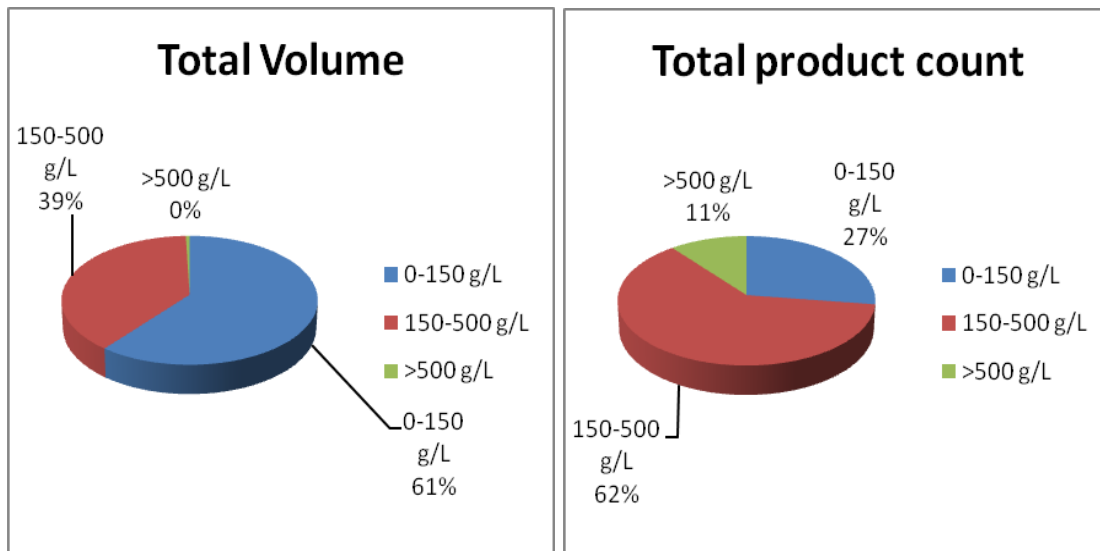


FIGURE 3: MPC TOTAL VOLUME BREAKDOWN

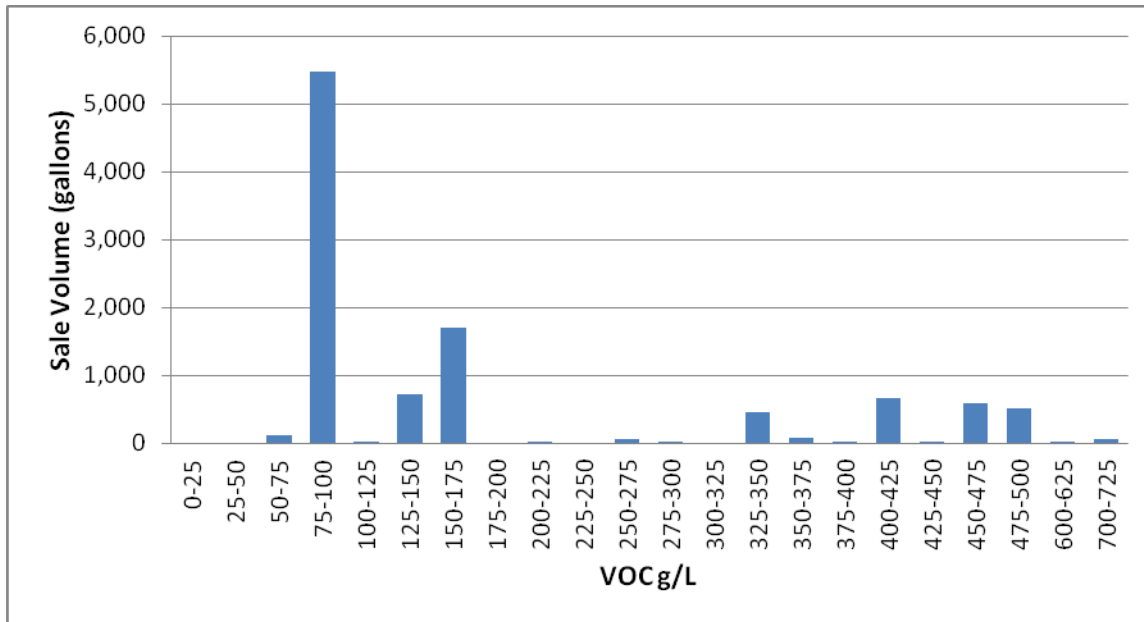


FIGURE 4: MPC TOTAL PRODUCT COUNT BREAKDOWN

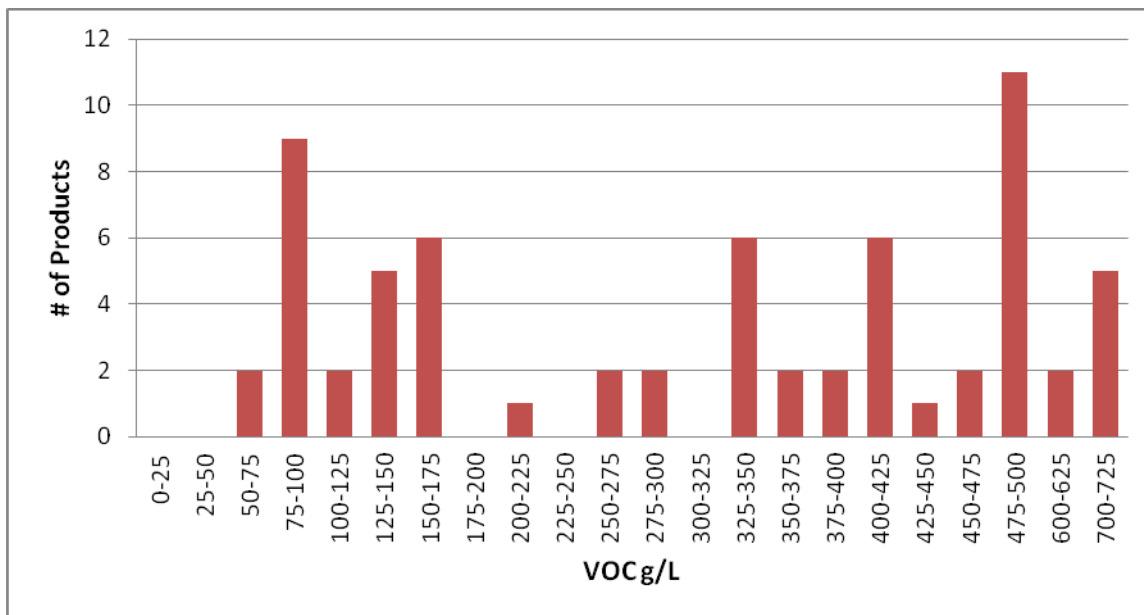


Table 198 summarizes potential emission reductions by lowering the VOC limit from 500 g/L to 150 g/L, based on the Rule 314 data, and the 2005 CARB survey of coatings sold in 2004.

TABLE 18: ESTIMATED EMISSION REDUCTIONS FROM METALLIC PIGMENTED COATINGS

Coating Category	Current VOC Limit (g/L)	Proposed VOC Limit (g/L)	CARB Sales Volume 2004 (gal)	Rule 314 SWA VOC 2009 (g/L)	Emission Reductions (tpy)
Metallic Pigmented Coatings	500	150	20,250	176	5

PERFORMANCE PROPERTIES

Based on a review of technical data sheets, PAR 1113 coatings would have an eight percent reduction in coverage (341 square feet per gallon versus 372 square feet per gallon) when compared to PAR 1113 non-compliant coatings. PAR 1113-compliant metallic pigmented coatings would need less solvent thinner, solvent cleaner, and priming before coating when compared to PAR 1113 non-compliant metallic pigmented coatings. Solid content was not available for PAR 1113-compliant metallic pigmented coatings. The lifespan of compliant metallic pigmented coatings were provided by e-mail or over phone conversations with manufacturers. Based on the information provided, PAR 1113-compliant metallic pigmented coatings would have a longer service life (12 years versus four years) when compared to PAR 1113 non-compliant metallic pigmented coatings.

Staff received feedback that the VOC limit of the Metallic Pigmented Coatings should be retained at 500 g/L to accommodate High Temperature IM Coatings. Staff considers coatings that meet the definition of a Metallic Pigmented Coating used in IM application to be IM coatings due to the most restrictive clause in paragraph (c)(3)(A). Staff sent out a compliance advisory to this effect in an email on August 17, 2006. The revised PAR1113 definition of Metallic Pigmented Coatings will exclude IM Coatings. Therefore, when the VOC limit for the Metallic Pigmented Coatings are reduced to 150 g/L effective January 1, 2014, the most restrictive clause will not apply to the metal containing High Temperature IM Coatings. Those coatings will still be allowed at the 420 g/L VOC limit and not the lower Metallic Pigmented Coating limit of 150 g/L.

Staff evaluated the product datasheets for five High-Temperature IM coatings that were submitted as examples of coatings that could not be formulated at the 420 g/L VOC for High Temperature IM Coatings. Of those coatings, only one had been sold in the AQMD according to the 2009 Rule 314 data and it has a VOC content of 450 g/L. Those coatings are considered IM coatings under Rule 1113 and could be reformulated from the 500 g/L VOC limit for Metallic Pigmented Coatings to the 420 g/L using exempt solvents.

Staff evaluated the Rule 314 data for aluminum containing High Temperature IM coatings and found two coatings that are formulated below 420 g/L that are comparable to the coatings submitted for consideration. Both can withstand temperatures up to 750° F, the coating submitted for consideration could withstand temperatures from 400° F to 1,000° F, the coating that has been sold in the AQMD only withstands a dry heat of 400° F. One of the two coatings found in Rule 314 recommends a higher film thickness and therefore has lower theoretical coverage. The other coating is in line with the coatings submitted for consideration.

Pigmented Varnish

Staff is proposing to include the word “pigmented” in the definition of a varnish. This change will be similar to the definition of a lacquer, which also includes “pigmented.” This change is to address varnishes that have added pigments. Varnishes and lacquers contain a higher percentage of resin and form a film. Conversely, stains penetrate wood, and typically require a top coat.

Reactive Penetrating Sealers

Staff is proposing to add a category for Reactive Penetrating Sealers in response to comments from the California Department of Transportation and the California Office of Historical Preservation. The definition will mirror the CARB SCM with an additional restriction that these coatings are only for use on reinforced concrete bridge structures for transportation projects within 5 miles of the coast or above 4,000 feet elevation or restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect. With the added restriction, usage for this category is expected to be very small, approximately 290 gallons per year. The proposed VOC limit for this category is 350 g/L; the estimated foregone emissions are 0.001 tpd. Staff intends to monitor this category through the Rule 314 Annual Quantity and Emissions Reports to ensure that sales do not exceed the estimated usage, and may consider sales caps for this category if actual sales are well above the estimated usage.

Sanding Sealer

Staff is proposing to delete the labeling requirement, effective July 1, 2013, on the sanding sealers for enforcement purposes.

Stone Consolidants

Staff is proposing to add a category for Stone Consolidants in response to comments from the California Office of Historical Preservation. The definition will mirror the CARB SCM with an additional restriction that these coatings are only for use on restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect. Usage for this category is expected to be very small, approximately 142 gallons per year. The proposed VOC limit for this category is 450 g/L; the estimated foregone emissions are 0.001 tpd. Staff intends to monitor this category through the Rule 314 Annual Quantity and Emissions Reports to ensure that the sales do not exceed the estimated usage, and may consider sales caps for this category if actual sales are well above the estimated usage.

Swimming Pool Coatings

For clarification, staff is proposing to include water park attractions, ponds and fountains to the definition of a swimming pool coating.

Waterproofing Concrete/Masonry Sealers (WPCMS)

Currently, the VOC limits for WPCMS, waterproofing sealers, and sealers are all at 100g/l. Staff is proposing to change the definition of WPCMS by changing the conjunction ‘and’ to ‘or’ to better reflect current usage of this coating category. WPCMS coatings that would not fit the current narrow definition would have been regulated as a waterproofing sealer or as a sealer, both of which have the same VOC limits as WPCMS. As a result, this proposed change would better describe the WPCMS coating category but not affect the VOC limit the expanded definition would be subject to.

REQUIREMENTS

For rule clarification, staff is proposing to rearrange paragraphs (c)(1) and (c)(2). Currently, paragraph (c)(1) contains the default limit for coating categories not included in the Table of Standards and (c)(2) contains further requirements regarding the Table of Standards. Much of the language was redundant between the two paragraphs. In addition, PAR 1113 includes a separate Table of Standards for coatings and for colorants. Staff reorganized and combined the requirements in (c)(1) and (c)(2) and created subparagraphs to address the default limit and the VOC limits. Paragraph (c)(1) and its subparagraphs now contain the requirements for coatings that fall under one of the categories in the Table of Standards, which is now referred to as Table of Standards 1, and the requirements for coatings that fall under the default VOC limit. Paragraph (c)(2) now contains the VOC limit requirements for colorants as listed in Table of Standards 2. The requirements for Industrial Maintenance coatings, which was in paragraph (c)(2) have been moved to (c)(7) as a standalone requirement.

VOC LIMIT ON COLORANTS

VOC emissions from colorants, pigments added at the point of sale that impart the selected color, have specifically been excluded from Rule 1113, both in terms of the baseline emissions and any VOC restrictions. Currently used universal colorants contain ethylene and propylene glycols and have a VOC content ranging from 400 g/L to 600 g/L. Since 1996, staff has been aware of the availability of low-VOC colorants for waterborne coatings. Staff evaluated the availability of low-VOC colorants for the November 1996 amendments to Rule 1113, but deemed that the percentage of VOC added as a result of the colorant was not a significant factor compared to the relatively high-VOC limits. Therefore, the initial staff proposal to regulate colorants was not included. Since that time, with the implementation of lower-VOC limits as a result of three major rule amendments, especially for the coatings typically used by consumers to paint their homes, the existing colorants can significantly increase the VOC content of the coatings as applied. In addition, the new generation of low-VOC colorants is formulated to be free of Alkylphenol ethoxylates (APEO), which are toxic to aquatic life and are endocrine disruptors, and free of formaldehyde forming chemicals.

| Table [2019](#) summarizes the results of a study conducted by the AQMD on a series of base coatings (flat coatings with a listed VOC content of 0 g/L) that were either tinted with “zero” VOC colorants or conventional colorants. Separate samples were purchased of a base coating without colorant and a base coating tinted to a deep color. The coatings were tested by AQMD Modified Method 313-91 [Determination of Volatile Organic Compounds VOC by Gas Chromatography-Mass Spectrometry] in the AQMD's "Laboratory Methods of Analysis for Enforcement Samples" manual.

TABLE 19: LABORATORY RESULTS FROM COLORANT STUDY

Coating	Coating Description	VOC of Coating (g/L)	
		Base	Tinted
Coating Tinted with Conventional Colorant ≈ 500 g/L			
Coating A	Neutral Base Tinted Orange	< 10	90
Coating G	Base 5 Tinted Orange	< 10	70
Coating H	Deep Base Tinted Orange	10	120
Coating Tinted with near zero-VOC colorant ≈ 10 g/L			
Coating B	Base 2 Tinted Orange	< 10	< 10
Coating C	White Base Tinted Blue	< 10	10
Coating D	Ultra Deep Base Tinted Orange	-	< 10
Coating E	Base 2 Tinted Red	10	10
Coating F	Ultra Deep Base Tinted Orange	< 10	< 10

As noted above, colorants can add significant VOC emissions to a coating (Coatings A, G, & H), and that low-VOC colorants are commercially available and marketed today (Coatings B, C, D, E & F).

Over the years, there have been significant improvements to both the near zero-VOC colorants and the colorant dispensers. The VOC content of colorants has been regulated in the European Union for over five years. The approach taken in Europe is to regulate the whole paint, including the colorant added at the point of sale.

In 2008, a major coating manufacturer based in the United States made the decision to switch to near zero-VOC colorants in an attempt to formulate the best possible paint and limit the release and exposure to VOCs. To accomplish that goal, they decided to move away from the conventional high-VOC glycol containing universal colorants that have been standard in the industry for decades. In addition to the new near zero-VOC colorant, a new dispenser was designed that would keep the dispenser tip from clogging with dried colorant, mainly with a humidification system comprised of a wet sponge that rests against the dispenser tip.

Conventional universal colorants are formulated with high concentrations of surfactants in order to be compatible with both waterborne and solvent-based coatings. These surfactants can have negative effects on the coatings, especially when highly tinted. According to the 2009 Rule 314 data, 94% percent of coatings sold to the consumer in the AQMD were waterborne. The types of coatings that are typically tinted at the point of sale are flat, non-flat, and occasionally primers, 99.6% of which were reported as waterborne in 2009. The only notable exception is stains, which are sometimes also tinted at the point of sale.

To satisfy market demands for truly zero-VOC architectural coatings, manufacturers have been striving toward colorants that are as close to zero-VOC as possible. The major issue that is encountered when solvents are removed is tip drying in the dispenser, which may result in mistints. This issue can be resolved with the addition of humectants or plasticizers that keep the tips from drying. Unlike solvent, the humectants do not evaporate and leave the paint film.

In August 2009, staff began working on several colorant surveys to determine the type of colorants that are currently being used to tint coatings at the point of sale for architectural and industrial maintenance applications. The goal was to gather information from manufacturers and retail outlets on their use and experience comparing traditional colorants with near zero-VOC colorants. The surveys were conducted while researching the feasibility of setting a VOC limit for colorants. The surveys were sent out in April 2010, after incorporating feedback from small and large manufacturers of coating pigments (colorants), and the ACA. The first survey was a general survey sent to 288 contacts on the AQMD Rule 1113 subscribers list that are identified as architectural coating manufacturers. According to Rule 314 reporting, there are approximately 200 manufacturers selling architectural coatings in the AQMD. The second survey was a targeted survey sent to 35 coating manufacturers who are listed on the AQMD Super-Compliant Coatings Manufacturers List. The third and final survey was sent electronically to 11 architectural coating retailer sales contacts on the Rule 1113 subscribers list. In addition, hard copies of the survey were circulated to retail locations throughout the AQMD. The surveys were anonymous; therefore, no data from specific companies was recorded. The results of the survey can be found in Appendix A of this report.

According to the survey results, the biggest hurdle to switching to a near zero-VOC colorant is the dispenser which adds the colorant to the paint can. The colorants themselves are not an issue, since near zero-VOC colorants have been used for tinting at the factory for decades. One of the benefits of solvents contained in conventional colorants is to keep the dispenser tip from clogging as quickly. However, based on frequency of use, conventional solvent-containing colorants can also lead to clogged tips, which can lead to mistints, resulting in extra costs and wasted product. Traditional and re-designed dispensing machines require routine maintenance for proper performance. Typically, a daily 10 minute routine maintenance with a tool similar to a paperclip to clear the tip is sufficient. Clogged dispenser tips are a bigger issue for retailers who do not use the colorants as often, or for specific colors that are not used often, regardless if waterborne or solvent-based.

However, there may be numerous reasons for mistints. A recent article about The Home Depot described how they have virtually eliminated mistints by adding bar code scanners at each dispensing unit. Different colors require different bases; their biggest source of mistints was when retail staff pulled the wrong base. The bar code scanners eliminated this issue, hence virtually eliminating mistinting.

Staff visited several local retail outlets and found a near zero-VOC colorant being used in a conventional carousel dispenser. The retail staff stated that they do not use that dispenser often and have to clear the dispenser tips prior to tinting a coating if it had not been used for a few days. AQMD staff also found a near zero-VOC colorant being used at a major big box retail outlet. The staff at that store explained that customers were extremely happy with the new

colorant, because it is a more concentrated colorant that provides greater hiding power. The newer, improved near zero-VOC colorant system results in fewer coats to achieve the same coverage, hence less paint being used by the consumer, and less time is required per painting project. The retail staff explained that they do conduct more maintenance, 10 minutes each morning to clear the tip. The dispenser that included a humidification system, and therefore was supposed to be equipped with a sponge, which was missing, simply had a cover that slips over the tip when it is not being used.

Staff also spoke with several colorant dispenser manufacturers. According to them, the biggest improvement that can be made to avoid mistints is to switch to an automated dispenser. One of the manufacturers has designed an automated dispenser that is comparable in price to the manual carousel dispenser. Retrofits can also be made to dispensers to mitigate the tip drying issue, including caps and sponges to keep the tips from drying.

Staff initially proposed a 10 g/L VOC limit on colorants with an effective date of January 1, 2013. This limit was proposed based on the feedback received regarding colorants that approach zero-VOC. Several coating manufacturers and manufacturers of the dispensing equipment have indicated that increasing the VOC level to 50 g/L will help mitigate the tip drying issues, as well as the potential film property issues. Additionally, the dispenser manufacturer provided feedback that the addition of some solvent may help with lubricity and dispensing accuracy. Staff revised the proposal to a 50 g/L VOC limit with an effective date of January 1, 2014.

Aside from regulatory pressure or a switch to low-VOC colorants, manufacturers and retailers have been transitioning to more sophisticated dispensing equipment that is equipped with pumps with greater sensitivity, humidification systems, and other advancements. A new trend is to tint small paint samples, where the dispenser has to be capable of delivering a small fraction of an ounce of colorant. According to dispenser manufacturers, all of the new dispensers are capable of delivering near zero-VOC colorants, so a switch to a dispenser capable of tinting a sample size of paint will also be capable of dispensing near zero-VOC colorants.

Staff estimates that the baseline emissions from the use of conventional colorants are 3 tpd. This assumes that 80% of the flat and non-flat coatings sold in the AQMD are tinted at the point of sale with an average of 4 ounces of colorant containing 325 g/L VOC of Material. The volume estimate is conservative, as other coating categories are also tinted but to a lesser extent, i.e. primer, specialty primers, and stains. The volume of colorant added and the average VOC was based on feedback from members of industry. The volume of colorant added varies widely depending on the desired color; light or pastel colors require as little as 0.5 ounce while deep colors can require up to 12 ounces. Staff used the most recent CARB survey for the volume of flat and non-flat coatings that will be tinted. CARB conducts a survey of architectural coatings sold into California every four or five years. The most recent survey data is from 2005 indicating total coatings sold in California during 2004. The 2004 sales do not represent the height of the volume of coatings sold, which more than likely occurred in 2006 during the peak real estate activity. As the economy recovers, staff estimates that the emission reductions that can be achieved will be higher than those indicated from the 2008 and 2009 data.

The current emissions inventory for architectural coatings does not include colorants; they are an unregulated source of emission. Table 2+0 summarizes the current emissions inventory

estimated from colorants and the estimated reductions, based on the proposed VOC limit of 50 g/L.

TABLE 20: ESTIMATED EMISSION REDUCTIONS FROM COLORANTS

	CARB Sales Volume 2004 (gal) ¹	Emission Inventory (tpd) ²	Emission Reductions (tpy)	Emission Reductions (tpd)
Flat & Non-Flat	25,608,202	3.0	1,018	2.8

1. Assumes 80% of the volume is tinted at the point of sale.
2. Assumes an average of 4 ounces of colorant added per gallon, at VOC of Material 325 g/L.

AVERAGING COMPLIANCE OPTION

In November 1996, the AQMD Governing Board amended Rule 1113 to include an Averaging Compliance Provision (ACO) as a flexibility option providing a more cost-effective and flexible approach for manufacturers *to transition compliant product lines* into the marketplace. To use the ACO successfully, a manufacturer must be able to distribute sufficient volumes of products with VOC content below applicable limits in order to offset the excess emissions from products with VOC content above the limits. One limitation of the ACO, as discussed during the 1996 adoption and 1999 amendment of the ACO, is it requires a manufacturer to have a broad array of commercial products, with sufficient volume of sales of products that are below the applicable VOC limit. Staff has heard from many manufacturers who feel that the ACO program has become anti-competitive; lower-VOC products, typically with a higher cost, cannot compete with the higher-VOC, lower cost, averaged products. The numbers of manufacturers who utilize the ACO has decreased from 10 manufacturers in 2007, to 6 manufacturers electing to utilize the ACO for the 2011 compliance period.

There are alternative products for most, if not all of the high-VOC coatings that are currently being averaged, that are below, and in some cases well below the current VOC limit. Manufacturers have invested substantial funds for reformulation and commercial introduction of these low-VOC product lines and expect them to remain in the marketplace due to the market demand for low-VOC coatings. This trend is clearly reflected in the emissions data summarized in Table 1.

Recently, the Environmental Protection Agency (EPA) expressed concern over the ACO in Rule 1113 which resulted in a partial disapproval of the State Implementation Plan (SIP). They stated that the ACO does not follow the recommendations of the EPA's Economic Incentive Program (EIP) guidance. The EPA finds that the ACO does not fulfill the EIP's environmental benefit principle, and it exceeds the maximum recommended averaging period of 30 days or less. Staff is proposing to phase-out the ACO by January 1, 2015, and is working with EPA to reduce the number of categories included in the ACO in lieu of the environmental benefit. The ACO provision allows manufacturers to offset 100% of the emissions from coatings above the VOC limits with coatings below the VOC limits. An environmental benefit could be implemented by only allowing, for example, 90% of the emissions from coatings above the limit to be offset, while the remaining 10% of emissions would be considered an environmental benefit. Staff is working with the EPA to satisfy their recommendations without overly burdening the manufacturers who have relied on the flexibility provided by the ACO. Staff is not proposing to

limit the ACO period to 30 days; that would be overly burdensome and effectively eliminate the ACO. Instead, staff is proposing to limit the eligible categories and eventually phase-out the ACO over a longer time period, as a transition period for manufacturers who participate in the ACO program.

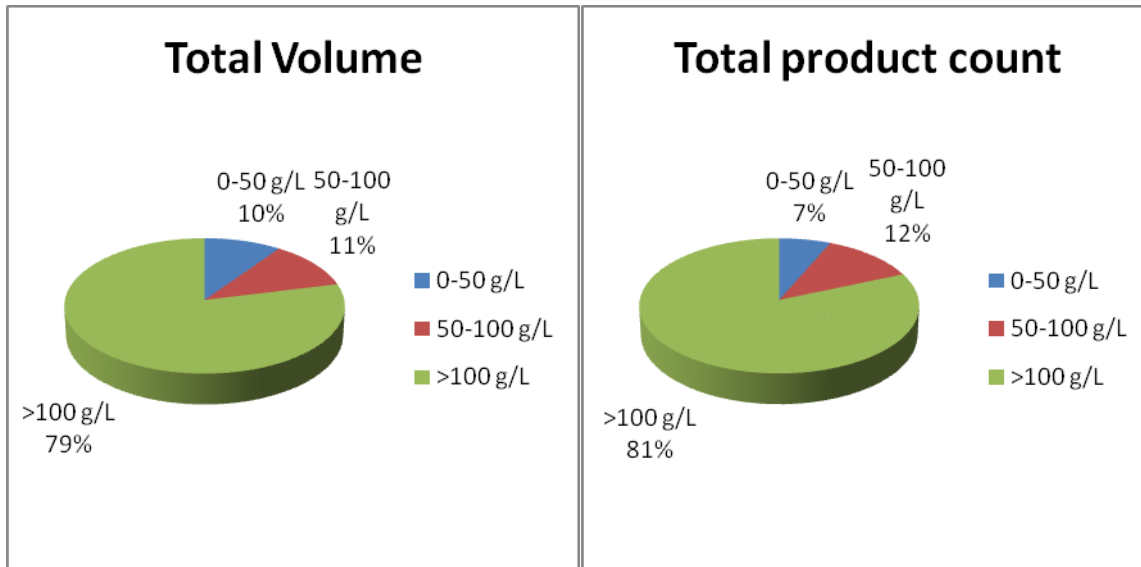
Staff is proposing to lower the maximum allowable ceiling limits to the 2003 Rule 1113 VOC limits, and reduce the number of categories eligible for the ACO, which could provide a greater environmental benefit than the 10% proposed by the EPA. Furthermore, this approach reflects the currently available technology and minimizes any “anti-competitive” impacts from this flexibility provision. Staff is proposing to remove the following categories from the averaging provision since the categories are being subsumed in the proposed amendment: fire retardant coatings, high gloss nonflats, quick dry primers, sealers, and undercoaters and quick dry enamels. The following categories are also being proposed for removal since they are not being averaged to a large extent: bituminous roof primers, roof coatings, waterproofing concrete/masonry sealers, waterproofing sealers, and zinc rich industrial maintenance primers.

To reflect the removal of coating categories in the ACO, the ceiling limits in the Table of Standards will be removed for the coating categories that are no longer included in the ACO. Ceiling limits will only be included for those coatings that are still eligible to be included in the ACO.

Staff is also proposing to remove Specialty Primers and PSU’s from averaging. Staff has been approached by many manufacturers who have had technological breakthroughs resulting in low- and near zero-VOC specialty primers (average \$20 /gallon). Those manufacturers are unable to compete with lower-priced specialty primers (average \$15 /gallon) with a higher-VOC content that are sold through the ACO; therefore, staff is proposing to eliminate this category from the ACO to stimulate greater market penetration of the new generation of low-VOC specialty primers. Staff is proposing to remove the PSU’s to address potential rule circumvention that may occur if manufacturers re-categorize the Specialty Primers to PSU’s.

Figure 5 summarizes the Specialty Primers data based on Rule 314 submittals for the calendar year 2009. The figures clearly demonstrate that the majority of the sales are the high-VOC averaged products.

FIGURE 5: TOTAL VOLUME/PRODUCT COUNT BY VOC CONTENT – SPECIALTY PRIMERS



Figures 6 and 7 demonstrate the sales of Specialty Primers by VOC content. These figures also clearly show the preponderance of the high-VOC averaged specialty primers sold under the ACO.

FIGURE 6: SPECIALTY PRIMER VOLUME PRODUCT BREAKDOWN

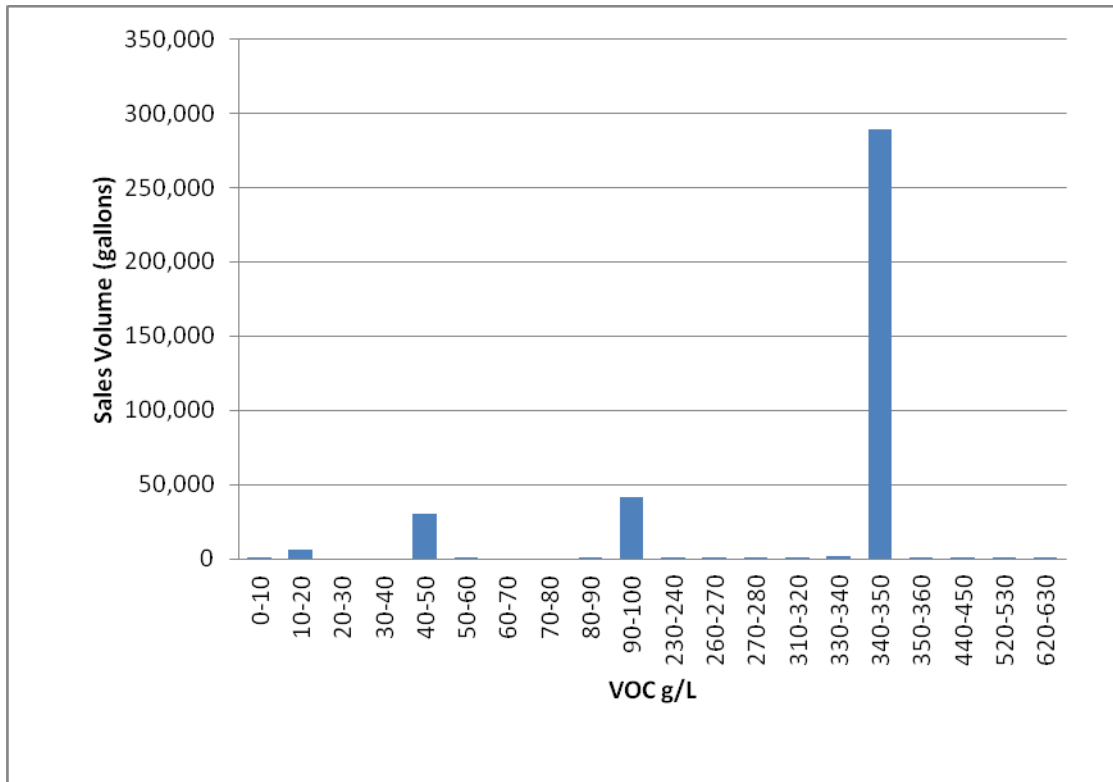


FIGURE 7: SPECIALTY PRIMER PRODUCT COUNT BREAKDOWN

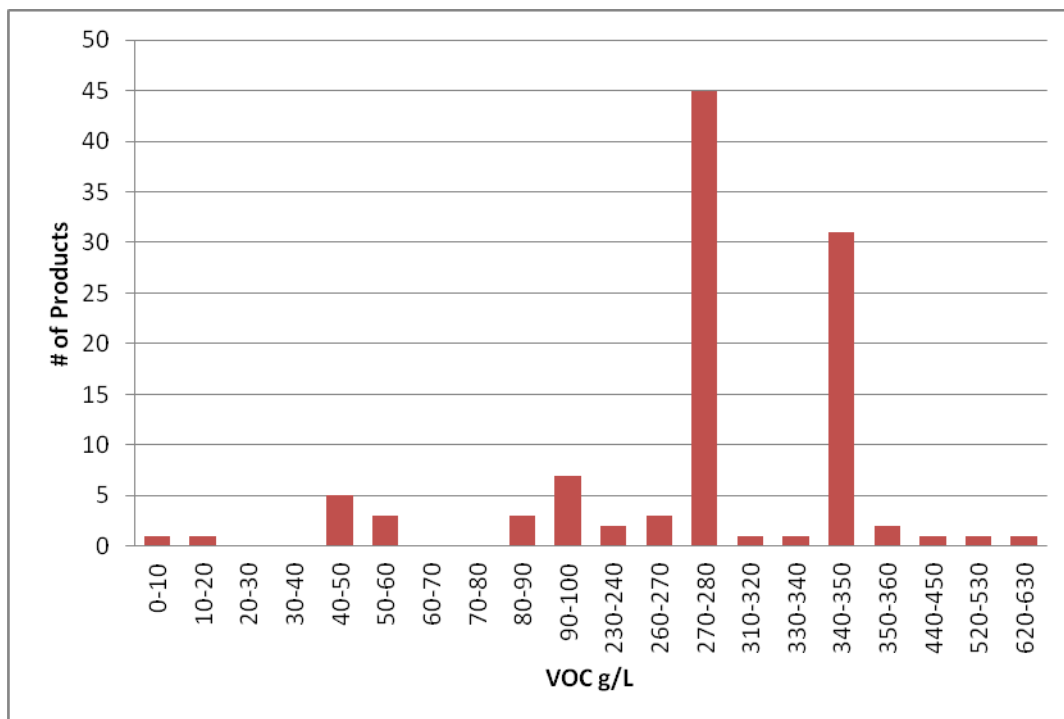


Table 221 shows the gallons of Specialty Primers and PSU’s both above and below the VOC limit. The gallons above the VOC limit represent averaged products and are from the Final Reports that a manufacturer participating in the ACO program must submit. The table also shows the sales weighted average VOC of coatings for the products above and below the VOC limit.

TABLE 21: TOTAL GALLONS AND SWA VOC OF SPECIALTY PRIMERS AND PSU

Category	Year	Total Gallons VOC ≤100 g/L	SWA VOC Coating (g/L)	Total Gallons VOC >100 g/L	SWA VOC Coating (g/L)
Specialty Primer	2009	78,396	43	248,380	342
PSU	2009	3,308,069	70	121,107	121

While almost all audited ACO plans show an emissions benefit (i.e., their Actual vs. Allowable Emissions ratio is below 1), this proposal is to address potential anti-competitive impacts that may be occurring as a result of the ACO. The emission reductions summarized in Tables 21 and 22 represent reductions that are beyond the reductions that were anticipated to be achieved when the VOC limit of the coating categories were reduced to a VOC limit of 100 g/L. The emission reductions claimed when the VOC limits were reduced assumed that the products were formulated to meet the 100 g/L VOC limits, and did not take credit for products that are in the

marketplace with VOC content below the limits. This is clearly illustrated in the SWA VOC data in Table 18, which is well below the current limit. Previously, this credit was used to offset the emissions from the higher-VOC products included in the ACO plans.

Table 23² demonstrates potential emission reductions that are achieved by removing the PSU and Specialty Primers category from the ACO. Staff is relying on 2009 ACO Final Reports for the emission reductions calculation since that is the latest complete set of reviewed data available. The 2009 calendar year is also the first year where all of the VOC limit reductions had occurred and the ability for companies to average was also diminished. Further, the volume of waterproofing concrete/masonry sealers (WPCMS) is also included in the calculation in Table 19 since they were included in the 2009 ACO plans:

TABLE 22: POTENTIAL EMISSION REDUCTIONS FROM REMOVING PSU, SPECIALTY PRIMERS & WPCMS FROM ACO

Year	Total Gallons VOC >100 g/L	Emissions (tpy)	Emissions (tpd)
2009	371,741	326	0.9

Table 24³ summarizes potential emission reductions that are achieved by completely phasing out the ACO by 2015:

TABLE 23: POTENTIAL EMISSION REDUCTIONS FROM ACO PHASE OUT

Year	Total Gallons Above VOC Limits	Emissions (tpy)	Emissions (tpd)
2009	928,134	112	0.3

Numerous manufacturers, including some that participate in the ACO, support the elimination of the ACO, since they have successfully developed and brought to the marketplace, products with a VOC content below the existing limit, and on numerous occasions, have commented that they will continue to offer the low-VOC products based on a shift in consumer demand for lower-VOC products.

REQUIREMENTS AND PROHIBITIONS

General Prohibition Class II Exempt Compounds

Staff is proposing to add a general prohibition against the use of Class II exempt compounds listed in Rule 102 – Definition of Terms, in excess of 0.1%, other than cyclic, branched, linear, or completely methylated siloxanes (VMS). Staff recognizes that Group II compounds have potential toxic health risks as well as being contributors to upper-atmosphere ozone depletion and other potential environmental impacts.

VOC Labeling Requirement

Staff is proposing to strengthen the labeling requirements for the VOC content on coatings. Staff has worked closely with manufacturers to craft a requirement that would have the least fiscal impact, while still having the desired effect. It is frequently difficult for consumers and AQMD staff to locate VOC information on coating labels. The compromise reached is to separate the VOC information so that it is not buried within a paragraph, and that the language be conspicuous such that it is likely to be read and understood by an ordinary individual under customary conditions of purchase or use. Staff will allow three years for this requirement to take effect so that manufacturer will not have to destroy any labels that have already been printed.

EXEMPTIONS

Small Container Exemption

The Small Container Exemption (SCE) was adopted to allow for small niche applications that may not be able to meet the lower limits in the Table of Standards. Both the Federal AIM Rule and the CARB SCM contain a SCE. There are areas where staff acknowledges that a higher-VOC product may actually result in lower emissions, such as touching up a widget, including a fence, a door, or a window, that was originally coated in a shop with a high-VOC coating, rather than re-painting the entire widget. In addition, there are areas where specialty coatings are used in very small volumes, and a lower-VOC alternative is not available. One example is a primer used on recycled rubber floors in order to paint stripes for sporting activities. Coatings will typically not stick to the rubber without this high-VOC primer. Very small quantities are required to prepare the flooring for the painting the stripes. The emissions that result from this primer is much lower than if a wood floor was installed that required regular staining and sealing. The SCE is also useful for transitional purposes when the VOC limits in Rule 1113 are lowered.

Staff initially proposed phasing out the SCE, however based on numerous comments and concerns, has reconsidered the complete phase-out, as well as requiring a VOC ceiling limit and quantity restrictions. The feedback that staff received during the rule development process is that the SCE is essential and should not be limited. Manufacturers and the ACA stated they would prefer a greater financial disincentive in the form of an increased fee in Rule 314 to any restrictions to this exemption. Staff will work on the increased fee later this year when Rule 314 is amended.

Staff is proposing to clarify the rule language to indicate that coatings sold in small containers are not entirely exempt from Rule 1113, but only exempt per the Table of Standards and paragraph (c)(1), (i.e. the VOC limits). This change will ensure that the labeling requirements apply, including VOC information. The VOC content of the coating is not only essential for enforcement staff, but also for the consumers trying to make informed decisions when purchasing coatings.

Staff is also proposing to change the small container exemption for one quart or less to one liter or less. This is intended to provide consistency with the units used to describe the VOC content, grams per liter, and is consistent with the SCM and the Federal AIM Rule. One liter is equal to 1.057 quarts.

Another issue being addressed in this amendment is the “bundling” of coatings sold at retail outlets. There have been multiple instances where rule circumvention has been found in regard to the SCE. The first example is a manufacturer who sold 20 quarts inside a 5-gallon bucket. The intent was for the consumer to empty the quarts into the bucket, essentially enabling the manufacturer to sell 5-gallons of a high-VOC coating under the SCE. In another example, a manufacturer bundled four quarts into a “contractors pack,” essentially allowing the manufacturer to sell one gallon of a high-VOC coating under the SCE. The intent of the anti-bundling language is to prevent the manufacturer from marketing and selling multiple containers in excess of one liter, but not from shipping multiple containers to a retail outlet, or from preventing the retail outlet from boxing or bagging multiple small containers together.

The prohibition of bundling is also not intended to apply to multi-component coatings where one part is not functional without the other part. The small container exemption would only apply to multi-component coatings if the volume sold as combined pursuant to manufacturers’ instructions is less than one liter (1.057 quart). In other words, to qualify for the small container exemption, Part A plus Part B must be less than or equal to one liter.

Shipment Outside the District

The rule contains an exemption for coatings sold in the District for shipment outside of the District or for shipment to other manufacturers for repackaging. Staff expanded this exemption to include coatings that are supplied, offered for sale, marketed, manufactured, blended, repackaged or stored in the District for shipment outside of the District. After several working group discussions, staff believes that the rule should not be prescriptive, and that a manufacturer may follow any procedure to demonstrate that a non-compliant coating is for shipment outside of the District. For example, a manufacturer to supply a notification for the next step in their supply chain, i.e. the direct downstream recipient that the coatings are not intended to be used within the AQMD. Manufacturers can accomplish this in numerous ways such as: preprinted slips on the pallet, a statement on the product label, i.e. "not compliant in AQMD" or "not intended for sale in SCAQMD," or provide electronic warnings that the coatings are not intended for use in the AQMD. A manufacturer may choose to notify the direct downstream recipient with every shipment or whenever there is a change to a product that may affect the compliance status of the product.

RULE CLEAN-UP

Fire-retardant coatings

The fire-retardant category was subsumed into the coating category for which they are formulated effective January 1, 2007. Staff is proposing to eliminate all references and requirements to fire-retardant coatings.

Rust preventative/IM coatings

Staff is striking out the language in paragraph (c)(2) that includes requirements for rust preventative coatings used for industrial use. Since rust preventative coatings and industrial maintenance coatings now have the same VOC limits, this requirement is unnecessary.

Remove reporting requirements

With the adoption of Rule 314, the reporting requirements in Rule 1113 are now redundant. Staff is proposing to eliminate the reporting for small containers sales, recycled coatings, shellacs, and specialty primers.

Test Methods

Staff is removing the reference to the Flame Spread Index. This method was cited in the definition of Fire-Retardant Coatings, which has been removed.

General

Staff is proposing to remove the effective dates that have now passed (i.e. past phase-in dates for labeling of rust preventative coatings, specialty primers and concrete curing compounds for roadways and bridges). In addition, provisions that have passed their sunset have been struck (i.e. the small business exemptions and the technology assessment for flat coatings).

SUMMARY OF POTENTIAL EMISSION REDUCTIONS

Table 254 estimates the VOC reductions that may potentially result from the proposed VOC reductions based on Rule 314 data, and the 2005 CARB survey of coatings sold in 2004.

TABLE 24: SUMMARY OF EMISSION REDUCTIONS BY CATEGORY

Coating Category	Current VOC Limit	Proposed VOC Limit	Emission Reductions (tpy)
Dry Fog coatings	150	50	7
Fire Proofing Coatings	350	150	3
Form Release Compounds	250	100	59
Graphic Arts Coatings	500	150	1
Mastic Coatings	300	100	83
Metallic Pigmented Coatings	500	150	5
Total (tpy)			158
Total (tpd)			0.4

Table 265 summarizes the potential emission reductions projected from the proposed rule change based on effective dates:

TABLE 25: SUMMARY OF EMISSION REDUCTIONS

Rule Change	Emission Reductions (tpd)		
	2012	2014	2015
Remove PSU & Specialty Primer from ACO (see Table 22) ¹	0.9	0	0
Reduce VOC Limits (see Table 25) ²	0	0.4	0
Limit VOC of Colorants (see Table 20) ³	0	2.8	0
Phase out ACO (see Table 23) ¹	0	0	0.3
Total Emission Reductions (tpd)	4.4		
Total Emission Reductions (tpy)	1,614		

1. 2009 ACO Final Report Data.
2. Sales volume for 2005 CARB data, SWA VOC from 2009 Rule 314 Data.
3. Sales volume from 2005 CARB data.

The overall estimated emission reductions from the proposed amendment are 4.4 tons per day (tpd) by January 1, 2015.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The proposed amendments to Rule 1113 - Architectural Coatings has been reviewed pursuant to CEQA and an appropriate CEQA document has been prepared, and will be considered for certification concurrently with the consideration for adoption of PAR 1113.

COST EFFECTIVENESS

Table 276 summarizes the cost effectiveness of reducing the VOC content of the coating categories.

TABLE 26: COST EFFECTIVENESS OF VOC LIMIT REDUCTIONS

Category	Incremental Cost	Emission Reductions (tpy)	Gallons Affected Annually	Cost/ton
Dry Fog	\$0.91	7	79,211	\$11,090
Fire Proofing	\$2.97	3	2,586	\$2,845
Form Release	\$0	59	133,371	\$0
Graphic Arts	\$4.77	1	2,424	\$11,975
Mastic Coatings	\$5.68	83	172,032	\$11,742
Metallic Pigmented	\$13.19	5	4,601	\$12,952
Total Emission Reductions (tpy)		158		
Total Emission Reductions (tpd)		0.4		
Total Annual Cost			\$1,129,318	
Overall Cost Effectiveness			\$7,172	

Table 287 summarizes the estimated cost effectiveness of limiting the VOC content of colorants used at the point of sale.

TABLE 27: COST EFFECTIVENESS OF VOC LIMIT ON COLORANTS

Estimated Emission Reduction (tpy)	1,018
Estimated Emission Reduction (tpd)	2.8
Annual Incremental Cost for Daily Maintenance	\$6,270,700
Annual Incremental Cost for Dispenser Maintenance	\$66,300
Incremental Cost for Colorant	\$1,800,576
Total Annual Cost	\$8,137,577
Overall Cost Effectiveness	\$7,990

The following assumptions were used when estimating the cost effectiveness of the VOC limit on colorants:

- All retailers will increase their maintenance by 10 minutes a day, regardless if they upgrade their dispenser, with an estimated labor cost of \$30 per hour. Staff has received feedback that this maintenance is already conducted with the use of conventional

colorants, and based on the type of dispenser used, may not be necessary. The new dispensers with caps and humidification units may actually have fewer clogs than traditional colorants used in dispensers without caps or humidification units. As a worst case scenario, staff is assuming that the estimated 3,436 retailers will perform an additional 10 minutes of daily labor. The number of retailers is based on Distributors Lists reported under Rule 314 in the AQMD. This is likely an overestimate since many of the distributors that are reported are not actually retail outlets.

- Small retailers will keep their old dispensers. Small retailers who do not sell a considerable amount of paint will not make the investment to automated units. Staff visited a local retailer who is currently using a conventional carousel colorant dispenser using a colorant labeled as zero-VOC. The clerk at the store stated that they did need to clear the dispenser tips if the dispenser has not been used for awhile. Those dispensers are capable of handling the proposed 50 g/L colorants. The assumption regarding the increased daily maintenance was based on this feedback, the feedback from other retail staff and several dispenser manufacturers.
- Medium retailers and manufacturers with retail outlets may purchase new equipment, if they do not already have dispensers capable of handling near zero-VOC colorants. These businesses rely on paint sales and it will be worth the capital investment to purchase dispensing equipment that is designed to handle near zero-VOC colorants. Many medium retailers are already making the switch or made the switch to newer colorant dispensers, but not necessarily due to the near zero-VOC colorant. The new trend is to tint small paint samples, where the dispenser has to be capable of delivering a small fraction of an ounce of colorant. According to dispenser manufacturers, all of the new generations of dispensers are capable of handling near zero-VOC colorants, so a switch to a dispenser capable of tinting a sample size of paint will also be capable of dispensing near zero-VOC colorants. Staff did not include an incremental cost for replacement units as feedback from coating manufacturers and dispenser manufacturers have indicated either that there is no increase in the cost of dispensers capable of delivering low-VOC colorants or that market demand has actually lowered the cost of new dispensers. Staff did include an increase in annual maintenance for dispensers using low-VOC colorant at \$300/year. This additional cost can be for additional calibrations or other maintenance.
- Big Box Retailers who sell the majority of coatings (e.g., The Home Depot and Lowe's) are in the process, or have already switched to equipment capable of dispensing near zero-VOC colorants. The switch in equipment was not the result of the proposed changes to the rule, so other than the 10 minutes of maintenance per day, staff is not including any incremental cost increase.
- Based on feedback from colorant manufacturers, the cost of colorants will increase by approximately 5% for the short term, but over time, low-VOC colorants will likely be less expensive than conventional colorants due to the reduction in the amount of glycols and the cost that varies based on the price of crude oil. As a worst case scenario, staff assumed an increase of \$1.80 per gallon of colorant for the cost effectiveness analysis.

Table 28 summarizes the cost effectiveness of removing the Specialty Primers, PSU's and Waterproofing Concrete/Masonry Sealers (WPCMS), effective January 1, 2012. The table also summarizes the cost effectiveness of the phase-out of the ACO, effective January 1, 2015.

TABLE 28: COST EFFECTIVENESS OF CHANGES TO ACO

Category	Incremental Cost	Emission Reductions (tpy)	Gallons Affected Annually	Cost/ton
Specialty Primer	\$4.79	319	248,380	\$3,732
PSU	-\$3.07	6	121,107	-\$66,110
WPCMS	\$3.28	1	2,254	\$4,939
Total Emission Reductions		326		
Total Annual Cost for Limiting Categories				\$824,850
Overall Cost Effectiveness for Limiting Categories				\$2,531
Phase-out	-\$0.07	112	928,134	-\$613
Total Annual Cost for Phase Out				-\$68,583
Total Annual Cost for changes to ACO				\$756,257
Overall Cost Effectiveness for change to ACO				\$1,727

The cost analysis of the ACO phase out is based on the average incremental cost for the compliant coatings versus the high-VOC averaged coatings in the following categories: clear wood finishes, flat coatings, non-flat coatings, and rust preventative coatings. For some of these coating categories, the manufacturers charge a premium for the high-VOC averaged coatings. Those coatings are not readily available as only manufacturers who can maintain an ACO plan can offer these coatings for sale within the AQMD; hence there is little competition to drive down the cost. This is different from the usual scenario where the low VOC coatings are typically more expensive, partially so that manufacturers can recoup the research and development costs of formulating the new low-VOC coating.

Table 29 summarizes the overall cost effectiveness of the proposed amended rule.

TABLE 29: OVERALL COST EFFECTIVENESS

Category	Total Annual Cost	Emissions Reduction (tpy)	Emissions Reduction (tpd)	Cost/ton
VOC Limit Reductions	\$1,129,318	158	0.4	\$7,172
VOC limit on Colorant	\$8,137,577	1,018	2.8	\$7,990
ACO Changes	\$756,257	438	1.2	\$1,727
Total	\$9,046,010 <u>\$10,023,152</u>	1,614	4.4	
Overall Cost Effectiveness				\$6,211

LEGISLATIVE AUTHORITY

The California Legislature created the AQMD in 1977 (The Lewis Presley Air Quality Management Act, Health and Safety Code Section 40400 et seq.) as the agency responsible for developing and enforcing air pollution controls and regulations in the Basin. By statute, the AQMD is required to adopt an AQMP demonstrating compliance with all state and federal ambient air quality standards for the Basin [California Health and Safety Code Section 40440(a)]. Furthermore, the AQMD must adopt rules and regulations that carry out the AQMP [California Health and Safety Code Section 40440(a)].

AQMP AND LEGAL MANDATES

The California Health and Safety Code requires the AQMD to adopt an AQMP to meet state and federal ambient air quality standards in the South Coast Air Basin. In addition, the California Health and Safety Code requires the AQMD to adopt rules and regulations that carry out the objectives of the AQMP.

DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE

Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the AQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the hearing. The draft findings are as follows:

Necessity - The AQMD Governing Board has determined that a need exists to amend Rule 1113 - Architectural Coatings to clarify rule language, reduce emissions from the use of architectural coatings, including previously unregulated colorants that are used to tint the coatings at the point of sale, and improve rule compliance.

Authority - The AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Health and Safety Code Sections 39002, 40000, 40001, 40440, 40702, and 41508.

Clarity - The AQMD Governing Board has determined that the proposed amendments to Rule 1113 - Architectural Coatings, are written and displayed so that the meaning can be easily understood by persons directly affected by them.

Consistency - The AQMD Governing Board has determined that PAR 1113 - Architectural Coatings, is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, federal or state regulations.

Non-Duplication - The AQMD Governing Board has determined that the proposed amendments to Rule 1113 - Architectural Coatings do not impose the same requirement as any existing state or federal regulation, and the proposed amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, the AQMD.

Reference - In adopting these amendments, the AQMD Governing Board references the following statutes which the AQMD hereby implements, interprets or makes specific: Health and Safety Code Sections 40001 (rules to achieve ambient air quality standards), 40440(a) (rules to carry out the Air Quality Management Plan), and 40440(c) (cost-effectiveness), 40725 through 40728 and Federal Clean Air Act Sections 171 et seq., 181 et seq., and 116.

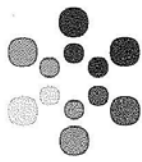
REFERENCES

40 CFR Part 59, Subpart D – National Volatile Organic Compound Emission Standards for Architectural Coatings, September 11, 1998.

COMMENTS AND RESPONSES

The following are the comment letters and emails, which have paragraphs numbered to reference staff responses. The body of the comment letters and emails has been copied below in their entirety, including any omissions or syntax errors. The public comments were received during the commenting period from January 20, 2011 to February 1, 2011. Additional comment letters received after the close of comments are also included.

The following are comments from the American Coatings Association – Comment Letter #1.



AmericanCoatings
ASSOCIATION

January 28, 2011

Ms. Heather Farr
Office of Planning, Rule Development, and Area Sources
South Coast Air Quality Management District (SCAQMD)
21865 Copley Drive
Diamond Bar, CA 91765

RE: January 20, 2011, SCAQMD Public Workshop on Proposed Amended Rule 1113: Architectural Coatings; ACA Comments

Dear Ms. Farr:

The American Coatings Association (ACA)¹ appreciates the recent changes that staff has made to the proposed rule amendments, and submits the following comments on the Draft January 12, 2011, Proposed Amended Rule 1113.

1. Given the unexpected massive reduction in VOC emissions from architectural coatings, drastic amendments to Rule 1113 are not needed at this time

ACA believes that given the reported Rule 314 emissions data for 2008 and 2009, SCAQMD has already met – and exceeded by half -- its AQMP goal, so there is no reason or it is not necessary to enact stringent amendments to Rule 1113 at this time. If the District wants to amend Rule 1113, ACA suggests partnering with industry to amend the rule for the purposes of general cleanup, improving clarity and consistency, and harmonizing Rule 1113 with the ARB 2007 SCM in the manner we proposed at the working group meeting, and even possibly set reasonable limits for colorants. We see no necessity, however, for amending the rule at this time to impose lower limits on VOC content or restrict flexibility provisions, especially since the latest Rule 314 data indicate that emissions from this category are less than half the amount projected in the District's emissions inventory for this timeframe.

This trend is partly due to recessionary impacts on sales, but also due to market-driven low VOC technology transfer beyond what is required. Further, the trend in average material VOC content indicates that even if sales volumes increase, emissions will not return to former levels (2004

¹ The American Coatings Association (ACA) is a voluntary, nonprofit trade association working to advance the needs of the paint and coatings industry and the professionals who work in it. The organization represents paint and coatings manufacturers, raw materials suppliers, distributors, and technical professionals. ACA serves as an advocate and ally for members on legislative, regulatory and judicial issues, and provides forums for the advancement and promotion of the industry through educational and professional development services.

average MVOC: 97 g/L; 2008: 34 g/L; 2009: 30 g/L). Bottom line, the District has met its planning goals and industry should be given credit via less aggressive amendments to Rule 1113.

If, over ACA's objection, the District proceeds forward with the severe proposed amendments to Rule 1113, we respectfully submit the following comments for your consideration.

1-1
con't

2. Small Container Exemption

The small container exemption is critical given the fact that the SCAQMD Rule 1113 limits are the most stringent in the US. This exemption provides a "safety valve" or a last resort option that allows for traditional product in problem situations when the limits in categories become more stringent or a category goes away. It is important to note that district staff consistently mentioned that if companies cannot meet lower limits they can always use the small container exemption – this is not the case anymore – as limits get lower and lower end users need a "relief valve".

There are also a host of niche coatings that manufacturers can now sell in small containers that would need to be categorized if the small container exemption is modified or removed. These include:

- Tile touchup
- Porcelain tub/sink touchup
- Magnetic coatings (turns wall into magnet)
- Chalkboard coatings (turns wall into chalkboard)
- White board coatings (turns wall into a white board)]
- Camouflage coatings
- Projection TV. coatings (turns wall into projection TV. screen)
- Wood stains and wood stain markers
- Appliance touch-up
- Samples
- Touch-up for wood products (allow proper repairs following installation of kitchen cabinets, bathroom vanities, doors and millwork).
- Coatings that are not manufactured as architectural coatings but may become subject to Rule 1113 by virtue of being applied to stationary structures or their appurtenances; e.g., hobby paints, artist colors, marine varnish, and various kinds of touch-up paints.

1-2

An example is that many Original Equipment Manufacturing (OEM) product manufacturers will send small container "touch-up" product so that products can be touched-up in the field – this is very common since the shop applied product may be oil based and Rule 1113-compliant product is water based, so the coatings are not equivalent from a performance, application, and appearance perspective. This will result in a patchy appearance and increased corrosion of the

touched up areas. This could also result in a negative impact on the overall emissions due to an earlier repainting to address these performance and appearance problems.

Given the excess emission reductions, and the need for this “safety valve” ACA recommends the District not amend the small container exemption beyond adding “anti-bundling” language. ACA partnered with the District by providing suggested language, and we request the District partner with Industry and retain the small container exemption. If over ACA’s objection the District does amend the small container exemption, ACA requests the following needed changes to the proposed rule:

- Given the niche products above it is likely that additional categories will be needed, ACA suggests flat coatings and stains be added exempted as well.
- Bundling language is problematic: “or” should be “and” in (f)(1)(B).
- ACA suggests the following edit:

“The provisions of the Table of Standards and paragraph (c)(1) of this rule shall not apply to any architectural coatings in containers having capacities of one quart liter or less, excluding clear wood finishes and pigmented lacquers, until December 31, 2012, provided that the following conditions **in Sections A and B below** are met.” and Waterproofing Concrete/Masonry Sealers, provided that the following conditions **in Sections A and B below** are met.”

- ACA requests the anti-bundling language allow small containers be sold in shipping boxes.
- For categories that may be excluded from small container exemption, a three-year sell through is needed so that products in the pipeline and on shelves can be sold and not disposed of as hazardous waste.
- If the amended rule were to require labeling of small containers, a minimum three-year transition period is needed.
- ACA suggests the rule be consistent with 2007 SCM – “one liter (1.057 quart) or less”.
- If the District does not add Conversion Varnish and Conjugated Oil Varnish categories to Rule 1113, ACA requests that these be included in the small container exemption.

3. **Markets for Sale** - this terminology is confusing. The definition of “market” is covered by current rule (to supply, sell, offer for sale). Since this could pull in Ebay, Craigslist, Amazon, where they notified of the change and implications? ACA is also concerned about national, state and regional TV, print and radio ad campaigns that could be problematic from a “markets for sale” perspective.

1-2
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1-3

<p>4. District deleted “for use” – the assumption that products sold in District are used in the District is problematic as a basis for enforcement – ACA believes that the District is overreaching and does not have authority to do so. We are especially concerned about warehouse materials/products being shipping through the District, these must be exempted. This deletion also pulls in homeowners into the rule – ACA does not believe that homeowners understand this implication. A full CEQA analysis should be performed to determine the fiscal impact and compliance cost for homeowners.</p>	<p>1-4</p>
<p>5. Worksite Definition and “stores at worksite” - ACA suggests deleting “vehicle” from definition so this does not apply to contractor vehicles. Further, “regular maintenance” occurs at almost every building, and it does not seem logical that the District intended to pull in every building. Further, the definition should not apply to manufacturing sites and job shops (for example OEM surface coating operations).</p>	<p>1-5</p>
<p>6. “Manufacturer” definition should exclude repackaging and relabeling at stores.</p>	<p>1-6</p>
<p>7. Quick-Dry Enamel and Quick Dry Primer – needs to be transitioned like other CA Air Districts have done – ACA suggests the following:</p>	<p>1-7</p>
<p>“Effective January 1, 2013, the Quick-Dry Primer, Sealer, and Undercoater category and Quick Dry Enamel category are eliminated and coatings meeting either definition will be subject to the VOC limit for the applicable category in the Table of Standards, except in [most restrictive and sell through provisions].”</p>	
<p>8. Nonflat High Gloss Coatings – similar to the Quick-Dry Enamel and Quick-Dry Primer categories – ACA suggests the following transition language:</p>	<p>1-8</p>
<p>“Effective July 1, 2011, the Nonflat High Gloss Coatings category is eliminated and coatings meeting this definition will be subject to the VOC limit for the Nonflat coatings category, except in [most restrictive and sell through provisions].”</p>	
<p>9. Default Limit – this should be set at 50 g/L to eliminate the potential for arbitrary and capricious categorization of “default” products. Also ACA suggests dropping the language “and less any colorant added to tint bases until January 1, 2014, at which time the limit drops to 100 grams of VOC per liter of coating (0.83 pounds per gallon).”</p>	<p>1-9</p>
<p>10. Section (c)(2) – ACA suggests deleting the language “except anti-graffiti coatings”</p>	<p>1-10</p>
<p>11. Colorants – ACA suggests listing the limit for Solvent Borne Industrial Maintenance Coatings (600 g/L) first, then the limit for All Other Architectural Coatings (50 g/L) next. In</p>	<p>1-11</p>

addition, ACA suggests that the rule needs to be clarified that colorant limits apply only to colorants added at the point of sale.

ACA once again requests a higher colorant limits for IR Heat Reflective Pigment Colorant Dispersions, since heat reflective wall coating technology is based upon the use of Complex Inorganic Color Pigment Technology (CICP). The colorants that contain these unique pigments are only available from a few specialized colorant suppliers. The CICP pigments are very high in density and formulation of commercially viable machine dispensable colorants is very challenging. The CICP colorants have been found to be more prone to settling, caking, clogging, and canister collaring than conventional colorants when used in automated colorant dispensing equipment. This is the case even at conventional VOC levels of 450-550 grams per liter. Lowering the VOC level of these special colorants to below 50 grams per liter VOC will be very problematic. Because of the added environmental benefits of heat reflective coating (described below) and the fact that this a specialized niche, it is proposed that a limit of 400 grams per liter VOC be considered for this important class of colorants.

1-11
cont'd

It is important to note that the performance of CICP pigment containing heat reflective wall coatings have been validated by the U.S. Department of Energy. The many benefits of this technology are becoming more widely known and accepted. By reducing the heat uptake of buildings, the cooling energy demands are reduced. This means less electricity needs to be generated by power plants for this purpose resulting in reduced power plant emissions. Also important is that this reduction occurs during the peak demand daylight hours. Because the CICP IR pigments are incredibly durable, these coatings do not need to be repainted due to color fading for many years longer than ordinary paint. This translates into eliminating the VOC emissions that would have occurred due to the skipped painting cycle requirements.

12. Faux-Finishing/Japan - ACA suggests setting the limit for the clear topcoat at 200 g/l then lowering this to 150 g/l since these clear coats are not "typical" they are required to provide long term color and gloss stability and protection for the color coats, also adequate open time is needed to create the faux finish appearances. In addition, there is a typo in Definition (17) Clear Topcoats - needs to be finished.

1-12

13. Stone Consolidants (450 g/l) - consistent with the 2007 SCM, this category and limits should be added to Rule 1113 since they are needed for preservation of historic buildings in the SCAQMD. The landmark Wilshire Boulevard Temple in downtown Los Angeles is a prime example of a historic structure in need of this technology. The exterior is literally falling apart one grain at a time. The California Office of Historic preservation has stated its opinion that they must be consulted as part of the Rule 1113 CEQA review due to the potential for substantial adverse change to historical resources under their jurisdiction. ACA will be submitting CEQA comments in this regard.

1-13

<p>14. <u>Reactive Penetrating Sealers (350 g/l)</u> – The Reactive Penetrating Sealer niche category was created in the CARB 2007 SCM and needs to be added to Rule 1113 for infrastructure protection. ACA is aware that Caltrans has completed a report in April 2010 entitled “Report on Non-Film Concrete/Masonry Waterproofing Products”. This report indicates that Caltrans recently determined that Rule 1113 compliant alternatives lack the performance necessary for infrastructure protection and are requesting this category be adopted. ACA will be submitting CEQA comments in this regard since effective salt screening products are needed near the ocean in SCAQMD especially considering the use of pretensioned concrete structural components, in which it is vital to protect the reinforcement cables from corrosion. Since the Rule 1113 revision is a project with regional significance and has the potential to impact transportation infrastructure, we believe that the District is obligated to formally consult with Caltrans as well as the California Office of Historic preservation as part of its CEQA analysis.</p>	1-14
<p>15. <u>Conversion Varnish(725 g/l)/Conjugated Oil Varnish (450 g/l)</u> – These are very specialized small “niche” high-end coatings with unique properties that are needed in specific applications, and are generally applied only by professional contractors. ACA requests SCAQMD include these in Rule 1113. If can’t include in Rule 1113, ACA requests the District add these to small container exemption.</p>	1-15
<p>16. <u>Tub and Tile Refinishing (420 g/l)</u> – ACA suggests adding this category and limit consistent with the 2007 SCM, however please note that a manufacturer of these products is working on 150 g/l product. Staff has stated that these products fall under IM, however IM are prohibited from interior use.</p>	1-16
<p>17. <u>Primers, Sealers & Undercoaters (PSU)</u></p> <p>ACA is concerned that SCAQMD is considering whether to lower the VOC limit for the Primer, Sealer & Undercoater category, since products in this category are extremely important functional coatings that must perform well in adhering to substrates, and are often a last resort in solving difficult application issues. Also, these products are designed for a wide range of substrates and exposure conditions. While coatings manufacturers may be able to meet the 50 g/L limit for Flats and Non-Flats, they must have good PSU coatings to do so. Of course, when a primer fails, not only the primer must be replaced – new topcoats are necessary, too. This causes increased emissions and excess consumption of energy and material resources. ACA will be submitting CEQA comments with regards to this issue.</p> <p>The District mentioned that when they lowered to PSU category limits to 100 g/l that they acknowledged the fact that lower VOC PSUs needed greater surface preparation, have less tolerance, and painters need to follow instructions that’s why they included a long</p>	1-17

implementation timeframe. With 50 g/L topcoats, lowering the PSU limit further is very problematic.

While primers at lower VOC contents may be available for all substrates, their performance limitations make them inadequate as substitutes for higher VOC, better performing products. Consequently, such substitutions lead to higher rates of coating system failure or reduced longevity, or necessitate multiple primer coats that would otherwise be unnecessary. To the extent that better performing, lower VOC primers might be formulated with new technologies just becoming available, the lab work and field tests would require a period of time much longer than a year and a half.

Also, this category represents the 3rd largest category, and a limit of 50 g/l would eliminate 60% of available products on the market – nearly 550 products – in roughly a year and a half. This amount of time is insufficient to reformulate and test this number of products. District data also suggests that with every step lower in VOC content, performance attributes suffer accordingly. There is a tradeoff and we must expect a performance drop with lower VOC contents, but this is not acceptable with PSU coatings. It is clear from the bimodal data (or inverse bell curve) results indicate the need for higher VOC PSUs for specific applications including wood, metal, masonry and concrete tilt-up. Most PSUs at or below 50 g/L are applied to interior drywall. Critical substrates that need the 100 g/l limit include: non-bituminous roof primers, exterior wood (especially wood with high tannin extractives e.g., redwood and cedar); stucco; exterior concrete and masonry (especially with high alkalinity, efflorescence, or heavy surface chalking); and interior substrates that are smoke-, fire-, or water-damaged. Also, certain types of primers perform significantly better at higher VOC levels, including thin-film elastomeric primers, and the higher performing multi-purpose primers that can be used on various substrates including metal.

In addition, a review of the District selected products that meet the proposed 50 g/L limit (see Attachment A) there are several problematic issues with the 50 g/L products:

- several products are meant for interior use only
- several products require two coats are recommended for metals and wood with tannins;
- several products do not mention use on metal or wood
- several mention use on primed and previously painted metal
- several are two component epoxies which are problematic for consumer use (ease of use, pot life issues)
- several are elastomeric coatings
- several mention use of higher VOC block fillers for masonry, metal primers, and sealers for wood
- none are intended for use in a roofing or waterproofing environment

1-17
cont'd

18. Non-bituminous Roof Primer (100 g/l) – If over ACA’s objection the District lowers the limit for the PSU category to 50 g/l, ACA supports the 3M comments and recommends the District include a new category for Non-bituminous Roof Primers since the 50 g/l PSU identified do not include any non-bituminous roof primers.

As noted above, several of the identified primers are intended for interior applications. As such, they are subjected to conditions that are significantly less harsh than those experienced outdoors. Of the products that are listed for exterior use, none are intended for use in a roofing or waterproofing environment. There are non-bituminous roof primers on the market for use on low-slope (*i.e.*, approximately horizontal, or "flat") roofs, such as those on commercial and industrial buildings. These coatings are used to maintain and restore existing roof membranes. They extend the life of the existing roof for 10-20 years, thus delaying the cost and disposal issues associated with replacing a roof.

1-18

On low-slope roofs, ponding water occurs. Ponding water, combined with the thermal cycling that roofs undergo, can lead to coating and/or primer adhesion failure if the primer is not durable. The coating blisters and delaminates, and water can leak into the building at these failure points. In order for the primer/coating system to be effective, the primer must adequately adhere to the overcoat as well as to the existing roof membranes, the conditions of which are highly variable due to weathering effects. Because of the highly variable substrate conditions, achieving and maintaining the desired adhesion is very challenging and requires sufficient VOCs.

ACA requests the District create a product category of (non-bituminous) roof coating primers, with a VOC limit of 100 g/L. Overall, the volume of primers I question is relatively small but is important in order to ensure the successful performance of the low-VOC roof coating (and the delivering of the attendant cost and environmental benefits).

19. Specialty Primers – CARB is the process of completing a technology assessment to analyze any technical issues between new waterbased and traditional oil based products. This work is to be completed later this summer, ACA suggests adding a statement in the Board Resolution that staff address any CARB findings and recommendations.

As with the Primer Sealer category, specialty primers are critical to blocking stains. In addition, a review of the District selected products that meet the proposed 50 g/L limit (see Attachment A) there are several problematic issues with the 50 g/L products:

1-19

- several products do not mention use on metal or wood
- several products are meant for interior use only
- several mention use of higher VOC block fillers for masonry, metal primers, stain killer, and sealers for wood
- not for masonry, galvanized or zinc coated surfaces or use only on painted metal

<p>20. Sell Through Provision – this provision should apply not only to changes in VOC limits, but also changes to definitions and labeling requirements. ACA suggest the following edit:</p>	<p>1-20</p>
<p>“Any coating that is manufactured prior to the effective date of a new rule provision the applicable limit specified in the Table of Standards, and that was compliant at the date of manufacture has a VOC content above that limit (but not above the limit in effect on the date of manufacture); may be sold, supplied, offered for sale, or applied for up to three years after the specified effective date.....”</p>	
<p>21. Metallic Pigmented - a review of the District selected products that meet the proposed 150 g/l limit (see Attachment A) there are several problematic issues with the 150 g/l products:</p>	<p>1-21</p>
<ul style="list-style-type: none"> • One product is a high-solids mastic – 90% solids • One product is not a metal pigmented coating but a primer and the product says it’s less than 180 g/l. • Another is not a metallic pigmented coating it is a 2 part polyurethane 	
<p>22. Sanding Sealers – ACA suggests the following transitional language:</p>	<p>1-22</p>
<p>“SANDING SEALERS are clear wood coatings formulated for or applied to bare wood for sanding and to seal the wood for subsequent application of coatings. Until January 1, 2013, to be considered a sanding sealer a coating must be clearly labeled as such.”</p>	
<p>23. Retail Outlet Definition – it is unclear what this term “supplied” means – we need additional clarification.</p>	<p>1-23</p>
<p>24. Sale or Use of Stains and Lacquers in Areas above 4,000 feet – ACA requests the District provide a list of zip codes where these products may be sold and used.</p>	<p>1-24</p>
<p>25. Waterproofing Concrete/Masonry Sealers – ACA suggests including “excluding stains” as follows:</p>	<p>1-25</p>
<p>“WATERPROOFING CONCRETE/MASONRY SEALERS are clear or pigmented sealers, including concrete lacquers that are formulated for sealing concrete and masonry to provide resistance against water, alkalis, acids, ultraviolet light, and staining, or enhancing appearance excluding stains.”</p>	
<p>26. VOC Definition - clarify that reporting is not for coatings manufacturers but for TBAC manufacturers.</p>	<p>1-26</p>

- 27. **Economic burden** – district needs to consider cost per ton for categories in which less than 1 lb/day emission reductions would be achieved. Denominator very small – costs very high. Manufacturers have same reformulation costs for minor incremental changes as they do for major reformulations. 1-27
- 28. **Addition of “fields and lawns”** is problematic – raises more issues than resolves and impact other AIM rules. 1-28
- 29. **Enforcement** – what is the impact of adding the words “each gallon of” to the fine matrix 1-29
- 30. **Concrete Lacquers** – this term should be defined 1-30
- 31. **Swimming Pool Coatings** – the current limit is missing from Table 1 1-31
- 32. **Averaging** – the timing of when the various coatings can be averaged does not make sense, also the District should add Zinc Rich Primers since these are sold by the job. 1-32
- 33. **Gonioapparent Characteristics for Coatings** – Method E284 only defines this term, it does not state how to determine it. 1-33
- 34. **Exemption of TBAC and DMC**

ACA once again requests exemption of TBAC and DMC for AIM coatings. With regards to TBAC, the survey indicated that 50% of manufacturers that are using TBAC in IM formulations; Those currently not using TBAC – 25% are conducting research; 54% are conducting research on using TBAC for other categories of coatings.

If TBAC and DMC cannot be exempted for all AIM coatings at this time, ACA requests an initial limited exemption in those product categories such as exterior applications (Concrete Curing Compounds, Concrete Surface Retarders, Driveway Sealers, Form Release, Fire Proofing Exterior, Roof coatings and primers, swimming pool coatings, traffic coatings, waterproofing concrete/masonry) and in indoor application where vapors are vented outside the house and coatings are applied by licensed contractors wearing respiratory protection (such as the tub & tile refinishing category as well as others). 1-34

DMC should be exempted for Industrial Maintenance coatings since these coatings are applied outside by professional contractors. TBAC/DMC should be exempted for Anti-Graffiti coatings since this category was pulled from the Industrial Maintenance category were TBAC was already exempted.

It is important to note that many other CA Air Districts have exempted TBAC and DMC and others have exempted these compounds with requirements for permits and necessary information to perform a health risk assessment.

If SCAQMD has done any recent risk assessment analysis for Tbac or DMC for use in AIM coatings – ACA requests information on assumptions used in these assessments.

1-34
cont'd

35. Reactivity

ACA suggests SCAQMD work with the coatings industry to develop a Reactivity-based Alternative Compliance Option (RACO) that would allow a company to achieve compliance with Rule 1113 VOC limits by means of a District-approved RACO program. A manufacturer's RACO program would apply reactivity criteria to the VOC content of covered products and ensure equivalent or lower ozone formation potential compared to products complying on a mass VOC basis. ACA suggests this discussion topic be added to a future working group meeting.

1-35

36. Atmospheric Availability Credit

ACA again requests that the District account for the fact that certain coatings components remain in the substrate or coating structure and therefore are not "available" for ozone formation. While the ACA PACES work continues and a draft report is expected soon, ACA would like to discuss how the atmospheric availability issues can be addressed in Rule 1113. Hopefully, either the VOC calculation or the VOC inventory can be adjusted accordingly.

1-36

Thank you for the opportunity to comment. If you have any questions or need any further information on the issues discussed here, please feel free to contact me at (202) 462-6272.

Sincerely,



David Darling, P.E.
Senior Director, Environmental Affairs

*** Sent via email ***

Responses to Comment Letter #1

Response to Comment 1-1

Staff concurs that the coatings industry has made great strides in lowering the VOC emissions from architectural coatings. Staff agrees that this can in part be attributed to market demands as well as the financial incentives in Rule 314. Table 1 of the Staff Report summarizes sales and emissions data for 2008 and 2009, and clearly shows that in addition to the reduction in the VOC content, the coatings industry has experienced several years of depressed sales due to the economic recession. Even with these reduced emissions, the coatings industry is one of the largest sources of VOC emissions under the AQMD's purview. The colorants alone, which are currently not included in the emission inventory for architectural coatings, account for 3 tons per day of VOC emissions. Due to the extreme non-attainment status for the AQMD, staff is under a directive to achieve all feasible emission reductions, as included in the 2007 Air Quality Management Plan (AQMP), specifically Control Measure CM#2007 MCS-07 – Application of All Feasible Measures. This control measure explicitly lists coatings and solvents rules to achieve additional VOC reductions. During the rule development process, staff has conducted considerable outreach and research to determine reductions that are feasible and achievable. Through this process, staff received extensive and well supported comments that resulted in extended implementation dates and the elimination of several coating categories from the proposed VOC limit reductions. The current proposal is reasonable, achievable, and cost-effective and it reflects full implementation of currently available technology.

Response to Comment 1-2

Staff spent considerable time and effort in studying and evaluating the small container exemption (SCE), and recognizes the benefits of the SCE for manufacturers and end users for niche products, as well as repair, touch-up and maintenance. Based on comments received, staff has revised the rule language and is not proposing to further limit the categories that can use this exemption or to phase out the exemption at this time. This change addresses the concerns pertaining to additional categories, as well as the touch-up and issues represented by original equipment manufacturers.

Staff does not agree that this exemption is a necessary safety valve for the VOC limits in Rule 1113. Aside from a few niche categories or new categories that may be developed, there are ample products available in the market place that meet the VOC limits in Rule 1113. Staff will continue monitoring the sales of products in small containers, and plans to revisit either limiting or phasing out the exemption in the future.

Over the years, enforcement staff has encountered considerable rule circumvention due to this exemption, resulting in removal of the clear wood finish category from the SCE in 2006. Based on comments received, staff has revised the initial proposal which would have limited the eligible categories, and is proposing to clarify that while coatings in small containers do not need to comply with the VOC limit requirements, they do need to comply with other rule requirements, such as the labeling requirements. Further the proposal prohibits bundling of containers practiced by some manufacturers to sell multiple small containers in one package. The current proposal further incorporates additional clarifications to address comments from industry.

Response to Comment 1-3

Staff has included a definition for the term ‘market’ that limits the term to third-party vendors who solely bring together buyers and sellers, including but not limited to catalogs, and e-commerce businesses (e.g., EBay, Amazon). The definition also explicitly indicates that for the purpose of Rule 1113, ‘market’ does not include promoting or advertising coatings. Staff has contacted potential affected parties (Grainger, EBay, Craigslist, McMaster-Carr, & Amazon) and forwarded PAR1113 for their information.

Response to Comment 1-4

Staff feels that it is indeed reasonable to assume that a coating sold in retail outlets within the District will be used in the District. However, that assumption is rebuttable for situations where a local manufacturer or distribution warehouse makes or stores a coating, staff has further clarified that when evidence shows coatings supplied, sold, offered for sale, marketed for sale, manufactured, blended, repackaged or stored in the District are for shipment outside of the District, they would be exempt. This exemption fully covers the coatings industry’s concern regarding coatings stored in the AQMD.

In regard to the comment on the implication of the rule change on homeowners, Rule 1113 has always applied to any person who specifies or uses architectural coatings, including homeowners. Based on limited enforcement resources, which are more efficiently utilized where a large amount of coatings are sold, stored or may be used, inspectors generally do not make compliance stops at private residences; however, enforcement staff would investigate if there were public nuisance complaints regarding odors from the use architectural coatings at a private residence, and based on the findings from the investigation, may issue notices to homeowners. As a result, staff does not anticipate any environmental impacts resulting from this rule change due to any fiscal impacts on homeowners.

Response to Comment 1-5

An exemption for non-compliant coatings stored in work trucks would create a loophole in the proposed rule language. Worksites frequently store their coatings in trailers which could be interpreted as a work truck. Worksites could simply store all coatings in a truck or trailer to circumvent the rule language. Staff is not proposing to exempt work trucks but did include clarification in the staff report regarding who would be responsible for non-compliant coatings stored in work trucks. Further, the definition of worksite has been revised to indicate any location where architectural coatings are stored and applied, based on comments from the public.

Staff is not proposing to exempt manufacturing sites or job shops considering that coatings operations for maintenance purposes are performed at those facilities. The building that houses a manufacturing operation where non-Rule 1113 coating operations occur would still need to be painted and maintained. The provision would apply to the architectural coatings that are used to paint the building e.g. floors, wall, doors, etc. Non-compliant products that are not for use at the facility but are stored for sale or shipment outside the AQMD, would be exempt under paragraph (f)(2)(A):

Architectural coatings supplied, sold, offered for sale, marketed, manufactured, blended, repackaged or stored in this District for shipment outside of this District or for shipment to other manufacturers for repackaging.

Response to Comment 1-6

Staff addressed industry's concern with the definition of manufacturer by exempting retail outlets where labels or stickers may be affixed to containers or where colorant is added at the point of sale. Staff does not feel that a further exemption for repackaging or re-labeling is necessary. It is a common practice for manufacturers to repackage or re-label (add their own label) coatings that were produced by another manufacturer (e.g., toll manufactured coatings). In those instances, whomever's name is on the label is considered the manufacturer. When a non-compliant coating is found in the field, it is the manufacturer whose name is on the label that is ultimately responsible for that coating. For this reason, staff does not intend to exempt repackaging or relabeling in the definition of a manufacturer.

Response to Comment 1-7

Staff addressed the concern regarding Quick Dry Enamels and Quick Dry PSUs by including an effective date of July 1, 2011. While the change is proposed to take place shortly after rule adoption, it will not result in a change in the VOC limit or the labeling of the products. Coatings can still be labeled as quick dry enamels, but for the purpose of Rule 1113, those coatings will be considered non-flat coatings effective July 1, 2011. Since there are no impacts of this change, a longer implementation period is not included.

Response to Comment 1-8

The comment includes a request for a phase-in period of July 1, 2011 for the elimination of the non-flat high gloss category. Since there is no VOC or labeling implication for the removal of the non-flat high gloss category, staff is not proposing any phase out period. Coatings can still be labeled as non-flat high gloss coatings, but for the purposes of Rule 1113, those coatings will be considered non-flat coatings. The proposed change is for rule simplification since there are currently no differences in the VOC limits or labeling requirements between non-flat coatings and non-flat high gloss coatings.

Response to Comment 1-9

Staff agrees with industry's proposal to lower the VOC limit for the default category to 50 g/L and has revised the proposed rule language accordingly.

Response to Comment 1-10

For rule clean up purposes, the requirement which was included in paragraph (c)(2) has been moved to paragraph (c)(7). This requirement states that industrial maintenance coatings, except non-sacrificial anti-graffiti coatings, shall not be applied or solicited for residential use unless they would be exposed to the extreme environmental conditions described in the definition of an industrial maintenance coating. The comment is to remove the clause "except non-sacrificial anti-graffiti coatings" since a separate category has been established for those coatings. Since the Non-Sacrificial Anti-Graffiti Coating category is included as a subcategory for Industrial Maintenance Coatings, staff feels this language is still necessary to be included.

Response to Comment 1-11

Based on the comment regarding the Table of Standards 2, revised PAR 1113 includes proposed VOC limits for architectural coatings, excluding IM, Waterborne IM Coatings and Solvent-Based IM coatings. In addition, staff has added language to clearly state that the VOC limits for colorants only apply to colorant added at the point of sale.

Staff contacted several manufacturers of heat reflective or complex inorganic color pigment (CICP) technology who stated that these colorants can be formulated and are available with a VOC content of less than 50 g/L. Furthermore, based on a discussion and subsequent emails with the manufacturer that expressed concern about the VOC content of colorants with CICPs, they do not add these colorants at a point of sale, so PAR1113 would not apply to their specific use. Lastly, staff agrees with the energy savings benefits of heat reflective coatings.

Response to Comment 1-12

Based on feedback from industry, staff has proposed to increase the proposed VOC limit for clear topcoats used in Faux Coatings System from 50 g/L to 100 g/L. Staff has received feedback that this limit is feasible. In addition, the omission in the definition has been addressed. The missing language was for the labeling requirements for clear topcoats.

Response to Comment 1-13

PAR1113 includes a definition for Stone Consolidants that limits the use of these products only when used for restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect. This category also includes a proposed VOC limit of 450 g/L, as requested. Staff intends to monitor this category through the Rule 314 Annual Quantity and Emissions Reports to ensure that sales do not exceed the estimated usage, and may consider sales caps for this category if actual sales are well above the estimated usage.

Response to Comment 1-14

PAR1113 includes a definition for Reactive Penetrating Sealers that limit the use of these products only when used for restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect or for use on reinforced concrete bridge structures for transportation projects located within 5 miles of the coast or above 4,000 feet elevation. Staff shared the proposed definition with the interested parties and did not receive any negative feedback. This category also includes a proposed VOC limit of 350 g/L. Staff intends to monitor this category through the Rule 314 Annual Quantity and Emissions Reports to ensure that sales do not exceed the estimated usage, and may consider sales caps for this category if actual sales are well above the estimated usage.

Response to Comment 1-15

Staff has conducted research on the need for an additional coating category with a higher VOC limit for specific types of Clear Wood Finishes referred to as Conversion Varnishes. There has been extensive research on this coating category, including a technology assessment conducted in 2004 and 2005. The results of that assessment supported the 275g/L VOC limit, which was implemented on July 1, 2006. Details of that study can be found on the AQMD website at: <http://www.aqmd.gov/hb/2006/February/060236a.html>. In addition, staff has received feedback from manufacturers that there are compliant waterborne clear wood finishes that perform as well if not better than the high-VOC counterparts.

One reason for this request is that Clear Wood Finishes are not allowed under the Small Container Exemption. They were excluded from this exemption due to rule circumvention that resulted in significant excess emissions. Since conversion varnishes were one of the major

coating types utilized for coating hardwood floors in the past, allowing this type of clear wood finish to again be sold in the AQMD would, eliminate the emission reductions achieved by removing these coatings from the small container exemption. In addition, the application of conversion varnishes releases formaldehyde, and therefore has some health and safety issues that would be created compared to the waterborne products in use today. For these reasons, staff is not proposing to add a high-VOC category for conversion varnishes.

Staff also considered the need for an additional category for conjugated oil varnishes. These are solvent-based, high-VOC Clear Wood Finishes that cannot be reformulated to a lower-VOC limit due to the nature of the oils they are composed of. Based on research conducted, including reviewing variance requests seeking relief, staff did not find sufficient evidence that a high-VOC Clear Wood Finish is needed at this time since there are sufficient compliant waterborne technologies available. This is demonstrated by the fact that there have not been any variance requests for Clear Wood Finishes with a VOC content higher than the Rule 1113 limit.

Response to Comment 1-16

Staff has researched the tub and tile category and has not found sufficient evidence of the need for a separate category. These coatings currently fall under the IM category with a VOC limit of 100 g/L. Previous staff analysis clearly shows a preponderance of acrylic, epoxy, and urethane-based coatings that can be used for tub and tile refinishing. In addition, these coatings are typically sold in small containers, since most tub and tile coverage area is limited to no more than 100 square feet. Coatings sold in small containers are exempt from the VOC limits in Rule 1113, thus providing additional flexibility for manufacturers of these coatings. The rule language that prohibits the application of IM coatings for residential use only applies to coatings that do not meet the extreme environmental conditions described in the definition of IM coatings. Since tub and tile coatings do meet the definition of IM coatings, especially under the abrasion resistance requirements, they are permitted for use in residential settings.

Response to Comment 1-17

Based on comments received pertaining to the originally-proposed VOC limit of 50 g/L for PSUs, staff has reconsidered the proposal and is not proposing any additional VOC reductions limit for PSUs at this time.

Response to Comment 1-18

See response to 1-17.

Response to Comment 1-19

Based on comments received pertaining to the originally-proposed VOC limit of 50 g/L for specialty primers (SP), staff has reconsidered the proposal and is not proposing any additional VOC reductions limit for SPs at this time.

Response to Comment 1-20

Based on feedback received during working group meetings, staff extended effective dates for rule changes sufficiently such that an additional sell through period is not necessary. In regard to the labeling requirements, manufacturers requested a three year period to implement the change so they could use their current labels. If the rule included an additional three years to sell through of old labels, the rule change would not be effective for six years. Staff feels that the

proposed three years to implement the change is sufficient without an additional sell through period. A similar change is the labeling change for sanding sealers. This change will re-categorize coatings from the PSU category to the Clear Wood Finish category. Since 2006, Clear Wood Finishes are no longer included in the small container exemption. Staff proposed an effective date of July 1, 2013 for this change to allow a two year transition, which should be sufficient to sell through products that are currently on retail shelves.

Response to Comment 1-21

The list of coatings provided for review only encompass a selection of the coatings currently available at the proposed VOC limit and should not be considered all-inclusive. As presented in the numerous working group meetings, there are 18 manufacturers that have reported the sales of 63 products that are categorized as metallic pigmented coatings. Staff can provide the comprehensive list of these products upon request.

As for the 3 products mentioned, the coating that is referred to as a mastic in the product data sheet does not meet the Rule 1113 definition of a mastic. The coating is applied at a maximum of 7 – 10 mils in one or two coats. The Rule 1113 definition specifies that the coating is applied at least 10 mils dry in a single coat. That coating would fall under the metallic pigmented coating category. The primer is not a metallic pigmented coating, but an acid blocking primer specified for certain metallic pigmented coatings, that page was inadvertently included with the other coatings. The last product mentioned is a high performance, zero VOC acrylic polyurethane which can include metallic pigments resulting in a coating that meets the definition of a metallic pigmented coating. Those coatings have been in use at local theme park to create metallic effects. Staff has reevaluated the last coating included in the list and interprets that coating to be an IM coating. Even though this coating could meet the definition of a MPC based on the metallic content, the coating is a polyurethane which could be tinted to several colors, including a clear or a metallic, the specified usage is for IM applications. The product data sheet states that the intended application is for theme parks, industrial maintenance and heavy equipment applications. Many of the products used at theme parks are IM coatings due to the extreme conditions created by the number of daily visitors, typically requiring coatings that withstand “repeated heavy abrasion, including mechanical wear and repeated scrubbing with industrial solvents, cleaners, or scouring agents” as well as “exterior exposure of metal structures”.

Response to Comment 1-22

PAR1113 includes language to address the necessary transition time for the proposed change to the definition of sanding sealers. This change will re-categorize some PSUs to sanding sealers; therefore, they will no longer fall under the small container exemption. The extended transition time will allow ample time for those select coatings to be phased out.

Response to Comment 1-23

Staff agrees with the comment and has removed the word ‘supplied’.

Response to Comment 1-24

The following list includes the cities and communities within the AQMD that may qualify for the exemption in paragraph (f)(2)(D):

CITY NAME	ZIP CODE
Lancaster	93536
Castaic	91384
Angelus Oaks	92305
Valyermo	93563
Mentone	92359
Idyllwild	92549
Cabazon	92230
Banning	92220
Lebec	93243
Big Bear City	92314
San Bernardino	92407
Lytle Creek	92358
Cedarpines Park	92322
Sylmar	91342
Yucaipa	92399
Crestline	92325
Palmdale	93550
Mt Baldy	91759
Lake Hughes	93532
Forest Falls	92339
Acton	93510
Running Springs	92382
Wrightwood	92397
San Bernardino	92404
Santa Clarita	91390
Newhall	91321
Tujunga	91042
La Canada Flintridge	91011
Morongo Valley	92256
White Water	92282
Mountain Center	92561
Palm Springs	92264
Palm Springs	92262

Note: Most of the zip codes listed are not completely above 4,000 feet, therefore, a more precise indication of the areas above 4,000 feet can be found by referencing the map included as Appendix B. An interactive map will also be included on the website www.aqmd.gov.

Response to Comment 1-25

Staff concurs with the comments: ~~Staff is not revising the definition for waterproofing concrete/masonry sealers at this time and therefore the language to ‘excluding stains’ is not necessary, and has revised the definition for waterproofing concrete/masonry sealer.~~

Response to Comment 1-26

Staff has provided clarification in the staff report ([Definitions section, page 9](#)) regarding the implications of the change in the VOC definition pertaining to reporting of tBAC.

Response to Comment 1-27

Based on comments pertaining to possible costs of lower-VOC limits, as well as the associated environmental benefits, staff has revised PAR1113 to include only those categories that are cost-effective. The 2007 AQMP, Control Measure MCS-07, indicates that cost-effectiveness cannot be determined because “all feasible” measure are not known. Nonetheless, MCS-07 commits that the District will continue to analyze the potential cost impact associated with implementing the control measure, conduct research on the newest control technologies, and provide cost effectiveness information. There, a thorough cost-effectiveness of the proposed amendments was conducted and a summary of overall cost-effectiveness is included in the Staff Report, more detailed data is included in the Socioeconomic Impact Analysis Report.

Response to Comment 1-28

Staff included the phrase ‘including but not limited to’ in regard to the inclusion of fields and lawns. This addition is for rule clarification, as this is a frequently asked question of staff, and is not expected to have any implications on other architectural coatings rules.

Response to Comment 1-29

The change in Appendix A subdivision (J) is to clarify that the penalties for violating the provisions of the ACO apply to every gallon of each product line sold above the VOC limit and not just for each product line sold above the limit. This proposed revision is for clarification, since based on discussions during the development of the ACO Guidance document, staff always intended the violation to apply to each and every gallon of coating sold above the VOC limit if a manufacturer violates any provisions of the ACO.

Response to Comment 1-30

Based on the comment, staff has removed the phrase ‘concrete lacquer’ from the proposed amended definition of waterproofing concrete/masonry sealers.

Response to Comment 1-31

Staff has addressed the omission in the proposed amended rule language.

Response to Comment 1-32

Staff has addressed the inconsistency in the proposed phase out dates in the ACO. Staff is not proposing to include zinc rich primers to the list of categories that can be averaged since no manufacturer has, or is currently listing zinc rich primers in their averaging plan. Manufacturers must submit the coatings they are proposing to average at the beginning of an ACO period. New coatings must be submitted for review and approval prior to averaging them, and would be considered a modification to the previously approved plan. The ACO provision does not work well when a manufacturer adds coatings on a job-by-job basis and the ACO needs to be well planned to ensure that the actual emissions at the end of the compliance period are below the allowable emissions.

Response to Comment 1-33

Staff is still proposing to keep the method which defines the term gonioapparent; the ASTM method provides a technical definition of gonioapparent which can be measured in a laboratory. The definition states that gonioapparent material change in appearance with change in illumination angle or viewing angle. This can be demonstrated in a laboratory by using multi-angle color measurements.

Response to Comment 1-34

Current Rule 1113 – Architectural Coatings considers tBAC as an exempt VOC when used to formulate industrial maintenance coatings only, considering that these coatings are typically applied by professional painting contractors that use personal protective equipment (PPE), including appropriate respirators. At this time, staff does not believe that it is necessary to expand the categories that can use tBAC as an exempt VOC. Staff is not confident that contractors applying the suggested broad range of coatings are trained in the use of PPE, and would use the appropriate respirators.

Further, in regards to Dimethyl Carbonate (DMC), staff is not proposing any exemptions since, in September 2009, the AQMD's Governing Board rejected delisting DMC due to potential health concerns expressed by the public. Additionally, AQMD staff is working with the California Air Resources Board staff on a consumer/worker exposure health assessment for DMC, which is still in the draft stage. If and when this final health assessment recommends the exemption of DMC as a VOC, the AQMD will consider a proposal to exempt DMC.

In regard to the comment that permits could be required prior to allowing the use of DMC for architectural coatings operations, currently, the use and application of architectural coatings does not require any AQMD permits, thus this approach would not be feasible..

Response to Comment 1-35

Over the past 15 years, AQMD staff has been, and continues to participate in discussions at the federal and state level, to discuss alternative ozone control strategies, including the use of a reactivity-based approach. However, as discussed over the past two years, uncertainty in some Maximum Incremental Reactivity (MIR) values, enforcement, toxics, and formation of fine particulate less than 2.5 micrometers in diameter (PM_{2.5}) continue to be areas that need additional assessment. Staff is studying the viability of a reactivity-based ozone control strategy by actively participating in research projects pertaining to establishing maximum incremental reactivity (MIR) values for different VOCs. For example, staff is actively participating in the North American Research Strategy for Tropospheric Ozone (NARSTO) work related to reactivity. Staff also continues to participate in the following committees: Applications Benefits, Near Term Science, Toxics, Atmospheric Chemistry and PM. Further, staff recognizes the low MIR values associated with the compounds that are considered exempt under the traditional VOC mass-based regulatory scheme as well as the potential flexibility of an alternate ozone control strategy. In concept, staff is not opposed to a reactivity-based approach to control ozone, but based on the state of the science and other comments received, there are several concerns. For example, one of the main concerns is that there may be toxicity associated with some VOC-containing compounds that have a relatively low MIR value. Other issues that need to be considered include the potential for secondary organic aerosol formation, specific consensus methodology, and enforceability. Further, CARB staff has indicated that, effective and efficient enforcement of the aerosol coatings rule, which is a reactivity-based control approach,

has been an issue over the past few years, especially with regard to formulation data and analytical limitations. The EPA is also in the process of developing a “toolkit” that will address SIP equivalency and will include additional enforceability guidelines for a reactivity-based approach. Thus, staff plans to continue working closely with CARB, USEPA, the American Chemistry Council, other industry members and the public to address and resolve these issues prior to proposing a reactivity-based ozone control strategy.

Response to Comment 1-36

The AQMD appreciates the opportunity to continue working with industry on the Paint and Coatings Exposure Study (PACES), and closely monitors the progress. As these studies fully evaluate the fate and availability of solvents used in architectural coatings, and are finalized, the AQMD staff is open to discussions as to how the results may be incorporated into future planning activities and/or regulations.

The following are comments from the Lyondell – Comment Letter #2.

As the developer of TBAC (tert-butyl acetate), Lyondell Chemical submits the following comments on the proposed amendments to rule 1113.

The US EPA exempted TBAC from the VOC definition in 2004, in recognition of its negligible photochemical reactivity (MIR = 0.17g ozone/g). TBAC is now VOC exempt in 49 states and 21 California counties and can be used in 14 other counties that do not regulate VOCs. In 2009, Environment Canada exempted TBAC in architectural coatings and automotive refinishing operations. In 2006, the SCAQMD staff also exempted TBAC in industrial maintenance coatings and zinc-rich primers in rule 1113. The exemption of TBAC was limited to these two categories because OEHHA staff expressed concerns that TBAC may pose a chronic risk to humans due to its metabolism to tert-butanol (TBA). However, no regulatory agency, including OEHHA, has listed tert-butanol (or TBAC) as a carcinogen or reproductive toxin.

There is no evidence that either TBAC or TBA poses a chronic risk to humans. Since 2006, several high quality toxicity studies been conducted on TBAC and its metabolite TBA. These studies confirm that neither compound is genotoxic¹ or poses an acute or chronic risk to humans. In 2010, the Pathology Working Group reviewed the male rat kidney data from the 1995 NTP chronic study that showed a dose dependent increase in benign tumors following TBA ingestion.² The PWG concluded unanimously that “under the conditions of this study, TBA-related renal changes in rats posed no risk for humans, and it would be inappropriate to extrapolate TBA-associated renal proliferative changes in rats to humans.”^{3,4,5,6} The PWG is the fifth panel of toxicologists to independently come to this conclusion since 2003.

¹ McGregor, D.B., et.al. (2005). The mutagenicity testing of tertiary-butyl alcohol, tertiary-butyl acetate, and methyl tertiary-butyl ether in Salmonella typhimurium. *Mutat. Res.* 565:181–189
² Hard, G., Cohen, S., Regan, K., Pletcher, J., Bruner, R. (2010). Pathology Working Group Review of Selected Histopathologic Changes in the Kidneys of Rats Assigned to Toxicology and Carcinogenicity Studies of t-Butyl Alcohol in F344/N Rats NTP Study No. 05142-03.
³ NSF International (2003) tert-Butyl Alcohol Oral Risk Assessment Document
⁴ NSF International (2008) tert-Butyl Acetate Oral Risk Assessment Document.

Other studies have shown that TBAC is not a reproductive or developmental toxicant and that the mouse thyroid tumors observed in the 1995 TBA chronic study were caused by a mode of action to which humans are not susceptible.⁷ It is now clear that OEHHA's concerns were unfounded and that TBAC does not pose a health risk when used in architectural coatings. This is particularly evident for coatings applied outdoors by professional contractors and for DIY products that are used infrequently. Therefore, it is not protective of human health or the environment to continue to deny the VOC exemption for TBAC. In fact, it promotes the use of acetone, which is extremely flammable, and PCBTF whose chronic toxicity has not been evaluated. The exemption of TBAC would reduce product hazards, not increase them.

Solvent-based architectural coatings fall into the following categories 1) niche DIY products that are used only occasionally by consumers, and 2) commercial products used by professional contractors. Consumers do not use solvent-based paints occupationally so chronic exposure does not occur. This is acknowledged by the SCAQMD in previous rule 1113 documents:⁸

“Since the application of architectural coatings does not occur continuously over a long period of time, carcinogenic risk and long-term (chronic) non-carcinogenic effects will not be analyzed since they are both based on long-term exposure.”

Furthermore, indoor air quality testing⁹ using ASTM D5116 Small Chamber Test and Modified California Specification 01350 Test Methods shows that TBAC-based consumer trim paint and floor varnish cannot pose a long-term exposure risk to consumers because 99.9% of the TBAC evaporates in the first 24 hours and residual air concentrations are below the analytical detection limit of 0.3 parts per billion (1.3µg/m³) after 14 days. This level is 30 times below the TBAC odor threshold and 1,000 times below the chronic RfC (safe level). Without chronic overexposure there is no chronic risk, even if a chronic hazard from TBAC actually existed. Therefore, OEHHA's speculative concern about TBAC's chronic toxicity is not only unfounded, but also irrelevant to consumer use of TBAC-containing architectural paints and coatings.

As for contractor use of architectural coatings, they fall into the following categories 1) exterior application, and 2) interior application. Exterior application provides sufficient ventilation to

⁵ Shipp, AM., McDonald, T., Vanlandingham, C., 2005. Hazard Narrative for Tertiary-Butyl Alcohol (TBA) CAS Number 75-65-0, API Publication 4743. ⁶ Independent Peer assessment for TBAC (2009): <http://www.tera.org/Peer/TBAC/index.html> ⁷ Blanck O., Fowles J., Schorsch F., Pallen C., Espinasse-Lormeau H., Schulte-Koerne E., Totis M., and Banton M. (2010). Tertiary butyl alcohol in drinking water induces phase I and II liver enzymes with consequent effects on thyroid hormone homeostasis in the B6C3F1 female mouse. *J. Appl. Toxicol.* 30:125-132 ⁸ http://www.aqmd.gov/ceqa/documents/2006/aqmd/is_nop/IS_1113.doc

⁹ Research Triangle Park Laboratories report 08-106, June 23 2008. RTP labs is compliant with ISO 17025 Standard for laboratories, is a State of Pennsylvania Registered Laboratory and Federal Drug Enforcement Agency & North Carolina Controlled Substances Registered Analytical Laboratory and conducts indoor air quality testing for LEEDS and Green Seal (GS-11) product certifications. <http://www.rtp-labs.com/>

prevent acute and chronic overexposure to solvents. Interior application of solvent-based coatings can lead to overexposure but is usually avoided through the use of respiratory protection and/or forced ventilation of the space. This is commonly done in operations like tub & tile and kitchen cabinet refinishing. Leading suppliers of tub, tile, and cabinet refinishing paints such as NAPCO Ltd. provide professional training of the safe application of these coatings and supply a full line of personal protective equipment, supplied air, and fume exhaust equipment and accessories.¹⁰ Their products also bear labels that warn users of the potential hazards of solvent vapors and suggest NIOSH-approved respiratory protection when using their products. Finally, the OSHA PEL for TBAC is 200ppm which is equal or higher than many of the solvents safely used today.


In summary, it is not health protective to further delay the exemption of TBAC due to unfounded chronic toxicity concerns, especially in consumer products that are used infrequently or in commercial products applied by contractors trained in the safe handling of solvent-based coatings. The use of TBAC instead of more reactive, flammable, and hazardous solvents will allow suppliers to formulate lower VOC products for both consumers and contractors without affecting cost, performance, or compromising worker or consumer safety. It will also reduce 314 fees for a number of producers during this recession and lower the cost of low-VOC coating products for contractors and consumers.

Therefore, we request that TBAC be exempted for all coating categories in rule 1113 and, if not, at least in exterior coatings applied by contractors. These include concrete curing compounds, concrete surface retarders, driveway sealers, form release coatings, fire proofing exterior, roof coatings and primers, swimming pool coatings, traffic coatings, and waterproofing concrete/masonry coatings.

Response to Comment Letter #2

See Response to Comment 1-34 in regard to the ACA's comment to expand the VOC exemption of tertiary butyl acetate. In response to the comment pertaining to indoor use of tub and tile coatings, these products are categorized under the Industrial Maintenance Coatings, as discussed in response 1-16, and therefore can be formulated with tBAC as an exempt solvent. Additionally, as detailed in response to comment #1-1, 95% of the architectural coatings sold in 2009 are waterborne, and are formulated with a very small amount of VOCs, resulting in significant VOC emission reductions. Therefore, staff does not believe that tBAC needs to be exempted for categories other than Industrial Maintenance Coatings.

The following are comments from the Bonakemi, USA Inc – Comment Letter #3.



January 19, 2011

Ms. Heather Farr and Members of the Board
Planning, Rule Development and Area Sources
SCAQMD
21865 E. Copley Drive
Diamond Bar, CA 91765

Re: Proposed Amended Rule 1113 – Architectural Coatings dated January 12, 2011


Dear Ms. Farr and Members of the Board:

BonaKemi USA, Inc. is pleased to have the opportunity to participate and comment on the Proposed Amended Rule 1113 – Architectural Coatings.

BonaKemi USA, Inc. (“Bona”) is the market leader in the U.S. of waterborne technology for use in wood coatings. Amongst the products we manufacture are semi-transparent stains, sanding sealers, quick-dry sealers, gym floor paints and varnishes, all of which are regulated under Rule 1113.

Over all, we agree with the proposed changes to Rule 1113. We acknowledge the challenges the South Coast Air Quality Management District has to provide the district with lowering the overall VOC emissions within the district. We appreciate that the District has worked with manufacturers to ensure that that the goals of the district are achieved, while looking at the fiscal impact on manufacturers. We concur with the compromise made in the implementation timing of the amendments; the labeling of products with the VOC content; and the reduction of categories which have a small container exemption.

Yours very truly,



Gerald E. Thompson
Director of Operations and Innovation
BonaKemi USA, Inc.

BonaKemi USA, Inc.
4275 Corporate Center Drive
Monroe, NC 28110-1314
800.872.5515
www.bonakemi.com

Response to Comment Letter #3

Staff appreciates and concurs with the comments from Bonakemi USA, Inc.

The following are comments from the Northrop Grumman Aerospace Systems – Comment Letter #4.

I spoke at the PAR 1113 Public Workshop at the SCAQMD today and place into writing my comments here:

As a matter of good faith and policy, we review our contractor's list of materials that they propose to bring onsite for our approval. One of the approvals pertains to reviewing for compliance with Rule 1113. Once a contractor comes on site, we periodically inspect what we can see at the job site. This job [sic] site can be construed to have the same definition as the "worksites" in the PAR 1113 definitions. Referencing the Jan 12, 2011 draft of PAR 1113 definition (70), a "**WORKSITE means any location where construction or regular maintenance occurs, including architectural coating application.**"

Our concern with the definition of worksite as proposed is that this could include vehicles the contractor brings to our job site where they perform the activities applicable to Rule 1113. We don't want to get too involved in the inspection or oversight of those vehicles outside of overt evidence of inadequacies. Presumably they may have materials in their trucks that we have not reviewed and we don't want to potentially be liable at least in the public relations arena for what they won't even use at our site, presumably taking potentially non-compliant product to another job not at our facility.

We propose to modify the definition of the proposed added definition (70) of "worksites" (added words are bolded & italicized) to the following: "**WORKSITE means any location *off-vehicle* where construction or regular maintenance occurs, including architectural coating application.**"

We feel the added term will protect our facility from liability derived from a non-Northrop Grumman contractor's actions which we attempt to scrutinize before they even come on-site to our facility. It would be unduly difficult for us to review what a contractor might have on their truck for other non-Northrop Grumman job sites/worksites. We feel the intent of the SCAQMD to not allow non-compliant product within the District is still followed while preventing undue liability on Northrop Grumman

Response to Comment Letter #4

See Response to Comment 1-5.

The following are comments from the Radtech International North Americas – Comment Letter #5.

RadTech International is pleased to comment on the proposed amendments to Rule 1113. RadTech supports the district’s efforts to improve air quality in the Basin without sacrificing a healthy business climate and believes that the implementation of UV/EB technology can accomplish both goals.

We urge the district to provide incentives to companies who reduce their emissions, in the form of regulatory flexibility and reduced burdens to validate compliance with rule requirements. To this end, we request that the district insert a definition for UV/EB in the rule. It is essential to incorporate the test method for UV/EB materials approved by ASTM (D-5403-93). Failure to do so will put the burden on each end user to petition district staff in a case by case basis. This process is burdensome to businesses who would rather spend their time and resources on making their businesses successful. We are concerned that there is a disconnect between the district’s rule proposal and they districts actual practice for testing samples for enforcement purposes. District staff has commented that GCMS methodology will not be incorporated in the rule at this time due to opposition from EPA. However, district staff has commented that coating samples are routinely tested at the district lab using GCMS equipment. Inconsistent test methods not only create confusion amongst the regulated community but are also problematic for companies who could be subject to penalties if the numbers don’t match. We ask the district to partner with industry by adding language that would express a commitment from the district to assist industry in obtaining approval of emission factors from the agency’s sister agencies.

5-1

We have grave concerns with the elimination of the Alternative Compliance Option in Rule 1113. Our industry has relied on this option to offer flexibility to customers who may not find UV/EB well applicable to all areas of their process. The ACO allows for a company to reduce emissions beyond district requirements in one category while exceeding VOC limits in another category for which they may not be able to find compliant coatings.

5-2

echo [sic] concerns raised by composite manufacturers that the proposal assumes that Hazardous Air Pollutants can be directly compared to VOC’s. Some of the UV/EB raw materials are referred to as “monomers” but, they are not necessarily VOC’s from an air quality regulation perspective as they crosslink and become part of the substrate. Further clarification is needed in this area.

5-3

As mentioned during the Stationary Source Committee meeting, we urge the retention of the “for use in the district” language in the rule. Manufacturers could have a product in the district for use out of state or even outside of the country. Elimination of the language implies products sold for use outside the district will be subject to the rule and deemed non-compliant.

5-4

Response to Comment Letter #5

Response to Comment 5-1

Staff does not see a need at this time to include a definition of ultraviolet/electron beam (UV/EB) cure coatings. Rule 1113 does not include definitions for particular coating chemistries such as UV curable coatings. In general, architectural coatings fall under the category which the coating is developed for or the substrate it is being applied to (e.g. a floor coating).

Currently, Rule 1113 relies on EPA Reference Method 24 to determine the VOC content of coatings, as this is the only method accepted by the US EPA. Method 24 reference ASTM D 5403, Standard Test Methods for Volatile Content of Radiation Curable Materials, as the specific test method for determining the VOC content of UV/EB coatings.

In regard to the Gas Chromatography-Mass Spectrometry (GC/MS) method, AQMD Laboratory staff uses this method to confirm the VOC content of low-VOC waterborne coatings; this method is not used for UV/EB coatings. Furthermore, the AQMD has formed a working group to address VOC Test Methodology concerns and plans to continue working with the EPA, CARB and members of industry to address the concerns with the VOC test methodology.

Response to Comment 5-2

First, the ACO applies to a coating manufacturer and not an end user as implied by the commentator. In addition, there are currently no UV/EB coatings included in an ACO plan nor has there been any interest from a UV/EB coating manufacturer to average a UV/EB coating or to use a UV/EB coating to average any other high-VOC coatings. Furthermore, all coatings manufacturers, including those that manufacturer UV/EB coatings, can submit an ACO plan for approval until January 1, 2015.

Staff is proposing to limit the ACO provision to coating categories that are currently being averaged, which does not include any UV/EB technology. In addition, the phase out of the ACO provision will likely benefit UV/EB technology, which is typically more costly than conventional architectural coatings. By eliminating the availability of high-VOC, low-cost, solvent based averaged coatings, UV/EB coatings will be more competitive on a cost basis. Further, staff has found that there are compliant coatings for every category; hence, a manufacturer would not need an ACO to allow the use for an otherwise unavailable coating.

Response to Comment 5-3

This comment is irrelevant to PAR1113 and appears to be a carry-over from a letter submitted by Radtech for PAR 1162/1132.

Response to Comment 5-4

See response 1-4.

The following are comments from the 3M – Comment Letter #6.

3M appreciates the opportunity to provide comments on the South Coast Air Quality Management District's Proposed Amended Rule 1113 (Architectural Coatings), dated January 12, 2011.

3M supports the comments being submitted by the American Coatings Association (ACA). In addition, we offer the following comments on a specific element of the District's proposal.

ACA has voiced in its written and verbal comments serious concerns with lowering the VOC limit of primers to 50 g/L. 3M would also like to urge the District to maintain the primer VOC limit of 100 g/L.

We have evaluated the future compliant primers/sealers listed on the District's website. It should be noted that a significant number of these products are intended for interior applications. As such, they are subjected to conditions that are significantly less harsh than those experienced outdoors. Of the future compliant primers/sealers that are listed for exterior use, none are intended for use in a roofing or waterproofing environment.

3M manufactures roof coatings and roof coating primers for use on low-slope (*i.e.*, approximately

horizontal, or "flat") roofs, such as those on commercial and industrial buildings. These coatings are used to maintain and restore existing roof membranes. They extend the life of the existing roof for 10-20 years, thus delaying the cost and disposal issues associated with replacing a roof. In addition, 3M's coatings can be used to change a roof from a dark color to a light color, thereby reflecting (rather than absorbing) the sun's heat and decreasing the energy usage of the building.

On low-slope roofs, ponding water occurs. Ponding water, combined with the thermal cycling that roofs undergo, can lead to coating and/or primer adhesion failure if the primer is not durable. The coating blisters and delaminates, and water can leak into the building at these failure points. In order for the primer/coating system to be effective, the primer must adequately adhere to the overcoat as well as to the existing roof membranes, the conditions of which are highly variable due to weathering effects. Because of the highly variable substrate conditions, achieving and maintaining the desired adhesion is very challenging and requires sufficient VOCs.

3M would like to note that our roof coating primers are typically applied at a rate that is an order of magnitude less than the roof coatings applied over them. Roof coatings have a 50 g/L VOC limit; we request that the District allow a relatively small volume of primer to have up to 100 g/L VOC in order to ensure the successful performance of the low-VOC roof coating (and the delivering of the attendant cost and environmental benefits).

Again, 3M urges the District to maintain the primer VOC limit of 100 g/L. If the District decides nevertheless to lower the VOC limit for primers, 3M requests that the District create a product category of (non-bituminous) roof coating primers, with a VOC limit of 100 g/L. We would be happy to work with the District to develop a category definition and to provide any additional information that may be needed.

Response to Comment Letter #6

See response to 1-17.

The following are comments from the Tnemec – Comment Letter #7.

Re: January 20 Public Workshop Comments

Dear Heather,

Thank you for the opportunity to participate in the Rule 1113 Public Workshop. Tnemec Company recognizes the need for environmental stewardship and VOC reductions in California. We support VOC limits for architectural and industrial maintenance coatings based on technically feasible field proven coatings technology. We offer the following comments regarding the proposals for revisions to Rule 1113:

General Comments

Staff has done a reasonably good job at working with stakeholders on development of the rule language and has been responsive to stakeholder comments. I appreciate staff's efforts in this area. We agree with staff's approach to regulating colorants and support the proposed limits. We also support staff's overall desire to "clean-up" the rule and eliminate the sales of non-compliant coatings at retail sales outlets. There still remain a couple of items to address with this rule before we can support the proposed Rule 1113.

7-1

Retail Sales Restrictions

The elimination of the "for use in the district" language in section (c)(1) prohibits any activity related to supplying, selling and manufacturing non-compliant coatings in the district. However the exemption in (f)(2) only applies to coatings that are sold in the district. The consequence of these two sections is a prohibition of manufacturing, offering for sale, marketing for sale, blending, or repackaging coatings in the district for shipment outside the district which staff has indicated is not their intent. This also results in the district overstepping their authority in the regulation of interstate commercial transactions. I propose that section (f)(2) exemption be revised to include manufacturing, offering for sale, marketing for sale, blending, and repackaging activities for shipment outside the district.

7-2

Faux Finish

I do not support the staff's proposed VOC limit for the faux finish clear coat. The clear coat is needed to provide exterior performance of certain metallic faux finish colors. The staff erroneously indicates that these clear coats would fall into the default flat or non-flat categories when in fact these coating are unique class of products. In situations where exterior exposure of the metallic coating is desired a clear coat is needed to provide long term color and gloss retention. This is not to be confused with industrial maintenance coatings which are restricted to exterior exposure of metal substrates. I would be happy to provide staff with examples of these applications. I propose a VOC limit of 100 grams per liter for the faux finish clear coat. Considering that the clear coat is used only in small number of specialty situations where exterior performance is needed the overall emissions impact of this change would negligible.

7-3

Exemption of DMC

Tnemec requests the exemption of dimethyl carbonate, DMC, for the IM coatings category. DMC has been exempted in essentially every other state in the US. We need to have flexibility in our choice of solvents to continue to develop coatings that meet the stringent VOC requirements of the SCAQMD. The same justification for exemption of TBAC for IM coatings is applicable for DMC.

Professional industrial coating applicators are under the jurisdiction of the California Division of Occupational Safety and Health regulations to control worker exposure to solvents in a number of different ways including PPE and engineering controls. DMC can be used safely with existing available PPE which is already used for exposure to the other substances contained in industrial coatings.

Exposure to chemical substances does not equate to risk. I request that the staff conduct a peer reviewed risk assessment on DMC to characterize the potential health effects of the substance based on sound scientific principles and to determine if it can be added to the list of exempt solvents.

Proposed Category Limits

We believe that the lower limits in a number of categories are not justified due to the fact that the overall impact in reduction of VOC emissions is not significant. The TPD VOC reductions do not justify these lower limits especially during the currently depressed economic climate. Specifically the categories of Dry Fog Coatings, Metallic Pigmented Coatings and Fire Proofing Coatings have a very insignificant reduction on VOC based on the Staff's data. This sentiment is corroborated by a similar verbal comment made by a CARB staff member during the November 18 working group meeting. At what point does staff consider the costs to industry in making these reductions justified? This cost per ton of emission reductions for these categories is exorbitant and should require a CEQA analysis of these costs.

7-4

7-5

Response to Comment Letter #7

Response to Comment 7-1

Staff appreciates this comment.

Response to Comment 7-2

Staff agrees with this suggestion and made those changes in the proposed amended rule.

Response to Comment 7-3

Based on comments received, staff revised the proposed VOC limit for Clear Topcoats for Faux Finishes to 100 g/L.

Response to Comment 7-4

See response to comment 1-34.

Response to Comment 7-5

Staff has performed the cost-effectiveness analysis of the proposed VOC limit reductions and determined the current reductions being proposed are cost-effective. If the socioeconomic analysis showed the proposed reductions not to be cost-effective, staff would not propose the

VOC reductions. In addition, staff has conducted a comprehensive review of all the coating categories that are being proposed for VOC reductions, including the performance properties of each specific coating category, and found future compliant coatings to have equivalent performance as currently used coatings. The review included consideration of performance results based on ASTM Test Methods, including but not limited to coverage, dry times, service life, fire rating and heat resistance based on data listed on technical or product data sheets. There is no one coating characteristic that defines service life, but based on discussions with manufacturers, a combination of coating characteristics provide an expected service life. This information was obtained through discussions with manufacturers. Additional information was also obtained from the manufacturers that produce the future compliant coatings.

The following are comments from the PPG Architectural Finishes, Inc. – Comment Letter #8.

<p>It is recommended that the Primers, Sealers, and Undercoaters category remain at remain at 100 gpl. There are areas in SCAQMD which contain a number of historic homes, for example Pasadena and Redlands. These homes are wood and reducing the voc on primers potentially would eliminate the primers needed to maintain these homes.</p>	<p>8-1</p>
<p>The 4000 foot exemption for stains and lacquers should be revised to allow sale of the products anywhere in the district if these products are going to be used exclusively above 4000 feet. Most of the contractors who do architectural painting above 4000 feet in the San Bernardino Mountains purchase their coatings at contractor stores in San Bernardino or the surrounding area. If the exemption was revised to read "Sale of stains and lacquers for use in all areas within the District at an elevation of 4000 feet or greater above sea level" it would allow these coatings to be purchased by painters at their regular suppliers location.</p>	<p>8-2</p>

Response to Comment Letter #8

Response to Comment 8-1

See response to comment 1-17.

Response to Comment 8-2

Staff disagrees with this comment. If the sale of stains were exempted anywhere in the District, then there would essentially be no VOC limits on stains. If a contractor wishes to use a stain that exceeds the VOC limit in Rule 1113, they will have to purchase that stain in the area where they are exempt, i.e. above 4,000 feet. If this exemption was further expanded, rule enforcement would be more difficult as high-VOC stains would be available everywhere. In addition, staff has found a significant quantity of compliant stains being sold at elevations above 4,000 feet, and intends to conduct additional research on the need for this exemption.

The following are comments from the Rust-Oleum – Comment Letter #9.

Rust-Oleum Corporation

11 Hawthorn Parkway • Vernon Hills, IL 60061 • 847-367-7700 • Fax 847-816-2300



January 28, 2011

Heather Farr
Office of Planning, Rule Development and Source Areas
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765

Re: Rule 1113 Proposed Amendments dated January 12, 2011

Dear Ms. Farr:

I am writing on behalf of Rust-Oleum Corporation to offer comments on the proposed amendments to Rule 1113 dated January 12, 2011. Specifically, I would like to comment on the proposed lowering of the VOC limit for specialty primers from 100 g/l to 50 g/l and the proposed elimination of the specialty primer category from those coatings which may be used in the Averaging Compliance Option (ACO).

Zinsser Company, Inc., merged with Rust-Oleum Corporation as of January 1, 2009. Zinsser brand primers are well known throughout the country and are still sold under the Zinsser name. After the VOC limit for specialty primers was lowered from 350 g/l to 250 g/l in the District as of July 1, 2006, Zinsser solvent based primers could no longer be sold in the District. The only companies who could sell 350 g/l specialty primers in the District were those companies that were able to take advantage of the ACO program. Zinsser could not use the ACO program and therefore lost several million dollars in sales of specialty primers in the District.

The VOC limit for specialty primers was further reduced to 100 g/l as of July 1, 2007. Zinsser's only option in regaining the lost business was to develop low VOC primers. To do this, Zinsser had to use water base technology. It took several years and a substantial investment of resources to develop the low VOC specialty primers. As a result of these research and development efforts, Zinsser introduced its Smart Prime low VOC specialty primer in early 2009 and later that year introduced its Bulls Eye Zero specialty primer. Both of these specialty primers have VOC contents of less than 50 g/l.

These low VOC specialty primers have most of the same performance characteristics of the 350 g/l solvent based specialty primers, but they are more costly to make and therefore sell at higher prices than the solvent based specialty primers. Also, contractors are used to using solvent based primers and are reluctant to switch over to water based products. As long as the solvent based specialty primers are available in the District, contractors will gravitate toward using them. As a result, only 10% of the sales of specialty primers in the District last year were for products having less than 50 g/l VOC, while sales of specialty primers having VOC levels in the range of 340 g/l to 350 g/l were ten times higher, according to the District's

An  Company

Rust-Oleum Corporation

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numbers. Again, sales of these high VOC products are only available to those few companies that can use the ACO program.

As long as sales of high VOC specialty primers are allowed in the District, there is no incentive for contractors to use the low VOC primers. This results in an unfair economic advantage to those few companies that can use the ACO program. For these reasons, Rust-Oleum supports staff's recommendation that the category of specialty primers be eliminated from the ACO program and that the VOC limit for specialty primers be lowered from the current 100 g/l to 50 g/l. With the inclusion of specialty primers in the small container size exemption, there will still be products available to address those small trouble areas such as wood knots and tannic stains while the currently available low VOC specialty primers may be used on all other surfaces to be primed.

Very truly yours,

A handwritten signature in black ink, appearing to read "M. Murphy", written over a horizontal line.

Michael Murphy
Corporate Counsel



Response to Comment Letter #9

Staff appreciates and concurs with the comments from Rust-Oleum. However, with consideration for the high volume of PSUs and Specialty Primers, as well as the higher cost of products that meet the 100 g/L VOC level and 50 g/L VOC level, staff has revised the original

proposal and is not proposing the 50 g/L VOC limit. PAR1113 will retain the current VOC limit of 100 g/L for both PSUs and Specialty Primers.

The following are comments from The Sherwin-Williams Company – Comment Letter #10.

The Sherwin-Williams Company is pleased to have this opportunity to comment on Proposed Amendments to Rule 1113, Architectural Coatings dated PAR January 11, 2011. Sherwin-Williams is one of the largest coating manufacturers in the world, with about \$8 billion in sales and over 3500 company-owned stores as the exclusive distributors of the Sherwin-Williams branded products. We employ over 30,000 people worldwide, with over 1,000 in the State of California. In addition to the SW brand, we distribute coatings under some of the most well recognized and respected brands in the marketplace, including Thompson's® Water Seal®, Minwax®, Dutch Boy®, Martin Senour®, Krylon®, H&C®, Kool Seal®, and Uniflex®.

After serious consideration of the Proposed Amendments to Rule 1113, Architectural Coatings dated PAR January 11, 2011, we have several issues with the proposed limits for the primer, sealer, and undercoater category and for the metallic pigmented coating category.

Primers, Sealers and Undercoaters

The proposed limit of 50 g/l less water and exempt solvents for primers, sealers, and undercoaters is inadequate to meet all of the performance requirements for which these products are purchased and used.

It is noteworthy that the data collected by the District on this category clearly shows a bimodal relationship of VOC contents and sales, with many products being sold under 50 g/l but with many other products being sold under 100 g/l. This clearly indicates that there are specific performance parameters that are not being met at 50 g/l. A few examples are discussed below.

One specific area needing higher VOC contents are clear waterborne sealers used directly on wood substrates to prepare the substrate for varnish – these cannot be formulated at 50 g/l. We currently sell such a waterborne sealer (<100 g/L) for use on bare hardwood floors prior to application of waterborne varnish. The primary function of these acidic, waterborne base coats is to prevent discoloration of acidic woods (especially white oak) when waterborne varnish is applied. The waterborne varnishes are alkaline and cause a tannin reaction when applied directly to acidic woods. This results in objectionable darkening of the wood. When we reformulated the 200 g/L sealer to meet SCAQMD's 100 g/L PSU limit, we lost some properties, but we were able to retain adequate properties to offer for sale the reformulated product. We do not believe we can lower the VOC from <100 to < 50 g/L. Potential problems include formula instability, film-formation problems under foreseeable conditions of use, and issues with flow and leveling.

If SCAQMD lowers the PSU limit to 50 g/L and we cannot successfully reformulate this type of sealer to meet that limit, the only option available to consumers and professional applicators will be to use a neutral colored, solvent-based stain prior to application of waterborne varnish. The unintended consequence of this would be to significantly increase VOC emissions, since such stains can have a VOC material of 275 g/l, and the waterborne sealers complying at <100 g/l have VOC material of about 35 g/l.

Another special product falling in the primer, sealer, and undercoater category which can not meet a 50 g/l limit is our Moisture Vapor Barrier primer. This special primer is designed to

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reduce the loss of moisture through walls and ceilings, and has an ultra low permeability rating [less than 1]. Such performance is a HUD requirement for module homes. It is used on exterior walls and ceilings in lieu of moisture vapor barrier insulation. We know of only one resin type which can achieve the needed performance. This resin, and the resulting coating, are very expensive -- this automatically limits the use. None of the primers for which data pages were supplied by the District meet the stringent performance required of this vapor barrier primer.

Another example of the performance that can be achieved with the primers meeting a 100 g/l limit, which is lost at lower VOCs, are primers that can be used on new concrete and masonry. While our data page recommendations for the SW Harmony® Interior Latex Primer is that if the coating application cannot wait the 30 days for new concrete **Masonry, Cement, Block** to fully cure, then the user needs to prime the surface with SW PrepRite® Masonry Primer [which has a VOC content of <100 g/l].

It is important to remember that primers, sealers, and undercoaters are critical for a successful painting application. If this initial coating is inadequate or underperforming, the entire coating system may fail and require additional attention, usually requiring removal by sanding of the previous coats [which can create hazardous sanding dust (crystalline silica)], and a new application of both the primer and the topcoat(s). These steps result in significant excess emissions. Considering that a 90 g/l primer will only emit about 37 g/l VOCs, the reduction from <100 g/l to <50 g/l can not provide significant emission reductions, but can very significantly impact performance.

Each of these specific examples show there are only two alternatives to satisfy the performance requirement for this category:

Option 1 -- maintain the current 100 g/l limit for the entire category

Option 2 – develop new special subcategories to meet the performance requirements that are not met. We are quite willing to assist in that development.

For all of these reasons, **we recommend that the limit for primers, sealers, and undercoater continue at 100 g/l.**

Metallic Pigmented Coatings

Metallic pigmented coatings have traditionally been formulated in solventborne systems with, primarily, aluminum metal. Aluminum flakes come in two varieties: flaking and nonflaking. At the proposed limit of 150 g/l waterborne systems could be attempted. However, it is our experience that the water compatible aluminum pigments are pasted or slurried in aromatic solvent, exempt mineral spirits and propylene glycol ether. Leafing aluminum pigments are generally not available, probably due to treatments needed to make the pigments compatible with water.

Some of the challenges of formulating a water borne aluminum include:

1. The inherent incompatibility of water and aluminum
2. The lack of variety of pigment (leafing vs non-leafing)
3. The availability of resins for the various end uses to match the performance of our current aluminum coatings

Generally, solvents in aluminum coatings tend to be of the less reactive variety, e.g. mineral spirits, xylene, and toluene. t-Bac has a somewhat reactive nature, with two oxygen's and the double bonded carbon; thus, its usefulness with aluminum pigmented coatings is minimal. In addition, since the metallic pigmented coatings are not a sub-class of industrial maintenance, t-Bac is not an exempt compound in metallic pigmented coatings. Acetone has a tendency to reduce viscosity wherever it is used and would

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not be a viable alternative solvent for coatings that already have a strong tendency to be very low in viscosity.

All of our Silver-Brite® metallic pigmented coatings are high performance coatings meant to provide a chrome appearance and to provide extremely high performance. And the aluminum pigment is the primary protective component in these coatings.

In addition, we sell a number of high temperature metallic pigmented coatings, which meet both the definition and the limit for metallic pigment coatings and for high temperature industrial maintenance coatings. Currently, such products can be categorized either way and still be compliant. However, if the limit for metallic pigmented coatings is lowered, we need an exception to the “lowest limit must apply” section of the rule for these high temperature industrial maintenance coatings to be able to be sold.

Requiring us to reformulate them to reduce the level of aluminum pigment [which provides important performance properties and visual characteristics] is unreasonable. For example, we have a line of high temperature industrial maintenance coatings, the colors of which can be used up to 800 °F, but the aluminum version can be used up to 1000 °F. It provides additional high temperature performance.

In evaluating the few products which the District believes represent the low VOC versions of metallic pigmented coatings for which Product Data Sheets were provided to us by the District, we note the following comments:

With the exception of the Carbomastic 15 & 15 FC and Deft products, which are discussed in detail below, all of these products seem to be intended as effect coatings primarily in the decorative consumer market. These would use non-leafing aluminum pigment and would not meet the performance expectations of our customers.

Deft®

Deft® 36 Series—Zero VOC Acrylic Polyurethane does not seem to belong in the metallic pigmented coating category. In addition, it is noteworthy that the pot life of this system is 1-2 hours, in contrast to our products which have 8 hour pot life.

ModernMasters®

1. The ModernMasters® Effects™ Water Based Metallic Paints are meant to tarnish over time when exposed to the elements. This is a completely different type of product from any that we offer for sale. This is meant as a decorative, faux type of finish.
2. The ModernMasters® Metallic Paint Collection are waterborne products with VOCs under 180 g/l [according to the data sheet] but which require the use of a clear topcoat [VOC under 200 g/l] for durability in exterior applications and in interior high traffic areas.

Neither of these products have the high performance properties [including exterior durability, and non-tarnishing] of the SW Silver-Brite® line of Aluminum pigmented coatings.

Carboline®

The Carboline® Carbomastic® 15 and Carbomastic® 15 FC are high-solids mastics, rather than standard coatings. With a solids content of 90%, one would expect the VOC to be on the low side, but it is not an appropriate substitute for our Silver-Brite® line of metallic pigmented coatings. These products are comparable to the SW Epoxy Mastic Aluminum II, which has a VOC of 180 g/l. However, they are not comparable to the full line of aluminum pigmented coatings [at SW these are our Silver-Brite® coatings] nor do they satisfy the performance requirements of those products. In addition, the pot life is only 30 minutes [for Carbomastic® 15 FC] and only 2 hours [for Carbomastic® 15]. Again, these products do not provide a performance match to the SW Silver-Brite® products.

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Scuffmaster

1. Neither Enviro Metal Paint™ is not for use in exterior environments. In addition, it is brush or roll applied and can not be spray applied. This limits the quality of the finish that can be achieved. In addition it has a “textured” finish and comes in a variety of colors, suitable for low performance environment, such as a home. There is no indication of the level of metal pigment present in the coating, especially in the different colored coatings. There is no performance data provided on the Technical Data Sheet, which indicates that this is not considered a high performance coating like our SilverBrite line of Aluminum pigmented coatings.
2. Solid Metal is also not for use in exterior environments. Although it can be spray applied, a clear topcoat is recommended. And although it is recommended for commercial applications, the performance characteristics are still not considered appropriate for “tough” uses.

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Evaluation of the information on Scuffmaster website [see next page] reveals that neither of these is considered a high performance coating. On the left side is a section showing information by product, with the Enviro Metal and the Solid Metal products being categorized based on performance results under the “pretty” category, not the “tough category.” Neither meet the stringent requirements of the industrial environments recommended for the SW Silver-Brite® line of products. Other products on the Scuffmaster website indicate “tough” performance, but do not provide any performance information on the product data sheets. In addition, their primary uses appear to be commercial applications, not industrial. Both of these indicate clearly that even these other products, meant to meet “tough” challenges, do not equal the performance properties of the SW Silver-Brite® Aluminums.

In summary, none of the metallic pigmented coatings found by the District at low VOCs will perform equivalent to those currently on the market that require higher VOCs. The targeted market of the products that were found is different and the performances indicated by the manufacturers do not meet the requirements for this category.

Response to Comment Letter #10

Response to Comment 10-1

See response 1-17.

Response to Comment 10-2

Staff has always considered the Metallic Pigmented Coatings to be decorative not protective coatings. Staff has included this interpretation in other staff reports and has distributed rule interpretations in response to this type of rule circumvention. To address this issue going forward, staff has amended the definition of a Metallic Pigmented Coating to clearly indicate that the category excludes IM coatings. The coatings of concern that are addressed in this comment letter, staff would interpret as High Temperature Industrial Maintenance Coatings with a VOC limit of 420 g/L. Staff does not consider those coatings to be Metallic Pigmented Coatings. Those products will have to be reformulated from 500 g/L to 420 g/L to be sold in the AQMD. This is not a change in the proposed language.

Staff did evaluate the product datasheets provided by Sherwin Williams, see summary table below, and found that only one of the five products (Silver-Brite® Aluminum Paint) was sold in the AQMD according to Rule 314 data from 2009. That product is currently formulated at 450

g/L. This product is a High-Temp IM Coating and will have to be reformulated to 420 g/L. Sherwin Williams will be able to utilize tBAC in the re-formulation since tBAC is an exempt when used in IM coatings.

Manufacturer	Name	VOC Coating	Performance Properties
SHERWIN-WILLIAMS	SILVER-BRITE(R) Aluminum Paint		High Temp IM Coating - dry heat 400°F
SHERWIN-WILLIAMS	Silver-Brite Heavy Duty Rust Resistant AL Paint	480	High Temp IM Coating - dry heat up to 400°
SHERWIN-WILLIAMS	KEM HI-Temp Heat-Flex 11 450	475	High Temp IM Coating - dry heat 500°F intermittent, 600°F heat resistance
SHERWIN-WILLIAMS	KEM HI-Temp Heat-Flex 800	470	High Temp IM Coating - dry heat 1,000°F intermittent, heat resistance 1000°F
SHERWIN-WILLIAMS	Industrial Al Paint	475	High Temp IM Coating - dry heat 400°F

Staff also investigated other aluminum-containing products reported as high-temperature IM coatings in Rule 314 and found the following:

Manufacturer	Name	VOC Coating	Performance Properties
INTERNATIONAL PAINT	INTERTHERM 751CSA COLDSPRAY ALUMINIUM PT A	420	Thermal Cyclical Conditions up to 750°F
PPG PROTECTIVE AND MARINE COATINGS	PSX 892HS ALUMINUM	274	Engineered Siloxane - operating range up to 750°F

Based on this assessment, staff does not feel there is a need to keep the VOC limit of the MPC at 500 g/L or expand the definition to include IM coatings.

The following are comments from BP – Comment Letter #11.

I apologize for not submitting comments by the January 28th deadline, however, after careful review of the rule, BP would like to suggest changes to the definitions for High-Temperature Industrial Maintenance Coatings and Industrial Maintenance Coatings.

(b)(27) HIGH-TEMPERATURE INDUSTRIAL MAINTENANCE COATINGS are industrial maintenance coatings formulated for or applied to substrates exposed continuously or intermittently to temperatures above ~~400~~ 250 degrees Fahrenheit.

(b)(28)(C) INDUSTRIAL MAINTENANCE COATINGS ... Repeated exposure to temperatures ~~in excess of~~ up to 250 degrees Fahrenheit.

Basis for the suggested changes:

The most commonly used Industrial Maintenance Coating is an epoxy of which there are several variations. These coatings, when formulated to 100 g/l or less, typically have a maximum temperature limit of 250F. Above that temperature, technology does not exist to formulate organic epoxy coatings and still meet the 100 g/l rule. According to the current rule, High Temperature IM coatings which have a higher VOC limit, cannot be used until substrate temperatures exceed 400F. Therefore, there is a gap between 250F and 400F where an IM coating system does not exist that is serviceable in that temperature range. Changing the language as noted above will close this technology gap and allow proper corrosion mitigation. This change is particularly important for mitigation of corrosion under insulation, a big concern in the industry.

Response to Comment Letter #11

Staff does not intend at this time to expand the definition of High Temperature IM Coatings to coatings exposed to temperatures above 250⁰F, instead of 400⁰F. Staff has never encountered this issue while implementing the rule and the current VOC limit for IM Coatings have been in place since 2006. Further, the Rule 1113 definition is consistent with both the CARB SCM and the Federal AIM Rule for high temperature coatings. This change could result in increased emissions as there is a large difference in the VOC limit for IM coatings versus High Temperature IM coatings, 100 g/L versus 420 g/L. Furthermore, polysiloxane-based high temperature coatings are available and in use that meet the 100 g/l VOC limit of industrial maintenance coating category.

The following are comments from Solvents Industry Group of the American Chemistry Council – Comment Letter #12.

Re: Comments on Proposed Amended Rule 1113 Architectural Coatings- Public Workshop, January 20, 2011, Main Meeting Presentation

Dear Mrs. Farr:

The Solvents Industry Group (“SIG”)¹ of the American Chemistry Council is pleased to submit the following comments on the South Coast Air Quality Management District’s (“South Coast” or “District”) Proposed Amended Rule 1113 (“PAR 1113”) Architectural Coatings (“AIM”) and January 20, 2011 public workshop presentation.² The public workshop presentation reviewed proposed revisions to Rule 1113, including further mass-based VOC reductions to several AIM categories. SIG supports the District’s goal of continued improvement in air quality through effective and efficient regulation of ozone-forming compounds, however, SIG cannot, for the reasons set forth below and in its previous comments, support PAR 1113 in its current mass-based form. Controlling potential VOC emissions from AIM coatings according to photochemical reactivity is the most scientifically-sound and effective means of addressing tropospheric ozone formation. Compared to traditional mass-based standards, reactivity-based standards more effectively reduce the ozone-forming potential of solvent-based products while providing formulators with greater flexibility to produce products that meet performance and safety specifications.³

I. Reactivity-Based Strategies Can More Efficiently Meet Air Quality Objectives

SIG is disappointed that once again the District failed to include a comprehensive discussion of reactivity-based ozone strategies at the workshop, and continues to ignore this more effective and efficient means of improving air quality. There are significant opportunities to further reduce ozone formation potential from AIM coatings using reactivity-based strategies, and these types of approaches can be implemented now.

The excessive burdens that would result from the District’s proposed mass-based amendments and the potential benefits of utilizing a reactivity-based strategy can be demonstrated by analyzing Rule 1113’s specialty primers category. As discussed further below, SIG’s preliminary analysis shows that a reactivity-based compliance option can accomplish the same air quality improvement as the mass-based proposal while imposing less significant reformulation burdens on industry.

For example, the District’s Draft Staff Report for PAR 1113 states that the VOC content levels of the specialty primer category in 2009 primarily fall into one of three content levels: <50 g/l (10%), 50-100 g/l (11%), and “>100 g/l” (79%). However, this is somewhat misleading, as the data also shows that virtually all of the “>100 g/l” materials actually fall in the 340-350 g/l range, and are the

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¹ SIG members include The Dow Chemical Company, ExxonMobil Chemical Corporation, Shell Chemical LP, and Eastman Chemical Company.

² Notice of Public Workshop, <http://www.aqmd.gov/prdas/Coatings/CurrentActivities/nopw1113.pdf>

³ See William P. L. Carter, *Development of Ozone Reactivity Scales for Volatile Organic Compounds*, 44 J. Air & Waste Mgmt. Ass’n 881 (1994); A. Russell et al., *Urban Ozone Control and Atmospheric Reactivity of Organic Gases*, 269 Science 491 (1995).

majority of the category volume (79%). The calculated sales weighted average VOC (“SWAVOC”) for the category is approximately 286 g/l, not the 100 g/l indicated by the current category limit. Thus, in reality, the proposed 50 g/l limit on the District’s specialty primer category would require a VOC content reduction of greater than 80%, and in a very short time. This would certainly force a technology change for the majority of the category volume and costly reformulation.

However, a reactivity-based scenario can achieve the same reduction in ozone formation that is targeted by the mass-based rule, with less significant burdens. Examination of the data and category definitions in the 2005 CARB Architectural Coatings Survey report⁴ (“CARB report”) shows that the District’s definition of specialty primers closely matches the CARB report’s definition of specialty primer, sealer and undercoater (“specialty PSU”), and that a breakdown of products into VOC categories is very similar to what the District data shows for 2009. In the CARB report, the specialty PSU product breakdown is approximately 1% 0-50 g/l, 20% 50-100 g/l, and 79% >100 g/l, and with the majority in the 301-350 g/l range. The reported SWAVOC for the specialty PSU category in the CARB report was 283 g/l. Based on those significant similarities it is reasonable to assume for analysis purposes, that the speciation of VOC materials emitted would be very similar for CARB’s specialty PSU and the District’s specialty primers category.

So, from the CARB report we can surmise that the majority (96%) of emissions from the specialty PSU category are comprised of VOC species in an MIR range of 0.7 – 7.6. To be specific, one species that constitutes only 11% of the mass of emissions from the category total has an MIR of 7.6, which yields 52% of the ozone formation potential.

In contrast to the outdated mass-based approach to regulation, a reactivity-based approach would encourage the use of lower-reactivity species. In the specialty primers category, simply encouraging a change to 0.7 MIR solvents (already 74% of the mass of VOC) would reduce ozone forming potential by the equivalent of approximately 50% reduction in mass of emissions. Additional air quality improvements could be realized by either selection of VOC with even lower MIR, or by a much less onerous mass reduction that is currently proposed in PAR 1113.

A Reactivity-based Alternative Compliance Option (“RACO”) for the District’s specialty primers categories, and possibly other AIM coatings categories, therefore, can achieve the same mass-based air quality objective while allowing industry formulation flexibility. Thus, SIG again requests that the District work with stakeholders to develop a RACO that would allow a company to achieve compliance with Rule 1113 VOC limits by means of a District-approved RACO program.

II. Reactivity-Based Strategies are Effective and Less Burdensome to Industry

On January 18, 2011, President Obama signed Executive Order (EO) 13563, *Improving Regulations and Regulation Review*, calling on the executive branch to improve federal regulation so as to protect public health, welfare, and the environment while simultaneously promoting economic growth, innovation, competitiveness, and job creation. In particular, *Section 1. General Principles of Regulation* states:

Our regulatory system must protect public health, welfare, safety, and our environment while promoting economic growth, innovation, competitiveness, and job

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⁴ See http://www.arb.ca.gov/coatings/arch/survey/2005/Final_2005_Survey_Rpt.pdf

creation. It must be based on the best available science. It must allow for public participation and an open exchange of ideas. It must promote predictability and reduce uncertainty. *It must identify and use the best, most innovative, and least burdensome tools for achieving regulatory ends.* It must take into account benefits and costs, both quantitative and qualitative. It must ensure that regulations are accessible, consistent, written in plain language, and easy to understand. It must measure, and seek to improve, the actual results of regulatory requirements.

(Emphasis added.). Section 4, *Flexible Approaches*, further provides that:

Where relevant, feasible, and consistent with regulatory objectives, and to the extent permitted by law, each agency shall identify and consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public. These approaches include warnings, appropriate default rules, and disclosure requirements as well as provision of information to the public in a form that is clear and intelligible.

While recognizing that SCAQMD is not subject to EO 13563, we would hope that the District, along with other regulatory agencies, would support the fundamental principles exposed therein. Indeed, all regulatory bodies should be seeking flexible approaches to protecting public health and welfare while at the same time promoting economic growth and innovation. Reactivity-based VOC regulation is precisely the type of regulation called for by the President's latest executive order. Such an approach is scientifically sound, protective of public health and the environment, more effective, both for a cost and ozone reduction perspective, than the standard mass-based approach, and provides the regulated community with needed flexibility to remain innovative and competitive. Thus, we urge you to embrace the President's call for improving the way industry is regulated and to reconsider the inclusion of RACO in the amended Rule 1113.

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Response to Comment Letter #12

Response to Comment 12-1

See response to comment 1-35

In regard to the example of the Specialty Primer category that currently has a SWA VOC of 286 g/L according to the 2009 Rule 314 data; ~~and not 100 g/L or below that the current VOC limit would indicate.~~ The higher than expected VOC limit is due the inclusion of that category in the ACO provision. PAR1113 removes that category from the ACO on January 1, 2012. At that time, the SWA VOC will drop to or below 100 g/L. Since the Rule 1113 mass-based limits are already low, it would be difficult to craft a reactivity-based regulation that would give the manufacturer more flexibility to formulate a compliant coating and achieve the same air quality benefits.

Response to Comment 12-2

At this time, staff feels that a change to reactivity-based regulation would prove to be more burdensome to industry. Even with the current system of VOC regulations, where there are two relatively straightforward formulas to calculate the VOC content of a coating, there is considerable confusion in the coatings industry. Those two calculations, the VOC of Material and VOC of Coating, have been in place since the seventies, and there is still confusion.

Further, not all coating manufacturers are in favor of switching to a reactivity-based strategy. Based on discussions, some manufacturers feel that it would be more burdensome, as they may have to reformulate their coatings in order to meet a new standard and they would need to develop a new procedure or test method to demonstrate that their coatings meet the new standard.

Staff is working to get acceptance for an improved VOC test methodology for measuring the VOC content of an architectural coating involving Gas Chromatography. This more complicated, but more accurate test method, will need to be employed in order to implement a reactivity-based regulation. Based on discussions with CARB, effective and efficient enforcement of the aerosol coatings reactivity-based rule has been an issue for the past few years, especially in obtaining formulation data and accurate laboratory analysis. Once this method has been adopted and these issues have been resolved, staff will reconsider a reactivity-based regulation.

Staff does not agree with the statement that a reactivity-based approach is scientifically sound for both a cost and ozone reduction perspective. Changing from a mass-based to a reactivity-based regulation could prove costly to the industry, as it could result in the reformulation of currently compliant coatings. It could also prove costly due to the need to development new VOC test methods and manufacturing software capable of calculating a new VOC standard in order to demonstrate that current compliant coatings meet the new standards. In regard to ozone reduction, staff agrees that a reactivity-based approach could be a successful approach but the EPA does not currently recognize a reactivity-based ozone control strategy for architectural coatings. In addition, there are still uncertainties regarding the some MIRs and staff is concerned regarding toxicity associated with some VOC containing compounds that have a low MIR value. In addition, based on a CARB and AQMD study that evaluated qualitative contribution of solvents to secondary organic aerosols (SOA) and found that petroleum distillates used in solvent-based coatings were significantly more likely to form SOAs than solvents, including ethylene glycol and propylene glycol, that are most commonly used as co-solvents in waterborne coatings. Based on a mass-based strategy implemented over the past thirty years by the AQMD, the amount of co-solvents in architectural coatings is very small (less than 3% for flats and nonflat coatings that represent majority of the total volume), and the use of a reactivity-based strategy may be limited to a very small number of smaller volume categories, such as varnishes. Based on a paper presented to the Reactivity Industry Working Group entitled *Secondary organic aerosol formation from a large number of reactive man-made organic compounds*, the recommendation was to conduct a follow-up study to quantify the SOA formation of solvents. This has been previously recommended to the American Chemistry Council, but has not been prioritized for additional analysis as part of the PACES program. Staff does not want to move from a strategy that has produced air quality benefits to a strategy that could exacerbate other aspects of the AQMD's goal for achieving air quality standards, specifically the PM_{2.5} standard. Staff plans to continue to work closely with CARB, USEPA, and the American Chemistry Council (ACC) to address these issues and will continue to study the impacts of a reactivity based approach, with consideration for enforceability, toxics and PM 2.5 formation. However, based on the latest research and analysis, as well as the recommendations of the research necessary to conduct additional analysis, staff supports the continuation of a mass-based ozone control strategy.

The following are comments from Golden Artists Colors, Inc – Comment Letter #13.

Setting the “Trowel Applied” sub-category of Faux at 50 g/l is problematic. In our reformulation attempts, freeze/thaw stability has been an issue. Also, there is a “wet edge” issues with some textures, as the material has to stay wet enough on the wall to allow the applicator to work sections together seamlessly. When working a large surface, product is typically applied in sections, leaving a edge. If this dries, troweling fresh material over this boundary can create a heavy ridge, which can create unsightly “seams” in the work.

Another problem that can occur is that if product starts to dry out on the trowel or hawk, the dried particles will create streaks or “scratches” as the material is spread with the trowel, ruining the work. That said, we have been successful on formulating products at 150 g/l or less and request this as a limit.

Response to Comment Letter #13

Staff conducted a review of trowel applied products that have a VOC limit above 50 g/L limit, and found those products also do not have freeze thaw stability. This issue is not the result of the lower VOC limit. In regard to wet edge and the coating drying on the hawk, there are many trowel applied ‘plaster’ products that can meet the 50 g/L limit already in the marketplace. The feedback from manufacturers has generally been positive and indicated that the 50 g/L limit should be feasible by January 1, 2014 with reformulations. Staff will monitor this category for both sales volumes and VOC levels as the 50 g/L implementation date approaches.

The following are comments from The Vintage Floor Company – Comment Letter #14.

At The Vintage Wood Floor Company, Inc. we specialize in hand crafting flooring from antique reclaimed materials sourced from 100-150 year old barns. When we first started, our floors were hand finished exclusively with Waterlox finish. When the new 275 VOC rule went into effect we were forced to purchase all remaining stock from Waterlox that was made before the cutoff date. That supply has since run out and now we are forced to use less than ideal finish for our flooring. Because of the antique reclaimed nature of our floors, sanding the floors at a later date to recoat them is a severe detriment and will ruin the floor. The current ban on Waterlox because of the VOC content has been very harmful to our business as it has caused potential clients to purchase their floor from out of state vendors or worse yet vendors from within the state but outside of the restrictive SCAQMD. Given this information, we respectfully request that the Conjugated Oil Varnish category be included into the SCAQMD Rule 1113.

Response to Comment Letter #14

Staff appreciates the difficulties of losing a coating that a company relied on for coating wood flooring. Unfortunately, due to the air quality issues that have to be addressed in the AQMD, there are certain high-VOC coating chemistries that have to be excluded for the benefit of air quality, especially when lower-VOC alternative are available. There are many waterborne Clear Wood Finishes available at 275 g/L. As stated in the response to comment 1-15, the AQMD has conducted extensive research on this coating category, including a technology assessment conducted in 2004 and 2005. The results of that assessment supported the 275g/L VOC limit, which was implemented on July 1, 2006. Details of that study can be found on the AQMD website at: <http://www.aqmd.gov/hb/2006/February/060236a.html>.

Based on feedback from manufacturers of compliant clear wood finishes, and past technology assessments, staff feels there are sufficient compliant products available to coat the 100 – 150 year old reclaimed floors. Feedback from one manufacturer indicated that in their experience of over 20 years working with wood products, there were no special needs for 100 – 150 year old wood from barns. If The Vintage Floor Company needs to refinish a floor that was previously coated with a Conjugated Oil Varnish and the condition of the floor precludes sanding, they can apply for a variance at the AQMD Hearing Board. Since the adoption of the 275 g/L VOC limit in 2006, there have been no cases before the Hearing Board indicating a need for a higher-VOC Clear Wood Finish. This indicates that end users have found suitable replacements for Conjugated Oil Varnishes.

The following are comments from Miracle Sealants – Comment Letter #15.

I write to comment on the staff's current January 12, 2011 draft proposed amendments to Rule 1113 and the January 2011 staff report on the Rule changes as it relates to the Small Container Exemption (SCE) and stone penetrating products – as opposed to surface products.

As a local manufacturer of a penetrating stone sealer, we take exception to the elimination of the SCE for waterproofing concrete/masonry sealers as provided at Rule 1113(e)(1).

PENETRATING STONE SEALER

Just as the staff notes in its report that there are valid reasons to maintain the SCE for other products, those reasons also apply to penetrating stone sealers.

Penetrating stone sealers are not surface applications. Rather, their solvent base allows them to deeply penetrate the stone and create durable cross-linked below-the-surface barriers. These below-the-surface barriers are resistant to normal surface wear reducing the need for reapplication of any protection. The solvent-based formulation penetrates even non-porous stone which minimizes the amount of product needed to cover a stone surface. The lack of a film surface also diminishes the slipperiness of stone floors. Its deep and durable below-the-surface barrier resists penetrating oils and lessens the need for harsh chemicals to remove oils and other contaminants during daily maintenance. This same feature resists water, oil, grease, mold, mildew, and algae and promotes healthy food-friendly surfaces. In addition, the penetrating nature of the product allows for applications in a wide range of temperatures (15 to 140 degrees F; as opposed to 50 to 80 degrees F for surface treatments).

15-1

Limiting stone sealants to lower VOC water-based formulations in larger containers eliminates our ability to provide customers with clean, less slippery, durable deep-barrier protection without effectively lowering the overall harm to the environment.

ENVIRONMENTAL BENEFIT

The net environmental benefit of solvent-based penetrating products is multifold.

First, less of the solvent-based product is required than the water-based product to provide equivalent levels of initial protection. Our solvent-based 511 Impregnator stone sealer product covers an area 2 to 8 times greater than our own water-based products and the difference is even greater when compared with our competitor products. Less of the product is required because the solvent-based product penetrates and is imbedded and cross-linked in the stone. The water-based product remains at the surface and more applications are required to approximate the initial level of protection provided by the penetrating product.

15-2

Second, the need for reapplication is greatly reduced. Since the solvent-based product penetrates and is imbedded in the stone, the product is not scuffed off by wear and exposure. In most situations, only a single application of the solvent-based product is required for a lifetime of protection. By contrast, the water-based product requires frequent annual or bi-annual reapplication of its surface film because it remains on the surface and cannot significantly penetrate the stone.

Third, less solvent-based product in initial and lifetime applications means smaller containers can be used, less frequently, with less disposal residue and less overall environmental harm.

Fourth, the deep cross-linked water and oil resistant barrier created by a penetrating solvent-based stone sealer, effectively resists grease, mold, mildew, and algae which creates a healthier food-friendly surface, reduces cleaning time, and minimizes the need for harsh environmentally unfriendly chemicals to clean stains and contamination that would be difficult to remove from water-based surface film protected stone.

15-2
cont'd

MARKET REALITY

Curtailing the SCE and eliminating "bundling" of small containers ignores the reality of the current marketplace.

The dominant retailers in today's market are Home Depot, Costco, Sam's Club, and other "big box" stores. Their model is to package products in useful ways that provide extra value to customers. "Bundling" is one way of providing that value and a necessary reality for manufacturers of products.

15-3

ENVIRONMENTAL VALUE OF "BUNDLING"

Because penetrating stone products require less product for initial application and require fewer lifetime reapplications, small containers "bundled" together makes tremendous environmental sense. By allowing the penetrating stone products to be sold in smaller containers, less containers are opened with less VOC exposure and less disposal of emptied or partially emptied containers. Customers use only the limited amount they need for a particular project.

15-4

CUSTOMERS WANT "BUNDLED" SMALL CONTAINERS

Customers have told us that they want small containers. They know that penetrating stone sealants can protect more square feet with less of an initial application. They also know reapplication during a lifetime may be unnecessary. As such, they want their products in small containers so that they use the right amount without waste or unnecessary environmental harm. Bundling gives them what they want, at a value price, with the added benefit of preventing the release of unnecessary VOCs.

15-5

UNIQUE PRODUCT – STONE PENETRATION

Miracle Sealants' 511 products are unique. They are not surface applications. They penetrate the stone and provide a cross-linked deep barrier protection against oil and water staining and contamination. Surfaces are less slippery and cleanup is easier, faster, and more environmentally friendly as harsh chemicals are not needed on a regular basis to remove deep staining and contamination. The penetration of the product also reduces the amount of product required in its initial application as well as its lifetime application.

15-6

We strongly urge the staff to reconsider the elimination of the SCE and "bundling" for penetrating stone sealers that are used in the same limited fashion as the other products discussed in the staff's report. Penetrating stone sealers are unique and provide less environmental harm if they can be sold as "bundled" SCEs. They require less initial application and less lifetime application. As such, the SCE packaging is ideal and the "bundling" of these SCEs presents an environmentally sound way of marketing these limited use stone penetrating products.

Response to Comment Letter #15

Response to Comment 15-1

Staff is not proposing to remove the Small Container Exemption for Waterproofing Concrete/Masonry Sealers.

Response to Comment 15-2

Miracle Sealants high-VOC products contain 750 g/L VOCs. Even at the claimed 2 to 8 times greater coverage, it would lead to greater emissions than a compliant 100 g/L sealer. In addition, several of Miracle Sealants compliant sealers are still solvent-based sealers formulated with exempt solvents which do not contribute to ground level ozone.

According to product datasheets, the 511 Impregnator solvent-based sealer covers between 1,000 – 4,000 square feet, depending on the substrate, and the 511 Porous Plus solvent-based sealer covers between 500 – 2,000 square feet, depending on the substrate, while the 511 waterborne sealer states that it covers between 500 – 3,000 square feet depending on substrate. Miracle Sealants own technical data seems to refute the claim that the waterborne sealers have poor coverage.

As for product longevity, the solvent-based product is recommended to be re-applied every 1-3 years for commercial flooring and 3-10 years for residential flooring. While there is no longevity information listed for the waterborne products, it is clear from the information available from Miracle Sealants, that the solvent-based products also require frequent re-application.

The point that the solvent-based product is used in smaller volumes makes this product ideal for sale under the small container exemption.

As for the cleaning recommendations, the product datasheets recommend the same cleaning procedures and products for both the waterborne and solvent-based sealers.

Response to Comment 15-3

Staff is not intending to curtail the Small Container Exemption for Waterproofing Concrete/Masonry Sealers, but is proposing to eliminate abuse of the exemption by manufacturers who package their coatings such that more than one liter is sold over the VOC limit. To allow such rule circumvention would render the purpose of the “small container” exemption meaningless. Staff has support from most manufacturers and the ACA for this rule change. During rule implementation, staff heard from many manufacturers of compliant Waterproofing Concrete/Masonry Sealers that their compliant products cannot compete with lower cost, high-VOC products sold under the Small Container Exemption. While staff is not proposing to eliminate the exemption at this time, language will be added to prevent manufacturers from selling more than one liter in a package under the exemption.

Response to Comment 15-4

A consumer who wishes to purchase more than one liter of a product over the limit can still purchase more than one container, but generally with a price penalty. This gives better flexibility than to package the containers in bundled four packs, as Miracle Sealants is currently practicing.

Response to Comment 15-5

Bundling containers such that they exceed the one liter Small Container Exemption limit is clear rule circumvention, especially when the manufacturer offers a lower price for the bundled containers. Staff is not proposing to remove the exemption, and customers are still capable of

purchasing more than a single one-liter container. Bundling containers and selling them at a discount is clear rule circumvention.

Response to Comment 15-6

Staff is not proposing to remove the exemption and customers are still capable of purchasing more than a single one-liter container.

Response to Comment Letter #16

See response to comment 1-15.

The following are comments from The Office of Historic Preservation – Comment Letter #17.

The State Office of Historic Preservation (OHP) has broad responsibility for the implementation of federal and state historic preservation programs in California including “review and comment on the impact on historical resources of publicly funded projects and programs undertaken by other governmental agencies” as per Public Resources Code 5024.6.

As such, the California Office of Historic Preservation is registering its concern regarding the update of Rule 1113. After discussions with colleagues, I am specifically concerned regarding current restrictions imposed on stone consolidants and reactive penetrating sealers. The California Air Resources Board has addressed technical issues for these architectural product classes in the 2007 revision of the Suggested Control Measure for Architectural Coatings. CARB documented and substantiated the need for these coatings and their limited use in the staff report and associated technical support documents. I am concerned that the restrictions currently imposed by Rule 1113 will adversely affect the quality, efficacy and costs associated with the repair and protection of stone masonry on qualified historical structures of the South Coast District that are not imposed on historical structures in the rest of California.

I strongly recommend the update to Rule 1113 using the CARB 2007 revision of the Suggested Control Measure for Architectural Coatings as the responsible treatment for the preservation of stone masonry historical buildings in the South Coast Air Quality Management District.

Response to Comment Letter #17

Staff has revised the rule to include reactive penetrating sealers and stone consolidants with limited use for for restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect. The rule will also allow for the use of reactive penetrating sealers on bridges to address concerns from the California Department of Transportation.

The following are comments from ACA – Comment Letter #18

1. Conjugated Oil Varnish - we hope that the District can add the Category and Limit (450 g/l) to Rule 1113 or to the small container exemption;

"Conjugated Oil Varnish: Effective for products manufactured on or after January 1, 2014, A clear or semi-transparent wood coating, labeled as such, excluding lacquers or shellacs, based on a natural occurring conjugated vegetable oil (Tung oil) and modified with other natural or synthetic resins; a minimum of fifty percent of the resin solids consisting of conjugated oil. Supplied as a single component product, conjugated oil varnishes penetrate and seal the wood. Film formation is due to polymerization of the oil. These varnishes may contain small amounts of pigment to control the final gloss or sheen."

2. Metallic Pigmented - as per Madelyn's comments drop IM exclusion (IM should be part of this category) and 150 g/l limit since a higher VOC limit is needed for aluminum to leaf;

3. Faux Finish - as per Madelyn's comments for the trowel category - 150 g/l limit is needed - since open time would be an issue with 50 g/l limit;

4. Sell through language - as per Madelyn's language - 3 year sell through should apply to category, limit or label changes;

5. Possession language - we support Madelyn's possession language (facilities that use AIM coatings for widgets);

6. As per Robert's comments - may help to define stationary structures and "pull" in fields etc;

7. Test method for colorants - suggest the District make this clear in Rule 1113;

8. 4000 foot exemption - make it clearer that product can be sold in the District and used above 4000 feet;

9. Stone Consolidants and Reactive Penetrating Sealers - we appreciate staff taking the time to meet with Dwayne and me, we are hopeful that the District can add these categories to Rule 1113.

Response to Comment Letter #18

Response to Comment 18-1

See responses 1-15 & 14.

Response to Comment 18-2

See responses in 10-2.

Response to Comment 18-3

Staff proposed an interim VOC limit of 150 g/L with a reduction to 50 g/L effective January 1, 2014. Based on feedback from several manufacturers who supply trowel applied faux finishes, the 50 g/L VOC limit is feasible by January 1, 2014.

Response to Comment 18-4

With the extended implementation dates, staff does not feel that sell through language is necessary. See comment 1-20 for further discussion.

Response to Comment 18-5

Staff does not feel that an exemption is needed for coatings that are subject to other Regulation XI rules. Since there is considerable cross over between Rule 1113 and other Regulation XI rules, the rule that the coating is subject to is dependent on its usage. For example, a wood coating sold at a retail outlet could be subject to Rule 1113 or Rule 1136 – Wood Products Coatings. If the manufacturer or retail outlet can demonstrate that a coating is being sold for shop application (e.g., Rule 1136), the coatings would not have to meet the Rule 1113 requirements. In addition, a coating being used at a shop for coating metal parts, would clearly fall under Rule 1107 – Coating of Metal Parts and Products; therefore, Rule 1113 would not apply. But if that same coating were used in a Rule 1113 application, e.g. painting a door frame, then Rule 1113 would apply in that instance. Every instance is unique and requires an independent compliance investigation; therefore, staff does not feel that a broad exemption is appropriate.

Response to Comment 18-6

Staff included a definition for a stationary source.

Response to Comment 18-7

Staff clarified the rule language to include colorants in the Test Method section.

Response to Comment 18-8

Staff revised the PAR 1113 to state the exemption applies to the use of stains and lacquers in all areas within the District at an elevation of 4,000 feet or greater above sea level **or sale in such areas of such use.**

Response to Comment 18-9

Staff has included categories for stone consolidants and reactive penetrating sealers.

The following are comments from Tremco Incorporated – Comment Letter #19

Tremco Incorporated

3735 Green Road Beachwood, OH 44122 216.292.5000 www.tremcosealants.com

TREMCO
Commercial Sealants & Waterproofing

Michael Schmeida, LEED®
APManager of Sustainable
Programs216.292.5058
(office)mschmeida@tremcoinc
.com (email)

March 9, 2011

Heather Farr Office of Planning, Rule Development and Source Areas South Coast Air Quality Management District 21865 Copley drive Diamond Bar, California 91765

RE: Rule 1113 Proposed Amendments Dated February 16, 2011

Dear Ms. Farr:

I am writing on behalf of Tremco Commercial Sealants and Waterproofing (CSW) to offer comments on the proposed changes to Rule 1113 dated February 16, 2011.

Tremco CSW has a long history of selling coating products in the South Coast Air Quality Management District (SCAQMD). In our 83 years of operation, we have viewed the area covered by the SCAQMD as an important market that is consistently one of the largest territories for our organization in terms of dollar volume.

The products Tremco CSW offers for sale via our specialty, contractor-focused distribution network are intended for professional construction use in a variety of structures from multi-unit high-rise residential to schools, hospitals, office buildings and essentially any large construction. Specific to products covered by Rule 1113, we sell a comprehensive line of Waterproofing Sealers, Waterproofing Concrete and Masonry Sealers, Primer, Sealer and Undercoating materials and Mastic Coatings to make buildings dry and tight, insuring air and moisture issues are resolved and structures serve long and functional lives.

Over the last several years Tremco CSW has developed a philosophy that if products are not viable for sale in SCAQMD due to VOC issues, they are not viable for our organization in the longer term. As such, approximately 90% of our current offerings can be and are sold in SCAQMD and throughout the world. Our goal is that within the next 3 years all products across all lines will be 100% SCAQMD compliant (with many of these targeted at being "super-compliant").

However, the above cannot be achieved without SCAQMD being fair and balanced from a sustainability perspective. Ultimately no rule is viable without taking into account all aspects of sustainability, the social, ecological and economic impacts of the regulation. This translates to minimized ecological impact (air quality improvement) while maintaining economic acceptability (life cycle costs) and maintaining the social attributes (product performance) required by the end-user and ultimately building owners.

An **RPM** Company

Sustainable **Building** Solutions

Tremco Incorporated

3735 Green Road Beachwood, OH 44122 216.292.5000 www.tremcosealants.com

TREMCO.
Commercial Sealants & Waterproofing

The above is why we are delighted that SCAQMD has developed the levels outlined in this proposed rule – levels that we believe are a balance of all three tenets of sustainability. For example, maintaining the exemption for small package sizes, specifically for primers, sealers and undercoating materials reflects this perfectly. These products are often very critical for insuring a system performs as intended long-term. Therefore, having adequate time to insure their performance in reformulation is also critical. By maintaining the exemption while holding the overall limit at 100g/L allows for this detailed development and testing to occur while insuring air quality improvements are achieved where technologies already exist. The proposed rule also allows for the unique, specialty applications that sometimes occur in construction to be addressed with proven technology. That is sustainable and sound regulation.

We applaud the approach SCAQMD has taken and look forward to continued sound regulation in the coming years that will be of benefit to all.



Michael Schmeida Director of Sustainable Programs Tremco Commercial Sealants and Waterproofing

CC: C. Houk, President- Tremco Commercial Sealants and Waterproofing

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Response to Comment Letter #19

Staff appreciates and concurs with the comments from Tremco Incorporated.

A P P E N D I X A

2010 AQMD COLORANT SURVEY

AQMD Colorant Survey

2010

In the spring of 2010, the South Coast Air Quality Management District conducted a survey of Architectural Coatings Manufacturers to determine the type of colorants that are currently being used to tint coatings at the point of sale for architectural and industrial maintenance applications. This survey was conducted while researching the feasibility of setting a VOC limit on those colorants.

**Proposed
Amended Rule
1113**

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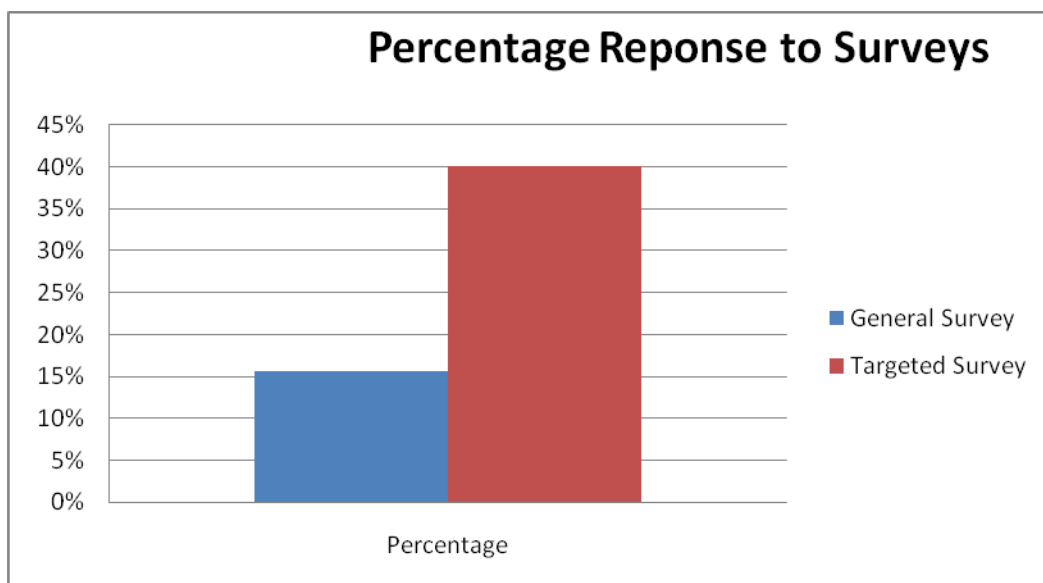
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Introduction

In early 2010 the South Coast Air Quality Management District (AQMD) released three surveys on the use of colorants to tint coatings. The AQMD is interested in the use of colorants due to their potential significant contribution on overall Volatile Organic Compound (VOC) levels of the coatings, expected to be 3-4 tons of VOCs. Currently, the AQMD does not include the point-of-sale (POS) addition of these colorants in the coatings' VOC levels.

The surveys were sent out in April, 2010, after receiving valuable feedback from some manufactures of the coatings industry, including small and large manufactures of coatings, pigment supplies, and the American Coatings Association (ACA). The first survey was a general survey sent to the 288 contacts on AQMD's Rule 1113 subscribers list that are identified as architectural coatings manufacturers. According to Rule 314 reporting, there are approximately 200 manufacturers selling architectural coatings in the AQMD. The second survey was a targeted survey sent to the 35 coating manufacturers who are listed on the AQMD's Super-Compliant Coatings Manufacturers List. The third and final survey focused on retailers. The survey was sent electronically to the 11 retailer contacts in the Rule 1113 subscribers list. In addition, hard copies of the survey were circulated to retail locations throughout the AQMD. The surveys were anonymous; therefore no data from specific companies were recorded.



Of the 288 architectural coatings manufacturers on the Rule 1113 subscribers list, 47 responded to the general survey. Of the 35 Super-Compliant Coatings Manufacturers, 14 responded to the targeted survey. The retail had 33 respondents.

This report is a summary of surveys.

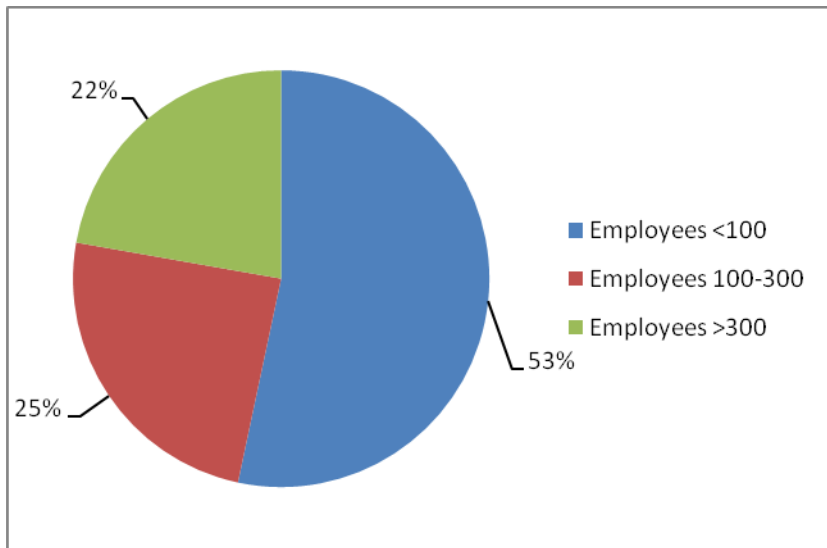
AQMD Colorant Survey

General Survey

General Survey

The general survey went out to 482 coating manufacture contacts and consisted of 19 questions and began with several basic questions, for example, total number of employees, NAICS category, and colorant use.

1. What is the total number of employees?	
Answer Options	Response Count
	45
<i>answered question</i>	45
<i>skipped question</i>	2



AQMD Colorant Survey

General Survey

2. What is the NAICS labor category for your business?

Answer Options	Response Count
	39
<i>answered question</i>	39
<i>skipped question</i>	8

NAICS Labor Code	Description	# of Companies
325510	Architectural Coatings	28
424950	Paint, Varnish, and Supplies Merchant Wholesalers	2
325211	Plastic Materials and Resin Manufacturing	2
325181	Alkalies and Chlorine Manufacturing	2
325131	Inorganic Dye and Pigment Manufacturing	1
339999	All Other Miscellaneous Manufacturing	1
339999	All Other Miscellaneous Manufacturing	1
325998	All Other Miscellaneous Chemical Product and Preparation Manufacturing	1
2851		1

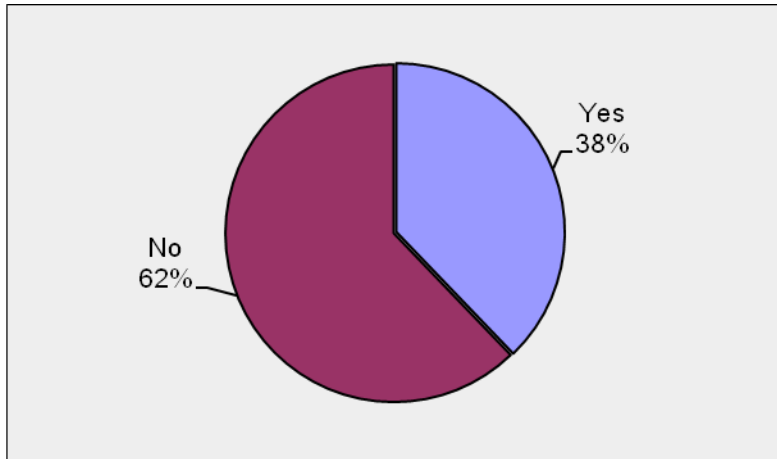
3. Does your company use colorants at the point of sale (POS) to tint coatings for sale to consumers in the AQMD?

Answer Options	Response Percent	Response Count
Yes	37.8%	17
No	62.2%	28
	<i>answered question</i>	45
	<i>skipped question</i>	2

AQMD Colorant Survey

General Survey

=



4. How many total colorant dispensers does your company have for that purpose located in the AQMD?		
Answer Options	Response Percent	Response Count
None	33.3%	5
Up to 10	33.3%	5
Up to 20	6.7%	1
Up to 50	6.7%	1
Not sure	6.7%	1
Other (please specify)	13.3%	2
170, >60		
<i>answered question</i>		15
<i>skipped question</i>		32

5. What percent of the volume of your coatings are tinted at the point of sale?		
Answer Options	Response Percent	Response Count
None	7.1%	1
0 – 10%	35.7%	5
10 – 20%	14.3%	2
20 – 50%	0.0%	0
> 50%	35.7%	5
Not sure	7.1%	1
<i>answered question</i>		14
<i>skipped question</i>		33

AQMD Colorant Survey

General Survey

6. Do you make your own colorant or purchase them from an outside source? Check all that apply.		
Answer Options	Response Percent	Response Count
Make own colorant	13%	2
Purchase from outside source	87%	13
	<i>answered question</i>	13
	<i>skipped question</i>	34

Note: respondents who answered “no” to question three automatically skipped this question.

AQMD Colorant Survey

General Survey

7. If you purchase colorant from an outside source, who is your supplier?	
Answer Options	Response Count
	12
<i>answered question</i>	12
<i>skipped question</i>	35

Colorant Source	# of Companies
Evonik	7
Consolidated Color	3
Plasticolors	4
Basf	1
Sierra	1
Clariant	1
Engelhart	1
Color Corporation of America	1
Elementis	2

Note: several manufacturers indicated that they purchased colorants from multiple suppliers, hence the total companies reported exceeds the response count.

8. What type(s) of colorant system(s) do you currently use and do any of them require different dispensing equipment than conventional colorants? Check all that apply.						
Answer Options	Solvent Based IM	Waterborne IM	Solvent Based Architectural	Waterborne Architectural	Different Dispenser	Response Count
Universal colorant	2	2	3	6	0	7
Colorant solely for solvent based coatings	3	0	1	0	1	3
Colorant solely for waterborne coatings	1	4	0	5	1	8
Near-zero VOC universal colorant (< 5g/L)	0	0	0	1	1	2
Near-zero VOC colorant solely for waterborne coatings	0	1	0	3	1	4
Other	0	0	0	0	0	0
Other (please specify)				1		
<i>Whatever is in 888</i>						
<i>answered question</i>						13

AQMD Colorant Survey

General Survey

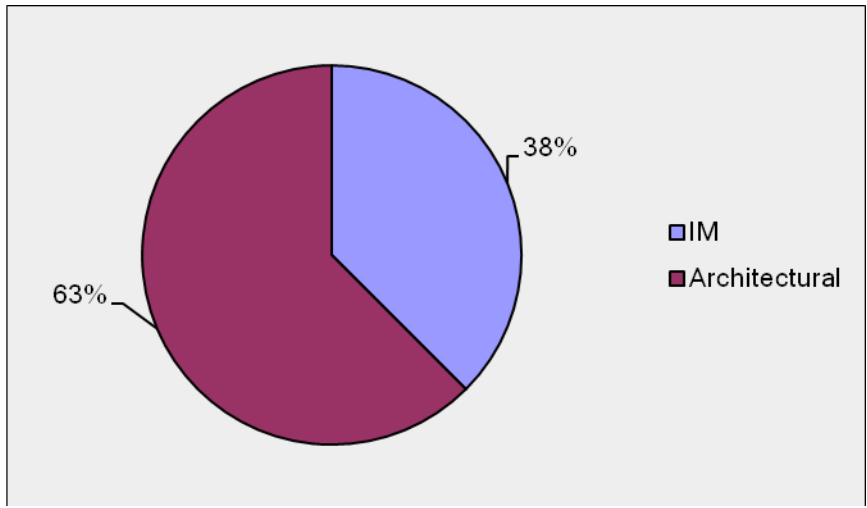
<i>skipped question</i>				34
9. What type of solvent is used in the colorant(s) you use? Check all that apply.				
Answer Options	Petroleum Distillates	Glycols	None	Response Count
Universal colorant	2	6	1	7
Colorant solely for solvent based coatings	3	1	1	4
Colorant solely for waterborne coatings	0	4	2	6
Near-zero VOC universal colorant	0	1	2	3
Near-zero VOC colorant solely for waterborne coatings	0	2	3	5
Other	1	0	1	2
Other (please specify)				2
<i>888, acetate esters, glycol ethers</i>				
<i>answered question</i>				11
<i>skipped question</i>				36

10. What is the VOC content of the colorant system(s) you currently use? Check all that apply.					
Answer Options	0 - 50 g/L	50 - 100 g/L	100 - 250 g/L	> 250 g/L	Response Count
Universal colorant	1	0	0	5	6
Colorant solely for solvent based coatings	0	0	0	3	3
Colorant solely for waterborne coatings	1	1	1	3	6
Near-zero VOC universal colorant	3	0	0	0	3
Near-zero VOC colorant solely for waterborne coatings	4	0	0	0	4
Other	0	0	0	0	0
Other (please specify)					1
<i>answered question</i>					11
<i>skipped question</i>					36

AQMD Colorant Survey

General Survey

11. Are there any coating categories that your company requires conventional VOC-containing colorants to tint successfully?		
Answer Options	Response Percent	Response Count
IM	37.5%	3
Architectural	62.5%	5
Other (please specify)		2
<i>answered question</i>		8
<i>skipped question</i>		39

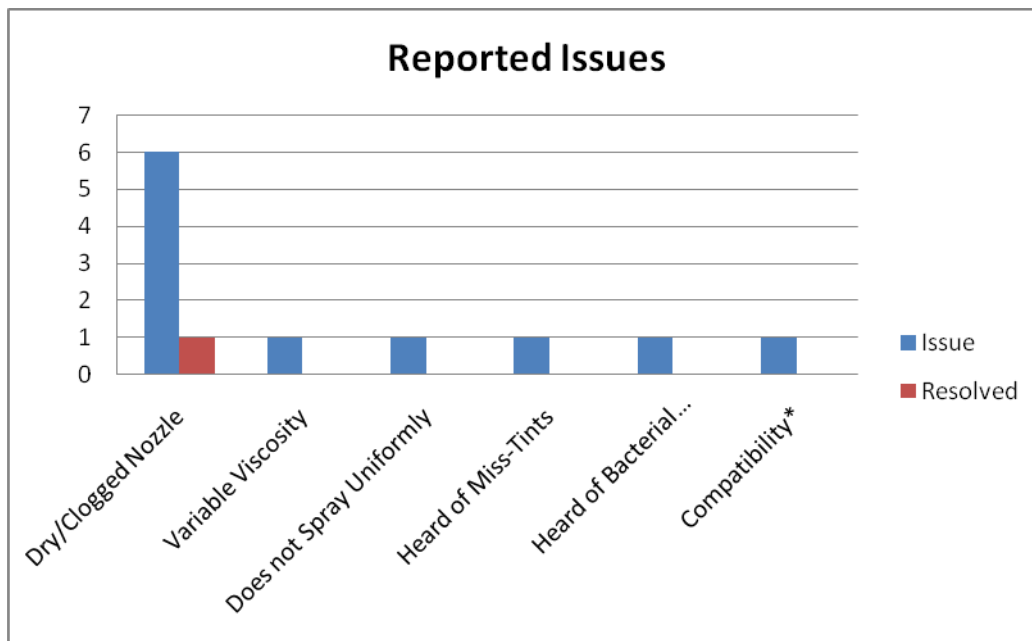
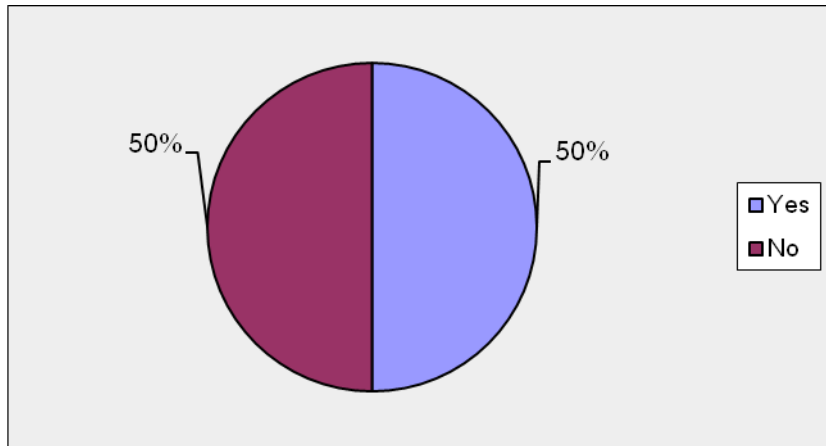


AQMD Colorant Survey

General Survey

12. Have you experienced problems associated with either dispensing equipment or coatings to which near zero-VOC (< 5g/L) colorants have been added?

Answer Options	Response Percent	Response Count
Yes	50.0%	5
No	50.0%	5
Explain		6
	<i>answered question</i>	10
	<i>skipped question</i>	37



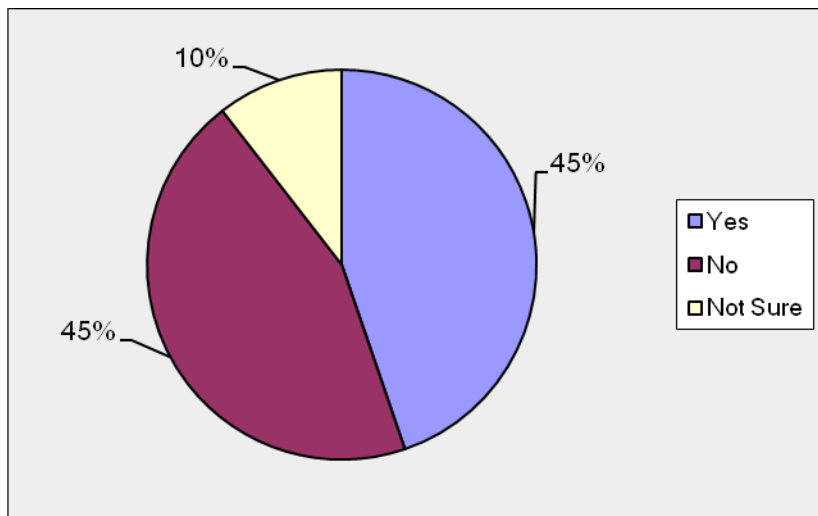
AQMD Colorant Survey

General Survey

* foam, gloss, durability, water sensitivity, & blocking

13. Do you currently use or are you conducting research and development on near zero-VOC colorants (< 5 g/L)?

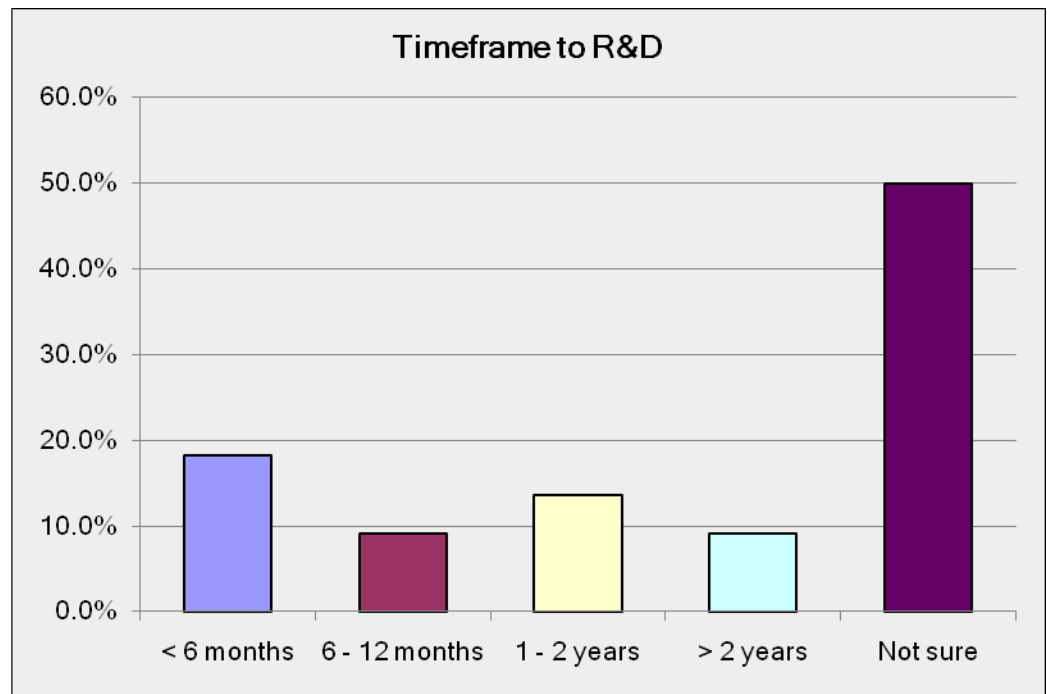
Answer Options	Response Percent	Response Count
Yes	44.7%	17
No	44.7%	17
Not Sure	10.5%	4
	<i>answered question</i>	38
	<i>skipped question</i>	9



AQMD Colorant Survey

General Survey

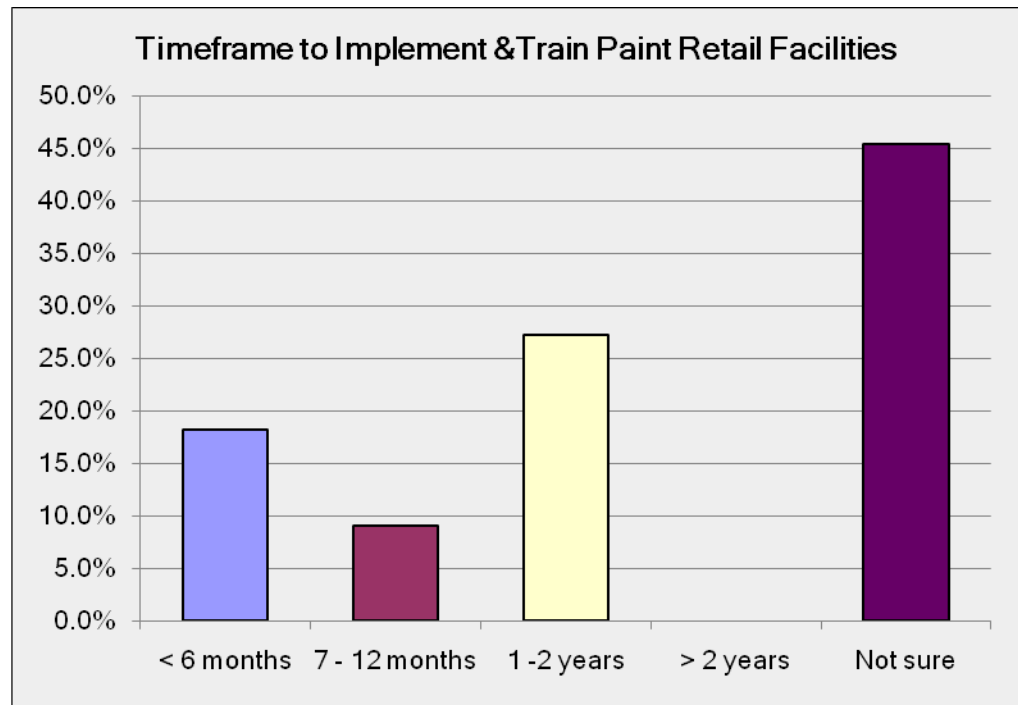
14. What was the timeframe or what is the estimated timeframe to complete the development?		
Answer Options	Response Percent	Response Count
< 6 months	18.2%	4
6 - 12 months	9.1%	2
1 - 2 years	13.6%	3
> 2 years	9.1%	2
Not sure	50.0%	11
<i>answered question</i>		22
<i>skipped question</i>		25



AQMD Colorant Survey

General Survey

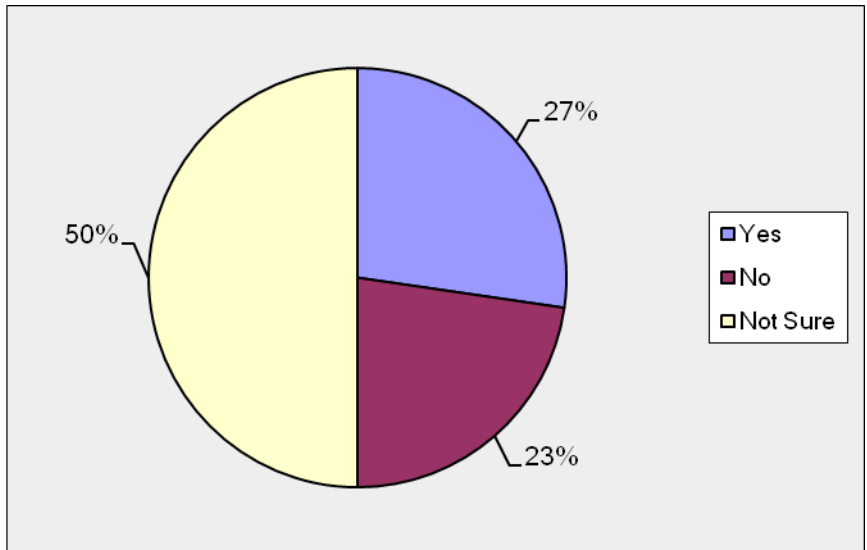
15. What was the timeframe or what is the estimated timeframe to implement and train paint retail facilities on the use of near zero-VOC (< 5 g/L) colorants once the development was/is complete?		
Answer Options	Response Percent	Response Count
< 6 months	18.2%	4
6 - 12 months	9.1%	2
1 -2 years	27.3%	6
> 2 years	0.0%	0
Not sure	45.5%	10
<i>answered question</i>		22
<i>skipped question</i>		25



AQMD Colorant Survey

General Survey

16. Does that colorant system require a different dispensing unit?		
Answer Options	Response Percent	Response Count
Yes	27.3%	6
No	22.7%	5
Not Sure	50.0%	11
<i>answered question</i>		22
<i>skipped question</i>		25

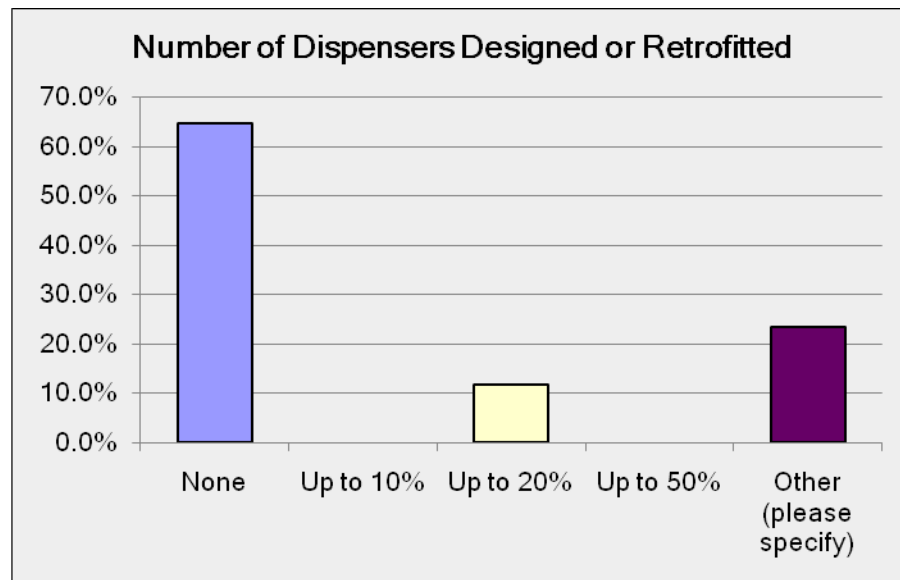


AQMD Colorant Survey

General Survey

17. How many of the colorant dispensers you currently have in the AQMD (see question 4) are designed or can be retrofitted for the use of near zero-VOC (< 5 g/L) colorants?		
Answer Options	Response Percent	Response Count
None	64.7%	11
Up to 10%	0.0%	0
Up to 20%	11.8%	2
Up to 50%	0.0%	0
Other (please specify)	23.5%	4
<i>answered question</i>		17
<i>skipped question</i>		30

Other (please specify)	Response Count
No dispensers in SCAQMD	3
All of them	1

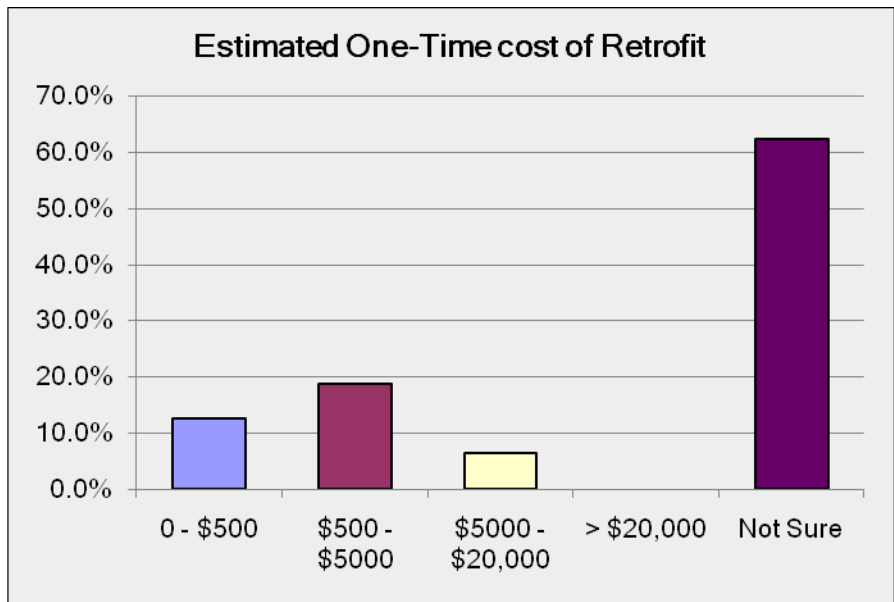


Note: the respondents who answered “no” to the previous question automatically skipped this question.

AQMD Colorant Survey

General Survey

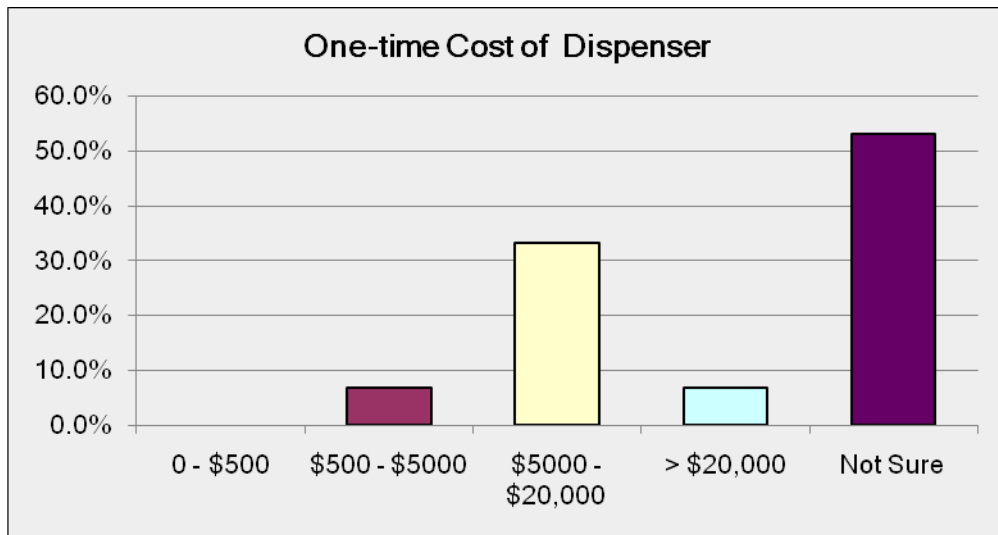
18. What is the estimated one-time cost of retrofitting a colorant dispenser?		
Answer Options	Response Percent	Response Count
0 - \$500	12.5%	2
\$500 - \$5000	18.8%	3
\$5000 - \$20,000	6.3%	1
> \$20,000	0.0%	0
Not Sure	62.5%	10
<i>answered question</i>		16
<i>skipped question</i>		31



AQMD Colorant Survey

General Survey

19. What is the one-time cost of a new near zero-VOC (< 5 g/L) colorant dispenser?		
Answer Options	Response Percent	Response Count
0 - \$500	0.0%	0
\$500 - \$5000	6.7%	1
\$5000 - \$20,000	33.3%	5
> \$20,000	6.7%	1
Not Sure	53.3%	8
<i>answered question</i>		15
<i>skipped question</i>		32



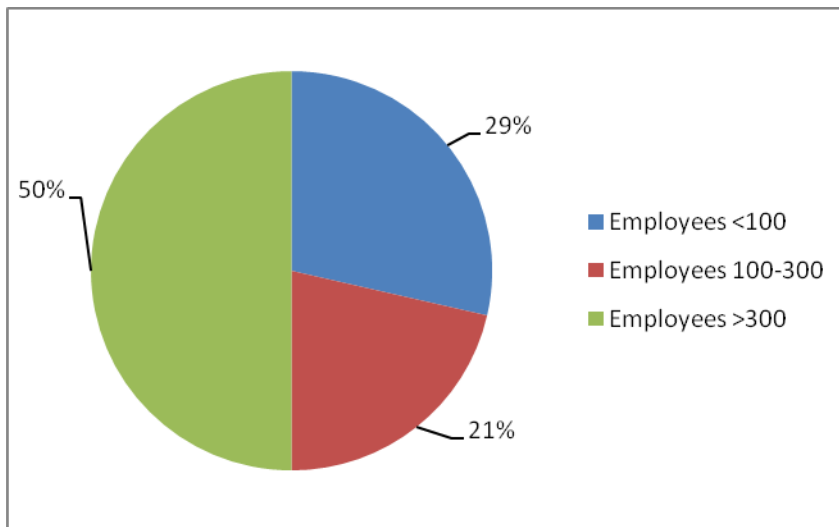
AQMD Colorant Survey

General Survey

Targeted Survey

The second survey was a targeted survey which went to the coating manufacturers who are included on the AQMD Super-Compliant Manufacturers List. Those companies more likely would have already experimented with near zero-VOC colorants so could provide more insight on the transition.

1. What is the total number of employees?	
Answer Options	Response Count
	14
<i>answered question</i>	14
<i>skipped question</i>	0



This survey is comprised of a greater number of large companies.

2. What is the labor category for your business?	
Answer Options	Response Count
	12
<i>answered question</i>	12
<i>skipped question</i>	2

AQMD Colorant Survey

Targeted Survey

NAICs Code	Labor Description	# of Companies
325510	Architectural Coatings	11
?		1

3. Does your company use colorants at the point of sale to tint coatings for sale to consumers in the AQMD?		
Answer Options	Response Percent	Response Count
Yes	50%	7
No	50%	7
<i>answered question</i>		14
<i>skipped question</i>		0

4. How many total colorant dispensers does your company have for that purpose located in the AQMD?		
Answer Options	Response Percent	Response Count
None	0%	0
Up to 10	40%	2
Up to 20	0%	0
Up to 50	20%	1
Not sure	0%	0
Other (please specify) 170, >60	40%	2
<i>answered question</i>		5
<i>skipped question</i>		9

5. What percent of the volume of your coatings are tinted at the point of sale (POS)?		
Answer Options	Response Percent	Response Count
None	0%	0
0 - 10%	0%	0
10 - 20%	25%	1
20 - 50%	25%	1
> 50%	50%	2
Not sure	0%	0
<i>answered question</i>		4
<i>skipped question</i>		10

AQMD Colorant Survey

Targeted Survey

6. Do you make your own colorant or purchase them from an outside source? Check all that apply.		
Answer Options	Response Percent	Response Count
Make own colorant	50%	3
Purchase from outside source	50%	3
<i>answered question</i>		5
<i>skipped question</i>		9

7. If you purchase colorant from an outside source, who is your supplier?	
Answer Options	Response Count
	3
<i>answered question</i>	
3	
<i>skipped question</i>	
11	

Colorant Source	Response Count
Consolidated color	1
Elementis	2
Evonik	2

Note: respondents listed multiple companies; hence the response count exceeds the number who answered the question.

AQMD Colorant Survey

Targeted Survey

8. What type(s) of colorant system(s) do you currently use and do any of them require different dispensing equipment than conventional colorants? Check all that apply.						
Answer Options	Solvent Based IM	Waterborne IM	Solvent Based Architectural	Waterborne Architectural	Different Dispenser	Response Count
Universal colorant	0	0	2	2	1	2
Colorant solely for solvent based coatings	4	1	1	0	3	4
Colorant solely for waterborne coatings	0	2	0	1	1	2
Near-zero VOC universal colorant (< 5g/L)	0	0	0	0	0	0
Near-zero VOC colorant solely for waterborne coatings	0	2	0	1	1	3
Powder tinting	0	0	0	1	0	1
Other	0	1	0	0	1	1
Other (please specify)						1
Solely for Waterborne <15 g/L						
<i>answered question</i>						5
<i>skipped question</i>						9

None of the responding companies are using near-zero VOC universal colorants. The majority are using colorants for solvent based coatings.

9. What type of solvent is used in the colorant(s) you use? Check all that apply.				
Answer Options	Petroleum Distillates	Glycols	None	Response Count
Universal colorant	0	2	0	2
Colorant solely for solvent based coatings	3	0	0	3
Colorant solely for waterborne coatings	0	2	0	2
Near-zero VOC universal colorant	0	0	0	0
Near-zero VOC colorant solely for waterborne coatings	0	1	2	3

AQMD Colorant Survey

Targeted Survey

Powder tinting	0	0	1	1
Other	0	0	0	0
Other (please specify)				1
CONFIDENTIAL BUSINESS INFORMATION				
<i>answered question</i>				5
<i>skipped question</i>				9

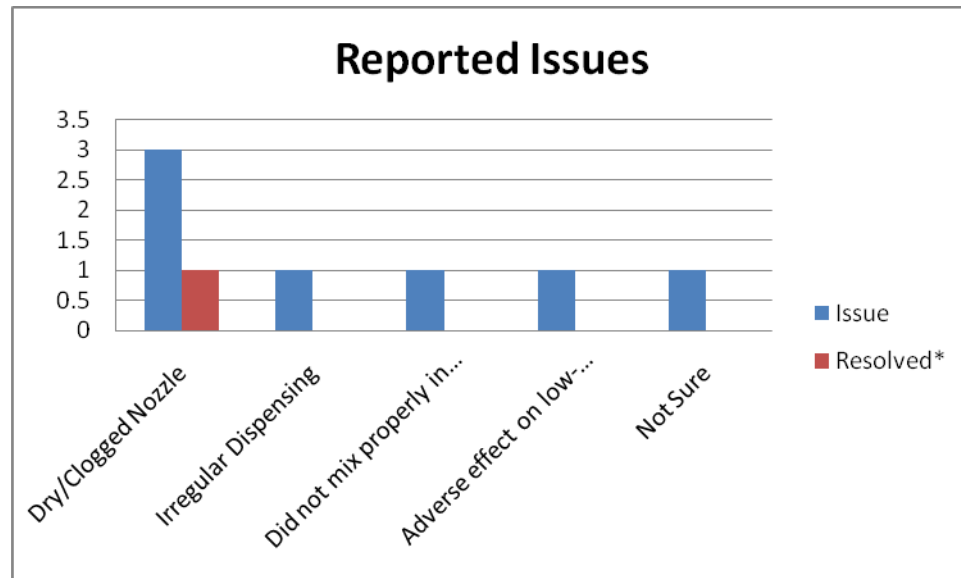
10. What is the VOC content of the colorant system(s) you currently use? Check all that apply.					
Answer Options	0 - 50 g/L	50 - 100 g/L	100 - 250 g/L	> 250 g/L	Response Count
Universal colorant	0	0	0	2	2
Colorant solely for solvent based coatings	0	0	0	4	4
Colorant solely for waterborne coatings	2	0	0	1	3
Near-zero VOC universal colorant	0	0	0	0	0
Near-zero VOC colorant solely for waterborne coatings	4	0	0	0	4
Powder tinting	0	0	0	0	0
Other	0	0	0	0	0
Other (please specify)					0
INDUSTRIAL COATINGS, MARINE COATINGS, & AEROSPACE COATINGS					
<i>answered question</i>					5
<i>skipped question</i>					9

11. Are there any coating categories that your company requires conventional VOC-containing colorants to tint successfully?		
Answer Options	Response Percent	Response Count
IM	75%	3
Architectural	25%	1
Other (please specify)		
<i>answered question</i>		4
<i>skipped question</i>		10

AQMD Colorant Survey

Targeted Survey

12. Have you experienced problems associated with either dispensing equipment or coatings to which near zero-VOC (< 5 g/L) colorants have been added?		
Answer Options	Response Percent	Response Count
Yes	100%	4
No	0%	0
Explain		5
<i>answered question</i>		4
<i>skipped question</i>		10



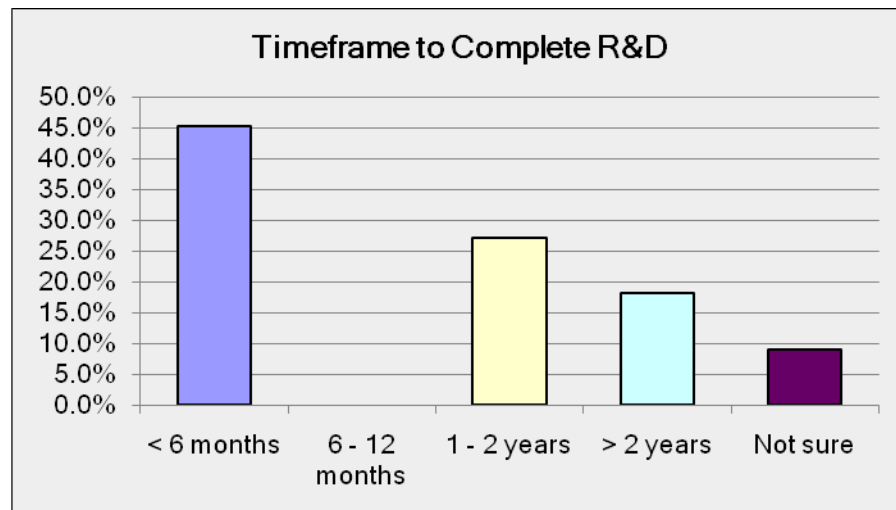
*We originally had a lot of problems related to clogging of dispensing tips, clogging/damage to dispensing unit recirculation pumps. We ended up having to change to a different line of colorant and make some minor equipment modifications to resolve this problem. This was a huge issue and took a couple of years to resolve. We are now 100% zero VOC colorants for all waterborne products. Certain lines of colorants can have adverse performance properties of the coating such as adhesion or foaming due to the high levels of surfactants in the low VOC colorants.

AQMD Colorant Survey

Targeted Survey

13. Do you currently use or are you conducting research and development on near zero-VOC colorants (< 5 g/L)?		
Answer Options	Response Percent	Response Count
Yes	100%	12
No	0%	0
Not Sure	0%	0
<i>answered question</i>		12
<i>skipped question</i>		2

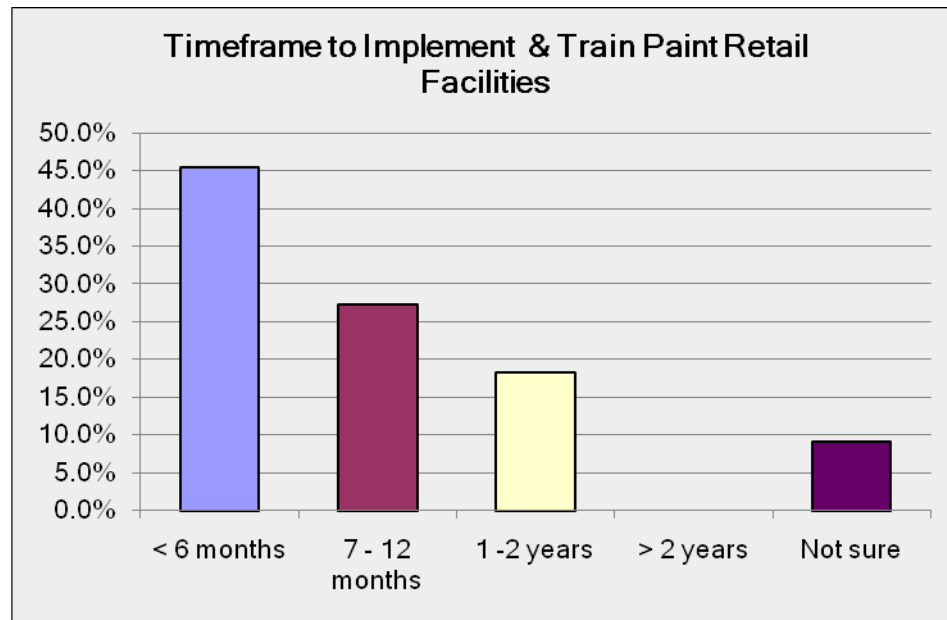
14. What was the timeframe or what is the estimated timeframe to complete the development?		
Answer Options	Response Percent	Response Count
< 6 months	45.5%	5
6 - 12 months	0.0%	0
1 - 2 years	27.3%	3
> 2 years	18.2%	2
Not sure	9.1%	1
<i>answered question</i>		11
<i>skipped question</i>		3



AQMD Colorant Survey

Targeted Survey

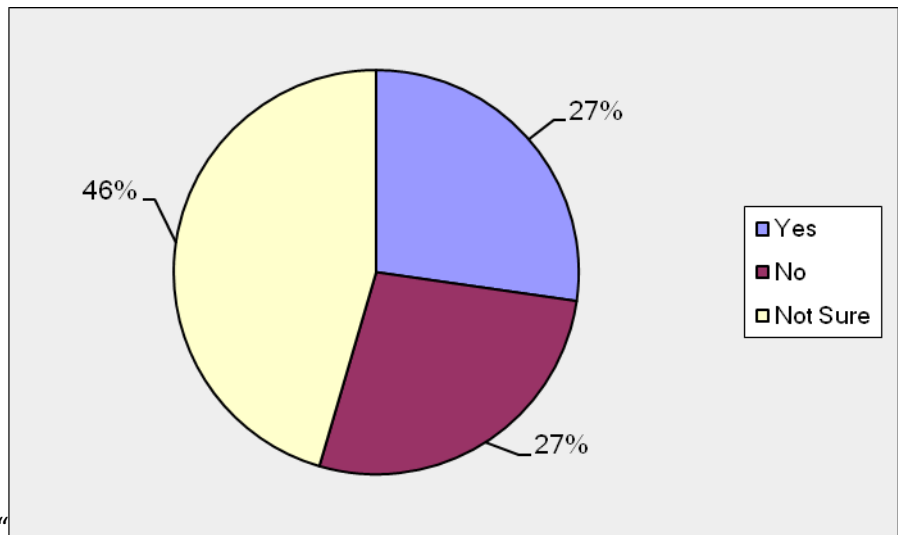
15. What were the timeframe or what is the estimated timeframe to implement and train paint retail facilities on the use of near zero-VOC (< 5 g/L) colorants once the development was/is complete?		
Answer Options	Response Percent	Response Count
< 6 months	45.5%	5
7 - 12 months	27.3%	3
1 -2 years	18.2%	2
> 2 years	0.0%	0
Not sure	9.1%	1
<i>answered question</i>		11
<i>skipped question</i>		3



AQMD Colorant Survey

Targeted Survey

16. Does that colorant system require a different dispensing unit?		
Answer Options	Response Percent	Response Count
Yes	27.3%	3
No	27.3%	3
Not Sure	45.5%	5
<i>answered question</i>		11
<i>skipped question</i>		3



17. How many of the colorant dispensers you currently have in the AQMD (see question 4) can be retrofitted for the use of near zero-VOC (< 5 g/L) colorants?		
Answer Options	Response Percent	Response Count
None	54.5%	6
Up to 10%	0.0%	0
Up to 20%	0.0%	0
Up to 50%	9.1%	1
Other (please specify)	36.4%	4
Our distributors have dispensers		
Task already completed		
Currently using zero VOC for waterborne; solvent based technology is not available		
ABOUT 60%		
<i>answered question</i>		11

AQMD Colorant Survey

Targeted Survey

<i>skipped question</i>	3
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18. What is the estimated one-time cost of retrofitting a colorant dispenser?		
Answer Options	Response Percent	Response Count
0 - \$500	9.1%	1
\$500 - \$5000	18.2%	2
\$5000 - \$20,000	0%	0
> \$20,000	9.1%	1
Not Sure	63.6%	7
<i>answered question</i>		11
<i>skipped question</i>		3

19. What is the equipment life of the retrofitted dispenser?		
Answer Options	Response Percent	Response Count
0 - 5 years	0.0%	0
5 - 10 years	18.2%	2
10 - 20 years	9.1%	1
> 20 years	0.0%	0
Not sure	72.7%	8
<i>answered question</i>		11
<i>skipped question</i>		3

20. What is the one-time cost of training for the retrofitted dispenser?		
Answer Options	Response Percent	Response Count
0 - \$50	18.2%	2
\$50 - \$100	0.0%	0
\$100 - \$500	9.1%	1
> \$500	0.0%	0
Not sure	72.7%	8
<i>answered question</i>		11
<i>skipped question</i>		3

AQMD Colorant Survey

Targeted Survey

21. What is the additional operating and maintenance cost associated with the retrofitted dispenser?		
Answer Options	Response Percent	Response Count
0 - \$50	18.2%	2
\$50 - \$100	0%	0
\$100 - \$500	0%	0
> \$500	0%	0
Not sure	81.8%	9
<i>answered question</i>		11
<i>skipped question</i>		3

22. How many of the colorant dispensers you currently have in the AQMD are designed for use with near zero-VOC (<5 g/L) colorants?		
Answer Options	Response Percent	Response Count
None	36.4%	4
Up to 10%	9.1%	1
Up to 20%	0.0%	0
Up to 50%	0.0%	0
Not sure	36.4%	4
Other (please specify)	18.2%	2
<i>answered question</i>		11
<i>skipped question</i>		3

23. What is the one-time cost of a new near zero-VOC (< 5 g/L) colorant dispenser?		
Answer Options	Response Percent	Response Count
0 - \$500	0%	0
\$500 - \$5000	0%	0
\$5000 - \$20,000	18.2%	2
\$20,000 - \$35,000	18.2%	2
> \$35,000	9.1%	1
Not Sure	54.5%	6
<i>answered question</i>		11
<i>skipped question</i>		3

AQMD Colorant Survey

Targeted Survey

24. What is the equipment life of a new near zero-VOC (<5 g/L) colorant dispenser?		
Answer Options	Response Percent	Response Count
0 - 5 years	0.0%	0
5 - 10 years	9.1%	1
10 - 20 years	27.3%	3
> 20 years	9.1%	1
Not sure	54.5%	6
<i>answered question</i>		11
<i>skipped question</i>		3

25. What is the one-time cost of training for a new near-zero VOC (<5 g/L) colorant dispenser?		
Answer Options	Response Percent	Response Count
0 - \$50	0.0%	0
\$50 - \$100	9.1%	1
\$100 - \$500	18.2%	2
> \$500	9.1%	1
Not sure	63.6%	7
<i>answered question</i>		11
<i>skipped question</i>		3

26. What is the additional operating and maintenance cost associated with a new near-zero VOC (<5 g/L) colorant dispenser?		
Answer Options	Response Percent	Response Count
0 - \$50	9.1%	1
\$50 - \$100	0%	0
\$100 - \$500	0%	0
> \$500	9.1%	1
Not sure	81.8%	9
<i>answered question</i>		11
<i>skipped question</i>		3

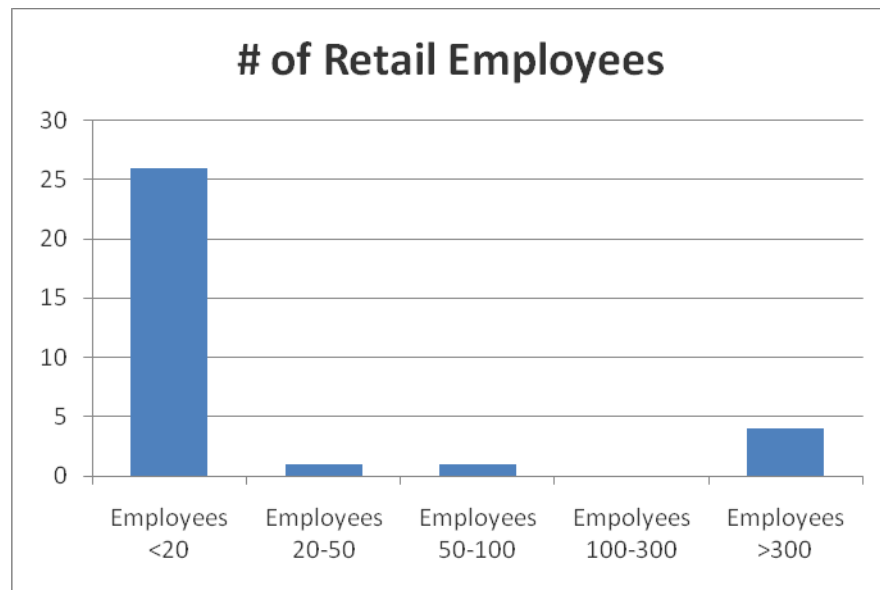
AQMD Colorant Survey

Retail Survey

Retail Survey

AQMD inspectors visited various retail stores to distribute surveys. The number of retail locations were not recorded therefore the percentage of responses are unknown.

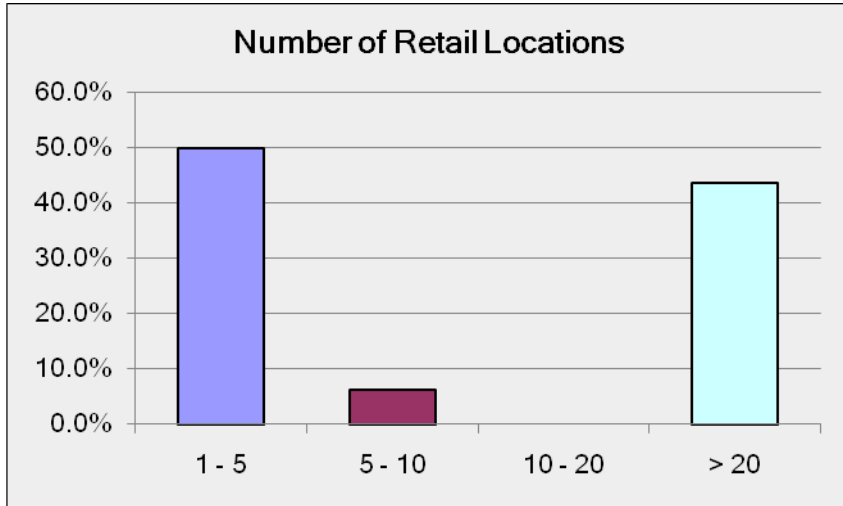
1. What is the total number of employees?	
Answer Options	Response Count
	32
<i>answered question</i>	32
<i>skipped question</i>	1



2. How many retail locations in the AQMD?		
Answer Options	Response Percent	Response Count
1 - 5	50.0%	16
5 - 10	6.3%	2
10 - 20	0.0%	0
> 20	43.8%	14
<i>answered question</i>		32
<i>skipped question</i>		1

AQMD Colorant Survey

Retail Survey



3. What is the NAICs labor category for your business?

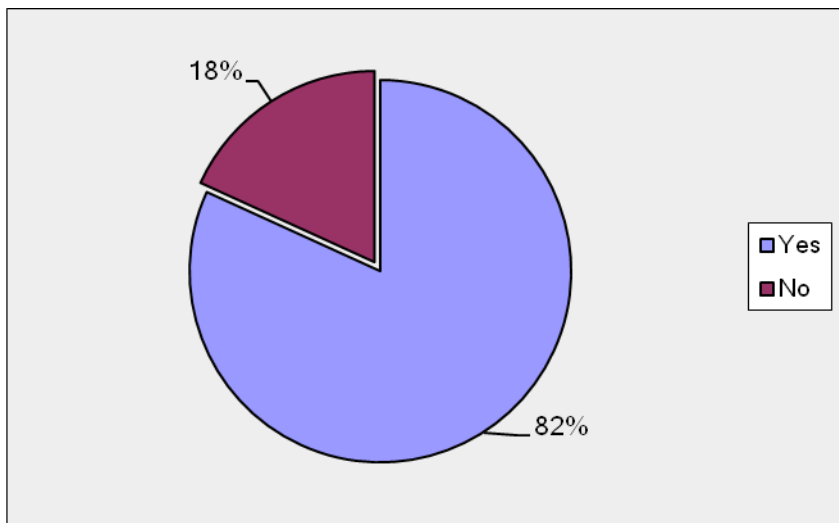
Answer Options	Response Count
	15
<i>answered question</i>	15
<i>skipped question</i>	18

NAICs Labor Category	Description	# of Retailers
444120	Paint and Wallpaper Stores	12
325510	Paint and Coating Manufacturing	1
	Retail/Wholesale	1
	Unknown	1

AQMD Colorant Survey

Retail Survey

4. Does your company use colorants at the point of sale to tint coatings for sale to consumers in the AQMD?		
Answer Options	Response Percent	Response Count
Yes	81.8%	27
No	18.2%	6
	<i>answered question</i>	33
	<i>skipped question</i>	0

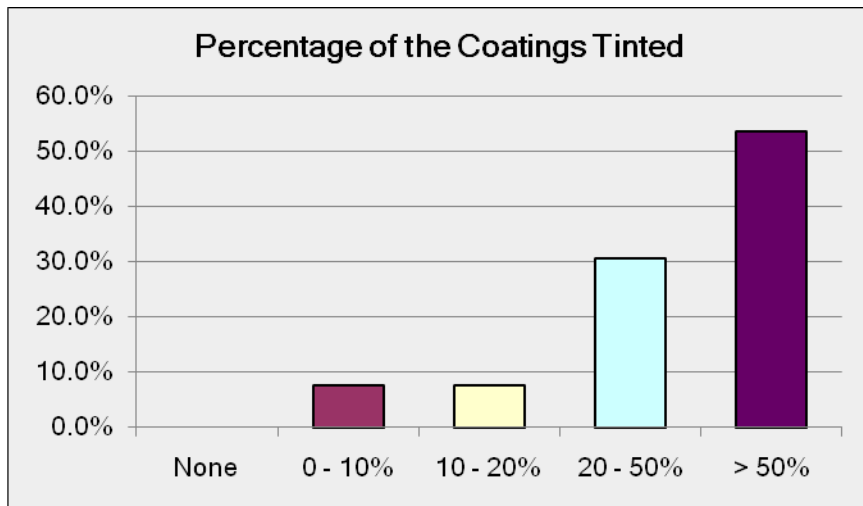


5. How many total colorant dispensers does your company have for that purpose located in the AQMD?		
Answer Options	Response Percent	Response Count
None	0.0%	0
Up to 10	85.2%	23
Up to 20	7.4%	2
Up to 50	0.0%	0
Other (please specify)	7.4%	2
>60		
>50		
	<i>answered question</i>	27
	<i>skipped question</i>	6

AQMD Colorant Survey

Retail Survey

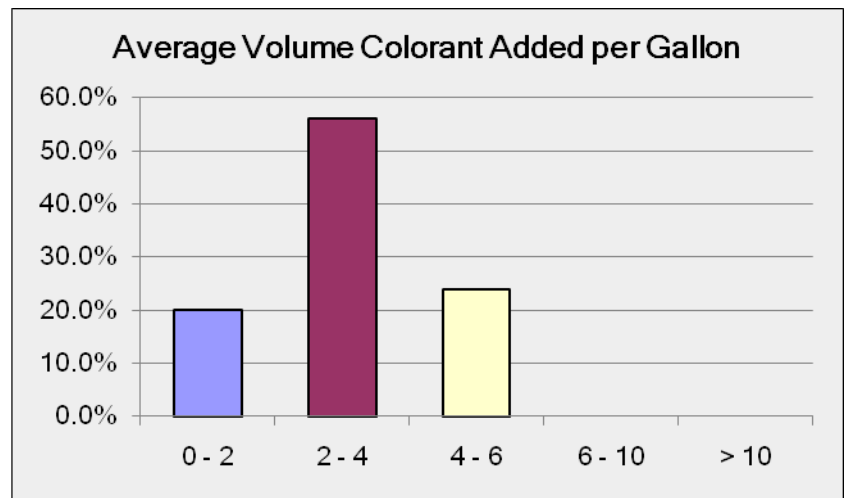
6. What percentage of the coatings that you sell, do you tint for the customer?		
Answer Options	Response Percent	Response Count
None	0.0%	0
0 – 10%	7.7%	2
10 – 20%	7.7%	2
20 – 50%	30.8%	8
> 50%	53.8%	14
<i>answered question</i>		26
<i>skipped question</i>		7



AQMD Colorant Survey

Retail Survey

7. What is the average volume (in ounces) of colorant added per gallon?		
Answer Options	Response Percent	Response Count
0 - 2	20.0%	5
2 - 4	56.0%	14
4 - 6	24.0%	6
6 - 10	0.0%	0
> 10	0.0%	0
<i>answered question</i>		25
<i>skipped question</i>		8



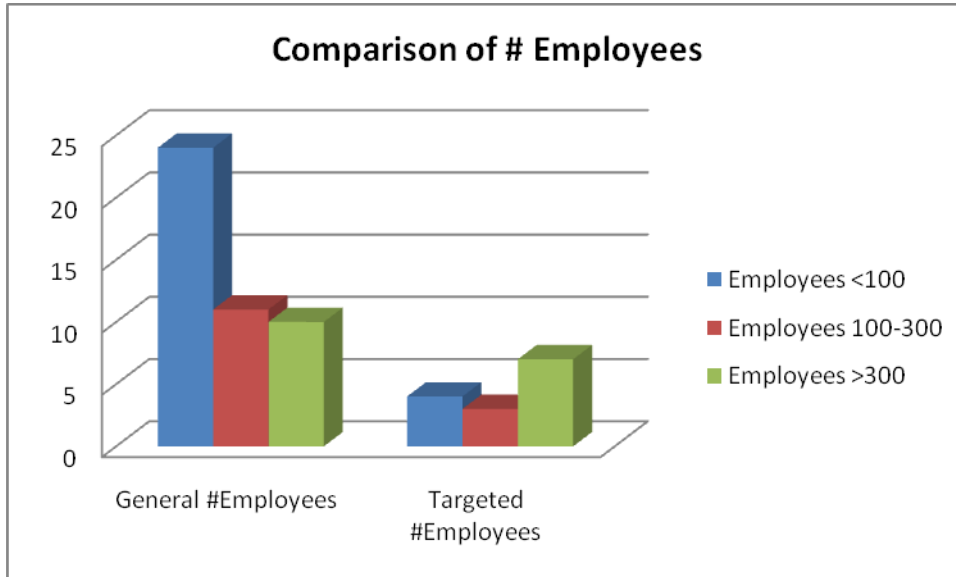
AQMD Colorant Survey

Compiled General & Targeted Surveys

Compiled Surveys

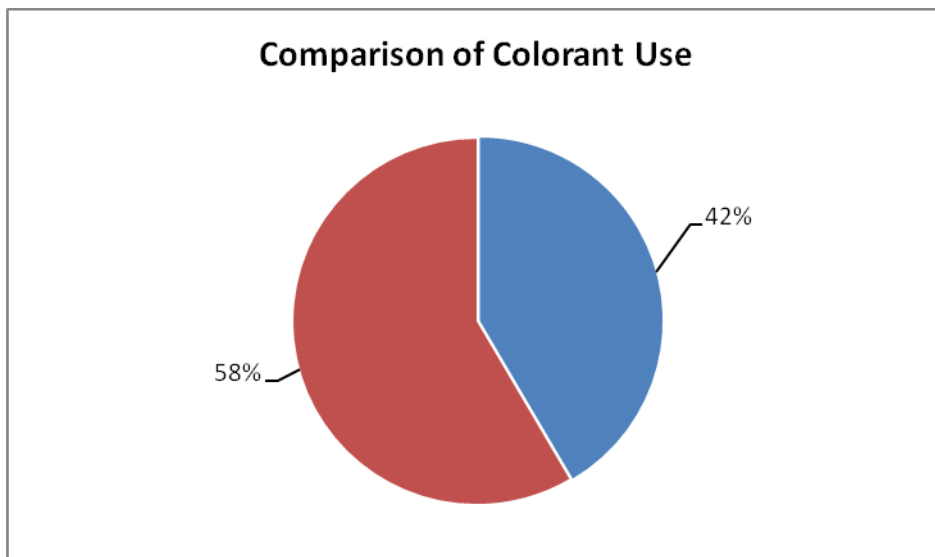
In this section, the results from the general and targeted surveys were combined by their similar questions.

What is the total number of employees?



As seen from the results above, the general survey had more companies with less than 100 employees, whereas the targeted survey had companies with a greater number of employees.

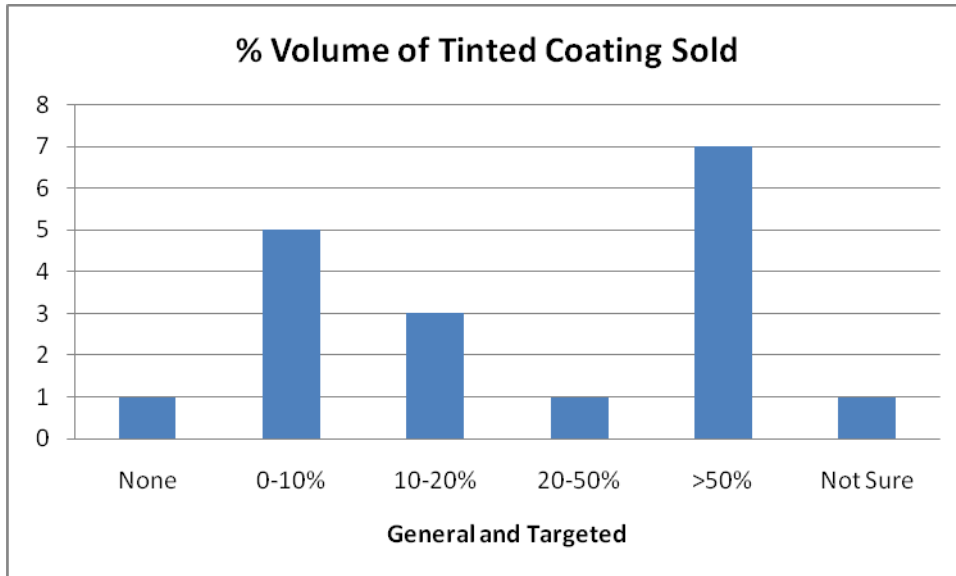
Does your company use colorants at the point of sale to tint coatings for sale to consumers in the AQMD?



AQMD Colorant Survey

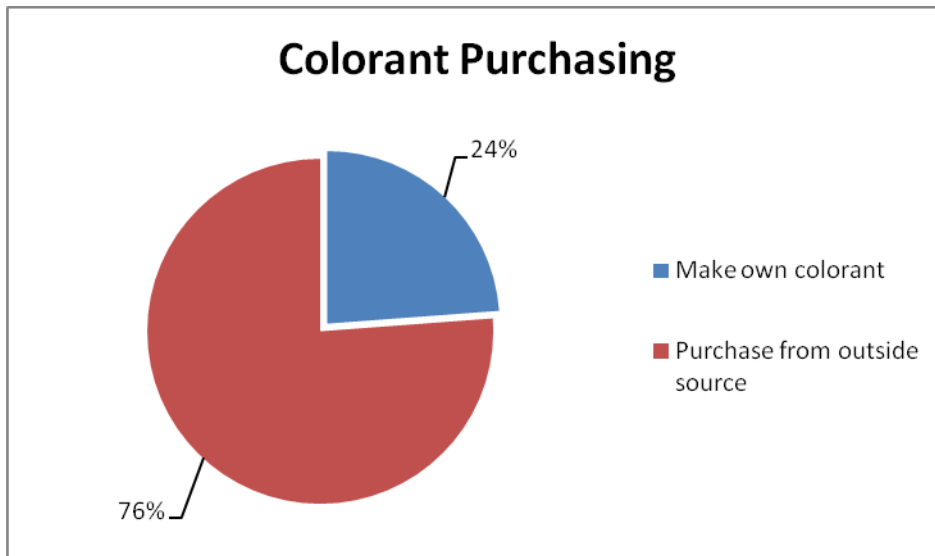
Compiled General & Targeted Surveys

What percent of the volume of your coatings are tinted at the point of sale?



When combining the general and targeted survey responses, the majority of the companies are tinting over 50% of their coatings at the point of sale.

Do you make your own colorant or purchase from an outside source?



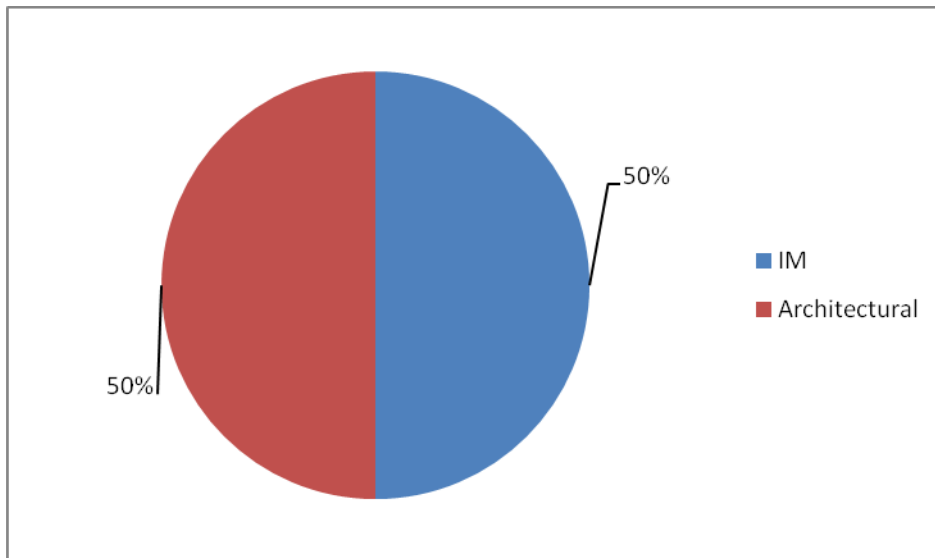
AQMD Colorant Survey

Compiled General & Targeted Surveys

What is the VOC content of the colorant system(s) you currently use? Check all that apply.

Answer Options	0 - 50 g/L	50 - 100 g/L	100 - 250 g/L	> 250 g/L
Universal colorant	1	0	0	7
Colorant solely for solvent based coatings	0	0	0	7
Colorant solely for waterborne coatings	3	1	1	4
Near-zero VOC universal colorant	3	0	0	0
Near-zero VOC colorant solely for waterborne	8	0	0	0
Other	0	0	0	0

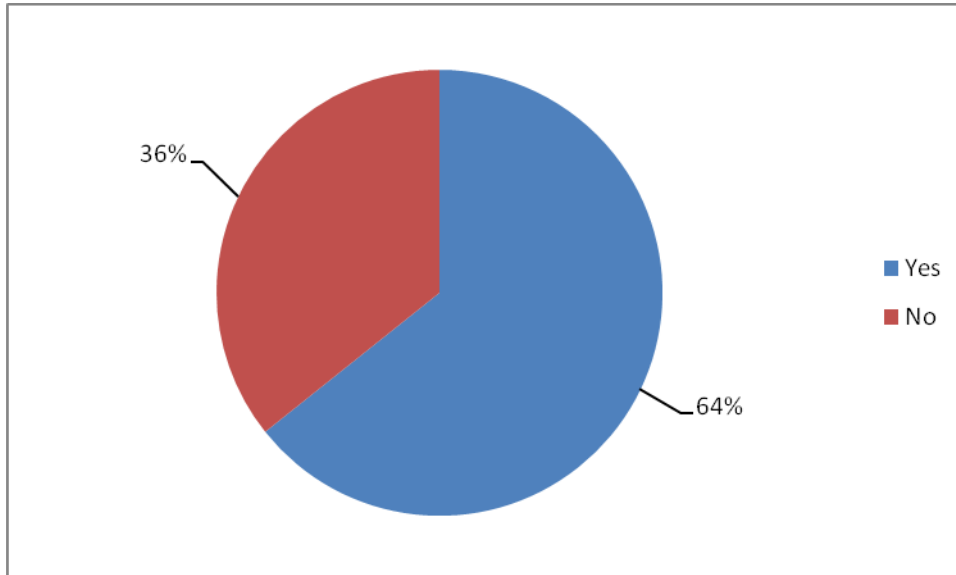
Are there any coating categories that your company requires conventional VOC-containing colorants to tint successfully?



AQMD Colorant Survey

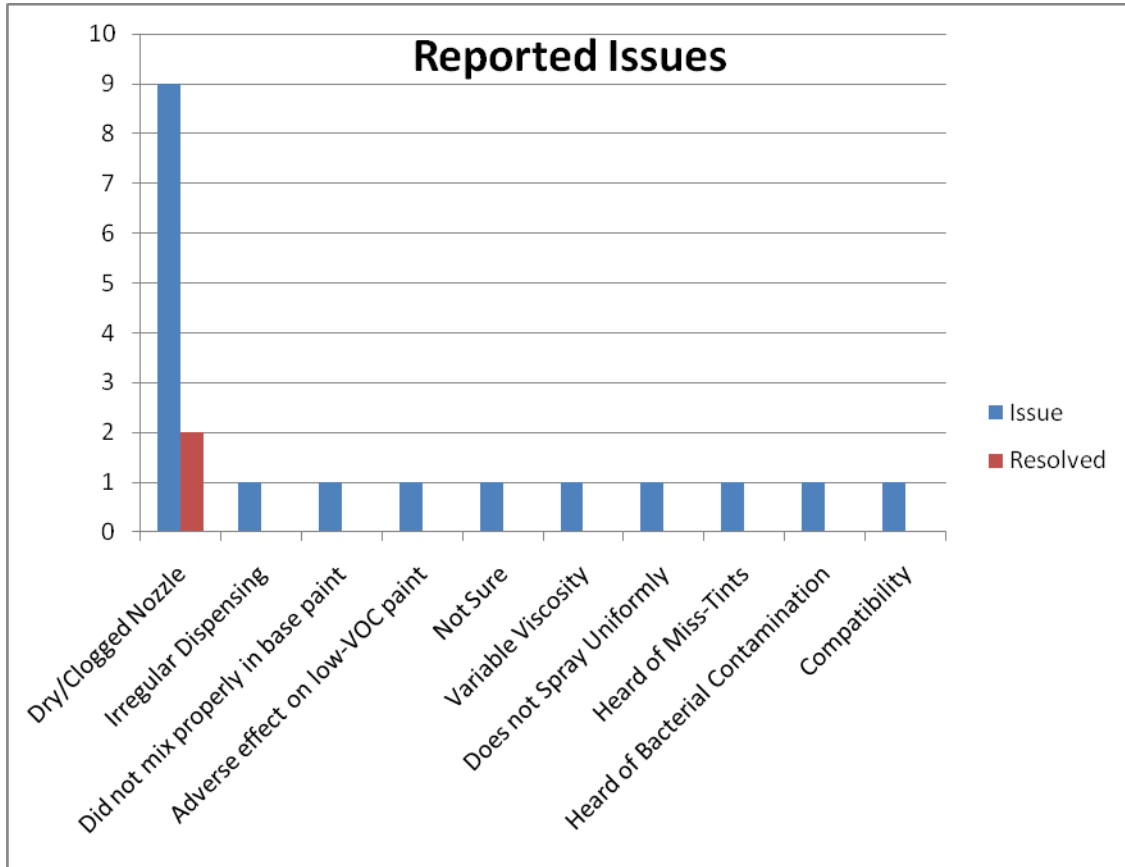
Compiled General & Targeted Surveys

Have you experienced problems associated with either dispensing equipment or coatings to which near zero-VOC (< 5g/L) colorants have been added?

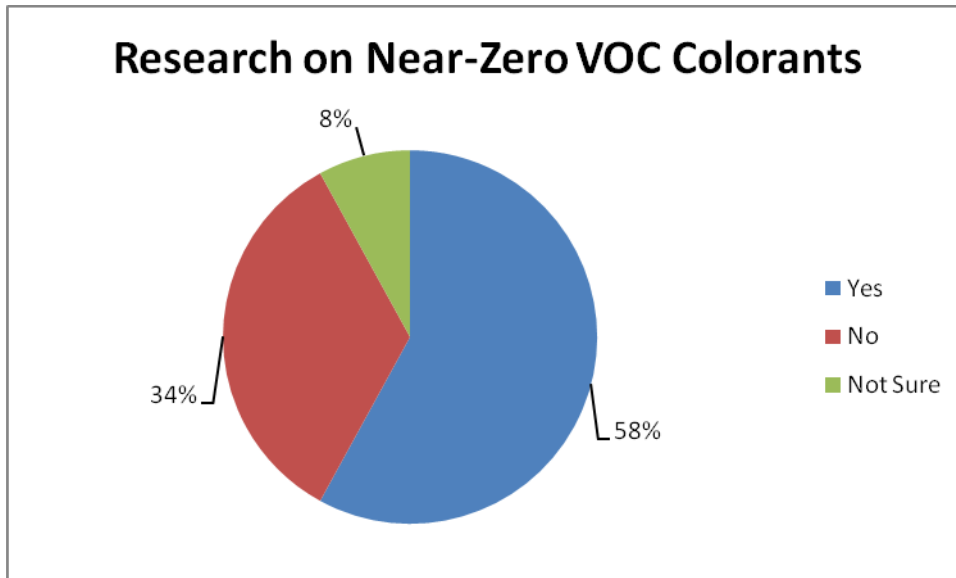


AQMD Colorant Survey

Compiled General & Targeted Surveys



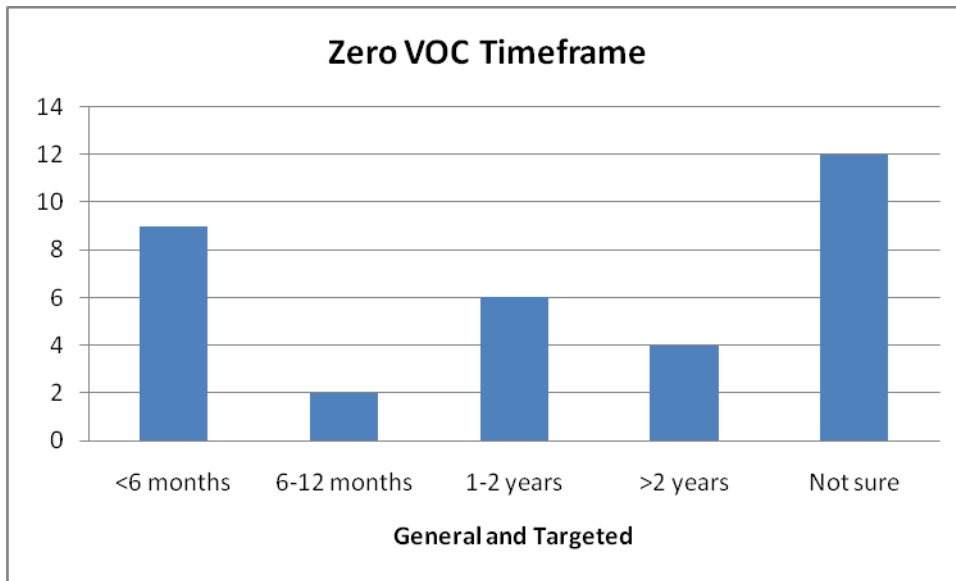
Do you currently use or are you conducting research and development on near zero-VOC colorants?



What was the timeframe or what is the estimated timeframe to complete the development?

AQMD Colorant Survey

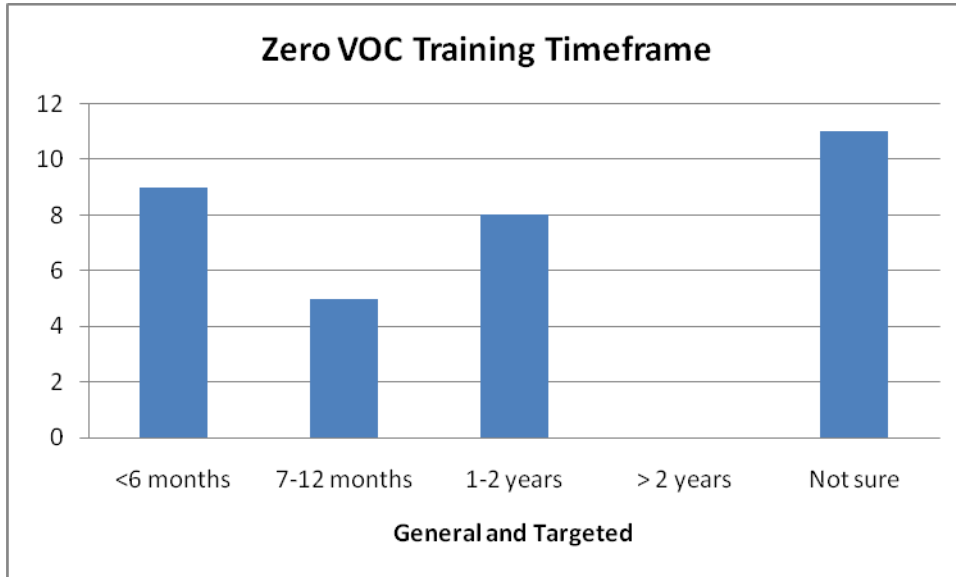
Compiled General & Targeted Surveys



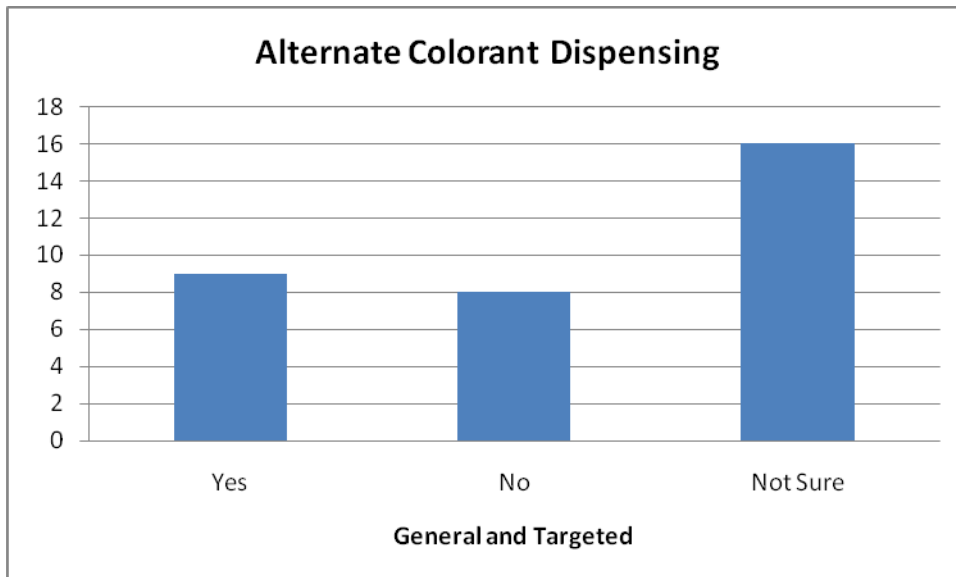
AQMD Colorant Survey

Compiled General & Targeted Surveys

What were the timeframe or what is the estimated timeframe to implement and train paint retail facilities on the use of near zero-VOC (< 5 g/L) colorants once the development was/is complete?



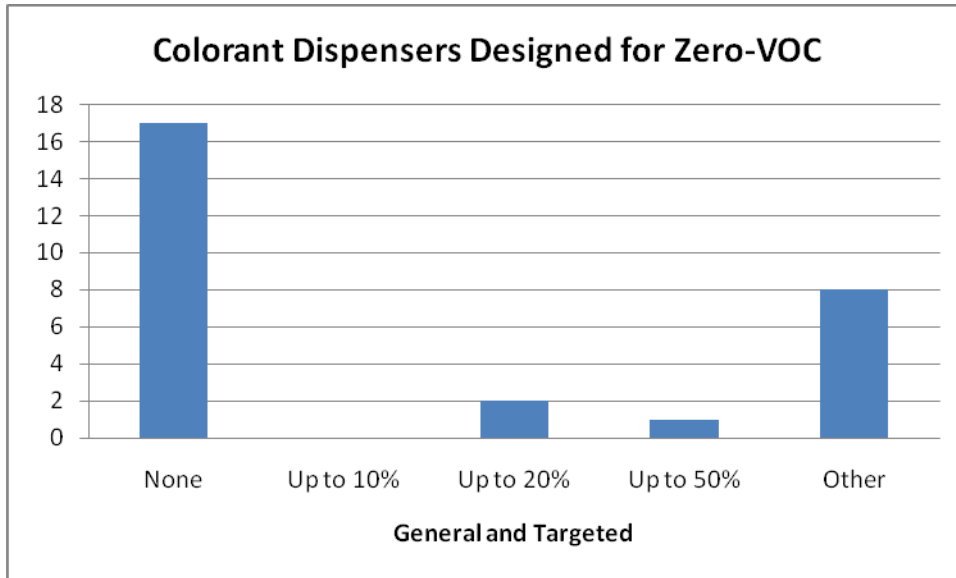
Does that colorant system require a different dispensing unit?



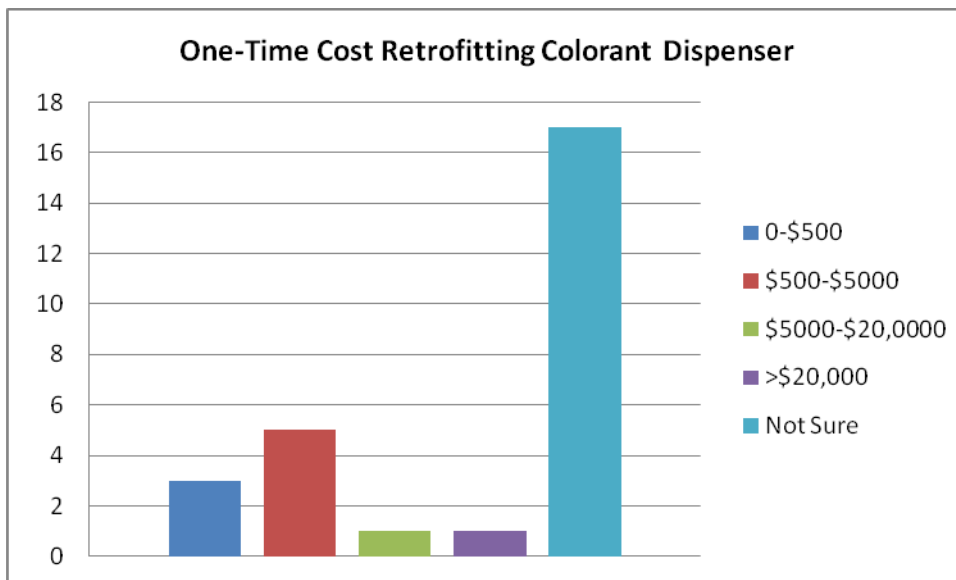
AQMD Colorant Survey

Compiled General & Targeted Surveys

How many of the colorant dispensers you currently have in the AQMD (see question 4) are designed or can be retrofitted for the use of near zero-VOC (< 5 g/L) colorants?



What is the estimated one-time cost of retrofitting a colorant dispenser?



AQMD Colorant Survey

Discussion and Emission Calculation

Discussion

Staff appreciates all of the manufacturer's and retailer's time in filling out the surveys. The results are insightful. The survey definitively shows that manufacturers are working toward the use of near-zero VOC colorants. The largest hurdle appears to be the issue of tip drying in the dispenser which can lead to miss-tints. For several manufacturers these issues have been resolved and they have gone forward to successfully utilize near-zero VOC colorants. The survey results for which coatings require conventional colorants was split down the middle. Further feedback outside of this survey indicates that the higher performance IM coatings require conventional colorants but are not tinted at the point of sale in large quantities. In site visits to local retailers, staff documented the use of a near-zero VOC colorant for waterborne IM coatings being added in a conventional dispenser.

In discussions with manufacturer who have either switched to near-zero VOC colorant, there are several options each of which present different challenges.

Powder tinting	Pigments must be pre-packaged which limits color selection. Dispenser for powder pigments not yet commercially available. No negative impact on film properties.
Universal colorant containing humectants	Humectants help issue with tip drying but can have detrimental effect on the film properties, especially for saturated colors in deep bases. Reported problems include film softness and blocking.
Waterborne colorant with no humectants	Less impact on film properties but tip drying is an issue which requires dispensing equipment with humidification units.

In addition, staff documented near-Zero VOC colorants being used with both a conventional carousel dispenser and with a dispenser missing the sponge used to keep the tip wet. In both instances the retail staff indicated that the dispensers needed 5 - 10 minutes of daily maintenance to keep the nozzles clear. No additional maintenance was mentioned at retail locations containing the dispensing units containing the full humidification units.

AQMD Colorant Survey

Discussion and Emission Calculation

Estimated VOC Emissions

Based on the results from the surveys and the California Air Resources Board (CARB) 2005 survey of coatings sold in California in calendar year 2004¹; assuming 45% of those coatings were sold in the AQMD, the VOC emissions from colorant added at the POS can be estimated. The majority of the respondents to the surveys indicated that more than 50% of the products sold in stores are tinted with colorants, the majority of which are flat or non-flat coatings. The highest sales are for light base (up to 4 ounces) followed by the saturated colors of the clear bases (up to 12 ounces). The VOC emissions estimate below assumes the VOC of Coating content of colorant to be 500 g/L (325 g/L VOC of Material), based on what has been documented in the field. This analysis only included Flat, Non-Flat and IM coatings, and assumes that 80% of the coatings are tinted at the point of sale, even though other coatings are also tinted at the point of sale (Stains, Quick Dry Enamels, Rust Preventative Coatings, Recycled Coatings, etc.).

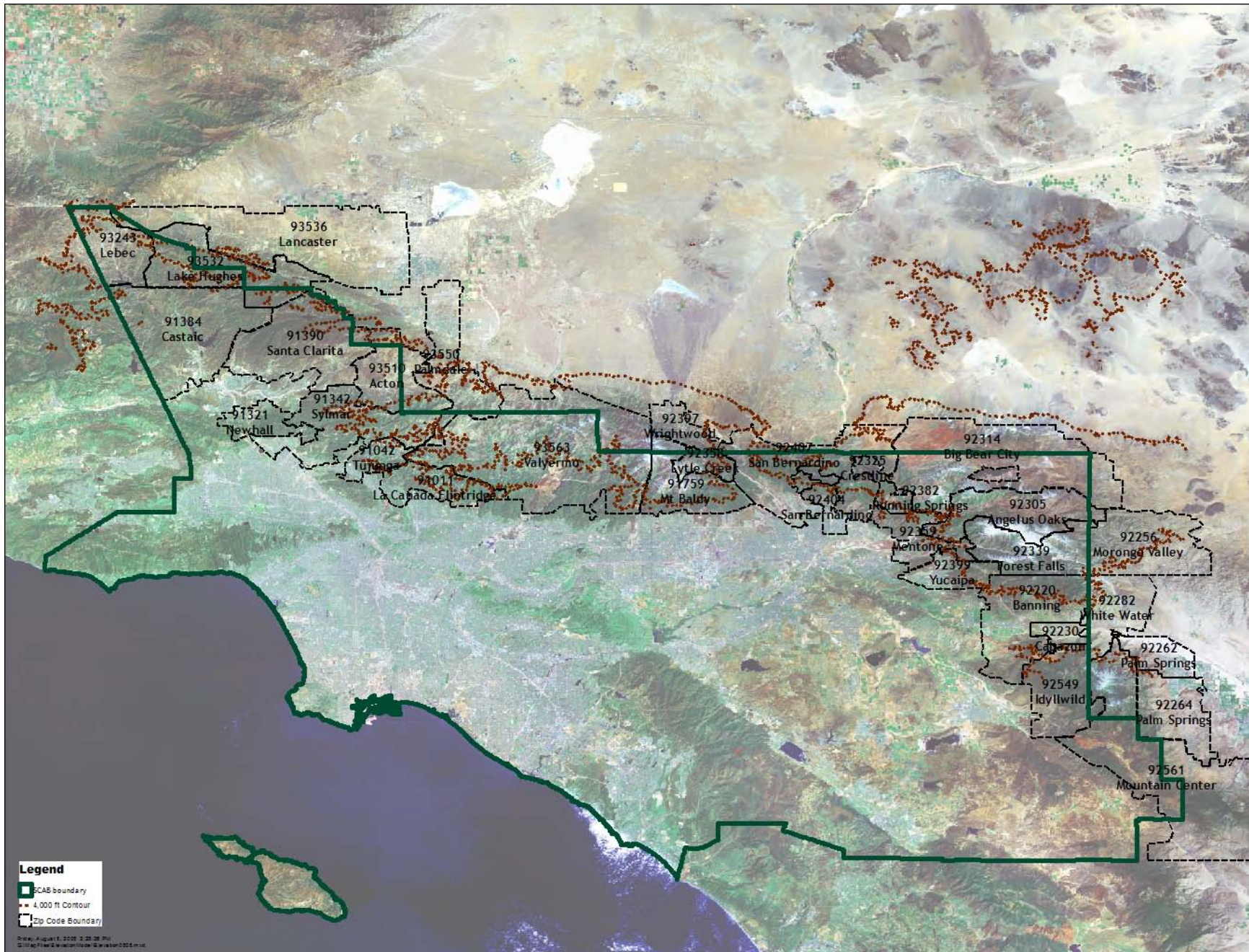
Category	Volume Sold (gallons)	Emissions (tpd)			
		Colorant Added: 3 oz	4 oz	5 oz	6 oz
Flat & Non-Flat	25,608,202	2.23	2.98	3.72	4.47
IM Solvent Based	505,047	0.04	0.06	0.07	0.09
IM Waterborne	249,494	0.02	0.03	0.04	0.04

¹ The 2005 CARB survey is used to indicate the higher volume sales in 2004, with an adjustment for volumes and emissions representing the South Coast only; however, the 2004 sales volume does not necessarily represent the upper bounds of paint sales or economic activity, although it does reflect pre-recession volumes.

A P P E N D I X B

MAP OF CITIES AND COMMUNITIES ABOVE 4,000 FEET

Map of Cities and Communities Above 4,000 Feet



ATTACHMENT G

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Socioeconomic Assessment for Proposed Amended Rule 1113—Architectural Coatings

May 2011

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EXECUTIVE SUMMARY

A socioeconomic analysis was conducted to assess the impacts of Proposed Amended Rule 1113—Architectural Coatings. A summary of the analysis and findings is presented below.

Elements of Proposed amendments	Proposed Amendments to Rule 1113 (PAR 1113) would lower the VOC limit for several product categories, and the limit VOC content for the currently unregulated colorant category, effective on January 1, 2014. In addition, the proposed amendments would limit coating categories eligible for the Averaging Compliance Option (ACO), effective January 1, 2012, and phase out the ACO by 2015. Other proposed amendments include consideration of new coating categories and their VOC content limits, and clarification of the labeling and small container exemption provisions. The proposed amendments would reduce VOC emissions by 4.4 tons per day by 2015.
Affected Facilities and Industries	PAR 1113 would affect 198 coating manufacturers, of which 48 are local, and 3,436 retail outlets selling paints in the four-county area. The manufacturers and retail outlets belong to the industries of chemical manufacturing (NAICS 325) and retail trade (NAICS 44), respectively. PAR 1113 would also affect the end-users of coatings which include paint and wall covering contractors and the general public. The paint contractors belong to the construction sector (NAICS 238).
Assumptions of Analysis	<p>Two Scenarios were created to assess the cost impacts of PAR 1113. Scenario A uses the price differential between compliant and noncompliant coatings that coating users would have to pay to estimate the direct impact of reformulation on these users. Scenario B places the direct impact of reformulation on coatings manufacturers and uses the price differentials to approximate the cost of reformulation to these manufacturers.</p> <p>In addition, to comply with the proposed colorant VOC limits, the two scenarios assume that retail outlets selling paints would incur additional labor cost to maintain and/or calibrate their dispensing machines more frequently.</p>
Compliance Costs	The majority of the price increases between the compliant and noncompliant coatings are expected to be about \$2 to \$5 per gallon. The average annual total cost of the proposed amendments is estimated to be \$8.66 million of which there would be a savings of \$0.05 million resulting from the ACO phase out. Under both Scenario A and B, the local retail paint outlets will incur an average annual cost of \$5.43 million. The remaining \$3.23 million cost would be incurred by paint contractors and consumers under Scenario A and by manufacturers of coatings under Scenario B.
Jobs and Other Socioeconomic Impacts	The secondary and induced impacts of the proposed amendments are analyzed using the Regional Economic Models, Inc. (REMI) model, which includes published historical and projected economic data in assessing impacts of a policy. Overall, 21 jobs could be forgone annually, on average, between 2012 and 2025 in the local economy under Scenario A, which is 0.0002% of the baseline jobs in the four-county area. Under Scenario B, one job could be forgone annually, on average, between 2012 and 2025 in the local economy,

	<p>which is 0.00001% of the baseline jobs in the four-county area. The estimated job impacts from both scenarios are considered to be within the noise of the model.</p> <p>There would be few impacts on the relative costs of production and the delivery prices in the local economy resulting from the implementation of the proposed amendments.</p>
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INTRODUCTION

The proposed amendments to Rule 1113 (Architectural Coatings) would lower the VOC limit for the categories of dry fog, form release, fire proofing, mastic, graphic arts, and metallic pigmented; and limit the VOC content for the currently unregulated colorant category, effective January 1, 2014. In addition, the proposed amendments would limit coating categories eligible for the Averaging Compliance Option (ACO), effective January 1, 2012. PAR 1113 would also phase out the ACO by 2015. Other proposed amendments include consideration of new coating categories and their VOC content limits, and clarification of the labeling and small container exemption provision. The proposed amendments would reduce VOC emissions by 4.4 tons per day by 2015.

LEGISLATIVE MANDATES

The socioeconomic assessments at the South Coast Air Quality Management District (AQMD) have evolved over time to reflect the benefits and costs of regulations. The legal mandates directly related to the assessment of the proposed amendments include the AQMD Governing Board resolutions and various sections of the California Health & Safety Code (H&SC).

AQMD Governing Board Resolutions

On March 17, 1989 the AQMD Governing Board adopted a resolution that calls for preparing an economic analysis of each proposed amendments or amendment for the following elements:

- Affected Industries
- Range of Control Costs
- Cost Effectiveness
- Public Health Benefits

On October 14, 1994, the Board passed a resolution which directed staff to address whether the proposed amendments or amendments brought to the Board for adoption are in the order of cost effectiveness as defined in the AQMP. The intent was to bring forth those rules that are cost-effective first.

Health & Safety Code Requirements

The state legislature adopted legislation that reinforces and expands the Governing Board resolutions for socioeconomic assessments. H&SC Sections 40440.8(a) and (b), which became effective on January 1, 1991, require that a socioeconomic analysis be prepared for any proposed amendments or rule amendment that *"will significantly affect air quality or emissions limitations."* Specifically, the scope of the analysis should include:

- Type of Affected Industries
- Impact on Employment and the Economy of the Basin
- Range of Probable Costs, Including Those to Industries

- Emission Reduction Potential
- Necessity of Adopting, Amending or Repealing the Rule in Order to Attain State and Federal Ambient Air Quality Standards
- Availability and Cost Effectiveness of Alternatives to the Rule

For the emission reduction potential and necessity of adopting the proposed amendments as well as availability and cost effectiveness of alternatives to the proposed amendments, please refer to the Staff Report of Proposed Amended Rule 1113. Additionally, the AQMD is required to actively consider the socioeconomic impacts of regulations and make a good faith effort to minimize adverse socioeconomic impacts. H&SC Section 40728.5, which became effective on January 1, 1992, requires the AQMD to:

- Examine Business and Small Business Impacts; and
- Consider Socioeconomic Impacts in Rule Adoption

H&SC Section 40920.6, which became effective on January 1, 1996, requires that incremental cost effectiveness be performed for a proposed amendment or amendment relating to ozone, carbon monoxide (CO), oxides of sulfur (SO_x), oxides of nitrogen (NO_x), and their precursors. Incremental cost effectiveness is defined as the difference in costs divided by the difference in emission reductions between one level of control and the next more stringent control. Incremental cost effectiveness analysis is presented in the Staff Report prepared for the proposed amendments.

AFFECTED INDUSTRIES

The proposed amendments to Rule 1113 would affect 198 coating manufacturers, of which 48 are local, and 3,436 retail outlets selling paints in the four-county area. The manufacturers and retail outlets belong to the industries of chemical manufacturing (NAICS 325) and retail trade (NAICS 44), respectively. PAR 1113 would also affect the end-users of coatings which include paint and wall covering contractors (paint contractors) and the general public. The paint contractors belong to the construction sector (NAICS 238). According to the County Business Patterns, there are approximately 1,600 paint and wall covering contractors in the district.

Small Businesses

The AQMD defines a "small business" in Rule 102 as one which employs 10 or fewer persons and which earns less than \$500,000 in gross annual receipts. In addition to the AQMD's definition of a small business, the federal Small Business Administration (SBA), the federal Clean Air Act Amendments (CAAA) of 1990, and the California Department of Health Services (DHS) also provide definitions of a small business.

The SBA's definition of a small business uses the criteria of gross annual receipts (ranging from \$0.75 million to \$35.5 million), number of employees (ranging from 50 to 1,500), megawatt hours generated (4 million), or assets (\$175 million), depending on industry type (US SBA, 2010). The SBA definitions of small businesses vary by 6-digit North American Industrial

Classification System (NAICS) code. A business in the painting and wall covering contractors sector with less than \$14 million in gross annual receipts is considered small by SBA.

The CAAA classifies a facility as a "small business stationary source" if it: (1) employs 100 or fewer employees, (2) does not emit more than 10 tons per year of either VOC or NO_x, and (3) is a small business as defined by SBA.

Out of the 48 coating manufacturers in the district, information on sales for 11 facilities and that on employees for 23 facilities were available, based on 2011 Dun and Bradstreet data. Under the AQMD definition of small business, there are two small businesses. Using the SBA definition of small business, there are 22 small businesses. Under the CAAA definition of small business, there are 21 small businesses assuming that all the facilities without the annual emission data emit less than 10 tons of VOC or NO_x.

Out of the 3,436 local affected retail outlets selling paints, information on sales for 296 facilities and that on employees for 315 facilities were available from Dun and Bradstreet. Under the AQMD definition of small business, there are 244 small businesses. Under the SBA's and CAAA's definitions of small business, 296 retail outlets are small businesses.

Since there is no listing of individually affected paint contractors, the number of affected small businesses cannot be determined. However, due to the fact that the majority of the businesses in this sector are small shops, most of them could potentially be small businesses.

COMPLIANCE COST

In order to meet the lower proposed VOC limits, it is assumed that affected coating manufacturers would need to reformulate their noncompliant coatings that fall under categories of dry fog, form release, fire proofing, mastic, graphic arts, and metallic pigmented; and colorant by 2014. In addition, affected manufacturers are expected to reformulate specialty primer, primer, sealer, undercoaters (PSU), and waterproofing and concrete/masonry sealers (WPCMS) that would no longer be eligible for the average compliance option (ACO) by 2012. Lastly, all the remaining high VOC categories that are eligible for averaging would have to be reformulated (or no longer be sold) due to the phase out of ACO after 2015.

To comply with the proposed colorant VOC limits, it is assumed that retail outlets selling paints would need to maintain and/or calibrate their dispensing machines more often. This analysis includes the additional labor costs associated with increased maintenance and calibration of colorant dispensers at retail paint outlets.

Two Scenarios were created to assess the cost impacts of PAR 1113. Scenario A uses the price differentials between compliant and noncompliant coatings that coating users would have to pay to estimate the direct impact of reformulation on these users. Scenario B places the direct impact of reformulation on coatings manufacturers and uses the price differentials to approximate the cost of reformulation to these manufacturers. The two Scenarios are used to estimate the potential impacts from two different perspectives.

Scenario A

Table 1 shows the additional cost that coating users would have to pay for the compliant products based on the price differences between compliant and non-compliant products. These users include paint contractors and consumers. The annual cost to the end users was estimated by multiplying the number of gallons used by the incremental cost (or savings) per gallon of compliant coatings. The total annual cost to the coating users is estimated to be \$3.23 million. Please see the Staff Report for more detailed assumptions.

Table 1
Incremental Coating Prices by Category

Coating Categories	Implementation Date	Incremental Cost/Gallon	Number of Gallons
Dry Fog	2014	\$0.91	79,211
Form Release	2014	\$0.00	133,371
Fire Proofing	2014	\$2.97	2,586
Graphic Arts	2014	\$4.77	2,424
Metallic Pigmented	2014	\$13.19	4,601
Mastic	2014	\$5.68	172,032
Colorant	2014	\$1.80	1,000,320
Specialty Primer	2012	\$4.79	248,380
PSU	2012	-\$3.07	121,107
WPCMS	2012	\$3.28	2,254
ACO Phase-out*	2015	-\$0.07	928,134
Total			2,694,420

*Represents the weighted average price of those coatings that would no longer be eligible for averaging, thus would have to be reformulated.

According to a 2009 staff survey, the ultra-low VOC colorants could result in more frequently clogging of dispenser tips. As a result, retail outlets may need to maintain and/or calibrate their dispensing machines more often. Although such impacts may have been minimized due to the fact that the revised proposed VOC limits for colorants are somewhat higher now than was originally proposed during the initial stages of rule development process, this analysis assumes that the same costs due to more frequent maintenance and calibration will still be incurred.

It is assumed that all the 3,436 retailers would increase their labor maintenance by 10 minutes a day, with an estimated labor cost of \$30 per hour (a total of \$1,825 per year). The total annual labor cost for the 3,436 retailers would be \$6.27 million.

Some retail outlets may need to replace their dispenser units and perform additional calibration or other maintenance. Based on feedback from coating and dispenser manufacturers, there would be no increase in the replacement cost because market forces have actually lowered the cost of these new dispensers. Furthermore, national paint outlets such as Home Depot and

Lowe's that sell the majority of coatings are in the process or have already switched to new dispensers and as such, no additional replacement cost was assumed for these outlets.

It is assumed that the 221 retail outlets that use automated dispensing machines may need to perform additional calibration or other maintenance on their dispensers at \$300 per year or \$66,300 annually for the 221 retail outlets. Retail outlets that use manual dispenser machines or new generation dispensers would not need to perform additional calibration or other maintenance. As a result, the total annual labor cost to retailers is estimated to be \$6.34 million.

Based on the data received from chemical manufacturing industry representatives, it is assumed that paint contractors account for an estimated 65 percent of total paint sales and consumers account for the remaining 35 percent. As a result, they are estimated to share 65 percent (\$2.10 million) and 35 percent (\$1.13 million) of the estimated cost (\$3.23 million), respectively. The total average annual cost of PAR 1113 is projected to be \$8.66 million (Table 2).

Table 2
Average Annual Cost of Proposed Amendments (Scenario A)
(in millions of dollars)

Affected Industries	2012	2014	2015	2025	Average Annual Cost (2012-2025)
Retail Outlets	\$0	\$6.34	\$6.34	\$6.34	\$5.43
Consumers	\$0.29	\$1.29	\$1.27	\$1.27	\$1.13
Paint Contractors	\$0.54	\$2.40	\$2.36	\$2.36	\$2.10
Total	\$0.82	\$10.03	\$9.96	\$9.96	\$8.66

Scenario B

Manufacturers of noncompliant coatings will need to reformulate their products to meet the VOC requirements of PAR 1113. However, different manufacturers may utilize different technologies to meet the VOC limits and therefore their reformulation costs may differ. Since manufacturers treat these costs as proprietary, they do not provide cost data to the AQMD. As a result, AQMD utilizes the price differences between compliant and non-compliant products as proxies for the one-time reformulation, testing, and commercialization costs. The \$3.23 million (\$1.13 plus \$2.10 million) cost to paint contractors and consumers under Scenario A will thus be incurred by the coating manufacturers (in and out of the district).¹ The cost to retail outlets for additional calibration and maintenance of dispensers remains the same as Scenario A. The \$8.66 million total average annual cost of the proposed amendments is distributed as follows:

¹The equivalent one-time reformulation, testing, and commercialization cost based on the annual \$3.23 million price differentials is \$ 35.6 million. This was based on four-percent real interest rate and compliance period from 2012 to 2015.

Table 3
Average Annual Cost of Proposed Amendments (Scenario B)
(in millions of dollars)

Affected Industries	Average Annual Cost (2012-2025)
Chemical Manufacturing	\$3.23
Retail Outlets	\$5.43
Total	\$8.66

JOBS AND OTHER SOCIOECONOMIC IMPACTS

The REMI model (version 1.2.7) is used to assess the total socioeconomic impacts of a policy change. The model links the economic activities in the counties of Los Angeles, Orange, Riverside, and San Bernardino. The REMI model for each county is comprised of a five block structure that includes (1) output and demand, (2) labor and capital, (3) population and labor force, (4) wages, prices and costs, and (5) market shares. These five blocks are interrelated. Within each county, producers are made up of 165 private non-farm industries, three government sectors, and a farm sector. Trade flows are captured between sectors as well as across counties and the rest of U.S. Market shares of industries are dependent upon their product prices, access to production inputs, and local infrastructure. The demographic/migration component has 160 ages/gender/race/ethnicity cohorts and captures population changes in births, deaths, and migration.

The assessment here is performed relative to a baseline where there is no adoption of the proposed amendments. Direct effects of the policy change (the proposed amendments) have to be estimated and used as inputs to the REMI model in order for the model to assess secondary and induced impacts for all the actors in the four-county economy on an annual basis and across a user-defined horizon (2012 to 2025). Direct effects of PAR 1113 include additional costs to the affected industries and additional sales of materials by local vendors at the county (or finer) level and by industry.

Two different simulation methods reflecting the two Scenarios mentioned before are used to examine the total impact of the proposed amendments on the entire local economy. Scenario A uses the price differentials between lower and higher VOC coatings as additional costs to consumers and paint contractors and Scenario B uses the differentials to approximate the additional costs of reformulation, testing, and commercialization that manufacturers of coatings would face.

Scenario A

Higher prices of compliant products would translate into additional sales to the retail sector, which would spur additional production at the manufacturing level. Coating manufacturers would make necessary purchase decisions to support additional production. This process continues until the economy reaches an equilibrium. The interactions among industries and between industries and consumers are captured in the REMI model as secondary and induced

impacts. On the other hand, the price differentials between lower and higher VOC coatings would increase the cost of doing business for paint contractors and the expenditure of durable house furnishings for consumers. The additional labor required for maintaining dispenser units at retail stores would result in a reduction in labor productivity because more labor will now be required to produce the same amount of output.

Overall, 21 jobs could be forgone annually, on average, between 2012 and 2025 in the local economy, which is 0.0002% of the baseline jobs in the four county area. Table 4 presents the estimated job impact by industry for the proposed amendments. The retail sector is projected to gain an average of 25 jobs from 2012 to 2025 due to additional sales from compliant coatings. Construction sector would experience five jobs forgone due to additional cost of doing business incurred by painting contractors. The remaining sectors would incur minor jobs forgone due to secondary and induced impacts resulting from interactions between industries and consumers. It should be noted that the estimated 21 jobs forgone annually from Scenario A, on average, from 2012 to 2025 are considered to be within the noise the model.

Table 4
Job Impacts of Proposed Amendments (Scenario A)

Industries	2012	2015	2025	Average Annual (2012-2025)
Construction	-1	-6	-5	-5
Manufacturing	-1	-3	-3	-3
Wholesale Trade	-1	-4	-4	-3
Retail Trade	2	39	21	25
Transportation and Warehousing	0	-1	-2	-1
Information	0	-1	-1	-1
Finance and Insurance	0	-2	-2	-2
Real Estate and Rental and Leasing	-1	-5	-5	-4
Professional and Technical Services	0	-4	-6	-4
Management of Companies and Enterprises	0	-1	-1	-1
Administrative and Waste Services	0	-4	-5	-4
Educational Services	0	-1	-1	-1
Health Care and Social Assistance	-1	-3	-4	-3
Arts, Entertainment, and Recreation	0	-1	-1	0
Accommodation and Food Services	-1	-2	-5	-3
Other Services, except Public Admin.	-1	-4	-4	-3
Government	-1	-5	-8	-6
Total	-5	-7	-34	-21

Scenario B

Scenario B uses the price differentials between the compliant and the conventional higher-VOC coatings to approximate the additional costs of reformulation, testing, and commercialization that manufacturers of the lower VOC products may face under the requirements of the proposed amendments. Only coatings produced in the four-county area are modeled.² Colorant is not

² In order to model manufacturers outside of the four-county area, a REMI model including the rest of U.S. would be needed.

produced in the area and is thus not modeled. It is assumed that 57 percent of the remaining coatings categories are produced in the area based on the information from Rule 314 (Fees for Architectural Coatings).

There would be increased demand for low-VOC technology in the chemical manufacturing industry and for product testing and commercialization services provided by the professional and technical services industry when local producers of coatings reformulate existing products. It is assumed that 25 percent of the local production cost will be used for reformulation and the rest for testing and commercialization. On the other hand, local producers of coatings (part of chemical manufacturing industry) would incur additional costs of doing business for their reformulation. The ratio of the sales volume of coatings sold by manufacturers in each county is used to distribute the total local production of affected coatings to each county. The additional labor required for maintaining dispenser units at retail stores would result in a reduction in labor productivity because more labor will now be required to produce the same amount of output.

Overall, one job could be forgone annually, on average, between 2012 and 2025 in the local economy, which is 0.00001% of the baseline jobs in the four-county area. Table 5 presents the estimated job impact by industry for the proposed amendments. The retail sector could gain an average of 17 jobs between 2012 and 2025 due to additional sales of the compliant coatings. Projected job gains in the industry of professional and technical services in 2012 are due to the additional expenditures on testing and commercialization services. Other sectors also show slight job gains in 2012 as the local economy benefits from the additional demand for materials and services used in the reformulation process. Over time, the jobs forgone from the additional cost of doing business by the local manufacturers of coatings offsets jobs created from their additional investment in formulation, thus resulting in net jobs forgone in later years. It should be noted that the estimated one job forgone annually from Scenario B, on average, between 2012 to 2025 are considered to be within the noise the model.

Table 5
Job Impacts of Proposed Amendments (Scenario B)

Industries	2012	2015	2025	Average Annual (2012-2025)
Construction	2	-2	-3	-2
Manufacturing	1	-4	-4	-3
Wholesale Trade	1	-3	-3	-2
Retail Trade	3	28	13	17
Transportation and Warehousing	1	-1	-1	-1
Information	1	-1	-1	0
Finance and Insurance	2	-1	-1	-1
Real Estate and Rental and Leasing	2	-1	-2	-1
Professional and Technical Services	30	-5	-4	2
Management of Companies and Enterprises	0	-1	-1	-1
Administrative and Waste Services	4	-3	-3	-2
Educational Services	1	0	-1	0
Health Care and Social Assistance	3	-2	-3	-1
Arts, Entertainment, and Recreation	1	0	-1	0
Accommodation and Food Services	2	-1	-3	-1
Other Services, except Public Admin.	3	-2	-2	-1
Government	4	-3	-5	-3
Total	59	0	-22	-1

Competitiveness

The additional cost brought on by the proposed amendments would increase the cost of production of the affected industries relative to their national counterparts. Changes in relative production costs would thus be a good indicator of changes in relative competitiveness. The magnitude of the impact depends on the size and diversification of, and infrastructure in a local economy as well as interactions among industries. A large, diversified, and resourceful economy would absorb the impact with relative ease.

Changes in production costs will affect prices of goods produced locally. The relative delivered price of a good is based on its production cost and the transportation cost of delivering the good to where it is consumed or used. The average price of a good at the place of use reflects prices of the good produced locally and imported elsewhere. Under both Scenarios, there would be few impacts on the relative costs of production and the delivery prices in the local economy resulting from the implementation of the proposed amendments.

RULE ADOPTION RELATIVE TO THE COST-EFFECTIVENESS

On October 14, 1994, the Governing Board adopted a resolution that requires staff to address whether rules being proposed for adoption are considered in the order of cost-effectiveness. The 2007 Air Quality Management Plan (AQMP) ranked, in the order of cost-effectiveness, all of the proposed control measures for which costs were quantified. It is generally recommended that the most cost-effective actions be taken first.

The proposed amended Rule 1113 will partially implement Control Measure MCS-07 (Application of All Feasible Measures). The cost-effectiveness of Control Measure MCS-07 was not assessed due to unavailability of cost data at the time. The overall cost effectiveness of PAR 1113 is estimated to be \$6,211 per ton of VOC, which would have been in the top quarter of the cost effectiveness ranking for stationary and area sources measures in the 2007 AQMP.

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Environmental Assessment:

Proposed Amended Rule 1113 – Architectural Coatings

May 2011

SCAQMD No. 110408JK
SCH No. 2003011053

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PREFACE

This document constitutes the Final Environmental Assessment (EA) for Proposed Amended Rule (PAR) 1113 – Architectural Coatings. The Draft EA was released for a 30-day public review and comment period from April 12, 2011 to May 22, 2011. Two comment letters were received on the Draft EA.

Subsequent to the circulation of the Draft EA for public review, the VOC content limit for mastic coatings in PAR 1113 was reduced from the existing limit of 300 grams per liter to 100 grams per liter on January 1, 2014. The proposed VOC content limit of 100 grams per liter for mastic coatings is consistent with the mastic coating VOC content limit in the 2007 CARB SCM for architectural coatings. Six air districts (Bay Area AQMD, San Joaquin Valley APCD, Ventura County APCD, Imperial County APCD, Eastern Kern APCD, and Placer County APCD) have already adopted the 2007 CARB SCM; therefore, pursuant to Health and Safety Code Section 40440(b)(1), SCAQMD is required to adopt the 2007 CARB SCM VOC content limit for mastic coatings of 100 gram per liter. Reducing the VOC content limit for mastic coatings is consistent with the proposed project objective to further reduce the VOC content limit of existing categories. Reducing the VOC content limit for mastic coatings was analyzed in this Final EA, and was determined not to alter the conclusions presented in the Draft EA.

Currently, the VOC limits for the categories waterproofing concrete/masonry sealers; waterproofing sealers; and primers, sealers undercoaters are all at 100 grams per liter. After the circulation of the Draft EA for public review, SCAQMD staff proposed to change the definition of waterproofing concrete/masonry sealers by changing the conjunction ‘and’ to ‘or’ to better reflect current usage of this coating category. Waterproofing concrete/masonry sealers coatings that would not fit the current narrow definition would have been regulated as under the waterproofing sealer category or as a sealer under the primers, sealers undercoaters category, both of which have the same VOC content limits as waterproofing concrete/masonry sealers category. As a result, this proposed change would better describe the waterproofing concrete/masonry sealers coating category, but not affect the VOC content limit the expanded definition would be subject to. Since the VOC content limit would not change, no reformulation is expected, and therefore, environmental impacts are not expected. Thus, the change in conjunctions from ‘and’ to ‘or’ would not alter the conclusions presented in the Draft EA.

A sentence that stated that exempt compounds may be used to reformulate affected architectural coatings was removed, since no PAR 1113 compliant coatings with exempt compounds were identified in a review of MSDSs for existing PAR 1113 compliant coatings. The Draft EA assumed that PAR 1113 non-compliant coatings would be reformulated to be similar to existing PAR 1113 compliant coatings. Therefore, PAR 1113 is not expected to increase the use of exempt solvents. Corrections were made to the flammability column in Table 2-11. Since the flammability analysis in the Draft EA is based on the NFPA Flammability Rating not the Consumer Products Safety Commission (CPSC) ratings, the changes will not affect the conclusion of the flammability analysis in the Final EA.

To ease in identification, modifications to the document are included as underlined text and text removed from the document is indicated by ~~strike through~~. CEQA Guidelines §15088.5(b) states that recirculation is not required were new information added to the EA mainly clarifies or

amplifies or makes insignificant modifications in an adequate EIR. None of the modifications alter any conclusions reached in the Draft EA (i.e., would not result in a significant impact, not require mitigation to be implemented), nor provide new information of substantial importance relative to the draft document. As a result, these minor revisions do not require recirculation of the document pursuant to CEQA Guidelines §15088.5. This document constitutes the Final EA PAR 1143 – Architectural Coatings.

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CHAPTER 1 - PROJECT DESCRIPTION

Introduction

California Environmental Quality Act

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INTRODUCTION

The California Legislature created the South Coast Air Quality Management District (SCAQMD) in 1977¹ as the agency responsible for developing and enforcing air pollution control rules and regulations in the South Coast Air Basin (Basin) and portions of the Salton Sea Air Basin and Mojave Desert Air Basin (collectively known as the “district”). By statute, the SCAQMD is required to adopt an air quality management plan (AQMP) demonstrating progress towards attainment of all federal and state ambient air quality standards for the district². Furthermore, the SCAQMD must adopt rules and regulations that carry out the AQMP³. The 2007 AQMP concluded that major reductions in emissions of particulate matter (PM), oxides of nitrogen (NOx) and volatile organic compounds (VOC) are necessary to attain the state and national ambient air quality standards for ozone, particulate matter with an aerodynamic diameter of 10 microns or less (PM10) and particulate matter with an aerodynamic diameter of 2.5 microns or less (PM2.5). Ozone, a criteria pollutant, is formed when VOCs react in the presence of light with NOx in the atmosphere and has been shown to adversely affect human health. VOC emissions also contribute to the formation of PM10 and PM2.5. The federal one-hour and eight-hour ozone standards were exceeded in all four counties and in the Salton Sea Air Basin in 2009. The Central San Bernardino Mountain area recorded the greatest number of exceedences of the one-hour state standard (70 days), eight-hour state standard (107 days), and eight-hour federal standard (70 days). East San Gabriel Valley had the most health advisory days (three days at East San Gabriel Valley Station Number 2). Altogether, in 2009, the South Coast Air Basin exceeded the federal eight-hour ozone standard on 113 days, the state one-hour ozone standard on 102 days, and the state eight-hour ozone standard on 133 days.

The 2007 AQMP, specifically Control Measure CM#2007 MCS-07 – Application of All Feasible Measures, explicitly lists coating and solvent rules to achieve additional VOC reductions. The California Clean Air Act (CCAA) requires districts to achieve and maintain state standards by the earliest practicable date and for extreme non-attainment areas, to include all feasible measures Health and Safety (H&S) Code (H&S §§40913, 40914, and 40920.5). The term “feasible” is defined in the 14 California Code of Regulations, section 15364, as a measure “capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors.” PAR1113 will partially implement CM#2007 MCS-07. The VOC emission reduction of 4.4-4.2 tons per day expected from PAR 1113 would assist in achieving the 116 tons per day of VOC emission reductions needed for attainment of the National Ambient Air Quality Standard for ozone by 2023.

Rule 1113 - Architectural Coatings, was originally adopted by the SCAQMD on September 2, 1977, to regulate the VOC emissions from the application of architectural coatings and has since undergone numerous amendments. Rule 314 – Fees for Architectural Coatings, was adopted on June 6, 2008, requiring manufacturers to pay fees as well as report sales and emissions of architectural coatings in the district. Based on the 2008 and 2009 sales data collected from Rule 314, documents from CARB, numerous site visits by SCAQMD staff, technical research, and

¹ The Lewis-Presley Air Quality Management Act, 1976 Cal. Stats., ch 324 (codified at Health & Safety Code, §§40400-40540).

² Health & Safety Code, §40460 (a).

³ Health & Safety Code, §40440 (a).

working group meetings, staff is proposing to amend Rule 1113 to accomplish, at a minimum, the following:

- Remove outdated language;
- Clarify existing definitions and requirements;
- New coating categories and associated VOC content limits;
- Reduce the VOC content limits of some architectural coating categories;
- Limit the VOC content of previously unregulated colorants used to tint regulated coatings at the point of sale;
- Limit categories eligible for the Averaging Compliance Option (ACO) and phase the ACO out by the year 2015; and
- Clarify that the Small Container Exemption (SCE) is limited to VOC content limits and add an anti-bundling provision.

Staff has held four working group meetings with stakeholders over the past six months, as well as met with individual architectural coating manufacturers and the American Coatings Association (ACA), previously the National Paints and Coatings Association. In addition a public workshop and a public consultation meeting were held for PAR 1113. Based on the ACA's request, staff conducted extensive surveys on the use of colorant. The current proposal (see Appendix A of the Final Staff Report⁴) incorporates and addresses numerous comments and concerns expressed by the stakeholders.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Proposed amended Rule (PAR) 1113 is a discretionary action by a public agency, which has potential for resulting in direct or indirect changes to the environment and, therefore, is considered a "project" as defined by the California Environmental Quality Act (CEQA). SCAQMD is the lead agency for the proposed project and has prepared this ~~draft~~-final environmental assessment (EA) with no significant adverse impacts pursuant to its Certified Regulatory Program and SCAQMD Rule 110. California Public Resources Code §21080.5 allows public agencies with regulatory programs to prepare a plan or other written document in lieu of an environmental impact report or negative declaration once the Secretary of the Resources Agency has certified the regulatory program. SCAQMD's regulatory program was certified by the Secretary of the Resources Agency on March 1, 1989, and is codified as SCAQMD Rule 110.

CEQA and Rule 110 require that potential adverse environmental impacts of proposed projects be evaluated and that feasible methods to reduce or avoid significant adverse environmental impacts of these projects be identified. To fulfill the purpose and intent of CEQA, the SCAQMD has prepared this ~~draft~~-final EA to address the potential adverse environmental impacts associated with the proposed project. The ~~draft~~-final EA is a public disclosure document intended to: (a) provide the lead agency, responsible agencies, decision makers and the general public with information on the environmental effects of the proposed project; and, (b) be used as a tool by decision makers to facilitate decision making on the proposed project.

⁴ SCAQMD, Final Staff Proposed Amended Rule 113 – Architectural Coatings, May 2011

SCAQMD's review of the proposed project shows that the proposed project would not have a significant adverse effect on the environment. Therefore, pursuant to CEQA Guidelines §15252, no alternatives or mitigation measures are required to be included in this ~~draft~~-final EA. The analysis in Chapter 2 supports the conclusion of no significant adverse environmental impacts.

Comments received on the Draft EA during the public comment period and responses to comments will be prepared and included in the Final EA for the proposed project. Two comment letters were received on the Draft EA. The comment letters and response to comments are included as Appendix C in this Final EA.

PROJECT LOCATION

PAR 1113 would affect architectural coating manufacturing, retail, and use throughout the SCAQMD's jurisdiction. The SCAQMD has jurisdiction over an area of 10,473 square miles, consisting of the four-county South Coast Air Basin (Basin) and the Riverside County portions of the Salton Sea Air Basin (SSAB) and the Mojave Desert Air Basin (MDAB) referred to hereafter as the district. The Basin, which is a subarea of the district, is bounded by the Pacific Ocean to the west and the San Gabriel, San Bernardino, and San Jacinto Mountains to the north and east. The 6,745 square-mile Basin includes all of Orange County and the non-desert portions of Los Angeles, Riverside, and San Bernardino counties. The Riverside County portion of the SSAB and MDAB is bounded by the San Jacinto Mountains in the west and spans eastward up to the Palo Verde Valley. The federal non-attainment area (known as the Coachella Valley Planning Area) is a subregion of both Riverside County and the SSAB and is bounded by the San Jacinto Mountains to the west and the eastern boundary of the Coachella Valley to the east (Figure 1-1).

PROJECT OBJECTIVE

The objectives of PAR 1113 are to:

- Establish new coating categories;
- Further reduce the VOC content of existing categories;
- Regulate the VOC content of currently unregulated colorants used to tint coatings at the point of sale;
- Limit the use of the averaging compliance option and phase out the averaging compliance option;
- Clarify the small container exemption;
- Remove outdated rule language, including exemptions that have expired or requirements that have surpassed their effective date.

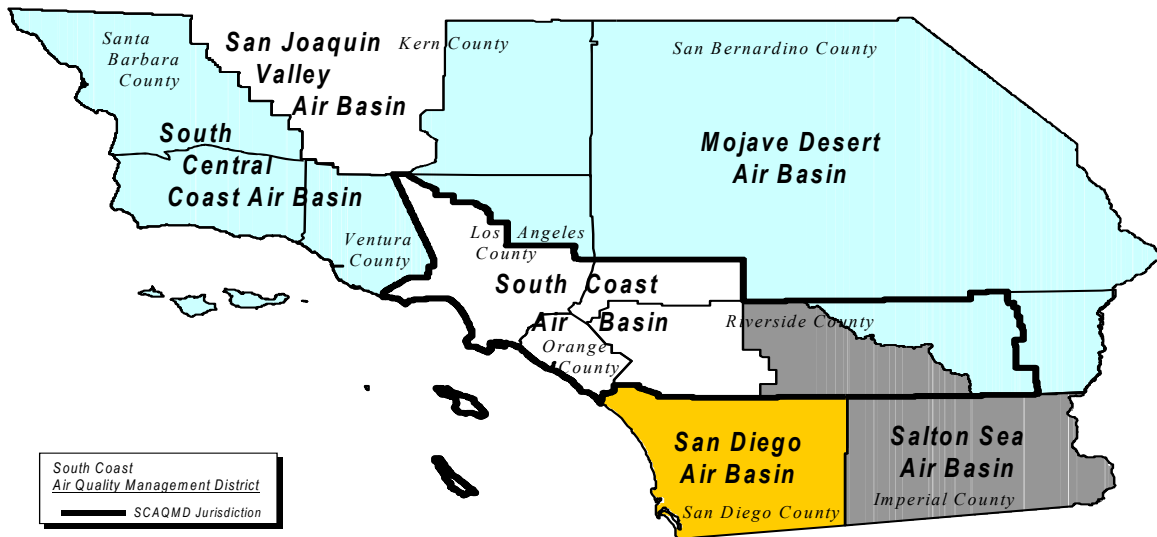


Figure 1-1
Boundaries of the South Coast Air Quality Management District

PROJECT BACKGROUND

Architectural coatings comprise one of the largest non-mobile sources of VOC emissions in the district. Rule 1113 was first adopted in 1977, and has undergone numerous amendments, most recently on July 15, 2007, to address the metallic pigmented coatings category. Rule 1113 is applicable to manufacturers, distributors, and end-users of architectural coatings. These coatings are used to enhance the appearance of and protect stationary structure and their appurtenances, including homes, office buildings, factories, pavements, curbs, roadways, racetracks, bridges, other structures and their appurtenances on a variety of substrates. Architectural coatings are typically applied using brushes, rollers by homeowners, painting contractors, and maintenance personnel.

The 2007 AQMP estimated that the 2010 Annual Average Emissions for architectural coatings would be 23 tons per day, with a Summer Planning Inventory of 27 tons per day. That estimate is based on California Air Resources Board (CARB) 2001 survey of coatings sold in California in calendar year 2000, which assumes that 45 percent of those coatings were sold in the district. The survey was updated in 2005 with 2004 sales data, which do not reflect the recent economic downturn.

According to more recent Rule 314 fee data for products shipped in 2008 and 2009, the emissions in the district that can be attributed to architectural coatings were 15 tons per day and 12 tons per day, respectively. This data does not include VOC emissions from colorants added at the point of sale. Rule 314 data relies upon coatings sales volumes, which may be heavily

affected by the recent decline in economic activity, especially the local real estate market, which is the biggest driver for coating usage. Table 1-1 summarizes sales and emissions collected for Rule 314 for 2008 and 2009, as well as the 2005 CARB survey of coatings sold in the 2004 calendar year.

Table 1-1 demonstrates that while the recession has impacted the volume of coatings sold, there has been a sharper decrease in emissions relative to sales volumes. In addition to VOC emission reductions associated with lower VOC content limits under Rule 1113, this can partially be attributed to the Rule 314 fee structure which charges a higher fee for higher-VOC coatings. It may also be the result of increased consumer demand for low-VOC products. By lowering the VOC content of coatings, manufacturers can reduce the amount of fees paid under Rule 314. It is also the result of increased consumer demand for low VOC products, primarily waterborne products because of they are easier to clean (water is used for cleaning) than solventborne products, which require solvent for cleaning. The 2005 CARB survey, using 2004 sales data with an adjustment for volumes and emissions representing the South Coast only, indicates the higher volume sales in 2004 and reflects pre-recession volumes.

**Table 1- 1
Total Sales and VOC Emissions by Type**

Total Annual Sales Volume, gallons per year					
Year	Total	Solvent Based	Waterborne	Solvent Based	Waterborne
2004 ^a	44,304,827	7,607,795	36,697,032	17.2%	82.8%
2008 ^b	39,006,780	2,815,527	36,191,253	7.2%	92.8%
2009 ^b	34,117,105	2,025,777	32,091,328	5.9%	94.1%
Total Emissions, tons per day					
Year	Total	Solvent Based	Waterborne	Solvent Based	Waterborne
2004 ^a	49.4	28.9	20.5	58.5%	41.5%
2008 ^b	15.05	6.51	8.54	43.3%	56.7%
2009 ^b	11.64	4.77	6.87	41.0%	59.0%

- a) SCAQMD Rule 314 coatings shipped data.
- b) CARB 2005 survey based on year 2004 sales data.

PROJECT DESCRIPTION

The following summarizes the proposed amendments to Rule 1113. A copy of PAR 1113 is included in Appendix A.

Applicability (Subdivisions (a))

Applicability would be extended to any person who “markets” any architectural coating. The “for use” phrase would be removed. “Fields or lawn” have been added, as well as, any person who “stores at a worksite.”

Definitions (Subdivision (b))

Definitions for architectural coatings; fire proofing coatings; floor coatings; metallic pigmented coating; product line; quick-dry enamels; quick-dry primers, sealers and undercoaters; sanding sealers; swimming pool coatings; varnishes; ~~and~~-volatile organic compound; and waterproofing concrete/masonry sealers have been modified. The fireproofing exterior coatings definition would be renamed fireproofing coatings and the word “outdoor” would be removed from the definition.

The subcategories would be added to the faux finishing coatings paragraph (glazes, decorative coatings, trowel applied coatings and clear topcoats) and the japans category would become a subcategory under faux finishing coatings.

Definitions for clear brush lacquers, fire retardant coatings, and nonflat high gloss coatings have been removed.

Definitions for concrete surface retarders, driveway sealers, form release compounds, gonioapparent, manufacturer, market, non-sacrificial anti-graffiti coatings, pearlescent, pigmented, reactive penetrating sealers, restoration architect, retail outlet, sacrificial anti-graffiti coatings, stationary structures, stone consolidants, and worksite would be added.

Requirements (Subdivision (c))

- PAR 1113 would include a requirement, except where provided elsewhere in PAR 1113, that would prohibit a person from the supplying; selling; offering for sale; marketing; manufacturing; blending; repackaging; applying; storing at a worksite; or soliciting the application of any architectural coating within the district:
 - That is listed in the Table of Standards 1 (Table 1-2 of this EA and contains VOCs (excluding any colorant added to tint bases) in excess of the corresponding VOC content limit specified in the table, after the effective date specified;
 - That is not listed the Table of Standards 1 and contains VOC (excluding any colorant added to tint bases) in excess of 250 grams of VOC per liter of coating (2.08 pounds per gallon), less water, less exempt compounds, until January 1, 2014, at which time the limit drops to 50 grams of VOC per liter of coating (0.42 pounds per gallon), less water, less exempt compounds.
- Prohibit any person from adding colorant at the point of sale, within the district, that is listed in Table of Standards 2 (Table 1-3 of this EA) if the colorant contains VOC in excess of the corresponding VOC content limit specified in Table of Standards 2, after the effective date specified;

In the above requirements, the terms “apply, store at worksite or solicit the application of” were added to replace “for use within the District” from the existing Rule 1113. This wording refers to both the existing Rule 1113 (c)(1) and (c)(2) requirements relating to the Table of Standards and architectural coatings that exceed 250 grams of VOC per liter of coating. Table of Standards 2 for colorants would be new and is not in the existing Rule 1113.

- The existing Table of Standards in Rule 1113 would be renamed Table of Standards 1 (Table 1-2 in this EA). Ceiling and current limits would be updated. Ceiling VOC content limits for coatings that are not allowed to be included in the PAR 1113 averaging compliance option would be removed from the Table of Standards 1. Ceiling VOC content limits for coatings that would remain in the averaging compliance option would be lowered to or remain the same as the VOC content limit that was effective January 1, 2003. Concrete surface retarder, driveway sealer, form release compound, non-sacrificial anti-graffiti coatings, reactive penetrating sealers, sacrificial anti-graffiti coatings, and stone consolidants categories would be added. Clear brush lacquer; fire retardant coatings and related sub-categories; nonflat high gloss; pigmented lacquer; quick dry enamels; quick dry primers, sealers and undercoaters, below ground wood preservatives and other wood preservatives categories would be removed. Fire-proofing exterior coatings would become fire-proofing coatings. Faux finishing coatings would become its own category with sub-categories of clear topcoats, decorative coatings, glazes, japans, and trowel applied coatings. The new categories and effective dates from Table of Standards 1 are presented in Table 1-2.

Sell Through Provision

- Outdated wording related to shellacs would be removed. The outdated small container sell through provision report would be removed.

Averaging Compliance Option

- Outdated wording related to January 1, 2001 and July 1, 2006 averaging requirements would be removed.
- A sunset date of January 1, 2015 would be added to the averaging compliance option.
- Until December 31, 2011, PAR 1113 would allow the following coatings to be averaged: bituminous roof primers; floor coatings; industrial maintenance coatings; interior stains; metallic pigmented coatings; primers, sealers, and undercoaters; roof coatings; rust preventative coatings; sanding sealers; specialty primers; stains; waterproofing concrete/masonry sealers; waterproofing sealers; varnishes; zinc-rich industrial maintenance primers; flats and nonflats (excluding recycled coatings).
- Effective January 1, 2012, only the following coatings may be averaged: floor coatings; industrial maintenance coatings; interior stains; metallic pigmented coatings; rust preventative coatings; sanding sealers; stains; varnishes; as well as flats and nonflats (excluding recycled coatings).

**Table 1-2
Summary of Affected Categories and Effective Dates for Table of Standards 1 in PAR 1113
(grams of VOC per liter of colorant less water and less exempt compounds)**

Coating Category	Ceiling VOC Content Limit ¹	Current VOC Content Limit	Effective Date 07/01/11	Effective Date 01/01/14
Concrete Surface Retarder ²		250		50
Driveway Sealer ²		100	50	
Dry-Fog Coatings		150		50
Faux Finishing Coatings				
Clear topcoat ²		350	200	100
Decorative Coatings ²		350		
Glazes ²		350		
Japan		350		
Trowel Applied Coatings ²		350	150	50
Fire-Proofing Coatings		350		150
Form Release Compound ²		250		100
Graphic Arts (Sign) Coatings		500		150
Industrial Maintenance Coatings				
Non-Sacrificial Anti-Graffiti Coatings ²		100		
Mastic Coatings	300	300		100
Metallic Pigmented Coatings	500	500		150
Reactive Penetrating Sealer ^{2,3}		350		
Stone Consolidant ^{2,3}		450		
Sacrificial Anti-Graffiti Coatings		100	50	

1. The specified ceiling limits are applicable to products sold under the Averaging Compliance Option.
2. These categories/subcategories are new in PAR 1113
3. Reactive penetrating sealers and stone consolidants are considered waterproofing concrete/masonry sealers under the existing Rule 1113. This category has a VOC content limit of 100 grams per liter in the existing Rule 1113.

**Table 1-3
Table of Standards 2 from PAR 1113
VOC Limits for Colorants
(grams of VOC per liter of colorant less water and less exempt compounds)**

Colorant	VOC Content Limit Effective January 1, 2014
Architectural Coatings, excluding Industrial Maintenance	50
Solvent Based Industrial Maintenance	600
Waterborne Industrial Maintenance	50

- The provision for the application or solicitation of the application within the District of any industrial maintenance coatings, except non-sacrificial anti-graffiti coatings, for residential

use or for use in areas such as office space and meeting rooms of industrial, commercial or institutional facilities not exposed to such extreme environmental conditions described in the definition of industrial maintenance coatings would be moved from the subsection (c)(2) to (c)(7). The text “or of any rust preventative coatings for industrial use, unless such a rust preventative coating complies with the Industrial Maintenance Coating VOC limit specified in the Table of Standards” would be removed. This provision is no longer necessary as Industrial Maintenance and rust prevention coatings now have the same VOC content limit.

General Prohibition

- A general prohibition, effective January 1, 2012, would be included that states that no person shall supply, sell, market, offer for sale, manufacture, blend, or repackage any architectural coating in the District subject to the provisions of this rule with any materials that contain in excess of 0.1 percent by weight any Group II exempt compounds listed in Rule 102. Cyclic, branched, or linear, completely volatile methylated siloxanes (VMS) would not be subject to this prohibition. A sell-through provision for products manufactured prior to the effective date until January 1, 2013, would be included.

Administrative Requirements (Subdivision (d))

- Effective January 1, 2014, the VOC content would be required to be displayed on the coating container such that the required language is noticeable and in clear and legible English; separated from other text; and conspicuous, as compared with other words, statements, designs, or devices in the label.
- Quick dry primer, sealer, undercoaters; and quick dry enamels labeling requirements would be removed.
- Past effective compliance dates would be removed.
- The requirement for an annual report on recycled coatings, shellacs and specialty primers would be removed.
- Effective January 1, 2012, the labels of all Clear Topcoat for Faux Finishing coatings would be required to prominently display the statement “This product can only be sold as part of a Faux Finishing coatings system.”

Test Methods (Subdivision (e))

- VOC content test methods would be for colorants as well as coatings.
- Requirements for the flame spread index would be removed.
- Gonioapparent characteristics of coatings would be required to be determined by ASTM E 284 (Standard Terminology of Appearance).
- Water repellency for Reactive Penetrating Sealers would be required to be determined by:
 - ASTM C67 (Standard Test Methods for Sampling and Testing Brick and Structural Clay Tile);
 - ASTM C97/97M (Standard Test Methods for Absorption and Bulk Specific Gravity of Dimension Stone);or
 - ASTM C140 (Standard Test Methods for Sampling and Testing Concrete Masonry Units and Related Units).
- Water Vapor Transmission for Reactive Penetrating Sealers would need to be determined by ASTM E96/96M (Standard Test Methods for Water Vapor Transmission of Materials).

Selection and Use of Stone Consolidants would need to be determined by ASTM E2176 (Standard Guide for Selection and Use of Stone Consolidants).

- Chloride Screening for Reactive Penetrating Sealer shall be determined using the National Cooperative Highway Research Report 244 (1981), “Concrete Sealers for the Protection of Bridge Structures”.

Technology Assessment

The technology assessment requirements for flat coatings would be removed, since the effective dates for the requirement have passed.

Exemptions (Subdivision (f))

Small Container Exemption

- The size of the architectural coating containers in small container exemption would be changed from one quart to one liter.
- A sunset date of December 31, 2013 for provisions other than the emission standards has been added to the small container exemption from the provisions of Rule 1113. Until December 31, 2013, the provisions of PAR 1113 would not apply to any architectural coatings in containers having capacities of one liter (1.057 quart) or less, excluding clear wood finishes, varnishes, sanding sealers, lacquers, and pigmented lacquers provided the provisions of the small container exemptions are met.
- Effective January 1, 2014, the specific provisions of the Table of Standards and the VOC content limit of 50 grams per liter, less water, less exempt compounds for architectural coatings that are not listed in Table of Standards 1 (excluding any colorant added to tint bases) would not apply to any architectural coatings in containers having capacities of one liter (1.057 quart) or less, excluding clear wood finishes, varnishes, sanding sealers, lacquers, and pigmented lacquers provided the subsections of the small container exemptions are met.
- Requirements related to small container exemption reports would be removed. The small container exemption would require instead that the manufacturer reports sales in the Rule 314 Annual Quantity and Emissions Report.
- The date July 1, 2006, has been removed from the provision that clear wood finishes, including varnishes and sanding sealers; and lacquers, including pigmented lacquers in containers having capacities of one quart or less shall no longer be exempt, since this date has passed. The wording “clear wood finishes, including varnishes and sanding sealers; and lacquers, including pigmented lacquers” has been simplified to “clear wood finishes, varnishes, sanding sealers, lacquers and pigmented lacquers.” Clear wood finishes, varnishes, sanding sealers, lacquers and pigmented lacquers would remain excluded from the small container exemption.
- The coating containers would be prohibited from being bundled or sold together as a unit that exceeds one liter, excluding containers packed together for shipping to a retail outlet. The label or any other product literature would be prohibited from suggesting combining multiple containers so that the combination exceeds one liter. These anti-bundling provisions would become effective July 1, 2011 with sell-through provision for products manufactured prior to the effective date until January 1, 2012.
- ~~The words “supplied, offered for sale, marketed, manufactured, blended, repackaged or stored” have been added to the exemption to Rule 1113 for architectural coatings sold in this~~

~~District for shipment outside of this District or for shipment to other manufactures for repackaging.~~

Modifications to other Exemptions

- The verbs “supplied, offered for sale, marketed, manufactured, blended, repackaged or stored” were added in addition to the existing verb “sold” in the exemption for coatings shipped outside of the district.
- An allowance of “sale in such areas” would be added to the exemption from the rule for the “use” of stains and lacquers in all areas within the District at an elevation of 4,000 feet or greater above sea level.

Exemptions Removed by PAR 1113

- The exemption to prevent blushing of lacquer finishes would be removed.
- Outdated exemptions for lacquers and flat coatings would be removed.
- Outdated exemptions for nonflats, primers, sealers, undercoaters, quick dry enamels, waterproofing concrete/masonry sealers and rust preventative coatings would be removed.
- The outdated exemption for roof coatings with a VOC content of 100 grams per liter or less that are certified under the U.S. EPA Energy Star Program would be removed.

Appendix A

Averaging Compliance Option (ACO) Provision (Subdivision (A))

The ACO would be phased out by January 1, 2015. Appendix A would only be applicable until the ACO~~L~~ is phased out.

“Maximum VOC content in effect, immediately prior to July 1, 2001” would be replaced by “ceiling limit in the Table of Standards.” “Manufacturers that submitted the required 2005 annual report for clear wood finish containers of one quart or less, may include in an ACO Program varnishes and sanding sealers so long as these coatings sold in such containers do not exceed the applicable National Standard of 450 grams of VOC per liter of coating less water and less exempt compounds, in lieu of the otherwise applicable VOC limit of 350 grams per liter” would be removed.

ACO Program (Subdivision (B))

No changes are proposed.

General Requirements (Subdivision (C))

Minor changes in grammar would be made (capitalization).

Reporting Requirements (Subdivision (D))

No changes are proposed.

Renewal of an ACO Program (Subdivision (E))

No changes are proposed.

Modification of a ACO Program (Subdivision (F))

No changes are proposed.

Termination of an ACO Program (Subdivision (G))

No changes are proposed.

Change in VOC Limits (Subdivision (H))

No changes are proposed.

Labeling (Subdivision (I))

No changes are proposed.

Labeling (Subdivision (J))

The phrase “each gallon of” would be added before “each coating product line.”

Sell-Through Provision (Subdivision (K))

No changes are proposed.

EMISSIONS INVENTORY

SCAQMD staff developed the existing emissions inventory from 2005 CARB survey of coatings sold in 2004, Rule 314 data for products sold in 2009, and the 2009 Final ACO Reports. SCAQMD staff has data on coatings that were sold in the district as a result of Rule 314 reporting, which was started in 2008. SCAQMD staff noted the significant decline in sales that the architectural coatings industry experienced during 2009. Architectural coating sales are beginning to recover, and while they may not soon reach the peak realized during the housing boom, the 2009 sales volumes do not portray an accurate account of the emissions that would result from the application of architectural coatings in the future. For this reason, SCAQMD staff relied on the 2005 CARB architectural coating survey of coatings sold in California in 2004, using the assumption that 45 percent of those coatings were sold in the district. The 2004 architectural coating sales do not represent the height of the housing/coating boom; however, it is the closest sales data available to the height of the housing boom. The 2004 sales are also considered a more accurate estimate of the level where coating sales may eventually reach. While SCAQMD staff is confident that the coating sales volume should rebound to at least 2004 levels, the same assumption does not apply to VOC emissions. VOC emissions are being reduced through air quality regulation and because of consumer demand. For this reason, the data analysis includes an estimate of the VOC emissions reductions based on the 2004 sales volume from the CARB survey and the sales weighted average VOC content based on the latest data available from Rule 314, which is the 2009 sales data, to estimate baseline emissions. This approach is also consistent with the methodology used to estimate architectural coating emissions in the AQMP, since the baseline emissions from architectural coatings in the AQMP was calculated from data in an earlier CARB survey.

Staff estimates that the baseline emissions from the use of conventional colorants are three tons per day. This assumes that 80 percent of the flat and non-flat coatings sold in the district are tinted at the point of sale with an average of four ounces of colorant containing 325 grams of VOC of Material per liter based on industry feedback. The estimate of volume of colorant added

is conservative, because other coating categories are also tinted but to a lesser extent, i.e. primer, specialty primers, and stains. The volume of colorant added and the average VOC content was based on feedback from members of industry. The volume of colorant added varies widely depending on the desired color; light or pastel colors require as little as 0.5 ounce, while deep colors can require up to 12 ounces. SCAQMD staff used the most recent CARB survey data for the volume of flat and non-flat coatings that may be tinted. CARB conducts a survey of architectural coatings sold into California every four or five years. The most recent survey data is from 2005 indicating total coatings sold in California during 2004. The 2004 sales data does not represent the height of the volume of coatings sold, which more than likely occurred in 2006 during the peak real estate activity. As the economy recovers, SCAQMD staff estimates that the emission reductions that can be achieved will be higher than those indicated from the 2008 and 2009 data.

A summary of the baseline VOC emissions that may be affected by PAR 1113 are presented in Table 1-4. Detailed calculations are presented in Appendix B.

COMPLIANCE

Compliance with PAR 1113 is expected to be met by reformulation of existing coatings and colorants. Existing coatings and colorants that exceed the proposed VOC content limits in PAR 1113 are expected to either reduce the VOC content in the solventborne coatings or remove solvent and use waterborne technology in their coatings/colorants.

**Table 1-4
Proposed Project Baseline Emissions**

Description	VOC Emissions Potentially Affected by PAR 1113, ton per day
Coatings Affected by VOC Content Change	<u>0.60</u> 0.29
Colorants Affected by VOC Content Change	2.98
Coatings Affected by Changes to Averaging Compliance Option	1.2
Total	4.47

CHAPTER 2 - ENVIRONMENTAL CHECKLIST

Introduction

General Information

Environmental Factors Potentially Affected

Determination

Environmental Checklist and Discussion

INTRODUCTION

The environmental checklist provides a standard evaluation tool to identify a project's potential adverse environmental impacts. This checklist identifies and evaluates potential adverse environmental impacts that may be created by the proposed project.

GENERAL INFORMATION

Project Title:	Draft <u>Final</u> Environmental Assessment (EA) for Proposed Amended Rule (PAR) 1113 –Architectural Coatings
Lead Agency Name:	South Coast Air Quality Management District
Lead Agency Address:	21865 Copley Drive Diamond Bar, CA 91765
CEQA Contact Person:	Mr. James Koizumi (909) 396-3234
PAR 1113 Contact Person	Ms. Heather Farr (909) 396-3672
Project Sponsor's Name:	South Coast Air Quality Management District
Project Sponsor's Address:	21865 Copley Drive Diamond Bar, CA 91765
General Plan Designation:	Not applicable
Zoning:	Not applicable
Description of Project:	The 2007 Air Quality Management Plan, specifically Control Measure CM#2007 MCS-07 – Application of All Feasible Measures, explicitly lists coating and solvent rules to achieve additional VOC reductions. PAR1113 would partially implement CM#2007 MCS-07. PAR 1113 would reduce volatile organic compound (VOC) emissions by proposing new categories with VOC content limits, reducing the VOC content limits of architectural coatings categories where feasible, and limiting the VOC content of colorants used to tint coatings at point of sale. The averaging compliance option would be limited and eventually phased out by the year 2015. The small container exemption would be clarified to be limited to VOC content limits and an anti-bundling requirement would be added.
Surrounding Land Uses and Setting:	Not applicable
Other Public Agencies Whose Approval is Required:	Not applicable

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

The following environmental impact areas have been assessed to determine their potential to be affected by the proposed project. As indicated by the checklist on the following pages, environmental topics marked with a "✓" may be adversely affected by the proposed project. An explanation relative to the determination of impacts can be found following the checklist for each area.


- | | | |
|--|---|---|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Geology and Soils | <input type="checkbox"/> Population and Housing |
| <input type="checkbox"/> Agriculture and Forestry Resources | <input checked="" type="checkbox"/> Hazards and Hazardous Materials | <input type="checkbox"/> Public Services |
| <input checked="" type="checkbox"/> Air Quality and Greenhouse Gas Emissions | <input checked="" type="checkbox"/> Hydrology and Water Quality | <input type="checkbox"/> Recreation |
| <input type="checkbox"/> Biological Resources | <input type="checkbox"/> Land Use and Planning | <input checked="" type="checkbox"/> Solid/Hazardous Waste |
| <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Mineral Resources | <input type="checkbox"/> Transportation/Traffic |
| <input checked="" type="checkbox"/> Energy | <input type="checkbox"/> Noise | <input checked="" type="checkbox"/> Mandatory Findings |

DETERMINATION

On the basis of this initial evaluation:

- I find the proposed project, in accordance with those findings made pursuant to CEQA Guideline §15252, COULD NOT have a significant effect on the environment, and that an ENVIRONMENTAL ASSESSMENT with no significant impacts has been prepared.
- I find that although the proposed project could have a significant effect on the environment, there will NOT be significant effects in this case because revisions in the project have been made by or agreed to by the project proponent. An ENVIRONMENTAL ASSESSMENT with no significant impacts will be prepared.
- I find that the proposed project MAY have a significant effect(s) on the environment, and an ENVIRONMENTAL ASSESSMENT will be prepared.
- I find that the proposed project MAY have a "potentially significant impact" on the environment, but at least one effect 1)has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL ASSESSMENT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier ENVIRONMENTAL ASSESSMENT pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier ENVIRONMENTAL ASSESSMENT, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Date: April 7, 2011

Signature: 
Steve Smith, Ph.D.
Program Supervisor

ENVIRONMENTAL CHECKLIST AND DISCUSSION

PAR 1113 would lower the VOC content limit of coatings, prohibit the use of Group II exempt solvents, limit categories within the averaging compliance provision, and eventually eliminate the averaging compliance provision.

Coating operations can be categorized into three procedures: manufacturing, distribution and sales, and use of coating. Manufacturing comprises raw material storage (silos, storage tanks, drums, etc.), process operations (storage tanks, mixers, mills, high-speed dispersion tanks, canners etc.) and product storage (drums, cans, etc.). Distribution and sales comprises transporting coatings to warehouses, retail and commercial facilities for sale or resale. Coatings are used (applied) by spraying, rolling or brushing of the coatings on to architectural structures.

Reformulation of Affected Architectural Coatings

The primary result of PAR 1113 would be the reformulation of architectural colorants and coatings to comply with new or lower VOC content limits by new or changes to coating categories, new or changes to VOC content limits for colorants and coatings or by the elimination of the averaging compliance option.

For the analysis in Chapter 2 of this EA, coatings that are compliant with PAR 1113 VOC coating limits are referred to as PAR 1113 compliant coatings. Coatings that are compliant with the existing Rule 1113, but have VOC contents that exceed the VOC content limits of PAR 1113 are referred to as PAR 1113 non-compliant coatings. It is assumed that PAR 1113 non-compliant coatings would be reformulated to be similar to existing PAR 1113 compliant coatings. Therefore, impacts from reformulation were evaluated by comparing PAR 1113 compliant coatings to PAR 1113 non-compliant coatings.

Replacement of Colorant Dispensers

The use of low-VOC colorants may require the replacement or modification of colorant dispensers at retail stores. Some retailers have installed or are planning to install new colorant dispenser, but not necessarily specifically related to the use of low-VOC colorants. A new trend in the retail coating industry is to tint small coating samples. To tint small coating samples, the colorant dispenser has to be capable of delivering small amounts of colorant (e.g., fraction of an ounce). According to dispenser manufacturers, all of the new generation of dispensers can dispense low-VOC colorants. Therefore, operators, who replace existing machines with the new generation of dispensers to tint coating samples, would also be able to dispense low-VOC colorants.

The new colorant dispensers also include humidifiers or sponges to keep dispensing tips moist. The reduction of solvent in colorants can lead to increased dispenser tip drying/clogging. Conventional colorant dispensers using low-VOC colorants are cleared using a metal wire once a day to once a shift depending on how often the dispensers are used. The use of humidifiers or sponges eliminates the need to clear the dispenser tips with metal wires.

SCAQMD staff estimates that there are 188 large retailers that would be required to use low-VOC colorants by PAR 1113. Large retailers include Home Depot, Lowe's, K-Mart, Orchard Supply Hardware, Sears and Wal-Mart. Large retail facilities are in the process, or have already converted ~~their~~ to new colorant dispensers, which are designed to include low-VOC colorant use. The replacement of colorant dispensers by large retail facilities was made to tint small coating

samples not in preparation for PAR 1113, so construction impacts are not included in this analysis. Large facility operators would only need to use low-VOC colorants to comply with PAR 1113 (i.e., would not require any new construction).

Medium-sized retail facilities and manufacturers with retail outlets may choose to replace or modify their colorant dispensers in part to reduce maintenance associated with low-VOC colorants. Medium-sized retailers and manufacturers with retail outlets include Ace Hardware, Denault, Dunn Edwards, Frazee, Ganahl, Sherwin Williams, Tibbets Newport and Vista Paints. SCAQMD staff estimates that there are 221 medium-sized retail facilities and manufacturers with outlets stores in the district. Medium retailers and manufacturers with retail outlets may purchase new equipment, if they do not already have dispensers capable of handling low-VOC colorants. If their business relies on paint sales, it would be worth the capital investment to purchase dispensing equipment that is designed to handle low-VOC colorants and tint paint samples.

SCAQMD staff estimates that there ~~3,027~~ ~~3,436~~ small retail facilities that would need to comply with low-VOC content limits for colorants. Small retail facilities are not likely to modify their dispensers to comply with PAR 1113. The existing dispensers at small retailers are capable of dispensing the proposed 50 gram per liter colorants. Small retailers typically do not sell a considerable amount of paint, and so are not likely to invest in new automated units. Instead, small facility operators would clear colorant dispensers manually with a metal wire. SCAQMD staff has visited small retail outlets using conventional colorant dispensers with low-VOC content colorants successfully.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
I. AESTHETICS. Would the project:				
a) Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

The proposed project impacts on aesthetics will be considered significant if:

- The project will block views from a scenic highway or corridor.
- The project will adversely affect the visual continuity of the surrounding area.
- The impacts on light and glare will be considered significant if the project adds lighting which would add glare to residential areas or sensitive receptors.

Discussion

I.a), b), c) & d) Because architectural coatings are not typically applied in controlled settings, e.g., spray booths. PAR 1113 is not expected to require construction activities to install control equipment. In addition, compliance with PAR 1113 is expected to be met by reformulation of architectural coatings and colorants. Colorant dispensers at existing medium-sized retail facilities may need to be replaced. These dispensers are drop-in place units that would not need heavy-duty diesel construction equipment (hand tools are expected to be used) and would be placed within existing retail structures at the same location as the unit being replaced. Thus, implementation of PAR 1113 would not result in any new construction of buildings or other structures that would obstruct scenic resources or degrade the existing visual character of a site, including but not limited to, trees, rock outcroppings, or historic buildings. Similarly, additional light or glare would not be created which would adversely affect day or nighttime views in the area since no light generating equipment would be required to comply with PAR 1113. Further, the manufacturing of compliant architectural coatings would not appreciably change the visual profile of the building(s) where compliant architectural coatings are manufactured, because any changes to the manufacturing process would occur inside the facility's buildings and, therefore, would not affect the exterior of the structure in any way. PAR 1113 compliant architectural coatings are expected to be used in a similar fashion to existing coatings, e.g., brushed, rolled or sprayed on to structures or their appurtenances. Therefore, no changes in aesthetics are expected from the use of PAR 1113 compliant architectural coatings.

Based upon these considerations, significant adverse aesthetics impacts are not anticipated and will not be further analyzed in this ~~Draft~~-Final EA. Since no significant adverse aesthetics impacts were identified, no mitigation measures are necessary or required.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
II. AGRICULTURE AND FOREST RESOURCES. Would the project:				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland mapping and Monitoring Program of the California Resources Agency, to non- agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code §12220(g)), timberland (as defined by Public Resources Code §4526), or timberland zoned Timberland Production (as defined by Government Code §51104 (g))?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in the loss of forest land or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

Project-related impacts on agriculture and forest resources will be considered significant if any of the following conditions are met:

- The proposed project conflicts with existing zoning or agricultural use or Williamson Act contracts.
- The proposed project will convert prime farmland, unique farmland or farmland of statewide importance as shown on the maps prepared pursuant to the farmland mapping and monitoring program of the California Resources Agency, to non-agricultural use.
- The proposed project conflicts with existing zoning for, or causes rezoning of, forest land (as defined in Public Resources Code §12220(g)), timberland (as defined in Public Resources Code §4526), or timberland zoned Timberland Production (as defined by Government Code § 51104 (g)).
- The proposed project would involve changes in the existing environment, which due to their location or nature, could result in conversion of farmland to non-agricultural use or conversion of forest land to non-forest use.

Discussion

II.a), b), c) & d) The proposed project would not result in any new construction of buildings or other structures that would convert farmland to non-agricultural use or conflict with zoning for

agricultural use or a Williamson Act contract. The manufacture of compliant architectural coatings and colorants would not require converting farmland to non-agricultural uses because the manufacture of compliant architectural coatings is expected to occur completely within the confines of existing affected industrial facilities. The use of architectural coatings that would be required to comply with the proposed VOC content limits is expected to be similar to the use of existing architectural coatings, which typically do not affect farm or agricultural practices, as such coatings are typically used in urban, commercial or industrial areas. For the same reasons, PAR 1113 would not result in the loss of forest land or conversion of forest land to non-forest use.

Based upon these considerations, significant adverse agricultural resource impacts are not anticipated and will not be further analyzed in this ~~Draft~~-Final EA. Since no significant agriculture resources impacts were identified, no mitigation measures are necessary or required.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
III. AIR QUALITY AND GREENHOUSE GAS EMISSIONS.				
Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Violate any air quality standard or contribute to an existing or projected air quality violation?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions that exceed quantitative thresholds for ozone precursors)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Create objectionable odors affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) Diminish an existing air quality rule or future compliance requirement resulting in a significant increase in air pollutant(s)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
g) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
h) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Air Quality Significance Criteria

To determine whether or not air quality impacts from adopting and implementing PAR 1113 are significant, impacts will be evaluated and compared to the criteria in Table 2-1. The project will be considered to have significant adverse air quality impacts if any one of the thresholds in Table 2-1 are equaled or exceeded.

III.a) The 2007 Air Quality Management Plan, specifically Control Measure CM#2007 MCS-07 – Application of All Feasible Measures, explicitly lists coating and solvent rules to achieve additional VOC reductions. PAR1113 would partially implement CM#2007 MCS-07. Therefore, the proposed project is not expected to conflict with or obstruct implementation of the applicable air quality control plan because the 2007 AQMP demonstrates that the effects of all existing rules, in combination with implementing all AQMP control measures (including “black box” measures not specifically described in the 2007 AQMP) would bring the district into attainment with all applicable national and state ambient air quality standards. Therefore, PAR 1113 is not expected to significantly conflict or obstruct implementation of the applicable air quality plan, but would contribute to attaining and maintaining the ozone and PM standards.

III.b) & f) For a discussion of these items, refer to the following analysis:

Construction Impacts

Construction impacts were analyzed for affected coating manufacturing, affected distribution and sales of coatings, and the use (application) of affected coatings:

Manufacturing of Affected Coatings

The manufacturing of coatings and colorants compliant with PAR 1113 is expected to use similar equipment and processes that are used to manufacture existing coatings and colorants for the following reasons. No substantial change to raw material storage (silos, storage tanks, drums, etc.), process operations (storage tanks, mixers, mills, high-speed dispersion tanks, canners etc.) or product storage (drums, cans, etc.) is expected. Manufacturers may need to reformulate coatings and colorants to comply with PAR 1113, but the manufacturing process is not expected to require any new construction to comply with PAR 1113.

**Table 2-1
SCAQMD Air Quality Significance Thresholds**

Mass Daily Thresholds ^a		
Pollutant	Construction ^b	Operation ^c
NOx	100 lbs/day	55 lbs/day
VOC	75 lbs/day	55 lbs/day
PM10	150 lbs/day	150 lbs/day
PM2.5	55 lbs/day	55 lbs/day
SOx	150 lbs/day	150 lbs/day
CO	550 lbs/day	550 lbs/day
Lead	3 lbs/day	3 lbs/day
Toxic Air Contaminants (TACs), Odor and GHG Thresholds		
TACs (including carcinogens and non-carcinogens)	Maximum Incremental Cancer Risk \geq 10 in 1 million Hazard Index \geq 1.0 (project increment)	
Odor	Project creates an odor nuisance pursuant to SCAQMD Rule 402	
GHG	10,000 metric tons per year	
Ambient Air Quality for Criteria Pollutants ^d		
NO2 1-hour average annual average	SCAQMD is in attainment; project is significant if it causes or contributes to an exceedance of the following attainment standards: 0.25 ppm (state – peak hour); 0.10 ppm (federal – 98 th percentile) 0.053 ppm (federal)	
PM10 24-hour average annual geometric average annual arithmetic mean	10.4 $\mu\text{g}/\text{m}^3$ (construction) ^e & 2.5 $\mu\text{g}/\text{m}^3$ (operation) 1.0 $\mu\text{g}/\text{m}^3$ 20 $\mu\text{g}/\text{m}^3$	
PM2.5 24-hour average	10.4 $\mu\text{g}/\text{m}^3$ (construction) ^e & 2.5 $\mu\text{g}/\text{m}^3$ (operation)	
Sulfate 24-hour average	25 $\mu\text{g}/\text{m}^3$	
CO 1-hour average 8-hour average	SCAQMD is in attainment; project is significant if it causes or contributes to an exceedance of the following attainment standards: 20 ppm (state) 9.0 ppm (state/federal)	

^a Source: SCAQMD CEQA Handbook (SCAQMD, 1993)

^b Construction thresholds apply to both the South Coast Air Basin and Coachella Valley (Salton Sea and Mojave Desert Air Basins).

^c For Coachella Valley, the mass daily thresholds for operation are the same as the construction thresholds.

^d Ambient air quality thresholds for criteria pollutants based on SCAQMD Rule 1303, Table A-2 unless otherwise stated.

^e Ambient air quality threshold based on SCAQMD Rule 403.

KEY: lbs/day = pounds per day ppm = parts per million $\mu\text{g}/\text{m}^3$ = microgram per cubic meter \geq greater than or equal to

Distribution and Sales of Affected Coatings

The distribution of PAR 1113 compliant coatings and colorants is expected to be similar to the existing distribution of coatings and colorants. Distribution of compliant coatings and colorants is not expected to require any new construction.

The alteration or replacement of point of sale colorant dispensers is not expected to require heavy-duty diesel-fueled construction equipment. Modification or replacement of colorant dispensers is expected to occur through the use of drop-in replacement units or parts. Based on conversations with coating retailers, the removal and installation of colorant systems would be expected to be completed using hand tools (hand jacks, drills, etc.).

As a worst-case assumption secondary criteria pollutant emissions may be generated by a single round-trip to deliver and install new colorant dispensers or to modify existing units, and a second single round-trip to dispose of any solid waste from the replacement or modification of existing colorant dispensers. Emissions from two round-trips from delivery and disposal were estimated using the SCAQMD EMFAC2007 profile for delivery trucks for the 2010 fleet year. It was assumed that a one-way trip would be 40 miles; therefore, based on four one-way trips, 160 miles would be traveled for a single retail store. It was estimated that two retail stores may be affected per day, if replacement or alteration would be necessary at all at the 221 medium-sized retail stores between adoption of PAR 1113 and January 1, 2014, a period of approximately 2.5 years. Secondary criteria emissions from delivery of colorant systems and removal of old systems are presented in Table 2-2 and detailed in Appendix B. As seen in Table 2-2 secondary criteria emissions from construction would be less than significant; therefore, air quality construction impacts are expected to be less than significant.

Based on Table 2-2 up to 15 units could be replaced without exceeding SCAQMD’s criteria significance thresholds (NOx emissions would be the limiting criteria pollutant). However, this is an unlikely scenario because of the distance between stores, the limited number of colorant dispenser manufacturers, the limited number of dispenser installers and the fact that some medium-sized facilities already have low-VOC colorant dispensers installed.

**Table 2-2
Secondary Criteria Emissions from PAR 1113**

Description	CO, lb/day	NOx, lb/day	ROG, lb/day	SOx, lb/day	PM10, lb/day	PM2.5, lb/day
Single Round Trip	3.0	3.3	0.4	0.004	0.1	0.1
Two Round Trips	5.9	6.6	0.8	0.009	0.2	0.2
SCAQMD Construction Significance Thresholds	550	100	75	150	150	55
Significant?	No	No	No	No	No	No

Use (Application) of Affected Coatings

Compliant coatings are expected to be used (applied) in a similar fashion to existing coatings. Coatings would be expected to be sprayed, rolled or brushed on to architectural structures. Therefore, the use of PAR 1113 compliant coatings is not expected to require physical changes

or modifications that would involve construction activities or additional emissions from coating equipment or additional vehicle trips.

As a result according to the above analysis of potential construction impacts, there would be no significant adverse construction air quality impacts resulting from the proposed project for criteria pollutants.

Operational Impacts

PAR 1113 is only expected to have a direct and beneficial effect on VOC emissions. No other criteria pollutants are expected to be directly affected by PAR 1113, because of the narrow regulatory focus of Rule 1113.

Changes to Coating Categories That Do Not Affect VOC Content Limits or VOC Emissions

Merging coating categories into other categories with no change in VOC content limit generates no air quality impacts. Creating new coating categories with the same VOC content limit as the categories they are currently identified with under the existing Rule 1113 is also not expected to generate any air quality impacts. Coating categories that have been merged and separated to form new categories are presented in Table 2-3. Under these scenarios, there would not be any changes in manufacturing or applying the affected coatings because there are no changes to the VOC content limit.

Changes to VOC Content Limits That Are Not Expected to Affect VOC Emissions

Driveway Sealer Coatings

Driveway sealer coatings are currently included in the waterproofing sealer primary category with a VOC content limit of 100 grams per liter. PAR 1113 would establish a new category for driveway sealers with a VOC content limit of 50 grams per liter effective July 1, 2011. The CARB 2004 Architectural Coatings survey data indicated that all driveway sealers have a VOC content at or below 50 grams per liter. Since all driveway sealer coatings currently comply with PAR 1113, no changes in manufacturing or application of these products is anticipated. Therefore, no adverse air quality impacts are expected.

Japans and Faux Finishing Products

SCAQMD staff is proposing to expand and enhance the definition of the faux finishing/japan category. In recent years, there has been a sharp increase in decorative coatings being marketed to the homeowner such as, metallic coatings, suede coatings, plasters, etc. The current definition in Rule 1113 reflects the products used for studio coating with japans and glazes. Based on feedback during the initial working group meeting, SCAQMD staff developed a specific sub-group to discuss the faux finishing/japan categorization. With the assistance from manufacturers involved with the sub-group, SCAQMD staff has developed the following five distinct subcategories of faux finish coatings:

- Japans - traditionally used by professional artist for developing studio sets
- Glazes – used for some commercial and residential decorative finishes
- Decorative Coatings – used by consumers and sold at typical retail outlets
- Trowel Applied Coatings – used by consumers and sold at typical retail outlets but with significantly lower-VOC levels than typical decorative coatings
- Clear topcoat – used to protect the Faux Finishing Coatings

**Table 2-3
Changes to Coating Categories That Do Not Affect VOC Content Limits or VOC Emissions**

Existing Rule 1113 Coating Category	PAR 1113 Coating Category	VOC Emissions Change
Primary "Clear Brushing Lacquer" category	Existing category eliminated and merged into the existing "Lacquer" sub-category under the primary "Clear Wood Finishing" category	Same VOC content limit (250 grams per liter), so no change in VOC emissions
Primary "High Gloss Non-flats" category	Existing category eliminated and merged into the existing primary "Non-flats" category	Same VOC content limit (50 grams per liter), so no change in VOC emissions
Primary "Industrial Maintenance" category	New sub-category for "Non-sacrificial Anti-graffiti Coatings" under existing primary "Industrial Maintenance" category	Same VOC content limit (100 grams per liter), so no change in VOC emissions
Primary "Japans and Faux Finishing Coatings"	Place "Japans" as a sub-category under the primary "Faux Finishing Coatings"	Same VOC content limit (350 grams per liter), so no change in VOC emissions
Primary "Japans and Faux Finishing Coatings"	Establish new sub-categories "Glazes," and "Decorative Coatings" under the primary "Faux Finishing Coatings"	Same VOC content limit (350 grams per liter), so no change in VOC emissions
Primary "Quick-dry Enamel" category	Existing category eliminated and merged into the existing primary "Non-flats" category	Same VOC content limit (100 grams per liter), so no change in VOC emissions
Primary "Quick-dry Primer, Sealer and Undercoater" category	Existing category eliminated and merged into the existing primary "Primer, Sealer and Undercoater" category	Same VOC content limit, so no change in VOC emissions

SCAQMD staff coordinated with the working group to develop VOC content limits for the subcategories, which are mainly representative of the broad range of products currently marketed and sold as faux finishing coatings. These coatings are sold in relatively small volume and SCAQMD staff is not projecting any emission reductions from the proposed VOC content limits, since the sales weighted average VOC content is well below the current limit of 350 grams per liter for most of the subcategories and products that meet the proposed final VOC content limit are already in the marketplace. PAR 1113 VOC content limits for the faux finishes can be found in Table 1-2.

Two of the faux finishing subcategories in PAR1113, trowel applied coatings and clear topcoats, have unique properties and characteristics that require separate categories and VOC limits. Currently, the confusion over the faux finishing coatings resulted in miscategorization by the manufacturers as mastic coatings, metallic pigmented coatings or default coatings or products sold under the small container exemption. Based on evaluating the data collected under Rule 314, SCAQMD staff is unable to discern the total emissions for these products, but based on a detailed review of product names as well as discussions with the manufacturers, the total emissions from the faux finishing subcategories is fairly low. Overall, the intent of rule changes to the faux finishing coatings is to provide rule clarification and not achieve VOC emission reductions.

Based on the current categorization by the manufacturers of these products, SCAQMD staff is proposing to allow a VOC limit of 200 grams per liter for the clear topcoats and a final VOC content limit of 100 grams per liter, based on manufacturers' feedback reflecting available technology. While some products may meet the final limit today, other manufacturers are in the process of reformulating their clear topcoats to achieve the 100 grams per liter limit effective January 1, 2014. These VOC content limits were set based on ~~some manufacturers'~~ a portion of the industry sub-working group member's recommendations, with support that the reformulated products would not impact performance.

An interim VOC content limit is also being proposed for the trowel applied coatings, since some manufacturers indicated there are a few coatings that currently have a VOC content near 150 grams per liter. The VOC content limit would be reduced down to 50 grams per liter effective January 1, 2014 allowing ample time for reformulation of the few products that currently exceed the 50 grams per liter VOC limit. The feedback received from the working group stated that higher VOC content of the select trowel applied coatings is needed for additional open time (i.e., to slow drying time of the coating during application), which manufactures feel they can overcome by 2014 for the few products that do not meet the 50 grams per liter VOC content limit.

Default Coating Category

The existing VOC content limit for the architectural coatings that are not included in Rule 1113 Table of Standards is 250 grams per liter. This VOC content limit, often referred to as the "default coating" limit, and has been in place since Rule 1113 was adopted on September 2, 1977. Historically, the "default coating" VOC content limit was one of the lowest VOC content limits in the Table of Standards. Currently, the "default coating" VOC content limit of 250 grams per liter is one of the highest VOC content limits. Other coatings regulations, including the CARB Suggested Control Measure implementing by several air districts and EPA regulations, default to the lower-VOC content limit of the flat or non-flat category, which is VOC limit of 50 gram per liter in Rule 1113. Therefore, SCAQMD staff is proposing to reduce the Rule 1113 "default coating" VOC content limit from 250 grams per liter to 50 grams per liter.

Based on past staff rule interpretations, the coatings that currently are recognized as "default coatings" are concrete surface retarders compounds; form release compounds; dry erase, magnetic board and chalk board coatings; and sacrificial anti-graffiti coatings. SCAQMD staff is proposing to create new categories in the Table of Standards for three default coatings (concrete surface retarders, form release compounds, and sacrificial anti-graffiti coatings).

The Rule 314 data for default coatings includes coatings that were miscategorized as default coatings (e.g. one part of a two part coating, field marking coating, color tints for concrete, etc.). SCAQMD staff is working with the manufacturers who miscategorized their coatings in Rule 314 reporting to address this issue.

Dry erase, magnetic board and chalkboard coatings are the only coatings that SCAQMD staff has identified that should be classified under the default category. Dry erase, magnetic board and chalkboard coatings are typically sold in small containers, and therefore, exempt from the VOC content limits of PAR 1113 by the small container exemption.

Therefore, SCAQMD staff is not expecting any VOC emissions reductions from the default coating VOC content limit reduction. The change is being proposed for additional clarification and alignment with other similar regulations.

Concrete Surface Retarders

PAR 1113 would establish a new primary category for concrete surface retarders with a VOC content limit of 50 grams per liter. As already noted, concrete surface retarders are currently categorized under the default coating category, which has a VOC content limit of 250 in the existing Rule 1113. All concrete surface retarders reported in the 2009 Rule 314 data currently have a VOC content of zero. Since all concrete surface retarder coatings currently comply with PAR 1113, no changes in manufacturing or applying these of products are anticipated. Therefore, this change is expected to have no air quality impacts.

Sacrificial Anti-graffiti Coatings

PAR 1113 would create a new category for sacrificial anti-graffiti coatings with a VOC content limit of 50 grams per liter. Sacrificial anti-graffiti coatings are currently classified under the default category, which has a VOC content limit of 250 grams per liter. Sacrificial anti-graffiti coatings are paraffinic or waxed-based with a low VOC content limit. SCAQMD staff has not identified any sacrificial anti-graffiti coatings with a VOC content greater than 50 grams per liter. Therefore, this change is not expected to create any adverse air quality impacts.

Changes to coating categories that affect VOC content limits, but not VOC emissions are summarized in Table 2-4.

Architectural Coatings Affected by PAR 1113 Where the VOC Content Limit Has Been Increased

Reactive Penetrating Sealers

The ARB SCM for Architectural Coatings includes a separate category under the waterproofing concrete/masonry sealer for reactive penetrating sealers at 350 grams per liter. The ARB SCM states that reactive penetrating sealers are clear or pigmented products formulated for application to above-grade concrete and masonry substrates to provide protection from water and waterborne contaminants, such as, alkalis, acids, and salts. Reactive penetrating sealers penetrate into concrete and masonry substrates and chemically react to form covalent bonds with naturally occurring minerals in the substrate. Reactive penetrating sealers line the pores of concrete and masonry substrates with a hydrophobic coating, but do not form a surface film.

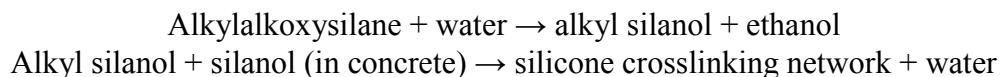
**Table 2-4
Changes to Coating Categories That Affect VOC Content Limits, But Not VOC Emissions**

Existing Rule 1113 Coating Category	PAR 1113 Coating Category	Existing Rule 1113 VOC Content Limit, grams per liter	PAR 1113 VOC Content Limit, grams per liter	VOC Emissions Change
Primary "Japans and Faux Finishing Coatings"	Establish new sub-category "Trowel Applied Coatings" under the primary "Faux Finishing Coatings"	350	150 effective July 1, 2011 <u>January 1, 2012</u> , 50 effective Jan 1, 2014	Majority of towel applied coatings are already available at 50 g/L VOC, few products formulated at 150 g/L VOC are expected to be reformulated by 2014. Small volume category, so no change in VOC emissions is expected.
Primary "Japans and Faux Finishing Coatings"	Establish new sub-category "Clear Topcoat" under the primary "Faux Finishing Coatings"	350	200 effective July 1, 2011 <u>January 1, 2012</u> , 100 effective Jan 1, 2014	Majority of clear topcoatings are already available between 150 g/L and 200 g/L VOC. Small volume category, so no change in VOC emissions is expected.
Primary "Waterproofing Sealer" category	Create new primary category for "Driveway Sealer"	100	50 effective July 1, 2011 , <u>January 1, 2012</u>	All driveway sealers in CARB 2004 Architectural Coatings Survey have a VOC content at or below 50 grams per liter, so no change in VOC emissions are expected.

Table 2-4 (Continued)
Changes to Coating Categories That Affect VOC Content Limits But Not VOC Emissions

Existing Rule 1113 Coating Category	PAR 1113 Coating Category	Existing Rule 1113 VOC Content Limit, grams per liter	PAR 1113 VOC Content Limit, grams per liter	VOC Emissions Change
Coatings that are not identified in Rule 1113 Table of Standards - VOC limits	Establish new primary category for "Concrete Surface Retarder"	250	50	All concrete surface retarders in Rule 319 data have a VOC content limit of zero, so no change in VOC emissions are expected.
Coatings that are not identified in Rule 1113 Table of Standards - VOC limits	Establish new primary category for "Sacrificial Anti-graffiti Coatings"	250	50 effective July 1, 2011 , <u>January 1, 2012</u>	VOC content limit is set a level that sacrificial anti-graffiti coatings are currently formulated, so no change in VOC emissions are expected.
Coatings that are not identified in Rule 1113 Table of Standards - VOC limits	No change in category	250	50	No coatings were identified that are not currently sold under the small container exemption, so no change in VOC emission is expected.

Reactive penetrating sealers generally are composed of silane; siloxane; silane/siloxane blend; inorganic silicate; silane/silicate blend; or silicate. As formulated, these products often contain low levels of VOCs or zero VOCs. However, after application the ARB SCM states, silanes and some siloxanes undergo a chemical reaction that releases VOCs (e.g., ethanol or methanol).



The VOCs that are released during the chemical reaction are known as cure volatiles and they should be included when determining the VOC content of a product. However, ARB staff found that there was some inconsistency in the industry regarding this matter relative to reporting VOC content levels. Some manufacturers are correctly including cure volatiles in their reported VOC contents while others are not. As a result, some products that are being marketed as low-VOC products may actually have much higher VOC contents when the cure VOCs are determined correctly.

Caltrans, OHP and one reactive penetrating sealers manufacturer have requested that SCAQMD staff add a new category for reactive penetrating sealers in PAR 1113 with a VOC content limit of 350 grams per liter. A reactive penetrating sealer is defined by PAR 1113 as a product that is only used for reinforced concrete bridge structures for transportation projects within five miles of the coastline or above 4,000 feet in elevation or for restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect. The coatings would be required to penetrate into concrete and masonry substrates and chemically react to form covalent bonds with naturally occurring minerals in the substrate. The coatings would be required to line the pores of the concrete and masonry substrates with a hydrophobic coating, but not form a surface film. Performance characteristics specifically identified in the definition of a reactive penetrating sealer would need to be demonstrated using ASTM test methods detailed in PAR 1113.

The waterproofing concrete/masonry sealers VOC content limit is 100 grams per liter in the existing Rule 1113, which currently includes reactive penetrating sealers. VOC emission foregone were estimated by difference between the proposed VOC content limit of 350 grams per liter and the estimated VOC of the material, which is estimated to be 40 grams per liter. Usage records from Caltrans since 1989 have shown consistent use of these products; therefore, no increase in usage is expected from PAR 1113. Based on these records and Rule 314 data, SCAQMD staff estimates 290 gallons of reactive penetrating sealer usage per year. SCAQMD staff intends to monitor usage through the Rule 314 Annual Quantity and Emissions Reports to ensure that the sales does not exceed the estimated usage, and may consider sales caps for this category if actual sales are above the estimated usage. The VOC emissions foregone would be 0.001 tons per year and are presented in Table 2-5. Detailed calculations are presented in Appendix B.

**Table 2-5
Existing Rule 1113 and PAR 1113 VOC Content Limits and VOC Emissions or VOC
Emissions Reductions**

Coating Category	Existing Rule 1113 VOC Content Limit	PAR 1113 VOC Content Limit at Adoption	PAR 1113 VOC Content Limit 7/11/2011	PAR 1113 VOC Content Limit 1/1/2014	VOC Emission Reductions, ton per day
Dry Fog Coatings	150			50	0.16
Fire Proofing Coatings	350			150	0.02
Form Release Compounds	250			100	0.01
Graphic Arts Coatings	500			150	0.003
<u>Mastic Coatings</u>	<u>300</u>			<u>100</u>	<u>0.2</u>
Metallic Pigmented Coatings	500			150	0.01
Reactive Penetrative Sealers	100	350			-0.001
Stone Consolidants	100	450			-0.001
Total					<u>0.4-0.2</u>

Stone Consolidants

The ARB SCM for Architectural Coatings includes a separate category under the waterproofing concrete/masonry sealer for stone consolidants at 450 grams per liter to support historical preservation efforts by allowing limited use of these products under the direction of a stone conservation specialist, such as an architect, conservator, or engineer. Stone consolidants penetrate into stone substrates to help restore the integrity of crumbling or decayed materials. These products are often considered to be concrete treatments, rather than coatings, and are not for general purpose use. The Technical Support Document for Proposed Amendments to the Suggested Control Measure for Architectural Coating states that “solventborne products are generally preferred, because it is believed that the solvent can penetrate deeper into the substrate and distribute the consolidate down to the undeteriorated stone.” The OHP and a stone consolidant manufacturer have requested that PAR 1113 also include a category for stone consolidants, previously under the waterproofing concrete/masonry sealers, with a VOC content limit of 450 grams per liter. Stone consolidants would be defined in PAR 1113 to be for restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect. Stone consolidants would be required to be specified and used in accordance with ASTM E2167.

The waterproofing concrete/masonry sealers VOC content limit is 100 grams per liter in the existing Rule 1113, which currently includes stone consolidants. A stone consolidants category with a VOC content limit of 450 grams per liter would be added by PAR 1113. VOC emission foregone were estimated by calculating the difference between the proposed VOC content limit of 450 grams per liter and the estimated VOC content of the material, which is estimated to be 40

grams per liter. Ten years of national sales records from the stone consolidant manufacturer have shown consistent use of these products; therefore, no increase in usage is expected from PAR 1113. Based on these records, SCAQMD staff estimates approximately 142 gallons of stone consolidant used per year. SCAQMD staff intends to monitor usage through the Rule 314 Annual Quantity and Emissions Reports to ensure that the sales does not exceed the estimated usage, and may consider sales caps for this category if actual sales are above the estimated usage. VOC emissions foregone would be 0.001 tons per year and are presented in Table 2-5. Detailed calculations are presented in Appendix B.

Architectural Coatings Affected by PAR 1113 Where the VOC Content Limit Has Been Reduced

PAR 1113 would reduce the VOC content limits for the following existing coating categories: dry fog coatings, form release, fire proofing coatings, graphic arts coatings, mastic coatings, and metallic pigment coatings. Table 2-5 presents the existing and proposed VOC content limits and the VOC emission reductions expected from these affected coatings. Detailed calculations are provided in Appendix B.

New VOC Content Requirements for Colorants

PAR 1113 would establish VOC content limits for colorants effective January 1, 2014. The VOC content limit for colorants used to tint architectural coatings, excluding industrial maintenance coatings would be 50 grams per liter. The VOC content limit for colorants used to tint waterborne industrial maintenance would also be 50 grams per liter. The VOC content limit for colorants used to tint solventborne industrial maintenance coatings would be 600 grams per liter.

As stated in construction analysis of this section, small retail facilities would continue using existing dispensers for low-VOC colorants because coatings are assumed to be a small part of their business, so it is likely that they would not want to spend money to replace colorant dispensers. Large-sized facilities are in the process or have already replaced their colorant dispensers with the new generation of colorant dispensers to tint small coating samples. Medium-sized retailers and manufacturers with retail outlets are likely to use the new generation of dispensers. VOC emissions are directly tied to the VOC content of the colorant (i.e., VOCs are emitted from the colorant) not from colorant dispensers. The reduction in VOC content in colorants would result in a reduction of 2.8 tons VOC emissions per day after the proposed VOC content limits for colorants become effective on January 1, 2014. Detailed calculations are presented in Appendix B.

VOC Emissions Reductions from Phasing Out the Averaging Compliance Option

Fire retardant coatings; high gloss non-flats; quick-dry enamels; quick-dry primers, sealers and undercoaters would be removed from the averaging compliance option because these coatings would be recategorized into categories that would be allowed to use the averaging compliance option under PAR 1113. Roof coatings; water proofing sealers; bituminous roof primers; zinc rich industrial maintenance primers; and waterproofing concrete/masonry sealers would be removed from the averaging compliance option effective January 1, 2012, because some of these coating categories are not currently averaged in large volumes.

SCAQMD staff is also proposing to remove primer, sealer and undercoaters; and specialty primers from averaging compliance option provisions. SCAQMD staff has been approached by

many manufacturers who have had technological breakthroughs resulting in low- and near zero-VOC specialty primers (average \$23 per gallon). Those manufacturers are unable to compete with lower-priced specialty primers (average \$15 per gallon) with a higher-VOC content that are sold through the averaging compliance option; therefore, staff is proposing to eliminate this category from the averaging compliance option to stimulate greater market penetration of the new generation of low-VOC specialty primers. SCAQMD staff is proposing to remove the primer, sealer and undercoaters to address potential rule circumvention that may occur if manufacturers re-categorize the specialty primers as primer, sealer and undercoaters. The removal of specialty primer and primer, sealer, undercoating categories from the ACO would result in 0.3 tons per day.

There are alternative products for most, if not all of the high-VOC coatings that are currently being averaged, that are below, and in some cases well below the current VOC limit. Manufacturers have invested substantial funds for reformulation and commercial introduction of these low-VOC product lines and expect them to remain in the marketplace due to the market demand for low-VOC coatings.

The numbers of manufacturers who utilize the averaging compliance option has decreased from 10 manufacturers in 2007, to six manufacturers electing to utilize the averaging compliance option for the 2011 compliance period. High-VOC coatings that were able to participate in the averaging compliance option, but would be eliminated effective January 1, 2012, would have to comply with the applicable VOC content limits in PAR 1113(c)(1) and (2). SCAQMD staff expects that these high-VOC coatings would be reformulated to meet the applicable VOC content limits in PAR 1113(c)(1) and (2), or packaged in small containers to comply with the small container exemption.

The remaining PAR 1113 VOC emissions inventory and VOC emission reductions from limiting coating categories under the averaging compliance option effective January 1, 2012 are presented in Appendix B as Table B-4. The emissions inventory was developed from averaging compliance option reports for 2009 submitted by manufacturers to SCAQMD. The elimination of the ACO would result in 0.3-1.2 tons of VOC emission reductions per day effective January 1, 2015. The removal of specialty primer and primer, sealer, undercoating categories from the ACO and the elimination of the ACO would result in 1.2 tons of VOC emission reductions. Floor coatings, industrial maintenance coatings; interior stains, metallic pigmented coatings, rust preventative coatings, sanding sealers, stains, varnishes and flats and nonflats are the coating categories that would be affected by the elimination of the averaging compliance option effective January 1, 2015. Once the averaging compliance option is eliminated, all high-VOC coatings would need to be reformulated to meet the applicable VOC content limits in PAR 1113(c)(1) and (2), or packaged in small containers to comply with the small container exemption.

Changes to the Small Container Exemption (SCE)

Based on Rule 314 data approximately 523,749 gallons of coatings that exceed the VOC coating limit for the associated coating category were sold in small containers in 2008 and 370,012 gallons in 2009. The existing rule includes a small container exemption for containers less than one quart. The SCE ~~container~~ requirement would be changed from quart size to liter size containers to be consistent with ARB and EPA regulations. This change is not expected to result in any quantifiable change since one liter is 1.057 quarts.

The exemption would be expanded to prohibit bundling of coatings. Effective January 1, 2014 the small container exemption would exempt small container coatings from the VOC content limits only. The clarification to the exemption and the prohibition would assist in enforcement and is not expected to result in any changes to VOC emissions.

Secondary Criteria Pollutant Emissions from Operation

Manufacturing and Operating Practices

Manufacturing and operating practices for PAR 1113 compliant coatings would be similar to existing manufacturing and operating practices (i.e., no equipment or operational changes are expected to occur). Coatings and colorants are expected to be manufactured at the same facilities with the same types of equipment as existing coatings and colorants. Transportation of coating components and coatings is also expected to be similar or less. Low-VOC coatings or colorants typically use less solvent, which would require less raw material trips. Products are still expected to be sent to the same retailer, repackaging facilities and end users.

Reactivity

Some coating manufacturers assert that a reactivity-based approach should be used to regulate VOC. In 2006, ARB, districts and the U.S. EPA met to discuss a potential reactivity-based approach. Districts expressed concerns that implementation of a reactivity-based rule would require additional resources for enforcement. Detailed chemical formulation data would be needed to identify all of the volatile ingredients contained in the product. District staff would need to identify the appropriate maximum incremental reactivity (MIR) value for each of these ingredients before the overall reactivity could be calculated for the product. A system for updating MIR values to accommodate changes that result from research studies would be needed. Verifying compliance with a mass-based limit requires fewer resources, because it only involves a relatively simple measurement of total VOCs.

In 2007, the National Paint and Coatings Association (NPCA) suggested an Innovative Product Exemption (IPE) for reactivity be considered. For each product submitted for an exemption, district personnel would need to determine the reactivity of the noncompliant product, identify a representative compliant product, and compare the reactivity of the two products. District personnel would also need to develop enforceable conditions for each exemption (e.g., laboratory test methods, reporting requirements, etc.). The U.S. EPA expressed concerns about how a reactivity-based IPE provision would be enforced, and about potential complications that could result from case-by-case, reactivity-based limits that might be adopted by one air district and not a neighboring district. ARB staff concluded that many districts have insufficient resources to implement and enforce reactivity-based limits or the IPE provision, and that the U.S. EPA had concerns regarding the implementation and enforcement of the IPE provision. Based upon the lack of district resources, U.S. EPA's response, and the lack of industry consensus, ARB staff decided to propose mass-based rather than reactivity based VOC limits in their Suggested Control Measure (SCM). ARB staff concluded the proposed mass-based VOC content limits provided significant emission reductions and was easier for the districts to implement and enforce. In addition, the districts have existing variance rules that can provide flexibility for coating manufacturers.

Based on these discussions, SCAQMD staff does not believe that a reactivity-based approach would be appropriate for PAR 1113. However, SCAQMD staff will continue to work with CARB, U.S.EPA staff and industry on a potential reactivity-based approach.

Coating Properties

Coating properties of PAR 1113 non-compliant and PAR 1113 compliant coatings were compared in the Draft Staff Report for PAR 1113 (April 2010). Based on the analysis in the ~~Draft~~ Final Staff Report, coating properties between PAR 1113 non-compliant and PAR 1113 compliant coatings were similar. Therefore, no new adverse air quality impacts are expected from differences between PAR 1113 non-compliant and PAR 1113 compliant coatings.

Retail and Use Practices

Retail operations may require the use of new colorant dispensers. The operation of these new colorant dispensers may have secondary air quality impacts. The colorant dispensers are expected to have electrical use similar to existing units; therefore, no new adverse air quality impacts from increased electrical use are expected. The dispensers may require increased flushing or cleaning, but the increase in liquid waste is expected to be on the order of ounces, so no increase in air quality impacts from liquid waste for treatment is expected. Earlier issues regarding tip drying, mistinting, wasted paint and film property are not expected to be an issue since the VOC content limit in PAR 1113 was increased from 10 grams per liter to 50 grams per liter.

PAR 1113 compliant coatings are expected to be applied in a similar fashion to existing coatings (brushed, sprayed and rolled), so no new emissions from the application of coatings is expected.

Since under PAR 1113 manufacturing, retail and operating practices would be similar to existing manufacturing, retail and operating practices no increases in secondary criteria pollutants are expected.

Summary of Operational VOC Emissions and Emission Reductions

The total operational effects on VOC emissions as a result of adopting and implementing PAR 1113 are presented in Table 2-6.

Although PAR 1113 would result in VOC emission reductions foregone from two coating categories, overall PAR 1113 is expected to result in net VOC emissions reductions once fully implemented. As a result PAR 1113 is expected to result in an operational air quality benefit. Therefore, PAR 1113 is not expected to create significant adverse operational air quality impacts.

III.c) The preceding analysis concluded that there would be no construction emissions impacts and operational criteria emission would not exceed the applicable SCAQMD construction or operational significant thresholds. It is expected that PAR 1113 would result in a reduction of VOC emissions and potential reduction in toxic emissions (see III.d)). Since PAR 1113 is not expected to be significant for any air quality adverse impact it is not expected to be cumulatively considerable and, therefore, is not expected to create significant adverse cumulative air quality impacts.

**Table 2-6
Total VOC Emissions Reductions from PAR 1113**

Description	VOC Emission Reductions (tons per day)			
	2012	2014	2015	Totals
Reduce VOC Content Limits		<u>0.4-0.2</u>		<u>0.4-0.2</u>
Limit VOC Content Limits of Colorants		2.8		2.8
VOC Emissions Foregone from Stone Consolidants	-0.001			-0.001
VOC Emissions Foregone from Reactive Penetrating Sealers	-0.001			-0.001
Remove Categories from ACO	0.9			0.9
Phase Out of ACO			0.3	0.3
Total VOC Emission Reductions	0.9	<u>3.2-3.0</u>	0.3	<u>4.4-4.2</u>

III.d) Prohibition of Class II Exempt Compounds

PAR 1113 includes a general prohibition against the use of Group II exempt compounds listed in Rule 102 – Definition of Terms, in excess of 0.1 percent, other than cyclic, branched, or linear, completely methylated siloxanes (VMS). Pursuant to Rule 102, Group II exempt compounds may be restricted in the future because they are toxic, potentially toxic upper atmospheric ozone depleters or have other environmental impacts. This provision would become effective January 1, 2012, with a sell through for products manufactured before the effective date until January 1, 2013. The proposed prohibition is expected to reduce health risks from exposure to potential toxic solvents; however, no quantification of the amount of Group II exempt compounds in currently available coatings was available. Although this provision in PAR 1113 would likely produce human health benefits, because current volumes of Group II exempt compounds in affected coatings are unknown, no credit would be taken from the prohibition.

Reformulation of Coatings

To comply with PAR 1113, some coatings manufacturers may need to reformulate existing coatings. Although not likely, it is possible that reformulated materials could be formulated with toxic products. The following analysis demonstrates that PAR 1113 would not expose sensitive receptors to substantial exposures to air toxics.

Coatings affected by PAR 1113 may need to be reformulated to meet proposed VOC content limits or in response to changes to and elimination of the averaging compliance option provision. Coating components may have differing toxicity characteristics. To evaluate the potential adverse toxics impacts from PAR 1113, SCAQMD staff used Rule 314 data for products sold in 2008 and 2009. Based on discussions with coating manufacturers, the types of solids in affected coatings are not expected to change as a result of implementing PAR 1113, only solvent formulation. As a result, only solvents in replacement coatings were evaluated for human health effects, which were then compared to the human health effects of solvents in coating formulations that exceed the VOC content limits proposed by PAR 1113.

SCAQMD staff reviewed coatings in the Rule 314 data for products sold in 2008 and 2009. Affected architectural coatings (clear topcoat faux coatings, dry fog coatings; fire proofing coatings; graphic arts coatings; metallic pigment coatings, trowel applied faux finishing coatings)

that have VOC contents greater than those proposed for PAR 1113 and had a sales volume greater than one percent of the total sales of that category were used to represent the coatings that would need to be reformulated.

Assuming that coatings reformulated to comply with PAR 1113 would be similar to existing coatings that already comply with PAR 1113, architectural coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 data were also added.

Air toxic solvents were identified by reviewing MSDSs for PAR 1113 non-compliant and PAR 1113 compliant coating lists. The types and amounts of air toxics in the coatings remained the same or were reduced or were eliminated in the PAR 1113 compliant coatings when compared to the PAR 1113 non-compliant coatings (see Table 2-7) with the ~~exemption~~-exception of faux finishing coatings and mastic coatings. A detailed summary is included in Appendix B. Table 2-8 presents all toxic air contaminants identified in MSDS for coatings evaluated in this analysis and their health effects.

Air Toxics from Faux Finishing Coatings

One PAR 1113 compliant interior trowel coatings contains ethylene glycol at five percent by weight. No other toxic air contaminants were identified in any other trowel coatings. Ethylene glycol is a chronic non-carcinogenic toxic air contaminant. Trowel coatings are typically applied once for the life of a structure. Therefore, while PAR 1113 compliant coatings may contain ethylene glycol in low concentrations, since trowel coatings are not expected to be reapplied to a structure, the chronic non-carcinogenic health risk from a single application of a trowel coating with ethylene glycol in low concentrations (five percent) is not expected to be significant.

One PAR 1113 compliant clear topcoat faux finish coating product line contains a maximum of 0.48 percent of triethylamine by weight. Triethylamine is an acute and chronic non-carcinogenic toxic air contaminant, no carcinogenic health values have been established by OEHHA (i.e., cancer potency or unit risk factors). The acute recommended exposure limit (REL) of triethylamine is 2,800 micrograms per cubic meter. The chronic REL triethylamine is 200 micrograms per cubic meter. Total sales of the product line are available from Rule 314 data, but where the product is used and how much at a single location is not known. Since, usage is low and specific information was not available, chronic non-carcinogenic health risk was estimated based on total usage of the clear topcoat faux finish coatings from Rule 314 data (i.e., all clear topcoat faux finish coatings) and the maximum triethylamine by weight in the affected clear topcoat faux finish coating product line. This is very conservative because the total usage in 2009 did not likely occur at the same location and not all clear topcoat faux finish coating products contain triethylamine. The chronic hazard index based on this approach is 0.3 which is below the significance threshold of 1.0. Acute non-carcinogenic health risk was estimated assumed that five gallons per hour may be used on any structure and the maximum triethylamine by weight in the affected clear topcoat faux finish coating product line. The acute hazard index based on this approach is 0.02 which is below the significance threshold of 1.0. Since the non-carcinogenic health risk was below the significant thresholds in Table 2-1, non-carcinogenic health risk is expected to be less than significant.

**Table 2-7
Maximum Concentrations of Toxic Air Contaminant in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹**

Coating Category	Di(2-ethylhexyl) phthalate (DEHP)	Ethylbenzene	Ethylene glycol	Ethylene glycol butyl ether	Iso-propanol	Methylene diphenyl isocyanate	Methyl ethyl ketone	Styrene	Triethylamine	Toluene	Xylene
PAR 1113 Non-Compliant Coatings (maximum weight percent)											
Dry Fog Coatings		1		4	4			20			1
Fire Proofing Exterior Coatings		5					15			15	20
Graphic Arts Coatings				5							
Metallic Pigmented Coatings		2.4					2.7			10	9.9
Faux Finish Clear Coat				0.18							
Form Release											
Trowel Applied Faux Finish											
<u>Mastic Coatings</u>		<u>10</u>	<u>3</u>					<u>40</u>			<u>40</u>
PAR 1113 Compliant Coatings (maximum weight percent)											
Dry Fog Coatings								20			
Fire Proofing Exterior Coatings										10	
Graphic Arts Coatings											
Metallic Pigmented Coatings										7	
Faux Finish Clear Coat									0.46 ²		
Form Release											
Trowel Applied Faux Finish				5.3 ²							
<u>Mastic Coatings</u>	<u>0.1</u>		<u>3</u>			<u>5</u>					

1. Maximum weight percents from review of MSDSs.
2. PAR 1113 compliant coatings weight percent is greater than PAR 1113 non-compliant coatings weight percent (i.e., the PAR 1113 compliant coatings have higher toxic concentration than PAR 1113 non-compliant coatings).

**Table 2-8
Toxic Air Contaminant Health Effects**

Air Toxic Compound	Inhalation Cancer Potency Factor, (mg/kg-d)-1	Chronic Inhalation Reference Exposure Level, µg/m3	Chronic Hazard Index Target(s) in Humans	Chronic Critical Effect(s)	Acute Inhalation Reference Exposure Level, µg/m3	Acute Hazard Index Target(s) in Humans	Acute Critical Effect(s)
<u>Di(2-Ethylhexyl)Phthalate (DEHP)</u>	8.40E-03	-	-	-	-	-	-
Dipropylene glycol monobutyl ether	None	50 (Interim value , March 2010)	Alimentary system (liver) and nasal mucosa	Histopatholoical lesions	None	None	None
Ethylbenzene	0.0087	2,000	Alimentary system (liver); kidney; endocrine system	Liver, kidney, pituitary gland in mice and rats	None	None	None
Ethylene glycol	None	400	Respiratory system; kidney; development	Respiratory irritation in human volunteers	None	None	None
Ethylene glycol butyl ether	None	None	None	None	14,000	Eyes, respiratory system	Irritation
Isopropanol	None	7,000	Kidney; development	Kidney lesions in mice and rats; fetal growth retardation and developmental anomalies in rats	3,200	Eyes; respiratory system	Irritation of the eyes, nose and throat
Methanol	None	4,000	Teratogenicity	Increased incidence of abnormal cervical ribs, cleft palate, and exencephaly in mice	28,000	Nervous system	Subtle impairment in the performance of complicated tasks
<u>Methylene Diphenyl Isocyanate</u>	-	<u>7.00E-01</u>	<u>Respiratory</u>	<u>Hyperplasia of the olfactory epithelium in rats</u>	-	-	-

**Table 2-8 (Concluded)
Toxic Air Contaminant Health Effects**

Air Toxic Compound	Inhalation Cancer Potency Factor, (mg/kg-d)-1	Chronic Inhalation Reference Exposure Level, µg/m3	Chronic Hazard Index Target(s) in Humans	Chronic Critical Effect(s)	Acute Inhalation Reference Exposure Level, µg/m3	Acute Hazard Index Target(s) in Humans	Acute Critical Effect(s)
Methyl ethyl ketone	None	None	None	None	13,000	Eyes; respiratory system	Eye, nose and throat irritation in human volunteers
Styrene	None	900	Nervous system	Neuropsychological deficits in humans as measured by memory and sensory/motor function tests	21,000	Eyes; respiratory system; reproductive/developmental	Eye and upper respiratory irritation
Toluene	None	300	Nervous system; respiratory system; teratogenicity	Neurotoxic effects (decreased brain [subcortical limbic area] weight, altered dopamine receptor binding).	37,000	Nervous System; eyes; respiratory System; reproductive/developmental	Headache, dizziness, slight eye and nose irritation
Triethylamine	None	200	Eyes	Eye effects in rats and humans	2,800	Nervous system; eyes	Visual disturbances and ocular irritation in healthy human volunteers
Xylene	None	700	Nervous system; respiratory system	Central nervous system effects in humans; irritation of the eyes, nose, and throat	22,000	eyes; respiratory system	Eye irritation in healthy human volunteers

Acute Reference Exposure Levels and Target Organs, <http://www.arb.ca.gov/toxics/healthval/chronic.pdf>

Chronic Reference Exposure Levels and Target Organs, <http://www.arb.ca.gov/toxics/healthval/acute.pdf>

Consolidated Table of OEHHA/ARB Approved Risk Assessment Health Values, <http://www.arb.ca.gov/toxics/healthval/contable.pdf>

OEHHA Acute, 8-hour and Chronic Reference Exposure Level (REL) Summary, http://oehha.ca.gov/air/chronic_rels/

Air Toxics Hot Spots Risk Assessment Guidelines Part II: Technical Support Document for Cancer Potency Factors (May 2009) Appendix D - A listing of Toxic Air Contaminants identified by the California Air Resources Board, http://oehha.ca.gov/air/hot_spots/2008/AppendixD2_final.pdf

Dipropylene glycol monobutyl ether - interim chronic REL, <http://www.arb.ca.gov/consprod/regact/2010ra/dpnb29911282.pdf>

Air Toxics from Mastic Coatings

Based on the MSDS review, conventional solvent toxic air contaminant concentrations contained in PAR 1113 non-compliant mastic coatings are reduced or eliminated in PAR 1113 compliant mastic coatings with the exception di(2-ethylhexyl)phthalate (DEHP), methylene diphenyl isocyanate (MDI) and ethylene glycol.

One PAR 1113 compliant polyurethane mastic coating contains 0.1 weight percent of di(2-ethylhexyl) phthalate (DEHP) and five percent methylene diphenyl isocyanate (MDI). DEHP is a carcinogen. Phthalate concentration is independent of VOC content (i.e., phthalate concentrations are not expected to change in order to lower VOC content).

MDI is a chronic noncarcinogenic compound. Isocyanates are a component of polyurethane coatings and are used in both high- and low -VOC polyurethane coatings. Like phthalates, isocyanate concentration is independent of VOC content.

Since the use of DEHP and MDI would not be affected by reformulating to meet the requirements of PAR 1113, and all other toxic air contaminant concentrations in mastic coatings are expected to be reduced or remain the same (see Table 2-7), adverse air toxic impacts from mastic coatings are expected to be less than significant.

Toxic Air Contaminant Reformulated Coatings Conclusion

Many air toxics also have high VOC content values, so by reducing the VOC content limit, the amount of these air toxics must be reduced or replaced to comply with the lower VOC content limit. Based on the preceding evaluation, with the exception of faux finishing coatings no increase in air toxics is expected from coating reformulation that may be required by PAR 1113. Affected toxic air contaminants (i.e., toxic air contaminates that would be affected by changes to VOC content limits) found in PAR 1113 compliant mastic coatings are expected to be reduced by the proposed project. Based on the above analysis health risk from faux finishing coatings are less than significant. Therefore, PAR 1113 is not expected to be significant for adverse air toxic impacts from reformulation of architectural coatings to meet lower VOC content limits.

Stone Consolidants and Reactive Penetrating Sealers

Stone consolidants and reactive penetrating sealers are primarily supplied under the small container exemption. Based on a review of stone consolidants and reactive penetrating sealers MSDSs, these products may be formulated with methanol, which can cause chronic and acute noncarcinogenic health effects. As stated earlier, ethanol and methanol are also formed by a reaction between the siloxanes and water in concrete. Ethanol is not considered to be an air toxic.

VOC emissions foregone were estimated because reductions were taken for VOC emission reductions to the waterproofing concrete/masonry sealer category in June 9, 2006 amendments to PAR 1113 that were submitted to U.S. EPA for incorporation into the SIP. As stated in the VOC emissions discussion above, usage for stone consolidants and reactive penetrating sealer has been consistently low state-wide and nationally for stone consolidants and reactive penetrating sealers for historical restoration and Caltran use because they are used in very specialized niche applications. Based on these records and Rule 314 data, SCAQMD staff estimates usages would remain consistent with existing usages, which are approximately 142 gallons of stone consolidant used per year and 290 gallons of reactive penetrating sealer used per year.

Therefore, no increase in the use of these products is expected. However, SCAQMD staff intends to monitor usage through the Rule 314 Annual Quantity and Emissions Reports to ensure that the sales does not exceed the estimated usage, and may consider sales caps for this category if actual sales are above the estimated usage. Since no increase in use is expected, new adverse air toxic (methanol) impacts are not expected from PAR 1113.

Colorants

To evaluate compliant colorant formulations SCAQMD staff evaluated MSDSs of colorants that currently comply with the proposed colorant VOC content limit. In addition, colorant manufacturers were contacted to obtain additional information on colorant compositions or any other relevant information. Colorant manufacturers have stated that there would be no change to the solid materials used between existing colorants and PAR 1113 compliant colorants. Therefore, the focus of the air toxics analysis is on the solvents expected to be used in complaint formulations. SCAQMD staff contacted colorant manufacturers to obtain additional information on their products. Glycols, ethylbenzene and isopropyl alcohol were listed on MSDSs for colorants that are compliant with the existing Rule 1113, but would not be compliant with PAR 1113. Some of these glycols, such as ethylene glycol are considered air toxic pollutants. MSDSs for low-VOC colorants (PAR 1113 compliant colorants) were reviewed and no toxic air pollutants were identified. Therefore, PAR 1113 is expected to reduce toxic air pollutants.

In the spring of 2010, the South Coast Air Quality Management District conducted a survey of Architectural Coatings Manufacturers⁵ to determine the type of colorants that are currently being used to tint coatings at the point of sale for architectural and industrial maintenance applications. The survey identified nine colorant manufacturers (Evonik Degussa Corporation, Consolidated Color Corporation, Plasticolors, BASF Corporation, Sierra Corporation, Clariant Corporation, Engelhart Corporation, Color Corporation of America and Elementis Specialties). Engelhard Corporation was purchased by BASF Corporation, so now there are only eight colorant manufacturers that have been identified to SCAQMD staff.

Seven of the eight the colorant manufacturers also belong to toxic substance reduction programs such as, Germany's Blue Angel Program, American Chemistry Council (ACC) Responsible Care initiative), Green Seal, International Organization for Standardization (ISO) 14001 or have corporate policies and goals related to ongoing research and development to minimize or eliminate toxic materials from their paints. ACC member companies have made CEO-level commitments to measuring and publicly reporting performance, implementing the Responsible Care Security Code, applying the Responsible Care management system and obtaining independent certification that a management system has been established and operating according to professional standards. The BASF Corporation, Clariant Corporation and Evonik Degussa Corporation are ACC member companies.

The Clariant Corporation, a European colorant manufacturer, has formulated their Colanyl 500 pigments to fulfill the requirements of the Blue Angel Low-Emission Wall Paint Standard RAL-UZ 102. Blue Angel is a German certification for environmentally friendly products and services. It provides a standard for companies to promote the environmental positive aspects of their products on a voluntary basis. The Blue Angel Low-Emission Wall Paint Standard RAL-UZ 102 requires low solvent and formaldehyde content, and plasticizer content below 0.1 percent.

⁵ <http://www.aqmd.gov/prdas/Coatings/CurrentActivities/AQMDColorantSurvey2010.pdf>

Many of the Sierra Corporation coatings conform to the Green Seal Standard for Paints and Coatings GS-11. Green Seal is a non-profit organization that uses science-based programs to assist consumers, purchasers and companies to increase sustainability. The Green Seal Standard for Paints and Coatings GS-11 establishes environmental requirements for paints and coatings. The standard includes product performance requirements and environmental and health requirements such as reduced use of hazardous substances and requires low volatile organic compound (VOC) content. GS-11 compliant products are prohibited from containing: 1,2-dichlorobenzene, alkylphenol ethoxylates (APEs), formaldehyde-donors, heavy metals, including lead, mercury, cadmium, hexavalent chromium and antimony in the elemental form or compounds, phthalates, triphenyl tins (TPT) and tributyl tins (TBT).

Plasticolors is ISO 14001:2004 certified. ISO 14000 standards address various aspects of environmental management. The two standards, ISO 14001:2004 and ISO 14004:2004 deal with environmental management systems (EMS). ISO 14001:2004 provides the requirements for an EMS and ISO 14004:2004 gives general EMS guidelines. ISO 14001:2004 EMSs are management tools enabling organizations to: identify and control the environmental impact of its activities, products or services, to continually improve its environmental performance, and to implement a systematic approach to setting environmental objectives and targets, to achieving these and to demonstrating that they have been achieved.

Benjamin Moore's zero-VOC colorant system meets their corporate Green Promise designation. To adhere to the Green Promise designation the colorants must meet or exceed standards established by Green Seal, Greenguard, MPI and the California CHPS programs. These programs limit VOC emissions and restrict certain chemicals (like formaldehyde, crystalline silica, and other carcinogens). These programs also establish baselines for dry-film performance characteristics, such as hiding ability, scrubability and adhesion.

Elementis Specialties has an environmental policy that states, "Elementis Specialties, Inc. operates our facilities to minimize impact on the environment. We view compliance with all applicable legal requirements and other codes of practice as our minimum standard. We work proactively to reduce emissions, minimize waste from our processes, conserve valuable natural resources and ensure responsible product stewardship up and down the supply chain.

In addition, five of the eight colorant manufacturers produce APE free low-VOC colorants. APEs are synthetic surfactants that are used in conventional colorant pigments. Surfactants are compounds that lower the surface tension of a liquid. Surfactants assist with wetting, film leveling, and pigment and dye stabilization. CARB has published a draft interim acute reference exposure level of 0.73 mg/m³ (0.03 ppm) for APEs,⁶ which indicates that APEs have the potential to cause adverse non-carcinogenic health impacts from short-term exposures. In response to concerns about adverse biological impacts from APEs by CARB, EPA and European environmental regulatory agencies, there is a trend among colorant manufacturers to eliminate APEs in only low-VOC colorants. There is no direct relationship between APE content and VOC content in colorants (APE concentrations are too low to typically affect VOC content). Complying with PAR 1113 is not expected to increase the use of APEs in any PAR 1113 compliant formulation or interfere with coating manufacturing trends to produce APE-free low-

⁶ <http://www.arb.ca.gov/consprod/regact/2010ra/ape9016459.pdf>

VOC colorants. Because of the trend to eliminate APEs from low-VOC colorants, the use of low-VOC colorants would result in an indirect health benefit. Since APEs are not prohibited by PAR 1113, but were eliminated by colorant manufacturers instead of by public agency rules or regulations, no credit would be taken for the elimination of APEs in colorants.

Based on the above analysis, no adverse health impacts are expected from primary and secondary emissions of air toxic pollutants from the colorant requirements of PAR 1113.

Secondary Air Toxic Emissions

Secondary air toxic emissions may be generated by a single round trip to deliver and install new colorant dispensers or to modify existing units and another single round trip to dispose of any solid waste from the replacement or modification of existing colorant dispensers at retail facilities. As a worst-case assumption, the two round trips from delivery and disposal are expected to be completed using diesel-fueled vehicles. CARB has classified the particulates in diesel exhaust as a carcinogen. Health risks from carcinogenic pollutants are estimated over a 70-year lifetime for residential and sensitive receptors and over a 40-year period for off-site worker receptors. Since deliveries and disposal are expected to be completed over a short period of time (within a couple of days) and health risk values are estimated over long periods of time, increased health risk from diesel exhaust particulate matter is expected to be less than significant for secondary air toxic emissions. In addition, retail facilities are not typically located in close proximity to other affected retail facilities and installation of colorant dispensers would occur over a three-year period. Therefore, there would not be any overlapping or additive exposures from deliveries to different facilities.

Based on the above discussion, PAR 1113 is not expected to generate significant air toxic impacts.

III.e) Odor problems depend on individual circumstances, materials involved, and individual odor sensitivities. For example, individuals can differ quite markedly from the population average in their sensitivity to odor due to any variety of innate, chronic or acute physiological conditions. This includes olfactory adaptation or smell fatigue (i.e., continuing exposure to an odor usually results in a gradual diminution or even disappearance of the smell sensation).

As already noted, the proposed project does not require the use of heavy-duty diesel construction equipment, and only two delivery/haul trucks trips are expected to replace colorant dispensers at medium-sized retailers. As a result no odor impacts associated with diesel exhaust from either on-road or off-road mobile sources are expected to occur.

The odors from coatings are typically related to the types and amounts of solvents used in the coatings. Based on a review of MSDSs for both toxics (see the toxics analysis in this section) and hazardous solvents (see Section VIII - Hazards and Hazardous Material), it appears that coatings that comply with the PAR 1113 would use the same solvents used in existing coatings, but in lower quantities to comply with the proposed VOC content limits with the exception of faux finish coatings. PAR 1113 compliant faux finish coatings may increase triethylamine, ethylene glycol and propylene glycol. Triethylamine is a trace component (maximum 0.48 percent) in faux finish clear topcoat, which is unlikely to generate strong odors at such a low concentration. Ethylene glycol and propylene glycol are used in concentrations at less than five percent in dry trowel applied faux coatings, which are mixed with water. The use of ethylene

glycol and propylene glycol diluted in waterborne trowel applied faux coatings is not expected to generate strong odors.

In summary, the overall reduction in solvent use, with the exception of faux finish coatings is expected to reduce odors from coatings. In the case of PAR 1113 compliant faux coatings where triethylamine, ethylene glycol and propylene glycol may increase, the concentrations of these solvents are low and, therefore, not expected to generate additional adverse significant odor impacts. Therefore, PAR 1113 is not expected to create new objectionable odors that would affect as significant number of people.

III.g) & h) Global warming is the observed increase in average temperature of the earth's surface and atmosphere. The primary cause of global warming is an increase of greenhouse gas (GHG) emissions in the atmosphere. The six major types of GHG emissions identified in the Kyoto Protocol are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), haloalkanes (HFCs), and perfluorocarbons (PFCs). The GHG emissions absorb longwave radiant energy emitted by the earth, which warms the atmosphere. The GHGs also emit longwave radiation both upward to space and back down toward the surface of the earth. The downward part of this longwave radiation emitted by the atmosphere is known as the "greenhouse effect."

The current scientific consensus is that the majority of the observed warming over the last 50 years can be attributable to increased concentration of GHG emissions in the atmosphere due to human activities. Events and activities, such as the industrial revolution and the increased consumption of fossil fuels (e.g., combustion of gasoline, diesel, coal, et cetera), have heavily contributed to the increase in atmospheric levels of GHG emissions. As reported by the California Energy Commission (CEC), California contributes 1.4 percent of the global and 6.2 percent of the national GHG emissions (CEC, 2004). Further, approximately 80 percent of GHG emissions in California are from fossil fuel combustion (e.g., gasoline, diesel, coal, et cetera).

PAR 1113 is not expected to alter manufacturing processes (other than reformulating coatings) and coating use. No GHG compounds were identified in MSDSs of existing coatings that comply with PAR 1113, and since reformulated coatings are expected to be similar to existing coatings that are already compliant with PAR 1113, reformulated coatings are not expected to generate GHG emissions. Retail operations with new colorants and colorant equipment are expected to be similar to existing systems with respect to GHG generation. Therefore, no additional GHG emissions are expected from operational activities related to PAR 1113.

PAR 1113 would generate new trips to replace colorant systems and dispose of the old systems. These emissions are summarized in Table 2-9 and detailed in Appendix B.

**Table 2-9
GHG Emissions from PAR 1113**

Description	Activity, vehicle miles traveled	CO₂, metric ton	CH₄, metric ton	N₂O, metric ton	CO₂eq, metric ton
Project Emissions	35,360	87.6	0.00403	0.00034	87.7
Amortized Emissions	1,179	2.92	0.0001345	0.0000113	2.9

PAR 1113 is expected to result in an incremental increase of 2.9 metric tons of CO₂eq emissions per year generated during construction from delivery/haul truck trips to remove and replace colorant dispensers. To determine significance, total GHG emissions from all construction activities were quantified. Construction activities consists primarily of on-road heavy-duty diesel truck trips to transport new colorant dispensers to affected retail facilities and haul away old dispensers. The total project GHG emissions are shown in the first row of Table 2-9. GHG emissions then are amortized over a 30-year period as prescribed in the Interim CEQA GHG Significance Threshold for Stationary Sources, Rules and Plans⁷ adopted by the SCAQMD Governing Board in December 2008. PAR 1113 is not expected to generate any additional GHGs from operations, since PAR 1113 compliant operations are expected to be similar to existing operations. Amortized construction GHG emissions are shown in the second row of Table 2-9. Although methane (CH₄) and nitrous oxide (N₂) have global warming potentials of 21 and 310, respectively, they are a small amount of the total GHG emissions. An incremental increase of 2.9 tons from construction per year of CO₂eq emissions is less than the significance threshold of 10,000 metric tons of CO₂eq per year. In general, the Program EIR for the 2007 AQMP concluded that implementing the control measures in the 2007 AQMP, would provide a comprehensive ongoing regulatory program that would reduce overall GHGs emissions in the district. Therefore, PAR 1113 is not expected to create significant for adverse GHG emission impacts or conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of GHGs.

Conclusion

Based on the preceding evaluate of air quality impacts from PAR 1113, SCAQMD staff has concluded that PAR 1113 does not have the potential to generate significant adverse air quality impacts and will not be further analyzed in this Final EA. Since no significant adverse air quality and greenhouse gases impacts were identified, no mitigation measures are necessary or required.

⁷ Interim CEQA GHG Significance Threshold for Stationary Sources, Rules and Plans, <http://www.aqmd.gov/hb/2008/December/081231a.htm>.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
IV. BIOLOGICAL RESOURCES.				
Would the project:				
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Have a substantial adverse effect on federally protected wetlands as defined by §404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Conflicting with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
f) Conflict with the provisions of an adopted Habitat Conservation plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

Impacts on biological resources will be considered significant if any of the following criteria apply:

- The project results in a loss of plant communities or animal habitat considered to be rare, threatened or endangered by federal, state or local agencies.
- The project interferes substantially with the movement of any resident or migratory wildlife species.
- The project adversely affects aquatic communities through construction or operation of the project.

Discussion

IV.a), b), c), & d) Manufacturing of architectural coatings that comply with PAR 1113 is expected to occur within existing structures at industrial facilities that already manufacture architectural coatings. The use and application of compliant architectural coatings is expected to be similar to the use and application of existing architectural coatings that are applied to new or existing structure and their appurtenances because their formulation, in many cases, are similar to the formulation in existing coatings except compliant coatings are expected to be formulated with less solvent.

Conventional colorants include solvents such as glycols, ethylbenzene and isopropyl alcohol, which indirectly reduce biological growth in the colorants. These solvents have been removed from existing PAR 1113 compliant colorants and, therefore, are expected to be removed in conventional colorants reformulated to comply with PAR 1113. To prevent biological growth in low-VOC colorants, biocides have been added to or increased in these colorants. Therefore, PAR 1113 may require a slight increase in the amount of biocides in colorants for some formulations, but colorants are a small component of coatings (approximately four ounces per gallon) and biocides are a small portion of colorants. Colorant manufacturers were also contacted and stated that they had not identified any biological impacts from low-VOC colorants. MSDSs of PAR 1113 non-compliant and PAR 1113 compliant coatings were reviewed by SCAQMD staff. No MSDSs, either for PAR 1113 non-compliant coatings or PAR 1113 compliant coatings identified biological impacts from biocides in colorants.

APEs are synthetic surfactants that are used in conventional colorants pigment. Surfactants are compounds that lower the surface tension of a liquid. Surfactants assist with wetting, film leveling, and pigment and dye stabilization. EPA has prepared a Nonylphenol (NP) and Nonylphenol Ethoxylates (NPEs) Action Plan. NPs and NPEs are considered APEs. The EPA has stated in their Action Plan, “available acute and chronic toxicity data of NP to aquatic

organisms indicates NP is highly toxic to fish, aquatic invertebrates, and aquatic plants. The 28-day no observed effect concentration (NOEC) of CASRN 84852-15-3 for fish ranges from 0.05 to 0.07 mg/L and the 28-day lowest observed effect concentration (LOEC) ranges from 0.12 to 0.19 mg/L. A 33-day NOEC for fish is 0.007 mg/L and the 33-day LOEC is 0.014 mg/L. The 21-day NOEC for aquatic invertebrates ranges from 0.10 to 0.24 mg/L.”⁸ In response to concerns about adverse biological impacts from APEs by EPA and European environmental regulatory agencies, there is a trend among colorant manufacturers to eliminate APEs in only low-VOC colorants. There is no direct relationship between APE content and VOC content in colorants (APE concentrations are too low to typically affect VOC content). Complying with PAR 1113 is not expected to increase the use of APEs in any PAR 1113 compliant formulations or interfere with coating manufacturing trends to produce APE-free low VOC products.

Further, PAR 1113 is only expected to require minor construction activities to install colorant equipment in existing retail facilities because compliance with PAR 1113 is expected to be met by reformulation of architectural coatings and colorants. For the same reason, PAR 1113 would not require the construction of any new buildings or other structures. Colorant systems at medium-sized retail facilities may need to be replaced. But these units are drop-in place units that would not need heavy-duty diesel construction equipment for installation and would be replaced within existing retail structures. As a result, implementing PAR 1113 is not expected to adversely affect in any way habitats that support riparian habitat, are federally protected wetlands, or are migratory corridors. Similarly, since implementing PAR 1113 would not require construction of any structures, special status plants, animals, or natural communities are not expected to be adversely affected.

IV.e) & f) It is not envisioned that PAR 1113 would conflict with local policies or ordinances protecting biological resources or local, regional, or state conservation plans because the proposed project does not require construction of any structures or new development in protected areas. Additionally, PAR 1113 would not conflict with any adopted Habitat Conservation Plan, Natural Community Conservation Plan, or any other relevant habitat conservation plan for the same reason.

The SCAQMD, as the Lead Agency for the proposed project, has found that, when considering the record as a whole, there is no evidence that PAR 1113 would have potential for any new adverse effects on wildlife resources or the habitat upon which wildlife depends. Accordingly, based upon the preceding information, the SCAQMD has, on the basis of substantial evidence, rebutted the presumption of adverse effect contained in §753.5 (d), Title 14 of the California Code of Regulations.

Based upon these considerations, significant adverse biological resources impacts are not anticipated and will not be further analyzed in this ~~Draft~~ Final EA. Since no significant adverse biological resources impacts were identified, no mitigation measures are necessary or required.

⁸ http://www.epa.gov/oppt/existingchemicals/pubs/actionplans/RIN2070-ZA09_NP-NPEs%20Action%20Plan_Final_2010-08-09.pdf

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
V. CULTURAL RESOURCES. Would the project:				
a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a substantial adverse change in the significance of an archaeological resource as defined in §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Directly or indirectly destroy a unique paleontological resource, site, or feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Disturb any human remains, including those interred outside formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

Impacts to cultural resources will be considered significant if:

- The project results in the disturbance of a significant prehistoric or historic archaeological site or a property of historic or cultural significance to a community or ethnic or social group.
- Unique paleontological resources are present that could be disturbed by construction of the proposed project.
- The project would disturb human remains.

Discussion

V.a), b), c), & d) PAR 1113 does not require construction of new facilities, increasing the floor space of existing facilities, or any other construction activities that would require disturbing soil that may contain cultural resources. The only activities expected to occur as a result of PAR 1113 is the removal of old and replacement with new colorant dispensing units at existing retail facilities. The colorant dispensers are drop in replacements, so removal and installation would occur primarily using hand tools.

Since no heavy-duty construction-related activities requiring soil disturbance would be associated with the implementation of PAR 1113, no impacts to historical or cultural resources are anticipated to occur. Further, PAR 1113 is not expected to require physical changes to the environment, which may disturb paleontological or archaeological resources or disturb human remains interred outside of formal cemeteries.

The ARB SCM for Architectural Coatings includes a separate category under the waterproofing concrete/masonry sealer for stone consolidants at 450 grams per liter to support historical preservation efforts by allowing limited use of these products under the direction of a stone conservation specialist, such as an architect, conservator, or engineer. Stone consolidants penetrate into stone substrates to help restore the integrity of crumbling or decayed materials. These products are often considered to be concrete treatments, rather than coatings, and are not

for general purpose use. The Technical Support Document for Proposed Amendments to the Suggested Control Measure for Architectural Coating states that “solventborne products are generally preferred, because it is believed that the solvent can penetrate deeper into the substrate and distribute the consolidate down to the undeteriorated stone.”

The ARB SCM also includes a separate category for reactive penetrating sealers with a VOC content limit of 350 grams per liter. Reactive penetrating sealers penetrate and chemically react with concrete and masonry substrates to provide a breathable protective seal that is resistant to water, chemicals, and deicing salts. Reactive penetrating sealers are used to protect bridges and historic structures.

OHP and one stone consolidant manufacturer have requested that PAR 1113 also include new categories for stone consolidants and reactive penetrating sealers with VOC content limits of 450 and 350 grams per liter, respectively.

The VOC content limit for the waterproofing concrete/masonry sealers category is 100 grams per liter in existing Rule 1113. Stone consolidants are currently classified as a waterproofing concrete/masonry sealer under the existing Rule 1113. A stone consolidants category with a VOC content limit of 450 grams per liter would be added by PAR 1113. A reactive penetrating sealer category would be added with a VOC content limit of 350 grams per liter. Both products are currently used under the small container exemption. However, because PAR 1113 would increase the VOC content limit of stone consolidants and reactive penetrating sealers, these products would be available to conservators in more convenient sizes. Ten years of national sales records from the stone consolidant manufacturer and usage records from Caltrans since 1989 have shown consistent use of these products; therefore, no increase in usage is expected from PAR 1113. SCAQMD staff intends to monitor usage through the Rule 314 Annual Quantity and Emissions Reports to ensure that the sales does not exceed the estimated usage, and may consider sales caps for this category if actual sales are above the estimated usage.

Based upon these considerations, significant adverse cultural resources impacts are not expected from implementing PAR 1113 and will not be further assessed in this ~~Draft~~ Final EA. Since no significant cultural resources impacts were identified, no mitigation measures are necessary or required.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
VI. ENERGY. Would the project:				
a) Conflict with adopted energy conservation plans?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Result in the need for new or substantially altered power or natural gas utility systems?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
c) Create any significant effects on local or regional energy supplies and on requirements for additional energy?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Create any significant effects on peak and base period demands for electricity and other forms of energy?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Comply with existing energy standards?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Significance Criteria

Impacts to energy and mineral resources will be considered significant if any of the following criteria are met:

- The project conflicts with adopted energy conservation plans or standards.
- The project results in substantial depletion of existing energy resource supplies.
- An increase in demand for utilities impacts the current capacities of the electric and natural gas utilities.
- The project uses non-renewable resources in a wasteful and/or inefficient manner.

Discussion

VI.a) & e) As noted in other discussions large architectural coating retailers have generally already replaced colorant equipment for reasons unrelated to PAR 1113. Small coating retailers are not expected to replace equipment because coating sales are a small part of their overall operations. It is expected that approximately 221 medium-sized coating retailers would replace colorant equipment with similar or identical colorant equipment. Replacement colorant dispensers are expected to use the same or similar amounts of electricity. For this reason, there is no reason to believe that operators would purchase equipment that would substantially increase electricity use, resulting in conflicts with adopted energy conservation plans or violate existing energy standards. Additionally, those who manufacture or use compliant architectural coatings are expected to comply with any relevant existing energy conservation plans and standards because compliant coatings are manufactured and applied using the same equipment as is currently used.

VI.b), c), & d) The manufacturing and use of compliant architectural coatings is expected to create little or no additional demand for energy at affected facilities because activities and practices that involve the manufacturing or application are not expected to change as a result of implementing PAR 1113. Based on the analysis in the Section III Air Quality and Greenhouse Gases of this EA, manufacturers are expected to use the same materials to manufacture compliant coatings compared to existing coatings except that less organic solvents would be used and more of the water-based solvents already in the coating would be used. Compliant architectural coatings are expected to be applied in a similar manner to existing coatings (i.e., sprayed, rolled or brushed on to structures and appurtenances). As such, PAR 1113 would

require little or no additional energy use to manufacture or apply compliant coatings that would increase the demand for energy or require new or modified energy utilities.

PAR 1113 may require the replacement or modification of colorant systems at up to 221 medium-sized retail facilities. Because the new or modified colorant systems are typically identical, or nearly identical, replacements are expected to use similar amounts of electricity. It is expected that old equipment would be removed and new equipment would be installed using hand tools. No heavy-duty diesel construction equipment would be needed for removal or installation of new colorant equipment.

The replacement or modification of colorant systems is expected to require one vehicle round trip to install or modify and one vehicle round-trip to dispose of the old unit or old parts. Two round trips with a one way distance would result in 16 gallons of diesel fuel use per store. Assuming two stores are modified per day, approximately 32 gallons of diesel fuel would be used per day. The total amount of diesel expected to be used to remove and replace colorant dispenser is 3,536 gallons.

The California Energy Commission projected that the year 2010 demand for diesel fuel would be 3,332,865,762 gallons.⁹ Since 3,536 gallons of diesel fuel for the project is less than one percent (0.0001 percent) of the diesel demand in 2010, the proposed project is not considered to have a significant adverse operational impact for diesel fuel use.

In light of the above information and because the primary effect of PAR 1113 would be architectural coatings with slightly different formulations, PAR 1113 would not create any significant adverse effects on peak and base period demands for electricity, natural gas, or other forms of energy, or adversely affect energy producers or energy distribution infrastructure.

Based on the preceding discussion, PAR 1113 would not create any significant effects on peak and base period demands for electricity or other forms of energy and it is expected that any affected facilities would continue to comply with existing energy standards. Therefore, PAR 1113 is not expected to generate significant adverse energy resources impacts and will not be discussed further in this ~~Draft~~-Final EA. Since no significant energy impacts were identified, no mitigation measures are necessary or required.

⁹ California Energy Commission, Transportation Energy Forecast and Analysis for the 2009 Integrated Energy Policy Report, Final Staff Report, Pub # CEC-600-2010-002-SF, <http://www.energy.ca.gov/2010publications/CEC-600-2010-002/CEC-600-2010-002-SF.PDF>, May 2010.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
VII. GEOLOGY AND SOILS. Would the project:				
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Strong seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Seismic-related ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in substantial soil erosion or the loss of topsoil?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Be located on a geologic unit or soil that is unstable or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

Impacts on the geological environment will be considered significant if any of the following criteria apply:

- Topographic alterations would result in significant changes, disruptions, displacement, excavation, compaction or over covering of large amounts of soil.

- Unique geological resources (paleontological resources or unique outcrops) are present that could be disturbed by the construction of the proposed project.
- Exposure of people or structures to major geologic hazards such as earthquake surface rupture, ground shaking, liquefaction or landslides.
- Secondary seismic effects could occur which could damage facility structures, e.g., liquefaction.
- Other geological hazards exist which could adversely affect the facility, e.g., landslides, mudslides.

Discussion

VII.a) There are no provisions in PAR 1113 that would require the construction of new or modified structures or the construction or installation of air pollution control equipment that would call for the disruption or overcovering of soil, changes in topography or surface relief features, the erosion of beach sand, or a change in existing siltation rates. Colorant systems at existing medium sized retail facilities may need to be replaced. But these systems are drop-in place units that would not need heavy-duty diesel-fueled construction equipment and would be placed within existing retail structures with existing foundations; therefore, replacement of colorant systems is not expected to affect geology or soils. The manufacture of compliant architectural coatings is expected to occur at existing industrial facilities that already manufacture existing architectural coatings and no changes to equipment or operations are expected to be necessary to manufacture compliant coatings. It is expected that coating contractors or consumers who use compliant architectural coatings, would use these products in a similar manner to existing architectural coatings, so effects, if any, on geology or soils would not change compared to the existing setting.

Since PAR 1113 would not require the construction of new structures or modify any existing structures (other than replacing existing colorant dispensers within existing medium-sized resale facilities), PAR 1113 would not expose persons or property to new geological hazards such as earthquakes, landslides, mudslides, ground failure, or other natural hazards.

VII.b) PAR 1113 is not expected to require construction activities to install build new structures or control equipment because compliance with PAR 1113 is expected to be met by reformulation of architectural coatings. Colorant systems at existing medium sized retail facilities may need to be replaced. But these units are drop-in-place units that would not need heavy-duty, diesel-fueled construction equipment and would be placed within existing retail structures. Since PAR 1113 would not involve heavy construction activities to build new structures or install control equipment, no soil disruption from excavation, grading, or filling activities; changes in topography or surface relief features; erosion of beach sand; or changes in existing siltation rates are anticipated from the implementation of the proposed project.

VII.c) Since no heavy construction activities to construct new structures would be required, no excavation, grading, or filling activities would be required to comply with the proposed project. Since no new structures would be built that could be affected by subsidence, subsidence is not anticipated to be a problem. Further, the proposed project would not require the drilling or removal of underground products (e.g., water, crude oil, etc.) that could produce subsidence effects. Since no groundwork or earth moving activities would be required as part of implementing PAR 1113, no new landslides effects or other changes to unique geologic features would occur.

VII.d) & e) Since PAR 1113 is not expected to require the installation of control equipment or the construction of any structures that would involve earth-moving activities, no persons or property would be exposed to new impacts from expansive soils or soils. Further, because PAR 1113 does not required construction of any structures that require wastewater disposal, the installation of septic tanks or other alternative waste water disposal systems is not anticipated as a result of adopting PAR 1113.

Based upon these considerations, significant geology and soils impacts are not expected from the implementation of PAR 1113 and will not be further analyzed in this ~~Draft-Final~~ EA. Since no significant geology and soils impacts were identified, no mitigation measures are necessary or required.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
VIII. HAZARDS AND HAZARDOUS MATERIALS. Would the project:				
a) Create a significant hazard to the public or the environment through the routine transport, use, and disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Emit hazardous emissions, or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code §65962.5 and, as a result, would create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public use airport or a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
h) Significantly increased fire hazard in areas with flammable materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Significance Criteria

Impacts associated with hazards will be considered significant if any of the following occur:

- Non-compliance with any applicable design code or regulation.
- Non-conformance to National Fire Protection Association standards.
- Non-conformance to regulations or generally accepted industry practices related to operating policy and procedures concerning the design, construction, security, leak detection, spill containment or fire protection.
- Exposure to hazardous chemicals in concentrations equal to or greater than the Emergency Response Planning Guideline (ERPG) 2 levels.

Discussion

VIII.a), b), c), & h) PAR 1113 does not include provisions that would directly or indirectly dictate the use of any specific coating formulations with the exception of prohibiting Group II exempt solvents, which are, or are potentially toxic compounds. Prohibiting the use of Group II exempt compounds is a beneficial effect because it would reduce the potential for exposures to toxic or potentially toxic compounds by the general public. Persons who currently use architectural coatings would continue to have the flexibility of choosing the product formulation best suited for their needs. It is likely that persons who utilize these materials would choose architectural coatings that do not pose a substantial safety hazard. In addition, in response to increased customer awareness of toxic or hazardous materials and customer demand, colorant

and architectural coating manufacturers have on their own attempted to reduce the amount of hazardous materials included in coatings.

TOXICS AND FLAMMABILITY

Section III.d) evaluates toxics from affected architectural coatings. Based on a comparison of toxics identified in MSDSs from PAR 1113 non-compliant coatings and PAR 1113 compliant coatings, toxic concentrations in affected architectural coatings remain either the same or are reduced with the exemption of faux finish coatings. Therefore, only toxic hazards from faux finish coatings are evaluated the analysis below.

~~Because PAR 1113 would likely require reformulation of some coating products to comply with lower VOC content limits or in response to changes to the averaging compliance option provision, use of some solvents in coatings, including Group I exempt compounds, may result in products with a higher flammability ratings. Coating components may have differing flammability characteristics. Therefore, impacts associated with fire hazards would be considered significant if the project creates a significant fire hazard to the public through the use of more flammable materials by consumers.~~

SCAQMD staff prepared an analysis of flammability of affected PAR 1113 compliant coatings that is similar to the analysis of toxic air contaminants in PAR 1113 compliant coatings described in Section III.d) of this EA. Based on discussions with coating manufacturers, the solids in coatings are not expected to change as a result of implementing PAR 1113; therefore, only hazards from solvents in coating formulations were evaluated.

SCAQMD staff reviewed MSDSs for coatings in the Rule 314 database for products shipped in 2008 and 2009. Affected architectural coatings (dry fog coatings; faux finish clear topcoats, fire proofing coatings; graphic arts coatings; mastic coatings, metallic pigment coatings; and trowel applied faux finish coatings) that have VOC contents greater than the VOC content limits proposed for PAR 1113 and had a sales volume greater than one percent of the total sales of that category were used to represent the coatings that would need to be reformulated.

Assuming that coatings reformulated to comply with PAR 1113 would be similar to existing coatings that already comply with PAR 1113, architectural coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 data were also added.

A number of physical or chemical properties may cause a substance to be a fire hazard. With respect to determining whether any conventional or replacement solvent is a fire hazard, MSDS lists the National Fire Protection Association 704 flammability hazard ratings (i.e. NFPA 704). NFPA 704 is a “standard (that) provides a readily recognized, easily understood system for identifying flammability hazards and their severity using spatial, visual, and numerical methods to describe in simple terms the relative flammability hazards of a material¹⁰”.

¹⁰ National Fire Protection Association, FAQ for Standard 704.
<http://www.nfpa.org/faq.asp?categoryID=928&cookie%5Ftest=1#23057>

Although substances can have the same NFPA 704 Flammability Ratings Code, other factors can make each substance's fire hazard very different from each other. For this reason, additional chemical characteristics, such as auto-ignition temperature, boiling point, evaporation rate, flash point, lower explosive limit (LEL), upper explosive limit (UEL), and vapor pressure, are also considered when determining whether a substance is fire hazard. The following is a brief description of each these chemical characteristics.

Auto-ignition Temperature: The auto-ignition temperature of a substance is the lowest temperature at which it will spontaneously ignite in a normal atmosphere without an external source of ignition, such as a flame or spark.

Boiling Point: The boiling point of a substance is the temperature at which the vapor pressure of the liquid equals the environmental pressure surrounding the liquid. Boiling is a process in which molecules anywhere in the liquid escape, resulting in the formation of vapor bubbles within the liquid.

Evaporation Rate: Evaporation rate is the rate at which a material will vaporize (evaporate, change from liquid to a vapor) compared to the rate of vaporization of a specific known material. This quantity is represented as a unitless ratio. For example, a substance with a high evaporation rate will readily form a vapor which can be inhaled or explode, and thus have a higher hazard risk. Evaporation rates generally have an inverse relationship to boiling points, (i.e., the higher the boiling point, the lower the rate of evaporation).

Flash Point: Flash point is the lowest temperature at which a volatile liquid can vaporize to form an ignitable mixture in air. Measuring a liquid's flash point requires an ignition source. At the flash point, the vapor may cease to burn when the source of ignition is removed. There are different methods that can be used to determine the flashpoint of a solvent but the most frequently used method is the Tagliabue Closed Cup standard (ASTM D56), also known as the TCC. The flashpoint is determined by a TCC laboratory device which is used to determine the flash point of mobile petroleum liquids with flash point temperatures below 175 degrees Fahrenheit (79.4 degrees Centigrade).

Flash point is a particularly important measure of the fire hazard of a substance. For example, the Consumer Products Safety Commission (CPSC) promulgated Labeling and Banning Requirements for Chemicals and Other Hazardous Substances in 15 U.S.C. §1261 and 16 CFR Part 1500. Per the CPSC, the flammability of a product is defined in 16 CFR Part 1500.3 (c)(6) and is based on flash point. For example, a liquid needs to be labeled as: 1) "Extremely Flammable" if the flash point is below 20 degrees Fahrenheit; 2) "Flammable" if the flash point is above 20 degrees Fahrenheit but less than 100 degrees Fahrenheit; or, 3) "Combustible" if the flash point is above 100 degrees Fahrenheit up to and including 150 degrees Fahrenheit.

Lower Explosive Limit (LEL): The lower explosive limit of a gas or a vapor is the limiting concentration (in air) that is needed for the gas to ignite and explode or the lowest concentration (percentage) of a gas or a vapor in air capable of producing a flash of fire in presence of an ignition source (e.g., arc, flame, or heat). If the concentration of a substance in air is below the LEL, there is not enough fuel to continue an explosion. In other words, concentrations lower than the LEL are "too lean" to burn. For example, methane gas has a LEL of 4.4 percent (at 138 degrees Centigrade) by volume, meaning 4.4 percent of the total volume of the air consists of

methane. At 20 degrees Centigrade, the LEL for methane is 5.1 percent by volume. If the atmosphere has less than 5.1 percent methane, an explosion cannot occur even if a source of ignition is present. When the concentration of methane reaches 5.1 percent, an explosion can occur if there is an ignition source.

Upper Explosive Limit (UEL): The upper explosive limit of a gas or a vapor is the highest concentration (percentage) of a gas or a vapor in air capable of producing a flash of fire in presence of an ignition source (e.g., arc, flame, or heat). Concentrations of a substance in air above the UEL are "too rich" to burn.

Vapor Pressure: Vapor pressure is an indicator of a chemical's tendency to evaporate into gaseous form.

The types and amounts of flammable solvents in the coatings remained the same or were reduced or were eliminated in the PAR 1113 compliant coatings when compared to the PAR 1113 non-compliant coatings (see Table 2-10) with the exemption of faux finishing coatings. A detailed summary is included in Appendix B. Table 2-11 presents all flammable solvents identified in MSDS for coatings evaluated in this analysis and their flammable characteristics.

Therefore, since based on the review of MSDSs flammable solvents might increase only in PAR 1113 compliant faux finish coatings, only faux finish coatings were evaluated in the hazard analysis. Hazard impacts were evaluated from manufacturing, distribution and sales and use (application) of faux finish coatings.

Manufacturing

MSDSs for PAR 1113 non-compliant and complaint coatings were evaluated to identify toxic and hazardous constituents. With the exception of faux finish coatings the analysis of MSDSs showed a reduction in toxic and flammable materials in PAR 1113 compliant coatings compared to PAR 1113 non-compliant coatings.

Manufacturing operations comprise receiving and storing raw material, crushing and mixing operations, and storage of architectural coatings. Emissions from manufacturing architectural coatings are expected to be smaller than emission from accidental releases because manufacturing operations are typically done in enclosed containers and systems. In addition, manufacturing operations are permitted, and therefore, required to apply best available control technology, while architectural coatings are typically used outdoors. The following is an analysis of hazards from accidental release of raw material from the manufacturing process from faux finish coatings and mastic coatings, which are is the worst-case scenarios for manufacturing.

**Table 2-10
Maximum Concentrations of Flammable Solvent in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹**

Coating Solvent	PAR 1113 Non-Compliant (weight percent)								PAR 1113 Compliant (weight percent)							
	Dry Fog Coatings	Faux Finish Clear Coat	Fire Proofing Exterior Coatings	Form Release	Graphic Arts Coatings	Mastic Coatings	Metallic Pigmented Coatings	Trowel Applied Faux Finish	Dry Fog Coatings	Faux Finish Clear Coat	Fire Proofing Exterior Coatings	Form Release	Graphic Arts Coatings	Mastic Coatings	Metallic Pigmented Coatings	Trowel Applied Faux Finish
1,3,5-Trimethylbenzene							26.1									
1,2,4 Trimethylbenzene						5										
2,2,4-trimethyl-1, 3-pentanediol monoisobutyrate						5								5		
Asphalt						70								60		
Benzyl alcohol														5		
Butyl benzyl phthalate														40		
Di(2-Ethylhexyl)Phthalate														0.1		
Dimethyl phthalate						0.5										
Diesel				100												
Diethylene glycol monobutyl ether							10.2									
Dipropylene glycol ether					15											
Dipropylene glycol monobutyl ether								5								
Ethanol	2															
Ethylbenzene	1		5			10	2.4									
Ethylene glycol						3	2.7							3		5.3 ²
Ethylene glycol butyl ether	4	0.29			5											
Ethylene monopropyl Ether					5											
Hydrotreated light naphthenic distillate														60		
Isopropanol	4															

**Table 2-10 (concluded)
Maximum Concentrations of Flammable Solvent in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹**

Coating Solvent	PAR 1113 Non-Compliant (weight percent)								PAR 1113 Compliant (weight percent)							
	Dry Fog Coatings	Faux Finish Clear Coat	Fire Proofing Exterior Coatings	Form Release	Graphic Arts Coatings	Mastic Coatings	Metallic Pigmented Coatings	Trowel Applied Faux Finish	Dry Fog Coatings	Faux Finish Clear Coat	Fire Proofing Exterior Coatings	Form Release	Graphic Arts Coatings	Mastic Coatings	Metallic Pigmented Coatings	Trowel Applied Faux Finish
Methanol					1											
Methylene diphenyl isocyanate						0.02								5		
Methyl ethyl ketone			15			40										
Methyl isoamyl ketone			5													
Mineral spirits				30	50											
n-Methylpyrrolidone					10											
Polypropylene glycol alkyl phenyl ether														5		
Propylene glycol		5			5	40	2.6	70	5				5	5	2	4 ²
Propylene glycol monomethyl ether							70									
Styrene	20								20							
Toluene			15				10				10				7	
Triethanolamine												5				
Triethylamine										0.5						
Tris-2,4,6-(dimethylaminomethyl) phenol						40					10					
V. M. & P. Naphtha	24					0.02										
Xylene	1		20			40	9.9									

1. Maximum weight percents from review of MSDSS.
2. PAR 1113 compliant coatings weight percent is greater than PAR 1113 non-compliant coatings weight percent (i.e., the PAR 1113 compliant coatings have higher toxic concentration than PAR 1113 non-compliant coatings).

Table 2-11
Flammable Characteristics of Coating Solvents

Chemical Compound	Auto-ignition Temperature (°F)	Boiling Point (@760 mmHg, °F)	Evaporation Rate @25 °C (Butyl Acetate = 1)	Flash Point (°F)	LEL/UEL ^a (% by Vol.)	Vapor Pressure (mmHg @ 20 °C)	NFPA Flammability Rating ^b	Flammability ^c
1,2,4 Trimethylbenzene	932	337	0.01	112	0.9/6.4	1	2	Flammable -Combustible
1,2-Diaminocyclohexane	N/A	200	N/A	167	N/A	0.4	2	Flammable -Combustible
1,3,5 Trimethylbenzene	550	329	0.01	122	2.6/12.5	2	2	Flammable -Combustible
2,2,4-trimethyl-1, 3- pentanediol monoisobutyrate	<u>740.0</u>	<u>471.0</u>	<u>0.01</u>	<u>247.98</u>	<u>0.62/4.24</u>	<u><0.01</u>	<u>1</u>	Combustible
Asphalt	<u>> 905</u>	<u>649</u>	<u>NA</u>	<u>> 424</u>	<u>0.9/7</u>	<u>Negligible</u>	<u>1</u>	Combustible
Benzyl alcohol	817	401	1.8	199	1.3/13	0.15	2	Flammable -Combustible
Butyl benzyl phthalate	<u>451</u>	<u>698</u>	<u>NA</u>	<u>390</u>	<u>1.2/</u>	<u>8.6e-06</u>	<u>1</u>	Combustible
Denatured Alcohol (Ethanol)	435	78	2.3	56	3.3/19	44	3	Flammable
Di(2-ethylhexyl)phthalate (DEHP)	<u>419</u>	<u>446</u>	<u>NA</u>	<u>419</u>	<u>0.3/</u>	<u><0.01</u>	<u>1</u>	Combustible
Diesel	500	320-700	<1	125	0.3/10	0.40	2	Flammable -Combustible
Diethylene glycol	444	471 - 473	N/A	255	1.6/10.8	1	1	Flammable -Combustible
Diethylene glycol butyl ether	442	448	0.01	172	1.2/8.5	0.01	2	Flammable -Combustible
Dipropylene glycol methyl ether	278.6	408	N/A	180	1.1/3	0.5	3	Flammable -Combustible
Ethylbenzene	<u>809.6</u>	<u>276.8</u>	<u>0.84</u>	<u>70</u>	<u>0.8/7</u>	<u>6.75</u>	<u>3</u>	Flammable
Ethylene glycol	748	388	0.01	232	3.2/ 15.3	0.06	1	Flammable -Combustible
Ethylene glycol monobutyl ether	460	340	0.07	144	1.1/12.7	0.8	2	Combustible Liquid
Ethylene monopropyl ether	455	301	N/A	120.0	1.3/ 5.8	0.038	2	Flammable -Combustible
Glycerine	698	554	N/A	390	0.9/N/A	0.0025	1	Flammable -Combustible
Hydrotreated light naphthenic distillate	<u>>650</u>	<u>>350</u>	<u>0.001</u>	<u>>293</u>	<u>NA</u>	<u>0.04</u>	<u>1</u>	Combustible
Isopropyl Alcohol	399	180	2.3	53	2/12.7	33	3	Flammable
Methanol	867	147	5.9	54	6/36	97	3	Flammable
Methyl ethyl ketone	474	80	4.0	16	1.8/11.5	8.7	3	Extremely Flammable
Methyl isoamyl ketone	860	291	0.46	97	1/8.2	5	3	Flammable
Mineral Spirits (Stoddard)	232	154-188	0.1	109-113	1.0 / 7	1.1	2	Combustible
Polyethylene glycol	N/A	482	N/A	182 - 287	N/A	0.01	1	Flammable -Combustible
Polypropylene glycol alkyl phenyl ether	<u>NA</u>	<u>> 300</u>	<u>NA</u>	<u>> 200</u>	<u>NA</u>	<u>0.01</u>	<u>1</u>	Combustible
Propylene glycol	700	370	0.01	210	2.6/ 12.5	0.129	1	Flammable -Combustible
Propylene glycol monomethyl ether	278.6	248.2	0.62	96.8	3/13.8	12.5	3	Flammable
Styrene	914	293 - 295	0.5	88	0.9/6.8	5	2	Flammable
Toluene	538	111	2.0	41	1.3/7	22	3	Flammable
Triethanolamine	599	635	< 1	354	1.3/8.5	< 0.01	1	Flammable -Combustible
Triethylamine	480	194	5.6	16	1.2/8.0	57.1	3	Extremely Flammable
Tris-2,4,6-(dimethylaminomethyl)phenol	266 - 275	N/A	N/A	255	N/A	N/A	1	Flammable -Combustible

**Table 2-11 (concluded)
Flammable Characteristics of Coating Solvents**

Chemical Compound	Auto-ignition Temperature (°F)	Boiling Point (@760 mmHg, °F)	Evaporation Rate @25 °C (Butyl Acetate = 1)	Flash Point (°F)	LEL/UEL ^a (% by Vol.)	Vapor Pressure (mmHg @ 20 °C)	NFPA Flammability Rating ^b	Flammability ^c
VM&P Naphtha	288	266.9	1.2	53.1	1.2/6	20	3	Flammable
Xylene	499	139	0.8	81	1.0/6.6	6	3	Flammable

^a Lower Explosive Limit / Upper Explosive Limit

^b NFPA Flammability Rating: 0 = Not Combustible; 1 = Combustible if heated; 2 = Caution: Combustible liquid flash point of 100° to 200°F; 3 = Warning: Flammable liquid flash point below 100°F; 4 = Danger: Flammable gas or extremely flammable liquid

^c The Consumer Products Safety Commission (CPSC) has Labeling and Banning Requirements for Chemicals and Other Hazardous Substances which are located in 15 U.S.C. §1261 and 16 CFR Part 1500. Specifically, the flammability of a product is defined in 16 CFR Part 1500.3 (c)(6) and is based on flash point. For example, a flammable liquid needs to be labeled as: 1) “Extremely Flammable” if the flash point is below 20 °F; 2) “Flammable” if the flash point is above 20 °F but less than 100°F; or, 3) “Combustible” if the flash point is above 100 °F up to and including 150 °F.

Sources: OxyChem Specialty Business Group, EPA (Cameo Chemicals), ARB, Science Lab.com, Dow Chemical, J.T. Baker, ATSDR CDC, Vinyl Acetate Council, Sigma-Aldrich, and Phillips Petroleum, The European Chemical Industry Council, Hill Brothers Chemical Company, BASF, Tulstar Products

Trowel Applied Faux Finishing Coatings

Only one toxic air contaminant (ethylene glycol) was identified in PAR 1113 compliant trowel applied faux finish coatings that was not identified in PAR 1113 non-compliant trowel applied faux finish coatings. Glycol ethers are commonly used to improve flow, leveling characteristics, lengthen drying time and improve bonding with by softening primer undercoats. Ethylene glycol is a chronic non-carcinogenic toxic air contaminant. Ethylene glycol does not have carcinogenic or acute non-carcinogenic health risk values listed by OEHHA. Therefore, ethylene glycol is not considered a carcinogen or acute non-carcinogenic air toxic for this analysis. Any accidental release of ethylene glycol is expected to be a onetime event. Chronic non-carcinogenic health risk is estimated for long term exposures. Since ethylene glycol does not have any acute health risk values and any accidental releases are expected to be cleaned up within a short period of time (within a day or two), no significant adverse toxic impacts would be expected from an accidental release related to trowel applied faux finish coatings.

Ethylene glycol has a NFPA flammability rating of 1, which is low compared to other glycols used in architectural coating manufacturing (see NFPA flammability ratings for diethylene glycol, diethylene glycol butyl ether, dipropylene glycol methyl ether, dipropylene glycol monobutyl ether, ethylene glycol monobutyl ether, ethylene monopropyl ether, polyethylene glycol, propylene glycol, propylene glycol monomethyl ether in Table 2-11). Because glycol ethers are common and ethylene glycol has a low NFPA flammability compared to other glycol ethers, the use of ethylene glycols in the manufacturing of PAR 1113 compliant trowel applied faux finish coatings is not expected to increase adverse flammable impacts to trowel applied faux finish coatings manufacturing or any related accidental releases.

Propylene glycol was identified in one PAR 1113 compliant trowel applied faux finish coatings, but was not identified in PAR 1113 non-compliant trowel applied faux finish coatings. Propylene glycol does not have health risk values listed by OEHHA. Therefore, propylene glycol is not expected to increase health risk.

Propylene glycol has a NFPA flammability rating of 1, which is low compared to other glycols used in architectural coating manufacturing (see NFPA flammability ratings for diethylene glycol, diethylene glycol butyl ether, dipropylene glycol methyl ether, dipropylene glycol monobutyl ether, ethylene glycol, ethylene glycol monobutyl ether, ethylene monopropyl ether, polyethylene glycol, propylene glycol monomethyl ether). Because glycol ethers are common and propylene glycol has a low NFPA flammability compared to other glycol ethers, the use of propylene glycol in the manufacturing of PAR 1113 compliant trowel applied faux finish coatings is not expected to increase adverse flammable impacts to trowel applied faux finish coatings manufacturing or any related accidental releases.

Faux Finish Clear Topcoats

Only one toxic air contaminant (triethylamine) was identified in a PAR 1113 compliant faux finish clear topcoat product line and was not identified in PAR 1113 non-compliant faux finish clear topcoats. Triethylamine is an acute and chronic non-carcinogenic toxic air contaminant. Triethylamine does not have carcinogenic health risk values listed by OEHHA. Therefore, ethylene glycol is not considered a carcinogen for this analysis. Triethylamine is a trace chemical in waterborne polymer (0.6 percent by weight) that is used in the manufacturing of a PAR 1113 compliant faux finish clear topcoat product line, and is considered is an acute and chronic non-carcinogenic toxic air contaminant. Waterborne polymer is expected to be used in

275-gallon totes. Any accidental release of the waterborne polymer is considered a onetime event, so no chronic non-carcinogenic health risk are expected. The health risk from triethylamine emissions from an accidental release would result in an acute hazard index of 0.9. In addition, the acute non-carcinogenic health risk is likely to be less because spills are likely to be neutralized and cleaned up before all of the waterborne polymer has dried (i.e., all the triethylamine has evaporated).

Triethylamine has a NFPA rating of 3. However, at a concentration of 0.6 percent by weight in the waterborne polymer, the flammability of the triethylamine is expected to be less than significant. The final faux finish clear topcoat product, which has a triethylamine concentration of 0.4 percent by weight has a NFPA rating of zero. Therefore, no increase in adverse flammable impacts are expected from using triethylamine in compliant faux finish clear topcoat products or any related accidental release is expected.

Mastic Coatings

Based on the review of MSDSs for mastic coatings reported under Rule 314 the following compounds were identified in PAR 1113 compliant coatings and not in PAR 1113 non-compliant coatings: benzyl alcohol, butyl benzyl phthalate, DEHP, ethylene glycol, hydrotreated light naphthenic distillate, methylene diphenyl isocyanate, polypropylene glycol alkyl phenyl ether, and propylene glycol. All of these compounds have a NFPA rating of one. PAR 1113 non-compliant coatings had compounds with NFPA ratings between one and three (higher number represent higher flammability – see Table 2-10). Therefore, the use of these compounds in the manufacturing of PAR 1113 compliant coatings is not expected to increase mastic flammability.

Distribution and Sales

Architectural coatings are typically packaged and transported in containers that are less than five gallons by volume. Trowel applied faux finishes may be packed in containers that are less than five gallons in volume or packed dry in bags that are less than 80 pounds by weight.

Exposure to toxics and flammable substances in coatings would likely only be related to an accidental release. As stated above, based on a review of MSDSs PAR 1113 compliant affected architectural coatings are expected to have less toxic and flammable compounds than PAR 1113 non-compliant affected architectural coatings with the exception of trowel applied faux finish coatings and faux finish clear topcoats.

Trowel Applied Faux Finishing Coatings

Trowel applied faux finish coatings ~~that~~ are packaged as dry material in 10 to 80 pound bags. Because the ethylene glycol and propylene glycol are less than five percent by weight of the towel applied faux finish coatings and the coatings are packaged dry, no increase in toxicity or flammability is expected from accidental release, which are expected to be easily vacuumed or swept up.

Faux Finish Clear Coats

Triethylamine is a trace component (maximum 0.48 percent) of a PAR 1113 compliant faux finish clear topcoat product line. OEHHA lists both acute and chronic non-carcinogenic health risk values for triethylamine. Since accidental releases are expected to be onetime events, chronic non-carcinogenic health risk is not expected. Typically the largest faux finish clear topcoat container available for retail sale is five gallons. The chronic non-carcinogenic health

risk of emitting all the triethylamine in a five-gallon container of faux finish clear topcoat in one hour is 0.1, which is less than the significance threshold of 1.0. In addition, the chronic non-carcinogenic health risk is likely to be less because spills are likely to be neutralized and cleaned up before all of the faux finish clear topcoat has dried (i.e., all the triethylamine has evaporated).

The MSDS lists the NFPA flammability of PAR 1113 compliant faux finish clear topcoat product line as zero. Therefore, the use of a faux finish clear topcoat with trace triethylamine is not expected to increase adverse flammable impacts from use.

Mastic Coatings

Based on the review of MSDSs for mastic coatings reported under Rule 314 the following compounds were identified in PAR 1113 compliant coatings and not in PAR 1113 non-compliant coatings: benzyl alcohol, butyl benzyl phthalate, DEHP, ethylene glycol, hydrotreated light naphthenic distillate, methylene diphenyl isocyanate, polypropylene glycol alkyl phenyl ether, and propylene glycol. All of these compounds have a NFPA rating of one. PAR 1113 non-compliant coatings had compounds with NFPA ratings between one and three (higher numbers represent higher flammability– see Table 2-10). Therefore, compounds in PAR 1113 compliant coatings are not expected to increase mastic flammability related to sales and distribution.

Coating Use (Application)

As stated above, based on a review of MSDSs PAR 1113 compliant affected architectural coatings are expected to have less toxic and flammable compounds than PAR 1113 non-compliant affected architectural coatings with the exception of trowel applied faux finish coatings and faux finish clear topcoats. Therefore, in general adverse hazard impacts from toxics and flammable compounds are expected to be reduced indirectly by the lower VOC content limits in PAR 1113. Hazard impacts from the use of compliant trowel applied faux finish coatings and faux finish clear topcoats are presented as follows:

Trowel Applied Faux Finish

Health risks from ethylene glycol related to coating use are evaluated in Section III d). Ethylene glycol is not listed as a carcinogen by OEHHA, so there would be no increase in carcinogenic health risk from ethylene glycol in towel applied faux finish coatings. Ethylene glycol is listed by OEHHA as a chronic non-carcinogenic toxic air contaminant. Since towel applied faux finish coatings are expected only to be applied once on a structure, no chronic non-carcinogenic is expected. PAR 1113 compliant towel applied faux finishes may also contain propylene glycol. Propylene glycol does not have any health risk values listed by OEHHA, so no increase in health risk is expected from the propylene glycol. So no health risk from use or accidental release of towel applied faux finish coatings during use (application) is expected.

Ethylene glycol and propylene glycol are included in towel applied faux finish coatings that are packaged as dry material in 10 to 80 pound bags. Because the ethylene glycol and propylene glycol are less than five percent by weight of the towel applied faux finish coatings and the coatings are packaged dry and mixed with water for use, no increase in flammability from use (application) or accidental release during use is expected.

Faux Finish Clear Topcoats

Triethylamine is a trace component (maximum 0.48 percent) of a PAR 1113 compliant faux finish clear topcoat product line. OEHHA lists both acute and chronic non-carcinogenic health

risk values for triethylamine. Both acute and chronic non-carcinogenic health risk from use of a faux finish clear topcoat with triethylamine were determined to be less than significant in Section III.d) of this EA. The MSDS lists the NFPA flammability of PAR 1113 compliant faux finish clear topcoat product line as zero. Therefore, the use of a faux finish clear topcoat with trace triethylamine is not expected to increase adverse flammable impacts from use (application).

Typically the largest faux finish clear topcoat container available for retail sale is five gallons. The acute non-carcinogenic health risk of emitting all the triethylamine in a five-gallon container of faux finish clear topcoat in one hour is 0.12, which is less than the significance threshold of 1.0. In addition, the acute non-carcinogenic health risk is likely to be less because spills are likely to be neutralized and cleaned up before all of the faux finish clear topcoat has dried (i.e., all the triethylamine has evaporated).

Mastic Coatings

Based on the review of MSDSs for mastic coatings reported under Rule 314 the following compounds were identified in PAR 1113 compliant coatings and not in PAR 1113 non-compliant coatings: benzyl alcohol, butyl benzyl phthalate, DEHP, ethylene glycol, hydrotreated light naphthenic distillate, methylene diphenyl isocyanate, polypropylene glycol alkyl phenyl ether, and propylene glycol. All of these compounds have a NFPA rating of one. PAR 1113 non-compliant coatings had compounds with NFPA ratings between one and three (higher numbers represent higher flammability– see Table 2-10). Therefore, the use of PAR 1113 compliant coatings containing these compounds is not expected to increase mastic flammability.

Colorants

Existing colorants typically contain glycols as humectants. MSDSs also list ethylbenzene, isopropyl, mineral spirits and glycerin. Some of these glycols, such as ethylene glycol are considered toxic air contaminants. MSDSs for low-VOC PAR 1113 compliant colorants were reviewed and no toxic or flammable substances were identified. Therefore, no increase in toxicity or flammability is expected from manufacturing, selling or use (application) of PAR 1113 compliant colorants or any accidental release related to manufacturing, selling or use.

Stone Consolidants and Reactive Penetrating Sealers

Stone consolidants are niche products that are used for historic restoration. Reactive penetrating sealers are niche products that are used for historic restoration and to protect bridges by Caltrans. The products are currently used in small containers. PAR 1113 would create new categories for stone consolidants and reactive penetrating sealers with VOC content limits of 450 and 350 grams per liter respectively. Currently, these coatings are considered waterproofing concrete/masonry sealers, which has a VOC content limit of 100 grams per liter in the existing Rule 1113.

Usage has been low and consistent state-wide and nationally for stone consolidants and reactive penetrating sealers for historical restoration. As stated in the VOC emissions discussion in Section III.b) & f), usage for stone consolidants and reactive penetrating sealer has been consistently low state-wide and nationally for stone consolidants and reactive penetrating sealers for historical restoration and Caltrans because they are used in very specialized niche applications. Based on these records and Rule 314 data, SCAQMD staff estimates usages would remain consistent with existing usages, which are approximately 142 gallons of stone consolidant used per year and 290 gallons of reactive penetrating sealer used per year.

Therefore, no increased use of these products is expected. Since there is no increase in manufacturing, sell or use, new adverse toxic or flammable impacts are not expected from the manufacturing, sell or use of PAR 1113 compliant stone consolidants or reactive penetrating sealers or accidental releases related to the manufacturing, sell or use of PAR 1113 compliant stone consolidants or reactive penetrating sealers.

VIII.d) Government Code §65962.5 typically refers to a list of facilities that may be subject to Resource Conservation and Recovery Act (RCRA) permits. Since PAR 1113 relates to coatings, it is not expected to have direct impacts on facilities affected by Government Code §65962.5. Facilities affected by Government Code §65962.5 would still need to comply with any regulations relating to that code section. The use of PAR 1113 compliant coatings is not expected to interfere with existing hazardous waste management programs and based on analyses presented earlier in this section (VIII.a), b), c), & h)) and in Section III. Air Quality and Greenhouse Gases of this document, PAR 1113 may reduce the amount of hazardous materials in architectural coatings. Accordingly, PAR 1113 is not expected to result in a new significant impact to the public or environment from sites on lists compiled pursuant to Government Code §65962.5.

Lastly, affected facilities would be expected to continue to manage any and all hazardous materials and hazardous waste, in accordance with federal, state and local regulations.

VIII.e) Since the use of PAR 1113 compliant coatings is not expected to generate significant adverse new hazardous emissions in general or increase the manufacture or use of hazardous materials, the implementation of PAR 1113 is not expected to increase or create any new safety hazards to people working or residing in the vicinity of public/private airports. As stated above, PAR 1113 compliant coatings are expected to be reformulated with less toxic and hazardous material content than PAR 1113 non-compliant coatings.

VIII.f) As already noted PAR 1113 compliant coatings would likely be formulated with less toxic materials than PAR 1113 non-compliant coatings. Further, PAR 1113 compliant coatings are expected to be manufactured, transported, stored and applied in the same quantities as PAR 1113 non-compliant coatings. As a result, PAR 1113 is not expected to conflict with business emergency response plans. With respect to suppliers and sellers of affected architectural coatings, Health and Safety Code §25506 specifically requires all businesses handling hazardous materials to submit a business emergency response plan to assist local administering agencies in the emergency release or threatened release of a hazardous material. Business emergency response plans generally require the following:

1. Identification of individuals who are responsible for various actions, including reporting, assisting emergency response personnel and establishing an emergency response team;
2. Procedures to notify the administering agency, the appropriate local emergency rescue personnel, and the California Office of Emergency Services;
3. Procedures to mitigate a release or threatened release to minimize any potential harm or damage to persons, property or the environment;
4. Procedures to notify the necessary persons who can respond to an emergency within the facility;

5. Details of evacuation plans and procedures;
6. Descriptions of the emergency equipment available in the facility;
7. Identification of local emergency medical assistance; and
8. Training (initial and refresher) programs for employees in:
 - a. The safe handling of hazardous materials used by the business;
 - b. Methods of working with the local public emergency response agencies;
 - c. The use of emergency response resources under control of the handler; and
 - d. Other procedures and resources that will increase public safety and prevent or mitigate a release of hazardous materials.

In general, every county or city and all facilities using a minimum amount of hazardous materials are required to formulate detailed contingency plans to eliminate, or at least minimize, the possibility and effect of fires, explosion, or spills. In conjunction with the California Office of Emergency Services, local jurisdictions have enacted ordinances that set standards for area and business emergency response plans. These requirements include immediate notification, mitigation of an actual or threatened release of a hazardous material, and evacuation of the emergency area. Based on the analysis in VIII.a), b), & c) and VIII.h), PAR 1113 coatings are expected to have similar or less hazardous properties than existing architectural coatings. Therefore PAR 1113 is not expected to impair the implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan.

VIII.g) Since PAR 1113 compliant coatings are not expected to increase fire hazards and may reduce them (see VIII. a), b), c) & h)), risk of loss or injury associated with wildland fires is not expected as a result of implementing PAR 1113. Therefore, PAR 1113 is not expected to be significant for exposing people or structures to risk of loss, injury or death involving wildland fires.

Based upon these considerations, significant hazards and hazardous materials impacts are not expected from the implementation of PAR 1113. Since no significant hazards and hazardous materials impacts were identified, no mitigation measures are necessary or required.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
IX. HYDROLOGY AND WATER QUALITY. Would the project:				
a) Violate any water quality standards, waste discharge requirements, exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board, or otherwise substantially degrade water quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g. the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Substantially alter the existing drainage pattern of the site or area, including through alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in substantial erosion or siltation on- or off-site or flooding on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Place housing or other structures within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map, which would impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
f) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam, or inundation by seiche, tsunami, or mudflow?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Require or result in the construction of new water or wastewater treatment facilities or new storm water drainage facilities, or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Significance Criteria

Potential impacts on water resources will be considered significant if any of the following criteria apply:

Water Demand:

- The existing water supply does not have the capacity to meet the increased demands of the project, or the project would use more than 262,820 gallons per day of potable water.
- The project increases demand for total water by more than five million gallons per day.

Water Quality:

- The project will cause degradation or depletion of ground water resources substantially affecting current or future uses.
- The project will cause the degradation of surface water substantially affecting current or future uses.
- The project will result in a violation of National Pollutant Discharge Elimination System (NPDES) permit requirements.

- The capacities of existing or proposed wastewater treatment facilities and the sanitary sewer system are not sufficient to meet the needs of the project.
- The project results in substantial increases in the area of impervious surfaces, such that interference with groundwater recharge efforts occurs.
- The project results in alterations to the course or flow of floodwaters.

Discussion

IX. a) To evaluate potential water quality impacts from PAR 1113, it is assumed that future compliant coatings would be formulated primarily with waterborne technologies. As a result, more water would be used for clean-up and the resultant wastewater material could be disposed of into the public sewer system. It is anticipated that current coating equipment (i.e., spray guns, rollers, and brushes) clean-up practices of using water would continue into the future. Table 2-12 illustrates the “worst-case” potential increase of waste material likely to be received by publicly owned treatment works (POTWs) in the district as a result of implementing PAR 1113. POTW’s average daily flow is based on historical wastewater flow in the district.

The potential increase in the volume of wastewater estimated as a result of implementing PAR 1113 is considered to be within the projected capacity of local POTWs in the district based on historical wastewater data. Hence, wastewater impacts associated with the disposal of waterborne coating clean-up wastewater generated from PAR 1113 compliant coating categories are not considered significant.

State and federal regulations promote the development and use of coatings formulated with non-hazardous solvents. Based on discussions with colorant and coating formulators, the trend in coating technologies is to replace toxic/hazardous solvents with equal or less toxic/hazardous solvents. This trend was verified by review of MSDSs as noted in Sub-sections III.b), VIII.a), b), & c) and VIII.h). Therefore, wastewater which may be generated from reformulated coatings is expected to contain less hazardous materials than the wastewater generated for solventborne coating operations, thereby potentially reducing toxic influent to the POTWs.

**Table 2-12
Projected POTW Impact from Implementing PAR 1113**

Year	POTW Average Wastewater Flow^a, million gal per day	POTW Treatment Capacity^b, million gal per day	Estimated Affected Coating Usage, gal per year	Projected PAR 1113 Wastewater Flow^c, gallon per year	Projected PAR 1113 Wastewater Flow^c, gallon per day	Total Impacts, Percent of POTW Average Daily Flow
2010	1,413	2,000	3,350,316	3,350,316	9,179	0.0006

a) Total average daily wastewater flows handled by all POTWs greater than 10 million gallons per day in the district from the 2007 AQMP

b) Based on design daily flows by all POTWs greater than 10 million gallons per day in the district from the 2007 AQMP

c) Assumes one gallon of water would be used to clean-up equipment for every gallon of coating applied. This estimate includes the water used in humidifiers and for purging lines in colorant systems.

A comment was made early in the development of PAR 1113, that sub-components of compliant colorants (biocides, humectants, surfactants, plasticizers, etc.) may leach out of painted surfaces. SCAQMD staff has not identified any material that supports this claim. Based on discussions with a coating manufacturer representative, coatings comprise approximately 30 percent of the cost of a project requiring architectural coatings; the remaining 70 percent is attributed to labor cost. The representatives said that failure of the coating film (leaching of sub-components) would be resolved in testing of the coatings, and if such failures occurred in the field it would likely place such companies out of business. They also stated that biocides, surfactants and plasticizers used in PAR 1113 compliant coatings are similar to those used in existing colorants. Different humectants may be used, but waterborne humectants that are less toxic than existing glycol humectants would be used in the new formulations.

In the past the SCAQMD has received comments that with the increased use of waterborne technologies to meet the lower VOC content limits, there would be a greater trend of coating applicators to improperly dispose of the waste generated from these coatings into the ground, storm drains, or sewer systems. However, there are no data to support this contention. In any event, there are several reasons why there should be no significant increase in improper disposal over current practices due to greater use of waterborne coatings.

Results from a survey of contractors determined that a majority either dispose of the waste material properly as required by the coating manufacturer's MSDS or recycle the waste material regardless of type of coating.¹¹ The survey was prepared to evaluate the reformulation of solventborne coatings with waterborne coatings. Many of the affected coatings are already waterborne and PAR 1113 would only reduce solvents used in waterborne coatings. Based upon these results, there is no reason to expect that paint contractors would change their disposal practices, especially those that dispose of wastes properly, with the implementation of PAR 1113. Similarly, here is also no evidence that illegal disposal practices would increase as a result of implementing PAR 1113.

Since the proposed project is not expected to generate significant adverse water quality impacts industry-wide, no changes to existing wastewater treatment permits at affected coating manufacturing facilities are expected to be necessary. As a result, it is expected that operators of affected facilities would continue to comply with existing wastewater treatment requirements of the applicable Regional Water Quality Control Boards or sanitation districts.

With the increasing trend toward less toxic waterborne coatings, it is likely that water quality impacts from implementing PAR 1113 would be equivalent to or less than water quality impacts from coatings affected by PAR 1113. Therefore, PAR 1113 would not significantly adversely affect water resources by violating water quality standards, exceed wastewater treatment requirement of the applicable Regional Water Quality Control Board, or otherwise substantially degrade water quality.

¹¹ SCAQMD, Final Subsequent Environmental Assessment, SCAQMD No. 960626DWS, October 1996. Contractor survey prepared by SCAQMD staff for the November 1996 amendments to Rule 1113. In November 2008, a paint manufacture conducted a survey of 180 Southern California residential and professional painters. The conclusion was that a majority professional painters use hazardous waste disposal service to dispose of coatings instead of air drying coatings, and then disposing of as a solid waste.

IX. b) & h) Historically, potential water demand to reformulate conventional coatings into waterborne coatings and to clean up waterborne coatings has not resulted in a significant adverse impact on water demand or depleted groundwater supplies. Using “worst-case” assumptions, increased water demand from implementing PAR 1113 can be calculated for both manufacturers of waterborne coatings and water used by consumers to clean coating equipment. As shown in Table 2-13, water demand associated with the manufacture and clean-up of waterborne formulations is estimated to be 18,358 gallons per day (6.7 million gallons per year). This increased water demand does not exceed the SCAQMD’s significant thresholds of 5,000,000 gallons per day of total demand or 262,820 gallon per day of potable water demand and, therefore, is not considered to be a significant water demand impact.

**Table 2-13
Projected Water Demand from Implementing PAR 1113**

Year	Projected Water Supplied, ^a billion gal per year	Projected Water Demand with 20 Percent Reduction, ^b billion gal per year	Projected Coating Sales, ^c million gal per year	Projected Mfgr Water Demand, ^d million gal per year	Projected Cleanup Water Demand ^e , million gal per year	PAR 1113 Total Water Demand, ^f million gal per year	PAR 1113 Total Demand, ^f gal per day	Total Impacts, ^g percent of demand
2010	1,498	1,198	3.35	3.35	3.35	6.70	18,358	0.0004

- a) Water demand and supply projections obtained from hydrology setting in 2007 AQMP.
- b) On November 10, 2009, the state Legislature passed Senate Bill 7 as part of the Seventh Extraordinary Session, referred to as SBX7-7. This new law is the water conservation component to the historic Delta legislative package, and seeks to achieve a 20 percent statewide reduction in urban per capita water use in California by December 31, 2020. The projected water demand from the 2007 AQMP was reduced by 20 percent pursuant to this legislation.
- c) SCAQMD Staff Report for PAR 1113
- d) Assumes that one gallon of water would be used to manufacture one gallon of coating applied. This estimate includes the water used in humidifiers for and for purging lines in colorant systems. This volume also assumes as "worst-case" scenario, that all affected coatings used in the SCAQMD's jurisdiction were manufactured here and does not take into consideration the fact that some affected coatings are already waterborne coatings.
- e) Assumes that one gallon of water would be used to clean-up equipment for every gallon of coating applied. Also assumes as a "worst-case" scenario, that full conversion of affected coating categories to waterborne formulations occurs in 2012.
- f) Total amount of manufactured and clean-up water demand.
- g) The percentage of increase in water demand as a result of the incremental increase due to water clean-up of waterborne coating material.

While it is not possible to predict water shortages in the future, existing entitlements and resources in the district provide sufficient water supplies that currently exceed demand. Further, according to the Metropolitan Water District (MWD), the largest supplier of water to California, “Metropolitan has supply capabilities that would be sufficient to meet expected demands from 2015 through 2035 under the single dry-year and multiple dry-year conditions. Metropolitan has comprehensive plans for stages of actions it would undertake to address up to 50 percent reduction in its water supplies and a catastrophic interruption in water supplies through its Water

Surplus and Drought Management and Water Supply Allocation Plans.”¹² MWD is expected to continue providing a reliable water supply through developing a portfolio of diversified water sources that includes: cooperative conservation; water recycling; and groundwater storage, recovery, and replenishment programs. Other additional water supplies will be supplied in the future as a result of water transfer from other water agencies, desalination projects and state and federal water initiatives, such as CALFED, California’s Colorado River Water Use Plan.

As shown in Table 2-13, it is within the capacity of the local water suppliers to supply the small incremental increase in water demand associated with the implementation of PAR 1113. Sufficient water supplies are available to serve the project from existing entitlements and no new or expanded entitlements are needed to implement the proposed project. Therefore, no significant water demand impacts are expected as the result of implementing PAR 1113.

IX. c) & d) The proposed project would not change current architectural manufacturing or coating application or practices. Consequently, no major construction activities would be necessary to comply with PAR 1113. As a result, the proposed project would not require site preparation, or other heavy-duty construction activities that could alter any existing drainage patterns or increase the rate or amount of surface runoff water that would exceed the capacity of existing or planned stormwater drainage systems.

IX. e) Since PAR 1113 does not require construction of any new structures, it would not result in placing housing or other structures in a 100-year flood hazard areas. Therefore, so any flood hazards would be part of the existing setting or would be present for reasons unrelated to PAR 1113.

IX. f) Since PAR 1113 does not require construction of new facilities, it would not alter existing flood risks or risks from seiches, tsunamis or mudflow conditions.

IX. g) & i) As indicated in the discussion under items IX a) the proposed project is not expected to result in a significant increase in the volume of wastewater generated in the district or violate any water quality standards. As a result, it is not anticipated that PAR 1113 would generate additional volumes of wastewater that could exceed the capacity of existing stormwater drainage systems or require the construction of new wastewater or stormwater drainage facilities. Similarly, as discussed under item IX b) & h), the proposed project is not expected to significantly increase demand for water in the district, no new or expanded water supply entitlements are not anticipated to be necessary as a result of implementing PAR 1113.

Based on the above considerations, significant adverse impacts to hydrology and water quality are not expected to occur from implementing PAR 1113. Since there are no significant adverse impacts, no mitigation measures are required.

¹² From Metropolitan Water District, The Regional Urban Water Management Plan, November 2010.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
X. LAND USE AND PLANNING.				
Would the project:				
a) Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

Land use and planning impacts will be considered significant if the project conflicts with the land use and zoning designations established by local jurisdictions.

Discussion

X.a) It is expected that compliance with PAR 1113 would be achieved primarily through reformulating existing coatings with low VOC formulations. Manufacturing and applying compliant coatings does not require building new structures, installing new equipment, constructing or installing any air pollution control equipment or structures. Existing colorant units at 221 medium-sized retail facilities would need to be removed and replaced with new colorant units. New colorant units are drop-in replacements, do not require heavy-duty construction equipment, and would be installed in existing facilities. Therefore, it would not result in physically dividing an established community.

X.b) There are no provisions in PAR 1113 that would affect land use plans, policies, or regulations. Land use and other planning considerations are determined by local governments and no land use or planning requirements would be altered by PAR 1113 requirements.

Based upon these considerations, significant land use and planning impacts are not expected from the implementation of PAR 1113. Since no significant land use and planning impacts were identified, no mitigation measures are necessary or required.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
XI. MINERAL RESOURCES. Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

Project-related impacts on mineral resources will be considered significant if any of the following conditions are met:

- The project would result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state.
- The proposed project results in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan.

Discussion

XI.a) & b) There are no provisions in PAR 1113 that would result in the loss of availability of a known mineral resource of value to the region and the residents of the state, or of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan. Some examples of mineral resources are gravel, asphalt, bauxite, and gypsum, which are commonly used for construction activities or industrial processes. Since the proposed project is likely only to require the reformulation of coatings and colorants and replacement or modification of colorant systems in existing retail stores, PAR 1113 would have no effects on the use of important minerals, such as those described above. Therefore, no new demand for mineral resources is expected to occur and significant adverse mineral resources impacts from implementing PAR 1113 are not anticipated.

Based upon these aforementioned considerations, significant mineral resources impacts are not expected from the implementation of PAR 1113. Since no significant mineral resources impacts were identified, no mitigation measures are necessary or required

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
XII. NOISE. Would the project result in:				
a) Exposure of persons to or generation of permanent noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public use airport or private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

Noise impact will be considered significant if:

- Construction noise levels exceed the local noise ordinances or, if the noise threshold is currently exceeded, project noise sources increase ambient noise levels by more than three decibels (dBA) at the site boundary. Construction noise levels will be considered significant if they exceed federal Occupational Safety and Health Administration (OSHA) noise standards for workers.
- The proposed project operational noise levels exceed any of the local noise ordinances at the site boundary or, if the noise threshold is currently exceeded, project noise sources increase ambient noise levels by more than three dBA at the site boundary.

Discussion

XII.a) Lowering the VOC content limit of coatings, prohibiting the use of Group II exempt solvents, and phase out of the averaging compliance provision is not expected to alter coating manufacturing, distribution or application in a substantial way. The manufacture of PAR 1113 compliant coatings is not expected to cause physical modifications that would require heavy-duty diesel-fueled construction activities at the point of manufacture, distribution or use because it is anticipated that the same equipment used to manufacture and apply currently available coatings could be used to manufacture and apply PAT 1113 compliant coatings.

PAR 1113 may require the alteration or replacement of colorant dispensers. Colorant dispensers are drop-in replacement units that are not expected to require heavy-duty construction equipment

to remove or install. Instead, it is expected that removal of existing and replacement of new dispensers could be accomplished using hand tools, e.g., hand jacks, drills, etc., entirely within the existing retail building. Colorant dispensers for PAR 1113 compliant colorants are not expected to generate noise or vibrations that are greater than existing colorant dispensers. Any alteration of colorant dispensers is also not expected to require construction equipment. These units are expected to be replaced or modified using hand tools. Further, Occupational Safety and Health Administration (OSHA) and California-OSHA have established noise standards to protect worker health at distribution and retail locations.

For these reasons, PAR 1113 is not expected to expose persons to the permanent generation of excessive noise levels above current facility levels. Further, the use of these architectural coatings subject to PAR 1113 at the consumer level would occur using the same types of application equipment (e.g., brushes, rollers or sprayguns). Therefore, as a result of implementing PAR 1113 the existing noise levels are unlikely to increase in the vicinities of the existing facilities or other sites where these products are distributed, sold or used to a level exceeding any applicable significance thresholds.

XII.b) PAR 1113 is not anticipated to expose persons to or generate excessive groundborne vibration or groundborne noise levels since only minor construction activities are expected to occur as a result of implementing PAR 1113 and the proposed amended rule does not involve, in any way, the installation of control equipment that would generate vibrations and noise. The only equipment that may be replaced is colorant dispensers. However, these units would not require heavy-duty diesel-fueled construction equipment for removal and replacement. Existing colorant dispensers do not generate ground vibration and neither do replacement units.

XII.c) No increase in periodic or temporary ambient noise levels in the vicinity of affected facilities above levels existing prior to implementing PAR 1113 is anticipated because the proposed project would not require heavy-duty diesel-fueled construction-related activities nor would it change the existing activities currently performed by persons who utilize architectural coatings. See also the response to items XII.a) and XII.b).

XII.d) Implementation of PAR 1113 would not affect existing practices by persons who utilize PAR 1113 coatings (See discussions in items XII.a) and XII.b)). Even if affected sites where PAR 1113 compliant are used are located near public/private airports, no new noise impacts would be expected since the application of architectural coatings is not typically a noise intensive activity. Thus, PAR 1113 is not expected to expose persons residing or working in the vicinity of public or private airports to excessive noise levels.

Based upon these considerations, significant noise impacts are not expected from the implementation of PAR 1113. Since no significant noise impacts were identified, no mitigation measures are necessary or required.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
XIII. POPULATION AND HOUSING.				
Would the project:				
a) Induce substantial growth in an area either directly (for example, by proposing new homes and businesses) or indirectly (e.g. through extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Displace substantial numbers of people or existing housing, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

Impacts of the proposed project on population and housing will be considered significant if the following criteria are exceeded:

- The demand for temporary or permanent housing exceeds the existing supply.
- The proposed project produces additional population, housing or employment inconsistent with adopted plans either in terms of overall amount or location.

Discussion

XIII.a) The proposed project is not anticipated to generate any significant effects, either direct or indirect, on the district's population or population distribution as no additional workers are anticipated to be required to comply with PAR 1113. Replacement of existing colorant dispensers at retail facilities may require two to three workers, which can be accommodated by the existing labor pool in southern California. No additional workers would be required to manufacture or apply PAR 1113 compliant coatings as the same equipment that is currently used would continue to be used. Human population within the jurisdiction of the SCAQMD is anticipated to grow regardless of implementing PAR 1113. As such, PAR 1113 would not result in changes in population densities or induce significant growth in population.

XIII.b) The proposed project would likely only require reformulation of coatings and colorants and replacement or modification of colorant systems in retail stores. As such, PAR 1113 is not expected to substantially alter existing operations where architectural coatings may be manufactured or used (see discussion in item XIII.a)). Consequently, PAR 1113 is not expected to result in the creation of any industry that would affect population growth, directly or indirectly induce the construction of single- or multiple-family units, or require the displacement of persons or housing elsewhere in the district.

Based upon these considerations, significant population and housing impacts are not expected from the implementation of PAR 1113. Since no significant population and housing impacts were identified, no mitigation measures are necessary or required.

Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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XIV. PUBLIC SERVICES. Would the proposal result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered government facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services:

- | | | | | |
|-----------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Fire protection? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Police protection? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Schools? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Parks? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) Other public facilities? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Significance Criteria

Impacts on public services will be considered significant if the project results in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, or the need for new or physically altered government facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response time or other performance objectives.

Discussion

XIV.a) Potential adverse impacts to fire departments could occur in two ways: 1) if there is an increase in accidental release of hazardous materials used in compliant architectural coatings, fire departments would have to respond more frequently to accidental release incidences; and, 2) if there is an increase in the amount of hazardous materials or flammable materials stored at affected facilities, fire departments may have to conduct additional safety inspections. Based on the analysis in Section VIII. Hazards and Hazardous Materials, PAR 1113 is not expected to generate significant adverse hazards and hazardous material impacts because PAR 1113 compliant coatings tend to be formulated using aqueous-based chemistries. Consequently they tend to be less hazardous and less flammable than conventional solvent based coatings. It should be again acknowledged, however, that PAR 1113 does not require the use of any particular product. In addition, PAR 1113 compliant traditional solvents, aqueous, and bio-based technologies are commercially available for coating reformulation. Consumers who utilize compliant architectural coatings would determine which compliant architectural coatings to use based on a number of factors including, but not limited to, safety considerations.

Based on the human health and flammability analysis (see discussions in Sections III.d) and VIII.a), b), c) & h), respectively), PAR 1113 compliant coatings would be composed of the same types of toxic or flammable materials but in the same or lower concentrations with the exemption of faux finish coatings; therefore, with the exception of faux finish coatings would result in similar or less impacts. As analyzed in Sections III.d) and VIII.a), b), c) & h), respectively, the increase in ethylene glycol, propylene glycol, and triethylamine from faux finish coatings would not create significant adverse air toxics or hazard/flammability impacts. Since it is expected that implementing PAR 1113 would not increase the use of hazardous or flammable materials there would be no need for new or additional fire fighting resources.

XIV.b) Local police departments are also first responders to emergency situations such as fires, for example, to cordon off the area and provide crowd control. As noted in Section VIII.a), b), c) & h), PAR 1113 is not expected to significantly increase adverse hazards or hazardous material impacts. Similarly, implementing PAR 1113 is not expected to increase fire hazards compared to the existing setting. As a result, no significant adverse impacts to local police departments are expected because no increases in hazardous material or fire emergencies are anticipated.

XIV.c) & d) The local labor pool (e.g., workforce) of employees, contractors or consumers who work at coating manufacturing facilities, work at retail locations that sell affected coatings, or use architectural coatings in their day-to-day activities is expected to remain the same since PAR 1113 would not trigger substantial changes to current manufacture or usage practices. Therefore, with no increase in local population anticipated (see discussion “XIII. Population and Housing”), construction of new or additional demands on existing schools and parks are not anticipated. Therefore, no significant adverse impacts are expected to local schools or parks, be further analyzed in this ~~Draft~~ Final EA.

XIV.e) PAR 1113 would not result in the need for new or physically altered facilities, in order to maintain acceptable service ratios. As noted in other sections, PAR 1113 is not expected to require the use of equipment or processes that handle or use hazardous or flammable material that would require public agency oversight or affect in any way public agency service ratios, response times or other performance objectives. Further, there would be no increase in population and, therefore, no need for physically altered government facilities.

Reactive Penetrating Sealers Effect on Caltrans

The ARB SCM for Architectural Coatings includes a separate category under the waterproofing concrete/masonry sealer for reactive penetrating sealers at 350 grams per liter. Reactive penetrating sealers penetrate and chemically react with concrete and masonry substrates to provide a protective hydrophobic seal that repels liquid water and is resistant to chemicals and deicing salts (chloride ions). The sealers are considered to be concrete treatments, rather than coatings, and some are formulated to be resistant to oils and grease. The sealers repel the intrusion of liquid water, but allow water vapor to escape from the substrate without damaging the protective seal. Caltrans has stated interest in using reactive penetrating sealers for bridge deck protection in marine areas of the district subject to direct splash exposure and salt fog and mists. Caltrans desires reactive penetrating sealers that meet the NCHRP 224 standards for protection of concrete from chloride ion intrusion. Products that conform to the NCHRP standard would prevent chloride from penetrating concrete and corroding imbedded steel in cable tensioned slab concrete used in bridges. Caltrans and a reactive penetrating sealers manufacture have requested that SCAQMD staff add a new category for reactive penetrating sealers in PAR

1113 with a VOC content limit of 350 grams per liter. The inclusion of the reactive penetrating sealers category would address Caltrans concerns about protection of concrete from chloride ion intrusion and would likely result in less recoating of affected substrates, thereby, promoting performance objectives.

Based upon these considerations, significant adverse public services impacts are not expected from the implementation of PAR 1113. Since no significant public services impacts were identified, no mitigation measures are necessary or required.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
XV. RECREATION.				
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment or recreational services?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

Impacts to recreation will be considered significant if:

- The project results in an increased demand for neighborhood or regional parks or other recreational facilities.
- The project adversely affects existing recreational opportunities.

Discussion

XV.a) & b) As discussed under “Land Use and Planning” above, there are no provisions in PAR 1113 that would affect land use plans, policies, or regulations. Land use and other planning considerations are determined by local governments. No land use or planning requirements would be altered by the adoption of PAR 1113, which only affect the manufacture, sale and use of architectural coatings. Further, PAR 1113 would not affect in any way affect district population growth or distribution (see Section XIII), in ways that could increase the demand for or use of existing neighborhood and regional parks or other recreational facilities or require the construction of new or expansion of existing recreational facilities that might have an adverse physical effect on the environment because it would not directly or indirectly increase or redistribute population.

Based upon these considerations, significant recreation impacts are not expected from the implementation of PAR 1113. Since no significant recreation impacts were identified, no mitigation measures are necessary or required.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
XVI. SOLID/HAZARDOUS WASTE.				
Would the project:				
a) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Comply with federal, state, and local statutes and regulations related to solid and hazardous waste?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Significance Criteria

The proposed project impacts on solid/hazardous waste will be considered significant if the following occurs:

- The generation and disposal of hazardous and non-hazardous waste exceeds the capacity of designated landfills.

Discussion

XVI.a) & b) Any liquid wastes generated by PAR 1113 are discussed in the “Hydrology and Water Quality” discussion as it is prohibited to dispose of liquid wastes in landfills. PAR 1113 is not expected to increase the amount of solid waste used in manufacturing of PAR 1113 compliant coatings, since coating manufacturing and operation are not expected to change because the same equipment is expected to be used in compliant architectural coatings with the only change being reducing the amount of solvents in existing coatings. PAR 1113 is also not expected to result in an increase the amount of solids used in architectural coatings.

PAR 1113 would increase in the amount of solid waste at existing retail facilities, since colorant dispensers may need to be modified or replaced in medium-sized retail stores. Removal and replacement of colorant units would not be a significant impact as explained below. Operators of large retail stores are in the process or have already replace their colorant dispensers with colorant dispensers that can use low-VOC colorants for reasons other than complying with PAR 1113. Since replacement of color dispensers at large retail operators was done primarily for the ability to tint small coating samples (see discussion in Section III. Air Quality and Greenhouse Gases) and not in anticipation of PAR 1113; solid waste impacts form removal colorant dispensers at large facilities are not included in this analysis. Small retail stores are not expected to replace their colorant dispensers because it is not expected to be cost effective since coatings are typically a small part of their operations. There are 221 medium sized retail stores in the district that may require replacement of colorant dispensers. It was assumed that two medium facilities would replace colorant dispensers on a peak day. Assuming that two dispensers are

replaced at each facility and an average colorant system weight of 0.4 ton, the disposal of colorant systems that are not compatible with PAR 1113 compliant colorants would generate 1.6 tons of waste per day.

The debris from PAR 1113 would be disposed of at a Class II (industrial) or Class III (municipal) landfill. According to the Program EIR for the 2007 AQMP, there are 48 Class II/Class III landfills within the SCAQMD's jurisdiction with an estimated total capacity of approximately 111,198 tons per day. Therefore, as shown in Table 2-14, the amount of waste associated with disposal of old colorant systems as a result of implementing PAR 1113 would be about 0.001 percent of the total disposal capacity and, therefore, is considered to be within the disposal capacity of local landfills.

**Table 2-14
Amount of Solid Waste Landfilled
During Construction-Related Activities**

Description	Demolition Material (tons/day)
Total Disposal from Colorant Dispenser Replacement	1.6
Threshold (Capacity of Landfills)	111,198
% of Capacity	0.001 %
Significant (Yes/No)	No

The assumption that replaced colorant systems would all be disposed of as solid waste is a very conservative assumption. Replaced colorant dispensers may be sold or transferred to retail facilities located outside of the district. Alternatively, the metal in replaced colorant dispensers has economic value and it is likely that metal parts from the dispensers would be sold as scrap metal and recycled. Increases in solid waste disposal related to complying with PAR 1113 would be small and temporary (a one-time disposal). Therefore, the solid waste impacts from removing existing colorant dispensers associated with the implementation of PAR 1113 would not be significant.

It is important to note that PAR 1113 does not change the current requirements specific to cleanup solvent storage and disposal. Since PAR 1113 compliant solvents are expected to be formulated with solvents that are equally or less hazardous than currently used solvents (see "Hazards and Hazardous Materials" section), implementing PAR 1113 is not expected to generate significant new adverse hazardous waste impacts. Therefore, no significant adverse solid and hazardous waste impacts associated with PAR 1113 were identified.

Based upon these considerations, PAR 1113 is not expected to increase the volume of solid or hazardous wastes that cannot be handled by existing municipal or hazardous waste disposal facilities, or require additional waste disposal capacity. Further, implementing PAR 1113 is not expected to interfere with any affected distributors' or retailers' ability to comply with applicable local, state, or federal waste disposal regulations. Therefore, significant adverse solid or hazardous waste impacts are not expected from the implementation of PAR 1113. Since no solid/hazardous waste impacts were identified, no mitigation measures are necessary or required.

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
XVII. TRANSPORTATION/TRAFFIC.				
Would the project:				
a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with an applicable congestion management program, including but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Substantially increase hazards due to a design feature (e.g. sharp curves or dangerous intersections) or incompatible uses (e.g. farm equipment)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Result in inadequate emergency access?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Significance Criteria

Impacts on transportation/traffic will be considered significant if any of the following criteria apply:

- Peak period levels on major arterials are disrupted to a point where level of service (LOS) is reduced to D, E or F for more than one month.
- An intersection's volume to capacity ratio increase by 0.02 (two percent) or more when the LOS is already D, E or F.
- A major roadway is closed to all through traffic, and no alternate route is available.
- The project conflicts with applicable policies, plans or programs establishing measures of effectiveness, thereby decreasing the performance or safety of any mode of transportation.
- There is an increase in traffic that is substantial in relation to the existing traffic load and capacity of the street system.
- The demand for parking facilities is substantially increased.
- Water borne, rail car or air traffic is substantially altered.
- Traffic hazards to motor vehicles, bicyclists or pedestrians are substantially increased.
- The need for more than 350 employees
- An increase in heavy-duty transport truck traffic to and/or from the facility by more than 350 truck round trips per day
- Increase customer traffic by more than 700 visits per day.

Discussion

XVII.a) & b) The manufacture or use of PAR 1113 compliant architectural coatings is not expected to adversely affect transportation or traffic. In general, the volumes of PAR 1113 compliant architectural coatings are not expected to increase when compared to the volumes of materials currently used. Thus, the current level of transportation demands related to transporting new formulations of materials is not expected to increase. PAR 1113 is not expected to affect existing uses and applications of architectural coatings that would change or cause additional worker trips to distribution or retail facilities or increase transportation demands or services. Therefore, since no substantial increase in operational-related trips are anticipated, implementing PAR 1113 is not expected to significantly adversely affect circulation patterns on local roadways or the level of service at intersections near affected facilities or other sites that use these products.

PAR 1113 may require two additional round trips to deliver and dispose of colorant systems at each of the estimated 221 medium-sized retail stores. A one-time increase of two additional round trips per medium-sized facility is not expected to significantly adversely affect circulation patterns on local roadways or the level of service at intersections near affected facilities because the number of vehicle trips is so low and affected facilities are dispersed throughout the 10,473 square mile district.

XVII.c) The height and appearance of the existing structures where compliant architectural coatings would be manufactured or used is not expected to be affected by complying with PAR 1113. Therefore, implementation of PAR 1113 is not expected to require construction of structures that have the potential to adversely affect air traffic patterns. Further, PAR 1113 would not affect in any way air traffic in the region because, architectural coatings are typically shipped via ground transportation and not by air.

XVII.d) Manufacturing and use of compliant architectural coatings is not expected to require construction of structures or roadways. Further, implementing PAR 1113 would not involve modifications to existing roadways. Consequently, implementing the proposed project would not create roadway hazards or incompatible roadway uses.

XVII.e) Use of compliant architectural coatings is not expected to affect or require changes to emergency access at or in the vicinity of the affected facilities or other sites where compliant architectural coatings are used since PAR 1113 would not require construction or physical modifications to any structure associated with manufacturing or selling PAR 1113 compliant coatings. The manufacture and use of compliant coatings are not expected to affect businesses' emergency response plans (see discussion in Section VIII.f). Therefore, PAR 1113 is not expected to adversely affect emergency access.

XVII.f) No modifications at facilities or other sites where compliant architectural coatings are manufactured, sold or used are expected that would conflict with alternative transportation, such as bus turnouts, bicycle racks, et cetera. Consequently, implementing PAR 1113 would not create any conflicts with these modes of transportation.

Based upon these considerations, PAR 1113 is not expected to generate significant adverse transportation/traffic impacts. Since no significant transportation/traffic impacts were identified, no mitigation measures are necessary or required.



Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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XVIII. MANDATORY FINDINGS OF SIGNIFICANCE.

- | | | | | |
|--|--------------------------|--------------------------|-------------------------------------|--------------------------|
| a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|-------------------------------------|--------------------------|

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Does the project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

XVIII.a) As discussed in the “Biological Resources” section of this EA, PAR 1113 is not expected to significantly adversely affect plant or animal species or the habitat on which they rely because the proposed project would likely only require the reformulation of coatings and colorants and the replacement or modification of colorant systems at existing retail stores. Additionally, since implementing PAR 1113 would not require construction of any structures, special status plants, animals, natural communities, and important examples of the major periods of California history or prehistory are not expected to be adversely affected.

SCAQMD staff received a single comment that PAR 1113 may increase the use of biocides in colorants, but colorants are a small component of coatings and biocides would be a small component of colorants. Colorant manufacturers were contacted and MSDSs of existing and PAR 1113 compliant coatings were reviewed by SCAQMD staff. No biological impacts from colorants were identified in the MSDSs. Colorant manufactures contacted stated that they had not identified any biological impacts from low-VOC colorants. Colorant manufacturer contacts stated that their low-VOC colorants are APE free. As indicated in the Biological Resources discussion in IV.a), b), c) & d), complying with PAR 1113 is not expected to interfere with manufacturing trends to produce APE free low VOC coatings.

PAR 1113 would add two subcategories under the waterproofing concrete/masonry sealer, which would have a VOC content limit of 100 grams in the existing Rule 1113. The two subcategories are stone consolidants and reactive penetrating sealers with VOC content limits of 450 and 350 grams per liter, respectively, and are typically used in small quantities under the small container exemption. The higher VOC content limits were requested by OHP and one stone consolidant and reactive penetrating sealer manufacturer, because it is believed that solventborne products can penetrate deeper into substrates and distribute the consolidate/sealer down to the undeteriorated stone. Because PAR 1113 would increase the VOC content limit of stone

consolidants and reactive penetrating sealers, these products would continue to be used at the current VOC content limits, so there would be no change in use compared to the existing setting.

XVIII.b) Based on the foregoing analyses, PAR 1113 is not expected to generate any project-specific significant adverse environmental impacts for the following reasons. The environmental topics checked ‘No Impact’ (e.g., aesthetics, agriculture and forestry resources, biological resources, cultural resources, geology and soils, , land use and planning, mineral resources, noise, population and housing, public services, recreation and transportation and traffic) would not be expected to make any contribution to potential cumulative impacts whatsoever. For the environmental topics checked ‘Less than Significant Impact’ (e.g., air quality, energy, hazards and hazardous materials, and hydrology and water quality and solid/hazardous waste), the analysis indicated that project impacts would not exceed any project-specific significance thresholds. Based on these conclusions, incremental effects of the proposed project would be minor and, therefore, are not considered to be cumulatively considerable. Therefore, since impacts from the proposed project are not considered to be cumulatively considerable, the proposed project has no potential for generating significant adverse cumulative impacts.

XVIII.c) Based on the preceding analyses, PAR 1113 is not expected to cause adverse effects on human beings. Less than significant air quality and greenhouse gases, hazards and hazardous materials, water quality and solid/hazardous waste impacts from implementing PAR 1113 were identified. PAR 1113 would result in a reduction of 4.4–4.2 tons of VOC emissions per day. Based on a review of MSDSs of affected existing and PAR 1113 compliant coatings and colorants, PAR 1113 may reduce or replace air toxics and flammability as manufacturers comply with the lower VOC content limit (default coatings, dry fog coatings, fire proofing coatings, graphic arts coatings, mastic coatings, and metallic pigment coatings) with the exception of faux finish coatings (trowel applied and clear topcoats). PAR 1113 compliant coatings may increase the use of ethylene glycol, propylene glycol, and triethylamine in faux finishing coatings. As analyzed in Sections III.d) and VIII.a), b), c) & h), respectively, the increase in ethylene glycol, propylene glycol, and triethylamine would not create significant adverse air toxics or hazard/flammability impacts.

PAR 1113 would create two new subcategories under the waterproofing concrete/masonry sealers category (VOC content limit of 100 grams per liter): stone consolidants and reactive penetrating sealers with VOC content limits of 450 and 350 grams per liter respectively. These products are currently used in small containers at the higher VOC content under the small container exemption. Usage for stone consolidants and reactive penetrating sealer has been consistently low state-wide and nationally for stone consolidants and reactive penetrating sealers for historical restoration because they are used in very specialized niche applications. Based on these records and Rule 314 data, SCAQMD staff estimates usages would remain consistent with existing usages, which are approximately 142 gallons of stone consolidant used per year and 290 gallons of reactive penetrating sealer used per year. Therefore, no increase in the use of these products is expected. Since there is no increase in use, new adverse toxic or hazard/flammable impacts are not expected from PAR 1113.

As discussed in items I through XVIII above, the proposed project is not expected to have the potential to cause significant adverse environmental effects to any environmental topic.

APPENDIX A

PROPOSED AMENDED RULE 1113

In order to save space and avoid repetition, please refer to the latest version of the PAR 1113 located elsewhere in the final rule package. The PAR 1113 version dated April 7, 2011 of the proposed rule was circulated with the Draft EA released on April 12, 2011 for a 30-day public review and comment period ending May 11, 2011.

Original hard copies of the Draft EA, which include version PAR 1113 (dated April 7, 2011) of the proposed amended rule circulated with the Draft EA, can be obtained through the SCAQMD Public Information Center at the Diamond Bar headquarters or by calling (909) 396-2039.

APPENDIX B

ASSUMPTIONS AND CALCULATIONS

Table B-1
VOC Emissions after PAR 1113 VOC Content Limits for Coatings Become Effective

Coating Category	Estimated SCAQMD Sales Volume, ² gal/year	Percent of Rule 314 2009 Sales Above Proposed Limit ³	Estimated CARB Sales Volume Above Proposed Limit, ⁴ gal/year	Rule 314 2009 Sales Weighted Average VOC Content of Coating above Proposed Limit, ^{3,5} grams per liter	Rule 314 2009 Sales Weighted Average VOC Content of Material above Proposed Limit, ^{3,6} grams per liter	Proposed limit, VOC Content of Coating, ⁴ grams per liter	VOC Content of Material Based on Proposed Limit, ⁵ grams per liter	Baseline Emissions Inventory ⁷		VOC Emissions Reductions ⁸		VOC Emissions Inventory after PAR 1113 ⁹	
								pound per day	ton per day	pounds per day	tons per day	pounds per day	tons per day
Form Release	145,625	92%	133,371	<u>147-146</u>	<u>147-146</u>	100	40	447	0.22	325	0.16	122	0.06
Dry Fog coatings	169,968	47%	79,211	<u>89-62</u>	<u>40-26</u>	50	20	72	0.04	36	0.02	36	0.02
Fire Proofing Exterior Coatings	5,630	46%	2,586	<u>311-157</u>	<u>311-154</u>	150	60	18	0.01	15	0.01	4	0.002
Graphic Arts Coatings ¹	7,459	32%	2,424	<u>247-157</u>	<u>155-85</u>	150	60	9	0.004	5	0.00	3	0.002
Mastic Coatings	<u>304,678</u>	<u>56%</u>	<u>172,032</u>	<u>208</u>	<u>156</u>	<u>100</u>	<u>40</u>	<u>614</u>	<u>0.307</u>	456	0.2	<u>157</u>	<u>0.079</u>
Metallic Pigmented Coatings	20,250	23%	4,601	341	304	150	60	32	0.02	68	0.03	6	0.003
							Totals:	<u>1,192</u> <u>578</u>	<u>0.60</u> <u>0.29</u>	<u>863-407</u>	<u>0.43</u> <u>0.20</u>	<u>329-171</u>	<u>0.16</u> <u>0.09</u>

- 2009 Rule 314 sales volume - CARB data is protected (less than three companies reported)
- Based on 2005 CARB survey of coatings sold in California in 2004 - Assumes 45 percent of sales were in district.2009 Rule 314
- 2009 Rule 314 sales data
- Estimated CARB Sales Volume above Proposed Limit, gal/year = Estimated SCAQMD Sales Volume, gal/year x Percent of Rule 314 2009 Sales above Proposed Limit
- VOC content limits in PAR 1113 are listed as VOC of coating. VOC content of coating is defined as (weight of volatile compounds – weight of water – weight of exempt compounds)/(volume of material – volume of water – volume of exempt compounds)
- Emissions inventories are developed using VOC of material. VOC content of material is defined as (weight of volatile compounds – weight of water – weight of exempt compounds)/(volume of material)
- Based on CARB 2004 sales, Rule 314 sales weighted average VOC 2009 data. Baseline Emissions Inventory, lb/day = Estimated CARB Sales Volume Above Proposed Limit gal/year x Rule 314 2009 SWA VOC Material Above Proposed Limit, gram/liter x pound/453.59 gram x 3.79 liter/gallon x year/365 day
- Estimated Emissions Reductions, lb/day = Baseline Emissions Inventory, lb/day - VOC Emissions Inventory after PAR 1113, lb/day
- VOC Emissions Inventory after PAR 1113, lb/day = Estimated CARB Sales Volume Above Proposed Limit gal/year x Proposed limit, VOC Content of Material, grams per liter x pound/453.59 gram x 3.79 liter/gallon x year/365 day

**Table B-2
Colorant VOC Emissions Inventory and VOC Emission Reductions after PAR 1113 VOC Content Limits for Colorants Become Effective**

Faux Finishing Coating Category	Rule 314 2009 Estimate Usage, ¹ gallon per year	Rule 314 2009 Sales Weighted Average VOC of Coatings Over Proposed Limit, ^{1,2} gram per liter	Rule 314 2009 Sales Weighted Average VOC of Material Over Proposed Limit, ^{1,2} gram per liter	Proposed VOC of Coatings Limit, gram per liter	VOC Content of Material Based on Proposed Limit, grams per liter	Baseline VOC Emissions Inventory ³		Estimated Emissions Reductions ⁴		VOC Emissions Inventory after PAR 1113 ⁵	
						pounds per day	ton per day	pound per day	ton per day	pound per day	ton per day
Clear Topcoat	1,285	202	69	100	40	2.0	0.0010	0.87	0.0004	1.2	0.0006
Trowel Applied	5,781	95	50	50	20	6.6	0.0033	4.0	0.0020	2.6	0.0013

1. Based on 2009 Rule 314 data
2. VOC content limits in PAR 1113 are listed as VOC of coating. VOC content of coating is defined as (weight of volatile compounds – weight of water – weight of exempt compounds)/(volume of material – volume of water – volume of exempt compounds)
3. Emissions inventories are developed using VOC of material. VOC content of material is defined as (weight of volatile compounds – weight of water – weight of exempt compounds)/(volume of material)
4. Baseline Emissions Inventory, lb/day = Estimated CARB Sales Volume Above Proposed Limit gal/year x Rule 314 2009 SWA VOC Material Above Proposed Limit, gram/liter x pound/453.59 gram x 3.79 liter/gallon x year/365 day
5. Estimated Emissions Reductions, lb/day = Baseline Emissions Inventory, lb/day - VOC Emissions Inventory After PAR 1113, lb/day
6. VOC Emissions Inventory after PAR 1113, lb/day = Estimated CARB Sales Volume Above Proposed Limit gal/year x Proposed limit, VOC Content of Material, grams per liter x pound/453.59 gram x 3.79 liter/gallon x year/365 day

**Table B-3
Colorant VOC Emissions Inventory and VOC Emission Reductions after PAR 1113 VOC Content Limits for Colorants Become Effective**

Category	80 Percent Total Sales, CARB 2004 Survey ¹	Current Inventory ²		VOC Emissions Reductions ³		VOC Emissions Inventory After PAR 1113 ⁴	
		Pounds per day	Tons per day	Pounds per day	Tons per day	Pounds per day	Tons per day
Flat & Non-Flat	25,608,202	5,959	2.98	5,580	2.79	366	0.18

1. 2005 CARB survey of coatings sold in California in 2004 - Assumes 45 percent of sales were in the district.
2. Assume four ounces of colorant (based on industry feedback), at VOC of material 325 grams per liter, added to 80 percent of flat and non-flat coatings.
3. Assumes four ounces of colorant, being reduced from a VOC of material of 325 to 20 grams per liter, added to 80 percent of flat and non-flat coatings.
4. Assumes four ounces of colorant, at VOC of material 20 grams per liter, added to 80 percent of flat and non-flat coatings.

**Table B-4
VOC Emissions Inventory and VOC Emission Reductions from Reduction of Coating Categories Then Elimination of Averaging Compliance Option in PAR 1113**

Year	Total Gallons Sold Above the VOC Content Limit under an ACO	Current Inventory ¹		Emissions Reductions from reduction of coating categories ²			VOC Emissions Reductions from Elimination of ACO ³			VOC Emissions Inventory After PAR 1113 ⁴	
		Pounds per day	Tons per day	Gallons	Pounds per day	Tons per day	Gallons	Pounds per day	Tons per day	Pounds per day	Tons per day
2009	1,299,875	2,399	1.20	371,741	1,786	0.89	928,134	613	0.31	0	0

1. Coatings sold above the VOC limit under an ACO plan, assume coatings reformulated to meet current VOC limit.
2. Eliminated primer, sealers and undercoaters; specialty primer, and waterproofing concrete/masonry sealers reductions assumed coatings reformulated to meet current VOC limit.
3. Eliminates remaining emissions in current inventory.
4. After phase out, all coatings formulated to meet VOC limit.

**Table B-5
VOC Emissions and VOC Emission Reductions from Stone Consolidants**

Projected Sales in SCAQMD, ¹ gallon/year	Proposed VOC of Coating limit, ² g/L	Estimated VOC of Material, ³ g/L	Current VOC of Content Limit, ^{2,4} g/L	Rule 314 2009 Sales Weighted Average VOC Content of Material, ^{1,3} g/L	Existing VOC Emissions, ⁵ lb/day	Existing VOC Emissions, ton/day	Estimated Foregone Emissions, ⁶ lb/day	Estimated Foregone Emissions, ton/day	VOC Emissions after PAR 1113, ⁷ lb/day	Existing VOC Emissions after PAR 1113, ton/day
142	450	450	100	40	<u>0.27-2.4</u>	<u>0.001-0.0012</u>	<u>1.3-24.9</u>	<u>0.001-0.012</u>	<u>1.5-2.4</u>	<u>0.001-0.014</u>

1. Projected sales in SCAQMD based on 2009 Rule 314 data and national sales from a stone consolidant manufacturer.
2. VOC content limits in PAR 1113 are listed as VOC of coating. VOC content of coating is defined as (weight of volatile compounds – weight of water – weight of exempt compounds)/(volume of material – volume of water – volume of exempt compounds)
3. Emissions inventories are developed using VOC of material. VOC content of material is defined as (weight of volatile compounds – weight of water – weight of exempt compounds)/(volume of material)
4. Existing Rule 1113 VOC content limit of waterproof concrete/masonry sealers.
5. Existing emissions estimated = Projected Sales in SCAQMD x Estimated VOC of material, g/L x (3.79 L/gal)/(453.59 g/lb)
6. Difference between VOC emissions after PAR 1113 and existing VOC emissions.
7. VOC emissions after PAR 1113 = Projected Sales in SCAQMD x Rule 314 2009 Sales Weighted Average VOC Content of Material, g/L x (3.79 L/gal)/(453.59 g/lb)

**Table B-6
VOC Emissions and VOC Emission Reductions from Reactive Penetrating Sealers**

Projected Sales in SCAQMD, ¹ gallon/year	Proposed VOC of Coating limit, ² g/L	Estimated VOC of Material, ³ g/L	Current VOC of Coating Limit, ⁴ g/L	Rule 314 2009 Sales Weighted Average VOC Content of Material, ^{1,3} g/L	Existing VOC Emissions, ⁵ lb/day	Existing VOC Emissions, ton/day	Estimated Foregone Emissions, ⁶ lb/day	Estimated Foregone Emissions, ton/day	VOC Emissions after PAR 1113, ⁵ lb/day	Existing VOC Emissions after PAR 1113, ton/day
290	350	350	100	40	2.3	0.0012	2.1	0.001	0.3	0.0001

1. Projected sales in SCAQMD based on 2009 Rule 314 data and Caltrans data.
2. VOC content limits in PAR 1113 are listed as VOC of coating. VOC content of coating is defined as (weight of volatile compounds – weight of water – weight of exempt compounds)/(volume of material – volume of water – volume of exempt compounds)
3. Emissions inventories are developed using VOC of material. VOC content of material is defined as (weight of volatile compounds – weight of water – weight of exempt compounds)/(volume of material)
- 4.
5. Existing Rule 1113 VOC content limit of waterproof concrete/masonry sealers.
6. Existing emissions estimated = Projected Sales in SCAQMD x Estimated VOC of material, g/L x (3.79 L/gal)/(453.59 g/lb)
7. Difference between VOC emissions after PAR 1113 and existing VOC emissions.
8. VOC emissions after PAR 1113 = Projected Sales in SCAQMD x Rule 314 2009 Sales Weighted Average VOC Content of Material, g/L x (3.79 L/gal)/(453.59 g/lb)

Table B-7
EMFAC2007 Emission Factors for Delivery Vehicles

CO, lb/mile	NO _x , lb/mile	ROG, lb/mile	SO _x , lb/mile	PM10, lb/mile	PM2.5, lb/mile	CO ₂ , lb/mile	CH ₄ , lb/mile	N ₂ O, lb/mile
0.0184	0.0206	0.0026	0.00003	0.0008	0.0006	2.73	0.0001	0.000011

All EF from EMFAC2007 as reported for delivery vehicles on SCAQMD website (http://www.aqmd.gov/ceqa/handbook/onroad/onroadEF07_26.xls) for 2010, N₂O from ARB's Regulation for the Mandatory Reporting of Greenhouse Gases,

Table B-8
Criteria Pollutant Emissions from Delivery Vehicles

Description	Number of Vehicle Trips ¹	Total Daily VMT, ² mile/day	CO, lb/day	NO _x , lb/day	ROG, lb/day	SO _x , lb/day	PM10, lb/day	PM2.5, lb/day
Single Store	4	160	3.0	3.3	0.4	0.004	0.1	0.1
Daily ³	8	320	5.9	6.6	0.8	0.009	0.2	0.2
Significance Thresholds			550.0	100.0	75.0	150.000	150.0	55.0
Significant?			No	No	No	No	No	No

1. Assumed one two-way vehicle trip to replace or modify colorant systems and one two-way vehicle trip to remove old units or parts.
2. Assumed a 40-mile per day one-way per vehicle trip.
3. Assumed colorants replaced at two retail facilities per day.

Table B-9
GHG Emissions from Delivery Vehicles

Activity, vehicle miles traveled per project	CO ₂ , lb/project	CH ₄ , lb/project	N ₂ O, lb/project	CO ₂ eq, lb/project	CO ₂ , ton/year	CH ₄ , ton/year	N ₂ O, ton/year	CO ₂ eq, ton/year
35,360	193,223	8.9	0.7	236,554	87.6	0.00403	0.00034	87.7

Based on discussions with coating retailers only medium-sized facilities would need to replace or modify colorant systems. SCAQMD staff identified 221 medium-sized retail facilities.

Table B-10
Fuel Use from Delivery Vehicles

Description	Number of Vehicle Trips ¹	Total Daily Vehicle Miles Traveled, ² mile/day	Fuel Consumption, miles per gallon	Fuel Use, gallon/day
Single Store	4	160	10	16
Daily ³	8	320	10	32

1. Assumed one two-way vehicle trip to replace or modify colorant systems and one two-way vehicle trip to remove old units or parts.
2. Assumed a 40-mile per day one-way per vehicle trip.
3. Assumed colorants replaced at two retail facilities per day.

Table B-11
Comparison of Air Toxics in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

Dry Fog Coatings

Coating Category	Statistical Property, weight percent	Chemical Abstract Service (CAS) No. ⁴				
		100-41-4	1330-20-7	100-42-5	67-63-0	111-76-2
		Ethylbenzene, weight percent	Xylene, weight percent	Styrene, weight percent	Isopropanol, weight percent	Ethylene glycol butyl ether, weight percent
PAR 1113 Non-Compliant Dry Fog Coatings ²	Max	1	1	20	4	4
	Min	1	1	20	2	1.9
	Avg	1	1	20	3	2.9
PAR 1113 Compliant Dry Fog Coatings ³	Max	0	0	20	0	0
	Min	0	0	20	0	0
	Avg	0	0	20	0	0

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products sold for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Air toxic weight percents were obtained from a review of MSDSs for the coatings.

Table B-11 (Continued)
Comparison of Air Toxics in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

Fire Proofing Exterior Coatings

Coating Category	Statistical Property, weight percent	CAS No. ⁴			
		100-41-4	1330-20-7	108-88-3	78-93-3
		Ethylbenzene weight percent	Xylene weight percent	Toluene weight percent	Methyl ethyl ketone weight percent
PAR 1113 Non-Compliant Fire Proofing Exterior Coatings ²	Max	5	20	15	15
	Min	5	20	15	15
	Avg	5	20	15	15
PAR 1113 Compliant Fire Proofing Exterior Coatings ³	Max	0	0	10	0
	Min	0	0	10	0
	Avg	0	0	10	0

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Air toxic weight percents were obtained from a review of MSDSs for the coatings.

Table B-11 (Continued)
Comparison of Air Toxics in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

Graphic Arts Coatings

Coating Category	Statistical Property, weight percent	CAS No. 111-76-2
		Ethylene glycol butyl ether, weight percent
PAR 1113 Non-compliant Graphic Arts Coatings ²	Max	5
	Min	5
	Avg	5
PAR 1113 Compliant Graphic Arts Coatings ³	Max	0
	Min	0
	Avg	0

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Air toxic weight percents were obtained from a review of MSDSs for the coatings.

Table B-11 (Continued)
Comparison of Air Toxics in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

<u>Coating Category</u>	<u>Statistical Property, weight percent</u>	<u>CAS No.</u>						
		<u>100-41-4</u>	<u>1330-20-7</u>	<u>100-42-5</u>	<u>107-21-1</u>	<u>107-98-2</u>	<u>101-68-8</u>	<u>117-81-7</u>
		<u>Ethylbenzene, weight percent</u>	<u>Xylene, weight percent</u>	<u>Styrene, weight percent</u>	<u>Ethylene glycol, weight percent</u>	<u>Propylene Glycol Monomethyl Ether, weight percent</u>	<u>Methylene diphenyl isocyanate, weight percent</u>	<u>Di (2-ethylhexyl) phthalate (DEHP), weight percent</u>
PAR 1113 Non-compliant Mastic Coating	<u>Max</u>	<u>10</u>	<u>40</u>	<u>40</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>Min</u>	<u>10</u>	<u>5</u>	<u>40</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>Avg</u>	<u>10</u>	<u>22.5</u>	<u>40</u>	<u>2.7</u>	<u>0</u>	<u>0</u>	<u>0</u>
PAR 1113 Compliant Mastic Coating	<u>Max</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>5</u>	<u>0.1</u>
	<u>Min</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>5</u>	<u>0.1</u>
	<u>Avg</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2.6</u>	<u>0</u>	<u>5</u>	<u>0.1</u>

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Air toxic weight percents were obtained from a review of MSDSs for the coatings.

Table B-11 (Continued)
Comparison of Air Toxics in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

Metallic Pigmented Coatings

Coating Category	Statistical Property, weight percent	CAS No. ⁴			
		100-41-4	1330-20-7	108-88-3	78-93-3
		Ethylbenzene, weight percent	Xylene, weight percent	Toluene, weight percent	Methyl ethyl ketone, weight percent
PAR 1113 Non-compliant Metallic Pigmented Coatings ²	Max	2.4	9.9	10	2.7
	Min	0.1	0.6	3	2.7
	Avg	1	4	7	2.7
PAR 1113 Compliant Metallic Pigmented Coatings ³	Max	0	0	7	0
	Min	0	0	7	0
	Avg	0	0	7	0

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Air toxic weight percents were obtained from a review of MSDSs for the coatings.

Table B-11 (Concluded)
Comparison of Air Toxics in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

Faux Finish Clear Coat

Coating Category	Statistical Property, weight percent	CAS No. ⁴	
		111-76-2	121-44-8
		Ethylene glycol butyl ether	Triethylamine
PAR 1113 Non-compliant Clear Coat ²	Max	0.29	0
	Min	0.26	0
	Avg	0.18	0
PAR 1113 Compliant Clear Coat ³	Max	0	0.46
	Min	0	0.46
	Avg	0	0.46

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products sold for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Air toxic weight percents were obtained from a review of MSDSs for the coatings.

Trowel Applied Faux Finish Coating

Coating Category	Statistical Property, weight percent	CAS No. 107-21-1 ⁴
		Ethylene glycol, weight percent
PAR 1113 Non-compliant Trowel ²	Max	0
	Min	0
	Avg	0
PAR 1113 Compliant Trowel ³	Max	5.3
	Min	5.3
	Avg	5.3

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products sold for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Air toxic weight percents were obtained from a review of MSDSs for the coatings.

Table B-12
Chronic Non-Carcinogenic Health Risk Analysis of Toxic Air Contaminants in Faux Finish Topcoats

2009 Rule 314 Usage, ¹ gal/year	Density ² lb/gal	Triethylamine, ² weight fraction	Triethylamine Emissions, ³ lb/year	Triethylamine Emissions, ⁴ ton/year
1,285	8.67	0.005	55.7	0.028

1. 2009 annual use of faux finish topcoats from Rule 314 database.
2. Density from MSDS. Only one manufacturer was found that use triethylamine in one faux finish topcoats product line. Maximum triethylamine weight fraction from faux finish topcoat manufacturer.
3. Emissions, lb/year = usage, gal/year x density, lb/gal x weight fraction
4. Emissions, ton/year = Emissions, lb/year x ton/2,000 lb

Triethylamine Emissions, ton/year	Chronic REL ¹ µg/m ³	X/Q, ² [µg/m ³]/ [ton/year]	MET ²	MP ²	Chronic Hazard Index ³
0.028	200	41.45	60.49	1	0.3

1. Chronic relative exposure limit (REL) from Consolidated Table of OEHHA/ARB Approved Risk Assessment Health Values <http://www.arb.ca.gov/toxics/healthval/contable.pdf>.
2. X/Q, [µg/m³]/ [ton/year], meteorological correction factor (MET) and multi-pathway (MP) factor from Risk Assessment Procedures for Rules 1401 and 212, Version 7.0, Attachment L, <http://www.aqmd.gov/prdas/images/pdficons.gif>. The worst-case X/Q and MET values for volume sources were chosen.
3. Chronic non-carcinogenic hazard index = (emissions, ton/year x X/Q, [µg/m³]/ [tons/yr] x MET x MP)/(chronic REL, µg/m³)

Table B-13
Acute Non-Carcinogenic Health Risk Analysis of Toxic Air Contaminants from Five Gallons of Faux Finish Topcoats

Usage, ¹ gal/hour	Density, ² lb/gal	Triethylamine, ² weight fraction	Triethylamine Emissions, ³ lb/hour
5	8.67	0.005	0.22

1. Usage based on assumption that one five gallon container of faux finish topcoat would be used in an hour or a five gallon container could be accidentally spilt.
2. Density from MSDS. Only one manufacturer was found that use triethylamine in one faux finish topcoats product line. Maximum triethylamine weight fraction from faux finish topcoat manufacturer.
3. Emissions, lb/hour = usage, gal/hour x density, lb/gal x weight fraction

Table B-13 (Concluded)
Acute Non-Carcinogenic Health Risk Analysis of Toxic Air Contaminants from Five Gallons of Faux Finish Topcoats

Emissions, lb/hour	Acute REL, ¹ µg/m ³	X/Qhr, ² [µg/m ³]/ [lb/hour]	Acute Hazard Index ³
0.22	2,800	1,532	0.1

1. Acute relative exposure limit (REL) from Consolidated Table of OEHHA/ARB Approved Risk Assessment Health Values <http://www.arb.ca.gov/toxics/healthval/contable.pdf>.
2. X/Q, [µg/m³]/ [lb/hr] from Risk Assessment Procedures for Rules 1401 and 212, Version 7.0, Attachment L, <http://www.aqmd.gov/prdas/images/pdficons.gif>. The worst-case X/Q values for volume sources were chosen.
3. Acute non-carcinogenic hazard index = (emissions, ton/year x X/Q, [µg/m³]/ [tons/yr])/(acute REL, µg/m³)

Table B-14

Acute Non-Carcinogenic Health Risk Analysis of Toxic Air Contaminants from Accidental Release of 275 Gallons of Waterborne Polymer Used for the Manufacture of Faux Finish Topcoats

Tote Size ¹ gal	Density, ² lb/gal	Clean-up Duration, ¹ hr/day	Triethylamine, ² weight fraction	Triethylamine Emissions, ³ lb/hr
275	8.67	8	0.006	1.7

1. Usage based on assumption that one 275 gallon tote could be accidentally spilt. Assumed that clean-up could be done in a single day.
2. Density from MSDS. Only one manufacturer was found that use triethylamine in one faux finish topcoats product line. Maximum triethylamine weight fraction from waterborne polymer used in faux finish topcoat manufacturing.
3. Emissions, lb/hour = (tote size, gal x density, lb/gal x weight fraction x Percent Emitted by Accidental Release)/(8 hour clean-up)

Triethylamine Emissions, lb/hour	Acute REL, ¹ µg/m ³	X/Qhr, ² [µg/m ³]/ [lbs/hour]	Acute Hazard Index ³
1.7	2,800	1,532	0.9

1. Acute relative exposure limit (REL) from Consolidated Table of OEHHA/ARB Approved Risk Assessment Health Values <http://www.arb.ca.gov/toxics/healthval/contable.pdf>.
2. X/Q, [µg/m³]/ [lb/hr] from Risk Assessment Procedures for Rules 1401 and 212, Version 7.0, Attachment L, <http://www.aqmd.gov/prdas/images/pdficons.gif>. The worst-case X/Q values for volume sources were chosen.
3. Acute non-carcinogenic hazard index = (emissions, ton/year x X/Q, [µg/m³]/ [ton/yr])/(acute REL, µg/m³)

**Table B-15
Comparison of Hazardous Materials in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹**

Dry Fog Coatings

Coating Category	Statistical Property, weight percent	CAS No. ⁴							
		100-41-4	1330-20-7	100-42-5	67-63-0	111-76-2	64742-89-8	57-55-6	64-17-5
		Ethylbenzene, weight percent	Xylene, weight percent	Styrene, weight percent	Isopropanol, weight percent	Ethylene glycol butyl ether, weight percent	V. M. & P. Naphtha, weight percent	Propylene glycol, weight percent	Ethanol, weight percent
PAR 1113 Non-compliant Dry Fog Coatings ²	Max	1	1	20	4	4.0	24	0	2
	Min	1	1	20	2	1.9	0.7	0	2
	Avg	1	1	20	3	2.9	9.6	0	2
PAR 1113 Compliant Dry Fog Coatings ³	Max	0	0	20	0	0	0	5	0
	Min	0	0	20	0	0	0	5	0
	Avg	0	0	20	0	0	0	5	0

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Hazardous material weight percents were obtained from a review of MSDSs for the coatings.

Table B-15 (Continued)
Comparison of Hazardous Materials in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

Fire Proofing Exterior Coatings

Coating Category	Statistical Property, weight percent	CAS No. ⁴					
		100-41-4	1330-20-7	108-88-3	78-93-3	110-12-3	90-72-2
		Ethyl-benzene	Xylene	Toluene	Methyl ethyl ketone	Methyl isoamyl ketone	Tris-2,4,6-(dimethyl-aminomethyl) phenol
PAR 1113 Non-compliant Fire Proofing Exterior Coatings ²	Max	5	20	15	15	5	0
	Min	5	20	15	15	5	0
	Avg	5	20	15	15	5	0
PAR 1113 Compliant Fire Proofing Exterior Coatings ³	Max	0	0	10	0	0	10
	Min	0	0	10	0	0	10
	Avg	0	0	10	0	0	10

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Hazardous material weight percents were obtained from a review of MSDSs for the coatings.

Table B-15 (Continued)
Comparison of Hazardous Materials in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

Graphic Arts Coatings

Coating Category	Statistical Property, weight percent	CAS No. ⁴						
		111-76-2	67-56-1	64742-88-7	57-55-6	34590-94-8	2807-30-9	872-50-4
		Ethylene glycol butyl ether	Methanol	Mineral spirits	Propylene glycol	Dipropylene glycol ether	Ethylene Monopropyl Ether	n-Methylpyrrolidone
PAR 1113 Non-compliant Graphic Arts Coatings ²	Max	5	1	50	5	15	5	10
	Min	5	1	20	0	0	5	10
	Avg	5	1	35	4	3	5	10
PAR 1113- B Compliant Graphic Arts Coatings ³	Max	0	0	0	5	0	0	0
	Min	0	0	0	3	0	0	0
	Avg	0	0	0	4.4	0	0	0

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Hazardous material weight percents were obtained from a review of MSDSs for the coatings.

Table B-15 (Continued)
Comparison of Hazardous Materials in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

<u>Hazardous Compound</u>	<u>CAS No.</u>	<u>PAR 1113 Non-compliant Mastic Coating</u>			<u>PAR 1113 Compliant Mastic Coating</u>		
		<u>Statistical Property,</u> <u>weight percent</u>			<u>Statistical Property,</u> <u>weight percent</u>		
		<u>Max</u>	<u>Min</u>	<u>Avg</u>	<u>Max</u>	<u>Min</u>	<u>Avg</u>
<u>Ethylbenzene</u>	<u>100-41-4</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Xylene</u>	<u>1330-20-7</u>	<u>40</u>	<u>5</u>	<u>22.5</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Styrene</u>	<u>100-42-5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40</u>	<u>40</u>	<u>40</u>
<u>Ethylene glycol</u>	<u>107-21-1</u>	<u>3</u>	<u>2</u>	<u>2.7</u>	<u>3</u>	<u>1</u>	<u>2.2</u>
<u>Polyvinyl chloride</u>	<u>9002-86-2</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Methylene Diphenyl Isocyanate</u>	<u>101-68-8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>0</u>
<u>Di(2-Ethylhexyl)Phthalate (DEHP)</u>	<u>117-81-7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
<u>Mineral Spirits</u>	<u>64742-88-7</u>	<u>40</u>	<u>1</u>	<u>17.5</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,2,4 Trimethylbenzene</u>	<u>95-63-6</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Propylene Glycol</u>	<u>57-55-6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>5</u>
<u>Benzyl alcohol</u>	<u>100-51-6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>5</u>
<u>Asphalt</u>	<u>8052-42-4</u>	<u>70</u>	<u>60</u>	<u>66.7</u>	<u>60</u>	<u>60</u>	<u>60</u>
<u>Texanol</u>	<u>25265-77-4</u>	<u>5</u>	<u>1</u>	<u>3</u>	<u>5</u>	<u>3</u>	<u>4.3</u>
<u>Butyl benzyl phthalate</u>	<u>85-68-7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40</u>	<u>7</u>	<u>18</u>
<u>Polypropylene glycol alkyl phenyl ether</u>	<u>9064-13-5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>5</u>
<u>Hydrotreated light naphthenic distillate</u>	<u>64742-53-6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60</u>	<u>60</u>	<u>60</u>

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Hazardous material weight percents were obtained from a review of MSDSs for the coatings.

Table B-15 (Continued)
Comparison of Hazardous Materials in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

Coating Category	Statistical Property, weight percent	CAS No. ⁴							
		100-41-4	1330-20-7	108-88-3	107-21-1	107-98-2	112-34-5	57-55-6	108-67-8
		Ethylbenzene	Xylene	Toluene	Ethylene glycol	Propylene glycol monomethyl ether	Diethylene glycol monobutyl ether	Propylene glycol	1,3,5-Trimethylbenzene
PAR 1113 Non-compliant Metallic Pigmented Coatings ²	Max	2.4	9.9	10	2.7	70	10.2	2.6	26.1
	Min	0.1	0.6	3	2.7	1.2	0.6	2.6	26.1
	Avg	1	4	7	2.7	38.0	4.0	2.6	26.1
PAR 1113 Compliant Metallic Pigmented Coatings ³	Max	0	0	7	0	0	0	2	0
	Min	0	0	7	0	0	0	2	0
	Avg	0	0	7	0	0	0	2	0

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Hazardous material weight percents were obtained from a review of MSDSs for the coatings.

Table B-15 (Continued)
Comparison of Hazardous Materials in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

Clear Coat

Coating Category	Statistical Property, weight percent	CAS No. ⁴		
		111-76-2	121-44-8	57-55-6
		Ethylene glycol butyl ether	Triethylamine	Propylene glycol
PAR 1113 Non-Compliant Clear Coat ²	Max	0.29	0	5
	Min	0.26	0	5
	Avg	0.18	0	5
PAR 1113 Compliant Clear Coat ³	Max	0	0.5	0
	Min	0	0.5	0
	Avg	0	0.5	0

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Hazardous material weight percents were obtained from a review of MSDSs for the coatings.

Table B-15 (Concluded)
Comparison of Hazardous Materials in PAR 1113 Non-Compliant and PAR 1113 Compliant Coatings¹

Trowel Applied Faux Coating

Coating Category	Statistical Property, weight percent	CAS No. ⁴		
		107-21-1	57-55-6	29911-28-2
		Ethylene glycol	Propylene glycol	Dipropylene glycol monobutyl ether
PAR 1113 Non-compliant Trowel Applied Faux Coating ²	Max	0	70	5
	Min	0	5	5
	Avg	0	37.5	5
PAR 1113 Compliant Trowel Applied Faux Coating ³	Max	5.3	4	0
	Min	5.3	4	0
	Avg	5.3	4	0

1. SCAQMD staff developed the existing emissions inventory from the Rule 314 data for products shipped for 2008 and 2009.
2. PAR 1113 non-compliant coatings were represented by coatings with one or more percent of total sales volume.
3. PAR 1113 compliant coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 were also added.
4. Hazardous material weight percents were obtained from a review of MSDSs for the coatings.

APPENDIX C

COMMENT LETTERS AND RESPONSE TO COMMENTS



Mr. James Koizumi
Office of Planning, Rule Development, and Area Sources
South Coast Air Quality Management District (SCAQMD)
21865 Copley Drive
Diamond Bar, CA 91765

April 19, 2011

RE: PAR 1113 Draft Environmental Assessment.

Dear Mr. Koizumi:

As the developer of TBAC (tert-butyl acetate), Lyondell Chemical submits the following comments on the proposed amendments to rule 1113 and draft environmental assessment.

We are disappointed that the SCAQMD continues to ignore our requests to exempt TBAC in more architectural coatings categories and the extreme flammability risk that this delay poses for consumers and contractors. The US EPA exempted TBAC from the VOC definition in 2004, in recognition of its negligible photochemical reactivity (MIR = 0.17g ozone/g). TBAC is now VOC exempt in 49 states and 21 California counties and can be used in 14 other counties that do not regulate VOCs. In 2009, Environment Canada exempted TBAC in architectural coatings and automotive refinishing operations. In 2006, the SCAQMD staff also exempted TBAC in industrial maintenance coatings and zinc-rich primers in rule 1113. The exemption of TBAC was limited to these two categories because of speculative concerns that TBAC may pose a chronic risk to humans due to its metabolism to tert-butanol (TBA) and occupational exposure to TBAC-containing solvents.

Because of these concerns, SCAQMD conducted a CEQA analysis on the use of TBAC in IM coatings using worst case hypothetical health risk factors and worst case exposure scenarios. Despite these extremely conservative assumptions, the theoretical chronic risk fell below the level of concern for TBAC-based IM coating use. SCAQMD staff did not conduct a CEQA analysis for other coating categories, including consumer coatings despite the absence of chronic exposures to solvent-based coatings by consumers. The FEA for rule 1113 stated that *“staff is opposed to allowing TBAC use in residential applications until final conclusions regarding the toxicity of TBAC have been concluded”* but provided no justification for this opposition.

There is still no evidence that either TBAC or TBA poses a chronic risk to humans. On the other hand, additional high quality toxicity studies been conducted since 2006 on TBAC and its metabolite TBA to address OEHHA's speculative toxicity concerns. These studies confirm that neither compound is genotoxic¹ or poses an acute or chronic risk to humans. In 2010, the

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¹ McGregor, D.B., et al. (2005). The mutagenicity testing of tertiary-butyl alcohol, tertiary-butyl acetate, and methyl tertiary-butyl ether in *Salmonella typhimurium*. *Mutat. Res.* 565:181-189

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Pathology Working Group reviewed the male rat kidney data from the 1995 NTP chronic study that showed a dose dependent increase in benign tumors following TBA ingestion.² The PWG concluded unanimously that *“under the conditions of this study, TBA-related renal changes in rats posed no risk for humans, and it would be inappropriate to extrapolate TBA-associated renal proliferative changes in rats to humans.”* The PWG is the fifth panel of toxicologists to independently come to this conclusion since 2003.^{3,4,5,6}

Other studies have shown that TBAC is not a reproductive or developmental toxicant and that the mouse thyroid tumors observed in the 1995 TBA chronic study were caused by a mode of action to which humans are not susceptible.⁷ It is now clear that OEHHA’s concerns were unfounded and that TBAC does not pose a health risk when used in any architectural coatings. This is particularly true for coatings applied outdoors by professional contractors and for DIY products that are used infrequently. Therefore, it is not protective of human health or the environment to continue to deny the VOC exemption for TBAC. In fact, it promotes the use of acetone, which is extremely flammable, and PCBTF whose chronic toxicity has not been evaluated. The exemption of TBAC in architectural coatings would *reduce* product hazards, not increase them.

1-1

The flash point of acetone is -4°F which is well below that of other solvents currently used in architectural coatings, or that of TBAC (40°F). It is also well below the Consumer Products Safety Commission (CPSC) cutoff of 20°F for “Extremely Flammable” solvents. Of all the solvents listed in table 2-11 of the DEA, only one, MEK (FP 16°F) is classifiable as “extremely flammable” by the CPSC. Table 2-11 is fraught with errors, with a majority of compounds incorrectly classified as to flammability. Fifteen non-combustible or combustible materials are listed as “flammable” as is MEK. The properties of exempt solvents acetone, methyl acetate, TBAC, and PCBTF are not listed. These errors and omissions should be corrected in the final version of the Environmental Assessment.

1-2

The DEA acknowledges on page 2-45 that PAR-1113 that *“because PAR 1113 would likely require reformulation of some coating products to comply with lower VOC content limits or in response to changes to the averaging compliance option provision, use of some solvents in coatings, including Group I exempt compounds, may result in products with a higher flammability ratings.”* As long as TBAC is not recognized as an exempt compound in architectural coating categories, formulators will turn to acetone to the lower VOC content limits in solvent-borne coatings for contractors and consumers. The 2005 CARB survey proves that

² Hard, G., Cohen, S., Regan, K., Pletcher, J., Bruner, R. (2010). Pathology Working Group Review of Selected Histopathologic Changes in the Kidneys of Rats Assigned to Toxicology and Carcinogenicity Studies of t-Butyl Alcohol in F344/N Rats NTP Study No. 05142-03.

³ NSF International (2003) tert-Butyl Alcohol Oral Risk Assessment Document

⁴ NSF International (2008) tert-Butyl Acetate Oral Risk Assessment Document.

⁵ Shipp, AM, McDonald, T., Vanlandingham, C., 2005. Hazard Narrative for Tertiary-Butyl Alcohol (TBA) CAS Number 75-65-0, API Publication 4743.

⁶ Independent Peer assessment for TBAC (2009): <http://www.tera.org/Peer/TBAC/index.html>

⁷ Blanck O., Fowles J., Schorsch F., Pallen C., Espinasse-Lormeau H., Schulte-Koerne E., Totis M., and Banton M. (2010). Tertiary butyl alcohol in drinking water induces phase I and II liver enzymes with consequent effects on thyroid hormone homeostasis in the B6C3F1 female mouse. *J. Appl. Toxicol.* 30:125-132



acetone is the predominant exempt compound used by formulators in California and that its use continues to grow.

The DEA also recognizes that a solvent's "flash point is a particularly important measure of the fire hazard of a substance. For example, the Consumer Products Safety Commission (CPSC) promulgated Labeling and Banning Requirements for Chemicals and Other Hazardous Substances in 15 U.S.C. §1261 and 16 CFR Part 1500. Per the CPSC, the flammability of a product is defined in 16 CFR Part 1500.3 (c)(6) and is based on flash point. For example, a liquid needs to be labeled as: 1) "Extremely Flammable" if the flash point is below 20 degrees Fahrenheit; 2) "Flammable" if the flash point is above 20 degrees Fahrenheit but less than 100 degrees Fahrenheit; or, 3) "Combustible" if the flash point is above 100 degrees Fahrenheit up to and including 150 degrees Fahrenheit." In addition, blending acetone with flammable or combustible solvents renders the coating extremely flammable and greatly extends the flammability range. Therefore, it is apparent that without a VOC exemption for TBAC, PAR 1113 creates a significant fire hazard to the public through the use of more flammable materials by consumers, contractors, distributors, and formulators.

1-2

Solvent-based architectural coatings fall into the following categories 1) niche DIY products that are used only occasionally by consumers, and 2) commercial products used by professional contractors. Consumers do not use solvent-based paints occupationally so chronic exposure does not occur. This is acknowledged by the SCAQMD in previous rule 1113 documents:⁸

"Since the application of architectural coatings does not occur continuously over a long period of time, carcinogenic risk and long-term (chronic) non-carcinogenic effects will not be analyzed since they are both based on long-term exposure."

Furthermore, indoor air quality testing⁹ using ASTM D5116 Small Chamber Test and Modified California Specification 01350 Test Methods shows that TBAC-based consumer trim paint and floor varnish cannot pose a long-term exposure risk to consumers because 99.9% of the TBAC evaporates in the first 24 hours and residual air concentrations are below the analytical detection limit of 0.3 parts per billion (1.3µg/m³) after 14 days. This level is 30 times below the TBAC odor threshold and 1,000 times below the chronic RfC (safe level). Without chronic overexposure there is no chronic risk, even if a chronic hazard from TBAC actually existed. Therefore, OEHHA's speculative concern about TBAC's chronic toxicity is not only unfounded, but also irrelevant to consumer use of TBAC-containing architectural paints and coatings.

1-3

As for contractor use of architectural coatings, they fall into the following categories 1) exterior application, and 2) interior application. Exterior application provides sufficient ventilation to

⁸ http://www.aqmd.gov/ceqa/documents/2006/aqmd/is_nop/IS_1113.doc

⁹ Research Triangle Park Laboratories report 08-106, June 23 2008. RTP labs is compliant with ISO 17025 Standard for laboratories, is a State of Pennsylvania Registered Laboratory and Federal Drug Enforcement Agency & North Carolina Controlled Substances Registered Analytical Laboratory and conducts indoor air quality testing for LEEDS and Green Seal (GS-11) product certifications. <http://www.rtp-labs.com/>



prevent acute and chronic overexposure to solvents. Interior application of solvent-based coatings can lead to overexposure but is usually avoided through the use of respiratory protection and/or forced ventilation of the space. This is commonly done in operations like tub & tile and kitchen cabinet refinishing. Leading suppliers of tub, tile, and cabinet refinishing paints such as NAPCO Ltd. provide professional training of the safe application of these coatings and supply a full line of personal protective equipment, supplied air, and fume exhaust equipment and accessories.¹⁰ Their products also bear labels that warn users of the potential hazards of solvent vapors and suggest NIOSH-approved respiratory protection when using their products. Finally, the OSHA PEL for TBAC is 200ppm which is equal or higher than many of the solvents safely used today.

In summary, it is not health protective to further delay the exemption of TBAC due to unfounded chronic toxicity concerns, especially in consumer products that are used infrequently or in commercial products applied by contractors trained in the safe handling of solvent-based coatings. The use of TBAC instead of more reactive, flammable, and hazardous solvents will allow suppliers to formulate lower VOC products for both consumers and contractors without affecting cost, performance, or compromising worker or consumer safety. It will also reduce 314 fees for a number of producers during this recession and lower the cost of low-VOC coating products for contractors and consumers.

Therefore, we again request that TBAC be exempted for all coating categories in rule 1113 and, if not, at least in exterior coatings applied by contractors. These include concrete curing compounds, concrete surface retarders, driveway sealers, form release coatings, fire proofing exterior, roof coatings and primers, swimming pool coatings, traffic coatings, and waterproofing concrete/masonry coatings.

Thank you for the opportunity to comment. If you have any questions or need any further information, please free to contact me.

Sincerely,

Daniel B. Pourreau, Ph.D.
Technical Advisor

David J. Roznowski, APR
Manager, State Government Affairs

¹⁰ <https://www.napcoltd.com/training.asp>

1-3

Comment Letter 1
Lyondellbasell
April 19, 2011

Response to Comment 1-1

SCAQMD staff relies on the Office of Environmental Health Hazard Assessment (OEHHA) for toxic air pollutant health risk values and health risk assessment guidance. OEHHA staff have raised concern about the potential carcinogenicity of tBAC. Until such time as OEHHA makes further determination regarding the toxicity of tBAC, SCAQMD will exercise caution with regard to considering it an exempt compound.

Based on a review of MSDSs for PAR 1113 compliant coatings, existing PAR 1113 compliant coatings contain conventional solvents but in concentrations less than PAR 1113 non-compliant solvents (i.e., do not contain exempt solvents). A statement in the Draft EA to the contrary was incorrect and has been deleted. It was assumed that PAR 1113 non-compliant coatings would be reformulated to be similar to existing PAR 1113 compliant coatings. Therefore, PAR 1113 is not expected to increase the use of exempt solvents, including acetone, methyl acetate, tBAC and parachlorobenzotrifluoride (PCBTF).

Since, PAR 1113 does not include any provisions that would define tBAC as an exempt solvent in coatings other than industrial maintenance coatings, it is not expected there would be increase in the use of tBAC; therefore, no analysis of tBAC is needed.

Response to Comment 1-2

The Draft EA does indeed include the statement, “Because PAR 1113 would likely require reformulation of some coating products to comply with lower VOC content limits or in response to changes to the averaging compliance option provision, use of some solvents in coatings, including Group I exempt compounds, may result in products with a higher flammability ratings.” However, this statement is inconsistent with data compiled and will be removed in the Final EA.

First, many of the proposed changes in PAR 1113 simply move the coatings into a different coating category without changes to the VOC content limit. For coating categories where VOC content limits are proposed to be lowered (dry fog coatings, form release, fire proofing coatings, graphic arts coatings, mastic coatings, and metallic pigment coatings), i.e., where reformulation is expected to be necessary to comply with PAR 1113 limits, staff reviewed MSDSs of the many PAR 1113 compliant products available in the market and used in the district (PAR 314 database). In the review of MSDSs for PAR 1113 compliant coatings, no PAR 1113 compliant coatings were identified that used any exempt solvents, including acetone, methyl acetate, tBAC and PCBTF. Since no PAR 1113 compliant architectural coatings that contained exempt compounds were identified in the MSDS review, and no coatings containing exempt compounds were identified by the commenter; exempt compounds are not expected to be used to comply with PAR 1113 and are not included in Table 2-11.

The commenter states that some of the entries in the flammability column in Table 2-11 are not correct (i.e., combustible coatings were labeled as flammable and methyl ethyl ketone and triethanolamine were identified as flammable instead of extremely flammable). Table 2-11 has been corrected in the Final EA. MEK and triethylamine were listed as flammable and now are

listed as extremely flammable. 1,2,4 trimethylbenzene, 1,2-diaminocyclohexane, 1,3,5 trimethylbenzene, benzyl alcohol, diesel, diethylene glycol, diethylene glycol butyl ether, dipropylene glycol methyl ether, ethylene glycol, ethylene monopropyl ether, glycerine, polyethylene glycol, propylene glycol, triethanolamine, and tris-2,4,6-(dimethylaminomethyl) phenol were listed as flammable and are now listed as combustible. However, since the flammability analysis in the Draft EA is based on the NFPA Flammability Rating, not the Consumer Products Safety Commission (CPSC) ratings, the change to the CPSC column do not affect the conclusion of the flammability analysis in the Draft EA.

Response to Comment 1-3

The commenter asks that tBAC be exempted for all coating categories in Rule 1113, and, if not, at least in exterior coatings applied by contractors. Exterior coatings identified by the commenter are concrete curing, concrete surface retarders, driveway sealers, form release coatings, fire proofing exterior, roof coatings and primers, swimming pool coatings, traffic coatings, and waterproofing concrete/masonry coatings. As stated in Response to Comment 1-1, until such time as OEHHA makes a determination regarding the potential toxicity of tBAC, SCAQMD will exercise caution with regard to considering it an exempt compound.

No VOC content limit are being changed for concrete curing, roof coatings and primers, swimming pool coatings, traffic coatings and waterproofing concrete/masonry coatings, so no reformulation of these coatings is expected to be caused by PAR 1113.

VOC content limits of concrete surface retarders and driveway sealers would be reduced by PAR 1113. However, as stated in the Draft EA, the VOC contents of these coatings are already at or below the PAR 1113 VOC content limits. Therefore, no reformulation is expected for concrete surface retarders and driveway sealers because of PAR 1113.

VOC content limits of form release coatings, and fire proofing exterior would be reduced by PAR 1113. The Draft EA assumed that PAR 1113 non-compliant coatings would be reformulated to be similar to existing PAR 1113 compliant coatings to comply with PAR 1113. As stated in the Draft EA, MSDSs were reviewed for these coatings (also see Response to Comment 1-2) and no exempt solvent, such as acetone, methyl acetate, tBAC and parachlorobenzotrifluoride (PCBTF), were identified in PAR 1113 compliant coatings. Therefore, PAR 1113 is not expected to increase the use of exempt solvents. The general trend based on the MSDS review is that conventional coatings are expected to be used in reformulated PAR 1113 compliant coatings (i.e, not using exempt solvents), but used in less concentrations than before reformulation (see Table 2-10 of the Final EA). Since the concentrations of these conventional solvents would be reduced by PAR 1113, the flammability of PAR 1113 compliant coatings is expected to be reduced. However, the Draft EA identified exceptions to this general trend. Increased concentrations of ethylene glycol, propylene glycol and triethylamine were identified in PAR 1113 compliant faux finishing coatings. However, as stated in the Draft EA, ethylene glycol and propylene glycol have low NFPA flammability ratings (both have a NFPA flammability rating of 1) compared to other glycols, which are used in both PAR 1113 compliant coatings and PAR 1113 non-compliant coatings. Therefore, no increase flammability hazards are expected from possible increases in ethylene glycol and propylene glycol use. Triethylamine is used in low concentrations (0.6 percent by weight) in aqueous coatings. At this concentration, health risk and flammability was determined to be less than significant in the Draft EA.

From: Dave Darling [<mailto:ddarling@paint.org>]
Sent: Wednesday, May 11, 2011 11:44 AM
To: James Koizumi
Subject: 1113DEA.doc

May 11, 2011

Mr. James Koizumi
Office of Planning, Rule Development, and Area Sources
SCAQMD
21865 Copley Drive
Diamond Bar, CA 91765-4178

RE: Proposed Amended Rule 1113 – Architectural Coatings; Notice of Completion of a Draft Environmental Assessment: ACA Comments

Dear Mr. Koizumi:

The American Coatings Association (ACA) ^[1] has several comments on Section VIII Hazardous and Hazardous Materials of the Draft Environmental Assessment:

It is interesting that exempt solvents (including Acetone, Methyl Acetate etc.) are not listed in Table 2-10 or Table 2-11, it appears based on Table 2-10 that little if any exempt solvents will be used in compliant coatings formulations, which does not seem realistic.

In addition, there seems to be typos in Table 2-11. The Consumer Products Safety Commission (CPSC) has a flashpoint cutoff of 20°F for “Extremely Flammable” solvents. Of all the solvents listed in table 2-11 of the DEA, two (MEK and Triethylamine) would be classifiable as “extremely flammable” by the CPSC. Also fifteen non-combustible or combustible materials are listed as “flammable”. Further as mentioned above, the properties of exempt solvents (acetone, methyl acetate, TBAC, and PCBTF) are not listed on the table or described in the DEA.

Sincerely,

/s/
David Darling
Senior Director, Environmental Affairs
American Coatings Association

*** Sent via email ***

[1] The American Coatings Association (ACA) is a voluntary, nonprofit trade association working to advance the needs of the paint and coatings industry and the professionals who work in it. The organization represents paint and coatings manufacturers, raw materials suppliers, distributors, and technical professionals. ACA serves as an advocate and ally for members on legislative, regulatory and judicial issues, and provides forums for the advancement and promotion of the industry through educational and professional development services.

Comment Letter 2
American Coatings Association
May 11, 2011

Response to Comment 2-1

Based on a review of MSDSs of coatings reported in Rule 314, none of the existing affected PAR 1113 compliant coatings contain exempt compounds (acetone, methyl acetate, tBAC and PCBTF). PAR 1113 compliant coatings contain conventional solvent at lower concentrations (see Tables 2-7, 2-10, B-11 and B-15 of the Final EA). It was assumed that PAR 1113 non-compliant coatings would be reformulated to be similar to existing PAR 1113 compliant coatings. Based on the above, it is not expected that exempt compounds would be used to reformulate PAR 1113 non-compliant coatings.

The consumer product safety commission column in Table 2-11 was not correct and has been corrected in the Final EA. MEK and triethylamine were listed as flammable and now are listed as extremely flammable. 1,2,4 trimethylbenzene, 1,2-diaminocyclohexane, 1,3,5 trimethylbenzene, benzyl alcohol, diesel, diethylene glycol, diethylene glycol butyl ether, dipropylene glycol methyl ether, ethylene glycol, ethylene monopropyl ether, glycerine, polyethylene glycol, propylene glycol, triethanolamine, and tris-2,4,6-(dimethylaminomethyl) phenol were listed as flammable and are now listed as combustible. However, since the flammability analysis in the Draft EA is based on the NFPA Flammability Rating not the Consumer Products Safety Commission (CPSC) ratings, the changes do not affect the conclusion of the flammability analysis in the Draft EA.

Exempt solvents were not included in Table 2-11, because they were not found in existing affected PAR 1113 compliant coatings and, therefore, are not expected to be found in reformulated PAR 1113 non-compliant coatings.

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 25

PROPOSAL: Amend Rule 2005 – New Source Review for RECLAIM

SYNOPSIS: To offset emissions from a new or modified unit, Rule 2005 requires a RECLAIM facility to hold sufficient RECLAIM Trading Credits (RTCs) at the beginning of each year the unit is in operation. These RTC holding requirements may provide a disadvantage to modernization, potentially delaying emission reductions. The current proposal is to eliminate the requirement for existing facilities to hold RTCs in advance of second and subsequent years. All emissions will still be offset by RTCs at the end of the applicable compliance period. This action is to adopt the resolution: 1) Certifying the Notice of Exemption for Proposed Amended Rule 2005; and 2) Amending Rule 2005.

COMMITTEE: Stationary Source, January 21, 2011, Reviewed

RECOMMENDED ACTION:

Adopt the attached resolution:

1. Certifying the Notice of Exemption for Proposed Amended Rule 2005 – New Source Review for RECLAIM; and,
2. Amending Rule 2005 – New Source Review for RECLAIM.

Barry R. Wallerstein, D.Env.
Executive Officer

Introduction

New Source Review (NSR) requirements for RECLAIM pollutants at RECLAIM facilities are set forth in Rule 2005. One such requirement for existing facilities¹ is that they obtain sufficient RECLAIM Trading Credits (RTCs) to offset their NSR emissions for a year prior to beginning operation. They must also provide sufficient RTCs in advance of each subsequent year to offset that year's operations.

Over time, more and more existing facilities are likely to want to install newer, more modern equipment, which subjects them to NSR requirements even though total emissions continue to decrease. Thus, these facilities must hold RTCs before each operating year, in addition to at the end of each quarter or compliance year, as for other RTC requirements. These RTC holding requirements may provide a disadvantage to modernization, thus delaying emission reductions. The current proposal is to eliminate the requirement for existing facilities to hold RTCs in advance of the second and subsequent years. All emissions will still be required to be offset by RTCs. All new facilities² are still subject to this holding requirement.

The "Governing Board's Helping Hand Initiative for 2009" was introduced by Chairman William Burke and supplemented by other Governing Board members at the January 9, 2009 Board meeting. This initiative was intended to provide a "helping hand" to stakeholders during the economic downturn while the District was working towards its clean air goals. One part of the "Helping Hand Initiative" directed staff to explore limiting the requirement for upfront purchases of RTCs for new equipment to the first year of operation. Staff has worked with U. S. EPA and CARB to arrive at this proposal. In addition, an operator of existing facilities has contacted staff and indicated that the current credit holding requirement under Rule 2005 is presenting an added cost to its plan to modernize equipment at its facilities. This is because equipment replacement is considered a new source under U. S. EPA's NSR program. As a result, this operator is delaying some modernization projects. It is also anticipated that the holding requirement, if continued in its current form, will present a structural problem for the program in the future. As time goes on, existing equipment will have to be eventually replaced with new units simply due to wear and tear. Emissions from all new equipment are subject to this holding requirement, even when it replaces existing, higher-emitting equipment. Programmatically, there may not be adequate RTCs to meet the cumulative hold requirement simply due to the declining emission goal. The proposed amendment is designed to address this concern while maintaining the compliance requirements at the end of a compliance year. This board letter serves as the staff report for Proposed Amended Rule 2005.

¹ An existing facility, as defined in Rule 2000(c)(35), is "any facility that submitted Emission Fee Reports pursuant to Rule 301 – Permit Fees, for 1992 or earlier years, or with valid District Permits to Operate issued prior to October 15, 1993, and continued to be in operation or possess valid District permits on October 15, 1993."

² A new facility, as defined in Rule 2000(c)(51), is "any facility which has received all District Permits to Construct on or after October 15, 1993."

Background

Rule 2005 sets forth requirements for new or modified equipment or processes at RECLAIM facilities. The purpose of the rule is to ensure that the RECLAIM program is equivalent to the federal and state NSR program requirements. Rule 2005 provides three separate requirements to meet the NSR programmatic equivalency: 1. Sources causing emission increases must be equipped with Best Available Control Technology (BACT), 2. Modeling must be used to demonstrate that operation of the source will not result in a significant increase in the air quality concentration of nitrogen dioxide (NO₂) if the facility total emissions exceed its 1994 starting Allocations plus non-tradable credits, and 3. The facility must hold sufficient RTCs to offset emission increases for one year prior to commencement of operation and at the beginning of every compliance year thereafter. These requirements are triggered in cases where a facility incurs an emission increase as defined under Rule 2005(d) – Emission Increase. The evaluation of emission increases under this paragraph is defined on a device-by-device basis. Any time a new NO_x- or SO_x-emitting RECLAIM device is installed, it triggers the credit holding requirements because it does not have any prior emissions, even in cases where the new device is replacing an older, dirtier device.

Among these requirements, the credit holding requirement ensures that the facility has adequate credits to offset emission increases year-by-year. It does not directly require emission decreases. On the other hand, all RECLAIM facilities are required to reconcile their Allocations to their emissions (i.e. hold enough RTCs to cover their emissions) by the end of each quarter and each compliance year pursuant to Rule 2004 – Requirements. Therefore, under RECLAIM, all facilities are required to have credits to offset all RECLAIM emissions regardless if they are subject to the requirements of Rule 2005.

Under the current rule, an existing facility is subject to credit holding requirements for both the first year of operation [Rule 2005(c)(2)] and at the beginning of each compliance year thereafter [Rule 2005(f) – Offsets] if it incurs an “emission increase” from the installation of new or modified equipment. An existing facility is also subject to credit holding requirements under subparagraph (c)(4)(B) if the facility emissions exceed the level of its starting Allocations plus non-tradable credits which defines the historical baseline emission level. A new RECLAIM facility is subject to both requirements at the same time whenever it experiences emission increases because a new facility starts out with no starting Allocations. This is true even when it replaces an older device with a newer one. If the new emission level is lower, then the amount of credit required to be held will be lower than the amount required prior to the replacement. Therefore, new facilities are not adversely impacted by replacing existing equipment with less emitting equipment. However, it is not the case for an existing facility. If it replaces older equipment with newer and less polluting equipment, it has to start holding credits to offset those emission increases, even if its facility-wide total

emissions are still lower than both the emissions preceding the replacement and the level of its starting Allocations plus non-tradable credits.

Under RECLAIM, RTCs serve dual purposes – they can be used to satisfy credit holding requirements at the beginning of a compliance year and to reconcile emissions at the end of a quarter and at the end of a compliance year. RECLAIM effects emission reductions by decreasing Allocations (i.e., the amount of available RTCs) year-by-year. As the amount of Allocations decrease, fewer RTCs are available to satisfy holding requirements. In the past, many existing facilities that were subject to this RTC hold requirement have been able to satisfy the requirements with their Allocations. However, these Allocations are being decreased to a point that some of these facilities may have to start purchasing additional RTCs to satisfy the holding requirements.

The amount of RTCs to be held by an existing facility must be at least equal to the increase in the maximum daily potential to emit from new or modified sources. Most of the time, however, facilities do not emit at their maximum permitted level on a daily basis. As a result, an artificially high demand of RTCs is created at the beginning of a compliance year to meet the holding requirements, leaving facilities with excess RTCs at the end of the year that they do not need. As more and more modernizing plans are implemented at existing facilities, the aggregate quantity of RTC holdings required grows even as overall program emissions decline with time.

In addition, the high demand at the beginning of a compliance year causes credit prices to rise. This creates an upfront cost to facilities that is generally not fully recouped because RTC prices generally decrease as the RTCs approach their expiration dates and also as excess RTCs are released at a compliance year's end. The high prices related to RTCs held at the beginning of the year, in turn, may cause existing facilities to delay or even abandon their modernizing plans, thus slowing down actual emission decreases. Eventually, all RECLAIM facilities are negatively impacted by the requirement to hold such offsets at the commencement of each compliance year because of the artificially high RTC demand based on maximum potential to emit and the resultant higher RTC prices.

Under existing rules, a facility subject to the NSR credit holding requirement may apply for conditions that limit quarterly emissions. In those cases, the facility still has to hold enough RTCs for the annual amount at the start of each compliance year, but may sell excess RTCs for a quarter at the end of that quarter. This ability to sell excess RTCs at the end of a quarter instead of the end of the year only minimizes the cost difference but does not address the overall problem of RTC availability.

Proposed Amendments

The proposed amendments seek to change only the credit hold requirement for an existing RECLAIM facility, provided its emission level stays below the level of its starting Allocations plus non-tradable credits. The proposed amendments, if adopted, will require an existing RECLAIM facility to hold adequate RTCs for the first year of operation prior to commencement of operation of a new or modified source, but will not require the facility to hold RTCs at the commencement of subsequent compliance years, provided that the facility emission level remains below its starting Allocations plus non-tradable credits. The offset requirements for new RECLAIM facilities will remain unchanged. A new facility will have to hold adequate RTCs equal to the amount of emission increases at the beginning of each compliance year. Any excess RTCs cannot be sold until the end of the compliance year, or the applicable quarters if the facility has permit conditions to cap its emissions during each quarter, thus allowing sale of unused RTCs at the end of the quarter.

Assuming that the rule amendment is adopted by the AQMD Governing Board as proposed and for planning purposes, staff intends to take the following steps to update RECLAIM Facility Permits for impacted existing facilities. First, all RECLAIM facilities have been sent notices of the pending proposed rule amendment. In addition to informing RECLAIM facilities of the proposal, the notice also states AQMD's intention to update permit conditions that are impacted by rule amendment as adopted by the Board. Such notice was issued at least 30 days prior to the hearing date. RECLAIM Facility Permits are subject to renewal on either January 1 for Cycle 1 facilities or July 1 for Cycle 2 facilities. Upon adoption of the proposed amendments, AQMD will submit the amendments to CARB and U. S. EPA for approval into the California State Implementation Plan (SIP) and commence review of permits for all RECLAIM facilities to determine what, if any, changes are necessary to the permit conditions to reflect the requirements in the proposed amendments. RECLAIM facilities can file an application to request the appropriate changes in their permit conditions. AQMD will not approve such applications until the amendments have been approved into the SIP. For facilities that do not file an application to request the appropriate changes, AQMD will update the permit conditions upon annual renewal of RECLAIM permits once the amendments have been approved into the SIP.

The proposed amendment, if adopted, will alleviate the disincentive to replace older, more polluting equipment with newer, cleaner equipment at existing facilities. The remaining two requirements (i.e., BACT and modeling) will not be changed. All RECLAIM facilities are required to reconcile their Allocations to their emissions (i.e. hold enough RTCs to cover their emissions) by the end of each quarter and each compliance year pursuant to Rule 2004. No change to this requirement is proposed. Existing facilities will continue be subject to the emission reduction goals set under RECLAIM.

Potential Impacts

California Environmental Quality Act (CEQA)

SCAQMD staff has reviewed the proposed project pursuant to CEQA Guidelines §15002 (k)(1), the first step of a three-step process for deciding which document to prepare for a project subject to CEQA. The SCAQMD has determined that it can be seen with certainty that there is no possibility that the proposed project may have any new significant effects on the environment, and is therefore, exempt pursuant to CEQA Guidelines §15061(b)(3) - Review for Exemption (General Rule Exemption). Furthermore, the proposed amendments are categorically exempt because they are considered actions to protect or enhance the environment pursuant to CEQA Guidelines §15308 – Class 8 Categorical Exemption.

A Notice of Exemption has been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. If approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Socioeconomic Assessment

The proposed amendments to Rule 2005 – New Source Review for RECLAIM would remove the requirement for existing facilities to hold RTCs from new or modified equipment at the beginning of the second compliance year and thereafter. Avoiding the need to purchase and hold excess RTCs that are not needed to cover actual emissions at the end of a compliance year could free up funds to modernize existing equipment. Equipment modernization is one essential part to achieving RECLAIM emission goals. Any emission reduction in excess of a facility's emission goal translates to surplus RTCs that can be sold, thus providing further incentive to maximize and to speed up emission reduction projects. Removing the RTC holding requirements beyond the first year for existing RECLAIM facilities would lower the burden on facility operators as well as increase market fluidity.

Overall, the proposed amendments as a whole would not result in any adverse cost or other socioeconomic impacts.

Public Process

A Public Workshop was held on March 3, 2011.

Implementation Plan

The proposed amendments are administrative in nature and remove the requirement for existing facilities to hold RTC's in advance of second and subsequent years to offset emissions from the installation of new or modified units. Existing AQMD resources will be adequate to implement the amended rule.

Draft Findings under California Health and Safety (H&S) Code

California H&S Code §40727 requires that prior to adopting, amending or repealing a rule or regulation, the AQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the board letter.

Necessity

A need exists to amend Rule 2005 – New Source Review for RECLAIM to clarify the RTC holding requirements for existing facilities. Existing facilities will no longer be required to hold RTCs in advance of second and subsequent years to offset emissions from new or modified pieces of equipment.

Authority

The AQMD Governing Board has authority to amend existing Rule 2005 pursuant to California H&S Code §§ 39002, 39616, 40000, 40001, 40440, 40440.1, and 40702.

Clarity

The proposed amended rule is written or displayed so that its meaning can be easily understood by the persons directly affected by it.

Consistency

The proposed amended rule is in harmony with and not in conflict with or contradictory to, existing statutes, court decisions or state or federal regulations.

Non-Duplication

The proposed amended rule will not impose the same requirements as any existing state or federal regulations. The amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, AQMD.

Reference

By adopting the proposed amended rule, the AQMD Governing Board will be implementing, interpreting and making specific the provisions of the California H&S Code §§ 39002, 39616, 40001, 40440 (a), 40440.1, 40702, and Title 42 U. S. C. Section 7410.

Requirement to Make Findings Pursuant to California Health & Safety Code Section 39616

California H&S Code § 39616(e) requires the AQMD Governing Board to ratify findings that, relative to the subsumed rules and control measures, RECLAIM (1) achieves equivalent or greater emission reductions at equivalent or less cost, (2) has comparable enforcement and monitoring, (3) does not delay attaining California ambient air quality standards, (4) allows the use of emissions reduction from other sources such

as mobile and area sources, and (5) promotes privatization of compliance and electronic availability of data. These findings were originally made in October 2000 and subsequently in May 2001, December 2003, and January 2005. The current proposed amendments to Rule 2005 do not change these findings because the amendments are administrative in nature and have no emissions impacts. The amendments remove the requirement for existing RECLAIM facilities to hold RTCs in advance of second and subsequent years for the purpose of offsetting emissions from a new or modified source.

Comparative Analysis

In order to determine compliance with California H&S Code §§ 40727, 40727.2, a written analysis comparing the proposed amended rule with existing regulations is required. Section 40727.2 analysis is traditionally done for source-specific rule requirements affecting specific types of equipment. Since RECLAIM is essentially a mass cap approach with a declining balance, such analysis is not directly applicable. Moreover, there are no other AQMD source-specific NO_x and SO_x emission-related rules that apply to RECLAIM equipment at RECLAIM facilities.

A comparative analysis, as required by H&S Code §40727.2, is applicable when an amended rule or regulation imposes, or has the potential to impose, a new emissions limit, or other air pollution control requirements. The proposed amendments do not impose new requirements.

Incremental Cost Effectiveness

California H&S Code § 40920.6 requires an incremental cost effectiveness analysis for BARCT rules or emission reduction strategies when there is more than one control option which would achieve the emission reduction objective of the proposed amendments, relative to ozone, CO, SO_x, NO_x, and their precursors. The proposed amendments are not BARCT requirements; therefore, this provision does not apply to the proposed amendment.

Attachments

- A. Summary of Proposal
- B. Rule Development Process
- C. Key Contacts List
- D. Resolution
- E. Proposed Amended Rule
- F. Response to Comments
- G. Notice of Exemption

ATTACHMENT A
SUMMARY OF PROPOSAL

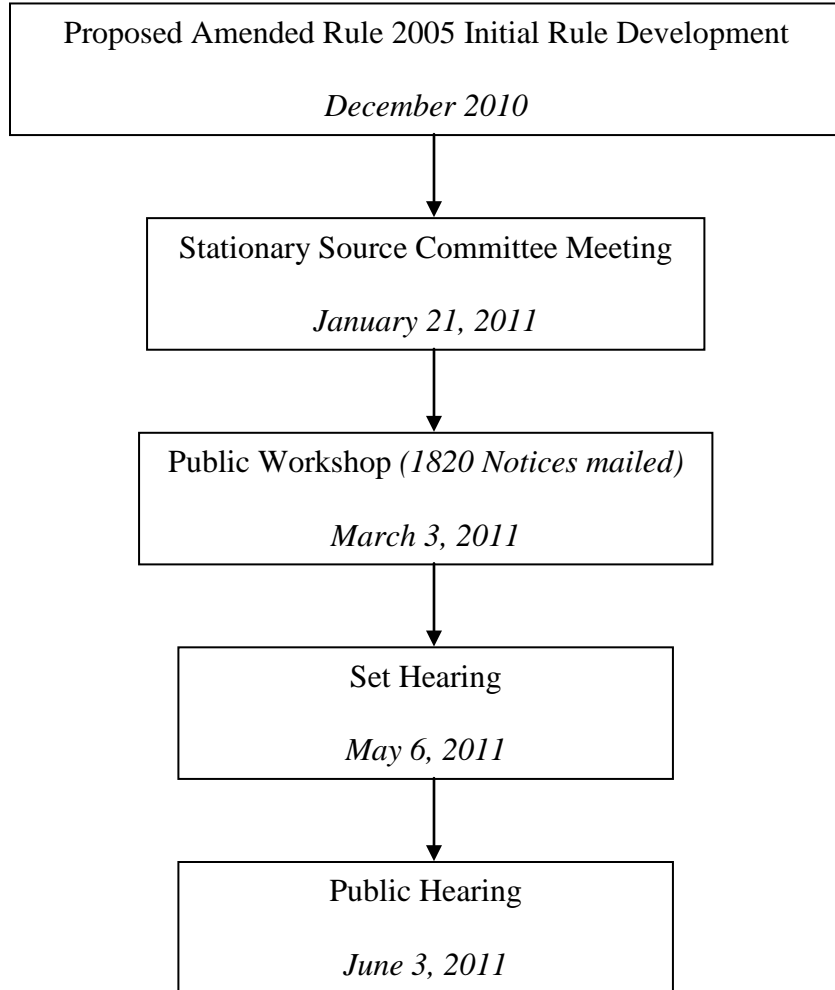
Proposed Amended Rule 2005 – New Source Review for RECLAIM

- Remove the requirement for existing RECLAIM facilities to hold RTCs in advance of second and subsequent years for the operation of a new or modified source. All emissions will still be offset by RTCs at the end of the applicable compliance period.

ATTACHMENT B

RULE DEVELOPMENT PROCESS

Proposed Amended Rule 2005 – New Source Review for RECLAIM



Total time spent in rule development: 6 months

ATTACHMENT C
KEY CONTACTS LIST

Agency Representatives

California Air Resources Board (CARB)
U. S. Environmental Protection Agency (EPA)

Industry Representatives

Los Angeles Department of Water and Power (LADWP)
Southern California Edison
Western States Petroleum Association (WSPA)

Other

Representatives from other companies, brokers, and other interested individuals

ATTACHMENT D

RESOLUTION NO. - _____

A Resolution of the Governing Board of the South Coast Air Quality Management District (AQMD) certifying the Notice of Exemption for Proposed Amended Rule 2005 – New Source Review for RECLAIM.

A Resolution of the AQMD Governing Board amending Rule 2005 – New Source Review for RECLAIM.

WHEREAS, the South Coast Air Quality Management District Governing Board finds and determines that the proposed amendment to Rule 2005 – New Source Review for RECLAIM, is considered a “project” pursuant to the California Environmental Quality Act (CEQA); and

WHEREAS, the South Coast Air Quality Management District staff reviewed the proposed project and because it can be seen with certainty that there is no possibility that the proposed project in question has the potential to have a significant adverse effect on the environment, it was determined that the proposed project is exempt from CEQA pursuant to CEQA Guidelines § 15061(b)(3) – Review for Exemption. Further, the proposed amendments to Rule 2005 are also categorically exempt because they are considered actions to protect or enhance the environment pursuant to CEQA Guidelines § 15308 – Class 8 Categorical Exemption; and

WHEREAS, the AQMD has had its regulatory program certified pursuant to Public Resources Code § 21080.5 and has conducted CEQA review and analysis pursuant to such program (AQMD Rule 110); and

WHEREAS, AQMD staff has prepared a Notice of Exemption (NOE) for Rule 2005, as proposed to be amended, that is completed in compliance with CEQA Guidelines § 15002(k)(1) - Three Step Process, § 15061(b)(3) – Review for Exemption (General Rule Exemption), and CEQA Guidelines § 15308 – Class 8 Categorical Exemption; and

WHEREAS, the AQMD Governing Board voting on Proposed Amended Rule 2005 – New Source Review for RECLAIM, has reviewed and considered the NOE prior to its certification; and

WHEREAS, the AQMD Governing Board has determined that a need exists to amend Rule 2005 – New Source Review for RECLAIM, for the reasons contained in the Board Letter to clarify the RTC holding requirements for existing facilities. Existing facilities will no longer be required to hold RTCs in advance of second and subsequent years to offset emissions from new or modified pieces of equipment; and

WHEREAS, the AQMD Governing Board has authority to amend existing Rule 2005 pursuant to California Health & Safety Code §§ 39002, 39616, 40000, 40001, 40440, 40440.1, and 40702; and

WHEREAS, the AQMD Governing Board has determined that Rule 2005 – New Source Review for RECLAIM, as proposed to be amended, is written or displayed so that its meaning can be easily understood by the persons directly affected by it; and

WHEREAS, the AQMD Governing Board has determined that Rule 2005 – New Source Review for RECLAIM, as proposed to be amended, is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, the AQMD Governing Board has determined that Rule 2005 – New Source Review for RECLAIM, as proposed to be amended, does not impose the same requirements as any existing state or federal regulation, and the proposed amended rule is necessary and proper to execute the powers and duties granted to, and imposed upon, the AQMD; and

WHEREAS, the AQMD Governing Board, in amending and adopting this regulation, references the following statutes which the District hereby implements, interprets, or makes specific: California Health & Safety Code §§ 39002, 39616, 40001, 40440(a), 40440.1, 40702, and Title 42 U.S.C. § 7410; and

WHEREAS, the AQMD Governing Board finds that the proposed amendment to Rule 2005 does not significantly affect air quality or emissions limitations, and does not impose new controls, and therefore a socioeconomic analysis pursuant to California Health & Safety Code §§ 40440.8, 40728.5, or 40728.5 is not required; and

WHEREAS, a public hearing has been properly noticed in accordance with the provisions of California Health & Safety Code § 40725; and

WHEREAS, the AQMD Governing Board has held a public hearing in accordance with all the provisions of law; and

WHEREAS, the AQMD specifies the Manager of Rule 2005 – New Source Review for RECLAIM as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of this proposed amendment is based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California; and

WHEREAS, at the conclusion of the public hearing, the AQMD Board may make other amendments to Proposed Amended Rule 2005 which are justified by the evidence presented, or may decline the amendments or adoption; and

NOW, THEREFORE, BE IT RESOLVED, that the South Coast Air Quality Management District Board does hereby certify the Notice of Exemption for Rule 2005, as proposed to be amended, is completed in compliance with CEQA Guidelines § 15002(k)(1) - Three Step Process, § 15061(b)(3) – Review for Exemption (General Rule Exemption), and CEQA Guidelines § 15308 – Class 8 Categorical Exemption. This information was presented to the Governing Board, whose members reviewed, considered, and approved the information therein prior to acting on the proposed amendments.

BE IT FURTHER RESOLVED, that the AQMD Governing Board does hereby amend, pursuant to the authority granted by law, Rule 2005 – New Source Review for RECLAIM, as set forth in the attached and incorporated herein by this reference.

Date: _____

Clerk of the Boards

ATTACHMENT E

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(Adopted October 15, 1993)(Amended December 7, 1995)(Amended May 10, 1996)
(Amended July 12, 1996)(Amended February 14, 1997)(Amended April 9, 1999)
(Amended April 20, 2001)(Amended May 6, 2005)
June 3~~March 4~~, 2011
PAR2005

PROPOSED AMENDED RULE 2005. NEW SOURCE REVIEW FOR RECLAIM

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(a) Purpose

This rule sets forth pre-construction review requirements for new facilities subject to the requirements of the RECLAIM program, for modifications to RECLAIM facilities, and for facilities which increase their allocation to a level greater than their starting Allocation plus non-tradable credits. The purpose of this rule is to ensure that the operation of such facilities does not interfere with progress in attainment of the National Ambient Air Quality Standards, and that future economic growth in the South Coast Air Basin is not unnecessarily restricted.

(b) Requirements for New or Relocated RECLAIM Facilities

- (1) The Executive Officer shall not approve the application for a Facility Permit to authorize construction or installation of a new or relocated facility unless the applicant demonstrates that:
 - (A) Best Available Control Technology will be applied to every emission source located at the facility; and
 - (B) the operation of any emission source located at the new or relocated facility will not cause a violation nor make significantly worse an existing violation of the state or national ambient air quality standard at any receptor location in the District for NO₂ as specified in Appendix A. The applicant shall use the modeling procedures specified in Appendix A.
- (2) The Executive Officer shall not approve the application for a Facility Permit authorizing operation of a new or relocated facility, unless the applicant demonstrates that:
 - (A) the facility holds sufficient RTCs to offset the total facility emissions for the first year of operation, at a 1-to-1 ratio; and
 - (B) the RTCs procured to comply with the requirements of subparagraph (b)(2)(A) were obtained pursuant to the requirements of subdivision (e), and

- (C) the total facility emissions determined to comply with the requirements of subparagraph (b)(2)(A) shall also include ship emissions directly associated with activities at stationary sources subject to this rule as follows:
 - (i) all emissions from ships during the loading and unloading of cargo and while at berth where the cargo is loaded or unloaded; and
 - (ii) non-propulsion ship emissions within coastal waters under District jurisdiction.
- (c) Requirements for Existing RECLAIM Facilities, Modification to New RECLAIM Facilities, Facilities which Undergo a Change of Operator, or Facilities which Increase an Annual Allocation to a Level Greater Than the Facility's Starting Allocation Plus Non-tradable Credits.
 - (1) The Executive Officer shall not approve an application for a Facility Permit Amendment to authorize the installation of a new source or modification of an existing source which results in an emission increase as defined in subdivision (d), unless the applicant demonstrates that:
 - (A) Best Available Control Technology will be applied to the source; and
 - (B) the operation of the source will not result in a significant increase in the air quality concentration for NO₂ as specified in Appendix A. The applicant shall use the modeling procedures specified in Appendix A.
 - (2) The Executive Officer shall not approve an application for a Facility Permit Amendment to authorize operation of the new or modified source which results in an emission increase as defined in subdivision (d), unless the applicant demonstrates that the facility holds sufficient RTCs to offset the annual emission increase for the first year of operation at a 1-to-1 ratio.
 - (3) The Executive Officer shall not approve an application for Change of Operator for a Facility Permit unless the applicant demonstrates that the facility holds sufficient RTCs for the compliance year in which the change of operator permit is issued. Credits must be held in an amount equal to:

- (A) The annual Allocation initially issued to the original Facility Permit holder for existing facility as defined in Rule 2000 for the same compliance year, in which the change of operator permit is issued, multiplied, where applicable, by the Tradable/Usable RTC Adjustment Factor for the same compliance year as listed in Rule 2002(f)(1)(A); or
 - (B) The sum of annual RECLAIM pollutants from all the sources located at the facility. The amount of annual RECLAIM pollutants for each source shall be calculated by the maximum hourly potential to emit, over an operating schedule of 24 hours per day and 365 days per year, or shall be based on a permit condition limiting the source's emission.
- (4) The Executive Officer shall not approve an application to increase an annual Allocation to a level greater than the facility's starting Allocation plus non-tradable credits, unless the applicant demonstrates that:
- (A) each source which creates an emission increase as defined in subdivision (d) will:
 - (i) apply Best Available Control Technology;
 - (ii) not result in a significant increase in the air quality concentration for NO₂ as specified in Appendix A; and
 - (B) the facility holds sufficient RTCs acquired pursuant to subdivision (e) to offset the annual increase in the facility's starting Allocation plus non-tradable credits at a 1-to-1 ratio for a minimum of one year.
- (d) Emission Increase
- An increase in emissions occurs if a source's maximum hourly potential to emit immediately prior to the proposed modification is less than the source's post-modification maximum hourly potential to emit. The amount of emission increase will be determined by comparing pre-modification and post-modification emissions on an annual basis by using: (1) an operating schedule of 24 hours per day, 365 days per year; or (2) a permit condition limiting mass emissions.
- (e) Trading Zones Restrictions
- Any increase in an annual Allocation to a level greater than the facility's starting plus non-tradable Allocations, and all emissions from a new or relocated facility must be fully offset by obtaining RTCs originated in one of the two trading zones

as illustrated in the RECLAIM Trading Zones Map. A facility in Zone 1 may only obtain RTCs from Zone 1. A facility in Zone 2 may obtain RTCs from either Zone 1 or 2, or both.

(f) Offsets

The Facility Permit for a new or modified facility shall require compliance with this subdivision, if applicable.

- (1) Any facility which was required to provide offsets pursuant to paragraphs (b)(2), ~~(c)(2)~~, or subparagraph (c)(4)(B) or any new facility required to provide offsets pursuant to paragraph (c)(2) shall, at the commencement of each compliance year, hold RTCs in an amount equal to the amount of such required offsets. The Facility Permit holder may reduce the amount of offsets required pursuant to this subdivision by accepting a permit condition limiting emissions which shall serve in lieu of the starting Allocation plus non-tradable credits for purposes of paragraph (c)(4).
- (2) Unused RTCs acquired to comply with this subdivision or with paragraphs (b)(2), (c)(2), or subparagraph (c)(4)(B) may be sold only during the reconciliation period for the fourth quarter of the applicable compliance year.
- (3) In lieu of compliance with paragraph (f)(2), the Facility Permit holder may accept a permit condition limiting quarterly emissions from the facility. A facility with quarterly emission limits may sell, at any time after the end of that quarter and prior to the end of the reconciliation period for that compliance year, unused RTCs acquired pursuant to this subdivision at the amount not to exceed the difference between the permitted emission limit for that quarter and the emissions during that quarter as reported to the District in the Quarterly Emission Certification. Any facility with quarterly certified emissions exceeding the quarterly emission limit for any quarter may ~~sell~~ RTCs only during the reconciliation period for the fourth quarter of the applicable compliance year. If there are a total of three exceedances in any five consecutive compliance years, the facility shall permanently comply with paragraph (f)(2) in lieu of (f)(3).

(g) Additional Federal Requirements for Major Stationary Sources

The Executive Officer shall not approve the application for a Facility Permit or an Amendment to a Facility Permit for a new, relocated or modified major stationary source, as defined in the Clean Air Act, 42 U.S.C. Section 7511a(e), unless the applicant:

- (1) certifies that all other major stationary sources in the state which are controlled by the applicant are in compliance or on a schedule for compliance with all applicable federal emission limitations or standards (42 U.S.C. Section 7503(a)(3)); and
- (2) submits an analysis of alternative sites, sizes, production processes and environmental control techniques for the proposed source which demonstrates that the benefits of the proposed source significantly outweigh the environmental and social cost imposed as a result of its location, construction, or modification (42 U.S.C. Section 7503(a)(5));
- (3) Compliance Through California Environmental Quality Act
The requirements of paragraph (g)(2) may be met through compliance with the California Environmental Quality Act in the following manner.
 - (A) if the proposed project is exempt from California Environmental Quality Act analysis pursuant to a statutory or categorical exemption pursuant to Title 14, California Code of Regulations, Sections 15260 to 15329, paragraph (g)(2) shall not apply to that project;
 - (B) if the proposed project qualifies for a negative declaration pursuant to Title 14 California Code of Regulations, Section 15070, or a mitigated negative declaration as defined in Public Resources Code Section 21064.5, paragraph (g)(2) shall not apply to that project; or
 - (C) if the proposed project has been analyzed by an environmental impact report pursuant to Public Resources Code Section 21002.1 and Title 14 California Code of Regulations, Section 15080 et seq., paragraph (g)(2) shall be deemed satisfied.

- (4) Protection of Visibility
 - (A) Conduct a modeling analysis for plume visibility in accordance with the procedures specified in Appendix B if the net emission increase from the new or modified source exceeds 40 tons/year of NO_x; and the location of the source, relative to the closest boundary of a specified Federal Class I area, is within the distance specified in Table 4-1.

Table 4-1

<i>Federal Class I Area</i>	<i>Distance (km)</i>
Agua Tibia	28
Cucamonga	28
Joshua Tree	29
San Gabriel	29
San Gorgonio	32
San Jacinto	28

- (B) In relation to a permit application subject to the modeling analysis required by subparagraph (g)(4)(A), the Executive Officer shall:
 - (i) deem a permit application complete only when the applicant has complied with the requisite modeling analysis for plume visibility pursuant to subparagraph (g)(4)(A);
 - (ii) notify and provide a copy of the complete permit application file to the applicable Federal Land Manager(s) within 30 calendar days after the application has been deemed complete and at least 60 days prior to final action on the permit application;

- (iii) consider written comments, relative to visibility impacts from the new or modified source, from the responsible Federal Land Manager(s), including any regional haze modeling performed by the Federal Land Manager(s), received within 30 days of the date of notification when determining the terms and conditions of the permit;
 - (iv) consider the Federal Land Manager(s) findings with respect to the geographic extent, intensity, duration, frequency and time of any identified visibility impairment of an affected Federal Class I area, including how these factors correlate with times of visitor use of the Federal Class I area, and the frequency and timing of natural conditions that reduce visibility; and,
 - (v) explain its decision or give notice as to where to obtain this explanation if the Executive Officer finds that the Federal Land Manager(s) analysis does not demonstrate that a new or modified source may have an adverse impact on visibility in an affected Federal Class I area.
- (C) If a project has an adverse impact on visibility in an affected Federal Class I area, the Executive Officer may consider the cost of compliance, the time necessary for compliance, the energy and non-air quality environmental impacts of compliance, the useful life of the source, and all other relevant factors in determining whether to issue or deny the Permit to Construct or Permit to Operate.
- (h) **Public Notice**
The applicant shall provide public notice, if required, pursuant to Rule 212 - Standards for Approving Permits.
 - (i) **Rule 1401**
All new or modified sources shall comply with the requirements of Rule 1401 - New Source Review of Carcinogenic Air Contaminants, if applicable.
 - (j) **Compliance with State and Federal New Source Review Requirements**
The Executive Officer will report to the District Governing Board regarding the effectiveness of Rule 2005 in meeting the state and federal New Source Review requirements for the preceding year. The Executive Officer may impose permit

conditions to monitor and ensure compliance with such requirements. This report shall be incorporated in the Annual Program Audit Report prepared pursuant to Rule 2015(b)(1).

(k) Exemptions

- (1) Functionally identical source replacements are exempt from the requirements of subparagraph (c)(1)(B) of this rule.
- (2) Physical modifications that consist of the installation of equipment where the modification will not increase the emissions rate of any RECLAIM pollutant, and will not cause an increase in emissions above the facility's current year Allocation, shall be exempt from the requirements of paragraph (c)(2).
- (3) Increases in hours of operation or throughput for equipment or processes permitted prior to October 15, 1993 that the applicant demonstrates would not violate any permit conditions in effect on October 15, 1993 which were imposed in order to limit emissions to implement New Source Review offset requirements, shall be exempt from the requirements of this rule.
- (4) Increase to RECLAIM emission concentration limits or emission rates not associated with Best Available Control Technology permit conditions provided that the increase is not a result of any modification to equipment shall be exempt from the requirements of this rule.
- (5) The requirements under subparagraphs (b)(1)(B) and (c)(1)(B), and clause (c)(4)(A)(ii) shall not apply to equipment used exclusively on a standby basis for non-utility electrical power generation or any other equipment used on a standby basis in case of emergency, provided the source does not operate more than 200 hours per year as evidenced by an engine-hour meter or equivalent method and is listed as emergency equipment in the Facility Permit.

APPENDIX A

The following sets forth the procedure for complying with the air quality modeling requirements. An applicant must either (1) provide an analysis approved by the Executive Officer or designee, or (2) show by using the Screening Analysis below, that a significant change (increase) in air quality concentration will not occur at any receptor location for which the state or national ambient air quality standard for NO₂ is exceeded.

Table A-1 of the screening analysis is subject to change by the Executive Officer, based on improved modeling data.

SCREENING ANALYSIS

Compare the emissions from the equipment you are applying for to those in Table A-1. If the emissions are less than the allowable emissions, no further analysis is required. If the emissions are greater than the allowable emissions, a more detailed air quality modeling analysis is required.

Table A-1
Allowable Emissions
for Noncombustion Sources and for
Combustion Sources less than 40 Million BTUs per hour

Heat Input Capacity (million BTUs/hr)	NOx (lbs/hr)
Noncombustion Source	0.068
2	0.20
5	0.31
10	0.47
20	0.86
30	1.26
40	1.31

Table A-2
Most Stringent Ambient Air Quality Standard and
Allowable Change in Concentration
For Each Air Contaminant/Averaging Time Combination

Air Contaminant	Averaging Time	Most Stringent Air Quality Standard		Significant Change in Air Quality Concentration	
		pphm	ug/m ³	pphm	ug/m ³
Nitrogen Dioxide	1-hour	25	500	1	20
	Annual	5.3	100	0.05	1

APPENDIX B

MODELING ANALYSIS FOR VISIBILITY

- (a) The modeling analysis performed by the applicant shall consider:
 - (1) the net emission increase from the new or modified source; and
 - (2) the location of the source and its distance to the closest boundary of specified Federal Class I area(s).
- (b) Level 1 and 2 screening analysis for adverse plume impact pursuant to paragraph (g)(4) of this rule for modeling analysis of plume visibility shall consider the following applicable screening background visual ranges:

Federal Class I Area	Screening Background Visual Range (km)
Agua Tibia	171
Cucamonga	171
Joshua Tree	180
San Gabriel	175
San Gorgonio	192
San Jacinto	171

For level 1 and 2 screening analysis, no adverse plume impact on visibility results when the total color contrast value (Delta-E) is 2.0 or less and the plume contrast value (C) is 0.05 or less. If these values are exceeded, the Executive Officer shall require additional modeling. For level 3 analysis the appropriate background visual range, in consultation with the Executive Officer, shall be used. The Executive Officer may determine that there is no adverse visibility impact based on substantial evidence provided by the project applicant.

- (c) When more detailed modeling is required to determine the project’s visibility impact or when an air quality model specified in the Guidelines below is deemed inappropriate by the Executive Officer for a specific source-receptor application, the model may be modified or another model substituted with prior written approval by the Executive Officer, in consultation with the federal Environmental Protection Agency and the Federal Land Managers.
- (d) The modeling analysis for plume visibility required pursuant to paragraph (g)(4) of this rule shall comply with the most recent version of:

- (1) “Guideline on Air Quality Model (Revised)” (1986), supplement A (1987), supplement B (1993) and supplement C (1994), EPA-450/2-78-027R, US EPA, Office of Air Quality Planning and Standards Research Triangle Park, NC 27711; and
- (2) “Workbook for Plume Visual Impact Screening and Analysis (Revised),” EPA-454/R-92-023, US EPA, Office of Air Quality Planning and Standards, Research Triangle Park, NC 27711;
- (3) “User’s Manual for the Plume Visibility Model (PLUVUE II) (Revised),” EPA-454/B-92-008, US EPA, Office of Air Quality Planning and Standards, Research Triangle Park, NC 27711 (for Level-3 Visibility Analysis)

ATTACHMENT F

Response to Comments

The following includes responses to comments received at the PAR 2005 Public Workshop on March 3, 2011 and during the public comment period.

Comment: If the second and subsequent year RTC holding requirements are being removed for existing RECLAIM facilities, why not remove the same requirements for new RECLAIM facilities?

Response: The original Rule 2005 requirement was due to EPA's concern over the permanency of emission reductions used to offset emission increases. EPA intended to ensure that emission offsets under RECLAIM meet the federal permanency requirement set forth in the Emission Offset Interpretation Ruling, 40 CFR Section 51, Appendix S. On this basis, AQMD staff proposed in the initial RECLAIM rulemaking that the permanency requirement would be met by supplying one year's worth of RTCs, since the RECLAIM facilities operate on an annual basis and must reduce their total emissions annually. On this basis, new RECLAIM facilities must continue to provide one year's worth of RTCs prior to the actual operation and every year thereafter.¹

¹ Reference: RECLAIM Appendix II-Y, Response to Comments (Comments received from June 26, 1993 through July 23, 1993, New Source Review for RECLAIM, Pg. 18, Comment No.2)

ATTACHMENT G



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • <http://www.aqmd.gov>

SUBJECT: NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

PROJECT TITLE: PROPOSED AMENDED RULE 2005 – NEW SOURCE REVIEW FOR RECLAIM

Pursuant to the California Environmental Quality Act (CEQA) Guidelines, the South Coast Air Quality Management District (SCAQMD) is the Lead Agency and has prepared a Notice of Exemption for the project identified above.

The SCAQMD has reviewed the proposed project pursuant to CEQA Guidelines §15002 (k)(1), the first step of a three-step process for deciding which document to prepare for a project subject to CEQA. The SCAQMD has determined that that it can be seen with certainty that there is no possibility that the proposed project may have any new significant effects on the environment, and is therefore, exempt pursuant to CEQA Guidelines §15061(b)(3) - Review for Exemption (General Rule Exemption). Furthermore, the proposed amendments are categorically exempt because they are considered actions to protect or enhance the environment pursuant to CEQA Guidelines §15308 – Class 8 Categorical Exemption

A Notice of Exemption has been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. If approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Any questions regarding this Notice of Exemption should be sent to Barbara Radlein (c/o Planning, Rule Development and Area Sources) at the above address. Ms. Radlein can also be reached at (909) 396-2716. Mr. Kevin Orellana is also available at (909) 396-3492 to answer any questions regarding the proposed amended rule.

Date: April 8, 2011

Signature: Steve Smith

Steve Smith, Ph.D.
Program Supervisor
Planning, Rule Development & Area
Sources

Reference: California Code of Regulations, Title 14

NOTICE OF EXEMPTION

To: County Clerks
Counties of Los Angeles, Orange,
Riverside and San Bernardino

From: South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Project Title:

Proposed Amended Rule 2005 – New Source Review For RECLAIM

Project Location:

South Coast Air Quality Management District: the four-county South Coast Air Basin (Orange County and the non-desert portions of Los Angeles, Riverside, and San Bernardino counties) and the Riverside County portion of the Mojave Desert Air Basin.

Description of Nature, Purpose, and Beneficiaries of Project:

The proposed amendments to Rule 2005 – New Source Review For RECLAIM, will change the RECLAIM Trading Credit (RTC) hold requirement for an existing RECLAIM facility, provided its emission level stays below the level of its starting Allocations plus non-tradable credits. The proposed amendment, if adopted, will require an existing RECLAIM facility to hold adequate RTCs for the first year of operation prior to commencement of operation of a new or modified source, but will not require the facility to hold RTCs at the commencement of subsequent compliance years, provided that the facility emission level remains below its starting Allocations plus non-tradable credits. The offset requirements for new RECLAIM facilities will remain unchanged.

Public Agency Approving Project:

South Coast Air Quality Management District

Agency Carrying Out Project:

South Coast Air Quality Management District

Exempt Status:

Three-Step Process: CEQA Guidelines §15002(k)(1)

General Rule Exemption: CEQA Guidelines §15061(b)(3)

Class 8 Categorical Exemption: CEQA Guidelines §15308

Reasons why project is exempt:

The project was reviewed and staff has determined that it can be seen with certainty that there is no possibility that the proposed project may have any new significant effects on the environment, and is therefore, exempt pursuant to CEQA Guidelines §15061(b)(3) - Review for Exemption (General Rule Exemption). Furthermore, the proposed amendments are categorically exempt because they are considered actions to protect or enhance the environment pursuant to CEQA Guidelines §15308 – Class 8 Categorical Exemption.

Certification Date:

SCAQMD Governing Board Hearing: June 3, 2011, 9:00 a.m.; SCAQMD Headquarters

CEQA Contact Person: Ms. Barbara Radlein

Phone Number: (909) 396-2716

Rule Contact Person: Mr. Kevin Orellana

Phone Number: (909) 396-3492

Date Received for Filing: _____

Signature: _____ *(Signed Upon Certification)*

Steve Smith, Ph.D., Program Supervisor
Planning, Rule Development & Area
Sources

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 26

PROPOSAL: Adopt Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment

SYNOPSIS: Proposed Rule 310.1 - Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment will exempt owners and operators of unpermitted equipment that meet certain conditions from civil and criminal penalties and late filing fees if the necessary permit applications and fees are voluntarily filed and paid during the amnesty period of July 1 through December 31, 2011. In addition, the proposed rule provides an additional 50% discount to small businesses filing complete applications to install control equipment during the same time period. This rule implements Board direction to incentivize compliance and encourage emission reductions.

COMMITTEE: Administrative, May 13, 2011, Reviewed

RECOMMENDED ACTION:

Adopt the attached resolution:

1. Certifying the Notice of Exemption for Proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment; and
2. Adopting Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment.

Barry R. Wallerstein, D.Env.
Executive Officer

Background

This Board Letter serves as the staff report for Proposed Rule (PR) 310.1. At the April 22, 2011, Governing Board Budget Workshop Public meeting, the Board directed staff to set for public hearing on June 3, 2011 a proposal to adopt a voluntary, temporary amnesty, surcharge fee holiday program for equipment operating without a permit similar to previously adopted short term amnesty programs. This proposal would provide a temporary exemption from late fees otherwise required by Rule 301(c)(1)(D) including the fifty percent (50%) surcharge and prior years' operating fees. It also would include a direction not to seek civil or criminal penalties for failure to apply for and receive a permit prior to construction. Additionally, the Governing Board directed staff to develop a proposal that would include a fifty (50%) discount to incentivize the permitting of control equipment, or use of super-compliant coatings, by small businesses, such that the total fee could be twenty five percent (25%) of the fee otherwise required by Rule 301, Table IA. The Governing Board has acted similarly during challenging economic situations faced by businesses in the past. Initially in 1990, later in 1995, and again in 2010 the Governing Board offered a temporary waiver of permit application violation, surcharge fees for a period of six months for businesses that were operating equipment without prior permits in violation of AQMD's Rules 201 and 203.

The goal of this proposal is three-fold. First, it is intended to remove the additional financial burden for small business operators that may or may not have been aware of permitting requirements prior to operating equipment at their facilities and who wish to come into compliance with AQMD rules and regulations but, for whom violation surcharge fees are an added financial hardship. Second, it is intended to create a level playing field with businesses that are complying, and currently paying appropriate permit fees, by encouraging operators of equipment that needs a permit to voluntarily come into the permitting system. Third, the proposal is intended to provide an incentive for, and to facilitate the installation of, control equipment by small businesses, especially during this severe economic slowdown our region is experiencing.

Permitting of equipment is essential for compliance with AQMD rules and regulations and provides valuable information for planning efforts. In addition permitting will ultimately be more beneficial for both the AQMD and businesses. Businesses that currently wish to comply with AQMD permitting requirements but do not want to pay a surcharge will be brought into the permitting system whereby the cost of the amnesty program will eventually be offset by permit fees that would otherwise not be realized. For affected sources, compliance with permitting requirements will avoid future costly penalties such as violation notices and allow for timely future outreach regarding compliance issues and continued outreach and support by AQMD staff.

Equipment operating without a permit is normally subject to surcharges and the payment of up to three prior years' annual operating fees. These supplemental fees were enacted

to ensure that there is no economic advantage from operating without a permit and to recognize the additional staff resources needed to identify and permit these sources. However, in these economic times, these supplemental fees can be an impediment to compliance for many source owners and operators. A temporary waiver of these fees is necessary and appropriate and also encourages voluntary compliance. Permitting of these sources enhances AQMD permitting, compliance, and planning, provides for equitable parity with permitted facilities, and benefits the source as previously described above.

These fee provisions are detailed in Rule 301(c)(1)(D) as follows:

“When equipment is operated, built, erected, installed, altered, or replaced (except for replacement with identical equipment) without the owner/operator first obtaining a required Permit to Construct or Permit to Operate, the permit processing fee shall be 150 percent (150%) of the amount set forth in the Summary Permit Fee Rates tables of this rule unless the applicant is a Small Business as defined in this provision and the facility has no prior permit applications, Permit to Construct or Permit to Operate (as evidenced by a facility identification number) with the District in which case the permit processing fee shall be the amount set forth in the Summary Permit Fee Rates tables of this rule. If a facility has been issued a Notice of Violation (NOV), there shall be no waiver of the higher fee. The applicant shall also remit annual operating fees for the source for a full three (3) years, or the actual years of operation if less than three (3) years. The assessment of such fee shall not limit the District's right to pursue any other remedy provided for by law.”

Proposal

Staff is proposing a six-month amnesty for equipment operated without a permit and an additional small business discount program for control equipment to be implemented during the second half of 2011.

Specifically, staff is proposing to exempt businesses from the late filing fees portion of fees assessed for equipment being operated without prior permit approval (pursuant to Rule 201 – Permit to Construct and Rule 203 – Permit to Operate, subdivision (a)) provided an application is voluntarily filed and the regular permit processing fee is paid. A limited exemption/amnesty for small equipment at large emitters is included. Permit fee late filing provisions consisting of an additional 50% permit processing fee surcharge and up to three years of annual operating permit renewal fees, would be waived.

In addition, staff is proposing to provide further fiscal relief to small businesses (as defined in Rule 301(b)(28)) installing new control equipment as identified in Rule 301,

Table IA, or converting to or installing process lines that result in emissions reductions by providing for an additional 50% discount beyond the discount small businesses are already provided in Rule 301(c)(1)(E) for new permits or permit modifications. This includes conversion to usage of super compliant coatings and processes that use exclusively super compliant coatings with a VOC content of less than 25 grams per liter of material, resulting in reduced emissions that require a new permit or permit modification. The present proposal therefore provides an additional 50% discount off the published fee schedule for air pollution control equipment permits as published in Table IA of Rule 301, such that for the period of the temporary waiver/amnesty, the total fee will be 25% (or 75% off) of the published Table IA fee schedule.

The six-month period of the proposed waiver would begin for permits filed on July 1, 2011, with the adoption of this rule by the Governing Board on June 3, 2011, and would automatically sunset by rule provision on December 31, 2011. All other AQMD, federal, and state permitting rules and regulations will still apply. Furthermore the following situations would not exempt a source from paying late filing fees normally assessed, nor from civil or criminal penalties for rule violations:

- 1) at Title V facilities, unless the subject equipment qualifies as Schedule A, A1, or B in Table I, Rule 301- Permit Fees,
- 2) of Rule 201 and/or 203(a) discovered by the District as the result of an investigation initiated by the District, or
- 3) of Rule 201 caused by construction of equipment for which an application for a permit to construct has been filed but a permit has not been issued.

It is important to note that the amnesty program would not exempt any permit application from any applicable District rules (including, but not limited to, current New Source Review requirements) or state or federal laws pertaining to the issuance of permits, except that applications filed would be exempt from late permit processing fees as established by Rule 301(c)(1)(D).

Impacts/Benefits Analysis

The AQMD received approximately 700 amnesty permit applications during the six-month amnesty period in 1995, and 500 amnesty permit applications during the six-month amnesty period last year. Additional statistics for last year's amnesty program, including the type of equipment, business size and county are summarized in Tables 1 through 3 below:

Table 1. Amnesty Applications by County in 2010

County	Number of Applications	Percent of Total Applications
Los Angeles	276	55%
Orange	120	24%
Riverside	58	12%
San Bernardino	46	9%
Total	500	100%

Table 2. Amnesty Applications by Business Size in 2010

Applications Submitted	Count	Percentage
Small Business	70	14%
Non-Small Business	430	86%
Total	500	100%

Table 3. Amnesty Applications by Equipment Category in 2010

Equipment Type	Number of Applications	Percent of Total Applications
Internal Combustion Engine	89	18%
Spray Booth	69	14%
Baghouse / Dust Collector	62	12%
Pharmaceuticals	36	7%
Storage Tank	23	5%
Oven	20	4%
Miscellaneous Blending	17	3%
Abrasive Blasting Cabinet	17	3%
Printing Press	13	3%
Plastics and Resin	9	2%
Others	145	29%
Total	500	100%

Amnesty Applicability and Fee Scenario Examples

For illustration purposes, staff developed several scenarios where a source would or would not qualify for a Rule 310.1 permit fee surcharge amnesty and/or additional small business discount for control equipment during the term of PR 310.1 (Table 4), and any potential fee savings (Table 5 for basic equipment and Table 6 for control equipment).

Table 4. Amnesty Scenarios

Scenario	Description	Eligible for Amnesty?
A	Equipment operating at a <i>non-Title V</i> source without the required permit. Permit application is voluntarily filed and regular permit fees are paid.	YES
B	Equipment operating (Schedule A, A1 or B) at <i>any</i> source without a required permit. Permit application is voluntarily filed and regular permit fees are paid.	YES
C	Equipment operating at <i>any</i> source without a required permit. Notice to Comply or Notice of Violation issued. Permit application filed subsequently.	NO
D	Equipment operating at a <i>Title V</i> source, Schedule C or higher without a required permit. Permit application voluntarily filed and regular permit fees paid.	NO
E	Permitting of Control Equipment for equipment located at a source which <i>as defined in Rule 102 IS a small business</i> .	YES - Additional 50% off the 50% Discount on the Published Rule 301 permit fee schedule
F	Permitting of Control Equipment for equipment located at a source which <i>as defined in Rule 102 is NOT a small business</i> .	NO - Rule 301 Table IA published fee schedule

Table 5. Examples of Basic Equipment Amnesty Program Potential Fee Savings

Basic Equipment Fee Schedule and Example	Small Business (as defined in Rule 102)?	Equipment Located at Title V Source?	Does Equipment Qualify for Amnesty Discount?	Basic Equipment Fee (\$)	Basic Equipment Surcharge Fee (\$)	Equipment Constructed and Operational Without Permit (Years)	Total Prior Year Equipment Annual Operating Fee Surcharge (\$)	Total Permitting Fees WITHOUT Surcharge Amnesty (\$)	Total Permitting Fees WITH Surcharge Amnesty (\$)	Total Savings (\$)
Schedule A Charbroiler (Eating Establishment)	Yes	No	Yes. Small business and non-Title V source	*666.33	333.16	1	303.56	1,303.05	666.33	636.72
Schedule A Abrasive Blasting, Open	Yes	No	Yes. Small business and non-Title V source	*666.33	333.16	3 or more	910.68	1,910.17	666.33	1,243.84
Schedule A Storage Tank, other	Yes	Yes	Yes. Small business and Schedule A equipment at Title V source	*666.33	333.16	3 or more	910.68	1,910.17	666.33	1,243.84
Schedule B Dip Tank, Coating	Yes	Yes	Yes. Small business and Schedule B equipment at Title V source	*1,066.96	533.48	3 or more	910.68	2,511.12	1,066.96	1,444.16
Schedule B ICE, other 51-500hp	No	Yes	Yes. Schedule B at Title V source but no small business discount.	2,133.92	1,066.96	3 or more	910.68	4,111.56	2,133.92	1,977.64
Schedule C Pharmaceutical Mfg.)	No	Yes	No. Schedule C, Title V source and not a small business pursuant to Rule 103	3,359.43	1,679.72	1	1,087.25	6,126.40	6,126.40	-
Schedule C Bakery Oven	No	Yes	No. Schedule C, Title V source and not a small business pursuant to Rule 102	3,359.43	1,679.72	2	2,174.50	7,213.65	7,213.65	-
Schedule C Fiberglass Panel Mfg.	No	Yes	No. Schedule C, Title V source and not a small business pursuant to Rule 102	3,359.43	1,679.72	3 or more	3,261.75	8,300.90	8,300.90	-

Table 6. Examples of Control Equipment Amnesty Program Potential Fee Savings

Control Equipment Fee Schedule and Example	Small Business?	Equipment Located at Title V Source?	Does Equipment Qualify for Amnesty Discount?	Standard Control Equipment Fee (\$)	50% Small Business Discount?	Total Fees WITHOUT Amnesty (\$)	Total Fees WITH Amnesty - additional 50% discount (\$)	Total Savings (\$)
Schedule A Dry Filter (≤ 100 ft ²)	Yes	No	Yes. Small business and non-Title V source	1,332.65	Yes	666.33	333.16	333.16
Schedule B Spray Booth/Enclosure, Other	Yes	No	Yes. Small business and non-Title V source	2,133.92	Yes	1,066.96	533.48	533.48
Schedule C Baghouse, Ambient (>100-500 ft ²)	Yes	No	Yes. Small business and non-Title V source	3,359.43	Yes	1,679.72	839.86	839.86

* = fee after initial 50% small business discount per Rule 301(c)(1)(E)

Public Process and Outreach

A public consultation meeting was held on May 12, 2011 to solicit input from affected stakeholders. Several hundred notices were sent to various groups currently listed on interested parties lists including: business associations (including dry cleaners and auto body refinishing), environmental justice organizations, Board Committees (such as Ethnic Community Advisory Group, Local Government and Small Business Assistance Advisory Group, Environmental Justice Advisory Group), prior years Regulation III – Fees, Certified Permitting Professionals, and Air Quality Management Plan interested parties lists.

Upon Board approval, a media and public outreach plan will be utilized to notify potentially affected stakeholders of the opportunity provided by this amnesty program. Similar to the outreach program conducted in 2010. Notification of this program will be advertised through fact sheets; press releases; and meetings with trade and business associations, community organizations, chambers of commerce, and city councils. Flyers describing the program will be widely distributed to pertinent locations including city and county building department in addition to the following planned outreach actions:

1. Issue press release following Board adoption of Rule 310.1,
2. Seek editorial coverage in general media as well as those targeting all key minority business groups in Southern California,
3. Work with AQMD Information Management to feature an amnesty program icon on the AQMD homepage (www.aqmd.gov) and provide a link to a fact sheet and other detailed information to help businesses take advantage of the amnesty program,
4. Develop a list of trade associations representing businesses most likely to have unpermitted equipment and seek their cooperation in informing their members of the amnesty program,
5. Distribute information through electronic newsletters and email outreach, and
6. Paid advertisements in trade association publications and possibly general-circulation business journals announcing the amnesty program.

CEQA

Pursuant to CEQA, the AQMD is the Lead Agency and has reviewed PR 310.1 – Amnesty for Unpermitted Equipment and Control Equipment Fee Discount, pursuant to CEQA Guidelines §§15002 (k)(1) and 15061 – Review for Exemption. The AQMD relies on permit fees to meet operating expenses such as employee wages; purchasing or leasing supplies, equipment, or materials; maintain services, etc. By establishing an amnesty period for owners of unpermitted equipment to pay applicable fees without the

additional surcharge, the AQMD is expected to recover fees for operating expenses that might not otherwise be recovered. The proposed rule exempts owners and operators of equipment that should be, but is not permitted, that meet certain conditions from the late filing fee surcharge if the necessary permit applications voluntarily filed and fees are paid during the amnesty period. AQMD will also not refer applicants for civil or criminal action. In addition, the proposed rule provides an additional 50 percent discount to small businesses filing complete applications to install control equipment during the same time period, further encouraging the control of emissions. AQMD staff determined the proposed project to be statutorily exempt from CEQA requirements pursuant to State CEQA Guidelines §15273 – Rates, Tolls, Fares, and Charges. A Notice of Exemption will be prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. The Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties immediately following the adoption of the proposed project.

Socioeconomic Assessment

Since PR 310.1 does not significantly affect air quality or emissions limitations, a socioeconomic analysis is not required [H&SC 404408.7(a) and (b)]. PR 310.1 would exempt permit filers from late permit processing fees established by Rule 301(c)(1)(D) between July 1, 2011 and December 31, 2011. The exemption specifically applies to District Permit Rules 201 - Permit to Construct, 203(a) - Permit to Operate and Rule 301 – Permitting and Associated Fees. PR 310.1 provides additional flexibility to regulated entities with regard to permit filing requirements, which would lead to savings. The proposed rule would also provide an additional 50 percent discount for small businesses installing control equipment during a six-month period, which will provide additional relief to small businesses.

In summary, PR 310.1 does not increase the cost of compliance for any facility and therefore will not have any significant socioeconomic impacts. For many facilities, there will be significant cost savings from not having to pay late fees and previous fees or to have an additional discount for small business permits related to adding control equipment.

AQMP and Legal Mandates

Proposed Rule 310.1 is not required by the AQMP or any other legal mandate. However, before adopting, amending or rescinding a rule, the California Health and Safety Code Section 40727 requires the AQMD to adopt written findings of necessity, authority, clarity, consistency, non-duplication and reference. These statements are in the attached Resolution.

Resource Impacts

This proposed rule can be implemented with existing staff resources.

Attachments

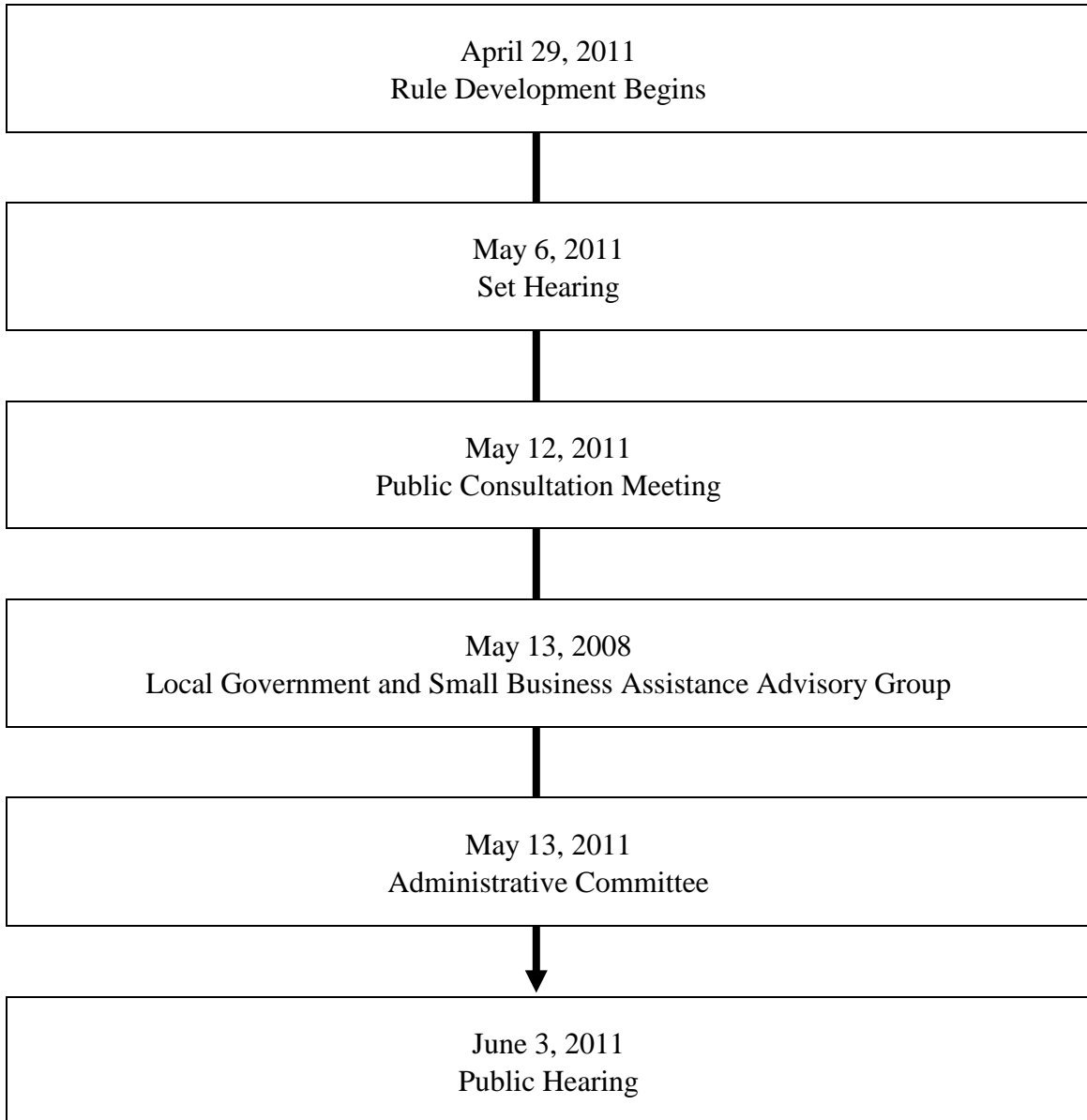
- A. Summary
- B. Rule Development Process
- C. Key Contacts
- D. Resolution
- E. Proposed Rule 310.1
- F. Notice of Exemption

ATTACHMENT A

SUMMARY OF PROPOSED RULE 310.1

- Temporary amnesty program for voluntary submittal of application for equipment requiring a permit but currently operating without a valid permit for facilities meeting specific criteria.
- June 1, 2011 through December 31, 2011.
- Forgiveness of 50% surcharge for permitting equipment operating without required permit and up to 3 years of delinquent annual operating fees.
- An additional 50% small business discount in addition to the current 50% small business discount (net 75% discount) for small businesses voluntarily applying for installation of new control equipment, or use of super-compliant coatings.

ATTACHMENT B
RULE DEVELOPMENT PROCESS



1 ½ months spent in rule development

ATTACHMENT C
KEY CONTACTS

- Community Hospital
- Commerce Casino
- Metropolitan Water District of Southern California
- BP
- County Sanitation Districts of Los Angeles County

ATTACHMENT D
RESOLUTION NO. 01-

A Resolution of the Governing Board of the South Coast Air Quality Management District (AQMD) certifying that proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment is exempt from the requirements of the California Environmental Quality Act (CEQA).

A Resolution of the Governing Board of the AQMD adopting Proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount.

WHEREAS, the AQMD staff reviewed the proposed project and determined that it is statutorily exempt from the requirements of CEQA pursuant to CEQA Guidelines §15273; and

WHEREAS, the AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 40000, 40001, 40440, 40500, 40501.3, 40506, 40510, 40510.5, 40512, 40522, 40522.5, 40523, 40702, 40725 through 40728, and 44380 of the California Health and Safety Code; and

WHEREAS, the AQMD Governing Board has determined that a need exists to adopt proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment, during this challenging economic time especially for small businesses, in order to facilitate small business operators who wish to come into compliance with AQMD rules and regulations but, for whom violation surcharge fees are an added financial hardship and to provide an incentive for the installation of control equipment by small business; and

WHEREAS, the AQMD Governing Board has determined that proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment, as proposed to be amended and adopted, are written or displayed so that their meaning can be easily understood by the persons directly affected by them; and

WHEREAS, the AQMD Governing Board has determined that proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control and Equipment, as proposed to be amended or adopted, are in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, a public hearing has been properly noticed in accordance with the provisions of Health and Safety Code Section 40725; and

WHEREAS, the AQMD Governing Board has held a public hearing in accordance with all provisions of law; and

WHEREAS, the AQMD Governing Board, in amending these rules, references the following statutes which the AQMD hereby implements, interprets, or makes specific: Health and Safety Code Sections 40500, 40500.1, 40510, 40510.5, 40512, 40522, 40522.5, 40523, 41512, and 44380; and

WHEREAS, the AQMD Governing Board has determined that Health and Safety Code Section 40920.6 is not applicable to proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount, as proposed, since the rule is not a Best Available Retrofit Control Technology rule and does not regulate air contaminants; and

WHEREAS, the AQMD Governing Board has determined that proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount as proposed, does not impose the same requirements as any existing state or federal regulation and is necessary and proper to execute the power and duties granted to, and imposed upon, the District; and

WHEREAS, the AQMD Governing Board has determined that the proposed rule will have negligible or no negative fiscal impacts and will result in cost savings to businesses; and

WHEREAS, the AQMD Governing Board specifies the director of Proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount, as the custodian of the documents or other materials which constitute the record of the proceedings upon which the adoption of this proposed amended regulation is based which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California 91765; and

NOW, THEREFORE, BE IT RESOLVED, that the AQMD Governing Board does hereby certify the Notice of Exemption for Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount, as proposed, completed in compliance with CEQA Guidelines Sections 15002(k)(1), 15061(b)(1), and 15273, and that it was presented to the Governing Board, whose members reviewed, considered, and approved the information therein before acting on proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount; and

BE IT FURTHER RESOLVED, that the AQMD Governing Board does hereby adopt Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount pursuant to the authority by law, as set forth in the attached and incorporated herein by reference.

DATE: _____

CLERK OF THE BOARD

ATTACHMENT E

PROPOSED RULE 310.1. AMNESTY FOR UNPERMITTED EQUIPMENT AND SMALL BUSINESS DISCOUNT FOR CONTROL EQUIPMENT

(a) Amnesty

The Executive Officer will not seek civil or criminal penalties for violations of District Permit Rules 201 - Permit to Construct or Rule 203(a) - Permit to Operate due to the failure to apply for or possess a permit to construct or permit to operate, and will not charge the late filing fees (including 50% surcharge and prior year annual operating fees) pursuant to Rule 301 (c)(1)(D), if the owner or operator applies for the necessary District permit(s) between July 1, 2011 and December 31, 2011, inclusive.

(b) Exemptions

The amnesty provided by subdivision (a) of this rule and by subdivision (c) of this rule shall not apply to the following:

- (1) violations at Title V facilities, unless the subject equipment qualifies as Schedule A, A1, or B in Table I, Rule 301- Permit Fees;
- (2) violations of Rule 201 and/or 203(a) discovered by the District; or
- (3) violations of Rule 201 caused by construction of equipment for which an application for a permit to construct has been filed but a permit has not been issued.

(c) Small Business Discount

For small businesses as defined in Rule 102 - Definitions, fees for air pollution control equipment and processes that use exclusively super compliant coatings with a VOC content of less than 25 grams per liter of material, resulting in reduced emissions that require a new permit or permit modification shall be discounted an additional 50% beyond the discount provided in Rule 301(c)(1)(E), such that the total fee will be 25% of the fee otherwise required by Rule 301, Table 1A.

(d) Permitting Requirements

This rule shall not exempt any permit application from any applicable District rule (including, but not limited to current New Source Review requirements) or state or federal laws pertaining to the issuance of permits, except that applications filed pursuant to (a) shall be exempt from late permit processing fees established by Rule 301(c)(1)(D).

(e) Term

This rule shall be in effect for complete applications filed between July 1, 2011 and December 31, 2011, inclusive, on which date all provisions of this rule are hereby repealed in their entirety.

ATTACHMENT F



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

SUBJECT: NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

PROJECT TITLE: PROPOSED RULE 310.1 – AMNESTY FOR UNPERMITTED EQUIPMENT AND SMALL BUSINESS DISCOUNT FOR CONTROL EQUIPMENT

Pursuant to the California Environmental Quality Act (CEQA) Guidelines, the South Coast Air Quality Management District (SCAQMD) is the Lead Agency and will prepare a Notice of Exemption for the project identified above.

The proposed project is adopting Proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment. Pursuant to CEQA, the SCAQMD is the Lead Agency and has reviewed the proposed project mentioned above pursuant to CEQA Guidelines §§15002 (k)(1) and 15061. SCAQMD staff has reviewed Proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment, and determined it to be statutorily exempt from CEQA requirements pursuant to State CEQA Guidelines §15273 – Rates, Tolls, Fares, and Charges. A Notice of Exemption has been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. The Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties immediately following the adoption of the proposed project.

Questions on proposed Rule 310.1 should be addressed to Mr. Henry Pourzand at (909) 396-2414. Any questions regarding this Notice of Exemption should be addressed to Jeff Inabinet (c/o Planning, Rule Development & Area Sources) at the above address. Mr. Inabinet can also be reached at (909) 396-2453.

Date: May 13, 2010

Signature: *Steve Smith*

Steve Smith, Ph.D.
Program Supervisor
CEQA Unit
Planning, Rule Development &
Area Sources

NOTICE OF EXEMPTION

To: County Clerks of Los Angeles, Orange, Riverside, San Bernardino	From: South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765
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Project Title:

Proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment

Project Location:

South Coast Air Quality Management District (SCAQMD) area of jurisdiction consisting of the four-county South Coast Air Basin (Orange County and the non-desert portions of Los Angeles, Riverside and San Bernardino counties), and the Riverside County portions of the Salton Sea Air Basin and the Mojave Desert Air Basin.

Description of Nature, Purpose, and Beneficiaries of Project:

The purpose of the proposed rule is to exempt owners and operators of unpermitted equipment that meet certain conditions from civil and criminal penalties and late filing fees if the necessary permit applications and fees are voluntarily filed and paid during the amnesty period of July 1 through December 31, 2011. In addition, the proposed rule provides an additional 50 percent discount to small businesses filing complete applications to install control equipment during the same time period.

Public Agency Approving Project:

South Coast Air Quality Management District

Agency Carrying Out Project:

South Coast Air Quality Management District

Exempt Status:

Rates, Tolls, Fares, and Charges [CEQA Guidelines §15273 a)-c)];

Reasons why project is exempt:

The SCAQMD relies on permit fees to meet operating expenses such as employee wages; purchasing or leasing supplies, equipment or materials; maintain services; etc. By establishing an amnesty period for owners of unpermitted equipment to pay applicable fees without penalty, the SCAQMD is expected to recover fees for operating expenses that might not otherwise be recovered. The proposed rule exempts owners and operators of unpermitted equipment that meet certain conditions from civil and criminal penalties and the late filing fee surcharge if the necessary permit applications voluntarily filed and fees are paid during the amnesty period of July 1 through December 31, 2011. In addition, the proposed rule provides an additional 50 percent discount to small businesses filing complete applications to install control equipment during the same time period, further encouraging the control of emissions. Specifically, SCAQMD staff has reviewed Proposed Rule 310.1 – Amnesty for Unpermitted Equipment and Small Business Discount for Control Equipment, and determined it to be statutorily exempt from CEQA requirements pursuant to State CEQA Guidelines §15273 – Rates, Tolls, Fares, and Charges.

Certification Date:

SCAQMD Governing Board Hearing: June 3, 2011, 9:00 a.m.; SCAQMD Headquarters

CEQA Contact Person:	Phone Number:	Fax Number:	Email:
Mr. Jeffrey Inabinet	(909) 396-2453	(909) 396-3324	<jinabinet@aqmd.gov>
Rule Contact Person:	Phone Number:	Fax Number:	Email:
Mr. Henry Pourzand	(909) 396-2414	(909) 396-3324	<hpourzand@aqmd.gov>

Date Received for Filing _____

Signature _____ *(signed upon certification)*
Steve Smith, Ph.D.
Program Supervisor
CEQA Unit
Planning, Rule Development & Area Sources

BOARD MEETING DATE: June 3, 2011

AGENDA NO. 27

PROPOSAL: Establish AB 1318 Mitigation Fees Fund

SYNOPSIS: This item is to establish an AB 1318 Mitigation Fees Fund which will be used to finance emission reduction projects, pursuant to the requirements of AB1318. The AB 1318 Mitigation Fees are for the transfer of emission offsets from AQMD's internal offset accounts to CPV Sentinel, LLC for the construction and operation of the CPV Sentinel Energy Project power plant proposed by CPV Sentinel, LLC in Desert Hot Springs. The sum of \$53,318,358.30, all of which is to be provided by CPV Sentinel, LLC, is to be placed in the AB 1318 Mitigation Fees Fund (Fund 58).

COMMITTEE: Not Applicable

RECOMMENDED ACTION:

Establish an AB 1318 Mitigation Fees Fund (Fund 58) and recognize up to \$53,318,358.30 in revenues from CPV Sentinel, LLC, to be placed in this fund.

Barry R. Wallerstein, D.Env.
Executive Officer

MBO:MN:lg:am

Background

This item is to establish a special revenue fund, "AB 1318 Mitigation Fees Fund (Fund 58)," to be used to finance emission reduction projects, pursuant to the requirements of AB1318. The AB 1318 Mitigation Fees are for the transfer of emission offset credits from AQMD's internal offset accounts to CPV Sentinel, LLC for the construction and operation of the CPV Sentinel Energy Project power plant proposed by CPV Sentinel, LLC, in Desert Hot Springs. The sum of \$53,318,358.30, all of which is to be provided by CPV Sentinel, LLC is to be placed in the AB 1318 Mitigation Fees Fund (Fund 58).

In 2009, the California state legislature adopted and Governor Schwarzenegger signed into law AB 1318 (V.M. Perez) relating to the use of offsets from the AQMD's internal

accounts for eligible electrical generating facilities (Health and Safety Code Section 40440.14). AB 1318 requires the AQMD Executive Officer to credit to the AQMD's internal emission credit accounts and transfer from AQMD's internal emission credit accounts to eligible electrical generating facilities offset credits in the full amounts needed to meet the requirements for sulfur oxides and particulate matter. The CPV Sentinel Energy Project proposed by CPV Sentinel, LLC, to be located in Desert Hot Springs, in Southern California's Salton Sea Air Basin, is the only electrical-generating facility project that is eligible for the credits under AB 1318.

Pursuant to Health and Safety Code Section 40440.14(e), an eligible electrical generating facility shall pay the mitigation fees for the transfer of emission credits from AQMD's internal emission credit accounts, as set forth in the AQMD's Rule 1309.1, as adopted on August 3, 2007. The mitigation fees shall only be used for emission reduction purposes. The AQMD shall ensure that at least 30 percent of the fees are used for emission reductions in the areas within close proximity to the electrical generating facility and at least 30 percent are used for emission reductions in areas designated as "Environmental Justice Areas" in Rule 1309.1.

Proposal

Staff proposes that the Board approve the establishment of a special revenue AB 1318 Mitigation Fees Fund (Fund 58) and recognize up to \$53,318,358.30 in revenues from the CPV Sentinel, LLC. Any proposal for use of AB1318 Mitigation Fees Fund will be brought to the Governing Board for approval regarding the expenditure of these funds in the future. Pursuant to Rule 1309.1(g)(1)(G), as adopted August 3, 2007, up to 10% of the fees may be used to recover the costs associated with program administration.

Resource Impact

The resource impacts to the AQMD associated with program administration associated with initiating and implementing emission reduction projects, as well as monitoring the establishment and accounting of the special revenue AB 1318 Mitigation Fees Fund will be recovered pursuant to AQMD's Rule 1309.1(g)(1)(G), as adopted on August 3, 2007. Rule 1309.1(g)(1)(G) allows the use of up to 10% of the mitigation fees to recover the costs associated with program administration.