



# South Coast Air Quality Management District

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

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## A G E N D A

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### MEETING, SEPTEMBER 6, 2013

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.

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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](http://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.

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*Cleaning the air that we breathe...™*

## **CALL TO ORDER**

- Pledge of Allegiance
- Opening Comments: William A. Burke, Ed.D., Chair  
Other Board Members  
Barry R. Wallerstein, D. Env., Executive Officer
- Presentation in Recognition of Dr. Burke for 20 Years of Governing Board Service **Yates**
- Swearing In of Newly Appointed Board Member Joe Buscaino **Burke**
- Election of Chair and Vice Chair for Terms January 2014 – January 2016 **Burke**

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Staff/Phone (909) 396-

## **CONSENT CALENDAR (Items 1 through 23)**

Note: Consent Calendar items held for discussion will be moved to Item No. 24

1. Approve Minutes of July 5, 2013 Board Meeting and Minutes of July 12, 2013 Special Board Meeting **McDaniel/2500**

### **Budget/Fiscal Impact**

2. Execute Contract for Media, Advertising and Public Outreach Campaign for Check Before You Burn Program 2013/14 Fall-Winter Season **Atwood/3687**

On June 7, 2013, the Board approved release of an RFP to solicit proposals from advertising agencies, media/public relations firms or other organizations with the necessary expertise to plan and execute a comprehensive media, advertising and public outreach campaign to promote awareness of and compliance with SCAQMD's Check Before You Burn program. Ten proposals were received by the RFP deadline and were evaluated based on the criteria stated in the RFP. The Administrative Committee reviewed this item on August 16, 2013, and recommended executing a contract with Quijote Corporation dba Sensis, for \$493,000.00, to plan and execute a public outreach campaign for the Check Before You Burn program's 2013/14 fall-winter season, with an option to renew for two additional one-year contracts. (Reviewed: Administrative Committee, August 16, 2013; Recommended for Approval)

3. **Authorize Expenditures and Execute Contract Amendment for Technical and Administrative Assistance from Administration Portion of AB 1318 Mitigation Fees Fund** **Fine/2239**

The implementation of AB 1318 emission reduction projects in the Coachella Valley necessitate additional technical and administrative assistance. Up to five percent of the AB 1318 Fund has been set aside for administrative costs. These actions are to authorize the Executive Officer to approve expenditures for technical and administrative assistance and execute a contract amendment with Clean Fuels Connection not to exceed \$50,000 from the administrative portion of the AB 1318 Mitigation Fees Fund (58). (Reviewed: Technology Committee, July 19, 2013; Recommended for Approval)

4. **Execute Contract to Demonstrate Remote Sensing Technology for Fugitive Emissions from Refineries** **Fine/2239**

Recent advances in optical remote sensing technology have made it possible to measure and quantify fugitive VOC emissions from an entire refinery complex. A demonstration project is proposed to quantify fugitive VOC and other gaseous pollutant emissions from the Tesoro refinery (former BP refinery) in Wilmington, CA. Measurements will be conducted using state-of-the-art Solar Occultation Flux and mobile Differential Optical Absorption Spectroscopy technology along the refinery fence-line. This action is to execute a contract with FluxSense AB to conduct a pilot study of this new application of remote sensing technology for an amount not to exceed \$50,000 from the Rule 1173 Mitigation Fee Special Revenue Fund (44). (Reviewed: Stationary Source Committee, August 16, 2013; Recommended for Approval)

5. **Execute Contract for Development of Retrofit Technology for Natural Gas Engines and In-Use Emissions Testing of On-Road Heavy-Duty Trucks** **Miyasato/3249**

The Board previously awarded a contract to West Virginia University (WVU) to conduct in-use emissions testing and evaluate retrofit technologies for heavy-duty on-road engines. Initial evaluations of technologies to reduce ammonia emissions from natural gas engines indicate that a selective catalytic reduction system is capable of reducing ammonia and further reducing NOx emissions. Additional work is required to develop, optimize, and enhance the system's performance and durability. In addition, staff is proposing to conduct in-use emissions measurement from heavy-duty trucks as the trucks are driven over a 1,600-mile route in Southern California. This action is to execute a contract with WVU to develop and optimize a NOx retrofit technology for heavy-duty natural gas engines and to conduct real-world in-use emissions testing of heavy-duty engines in an amount not to exceed \$340,000 from the Clean Fuels Fund (31). (Reviewed: Technology Committee, July 19, 2013; Recommended for Approval)

6. Execute Contracts for Air Pollution Health Effects Studies **Miyasato/3249**

This action is to fund two different health studies related to the elderly and in-utero exposures. The initial years of both projects were funded by the BP/AQMD Public Benefits Program, and this action is to cover the completion of the research. The first study, to determine the effects of particulate pollutants in an elderly cohort, is by the University of California, Irvine for an amount not to exceed \$159,974, and the second study, to determine the risks of asthma in children from traffic exposures during pregnancy, is by the Southern California Research Center/Allergy & Asthma Associates of Southern California in an amount not to exceed \$99,670. Both proposed studies will be funded by the Clean Fuels Fund (31). (Reviewed: Technology Committee, July 19, 2013; Recommended for Approval)

7. Execute Contract for Natural Gas Fueling Station **E** **Miyasato/3249**

In 2010, the SCAQMD received a DOE award to upgrade an LNG station for \$150,000 at a United Parcel Service (UPS) Depot; however, the original contractor Applied LNG Technology is unable to perform under the original intent of the award. SCAQMD and DOE have agreed to award directly to UPS for the station upgrade. This action is to recognize revenue and appropriate funds for upgrading the existing UPS LNG fueling station at the Ontario Airport and execute a contract with UPS in an amount not to exceed \$150,000. (Reviewed: Technology Committee, July 19, 2013; Recommended for Approval)

8. Issue Request for Information to Develop and Demonstrate Natural Gas Locomotives **E** **Miyasato/3249**

Significant emissions reductions beyond those achieved from the cleanest locomotive technologies (Tier 4) will be needed to meet federal ozone and fine particulate air quality standards. The major locomotive manufacturers are currently developing natural gas locomotives based on interest expressed by Class I railroads. However, the expected emissions levels will be at Tier 3. In addition, Metrolink has expressed a desire to demonstrate natural gas passenger locomotives. This action is to release two separate Requests for Information to develop and demonstrate natural gas passenger and freight locomotives that exceed the Tier 4 emission standards. (Reviewed: Technology Committee, July 19, 2013; Recommended for Approval)

9. Issue RFP for Battery Electric Truck Replacement Projects and Buy-Down Incentives for EV Chargers **E** **Miyasato/3249**

The SCAQMD won an award of \$1,045,993 from the U.S. EPA under the Diesel Emissions Reduction Act program to provide funding for truck replacements. A previous RFP was released but there were inadequate qualified responses. Staff worked with U.S. EPA to increase the eligible vehicle model years. This action is to issue a new RFP to replace on-road medium heavy-duty diesel trucks with battery electric vehicles and provide buy-down incentives for EV chargers. (Reviewed: Technology Committee, July 19, 2013; Recommended for Approval)




10. Recognize Revenue, Issue RFP for Conference Organizer for Alternative Fuel Conference, and Execute and Amend Contracts for Alternative Fuel Infrastructure Planning  **Miyasato/3249**

BAAQMD was awarded a \$1,000,000 grant from the DOE for alternative fuel infrastructure planning. Electric, hydrogen, and CNG/LNG infrastructure permitting and installation best practices guidelines, outreach workshops, and two alternative fuel outreach events are deliverables for this project. This action is to recognize funds in the amount of \$320,000 from BAAQMD and issue an RFP for a conference organizer for an alternative fuel conference. This action is also to execute and amend contracts with four entities to provide the deliverables for this project in an amount not to exceed \$240,000 from the Advanced Technology, Education, and Outreach Fund (17). (Reviewed: Technology Committee, July 19, 2013; Recommended for Approval)

11. Recognize Revenue and Issue RFP for DC Fast Charging Network Provider and Education Outreach Consultant  **Miyasato/3249**

SCAQMD was awarded a \$300,000 grant from CEC for installation of a DC fast charging network for plug-in electric vehicles at grocery stores along major freeway corridors in the South Coast Air Basin. CEC's funding will go towards installation and networking costs in establishing the DC fast charging network. The DC fast chargers will be UL listed and include CHAdeMO and SAE Combo connectors, if both are commercially available. The total project cost is \$1.2 million, with additional cost sharing by Nissan and the network provider for hardware, installation, networking, and education outreach costs. This action is to recognize funds from CEC and issue an RFP for a DC fast charging network provider and an education outreach consultant. (Reviewed: Technology Committee, July 19, 2013; Recommended for Approval)

12. Issue Program Announcements for Electric Lawn Mower Vendors, Licensed Scrappers and Support Service Providers  **Miyasato/3249**

Staff proposes to extend the successful Lawn Mower Exchange Programs by offering similar incentives in the Spring of 2014 to generate cost-effective emission reductions. This action is to issue Program Announcements to solicit competitive bids from manufacturers of cordless electric lawn mowers in sufficient quantities and at the lowest possible price for the 2014 program, and from licensed scrappers and support service providers to physically handle mowers at lawn mower exchange events. (Reviewed: Mobile Source Committee, July 19, 2013; Recommended for Approval)

13. **Appoint Members to SCAQMD Hearing Board** **McDaniel/2821**

The terms of office for the Hearing Board Medical Member and two Public Members, and their Alternates, expired June 30, 2013. An Advisory Committee was appointed as required by law. The Advisory Committee interviewed public member candidates at its meeting on March 28, 2013, and medical member candidates at its meeting on June 25, 2013, and made its recommendations to the Administrative Committee. The Administrative Committee interviewed candidates at its meeting on August 16, 2013, and made a final recommendation. This action is to appoint members to fill the new terms. (Reviewed: Administrative Committee, August 16, 2013; Recommended for Approval)

14. **Issue RFP for Document and Case Management System** **Wiese/3460**

The Legal Department Management Review performed in September 2012 found that the Department's case-tracking and case-management technology posed a significant challenge for the legal staff in performing its day-to-day duties. The Legal Department's case and document management system needs to be consolidated, following the consolidation of the District Counsel's Office and District Prosecutor's Office. This action is to approve issuing an RFP to solicit bids from qualified firms to customize a case and document management software system that is compatible with the SCAQMD's current permitting, enforcement and imaging databases that will track and manage assignments and generate work efficiency and settlement reports; to conduct training for Legal Department employees; and to provide support for the program. (Reviewed: Administrative Committee, August 16, 2013; Recommended for Approval)

15. **Issue Solicitations and Approve Contract Award and Modifications Approved by MSRC** **Veres**

As part of their FYs 2012-14 AB 2766 Discretionary Fund Work Program, the MSRC approved an award to provide expanded shuttle service to the Hollywood Bowl under the Event Center Transportation Program, allocated \$98,418 to exercise the option clause to extend the contract with the Better World Group for programmatic outreach services, and approved the release of Program Announcements for the Alternative Fuel Infrastructure and Local Government Match Programs as well as an RFQ to solicit vendors' qualification packages to participate in an alternative fuel school bus incentive program. The MSRC also approved modifications to two contracts under the FY 2011-12 Work Program. At this time the MSRC seeks Board approval to release the solicitations and approval of the contract award and modifications. (Reviewed: Mobile Source Air Pollution Reduction Review Committee, August 15, 2013; Recommended for Approval)

**Items 16 through 23 - Information Only/Receive and File**

16. Legislative and Public Affairs Report **Smith/3242**
- This report highlights the June and July 2013 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. (No Committee Review)
17. Hearing Board Report **Camarena/2500**
- This reports the action taken by the Hearing Board during the period of June 1 through July 31, 2013. (No Committee Review)
18. Civil Filings and Civil Penalties Report **Wiese/3460**
- This reports the monthly penalties from June 1 through July 31, 2013, and legal actions filed by the General Counsel's Office during June 1 through July 31, 2013. An Index of District Rules is attached with the penalty report. (Reviewed: Stationary Source Committee, August 16, 2013)
19. Lead Agency Projects and Environmental Documents Received by SCAQMD **Chang/3186**
- This report provides, for the Board's consideration, a listing of CEQA documents received by the SCAQMD between June 1, 2013 and July 31, 2013, and those projects for which the SCAQMD is acting as lead agency pursuant to CEQA. The Mobile Source Committee, on July 19, 2013, reviewed the June 1-June 30, 2013 portion of the report; while the July 1-July 31, 2013 portion had no review.
20. Rule and Control Measure Forecast **Chang/3186**
- This report highlights SCAQMD rulemaking activity and public workshops potentially scheduled for the year 2013 and portions of 2014. (No Committee Review)
21. FY 2012-13 Contract Activity **O'Kelly/2828**
- This report lists the number of contracts let during FY 2012-13, the respective dollar amounts, award type, and the authorized contract signatory for the SCAQMD. This report includes the data provided in the March 2013 report covering contract activity for the first six months of FY 2012-13. (No Committee Review)

22. Summary of Changes to FY 2012-13 General Fund Budget and Fund Balance **O'Kelly/2828**

This is the annual report of General Fund budget and fund balance changes for FY 2012-13. (No Committee Review)

23. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2013-14 **Marlia/3148**

Information Management is responsible for data systems management services in support of all SCAQMD operations. This action is to provide the monthly status report on major automation contracts and projects to be initiated by Information Management during the first six months of FY 2013-14. (No Committee Review)

24. Items Deferred from Consent Calendar

### **BOARD CALENDAR**

*Note: The regular meeting of the Legislative Committee was cancelled; the next meeting is scheduled for September 13, 2013.*

25. Administrative Committee (Receive & File) **Chair: Burke** **Wallerstein/3131**
26. Mobile Source Committee (Receive & File) **Chair: Parker** **Chang/3186**
27. Stationary Source Committee (Receive & File) **Chair: Yates** **Nazemi/2662**
28. Technology Committee (Receive & File) **Chair: J. Benoit** **Miyasato/3249**
29. Mobile Source Air Pollution Reduction Review Committee (Receive & File) **Board Liaison: Antonovich** **Hogo/3184**
30. California Air Resources Board Monthly Report (Receive & File) **Board Rep: Mitchell** **McDaniel/2500**
31. California Fuel Cell Partnership Steering Team Meeting Summary and Quarterly Update (Receive & File) **Miyasato/3249**

This report summarizes the California Fuel Cell Partnership Steering Team meeting held June 4, 2013 and provides quarterly updates for the period beginning January 2013. (Reviewed: Technology Committee, July 19, 2013)

32. **Status Report on Regulation XIII - New Source Review** **Nazemi/2662**  
(Receive & File)

This report presents the federal final determination of equivalency for January 2011 through December 2011. As such, it provides information regarding the status of Regulation XIII – New Source Review in meeting federal NSR requirements and shows that SCAQMD's NSR program is in final compliance with applicable federal requirements from January 2011 through December 2011. (Reviewed: Stationary Source Committee, August 16, 2013)

## **PUBLIC HEARINGS**

33. **Adopt Proposed Rule 1304.1 - Electrical Generating Facility Annual Fee for Use of Offset Exemption** **Tisopulos/3123**

Proposed Rule 1304.1 sets a fee for Electric Generating Facilities electing to meet their emissions offset obligations for boiler replacement projects by using offsets provided by the District pursuant to Rule 1304(a)(2). The fee proceeds will be invested in air pollution improvement strategies consistent with the Air Quality Management Plan goals. The Proposed Rule does not apply to facilities that meet their emissions offset obligations through privately held Emission Reduction Credits. This action is to adopt the resolution: 1) Certifying the Final Environmental Assessment for Proposed Rule 1304.1 - Electrical Generating Facility Fee For Use Of Offset Exemptions; and 2) Adopting Proposed Rule 1304.1 - Electrical Generating Facility Fee For Use Of Offset Exemptions. (Reviewed: Stationary Source Committee, August 16, 2013)

34. **Amend Rule 314 - Fees for Architectural Coatings** **Tisopulos/3123**

Amendments are being proposed to clarify certain reporting requirements. The staff proposal includes exempting small manufacturers and certain coatings from fees, removing the ability to use "grouping" in the reporting, clarifying existing definitions and reporting requirements, and removing outdated phased-in fee rates. This action is to adopt the resolution: 1) Certifying the Notice of Exemption for Proposed Amended Rule 314 – Fees for Architectural Coatings; and 2) Amending Rule 314 – Fees for Architectural Coatings. (Reviewed: Stationary Source Committee, August 16, 2013)

35. **Amend Rule 1113 - Architectural Coatings** **Tisopulos/3123**

Amendments are being proposed to provide relief to coating manufacturers from certain rule requirements. The staff proposal includes exempting small coating containers with a capacity of two ounces or less from labeling requirements, clarifying rule intent, and removing outdated language. This action is to adopt the resolution: 1) Certifying the Notice of Exemption for Proposed Amended Rule 1113 – Architectural Coatings; and 2) Amending Rule 1113 – Architectural Coatings. (Reviewed: Stationary Source Committee, August 16, 2013)

**OTHER BUSINESS**

- 36. Approve Amendments to SCPEA 2011-2014 MOU and Approve Amendments to Salary Resolution for Non-Represented Employees **Johnson/3018**

SCAQMD management and representatives of SCPEA representing the Professional employees bargaining unit have a current 2011-2014 Memorandum of Understanding. This action is to ratify an agreement between the parties to provide a one-time payment of \$491 per Professional employee in exchange for elimination of a previously negotiated benefit from the MOU. This action is also to approve a 0.5% increase of annual base salary, as a one-time payment, for non-represented employees. (No Committee Review)

- 37. Special Membership Meeting of Brain & Lung Tumor and Air Pollution Foundation **Wiese/3460**

This item is to replace one Board Member of the Brain & Lung Tumor and Air Pollution Foundation. Dr. Clark Parker has indicated a willingness to replace Dr. Thomas Godfrey. (No Committee Review)

- 38. Legislative Committee **Chair: Gonzales Smith/3242**

Receive and file report of special meeting of Legislative Committee; and adopt the following position as recommended:

<b>Agenda Item</b>	<b>Recommended Position</b>
SB 804 (Lara) Solid Waste: Energy	Continue to inform author, sponsor, and legislative bodies regarding provisions negatively impacting public health, SCAQMD operations, and creating legal liability. Further direct staff to seek necessary amendments and only oppose the bill if major required amendments are not accepted. Support bill if major required amendments are accepted. Continue to support the development of conversion technology alternatives consistent with SCAQMD Governing Board clean air policies and programs.

**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.

**CONFLICT OF INTEREST DISCLOSURES – (No Written Material)**

Under the approval authority of the Contract Administrator, the District will enter into contract modifications with Fraser Communications (Contract No. MS12062A), and with Clean Energy (Contract Nos. MS06049B and MS08072A). In addition, under the approval authority of the Executive Officer, the District will enter into a contract (Contract No. C13409) and a contract modification (Contract No. C13465) with Southern California Edison, a subsidiary of Edison International. Each of these entities is a potential source of income for Governing Board Member Joseph Lyou, which qualifies for the remote interest exception of Section 1090. Dr. Lyou abstained from any participation in the making of the contract or contract modifications.

**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:

- Abayan, et al. v. SCAQMD, Los Angeles Superior Court Case No. BC499729;
- California Building Industry Association v. Bay Area AQMD, 1st Appellate District Case Nos. A135335 and A136212;
- CBE, CCAT v. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 12-72353 (1315);
- Communities for a Better Environment, et al. v. U.S. EPA, et al., U.S. Court of Appeals, Ninth Circuit, Case No. 13-70167 (Sentinel);
- Flashberg, et al. v. Dublin, et al., Los Angeles Superior Court Case No. BC463159;
- Medical Advocates for Healthy Air v. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 12-73386 (San Joaquin §185 Fees);
- NRDC, CBE v. U.S. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 13-70544 (Rule 317);
- Physicians For Social Responsibility, et al. v. U.S. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 12-56175 (1-hour ozone);
- Physicians for Social Responsibility, et al. v. U.S. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 12-70016 (Monitoring);
- Physicians for Social Responsibility, et al. v. U.S. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 12-70079 (PM2.5);
- SCAQMD v. City of Los Angeles, et al, Los Angeles Superior Court Case No. BS143381; and
- State of Alaska v. Kerry; U.S. EPA, No. 3:12-cv-00142 (D. AK. Filed July 16, 2012).

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

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

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BOARD MEETING DATE: September 6, 2013

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the July 5, 2013 meeting and the Minutes of the July 12, 2013 special meeting.

**RECOMMENDED ACTION:**

Approve Minutes of the July 5, 2013 Board Meeting and Minutes of the July 12, 2013 Special Board Meeting.

Sandra McDaniel,  
Clerk of the Boards

SM:dp

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**FRIDAY, JULY 5, 2013**

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  
County of Los Angeles

Councilmember Ben Benoit  
Cities of Riverside County

Supervisor John J. Benoit  
County of Riverside

Councilmember Michael A. Cacciotti  
Cities of Los Angeles County – Eastern Region

Supervisor Josie Gonzales  
County of San Bernardino

Mayor Pro Tem Judith Mitchell  
Cities of Los Angeles County – Western Region

Supervisor Shawn Nelson  
County of Orange

Dr. Clark E. Parker, Sr.  
Senate Rules Committee Appointee

Mayor Miguel A. Pulido  
Cities of Orange County

Members Absent:

Dr. Joseph K. Lyou  
Governor's Appointee

Ms. Jan Perry  
City of Los Angeles

**CALL TO ORDER:** Chairman Burke called the meeting to order at 9:05 a.m.

- Pledge of Allegiance: Led by Councilman Cacciotti.
- Opening Comments

Mayor Pro Tem Mitchell. Announced that she attended her first meeting as the Board's CARB representative where discussion occurred about the Sustainable Communities Strategy for the San Francisco Bay Area and noted how it differs from the Southern California Strategy, in part, because of the increased transit options they have available.

Councilman Cacciotti. Detailed a commercial lawn equipment test that was held in South Pasadena where an all-electric riding lawnmower was used on an 8-acre park's grass; and showed photographs and a video clip of the lawnmower being used, noting its quiet operation and efficient performance in cutting the lawns. He asked Dan Mabe from The Greenstation to demonstrate an all-electric universal backpack with a leaf blower attachment that is currently part of a demonstration project for electric lawn care equipment in the San Joaquin Valley. Mr. Mabe explained that the zero-emission equipment runs on batteries of varying amperage that can be quickly recharged for rotating in and out of the packs. He added that there has been definite interest in their products from universities and local municipalities.

In response to Chairman Burke's questioning about the cost of the units and batteries, Mr. Mabe noted that the equipment is still in the pilot phase and he does not currently have accurate figures.

Chairman Burke noted that the cost of the battery packs will be a deciding factor on the successful integration for smaller businesses and individual landscapers. He added that the potential for a possible incentive program could also be investigated once the product is ready for the market.

## **CONSENT CALENDAR**

1. Approve Minutes of June 7, 2013 Board Meeting
2. Set Public Hearings September 6, 2013 to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations
  - A. Amend Rule 314 – Fees for Architectural Coatings
  - B. Amend Rule 1113 –Architectural Coatings

- C. Adopt Proposed Rule 1304.1 - Electrical Generating Facility Annual Fee for Use of Offset Exemption
- D. Amend Regulation III - Fees

**Budget/Fiscal Impact**

- 3. Execute Two Tree Partnership Contracts
- 4. Recognize Revenue and Appropriate Funds for Clean Fuels, Carl Moyer AB 923, and Proposition 1B for Administrative Support and Related Activities
- 5. Recognize Revenue and Appropriate Funds for PM2.5, National Air Toxics Trends Stations, Enhanced Particulate Monitoring Programs, Near-Road NO2 and Photochemical Assessment Monitoring Stations, Release RFP and Issue Purchase Orders, Amend Contract
- 6. Authorize Purchase of PeopleSoft and Oracle Software Support
- 7. Authorize Purchase of OnBase Software Support
- 8. Adopt Resolution to Revise SCAQMD's Guidelines for Implementing California Public Records Act
- 9. Approve Contract Award under FYs 2012-14 AB 2766 Discretionary Fund Work Program and Fund Transfer for Miscellaneous Costs in FY 2013-14 Approved by MSRC

**Items 10 through 16 - Information Only/Receive and File**

- 10. Legislative and Public Affairs Report
- 11. Hearing Board Report
- 12. Civil Filings and Civil Penalties Report
- 13. Lead Agency Projects and Environmental Documents Received by SCAQMD

14. Rule and Control Measure Forecast
15. Report of RFPs and RFQs Scheduled for Release in July
16. Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2013-14

Agenda Item Nos. 8 and 14 were withheld for discussion.

MOVED BY PULIDO, SECONDED BY CACCIOTTI, AGENDA ITEMS 1 THROUGH 7, 9 THROUGH 13, 15 AND 16 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Gonzales, Mitchell, Nelson, Parker, Pulido and Yates.

NOES: None.

ABSENT: Lyou and Perry.

17. Items Deferred from Consent Calendar

8. Adopt Resolution to Revise SCAQMD's Guidelines for Implementing California Public Records Act

Dr. Tom Williams, Sierra Club Fracking Group, expressed concern with the lack of pertinent information being available to first responders in the event of explosions or other chemical-involved incidents at fracking sites; and asked that the Board require the composition of chemicals to be included in information provided through public records requests.

Written Comments Submitted by:  
Stephen A. Flaherty, Halliburton  
Kimberly Chandler, Baker Hughes  
Joyce Dillard

Dr. Wallerstein noted that the confidential materials will include the chemical family names giving an indication of the potential toxicity of the materials.

MOVED BY YATES, SECONDED BY CACCIOTTI, AGENDA ITEM 8 APPROVED AS RECOMMENDED, ADOPTING RESOLUTION NO. 13-15 AMENDING THE SCAQMD *GUIDELINES FOR IMPLEMENTING THE CALIFORNIA PUBLIC RECORDS ACT*, WITH THE DIRECTION TO STAFF TO MEET WITH FIRE OFFICIALS TO DISCUSS THE BEST PRACTICE FOR PROVIDING THEM INFORMATION NEEDED IN THE EVENT OF AN EMERGENCY SITUATION, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Gonzales, Mitchell, Parker, Pulido and Yates.

NOES: None.

ABSENT: Lyou, Nelson and Perry.

14. Rule and Control Measure Forecast

Dr. Tom Williams, Sierra Club, expressed concerns with the complexity of Rules 4010 and 4020 relating to the Ports, which are slated for hearing in October.

MOVED BY YATES, SECONDED BY CACCIOTTI, AGENDA ITEM 14 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Gonzales, Mitchell, Nelson, Parker, Pulido and Yates.

NOES: None.

ABSENT: Lyou and Perry.

**BOARD CALENDAR**

- 18. Administrative Committee
- 19. Legislative Committee
- 20. Stationary Source Committee
- 21. Mobile Source Air Pollution Reduction Review Committee
- 22. California Air Resources Board Monthly Report
- 23. Execute Contract for Board Member Consultant for Assistance with CARB-related Matters and Approve Findings Supporting Contract
- 24. Approve New Programs and Funding Allocations within Clean Communities Program Areas and Issue Funding for Air Filtration Project

Agenda Item No. 23 requiring an affirmative vote of two thirds of the Board, was voted on separately.

MOVED BY J. BENOIT, SECONDED BY B. BENOIT, AGENDA ITEMS 18 THROUGH 22 AND 24 APPROVED AS RECOMMENDED: RECEIVING AND FILING THE BOARD COMMITTEES, MSRC AND CARB REPORTS; AND ADOPTING THE POSITIONS ON LEGISLATION AS SET FORTH BELOW, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Gonzales, Mitchell, Nelson, Parker, Pulido and Yates.

NOES: None.

ABSENT: Lyou and Perry.

<b>Agenda Item</b>	<b>Recommended Position</b>
SB 459 (Pavley) Vehicle Retirement: Low-Income Vehicle Owners	Support



23. Execute Contract for Board Member Consultant for Assistance with CARB-related Matters and Approve Findings Supporting Contract

Dr. Wallerstein explained that Board approval is required to commence a contract with former employee, Chung Liu, to act as Board Member Mitchell's consultant for CARB-related matters.

MOVED BY PULIDO, SECONDED BY GONZALES, AGENDA ITEM 23 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Gonzales, Mitchell, Nelson, Parker, Pulido and Yates.

NOES: None.

ABSENT: Lyou and Perry.

**Staff Presentation/Board Discussion**

25. Overview of California Air Toxics Hot Spots Program Risk Assessment Guidelines Updates

Dr. Jean Ospital, Heath Effects Officer, gave the staff presentation.

In response to Supervisor Benoit's questioning about what type of scientific balancing the Office of Environmental Health Hazard Assessment is subject to, Dr. Ospital noted that risk assessments are prepared utilizing their staff of toxicologists, epidemiologists and physicians, the draft documents are subject to public review as well as vetted in public workshops; and they must ultimately receive approval from a California Scientific Advisory Panel before guidelines are adopted.

Mayor Pulido encouraged a proactive approach to provide more information to individuals about their health risks and potential mitigating factors, including many up-and-coming technological advances.

Supervisor Gonzales stressed the importance of sharing as much information as possible with the public so that individuals can decide for themselves what steps to take based on verified research and sound data.

Chairman Burke expressed an interest in finding ways to educate people about the latest developments, possibly through electronic media sources, which could provide the message of how to live a healthier lifestyle.

Dr. Wallerstein suggested that he meet with the Chairman to discuss which forum would be best to address the potential positive and negative effects of the emerging technology in relation to District policies and programs.

The following individual addressed the Board on Agenda Item 25.

Dr. Tom Williams, LA 32 Neighborhood Council, expressed concern with the air toxics associated with SCAG's Transportation Plan; and requested that staff's presentation be made available for increased public awareness.

RECEIVED AND FILED; NO ACTION NECESSARY.

26. PM10 Redesignation *(No Written Material)*

Barbara Baird, Chief Deputy Counsel, gave the staff presentation explaining the potential implications of the U.S. EPA's approval of the South Coast Basin's PM<sub>10</sub> redesignation request. She highlighted the impacts to the federal New Source Review offset requirement; and recommended continued work with stakeholders and the agencies involved, with the intention of bringing vetted recommendations to the Board at a future meeting.

RECEIVED AND FILED; NO ACTION NECESSARY.

**PUBLIC HEARING**

27. Amend Rule 1309 - Emission Reduction Credits and Short Term Credits

Staff waived the oral presentation on Agenda Item No. 27, noting an errata sheet to correct typographical errors in the Resolution.

The public hearing was opened and the following individuals addressed the Board on Agenda Item 27.

SHARON RUBALCAVA, Plains All American Pipeline  
JOSEPH HOWER, Environ International and Tamco

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Expressed support for the rule amendment and thanked staff for their efforts in the clarification of the return of unused ERCs for projects that never commence construction.

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

MOVED BY GONZALES, SECONDED BY CACCIOTTI, AGENDA ITEM NO. 27 APPROVED, AS RECOMMENDED BY STAFF, ADOPTING RESOLUTION NO. 13-16 CERTIFYING AMENDED RULE 1309 IS NOT SUBJECT TO CEQA, AND AMENDING RULE 1309, WITH MODIFICATIONS TO THE RESOLUTION AS SET FORTH IN THE ERRATA SHEET AND NOTED BELOW, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, Burke, Cacciotti, Gonzales, Mitchell, Nelson, Parker and Yates.

NOES: None.

ABSENT: J. Benoit, Lyou, Perry and Pulido.

**Revise the first paragraph of the Resolution as follows:**

“A Resolution of the South Coast Air Quality Management District Governing Board (SCAQMD) certifying that Proposed Amended Rule 1309 – Emission Reduction Credits and Short Term Credits ~~does~~ is not subject to the California Environmental Quality Act (CEQA).”

**Revise the last two paragraphs of the Resolution as follows:**

“**NOW, THEREFORE, BE IT RESOLVED**, that the South Coast Air Quality Management District Board does hereby

~~**BE IT FURTHER RESOLVED**, that the SCAQMD Governing Board does hereby~~ adopt, pursuant to the authority granted by law, Proposed Amended Rule 1309 – Emission Reduction Credits and Short Term Credits, as set forth in the attached, and incorporated herein by this reference.”

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

Dr. Tom Williams, Sierra Club Transportation Committee and LA 32 Neighborhood Council, alerted the Board to a possible alternative for the SR710 corridor project that provides for ventilation shafts in Pasadena and El Serrano which would emit harmful air toxics to neighboring recreation centers, biomedical facilities, elementary schools and residences.

**CLOSED SESSION**

The Board recessed to closed session at 10:35 a.m., pursuant to Government Code section 54956.9(c) to consider initiation of litigation (one case).

Following Closed Session, General Counsel Kurt Wiese announced that there were no reportable actions taken in closed session.

**ADJOURNMENT**

There being no further business, the meeting was adjourned by Kurt Wiese at 11:05 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on July 5, 2013.

Respectfully Submitted,

Denise Pupo  
Senior Deputy Clerk

Date Minutes Approved: \_\_\_\_\_

\_\_\_\_\_  
Dr. William A. Burke, Chairman

**ACRONYMS**

CARB = California Air Resources Board  
CEQA = California Environmental Quality Act  
ERC = Emission Reduction Credit  
FY = Fiscal Year  
MSRC = Mobile Source (Air Pollution Reduction) Review Committee  
PM<sub>10</sub> = Particulate Matter ≤ 10 microns  
RFP = Request for Proposals  
RFQ = Request for Quotations  
SCAG = Southern California Association of Governments  
U.S. EPA = United States Environmental Protection Agency

**FRIDAY, JULY 12, 2013**

Notice having been duly given, a special 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  
County of Los Angeles

Councilmember Ben Benoit  
Cities of Riverside County

Supervisor John J. Benoit  
County of Riverside

Councilmember Michael A. Cacciotti  
Cities of Los Angeles County – Eastern Region

Supervisor Josie Gonzales  
County of San Bernardino

Dr. Joseph K. Lyou  
Governor's Appointee

Mayor Pro Tem Judith Mitchell  
Cities of Los Angeles County – Western Region

Supervisor Shawn Nelson  
County of Orange

Dr. Clark E. Parker, Sr.  
Senate Rules Committee Appointee

Ms. Jan Perry  
City of Los Angeles

Mayor Miguel A. Pulido  
Cities of Orange County

**CALL TO ORDER:** Chairman Burke called the meeting to order at 9:15 a.m.

- Pledge of Allegiance: Led by Ms. Perry.

**PUBLIC HEARING**

1. Amend Rule 444 – Open Burning and Issue RFP for Low Emission Non-Wood Beach-Type Fire Ring Demonstration *(Continued from May 3, 2013 Board Meeting for Consideration of Provisions Pertaining to Beach Fire Rings Only)*

Dr. Philip Fine, Assistant DEO of Science and Technology Advancement, gave the staff presentation, noting an errata sheet with changes to the Resolution and an addition to Subdivision (h) of the Rule to exclude beach burning devices from distance and spacing requirements that are made available to comply with the Americans with Disabilities Act.

The public hearing was opened and the following individuals addressed the Board on Agenda Item 1.

LOU CORREA, Senator  
BOB HOFF, Senator  
TRAVIS ALLEN, Assemblyman  
SHARON QUIRK-SILVA, Assemblywoman  
ALLEN MANSOUR, Assemblyman  
CURT HAGMAN, Assemblyman  
PAM KELLER, Former Mayor Pro Tem, Fullerton  
MARTIN PAINE, Representing Senator Mimi Walters  
JOSE SOLORIO, Orange County Community College Trustee  
JIM RICHEIMER, Mayor, Costa Mesa  
CONNIE BOARDMAN, Mayor, Huntington Beach  
MATTHEW HARPER, Mayor Pro Tem, Huntington Beach  
JANET NGUYEN, Orange County Supervisor  
JOE SHAW, Councilmember, Huntington Beach  
JOE CARCHIO, Councilmember, Huntington Beach  
DAVID MANSDOERFER, Representing Orange County Sup. John Moorlach

Spoke on behalf of their respective jurisdictions within Southern California opposing the proposed amendments which will affect the benefits associated with beach fire ring recreation.

LESLIE DAIGLE, Councilmember, Newport Beach

Noted that while she was a member of the initial Council that voted to pursue the removal of the fire rings through the Coastal Commission, the information that has since been ascertained has led her to reverse her position on their removal. She commented that the fire rings should continue to be assessed, and continued education and enforcement of appropriate burning materials should take the place of a rule amendment.

CHRIS EPTING  
JULIE SANDERCOCK, Huntington Beach Resident  
SANDY THIGPEN, Sandyle Enterprises  
DR. JAMES E. ENSTROM  
BRUCE WAREH  
THOMAS W. SWEATT, Friends of the Fire Rings  
JERRY WHEELER, Huntington Beach Chamber of Commerce  
DIANNE THOMPSON, Huntington Beach Chamber of Commerce  
CHRISTINE BENNETT  
RONNIE GUYER  
RALPH PALOMARES  
FRANK GRUBER  
BENNY DIAZ, League of United Latin American Citizens  
MARTI SCHRANK  
CHRISTA JOHNSON, City of Laguna Beach  
JACQUELINE DICKSON  
MARY J. BARETICH  
JULIA LESTER, Environ  
CADE MYERS, Boy Scout Troop 661  
CHRISTIAN SCHRODT, Boy Scout Troop 661  
CHAZ HELLINGTON  
RANDOL L. BROWN  
PALL GUDGEIRSSON, City Manager, City of San Clemente  
RONALD WORTMAN  
DOUG SWARDSTROM, Friends of the Fire Rings

Expressed their opposition to the approval of any amendment that affects beach fire rings, noting the great family and community impacts the tradition of nightly beach bonfires has for many Southern California residents.

DAVE KIFF, City Manager, Newport Beach

Noted support for the proposal that provides more local control over the fire pits to the individual cities and allows them to seek out alternate fueling methods for the fire pits.

TERRY ROBERTS, American Lung Association in California

Expressed support for the proposed amendments to protect against the adverse health impacts associated with wood smoke emissions.

JACK LARSON, Newport Beach Resident  
CHARLES FARRELL, Newport Beach Resident  
FRANK PETERS, Representing Breakers Drive  
BARBARA PETERS, Breakers Drive Resident  
JANE DOE, Newport Beach Resident

Detailed their experiences as homeowners directly impacted by the beach fire rings and asked the Board to take action to protect their well-being.

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

Written Comments Submitted by:

Sherilyn Sarb, California Coastal Commission  
Kelly Boyd, Mayor City of Laguna Beach  
Diane L. Harkey, Assemblywoman 73rd District  
Tom Daly, State Assemblymember  
Janet Nguyen, Orange County Board of Supervisors  
Julie Mellum, Director, Clean Air Revival, President, Take Back the Air  
Lacy Kelly Association of California Cities, Orange County  
Mary Jo Baretich, Cabrillo Mobile Home Park and Huntington by the Sea  
Mobile Estates  
Robert Magee, Mayor, City of Lake Elsinore  
Jan Greenfield, Citizen Protecting Human Health  
Sylvia Schultz, Clean Air Fairbanks  
James M. Mosher, Ph.D  
Barbara Peters  
Julie Sandercock  
Marshall P. Wilkinson  
Fred Fourcher  
M. Christine Moore  
Richard A. Dennis  
Matthew Holzmann  
Cameron Stephens  
Pete and Dian Wagner  
Sharon Johnson  
Barbara Johnson  
Leroy J. Pletten  
Rick Heymann  
Vicki Morell  
Giulia D'Alesio  
The Voice of Niagara  
Patrice and Alex Lee  
Clive M. Scott  
Dave John  
Linda Susan  
David Califs  
Jeff Gucci  
Victoria Russo  
Michele Mckeown  
Cathy Baiton  
Barbara A. Peters  
Jennifer Lawson  
John Jacobs  
Mark and Kristine Simon  
Eric Eichenauer  
Lyle and Margaret Brakob  
Edward L. Quinn  
Paresh Desai  
William Martin  
Rodney and Kellie Hardy  
Arronlea L. Searcy  
Ray E. Williams  
Mandy Smithley  
Becky Medina  
Wendy Peterson  
Julie Malone  
Theresa M. Wilson  
Joyce Sanchez  
Julia C. Lester, Environ  
Karen Ezell  
Martha Guerrero  
Roxanne Coffman  
Steve Clark  
Kristen April Wunderlich  
Brandy J. Marquez  
Lacey Dennis  
Charles Farrell  
Carol Wivell  
Fred Mundy  
BJ Kiernan

Dr. Wallerstein commented that staff utilized monitoring data along with the voluminous comments from the public and local municipalities to propose rule amendments that address the public health issues, while ensuring citizens are still able to enjoy beach bonfires.



Mayor Pulido acknowledged the complexity of this rule development process and the need to balance the scientific findings with the history and sense of community surrounding beach fire rings. He urged the Board to turn its focus to other issues that are more impactful on the region, since the movement and removal of certain pits will have a minor impact. He suggested continued involvement with CARB to clean up mobile sources and continued advocating for alternative energy.

Supervisor Benoit noted that while there are health effects from wood smoke from fire pits, they are mostly limited to those people who choose to be near them, while the impact to surrounding neighborhoods is relatively small.

Chairman Burke acknowledged how emotionally charged this issue has become, but emphasized the need to base decisions on the available scientific evidence.

In response to questioning by Supervisor Gonzales, Dr. Wallerstein and Dr. Fine clarified the proposed rule amendments, including how staff determined the spacing of 700 feet from a residence, as well as that local jurisdictions still have remedies to further reduce the number of fire pits through their own public process.

Supervisor Gonzales warned against the SCAQMD instituting any regulation that restricts the authority of local elected officials; and encouraged the agency to get further involved with planning commissions and city councils regarding residential, commercial and recreational projects. She stressed the importance of the Board Member role to protect public health, and in regards to the fire rings, the direct-monitoring information needs to be taken seriously.

Mayor Pro Tem Mitchell acknowledged the cherished tradition of beach fires for families of the past, present and future; and noted that the amendments will require some fire pits to be moved to increase the distance between them, but will result in the loss of very few fire pits overall.

Dr. Lyou expressed understanding for the importance of beach usage; noted that staff has worked to mitigate the potential impact as a result of input received from the public; and assured the public that the Board Members share the common goal of resolving problems, with a prioritization on public health and cleaning the environment.

Supervisor Nelson expressed concern that the distance requirements of the proposed amendments eliminate all rings in Newport Beach; and urged the Board to focus on issues that continue to pose a significant health risk within the Basin.

MAYOR PULIDO MOVED TO REJECT THE STAFF RECOMMENDATION TO AMEND RULE 444, RELATIVE TO BEACH FIRE RINGS. THE MOTION WAS SECONDED BY SUPERVISOR BENOIT, BUT FAILED BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit  
Nelson, Perry and Pulido.

NOES: Burke, Cacciotti, Gonzales, Lyou,  
Mitchell, Parker and Yates.

ABSENT: None.

MOVED BY GONZALES, SECONDED BY CACCIOTTI, AGENDA ITEM NO. 1 APPROVED, AS RECOMMENDED BY STAFF, ADOPTING RESOLUTION NO. 13-17 CERTIFYING THE NOTICE OF EXEMPTION FOR PROPOSED RULE 444, AND AMENDING RULE 444, WITH THE MODIFICATIONS AS STATED IN THE ERRATA SHEET AND SET FORTH BELOW, BY THE FOLLOWING VOTE:

AYES: Burke, Cacciotti, Gonzales, Lyou,  
Mitchell, Parker and Yates.

NOES: Antonovich, B. Benoit, J. Benoit,  
Nelson, Perry and Pulido.

ABSENT: None.

**Amend Page 3 of the Resolution as follows:**

**BE IT FURTHER RESOLVED** that the Governing Board of the South Coast AQMD does hereby direct staff to work cooperatively with local jurisdictions and state agencies to develop education, outreach, and compliance programs to inform the public of the health hazards associated with wood smoke exposure, to prevent burning of inappropriate materials, and to raise awareness of the other rule provisions, including the no burn forecast as it pertains to the beach areas. Staff is directed to return to the Stationary Source Committee every six months regarding the effectiveness of the cooperative effort ~~and the potential need for future regulatory options.~~

**BE IT FURTHER RESOLVED** that the Governing Board of the South Coast AQMD does hereby direct staff that any future efforts addressing wood smoke exposure from the use of public fire rings be based on non-regulatory approaches, such as increased education, outreach, and voluntary use of alternative fuel devices.

**Amend PAR444 to include the following exemption provision in Subdivision (h):**

- (h) Exemptions
- (6) Except for the requirements of subparagraph (d)(3) and (d)(4), the provisions of this rule shall not apply to:
- (7) The distance and spacing provisions of clause (3)(G)(ii) shall not apply to beach burning devices that are made available to comply with the Americans with Disabilities Act by making the beach burning device accessible via a continuous unobstructed concrete, asphalt or other permanent pathway that crosses the surface of the beach. This paragraph does not exempt the beach burning devices that are made available for the American with Disabilities Act compliance from the total device count specified in sub-clause (3)(G)(ii)(III).

**ADJOURNMENT**

There being no further business, the meeting was adjourned by Chairman Burke at 12:40 p.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on July 12, 2013.

Respectfully Submitted,

Denise Pupo  
Senior Deputy Clerk

Date Minutes Approved: \_\_\_\_\_

\_\_\_\_\_  
Dr. William A. Burke, Chairman

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**ACRONYMS**

CARB = California Air Resources Board

PAR = Proposed Amended Rule

RFP = Request for Proposals

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BOARD MEETING DATE: September 6, 2013

AGENDA NO. 2

**PROPOSAL:** Execute Contract for Media, Advertising and Public Outreach Campaign for the Check Before You Burn Program 2013/14 Fall-Winter Season

**SYNOPSIS:** On June 7, 2013, the Board approved release of an RFP to solicit proposals from advertising agencies, media/public relations firms or other organizations with the necessary expertise to plan and execute a comprehensive media, advertising and public outreach campaign to promote awareness of and compliance with SCAQMD's Check Before You Burn program. Ten proposals were received by the RFP deadline and were evaluated based on the criteria stated in the RFP. The Administrative Committee reviewed this item on August 16, 2013, and recommended executing a contract with Quijote Corporation, dba Sensis, for \$493,000, to plan and execute a public outreach campaign for the Check Before You Burn program's 2013/14 fall-winter season, with an option to renew for two additional one-year contracts.

**COMMITTEE:** Administrative, August 16, 2013; Recommended for Approval

**RECOMMENDED ACTION:**

Authorize the Executive Officer to execute a contract with Quijote Corporation, dba Sensis in an amount not to exceed \$493,000, from the Rule 1309.1 Priority Reserve Funds (Fund 36), to plan and execute a public outreach campaign for the Check Before You Burn program's 2013/14 fall-winter season, with an option to renew for two additional one-year contracts.

Barry R. Wallerstein, D.Env.  
Executive Officer

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## **Background**

SCAQMD's Check Before You Burn program and its regulatory framework, Rule 445, are key measures in the agency's 2012 Air Quality Management Plan to achieve the federal health-based air quality standard for PM2.5. Check Before You Burn and Rule 445 seek to reduce PM2.5 emissions from wood burning in residential fireplaces and other devices during late fall and winter when unhealthy air quality is forecast.

Since 2010, SCAQMD has implemented short-term TV partnerships, media, and online outreach to educate residents about the program and inform them of no-burn days. However, there is a need to increase awareness of the program and compliance with no-burn days to achieve further emission reductions that will contribute toward attainment of the PM2.5 24-hour standard.

## **Proposal**

On June 7, 2013, the Board approved release of RFP #2013-23 to solicit proposals from advertising agencies, media/public relations firms or other organizations with the necessary expertise to plan and execute a comprehensive media, advertising and public outreach campaign to promote awareness of and compliance with the Check Before You Burn program during the upcoming fall/winter season from Nov. 1, 2013 to Feb. 28, 2014. The Board also approved funding for this RFP from the Rule 1309.1 Priority Reserve Funds in an amount not exceed \$500,000.

The RFP required that proposals include:

- An overall strategy and detailed plan for the campaign
- Proposed campaign themes, messages and/or slogans
- A proposed media buy for the campaign
- A plan for pre- and post-research to help quantify the success of the campaign

## **Bid Evaluation**

Ten proposals were received before the bidding closed at 1 p.m. on July 16, 2013. Three were disqualified due to incomplete submissions. The proposals were reviewed by a diverse panel in accordance with criteria contained in the RFP. The panel was composed of three SCAQMD employees – the Media Relations Manager, a Principal Deputy District Counsel, and a Program Supervisor – as well as one outside expert, a Communications and Marketing Specialist with the Sacramento Metropolitan Air Quality Management District, which has implemented its own Check Before You Burn program for the past six years. The panel breakdown was as follows: three Caucasian, one Hispanic; three male, one female.

The panel scored the proposals according to the criteria outlined in the RFP, without an oral interview, and forwarded a ranking of the proposals to the Administrative

Committee for review. The Administrative Committee reviewed the proposal recommendations at its meeting on August 16, 2013, and interviewed the top three proposers. Following interviews, the Committee expressed concern with the ARK Marketing proposal to partner with CBS, citing the dispute between Time Warner and CBS and the potential impact on the Check Before You Burn campaign if not resolved. After discussion, the Committee recommended award of the contract to Quijote Corporation, dba Sensis, based on the overall quality of their presentation and comprehensiveness of the proposed campaign and is forwarding this recommendation to the full Board for consideration.

Attachment A reflects the proposals, ranked by the panel in order by score.

**Resource Impacts**

Funding for these services was provided from Rule 1309.1 Priority Reserve Funds (Fund 36) when the Board issued the RFP on June 7, 2013.

**Attachment**

A- Ranking and Scores of Proposals for Administrative Committee Review for RFP #2013-23

**ATTACHMENT A**  
**EVALUATION OF PROPOSALS**  
**FOR RFP #2013-23**

<b>Rank</b>	<b>Name</b>	<b>Cost</b>	<b>Technical Score</b>	<b>Cost Points</b>	<b>Small Business Points</b>	<b>Local Business Points</b>	<b>Final Score</b>
1.	Quijote Corp. dba Sensis	\$493,000	80	9.6	10	5	104.6
2.	O'Rorke Inc.	\$495,000	78.3	9.5	10	0	97.8
3.	ARK Marketing & Media Solutions	\$492,175	69.8	9.6	10	0	89.4
4.	Alpunto Advertising	\$500,419	65.5	9.4	10	0	84.9
5.	Benchmark Communications Group, Inc	\$471,800	54.0	10.0	10	5	79.0
6.	Lucid Fusion, Inc.	\$499,405	66.3	9.4	0	0	75.7
7.	Slot Right Marketing	\$500,000	35.5	9.4	10	0	54.9



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BOARD MEETING DATE: September 6, 2013

AGENDA NO. 3

**PROPOSAL:** Authorize Expenditures and Execute Contract Amendment for Technical and Administrative Assistance from Administration Portion of AB 1318 Mitigation Fees Fund

**SYNOPSIS:** The implementation of AB 1318 emission reduction projects in the Coachella Valley necessitate additional technical and administrative assistance. Up to five percent of the AB 1318 Fund has been set aside for administrative costs. These actions are to authorize the Executive Officer to approve expenditures for technical and administrative assistance and execute a contract amendment with Clean Fuels Connection not to exceed \$50,000 from the administrative portion of the AB 1318 Mitigation Fees Fund (58).

**COMMITTEE:** Technology, July 19, 2013, Recommended for Approval

**RECOMMENDED ACTIONS:**

Authorize the Executive Officer to:

1. Authorize expenditures for technical and administrative assistance using the administrative portion of the AB 1318 Mitigation Fees Fund (58) in accordance with the SCAQMD Procurement Policy and Procedure authority limits for budgeted items; and
2. Amend existing contract with Clean Fuels Connection in an amount not to exceed \$50,000 from the administrative portion of the AB 1318 Mitigation Fees Fund (58).

Barry R. Wallerstein, D.Env.  
Executive Officer

## **Background**

On January 4, 2013, the Board approved awards for emission reduction projects for the Coachella Valley as part of the AB 1318 Mitigation Fund Program to finance emission reduction projects pursuant to the requirements of AB 1318 (V. M. Perez). The mitigation fees are for the transfer of emission offsets from SCAQMD's internal offset accounts to CPV Sentinel, LLC, for the construction and operation of the CPV Sentinel Energy Project power plant located in Desert Hot Springs. A total of \$50,923,275 was allocated to 26 applicants. Several projects consist of multiple individual projects, such as weatherization projects, that may have as many as 350 homes requiring individual record keeping. As a result additional support is needed to efficiently manage the AB 1318 program. The Board allocated up to five percent of total actual expenditures for administration.

## **Proposal**

This action will permit the Executive Officer to authorize expenditures in accordance with delegated authority limits for budgeted items in accordance with the SCAQMD Procurement Policy and Procedure for technical and administrative needs that may arise during contract preparation, project development, monitoring, inspection and operation for the implementation of AB 1318 projects.

Currently the Clean Fuels Connection contract provides technical and administrative support for other incentive programs. Administrative support for AB 1318 would consist of establishing a database of projects, project monitoring and reporting, staffing the call-in number for information and applications, and working with utilities to ensure that the maximum number of applicants can participate in additional incentive programs to leverage SCAQMD funds. This action would add funding to support technical and administrative assistance for AB 1318 in an amount not to exceed \$50,000.

## **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. It is requested that sole source awards be made under provision B.2.c. (1): The unique experience and capabilities of the proposed contractor or contractor team. In November 2011 Clean Fuel Connection was initially selected from a competitive list of applicants for helping SCAQMD in implementation of the incentive funding programs. This consultant is uniquely familiar with the AB 1318 Program and SCAQMD's procedures and has provided valuable administrative and technical assistance for this specific program.

## **Benefits to the SCAQMD**

The AB 1318 Emissions Mitigation Fees Fund was established by the transfer of funds for certified emission offsets. These funds will be used to implement emission

reduction projects in the Coachella Valley that will have a direct impact on the air quality and health of residents, while aiding in regional air quality goals.

**Resource Impacts**

At the January 4, 2013 meeting, the Board approved up to five percent of the AB 1318 Mitigation Fees Fund (58) for administrative costs.

Sufficient funds are available in the AB 1318 Mitigation Fees Fund (58). This special revenue fund is to be used to finance emission reduction projects, pursuant to the requirements of AB 1318 (V.M. Perez), which was codified into law in Health and Safety Code (H&SC 40440.14). The mitigation fees are from the transfer of emission offsets from the SCAQMD's internal offset accounts to CPV Sentinel Energy Project power plant located near Desert Hot Springs, CA.

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BOARD MEETING DATE: September 6, 2013

AGENDA NO. 4

Execute Contract to Demonstrate Remote Sensing Technology for Fugitive Emissions from Refineries

**SYNOPSIS:** Recent advances in optical remote sensing technology have made it possible to measure and quantify fugitive VOC emissions from an entire refinery complex. A demonstration project is proposed to quantify fugitive VOC and other gaseous pollutant emissions from the Tesoro refinery (former BP refinery) in Wilmington, CA. Measurements will be conducted using state-of-the-art Solar Occultation Flux and mobile Differential Optical Absorption Spectroscopy technology along the refinery fence-line. This action is to execute a contract with FluxSense AB to conduct a pilot study of this new application of remote sensing technology for an amount not to exceed \$50,000 from the Rule 1173 Mitigation Fee Special Revenue Fund (44).

**COMMITTEE:** Stationary Source, August 16, 2013; Recommended for Approval

**RECOMMENDED ACTION:**

Authorize the Chairman to execute a contract with FluxSense AB to conduct a pilot study of this new application of remote sensing technology for an amount not to exceed \$50,000 from the Rule 1173 Mitigation Fee Special Revenue Fund (44).

Barry R. Wallerstein, D.Env.  
Executive Officer

MMM:PMF:AP:JCL

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**Background**

Several studies have demonstrated that actual VOC emissions from refineries may be higher than those estimated from available emission inventories. This is mainly because emission factors assume that refinery equipment is operating under ideal conditions. However, process equipment can have failures due to operator error, faulty design, or

poor maintenance, and VOC leakages can occur from multiple release points within a refinery. Such individual emissions are often difficult to locate and quantify.

Recent advances in optical remote sensing technology and software analysis have improved the accuracy of VOC emission measurements from specific sources within a refinery and from the entire facility. In order to demonstrate the effectiveness of these optical methods, SCAQMD staff proposes to conduct a pilot study in collaboration with FluxSense AB (Göteborg, Sweden) to monitor and quantify fugitive VOC emissions from the Tesoro Refinery in Wilmington CA (former BP refinery). FluxSense AB is a leading company in the field of optical remote sensing research and has more than 20 years of experience in developing state-of-the-art remote sensing techniques. FluxSense AB is uniquely qualified to provide instruments and consultant services for estimation of diffuse refinery emissions.

The measurement results obtained by FluxSense AB will be complemented by additional fence-line monitoring data obtained by the research group of Professor Jochen Stutz, Ph.D. at the Department of Atmospheric and Oceanic Sciences at UCLA, using similar remote sensing techniques. Dr. Stutz's group is already under contract with SCAQMD and is using DOAS technology for monitoring emissions from the Tesoro refinery and to provide real-time alerts to downwind schools and communities.

### **Proposal**

The monitoring approach proposed by FluxSense AB includes the deployment of Solar Occultation Flux (SOF) and mobile Differential Optical Absorption Spectroscopy (DOAS) technologies for monitoring and quantifying emissions including VOCs and other trace gases (e.g. SO<sub>2</sub> and NO<sub>2</sub>). Measurements will be conducted for about two weeks along the Tesoro refinery fence-line using a mobile platform equipped with SOF and DOAS. Facility-wide emission rates will be estimated and potential individual VOC sources identified. A few Global Positioning Systems (GPS) sondes will be released to assess the vertical wind distribution, and wind speed and wind direction data will be measured to improve data interpretation. Despite the short duration of the study, the results of this investigation will allow an estimation of facility-wide emissions with reasonable accuracy. Therefore, this action is proposed to transfer \$50,000 from the Rule 1173 Mitigation Fee Special Revenue Fund (44) to the FY 2013-14 Science & Technology Advancement Budget for conducting a pilot study of this new application of remote sensing technology.

### **Benefits to SCAQMD**

The successful implementation of this study will demonstrate technologies that can be deployed to protect nearby communities from releases of air pollutants from refineries and other large stationary sources. Measurements obtained from this project will help to better quantify fugitive emission levels from refineries, and will serve as a valuable input to future planning and rule-making efforts.

**Sole Source Justification**

A sole source award is authorized under Sections IV.B.4 of the Procurement Policy and Procedure when a purchase does not lend itself to substitution. Section VIII.B.2 of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified. The request for a sole source contract with FluxSense AB is made under Sections VIII.B.2.c (1), VIII.B.2.c (2), and VIII.B.2.c (3) of the Procurement Policy and Procedure; the unique experience and capabilities of the proposed contractor, the fact that the project involves the use of proprietary technology, and the fact that the contractor has ownership of key assets required for project performance.

FluxSense AB is uniquely positioned to demonstrate the SOF and mobile DOAS technologies that they have themselves developed. This includes the complex data processing and analysis software that they have used for other similar applications. FluxSense AB is a spin-off company from Chalmers University of Technology in Göteborg, Sweden. This company has been active for 10 years and has carried out more than 60 industrial site surveillances in Austria, Belgium, Denmark, France, Middle East, Netherlands, Norway, Sweden and the United States.

**Resource Impacts**

Funds are available in the amount of \$50,000 from the Rule 1173 Mitigation Fee Special Revenue Fund (44).

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 5

**PROPOSAL:** Execute Contract for Development of Retrofit Technology for Natural Gas Engines and In-Use Emissions Testing of On-Road Heavy-Duty Trucks 

**SYNOPSIS:** The Board previously awarded a contract to West Virginia University (WVU) to conduct in-use emissions testing and evaluate retrofit technologies for heavy-duty on-road engines. Initial evaluations of technologies to reduce ammonia emissions from natural gas engines indicate that a selective catalytic reduction system is capable of reducing ammonia and further reducing NOx emissions. Additional work is required to develop, optimize, and enhance the system's performance and durability. In addition, staff is proposing to conduct in-use emissions measurement from heavy-duty trucks as the trucks are driven over a 1,600-mile route in Southern California. This action is to execute a contract with WVU to develop and optimize a NOx retrofit technology for heavy-duty natural gas engines and to conduct real-world in-use emissions testing of heavy-duty engines in an amount not to exceed \$340,000 from the Clean Fuels Fund (31).

**COMMITTEE:** Technology, July 19, 2013; Recommend for Approval

**RECOMMENDED ACTION:**

Authorize the Chairman to execute a contract with West Virginia University to develop and optimize a NOx retrofit technology for heavy-duty natural gas engines and to conduct real-world in-use emissions testing of heavy-duty engines in an amount not to exceed \$340,000 from the Clean Fuels Fund (31).

Barry R. Wallerstein, D.Env.  
Executive Officer

## **Background**

### Retrofit Technology Demonstration Project

On December 3, 2010, the Board awarded a contract to West Virginia University (WVU) to conduct in-use emissions testing, and if needed, to evaluate emission-reduction potential of retrofit technology on existing and new on-road heavy-duty vehicles. While the test results revealed that test vehicles' in-use emissions were lower than the 2010 U.S. EPA in-use or not-to-exceed emissions standards, ammonia emissions from natural gas vehicles were found to be significantly higher than expected due to the nature of spark-ignited engines. The initial evaluations of technologies to reduce ammonia emissions from natural gas engines indicate that a selective catalytic reduction (SCR) system is capable of reducing ammonia and further reducing NOx emissions. Additional work is required to develop, optimize, and enhance the SCR system's performance and durability.

### Real-World In-Use Emissions Testing Project

On October 7, 2011, the Board approved a new task to assess in-use emissions from a 70,000-pound loaded 2010 U.S. EPA compliant heavy-duty diesel vehicle as the vehicle was driven over a 2,500-mile route between Morgantown WV and Riverside CA as part of the in-use emissions testing by WVU. The in-use emissions assessment showed that the combined diesel particulate filter and SCR system achieved low levels of PM and NOx emissions for over 90% of the 2,500-mile trip characterized by mostly sustained freeway operation. Staff has been discussing with CARB enhancing this study to cover urban traffic conditions that are characteristic of heavy-duty vehicle operations in the South Coast Air Basin. The in-use emissions assessment is estimated to cost around \$190,000, of which staff is proposing to cost-share up to \$90,000. CARB will provide \$100,000 in direct funding to WVU.

## **Proposal**

### Retrofit Technology Demonstration Project

The proposed project is to develop and optimize an SCR system to reduce ammonia and NOx emissions from a heavy-duty natural gas engine. WVU will design, fabricate, and install an SCR system on a heavy-duty natural gas engine. The SCR-equipped engine will then be mounted on an engine dynamometer to optimize the performance, durability, and emission-reduction potential of the SCR system. WVU will be working with a retrofit device manufacturer with the ultimate goal of commercializing the technology.

### Real-World In-Use Emissions Testing Project

The proposed project involves assessment of real-world in-use emissions from four heavy-duty vehicles as the vehicles are driven over five routes within the Basin. WVU will use its Transportable Emissions Measurement System (TEMS) to measure in-use emissions from four vehicles, each loaded to approximately 70,000 pounds, while driven over five typical drayage truck routes in the Basin. WVU will compare in-use



emissions measurements using a portable emissions measurement system against laboratory grade analyzers, continuously track all not-to-exceed events, and measure exhaust plume and total and non-methane hydrocarbon, NO<sub>x</sub> (NO<sub>2</sub>, nitric oxide, nitrous oxide), CO, CO<sub>2</sub>, PM, and ammonia emissions.

This action is to execute a contract with WVU in the amount of \$340,000 from the Clean Fuels Fund (31) to cover the cost to develop and optimize a NO<sub>x</sub> retrofit technology for heavy-duty natural gas engine for up to \$250,000 and to conduct real-world in-use emissions testing of heavy-duty engines for up to \$90,000.

### **Benefits to SCAQMD**

The proposed project supports the implementation of advanced alternative fuel technology that could potentially be used to further reduce PM and NO<sub>x</sub> emissions from on-road heavy-duty vehicles. The proposed project is included in the *Technology Advancement Office 2013 Plan Update* under “Fuels/Emission Studies” and “Emission Control Technologies” categories.

### **Sole Source Justification**

Section VIII.B.2 of the Procurement Policy and Procedure identifies provisions by 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 SCAQMD. This request for sole source award is made under provision B.2.d(1): Projects involving cost sharing by multiple sponsors, and provision B.2.d(3): projects involving a commitment to multiple project phases. The proposed project is cost-shared by WVU and CARB. The details of the cost-share provided by the WVU and CARB are shown in the following section.

Additionally, the Board previously awarded a contract to WVU to evaluate emission-reduction potential of retrofit technology on heavy-duty vehicles as part of the in-use emissions testing program. The evaluations of retrofit technologies under the test program showed that the SCR system is capable of reducing ammonia and NO<sub>x</sub> emissions, but there is a need for additional work to develop and optimize the SCR system. The proposed project is the second phase of the retrofit technology evaluation study to develop, optimize, and enhance the system’s emissions-reduction performance, durability, and reliability.

### **Resource Impacts**

The total project cost is estimated to be \$490,000, of which SCAQMD’s cost share shall not exceed \$340,000 from the Clean Fuels Fund (Fund 31). CARB and WVU will provide the remaining \$150,000. The total cost-share for the proposed project is summarized below:

<b>Project Partners</b>	<b>Funding Amount</b>
WVU	\$50,000
CARB	\$100,000
SCAQMD Requested	\$340,000
<b>TOTAL</b>	<b>\$490,000</b>

Sufficient funds are available from the Clean Fuels Fund (31), 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: September 6, 2013

AGENDA NO. 6

PROPOSAL: Execute Contracts for Air Pollution Health Effects Studies

SYNOPSIS: This action is to fund two different health studies related to the elderly and in-utero exposures. The initial years of both projects were funded by the BP/AQMD Public Benefits Program, and this action is to cover the completion of the research. The first study, to determine the effects of particulate pollutants in an elderly cohort, is by the University of California, Irvine for an amount not to exceed \$159,974, and the second study, to determine the risks of asthma in children from traffic exposures during pregnancy, is by the Southern California Research Center/Allergy & Asthma Associates of Southern California in an amount not to exceed \$99,670. Both proposed studies will be funded by the Clean Fuels Fund (31).

COMMITTEE: Technology, July 19, 2013, Recommend for Approval

RECOMMENDED ACTIONS:

Authorize the Chairman to execute contracts with the following entities from the Clean Fuels Fund (31):

1. The University California, Irvine to conduct the research project “The Relation of Airway and Systemic Oxidative Stress to Particulate Air Pollution Exposures in an Elderly Cohort” in an amount not to exceed \$159,974; and
2. The Southern California Research Center/Allergy & Asthma Associates of Southern California to conduct the research project “Risk of Incident Asthma Among Children from In-Utero Exposures to Traffic-Related Pollutants” in an amount not to exceed \$99,670.

Barry R. Wallerstein, D.Env.  
Executive Officer

## **Background**

Ambient exposures to air pollutants have been associated with a number of health effects, and the elderly and children are groups that are more vulnerable to such effects. Traffic related emissions have been implicated in a number of studies as being related to adverse effects. However, the specific components, or combination of components, resulting in such effects are not clearly established. There remains a need to characterize the components of traffic emissions to determine if there are specific exposures responsible for the observed effects.

## **Proposals**

This action is to fund two different health studies related to the elderly and in-utero exposures. The research proposals were originally submitted in response to a Request for Proposals to the BP/AQMD Public Benefits Program Oversight Committee. This Program is part of a settlement agreement between SCAQMD and BP. The proposals received favorable ratings under the Committee's review process, and the initial year of both projects were funded by the BP/AQMD Public Benefits Program. This request is to cover the completion of the research. There are no funds remaining in the Public Benefits Program to complete the research projects.

The first project, "The Relation of Airway and Systemic Oxidative Stress to Particulate Air Pollution Exposures in an Elderly Cohort," will be accomplished in coordination with a study funded by the National Institutes of Health on the health effects of fine particulate exposures. It includes weekly measurements of air pollutants and cardiovascular and respiratory symptoms in a group of 120 elderly subjects living in the South Coast Air Basin. Half of the subjects reside in Los Angeles, and half reside in Anaheim. The measurements are taken over two six-week periods, one in the cool season and one in the warm season. The current project adds measures for markers of oxidative stress in the breath and in the blood of the subjects. About half of the subject data have been collected during the first year of the project.

The analysis will determine which pollutants are associated with specific respiratory and cardiovascular health outcomes. It is hypothesized that oxidant pollutants, such as ozone and secondary organic aerosols, which include oxidized organic substances emitted from fuel combustion associated with particulate matter, are responsible for respiratory effects. It is further hypothesized that cardiovascular effects and changes in blood markers are associated with freshly emitted traffic-related organic chemicals in particulate matter.

The second project "Risk of Incident Asthma Among Children from In-Utero Exposures to Traffic-Related Air Pollutants," will estimate the association of traffic exposure during pregnancy and diagnosis of asthma during childhood. This study is among the first to evaluate potential risk of exposures near the residence, work, and in-vehicle travel during a vulnerable time of immune system development.

The project uses a case control study design. The subjects with asthma are being recruited from patients in a large medical practice focusing on asthma. Historical data are available including date of birth, residence history, demographic variable, and asthma severity and control. Control subjects matched for characteristics such as age, gender, and ethnicity are being recruited from general pediatric clinics, preschools, mommy-and-me classes, and churches. The goal is to recruit 1000 cases and an equal number of matched controls. Traffic-related exposures during pregnancy are estimated based on residence and work locations and on commute patterns. Markers of traffic emissions include NO, NO<sub>2</sub>, CO, PM<sub>2.5</sub> and ultrafine particles. Both dispersion models of nearby traffic emissions as well as regional air monitoring data will be employed. Additionally, a model developed under a previous research project will be used to estimate exposures to traffic pollutants during commuting times.

### **Benefits to AQMD**

The results of these projects will provide information to help understand the linkage between sources, chemical composition, and the toxicity of emissions from motor vehicles, which will provide a strong scientific basis on which to develop and to assess strategies designed to protect the public from exposure to motor vehicle emissions. Additionally, results from these studies will be an invaluable resource to motor vehicle related exposure and health studies in the Los Angeles Basin. These proposed projects are included in the *Technology Advancement Office Clean Fuels Program 2013 Plan Update* under the category of “Health Impacts Studies.”

### **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. 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. Specifically, clause B.2.d.(1): Projects including cost-sharing by multiple sponsors; clause B.2.d.(8): Research and development efforts with educational institutions or nonprofit organizations; and B.2.c.(1): The unique experience and capabilities of the proposed contractor or contractor team. These projects will be leveraged with other ongoing research efforts in collaboration with the National Institutes of Health and the BP/AQMD Public Benefits Program.

### **Resource Impacts**


The total cost of the first project “The Relation of Airway and Systemic Oxidative Stress to Particulate Air Pollution Exposures in an Elderly Cohort” is \$376,368 and staff proposes to provide cost-sharing of \$159,974 towards this project from the Clean Fuel Fund (31). The cost of the second project “Risk of Incident Asthma Among Children

from In-Utero Exposures to Traffic-Related Air Pollutants” is \$317,119 and staff proposes to provide \$99,670 from the Clean Fuels Fund (31) as cost share.

The total SCAQMD cost for these projects is \$259,644. Sufficient funds are available from the Clean Fuels Fund (31), 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: September 6, 2013

AGENDA NO. 7

PROPOSAL: Execute Contract for Natural Gas Fueling Station 

SYNOPSIS: In 2010, the SCAQMD received a DOE award to upgrade an LNG station for \$150,000 at a United Parcel Service (UPS) Depot; however, the original contractor Applied LNG Technology (ALT) is unable to perform under the original intent of the award. SCAQMD and DOE have agreed to award directly to UPS for the station upgrade. This action is to recognize revenue and appropriate funds for upgrading the existing UPS LNG fueling station at the Ontario Airport and execute a contract with UPS in an amount not to exceed \$150,000.

COMMITTEE: Technology, July 19, 2013; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize revenue and appropriate \$150,000 from DOE under the American Recovery and Reinvestment Act program for upgrading the existing LNG fueling station at the Ontario Airport to the Science & Technology Advancement FY 2013-14 Budget (Org. 44), Services and Supplies Major Object, Professional and Special Services Account;
2. Authorize the Executive Officer to execute a contract with UPS for upgrading the existing LNG fueling station at the Ontario Airport in an amount not to exceed \$150,000; and

Barry R. Wallerstein, D.Env.  
Executive Officer

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**Background**

Alternative fuel vehicles play an important role in helping SCAQMD's efforts to meet the federal standards for fine particulate matter and ozone. SCAQMD recognizes the importance of a large network of natural gas and hydrogen stations to provide fueling for alternative fuel vehicles. Over the years, SCAQMD has provided a substantial

amount of funding through local, state and federal programs for natural gas and hydrogen stations.

In 2010, the SCAQMD received an award through the American Recovery and Reinvestment Act program in the Petroleum Reduction Technologies Projects for the Transportation Sector category. The Board authorized a contract with ALT in the amount of \$150,000; however, ALT is unable to perform under the original intent of the contract award.

### **Proposal**

ALT is unable to perform under the original intent of the contract award to upgrade their LNG station at the Ontario Airport. Staff worked with DOE and UPS to identify a workable solution that would allow the necessary upgrades to be conducted in a timely manner. UPS has agreed to be the responsible party and will subcontract the construction work to a California licensed contractor. This action is to execute a contract with UPS for the upgrade of their LNG station at the Ontario Airport. This project will be funded through DOE's American Recovery and Reinvestment Act program.

### **Benefits to SCAQMD**

SCAQMD's Clean Fuels Program has been active in funding the development and demonstration of low- and zero-emission technologies. LNG fueling stations are necessary to facilitate the introduction and deployment of low-emission vehicles, and this effort will help the SCAQMD to meet its clean air goals. The proposed project is included in the *Technology Advancement Office 2013 Plan Update* under "Infrastructure and Deployment."

### **Sole Source Justification**

Section VIII.B.2 of the Procurement Policy and Procedures identifies four major provisions under which a sole source award may be justified. The UPS proposed project requests for sole source awards are made under B.2.c (1): The unique experience and capabilities of the proposed contractor or contractor team; B.2.c (3): the contractor has ownership of key assets required for project performance; B.2.d (1): Projects including cost-sharing by multiple sponsors; and Section VIII.B.3 of the Procurement Policy and Procedures identifies four major provisions under which a sole source award may be justified when contracts are funded in whole or in part with federal funds. The UPS proposed project requests a sole source award be made under B.3.a: the item is available only from a single source. The proposed contractor has extensive experience with both LNG and CNG fueling stations. UPS owns both the site and the existing equipment and is pursuing an expansive upgrade for the entire station including a new LNG storage tank, dispensers, compressors, etc. Furthermore, this station fills a critical gap in the region for LNG and promotes the utilization of the cleanest fleet fuel available.



**Resource Impacts**

The total cost of the proposed contract with UPS for upgrading its existing LNG fueling station at the Ontario Airport will not exceed \$150,000. This project will be funded by the DOE American Recovery and Reinvestment Act program, the funds for which will be appropriated into the Science and Technology Advancement FY 2013-14 Budget (Org. 44), Services and Supplies Major Object, Professional and Special Services Account.

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 8

PROPOSAL: Issue Request for Information to Develop and Demonstrate Natural Gas Locomotives 

SYNOPSIS: Significant emissions reductions beyond those achieved from the cleanest locomotive technologies (Tier 4) will be needed to meet federal ozone and fine particulate air quality standards. The major locomotive manufacturers are currently developing natural gas locomotives based on interest expressed by Class I railroads. However, the expected emissions levels will be at Tier 3. In addition, Metrolink has expressed a desire to demonstrate natural gas passenger locomotives. This action is to release two separate Requests for Information to develop and demonstrate natural gas passenger and freight locomotives that exceed the Tier 4 emission standards.

COMMITTEE: Technology, July 19, 2013, Recommended for Approval

RECOMMENDED ACTIONS:

1. Release Request for Information (RFI #2014-01) to Develop and Demonstrate Natural Gas Passenger Locomotives.
2. Release Request for Information (RFI #2014-02) to Develop and Demonstrate Natural Gas Freight Locomotives.

Barry R. Wallerstein, D.Env.  
Executive Officer

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**Background**

Despite the last two decades of aggressive efforts to reduce air pollution, the South Coast region continues to have some of the worst air quality in the U.S. based on the number of days the National Ambient Air Quality Standards for ozone are exceeded, and is designated nonattainment for PM<sub>2.5</sub> and extreme nonattainment for 8-hr ozone. Diesel locomotives are a significant source of diesel PM and NO<sub>x</sub> emissions that

contribute to the Basin's air quality problem. While new locomotives will need to meet the cleanest Tier 4 standards beginning in 2015, significant emissions reductions beyond those achieved from the cleanest diesel locomotive technologies are still needed to meet the federal ozone air quality standards. Natural gas powered locomotive technologies show promise as a cleaner alternative with the added benefit of lower operational (fuel) costs.

Since the early 1990s, natural gas locomotives have been developed, demonstrated, and deployed for freight service in the United States and internationally. However, the technology has never been fully adopted because of technological limitations which continue to be researched and significant progress continues to be made toward their solution. In addition, the price differential between natural gas and diesel fuel is much greater today, spurring renewed interest in LNG powered locomotives. Currently, an LNG-powered locomotive demonstration program is underway in Canada, but with the locomotive emissions anticipated to be between the current Tier 3 and Tier 4 emission levels. Additionally, Caterpillar (parent company to Electro-Motive Diesel, Inc. [EMD] and Progress Rail) announced its intent to offer natural gas locomotive engines within the next five years. Finally, Westport Innovations, in partnership with EMD, manufacturer of on-road natural gas engines and off-road natural gas engines used in mining equipment and stationary gensets, indicated its desire to develop and demonstrate an LNG passenger locomotive with the objective of achieving emissions levels that are at least twice as clean as the Tier 4 emission standards.

As part of the February 2013 Board approval to co-fund the Southern California Regional Rail Authority (SCRRA or Metrolink) procurement of Tier 4 passenger locomotives, the Board approved a workplan to evaluate the development of LNG passenger locomotives. In a related action, given the desire to evaluate alternative sources of cleaner locomotive engines, the SCRRA Board as part of its decision to procure the new Tier 4 locomotives, committed to testing and demonstrating alternative fuel sources for future possible use in the commuter rail operating environment. As such, SCRRA will make the first five locomotives, taken out of service as a result of the procurement, available for demonstration of various alternative fuel technologies expected to be commercially available in the next decade, including but not limited to, LNG. The commitment is contingent upon an SCRRA Board-approved fully-funded research and demonstration program and working in partnership with SCAQMD.

In summary, staff believes that several natural gas locomotive technologies can potentially achieve emission levels much lower than Tier 4 and has been working with various stakeholders to facilitate the demonstration and deployment of natural gas locomotives exceeding Tier 4 emissions standards and are suitable for passenger and freight locomotive applications.

## **Proposal**

Staff is recommending release of two separate Requests for Information (RFI) to solicit strategies from qualified entities on technologies to reduce NOx and PM emissions below Tier 4 levels from natural gas locomotive engines for both passenger and freight locomotives. The technologies can include, but are not limited to, locomotive engines fueled by dedicated natural gas fuel, dual fuel (natural gas and diesel), or a combination of natural gas and diesel where diesel provides energy for auto-ignition of natural gas injection under all conditions.

The information provided under these RFIs will be used to determine the state of advanced low emissions engine technologies for passenger and freight locomotives. Based on this information, staff will evaluate the funding levels needed to conduct an LNG locomotive demonstration (including potential co-funding entities) and will recommend to the Board at a future meeting date one or more RFPs to solicit more detailed proposals for the development and demonstration of LNG passenger and freight locomotives.

## **Outreach**

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFI will be published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and the Riverside County Press Enterprises newspapers to leverage the most cost-effective method of outreach to the entire South Coast Basin.

Additionally, potential respondents may be notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFI will be emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<http://www.aqmd.gov>) where it can be viewed by making menu selections "Inside SCAQMD"/"Employment and Business Opportunities"/"Business Opportunities" or by going directly to <http://www.aqmd.gov/rfp/index.html>. Information is also available on SCAQMD's bidder's 24-hour telephone message line (909) 396-2724.

## **Benefits to AQMD**

These two RFIs will generate a list of low NOx and PM emissions technology strategies that will result in commercially viable locomotive engine technologies that exceed Tier 4 emissions standards. The development, demonstration, and deployment of these low emissions locomotive engine technologies will achieve significant NOx and PM emissions reductions from passenger and freight locomotives and assist the SCAQMD to attain its clean air goals.

**Resource Impacts**

This action will not create any financial commitment since the RFIs seek only information about the state of advanced low emission engine locomotive technologies for future locomotive development and demonstration programs.

**Attachment**

RFI # 2014-01 – Develop and Demonstrate Natural Gas Passenger Locomotives

RFI # 2014-02 – Develop and Demonstrate Natural Gas Freight Locomotives

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**REQUEST FOR INFORMATION**  
**NATURAL GAS PASSENGER LOCOMOTIVE DEMONSTRATION**  
**RFI# 2014-01**

The South Coast Air Quality Management District (SCAQMD) requests information for the following purpose according to the terms and conditions attached. In the preparation of this Request for Information (RFI), the words “Respondent”, Qualified Entity, and “Qualified Entities” are used interchangeably.

**PURPOSE/INTRODUCTION**

The purpose of this RFI is to obtain information from qualified entities to identify low nitrogen oxide (NO<sub>x</sub>) and particulate matter (PM) emissions technology strategies that will result in commercially viable locomotive engine technologies suitable for passenger locomotive applications. The technologies can include, but are not limited to locomotive engines, fueled by a 100% natural gas fuel, a dual fuel (natural gas and diesel) with a mechanically-controlled valve system to completely restrict diesel fuel if needed, or a combination of natural gas and diesel where diesel provides energy for auto-ignition of natural gas injection under all conditions. For the purpose of this RFI, a qualified entity is made-up of one or a combination of an engine original equipment manufacturer (OEM), a locomotive OEM, locomotive conversion kit OEM, an aftertreatment technology manufacturer, and an individual or entity with a wide range of knowledge and experience in developing, emissions testing, and commercialization of alternative fuel technologies for locomotives, natural gas engines, and engine exhaust aftertreatment technologies.

The emissions goal of this RFI is to identify locomotive engine technologies that are significantly cleaner than Tier 4 NO<sub>x</sub> and PM emissions standards with the goal of at least 50% cleaner in NO<sub>x</sub> emissions and at least 33% cleaner in PM emissions than the Tier 4 locomotive emission standards. In responding to the RFI, respondents will need to identify and describe the:

- Low emissions technology strategies for passenger locomotives capable of achieving the emission goal under this RFI. The strategies may include one or combination of new-build propulsion and head-end-power (HEP) engines, locomotive conversion kits, and after-treatment technologies.
- Passenger locomotive that will be newly built, converted, or remanufactured. For converting or remanufacturing existing locomotives, respondents may consider EMD F59PH, EMD F59PHI, or MP36PH-C locomotives or any passenger locomotive typically used in the South Coast Air Basin (Basin).
- New-build propulsion and HEP engines technologies, if needed.
- Locomotive conversion kit, if needed.
- Exhaust after-treatment technology and associated subsystems that will be part of the strategy.
- Fuel system including fuel storage strategy (CNG or LNG), storage installation requirement (on-board, tender car), and range.

- Overall approach to how the engine technology will meet the emission goal and satisfy the sequence of activities (engine technology design, analysis, development, fabrication, integration, demonstration and deployment) needed to produce commercially viable U.S. EPA certified natural gas engines for passenger locomotives.
- Discussion on approach to meet applicable or develop new safety requirements with the use of natural gas for passenger rail service.

SCAQMD intends to use the information provided under this RFI to determine the state of the technology for passenger advanced low emission locomotives. Based on this information, SCAQMD may issue a public solicitation for more detailed proposals for the development and demonstration of natural gas passenger locomotives.

## **SECTION I: BACKGROUND**

Despite the last two decades of aggressive efforts to reduce air pollution, the Basin continues to have some of the worst air quality in the U.S. based on the number of days the National Ambient Air Quality Standards for ozone are exceeded, and is still designated non-attainment for PM2.5 and extreme non-attainment for 8-hr ozone. While new locomotives will need to meet the cleanest Tier 4 standards in 2015, significant emissions reductions beyond those achieved from the cleanest diesel locomotive technologies are still needed to meet the federal ozone air quality standards, and natural gas locomotive technology shows promise as a cleaner alternative with the added benefit of lower operational (fuel) costs.

Staff has reviewed the status of natural gas locomotive technology and has found that the major locomotive manufacturers are currently developing natural gas freight locomotives based on the potential for significant fuel cost savings and interest expressed by the Class I railroads. As part of this development, a LNG-powered locomotive demonstration program is currently underway in Canada, but with the locomotive emissions anticipated to achieve less than Tier 4 emission levels. Additionally, Caterpillar (parent company to EMD and Progress Rail) announced its intent to offer natural gas locomotive engines within the next five years. Finally, Westport Innovations in partnership with EMD, manufacturer of on-road natural gas engines and off-road natural gas engines used in mining equipment, and stationary gensets, indicated its desire to develop and demonstrate a LNG passenger locomotive with the objective of achieving emissions levels that are at least twice as clean as the Tier 4 emission standards.

Staff believes that several natural gas locomotive technologies can potentially achieve emission levels much lower than Tier 4 and has been working with stakeholders to facilitate the demonstration and deployment of natural gas locomotives exceeding Tier 4 emissions standards and are suitable for passenger and freight locomotive applications. This RFI seeks information from locomotive manufacturers and other entities to further these efforts. Specifically, SCAQMD is seeking information on the scope, timeframe, and cost to develop and demonstrate low emissions conversion kits or technologies for passenger locomotives typically used in the Basin.

## **SECTION II: TECHNOLOGY GUIDELINE**

The RFI targets any low emissions technology strategy that will result in locomotive engine technologies suitable for passenger locomotive applications. The technologies can include, but are not limited to locomotive engines fueled by a 100% natural gas fuel, a dual fuel engine with a mechanically-controlled valve system to completely restrict diesel fuel if needed, or a combination of liquid natural gas and diesel where diesel provides energy for auto-ignition of natural gas injection under all conditions. In identifying potential locomotive technology strategies under this RFI, respondents must, at a minimum, consider strategies that will result in a commercially viable locomotive engine technology, which when applied to a passenger locomotive, will be capable of:

- Achieving emission goal of this RFI as measured over a steady-state test cycle for line-haul locomotives.
- Achieving equivalent performance standards as a diesel-powered passenger locomotive of the same size.
- Being certified by the U.S. EPA.

Additionally, the strategies must consider the fuel system including storage strategy, storage capacity requirements, storage tank installation requirements (on-board storage, tender car, mounting, crash protection, shielding, weight accommodation, and fire protection and suppression), and fuel range.

## **SECTION III: INFORMATION REQUESTED**

The purpose of the RFI is to seek information from qualified entities to identify low NO<sub>x</sub> and PM emissions technology strategies that will result in commercially viable locomotive engine technologies suitable for passenger locomotive applications. A typical qualified entity consists of one or combination of an engine OEM, a locomotive OEM, a locomotive conversion OEM, an aftertreatment technology manufacturer, and an individual or entity with a wide range of knowledge and experience in developing, emissions testing, and commercialization of alternative fuel technologies for locomotives, natural gas engines, and engine exhaust aftertreatment technologies. In addition, a qualified entity must include individuals that have current or past hands-on experience in locomotive development.

The emission goal of this RFI is to identify locomotive engine technologies that are at least 50% cleaner in NO<sub>x</sub> emissions and 33% cleaner in PM emission than the Tier 4 NO<sub>x</sub> and PM emissions standards as measured over a steady-state test cycle for line-haul locomotives.

This RFI is divided into four areas of interest including low-emission technology strategy, technology strategy implementation, fuel system, and cost. Respondents must address concisely the information requested in each area of interest (Tasks and sub-Tasks) in the format specified in Section V – Response Format and Requirements. The information provided must be specific enough to facilitate the determination of the state of the technology for passenger advanced low emission locomotives, and to select the most commercially viable of these technologies for development and demonstration on a passenger locomotive typically used in the Basin.



## **Task 1 – Low Emission Technology Strategy**

The objective of this task is for a qualified entity to provide detailed information on all feasible low emissions technology strategies capable of achieving the emissions targets of this RFI and resulting in commercially viable U.S. EPA certified locomotive engine technologies for passenger locomotives typically used in the Basin. To meet this objective, respondents must:

- 1.1. Identify and provide a detailed description of their low emissions technology strategies that will be used to meet the emission goal in this RFI and to satisfy the sequence of activities needed to produce commercially viable U.S. EPA certified locomotive engine technologies for passenger locomotives.
- 1.2. Describe the locomotive conversion kit technology if this is part of the strategy in Task 1.1. Respondents must also provide a detailed description of the:
  - 1.2.1 Conversion kit components including, at a minimum, the pistons and cylinder head technology, electronic control units, gas transport and injection system, pilot fuel control system, and other components necessary for locomotive conversion.
  - 1.2.2 Engine and locomotive specifications for the conversion kit.
  - 1.2.3 Passenger locomotive that will be converted. Respondents may consider EMD F59PH, EMD F59PHI, or MP36PH-C locomotives or any passenger locomotive typically used in the basin.
- 1.3. Provide a detailed description of the newly built propulsion and HEP engines technology if this is part of the strategy in Task 1.1. Respondents must also include the specifications of the newly built engines and locomotive. The locomotive must be a passenger locomotive for use in the basin.
- 1.4. Identify and present a detailed description of the exhaust after-treatment technology and associated subsystem that are part of each technology strategy.
- 1.5. Provide detailed information on the state of development of the each low emissions technology strategy, including the conversion kit or new-build engine technology and after-treatment technology.
- 1.6. Provide a detailed discussion on the expected emissions benefits for each strategy.

## **Task 2 –Technology Strategy Implementation**

The objective of this task is for a qualified entity to provide a detailed implementation approach for each technology strategy in Task 1. This task will include a work plan, which will clearly identify and describe all locomotive conversion kits or technologies engine and exhaust after-treatment development activities, including design and analysis, hardware fabrication and procurement, emissions testing, integration, and demonstration. In addition, this task will reaffirm respondent's response to Task 1.4 and the maturity of each emission technology strategy. The respondent must present a work plan for each strategy in Task 1 for:

- 2.1. The design, analysis, and development of the:
  - 2.1.1 Locomotive conversion kit in Task 1.2.
  - 2.1.2 New-build engine technology in Task 1.3.
  - 2.1.3 After-treatment technology in Task 1.4.
- 2.2. Hardware procurement and fabrication.
- 2.3. Specific approach to install the conversion kit on the locomotive engine.
- 2.4. Specific approach to integrate the converted engine in Task 2.3 or new build engine and associated after-treatment technology into the locomotive.
- 2.5. Emissions testing of engine and associated exhaust after-treatment technology in Task 2.4.
- 2.6. A detailed discussion on the expected emissions benefits for each strategy.
- 2.7. Locomotive demonstration and deployment.

### **Task 3 – Fuel System**

The objective of this task is for a qualified entity to identify and describe the fuel strategy for the locomotive. Respondents must identify and clearly describe the fuel system and all associated fuel related components, including:

- 3.1. Fuel storage strategy for natural gas (CNG/LNG) and diesel fuel.
- 3.2. Storage capacity requirements, including range.
- 3.3. Storage tank installation and mounting requirements (on-board storage or tender car).
- 3.4. Safety issues including fuel flammability, toxicity, and cryogenic factors, crash protection, shielding, fire prevention and suppression, and weight accommodation.

### **Task 4 – Safety**

The objective of this task is for a qualified entity to identify and describe the applicable regulations or new regulations to be developed relative to the safe use of natural gas in passenger rail service. Respondents must identify and clearly describe the applicable existing and being developed regulations and how they plan to meet the regulations, including:

- 4.1. Detailed description of safety analyses and assessments required by applicable oversight agencies (e.g., Federal Railroad Administration).
- 4.2. Detailed plan on how the requirements of the regulations would be met, including timing, necessary research and demonstration needed, availability of necessary expertise (subcontractor or internal), etc.

## **Task 5 – Project Cost**

The objective of this task is to determine the cost of each technology strategy. To meet this objective, respondents must enumerate the cost of each activity in Tasks 1 through 3 including:

- 5.1. Technology planning, design and analysis, development, hardware procurement and fabrication, integration, demonstration, and deployment.
- 5.2. Fuel system planning, design, analysis, development, fabrication, installation, and integration.
- 5.3. Labor – List the total number of hours and the hourly billing rate for each level of professional staff.
- 5.4. Subcontractor costs
- 5.5. Travel costs – Indicate the amount of travel cost and basis of estimate to include trip destination, purpose of trip, length of trip, airline fare or mileage expense, per diem costs, lodging and car rental
- 5.6. Other direct costs – This category may include such items as postage stamp and mailing expense, printing and reproduction costs, etc.

### **SECTION IV: SCHEDULE of EVENTS**

September 6, 2013  
December 6, 2013

Release of RFI  
RFI responses due by 1 p.m.

### **SECTION V: RESPONSE FORMAT and REQUIREMENTS**

Respondents must submit a technology concept paper(s) (Concept Paper) following the format as outlined below, in an environmentally friendly format: recycled paper; stapled, not bound; double-sided, black and white print; no three-ring, spiral, or plastic binders; and no card stock or colored paper.

#### **Cover Letter**

The Concept Paper must be submitted with a cover letter specifying the subject and containing the name, address, telephone number, fax number and e-mail address of the respondent. The letter must also include contact person(s) and be signed by person(s) authorized to represent the firm.

#### **Table of Contents**

A table of contents shall identify materials contained in the Concept Paper by section and page numbers.

## **Executive Summary**

Limited to 3 pages, an overview of the low emissions technology strategies for locomotives must be provided in the executive summary along with a short statement on the plans and approaches to develop, demonstrate, integrate and deploy the technology including project costs, schedules, and financial viability. The summary shall also address expected environmental benefits including reductions in fuel consumptions, criteria pollutants, and greenhouse gas emissions. A brief background on the experience and qualifications of the respondent and its associates related to the technology shall be also included in this section.

## **Technology Description and Application**

Respondents must provide a comprehensive discussion of the low emission technology strategies, including information requested in Tasks 1 through 3 in Section III – Information Requested, of this RFI.

## **Project Work Plan**

Respondents must provide a discussion of how the low emissions technology strategies will be implemented including clearly identifying and describing activities outlined in Tasks 2 and 3 of Section III – Information Requested, of this RFP. Additionally, this plan must also include the following:

- A time schedule of the major phases, in Gantt chart form.
- A list of significant milestones or project deliverables and their projected calendar delivery dates.

## **Project Costs**

Respondents must provide all the information requested in Task 4 of Section III – Information Requested, of this RFI.

## **Respondent Qualifications and Background**

This section shall describe the history, organization, and background of the Respondent including relevant qualifications of all key personnel necessary for the development, demonstration and commercialization of the proposed technology. To the extent possible, the Respondent should provide its individual member and collective design and construction experience, including experience in prior applications of the proposed technology or any related technologies.

## **Submittal Requirements**

Three (3) complete copies of the Concept Paper must be submitted in a sealed envelope, plainly marked in the upper, left-hand corner with the name and address of the Respondent with the words, "Request for Information RFI# 2014-01." It should be addressed to:

Procurement Unit  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

***Concept Papers are due no later than 1:00 p.m. on December 6, 2013.***

Concept Papers must be received, not post marked, by the submittal deadline and SCAQMD may refuse to accept any Concept Papers submitted after the deadline. The delivery of Concept Papers to the SCAQMD by the submittal deadline is the sole responsibility of the Respondent.

All responses shall become the property of the SCAQMD. One copy of the responses shall be retained for SCAQMD files. Additional copies and materials will be returned only if requested and at the Respondent's expense. SCAQMD considers information submitted in response to this RFI in the public domain, in conformance with the California Public Records Act. Any trade secret information may be submitted to the SCAQMD in a separate document in which the trade secret information is specifically identified. SCAQMD agrees to treat such trade secret information in accordance with its Public Records Act guidelines relating to trade secret information.

### **SCAQMD CONTACT**

Questions regarding this RFI should be addressed to:

Richard Carlson  
Air Quality Specialist  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765  
909-396-2599; Fax: 909-396-3324  
E-mail: rcarlson@aqmd.gov

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**REQUEST FOR INFORMATION**  
**NATURAL GAS FREIGHT LOCOMOTIVE DEMONSTRATION**  
**RFI# 2014-02**

The South Coast Air Quality Management District (SCAQMD) requests information for the following purpose according to the terms and conditions attached. In the preparation of this Request for Information (RFI), the words “Respondent”, Qualified Entity, and “Qualified Entities” are used interchangeably.

**PURPOSE/INTRODUCTION**

The purpose of this RFI is to obtain information from qualified entities to identify low nitrogen oxide (NO<sub>x</sub>) and particulate matter (PM) emissions technology strategies that will result in commercially viable locomotive engine technologies suitable for freight locomotive applications. The technologies can include, but are not limited to locomotive engines, fueled by a 100% natural gas fuel, a dual fuel (natural gas and diesel) with a mechanically-controlled valve system to completely restrict diesel fuel if needed, or a combination of natural gas and diesel where diesel provides energy for auto-ignition of natural gas injection under all conditions. For the purpose of this RFI, a qualified entity is made-up of one or a combination of an engine original equipment manufacturer (OEM), a locomotive OEM, locomotive conversion kit OEM, an aftertreatment technology manufacturer, and an individual or entity with a wide range of knowledge and experience in developing, emissions testing, and commercialization of alternative fuel technologies for locomotives, natural gas engines, and engine exhaust aftertreatment technologies.

The emissions goal of this RFI is to identify locomotive engine technologies that are significantly cleaner than Tier 4 NO<sub>x</sub> and PM emissions standards with the goal of at least 50% cleaner in NO<sub>x</sub> emissions and at least 33% cleaner in PM emissions than the Tier 4 locomotive emission standards. In responding to the RFI, respondents will need to identify and describe the:

- Low emissions technology strategies for freight locomotives capable of achieving the emission goal under this RFI. The strategies may include one or combination of new-build propulsion engines, locomotive conversion kits, and after-treatment technologies.
- Freight locomotives that will be newly built, converted, or remanufactured. For converting or remanufacturing existing locomotives, respondents must consider any freight locomotive typically used in the South Coast Air Basin (Basin).
- New-build propulsion engines technologies, if needed.
- Locomotive conversion kit, if needed.
- Exhaust after-treatment technology and associated subsystems that will be part of the strategy.
- Fuel system including fuel storage strategy (CNG or LNG), storage installation requirement (on-board, tender car), and range.

- Overall approach to how the engine technology will meet the emission goal and satisfy the sequence of activities (engine technology design, analysis, development, fabrication, integration, demonstration and deployment) needed to produce commercially viable U.S. EPA certified natural gas engines for freight locomotives.
- Discussion on approach to meet applicable or develop new safety requirements with the use of natural gas for freight rail service.

SCAQMD intends to use the information provided under this RFI to determine the state of the technology for freight advanced low emission locomotives. Based on this information, SCAQMD may issue a public solicitation for more detailed proposals for the development and demonstration of natural gas freight locomotives.

## **SECTION I: BACKGROUND**

Despite the last two decades of aggressive efforts to reduce air pollution, the Basin continues to have some of the worst air quality in the U.S. based on the number of days the National Ambient Air Quality Standards for ozone are exceeded, and is still designated non-attainment for PM2.5 and extreme non-attainment for 8-hr ozone. While new locomotives will need to meet the cleanest Tier 4 standards in 2015, significant emissions reductions beyond those achieved from the cleanest diesel locomotive technologies are still needed to meet the federal ozone air quality standards, and natural gas locomotive technology shows promise as a cleaner alternative with the added benefit of lower operational (fuel) costs.

Staff has reviewed the status of natural gas locomotive technology and has found that the major locomotive manufacturers are currently developing natural gas freight locomotives based on the potential for significant fuel cost savings and interest expressed by the Class I railroads. As part of this development, a LNG-powered locomotive demonstration program is currently underway in Canada, but with the locomotive emissions anticipated to achieve less than Tier 4 emission levels. Additionally, Caterpillar (parent company to EMD and Progress Rail) announced its intent to offer natural gas locomotive engines within the next five years. Finally, Westport Innovations in partnership with EMD, manufacturer of on-road natural gas engines and off-road natural gas engines used in mining equipment, and stationary gensets, indicated its desire to develop and demonstrate a LNG freight locomotive with the objective of achieving emissions levels that are at least twice as clean as the Tier 4 emission standards.

Staff believes that several natural gas locomotive technologies can potentially achieve emission levels much lower than Tier 4 and has been working with stakeholders to facilitate the demonstration and deployment of natural gas locomotives exceeding Tier 4 emissions standards and are suitable for freight locomotive applications. This RFI seeks information from locomotive manufacturers and other entities to further these efforts. Specifically, SCAQMD is seeking information on the scope, timeframe, and cost to develop and demonstrate low emissions conversion kits or technologies for freight locomotives typically used in the Basin.

## **SECTION II: TECHNOLOGY GUIDELINE**

The RFI targets any low emissions technology strategy that will result in locomotive engine technologies suitable for freight locomotive applications. The technologies can include, but are not limited to locomotive engines fueled by a 100% natural gas fuel, a dual fuel engine with a mechanically-controlled valve system to completely restrict diesel fuel if needed, or a combination of liquid natural gas and diesel where diesel provides energy for auto-ignition of natural gas injection under all conditions. In identifying potential locomotive technology strategies under this RFI, respondents must, at a minimum, consider strategies that will result in a commercially viable locomotive engine technology, which when applied to a freight locomotive, will be capable of:

- Achieving emission goal of this RFI as measured over a steady-state test cycle for line-haul locomotives.
- Achieving equivalent performance standards as a diesel-powered freight locomotive of the same size.
- Being certified by the U.S. EPA.

Additionally, the strategies must consider the fuel system including storage strategy, storage capacity requirements, storage tank installation requirements (on-board storage, tender car, mounting, crash protection, shielding, weight accommodation, and fire protection and suppression), and fuel range.

## **SECTION III: INFORMATION REQUESTED**

The purpose of the RFI is to seek information from qualified entities to identify low NOx and PM emissions technology strategies that will result in commercially viable locomotive engine technologies suitable for freight locomotive applications. A typical qualified entity consists of one or a combination of an engine OEM, a locomotive OEM, a locomotive conversion OEM, an aftertreatment technology manufacturer, and an individual or entity with a wide range of knowledge and experience in developing, emissions testing, and commercialization of alternative fuel technologies for locomotives, natural gas engines, and engine exhaust aftertreatment technologies. In addition, a qualified entity must include individuals that have current or past hands-on experience in locomotive development.

The emission goal of this RFI is to identify locomotive engine technologies that are at least 50% cleaner in NOx emissions and 33% cleaner in PM emission than the Tier 4 NOx and PM emissions standards as measured over a steady-state test cycle for line-haul locomotives.

This RFI is divided into four areas of interest including low-emission technology strategy, technology strategy implementation, fuel system, and cost. Respondents must address concisely the information requested in each area of interest (Tasks and sub-Tasks) in the format specified in Section V – Response Format and Requirements. The information provided must be specific enough to facilitate the determination of the state of the technology for freight advanced low emission locomotives, and to select the most commercially viable of these technologies for development and demonstration on a freight locomotive typically used in the Basin.



## **Task 1 – Low Emission Technology Strategy**

The objective of this task is for a qualified entity to provide detailed information on all feasible low emissions technology strategies capable of achieving the emissions targets of this RFI and resulting in commercially viable U.S. EPA certified locomotive engine technologies for freight locomotives typically used in the Basin. To meet this objective, respondents must:

- 1.1. Identify and provide a detailed description of their low emissions technology strategies that will be used to meet the emission goal in this RFI and to satisfy the sequence of activities needed to produce commercially viable U.S. EPA certified locomotive engine technologies for freight locomotives.
- 1.2. Describe the locomotive conversion kit technology if this is part of the strategy in Task 1.1. Respondents must also provide a detailed description of the:
  - 1.2.1 Conversion kit components including, at a minimum, the pistons and cylinder head technology, electronic control units, gas transport and injection system, pilot fuel control system, and other components necessary for locomotive conversion.
  - 1.2.2 Engine and locomotive specifications for the conversion kit.
  - 1.2.3 Freight locomotive that will be converted. Respondents must consider any freight locomotive typically used in the basin.
- 1.3. Provide a detailed description of the newly built propulsion engines technology if this is part of the strategy in Task 1.1. Respondents must also include the specifications of the newly built engine and locomotive. The locomotive must be a freight locomotive for use in the basin.
- 1.4. Identify and present a detailed description of the exhaust after-treatment technology and associated subsystem that are part of each technology strategy.
- 1.5. Provide detailed information on the state of development of the each low emissions technology strategy, including the conversion kit or new-build engine technology and after-treatment technology.
- 1.6. Provide a detailed discussion on the expected emissions benefits for each strategy.

## **Task 2 – Technology Strategy Implementation**

The objective of this task is for a qualified entity to provide a detailed implementation approach for each technology strategy in Task 1. This task will include a work plan, which will clearly identify and describe all locomotive conversion kits or technologies engine and exhaust after-treatment development activities, including design and analysis, hardware fabrication and procurement, emissions testing, integration, and demonstration. In addition, this task will reaffirm respondent's response to Task 1.4 and the maturity of each emission technology strategy. The respondent must present a work plan for each strategy in Task 1 for:

- 2.1. The design, analysis, and development of the:

- 2.1.1 Locomotive conversion kit in Task 1.2.
- 2.1.2 New-build engine technology in Task 1.3.
- 2.1.3 After-treatment technology in Task 1.4.
- 2.2. Hardware procurement and fabrication.
- 2.3. Specific approach to install the conversion kit on the locomotive engine.
- 2.4. Specific approach to integrate the converted engine in Task 2.3 or new build engine and associated after-treatment technology into the locomotive.
- 2.5. Emissions testing of engine and associated exhaust after-treatment technology in Task 2.4.
- 2.6. A detailed discussion on the expected emissions benefits for each strategy.
- 2.7. Locomotive demonstration and deployment.

### **Task 3 – Fuel System**

The objective of this task is for a qualified entity to identify and describe the fuel strategy for the locomotive. Respondents must identify and clearly describe the fuel system and all associated fuel related components, including:

- 3.1. Fuel storage strategy for natural gas (CNG/LNG) and diesel fuel.
- 3.2. Storage capacity requirements, including range.
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- 3.4. Safety issues including fuel flammability, toxicity, and cryogenic factors, crash protection, shielding, fire prevention and suppression, and weight accommodation.

### **Task 4 – Safety**

The objective of this task is for a qualified entity to identify and describe the applicable regulations or new regulations to be developed relative to the safe use of natural gas in freight rail service. Respondents must identify and clearly describe the applicable existing and being developed regulations and how they plan to meet the regulations, including:

- 4.1. Detailed description of safety analyses and assessments required by applicable oversight agencies (e.g., Federal Railroad Administration).
- 4.2. Detailed plan on how the requirements of the regulations would be met, including timing, necessary research and demonstration needed, availability of necessary expertise (subcontractor or internal), etc.

## **Task 5 – Project Cost**

The objective of this task is to determine the cost of each technology strategy. To meet this objective, respondents must enumerate the cost of each activity in Tasks 1 through 3 including:

- 5.1. Technology planning, design and analysis, development, hardware procurement and fabrication, integration, demonstration, and deployment.
- 5.2. Fuel system planning, design, analysis, development, fabrication, installation, and integration.
- 5.3. Labor – List the total number of hours and the hourly billing rate for each level of professional staff.
- 5.4. Subcontractor costs
- 5.5. Travel costs – Indicate the amount of travel cost and basis of estimate to include trip destination, purpose of trip, length of trip, airline fare or mileage expense, per diem costs, lodging and car rental
- 5.6. Other direct costs – This category may include such items as postage stamp and mailing expense, printing and reproduction costs, etc.

### **SECTION IV: SCHEDULE of EVENTS**

September 6, 2013	Release of RFI
December 6, 2013	RFI responses due by 1 p.m.

### **SECTION V: RESPONSE FORMAT and REQUIREMENTS**

Respondents must submit a technology concept paper(s) (Concept Paper) following the format as outlined below, in an environmentally friendly format: recycled paper; stapled, not bound; double-sided, black and white print; no three-ring, spiral, or plastic binders; and no card stock or colored paper.

#### **Cover Letter**

The Concept Paper must be submitted with a cover letter specifying the subject and containing the name, address, telephone number, fax number and e-mail address of the respondent. The letter must also include contact person(s) and be signed by person(s) authorized to represent the firm.

#### **Table of Contents**

A table of contents shall identify materials contained in the Concept Paper by section and page numbers.

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consumptions, criteria pollutants, and greenhouse gas emissions. A brief background on the experience and qualifications of the respondent and its associates related to the technology shall be also included in this section.

### **Technology Description and Application**

Respondents must provide a comprehensive discussion of the low emission technology strategies, including information requested in Tasks 1 through 3 in Section III – Information Requested, of this RFI.

### **Project Work Plan**

Respondents must provide a discussion of how the low emissions technology strategies will be implemented including clearly identifying and describing activities outlined in Tasks 2 and 3 of Section III – Information Requested, of this RFP. Additionally, this plan must also include the following:

- A time schedule of the major phases, in Gantt chart form.
- A list of significant milestones or project deliverables and their projected calendar delivery dates.

### **Project Costs**

Respondents must provide all the information requested in Task 4 of Section III – Information Requested, of this RFI.

### **Respondent Qualifications and Background**

This section shall describe the history, organization, and background of the Respondent including relevant qualifications of all key personnel necessary for the development, demonstration and commercialization of the proposed technology. To the extent possible, the Respondent should provide its individual member and collective design and construction experience, including experience in prior applications of the proposed technology or any related technologies.

### **Submittal Requirements**

Three (3) complete copies of the Concept Paper must be submitted in a sealed envelope, plainly marked in the upper, left-hand corner with the name and address of the Respondent with the words, "Request for Information RFI# 2014-02." It should be addressed to:

Procurement Unit  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

***Concept Papers are due no later than 1:00 p.m. on December 6, 2013.***

Concept Papers must be received, not post marked, by the submittal deadline and SCAQMD may refuse to accept any Concept Papers submitted after the deadline. The delivery of Concept Papers to the SCAQMD by the submittal deadline is the sole responsibility of the Respondent.

All responses shall become the property of the SCAQMD. One copy of the responses shall be retained for SCAQMD files. Additional copies and materials will be returned only if requested and at the Respondent's expense. SCAQMD considers information submitted in response to this RFI in the public domain, in conformance with the California Public Records Act. Any trade secret information may be submitted to the SCAQMD in a separate document in which the trade secret information is specifically identified. SCAQMD agrees to treat such trade secret information in accordance with its Public Records Act guidelines relating to trade secret information.

**SCAQMD CONTACT**


Questions regarding this RFI should be addressed to:

Richard Carlson  
Air Quality Specialist  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765  
909-396-2599; Fax: 909-396-3324  
E-mail: rcarlson@aqmd.gov

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BOARD MEETING DATE: September 6, 2013

AGENDA NO. 9

PROPOSAL: Issue RFP for Battery Electric Truck Replacement Projects and Buy-Down Incentives for EV Chargers 

SYNOPSIS: The SCAQMD won an award of \$1,045,993 from the U.S. EPA under the Diesel Emissions Reduction Act program to provide funding for truck replacements. A previous RFP was released but there were inadequate qualified responses. Staff worked with U.S. EPA to increase the eligible vehicle model years. This action is to issue a new RFP to replace on-road medium heavy-duty diesel trucks with battery electric vehicles and provide buy-down incentives for EV chargers.

COMMITTEE: Technology, July 19, 2013, Recommended for Approval

**RECOMMENDED ACTION:**

Approve issuance of RFP #P2014-02 to solicit proposals to replace on-road medium heavy-duty diesel trucks with battery electric vehicles and provide buy-down incentives for EV chargers.

Barry R. Wallerstein, D.Env.  
Executive Officer

MMM:DS:BC

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**Background**

On-road diesel trucks are a significant source of diesel particulate matter and nitrogen oxide (NO<sub>x</sub>) emissions in the South Coast Air Basin (Basin). In order to reduce these emissions and to meet the federal 8-hr ozone standard, the SCAQMD strongly supports implementation of zero-emission goods movement technologies, including battery electric vehicles in the Basin.

On June 1, 2012, SCAQMD applied for a grant under the U.S. EPA's Diesel Emissions Reduction Act program for on-road battery electric truck replacement projects. With approval from U.S. EPA for an award of \$1,045,993, SCAQMD released RFP #P2013-11 on November 2, 2012 to solicit proposals to replace on-road medium heavy-duty diesel trucks with battery electric vehicles and to purchase EV chargers. In order to encourage participation from fleets, especially from smaller fleets, in communities that are disproportionately impacted by heavy diesel traffic and goods movement activities, SCAQMD retained Gladstein, Neandross & Associates to conduct targeted outreach to fleets in the cities of San Bernardino and Ontario, the Boyle Heights neighborhood in the City of Los Angeles, and the port communities of San Pedro, Long Beach and Wilmington. Based on the evaluation of proposals submitted in response to the RFP, which closed on February 12, 2013, most of the diesel truck replacement projects were deemed ineligible since the trucks to be replaced did not meet the RFP's vehicle model year requirement of 1992 through 2003.

### **Proposal**

Staff proposes to issue RFP #P2014-02 to solicit proposals to replace on-road medium heavy-duty diesel trucks with battery electric vehicles and provide buy-down incentives for EV chargers.

As approved by the Board on November 2, 2012, selected projects will be awarded \$20,000 per truck from the U.S. EPA's \$1,045,993 grant. In addition, participating fleets may choose to leverage funding opportunities from the Hybrid Truck and Bus Voucher Incentive Program (HVIP), which is CARB's incentive program to facilitate rapid deployment of hybrid and zero-emission vehicles, and the Proposition 1B, Goods Movement Emission Reduction Program, which is another CARB incentive program for vehicles and equipment involved in goods movement activities in California.

Eligible diesel trucks must be on-road medium heavy-duty trucks with 16,001 to 26,000 pounds Gross Vehicle Weight Rating (Class 5 and 6) that are currently in use for goods movement operations. In order to promote higher participation and to achieve greater reductions in emissions, the model year eligibility for diesel trucks has been expanded to 1990 through 2003 from the 1992 through 2003 range in the previous RFP.

Replacement vehicles will be HVIP-eligible battery electric vehicles that will primarily operate in the cities of San Bernardino and Ontario, the Boyle Heights neighborhood of the City of Los Angeles, and the port communities of San Pedro, Long Beach and Wilmington. Qualified diesel trucks will be selected through an open and competitive RFP process and will be dismantled in accordance with the requirements in the U.S. EPA Request for Proposal (RFP# EPA-OAR-OTAQ-12-05).

In addition, SCAQMD will provide buy-down incentives of up to \$4,000 per EV charger to help with the installation of supporting EV charging infrastructure. The EV

chargers will need to be approved by SCAQMD and must be capable of charging an approximately 100 kWh battery electric vehicle within eight hours to meet the operational needs of targeted fleets. This incentive funding will be used to pay for the cost of EV charger hardware only. Fleets will need to pay for the cost of installation and data collection as part of their participation in this project.

### **Benefits to SCAQMD**

Projects to support implementation of various clean fuels vehicle incentive programs are included in the *Technology Advancement Office Clean Fuels Program 2013 Plan Update* under the category of “Outreach and Technology Transfer.” The U.S. EPA award and funding from the Clean Fuels Fund (31) will be used to replace on-road diesel trucks with battery electric trucks and to provide buy-down incentives for EV chargers, respectively. Successful demonstration of such projects will contribute to the attainment of clean air standards in the Basin by eliminating diesel particulate matter and NOx emissions through the replacement of diesel trucks.

### **Outreach**

In accordance with SCAQMD’s Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids will be 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 Basin.

Additionally, potential bidders may be notified utilizing SCAQMD’s own electronic listing of certified minority vendors. Notice of the RFP will be e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD’s website (<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 is also available on SCAQMD’s bidder’s 24-hour telephone message line (909) 396-2724.

### **Resource Impacts**

The \$1,045,993 U.S. EPA award will support projects to be solicited through RFP #P2014-02 for replacement of on-road medium heavy-duty diesel trucks with battery electric vehicles. On November 2, 2012, the Board approved the transfer of up to \$1,045,993 from the Clean Fuels Fund (31), as a temporary loan into the Advanced Technology, Outreach, and Education Fund (17) to fund these truck replacement projects. The temporary loan from the Clean Fuels Fund (31) will be reimbursed by the U.S. EPA award. In addition, SCAQMD will provide buy-down incentives of up to \$4,000 per EV charger to help with the cost of EV charger hardware from the Clean Fuels Fund (31).



Sufficient funds are available from the Clean Fuels Fund (31), 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.

**Attachment**

RFP #P2014-02 – Battery Electric Truck Replacement and EV Charger Incentives

# **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

## **REQUEST FOR PROPOSALS**

**RFP #P2014-02**

### **Battery Electric Truck Replacement and EV Charger Incentives**

The South Coast Air Quality Management District (SCAQMD) requests proposals for the following purpose according to terms and conditions attached. In the preparation of this Request for Proposals (RFP) the words "Proposer," "Contractor," "Contractor Team," "Grantee," "Bidder," "Bidding Team," and "Proponent", are used interchangeably.

#### **PURPOSE**

The purpose of this Request for Proposals is to solicit proposals to replace medium heavy-duty (Class 5 and 6) diesel trucks with battery electric vehicles and provide buy-down incentives for installing EV chargers. This program is aimed at promoting the adoption of battery electric vehicles in goods movement operations to reduce air pollution and greenhouse gases, and to protect the public health in the South Coast Air Basin (Basin), focusing on the communities that are disproportionately impacted by heavy diesel traffic and goods movement operations.

#### **INDEX**

The following are contained in this RFP:

Section I	Background/Information
Section II	Contact Person
Section III	Schedule of Events
Section IV	Participation in the Procurement Process
Section V	Statement of Work/Deliverables
Section VI	Proposal Submittal Requirements
Section VII	Proposal Submission
Section VIII	Proposal Evaluation/Contractor Selection Criteria
Section IX	Funding/Award
Section X	Draft Contract

Attachment A - Certifications and Representations

#### **SECTION I: BACKGROUND/INFORMATION**

The SCAQMD is a regional governmental agency responsible for meeting air quality health standards in Orange County and the non-desert portions of Los Angeles, Riverside, and San Bernardino Counties encompassing 10,743 square miles with close to 17 million residents.

Despite a remarkable improvement since the 1970's, the air quality in Southern California is still among the worst in the nation and is far from meeting all federal and state air quality standards. In fact, the Basin faces a considerable challenge to reduce substantial NOx

emissions in order to meet the federal 8-hr ozone standards of 80 ppb and 75 ppb by 2023 and 2032 respectively. Recognizing that over 90% of NOx emissions in the Basin originate from mobile sources, the SCAQMD considers zero and near-zero emission transportation technologies as a critical component in achieving the stringent ozone standards. In keeping with this strategy, the development and deployment of zero emission goods movement technologies has been adopted as one of the agency's top priorities. This category has been recognized as an area where targeted investment in cleaner and more efficient solutions could provide significant returns in terms of air quality benefits and reduction in fossil fuel consumption. Moreover, the emissions from diesel engines represent a health risk due to the toxicity of diesel particulate matter and pose a significant exposure threat to the surrounding communities.

The purpose of this RFP is to solicit proposals to replace on-road medium heavy-duty diesel trucks with battery electric vehicles and provide buy-down incentives for supporting EV chargers. This program is aimed at promoting the adoption of battery electric vehicles in goods movement operations to reduce air pollution and greenhouse gases, and to protect the public health in the Basin, especially in the communities that are disproportionately impacted by heavy diesel traffic and goods movement operations.

Selected projects will be awarded up to \$20,000 per truck replacement and up to \$4,000 per EV charger. In exchange for dismantling eligible Model Year 1990 - 2003 on-road medium heavy-duty (Class 5 and 6) diesel trucks, SCAQMD will provide up to \$20,000 per vehicle to purchase comparable zero-emission battery electric vehicles that are approved by the CARB's Hybrid Truck and Bus Voucher Incentive Program (HVIP). Replacement vehicles will have to operate primarily in the cities of San Bernardino and Ontario, the Boyle Heights neighborhood of the City of Los Angeles, and the port communities of San Pedro, Long Beach and Wilmington. In order to further promote adoption of electric trucks amongst fleets in the Basin, SCAQMD will provide buy-down incentives of up to \$4,000 per EV charger to help with the installation of supporting EV charging infrastructure. This incentive funding is for the cost of EV charger hardware only. Fleets will be responsible for the cost of installation and data collection to participate in this program. In addition, participating fleets may choose to leverage incentives from other programs such as the CARB's HVIP and Proposition 1B: Goods Movement Emission Reduction Program with this award to replace eligible diesel trucks with battery electric vehicles.

This program will be funded by a \$1.05 million grant from the U.S. EPA's Diesel Emission Reduction Act Program for truck replacement incentives and SCAQMD is providing necessary funding for the EV charger buy-down incentives.

## **SECTION II: CONTACT PERSON**

Questions regarding the content or intent of this RFP, or on procedural matters should be addressed to:

Brian Choe  
Air Quality Specialist  
Science and Technology Advancement

South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765  
Tel: (909) 396-2617  
Fax: (909) 396-3252  
E-mail: [bchoe@aqmd.gov](mailto:bchoe@aqmd.gov)

Please note: All interested parties in this RFP (#P2014-02), including potential bidders and those seeking to join a bidding team, are encouraged to periodically visit the SCAQMD website, [www.aqmd.gov/rfp](http://www.aqmd.gov/rfp). Clarifications will be provided to frequently asked questions.

### **SECTION III: SCHEDULE OF EVENTS**

September 6, 2013	Board Approval of RFP
September 6, 2013	RFP Released
September 18, 2013	Bidders Conference*
October 8, 2013	<b>Proposals due by 1 p.m.</b>
December 6, 2013**	Recommendation to Board

\*Participation in the bidder's conference is optional. Such participation would assist in notifying potential bidders of any updates or amendments. Any questions from prospective bidders or interested parties should be directed, with reference to this RFP, to Brian Choe, at [bchoe@aqmd.gov](mailto:bchoe@aqmd.gov). Bidders planning to attend the bidder's conference should notify Brian Choe by email before the close of business on September 13, 2013. The Bidders Conference will be held in Room CC-2 at the SCAQMD Headquarters in Diamond Bar, California at 10:00 a.m. on Wednesday, September 18, 2013.

\*\*Based on the current estimate and is subject to change.

### **SECTION IV: PARTICIPATION IN THE PROCUREMENT PROCESS**

A. It is the policy of the South Coast Air Quality Management District to ensure that all businesses including minority business enterprises, women business enterprises, disabled veteran business enterprises and small businesses have a fair and equitable opportunity to compete for and participate in SCAQMD contracts.

B. Definitions:

The definition of minority, women or disadvantaged business enterprises set forth below is included for purposes of determining compliance with the affirmative steps requirement described in Paragraph G below on procurements funded in whole or in part with federal grant funds which involve the use of subcontractors. The definition provided for disabled veteran business enterprise, local business, small business enterprise, low-emission vehicle business and off-peak hours delivery business are provided for purposes of determining eligibility for point or cost considerations in the evaluation process.

1. "Women business enterprise" (WBE) as used in this policy means a business enterprise that meets all of the following criteria:

- a. a business that is at least 51 percent owned by one or more women, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
  - b. a business whose management and daily business operations are controlled by one or more women.
  - c. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
2. "Disabled veteran" as used in this policy is a United States military, naval, or air service veteran with at least 10 percent service-connected disability who is a resident of California.
  3. "Disabled veteran business enterprise" (DVBE) as used in this policy means a business enterprise that meets all of the following criteria:
    - a. is a sole proprietorship or partnership of which at least 51 percent is owned by one or more disabled veterans or, in the case of a publicly owned business, at least 51 percent of its stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
    - b. the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
    - c. is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.
  4. "Local business" as used in this policy means a company that has an ongoing business within the SCAQMD at the time of bid or proposal submittal and performs 90% of the work related to the contract within the SCAQMD and satisfies the requirements of subparagraph H below.
  5. "Small business" as used in this policy means a business that meets the following criteria:
    - a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
      - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or

- A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
- 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 and 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.
6. "Joint ventures" as defined in this policy pertaining to certification means that one party to the joint venture is a DVBE or small business and owns at least 51 percent of the joint venture.
7. "Low-Emission Vehicle Business" as used in this policy means a company or contractor that uses low-emission vehicles in conducting deliveries to the SCAQMD. Low-emission vehicles include vehicles powered by electric, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), ethanol, methanol, hydrogen and diesel retrofitted with particulate matter (PM) traps.
8. "Off-Peak Hours Delivery Business" as used in this policy means a company or contractor that commits to conducting deliveries to the SCAQMD during off-peak traffic hours defined as between 10:00 a.m. and 3:00 p.m.
9. "Benefits Incentive Business" as used in this policy means a company or contractor that provides janitorial, security guard or landscaping services to the SCAQMD and commits to providing employee health benefits (as defined below in Section VIII.D.2.d) for full time workers with affordable deductible and co-payment terms.
10. "Minority Business Enterprise" as used in this policy means a business that is at least 51 percent owned by one or more minority person(s), or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more or minority persons.
- a. a business whose management and daily business operations are controlled by one or more minority persons.
  - b. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
  - c. "Minority person" for purposes of this policy, means a Black American, Hispanic American, Native-American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian (including a person whose origins are from India, Pakistan, and Bangladesh), Asian-Pacific-American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan).
11. "Disadvantaged Business Enterprise" as used in this policy means a business that is an entity owned and/or controlled by a socially and economically disadvantaged

individual(s) as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d)(8% statute), respectively;

a Small Business Enterprise (SBE);

a Small Business in a Rural Area (SBRA);

a Labor Surplus Area Firm (LSAF); or

a Historically Underutilized Business (HUB) Zone Small Business Concern, or a concern under a successor program.

- C. Under Request for Quotations (RFQ), DVBEs, DVBE business joint ventures, small businesses, and small business joint ventures shall be granted a preference in an amount equal to 5% of the lowest cost responsive bid. Low-Emission Vehicle Businesses shall be granted a preference in an amount equal to 5 percent of the lowest cost responsive bid. Off-Peak Hours Delivery Businesses shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid. Local businesses (if the procurement is not funded in whole or in part by federal grant funds) shall be granted a preference in an amount equal to 2% of the lowest cost responsive bid.
- D. Under Request for Proposals, DVBEs, DVBE joint ventures, small businesses, and small business joint ventures shall be awarded ten (10) points in the evaluation process. A non-DVBE or large business shall receive seven (7) points for subcontracting at least twenty-five (25%) of the total contract value to a DVBE and/or small business. Low-Emission Vehicle Businesses shall be awarded five (5) points in the evaluation process. On procurements which are not funded in whole or in part by federal grant funds local businesses shall receive five (5) points. Off-Peak Hours Delivery Businesses shall be awarded two (2) points in the evaluation process.
- E. SCAQMD will ensure that discrimination in the award and performance of contracts does not occur on the basis of race, color, sex, national origin, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint in the performance of SCAQMD contractual obligations.
- F. SCAQMD requires Contractor to be in compliance with all state and federal laws and regulations with respect to its employees throughout the term of any awarded contract, including state minimum wage laws and OSHA requirements.
- G. When contracts are funded in whole or in part by federal funds, and if subcontracts are to be let, the Contractor must comply with the following, evidencing a good faith effort to solicit disadvantaged businesses. Contractor shall submit a certification signed by an authorized official affirming its status as a MBE or WBE, as applicable, at the time of contract execution. The SCAQMD reserves the right to request documentation demonstrating compliance with the following good faith efforts prior to contract execution.
1. Ensure Disadvantaged Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
  2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by

DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.

3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and Local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
  4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
  5. Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
  6. If the prime contractor awards subcontracts, require the prime contractor to take the above steps.
- H. To the extent that any conflict exists between this policy and any requirements imposed by federal and state law relating to participation in a contract by a certified MBE/WBE/DVBE as a condition of receipt of federal or state funds, the federal or state requirements shall prevail.
- I. When contracts are not funded in whole or in part by federal grant funds, a local business preference will be awarded. For such contracts that involve the purchase of commercial off-the-shelf products, local business preference will be given to suppliers or distributors of commercial off-the-shelf products who maintain an ongoing business within the geographical boundaries of the SCAQMD. However, if the subject matter of the RFP or RFQ calls for the fabrication or manufacture of custom products, only companies performing 90% of the manufacturing or fabrication effort within the geographical boundaries of the SCAQMD shall be entitled to the local business preference.
- J. In compliance with federal fair share requirements set forth in 40 CFR Part 33, the SCAQMD shall establish a fair share goal annually for expenditures with federal funds covered by its procurement policy.

## **SECTION V: STATEMENT OF WORK/DELIVERABLES**

As part of the contract execution, a statement of work will be provided to all contractors that include tasks and deliverables demonstrating compliance with the requirements of the program. Detailed requirements will be provided in the contract to be executed but below is a summary of the requirements:

### **A. Statement of Work**

1. Contractor shall be reimbursed up to \$20,000 per vehicle to replace eligible medium heavy-duty diesel trucks with HVIP-eligible battery electric vehicles. Incentive funding shall only be used to pay down the capital cost of the vehicles.



2. Eligible diesel truck must be a Model Year 1990 through 2003 on-road medium heavy-duty truck with 16,001 to 26,000 pounds GVWR, currently in use for goods movement operations.
3. Replacement vehicle must be a zero-emission battery electric vehicle with 16,001 to 26,000 pounds Gross Vehicle Weight Rating (GVWR) from the HVIP-eligible vehicles list maintained by CARB.  
[http://www.arb.ca.gov/msprog/agip/hvip/080712\\_vehicle\\_eligibility\\_zev.pdf](http://www.arb.ca.gov/msprog/agip/hvip/080712_vehicle_eligibility_zev.pdf)
4. The replacement vehicle must be of the same type and similar GVWR as the replaced diesel truck.
5. Contractor shall operate the replacement vehicle in the same type of operation and function as the replaced diesel truck during the **three-year** contract term. For projects also leveraging incentive funding from the Proposition 1B: Goods Movement Emission Reduction Program, the contract term will be for five years.
6. Contractor shall operate the replacement vehicle primarily in the Cities of San Bernardino and Ontario, the Boyle Height neighborhood of the City of Los Angeles, and the port communities of San Pedro, Long Beach and Wilmington.
7. The diesel truck being replaced shall be dismantled within ninety (90) days of the replacement by a California DMV approved dismantler. The engine will be permanently disabled by drilling a hole in the engine block and the chassis will be cut in half. A proof of destruction as specified in the contract to be executed shall be submitted prior to any disbursement of incentive funding.
8. The diesel truck being replaced shall be pre-inspected by SCAQMD staff or its designee to ensure its operability and eligibility, and the replacement vehicle shall be post-inspected by SCAQMD staff or its designee to verify that the vehicle is of the same type and similar GVWR as the replaced diesel truck prior to any disbursement of incentive funding.
9. Contractor shall commit that any emission reductions generated by the replacement with a battery electric vehicle will not be used as marketable emission reduction credits, or to offset any emission reduction obligation of any person or entity.
10. Contractor shall be reimbursed up to \$4,000 per EV charger to support the operation of battery electric vehicles funded under this program.
11. Contractor shall use only UL listed EV chargers with SAE standard J1772 connectors, capable of charging a 100 kWh battery electric vehicle within 8 hours.
12. Contractor shall keep the battery electric trucks and EV chargers operational at least until the expiration of the contract.
13. Contractor shall comply with record-keeping, reporting, and audit requirements in accordance with the procedure and format as specified in the contract to be executed.

#### B. Reporting Requirements

Contractor shall supply the following reports to the SCAQMD under the contract agreements. Each submitted report shall be stapled, not bound, printed in black ink, double-sided type, on an 8-1/2 by 11 inch page, and shall include camera-ready originals.

1. Two stapled copies of each quarterly progress report due by the 10th day of each month following the reporting period. Frequency of progress reports may be changed to annual basis once all the trucks have been replaced. Contractor shall submit one copy of each progress report to SCAQMD's Project Manager. Contractor may submit progress reports via e-mail to the Project Manager. Each progress report shall include, but not be limited to,
  - a. Reference to SCAQMD contract number and title of project.
  - b. The name of the project director/principal investigator.
  - c. Reporting time period (months, year).
  - d. Description of work completed during the reporting period, including the number of trucks replaced, a discussion of problems encountered and how those problems were resolved; and other relevant activities.
  - e. Operation and maintenance data, including miles traveled per vehicle in service, charging frequency and profiles, electric fuel use, estimated gallons of diesel fuel displaced, and vehicle maintenance activities and issues during the reporting period.
  - f. Discussion of work planned for the next reporting period.
  - g. Discussion of project status with respect to time schedule and steps being taken to resolve any delays.
  
2. Two bound copies of a draft final report for review, comment, and approval shall be submitted not later than two months after the completion of the proposed project. Contractor shall submit one copy of the draft final report to SCAQMD's Project Manager. This document shall be considered in the public domain, in conformance with the California Public Records Act (Government Code Section 6250 et seq.). SCAQMD shall complete their review of the draft final report within four weeks of its receipt from proponent. The draft final report shall include, but not be limited to, the following:
  - a. Reference to SCAQMD contract number and title of project.
  - b. The name of project director/principal investigator, and consortium and teaming members
  - c. Project background and objectives.
  - d. A detailed description of the scope of work, including the number and specification of vehicles and equipment.
  - e. Operation and maintenance data including annual miles traveled per vehicle, charging frequency and profiles, annual electric fuel use, estimated gallons of diesel fuel displaced, and vehicle maintenance activities and issues.
  - f. Results - a discussion of the expected project results versus what was actually achieved.
  - g. Problems - a discussion of any significant problems encountered during the contract and how they were resolved.
  
3. Contractor shall submit three stapled originals of the final report to the SCAQMD's Project Manager incorporating the comments, no later than three months after the completion of the proposed project. The final report shall also include acknowledgement of all sponsors and participants in the project. This document shall

be considered in the public domain, in conformance with the California Public Records Act (Government Code Section 6250 et seq.).

4. Contractor shall submit a 2-page project synopsis, along with the final report. In addition to a hard copy of this synopsis, Contractor shall provide the synopsis in an electronic version, using Microsoft WORD or compatible version.

## **SECTION VI: PROPOSAL SUBMITTAL REQUIREMENTS**

Submitted proposals must follow the format outlined below and all requested information must be supplied. Failure to submit proposals in the required format will result in elimination from proposal evaluation.

### Cover Letter

A separate cover letter, including the name, address, telephone number, and e-mail address of the contractor, and signed by the person or persons authorized to represent the firm, should accompany the proposal submission. Firm contact information as follows should also be included in the cover letter:

- Address and telephone number of office in, or nearest to, Diamond Bar, California.
- Name and title of firm's representative designated as contact.

### Summary

State overall approach to meeting the objectives and satisfying the scope of work to be performed as specified in Section V – Statement of Work/Deliverables.

Please note that SCAQMD considers information submitted in response to this RFP in the public domain. Any trade secret information may be submitted to the SCAQMD in a separate document in which the trade secret information is specifically identified. SCAQMD agrees to treat such trade secret information in accordance with its Public Records Act guidelines relating to trade secret information.

### Technology Description

This section shall provide a comprehensive description of the proposed technology including technical details and specifications. The description shall include, but not be limited to, the following topics:

1. Vehicle information for both battery electric trucks and diesel trucks to be replaced including:
  - a. Quantity of vehicles to be replaced
  - b. Vehicle manufacturer and model
  - c. Model year of vehicle
  - d. Gross Vehicle Weight Rating
  - e. Engine manufacturer and model (diesel trucks)
  - f. Engine model year, horsepower, fuel type (diesel trucks)
  - g. Annual mileage per vehicle in the past 12 months (diesel trucks)
  - h. Estimated annual fuel consumption (diesel trucks)

- i. Percentage of vehicle operation in the cities of San Bernardino and Ontario, the Boyle Height neighborhood of the LA City, and the port communities of San Pedro, Long Beach and Wilmington
  - j. Price quote and specifications (battery electric trucks)
  - k. Estimated emission reductions
2. EV charger information  
List of potential EV chargers for this project including technical specifications

Statement of Work

This section shall describe technical and operational approach to meet the requirements and to accomplish the tasks and subtasks specified in the Statement of Work in Section V.

Program Schedule

This section shall identify anticipated dates of completion of all tasks and subtasks specified in the Statement of Work, including a list of milestones and deliverables. Specifically, this section should include:

A list of significant milestones, project deliverables, and the projected calendar delivery dates of each. Milestones include project tasks and completion dates, plans, progress reports, draft and final reports.

Qualifications/Experience

Provide references of other similar projects the firm was involved in during the last five years demonstrating ability to successfully complete the project. Include contact name, title, and telephone number for any references listed. Provide a statement of your firm's background and experience in performing similar projects.

Rights in Technical Data

Identify any technical data that will be delivered under the resultant SCAQMD contract with restricted rights and explain the basis for the restricted rights.

Additional Data

Provide other essential data that may assist in the evaluation of this proposal.

**Certifications and Representations** (see Attachment A to this RFP)

**SECTION VII: PROPOSAL SUBMISSION**

All proposals must be submitted according to specifications set forth in the section above. Failure to adhere to these specifications may be cause for rejection of proposal.

Signature

All proposals must be signed by an authorized representative of the Proposer.

Due Date

The Proposer shall submit eight (8) complete copies of the proposal in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the Proposer and the words "Request for Proposals #P2014-02." **All proposals are due no later than 1:00 p.m., October 8, 2013, and should be directed to:**

South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178

Late bids/proposals will not be accepted. Any correction or resubmission done by the Proposer will not extend the submittal due date.

Grounds for Rejection

A proposal may be immediately rejected if:

- It is not prepared in the format described, or
- It is signed by an individual not authorized to represent the firm.

Disposition of Proposals

SCAQMD reserves the right to reject any or all proposals. All responses become the property of SCAQMD. One copy of the proposal shall be retained for SCAQMD files. Additional copies and materials will be returned only if requested and at the proposer's expense.

Modification or Withdrawal

Once submitted, proposals cannot be altered without the prior written consent of SCAQMD. All proposals shall constitute firm offers and may not be withdrawn for a period of ninety (90) days following the last day to accept proposals.

**SECTION VIII: PROPOSAL EVALUATION/CONTRACTOR SELECTION CRITERIA**

A. A panel selected by the SCAQMD will evaluate all submitted proposals. This panel may include members outside the SCAQMD. The panel will make a recommendation to the Executive Officer and/or the Governing Board of the SCAQMD for final selection of contractor(s) and negotiation of contract(s). Each member of the evaluation panel shall be awarded equal weight in his or her rating of proposals. The evaluation panel members shall evaluate the proposals according to the specified criteria and numerical weightings set forth below.

<u>1. Project Evaluation Criteria</u>	<u>Points</u>
Understanding of project scope and requirements	20
Technical/management approach	20
Qualification of contracting team including subcontractors	15
Percentage of operation in the targeted communities: Cities of San Bernardino and Ontario, Boyle Heights neighborhood of LA City, and the port communities of San Pedro, Long Beach and Wilmington	10
Commitment to utilize electricity from renewable energy sources	5
Project cost and cost-sharing ratio by the proponents, including other funding partners identified in the proposals	30
<b>Total</b>	<b>100</b>

Additional Points

Small Business or Small Business joint venture	10
DVBE or DVBE joint venture	10
Use of DVBE or Small Business subcontractors	7
Low-emission vehicle business	5
Local business (Non-EPA funded projects only)	5
Off-peak hours delivery business	2

**The cumulative points awarded for small business, DVBE, use of small business or DVBE subcontractors, low-emission vehicle business, local business, and off-peak hours delivery business shall not exceed 15 points.**

**Note: The award of these additional points shall be contingent upon Proposer completing the Self-Certification section of Attachment A – Certifications and Representations and/or inclusion of a statement in the proposal self-certifying that Proposer qualifies for additional points as detailed above.**

2. To receive additional points in the evaluation process for the categories of Small Business or Small Business Joint Venture, DVBE or DVBE Joint Venture or Local Business (for non-EPA funded projects), the proposer must submit a self-certification or certification from the State of California Office of Small Business Certification and Resources at the time of proposal submission certifying that the proposer meets the requirements set forth in Section III. To receive points for the use of DVBE and/or Small Business subcontractors, at least 25 percent of the total contract value must be subcontracted to DVBEs and/or Small Businesses. To receive points as a Low-Emission Vehicle Business, the proposer must demonstrate to the Executive Officer, or designee, that supplies and materials delivered to the SCAQMD are delivered in vehicles that operate on either clean-fuels or if powered by diesel fuel, that the vehicles have particulate traps installed. To receive points as an Off-Peak Hours Delivery Business, the proposer must submit, at proposal submission, certification of its commitment to delivering supplies and materials to SCAQMD between the hours of 10:00 a.m. and 3:00 p.m. The cumulative points awarded for small business, DVBE, use of Small Business or DVBE Subcontractors, Local Business, Low-Emission Vehicle Business and Off-Peak Hour Delivery Business shall not exceed 15 points.

The Procurement Section will be responsible for monitoring compliance of suppliers awarded purchase orders based upon use of low-emission vehicles or off-peak traffic hour delivery commitments through the use of vendor logs which will identify the contractor awarded the incentive. The purchase order shall incorporate terms which obligate the supplier to deliver materials in low-emission vehicles or deliver during off-peak traffic hours. The Receiving department will monitor those qualified supplier deliveries to ensure compliance to the purchase order requirements. Suppliers in non-compliance will be subject to a two percent of total purchase order value penalty. The Procurement Manager will adjudicate any disputes regarding either low-emission vehicle or off-peak hour deliveries.

3. For procurement of Research and Development (R & D) projects or projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, technical factors including past experience shall be weighted at 70 points and cost and cost sharing ratio shall be weighted at 30 points. A proposal must receive at least 56 out of 70 points on R & D projects and projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, in order to be deemed qualified for award.
- B. During the selection process the evaluation panel may wish to interview some proposers for clarification purposes only. No new material will be permitted at this time.
  - C. The Executive Officer or Governing Board may award the contract to a proposer other than the proposer receiving the highest rating in the event the Governing Board determines that another proposer from among those technically qualified would provide the best value to SCAQMD considering cost and technical factors. The determination shall be based solely on the Evaluation Criteria contained in the Request for Proposal (RFP), on evidence provided in the proposal and on any other evidence provided during the bid review process. Evidence provided during the bid review process is limited to clarification by the Proposer of information presented in his/her proposal.
  - D. Selection will be made based on the above-described criteria and rating factors. The selection will be made by and is subject to Executive Officer or Governing Board approval. Proposers may be notified of the results by letter.
  - E. The Governing Board has approved a Bid Protest Procedure which provides a process for a bidder or prospective bidder to submit a written protest to the SCAQMD Procurement Manager in recognition of two types of protests: Protest Regarding Solicitation and Protest Regarding Award of a Contract. Copies of the Bid Protest Policy can be secured through a request to the SCAQMD Procurement Department.
  - F. The Executive Officer or Governing Board may award contracts to more than one proposer if in (his or their) sole judgment the purposes of the (contract or award) would best be served by selecting multiple proposers.
  - G. If additional funds become available, the Executive Officer or Governing Board may increase the amount awarded. The Executive Officer or Governing Board may also select additional proposers for a grant or contract if additional funds become available.
  - H. Upon mutual agreement of the parties of any resultant contract from this RFP, the original contract term may be extended.

## **SECTION IX: FUNDING/AWARD**

Selected projects will be awarded up to \$20,000 per truck replacement and up to \$4,000 per EV charger. This program will be funded by a \$1.05 million grant from the U.S. EPA Diesel Emission Reduction Act program for truck replacement incentives and the SCAQMD will provide necessary funding for the EV charger buy-down incentives.

**SECTION XI: DRAFT CONTRACT (Provided as a sample only)**



**South Coast  
Air Quality Management District**

This Contract consists of \*\*\* pages.

1. PARTIES - The parties to this Contract are the South Coast Air Quality Management District (referred to here as "SCAQMD") whose address is 21865 Copley Drive, Diamond Bar, California 91765-4178, and \*\*\* (referred to here as "CONTRACTOR") whose address is \*\*\*.
  
2. RECITALS
  - A. SCAQMD is the local agency with primary responsibility for regulating stationary source air pollution within the geographical boundaries of the South Coast Air Quality Management District in the State of California. SCAQMD is authorized to enter into this Contract under California Health and Safety Code Section 40489. SCAQMD desires to contract with CONTRACTOR for services described in Attachment 1 - Statement of Work, attached here and made a part here by this reference. CONTRACTOR warrants that it is well-qualified and has the experience to provide such services on the terms set forth here.
  - B. CONTRACTOR is authorized to do business in the State of California and attests that it is in good tax standing with the California Franchise Tax Board.
  - C. All parties to this Contract have had the opportunity to have this Contract reviewed by their attorney.
  
3. PERFORMANCE REQUIREMENTS
  - A. CONTRACTOR agrees to obtain and maintain the required licenses, permits, and all other appropriate legal authorizations from all applicable federal, state and local jurisdictions and pay all applicable fees. CONTRACTOR further agrees to immediately notify SCAQMD in writing of any change in its licensing status which has a material impact on the CONTRACTOR's performance under this Contract.
  - B. CONTRACTOR shall submit reports to SCAQMD as outlined in Attachment 1 - Statement of Work. All reports shall be submitted in an environmentally friendly format: recycled paper; stapled, not bound; black and white, double-sided print; and no three-ring, spiral, or plastic binders or cardstock covers. SCAQMD reserves the right to review, comment, and request changes to any report produced as a result of this Contract.
  - C. CONTRACTOR shall perform all tasks set forth in Attachment 1 - Statement of Work, and shall not engage, during the term of this Contract, in any performance of work that is in direct or indirect conflict with duties and responsibilities set forth in Attachment 1 - Statement of Work.
  - D. CONTRACTOR shall be responsible for exercising the degree of skill and care customarily required by accepted professional practices and procedures subject to SCAQMD's final approval which SCAQMD will not unreasonably withhold. Any costs incurred due to the failure to meet the foregoing standards, or otherwise defective services which require re-performance, as directed by SCAQMD, shall be the responsibility of CONTRACTOR. CONTRACTOR's failure to achieve the performance goals and objectives stated in Attachment 1- Statement of Work, is not a basis for requesting re-performance unless work conducted by CONTRACTOR is deemed by SCAQMD to have failed the foregoing standards of performance.
  - E. CONTRACTOR shall post a performance bond in the amount of \*\*\* Dollars (\$\*\*\*) from a surety authorized to issue such bonds within the State.



- F. SCAQMD has the right to review the terms and conditions of the performance bond and to request modifications thereto which will ensure that SCAQMD will be compensated in the event CONTRACTOR fails to perform and also provides SCAQMD with the opportunity to review the qualifications of the entity designated by the issuer of the performance bond to perform in CONTRACTOR's absence and, if necessary, the right to reject such entity.
- G. CONTRACTOR shall require its subcontractors to abide by the requirements set forth in this Contract.

4. TERM - The term of this Contract is from the date of execution by both parties (or insert date) to \*\*\*, unless further extended by amendment of this Contract in writing. No work shall commence until this Contract is fully executed by all parties.

5. TERMINATION

- A. In the event any party fails to comply with any term or condition of this Contract, or fails to provide services in the manner agreed upon by the parties, including, but not limited to, the requirements of Attachment 1 – Statement of Work, this failure shall constitute a breach of this Contract. The non-breaching party shall notify the breaching party that it must cure this breach or provide written notification of its intention to terminate this contract. Notification shall be provided in the manner set forth in Clause 11. The non-breaching party reserves all rights under law and equity to enforce this contract and recover damages.
- B. SCAQMD reserves the right to terminate this Contract, in whole or in part, without cause, upon thirty (30) days' written notice. Once such notice has been given, CONTRACTOR shall, except as and to the extent or directed otherwise by SCAQMD, discontinue any Work being performed under this Contract and cancel any of CONTRACTOR's orders for materials, facilities, and supplies in connection with such Work, and shall use its best efforts to procure termination of existing subcontracts upon terms satisfactory to SCAQMD. Thereafter, CONTRACTOR shall perform only such services as may be necessary to preserve and protect any Work already in progress and to dispose of any property as requested by SCAQMD.
- C. CONTRACTOR shall be paid in accordance with this Contract for all Work performed before the effective date of termination under Clause 5.B. Before expiration of the thirty (30) days' written notice, CONTRACTOR shall promptly deliver to SCAQMD all copies of documents and other information and data prepared or developed by CONTRACTOR under this Contract with the exception of a record copy of such materials, which may be retained by CONTRACTOR.

6. STOP WORK – SCAQMD may, at any time, by written notice to CONTRACTOR, require CONTRACTOR to stop all or any part of the work tasks in this Contract. A stop work order may be issued for reasons including, but not limited to, the project exceeding the budget, out of scope work, delay in project schedule, or misrepresentations. Upon receipt of the stop work order, CONTRACTOR shall immediately take all necessary steps to comply with the order. CONTRACTOR shall resume the work only upon receipt of written instructions from SCAQMD cancelling the stop work order. CONTRACTOR agrees and understands that CONTRACTOR will not be paid for performing work while the stop work order is in effect, unless SCAQMD agrees to do so in its written cancellation of the stop work order.

7. INSURANCE

- A. CONTRACTOR shall furnish evidence to SCAQMD of workers' compensation insurance for each of its employees, in accordance with either California or other states' applicable statutory requirements prior to commencement of any work on this Contract.

- B. CONTRACTOR shall furnish evidence to SCAQMD of general liability insurance with a limit of at least \$1,000,000 per occurrence, and \$2,000,000 in a general aggregate prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to SCAQMD.
- C. CONTRACTOR shall furnish evidence to SCAQMD of automobile liability insurance with limits of at least \$100,000 per person and \$300,000 per accident for bodily injuries, and \$50,000 in property damage, or \$1,000,000 combined single limit for bodily injury or property damage, prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to SCAQMD.
- D. CONTRACTOR shall furnish evidence to SCAQMD of Professional Liability Insurance with an aggregate limit of not less than \$5,000,000. **[OPTIONAL FOR PROFESSIONAL SERVICES – USE FOR LAW FIRMS AND SOFTWARE RELATED CONTRACTS]**
- E. If CONTRACTOR fails to maintain the required insurance coverage set forth above, SCAQMD reserves the right either to purchase such additional insurance and to deduct the cost thereof from any payments owed to CONTRACTOR or terminate this Contract for breach.
- F. All insurance certificates should be mailed to: SCAQMD Risk Management, 21865 Copley Drive, Diamond Bar, CA 91765-4178. **The SCAQMD Contract Number must be included on the face of the certificate.**
- G. CONTRACTOR must provide updates on the insurance coverage throughout the term of the Contract to ensure that there is no break in coverage during the period of contract performance. Failure to provide evidence of current coverage shall be grounds for termination for breach of Contract.
8. **INDEMNIFICATION** - CONTRACTOR agrees to hold harmless, defend and indemnify SCAQMD, its officers, employees, agents, representatives, and successors-in-interest against any and all loss, damage, costs, lawsuits, claims, demands, causes of action judgments, attorney's fees, or any other expenses arising from or related to any third party claim against SCAQMD, its officers, employees, agents, representatives, or successors in interest that arise or result in whole or in part, from any actual or alleged act or omission of CONTRACTOR, its employees, subcontractors, agents or representatives in the performance of this Contract.
9. **CO-FUNDING** **[USE IF REQUIRED]**
- A. CONTRACTOR shall obtain co-funding as follows: **\*\*\*, \*\*\* Dollars (\$\*\*\*); \*\*\*, \*\*\* Dollars (\$\*\*\*); \*\*\*, \*\*\* Dollars (\$\*\*\*); \*\*\*, \*\*\* Dollars (\$\*\*\*); and \*\*\*, \*\*\* Dollars (\$\*\*\*).**
- B. If CONTRACTOR fails to obtain co-funding in the amount(s) referenced above, then SCAQMD reserves the right to renegotiate or terminate this Contract.
- C. CONTRACTOR shall provide co-funding in the amount of **\*\*\* Dollars (\$\*\*\*)** for this project. If CONTRACTOR fails to provide this co-funding, then SCAQMD reserves the right to renegotiate or terminate this Contract.
10. **PAYMENT**  
**[FIXED PRICE]-use this one or the T&M one below.**
- A. SCAQMD shall pay CONTRACTOR a fixed price of **\*\*\* Dollars (\$\*\*\*)** for work performed under this Contract in accordance with Attachment 2 - Payment Schedule, attached here and included here by reference. Payment shall be made by SCAQMD to CONTRACTOR within thirty (30) days after approval by SCAQMD of an invoice prepared and furnished by CONTRACTOR showing services performed and

referencing tasks and deliverables as shown in Attachment 1 - Statement of Work, and the amount of charge claimed. Each invoice must be prepared in duplicate, on company letterhead, and list SCAQMD's Contract number, period covered by invoice, and CONTRACTOR's social security number or Employer Identification Number and submitted to: South Coast Air Quality Management District, Attn:

\*\*\*

- B. An amount equal to ten percent (10%) shall be withheld from all charges paid until satisfactory completion and final acceptance of work by SCAQMD. **[OPTIONAL]**
- C. SCAQMD reserves the right to disallow charges when the invoiced services are not performed satisfactorily in SCAQMD's sole judgment.

**[T & M]-use this one or the Fixed Price one above.**

- A. SCAQMD shall pay CONTRACTOR a total not to exceed amount of \*\*\* Dollars (\$\*\*\*), including any authorized travel-related expenses, for time and materials at rates in accordance with Attachment 2 – Cost Schedule, attached here and included here by this reference. Payment of charges shall be made by SCAQMD to CONTRACTOR within thirty (30) days after approval by SCAQMD of an itemized invoice prepared and furnished by CONTRACTOR referencing line item expenditures as listed in Attachment 2 and the amount of charge claimed. Each invoice must be prepared in duplicate, on company letterhead, and list SCAQMD's Contract number, period covered by invoice, and CONTRACTOR's social security number or Employer Identification Number and submitted to: South Coast Air Quality Management District, Attn: \*\*\*.
- B. CONTRACTOR shall adhere to total tasks and/or cost elements (cost category) expenditures as listed in Attachment 2. Reallocation of costs between tasks and/or cost category expenditures is permitted up to One Thousand Dollars (\$1,000) upon prior written approval from SCAQMD. Reallocation of costs in excess of One Thousand Dollars (\$1,000) between tasks and/or cost category expenditures requires an amendment to this Contract.
- C. SCAQMD's payment of invoices shall be subject to the following limitations and requirements:
  - i) Charges for equipment, material, and supply costs, travel expenses, subcontractors, and other charges, as applicable, must be itemized by CONTRACTOR. Reimbursement for equipment, material, supplies, subcontractors, and other charges shall be made at actual cost. Supporting documentation must be provided for all individual charges (with the exception of direct labor charges provided by CONTRACTOR). SCAQMD's reimbursement of travel expenses and requirements for supporting documentation are listed below.
  - ii) CONTRACTOR's failure to provide receipts shall be grounds for SCAQMD's non-reimbursement of such charges. SCAQMD may reduce payments on invoices by those charges for which receipts were not provided.
  - iii) SCAQMD shall not pay interest, fees, handling charges, or cost of money on Contract.
- D. SCAQMD shall reimburse CONTRACTOR for travel-related expenses only if such travel is expressly set forth in Attachment 2 – Cost Schedule of this Contract or pre-authorized by SCAQMD in writing.
  - i) SCAQMD's reimbursement of travel-related expenses shall cover lodging, meals, other incidental expenses, and costs of transportation subject to the following limitations:
    - Air Transportation - Coach class rate for all flights. If coach is not available, business class rate is permissible.
    - Car Rental - A compact car rental. A mid-size car rental is permissible if car rental is shared by three or more individuals.
    - Lodging - Up to One Hundred Fifty Dollars (\$150) per night. A higher amount of reimbursement is permissible if pre-approved by SCAQMD.
    - Meals - Daily allowance is Fifty Dollars (\$50.00).
  - ii) Supporting documentation shall be provided for travel-related expenses in accordance with the following requirements:

Lodging, Airfare, Car Rentals - Bill(s) for actual expenses incurred.

Meals - Meals billed in excess of \$50.00 each day require receipts or other supporting documentation for the total amount of the bill and must be approved by SCAQMD.

Mileage - Beginning each January 1, the rate shall be adjusted effective February 1 by the Chief Financial Officer based on the Internal Revenue Service Standard Mileage Rate

Other travel-related expenses - Receipts are required for all individual items.

E. SCAQMD reserves the right to disallow charges when the invoiced services are not performed satisfactorily in SCAQMD's sole judgment.

11. INTELLECTUAL PROPERTY RIGHTS - Title and full ownership rights to any software, documents, or reports developed under this Contract shall at all times remain with SCAQMD. Such material is agreed to be SCAQMD proprietary information.

A. Rights of Technical Data - SCAQMD shall have the unlimited right to use technical data, including material designated as a trade secret, resulting from the performance of services by CONTRACTOR under this Contract. CONTRACTOR shall have the right to use technical data for its own benefit.

B. Copyright - CONTRACTOR agrees to grant SCAQMD a royalty-free, nonexclusive, irrevocable license to produce, translate, publish, use, and dispose of all copyrightable material first produced or composed in the performance of this Contract.

12. NOTICES - Any notices from either party to the other shall be given in writing to the attention of the persons listed below, or to other such addresses or addressees as may hereafter be designated in writing for notices by either party to the other. Notice shall be given by certified, express, or registered mail, return receipt requested, and shall be effective as of the date of receipt indicated on the return receipt card.

SCAQMD: South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178  
Attn: \*\*\*

CONTRACTOR: \*\*\*  
\*\*\*  
\*\*\*  
Attn: \*\*\*

13. INDEPENDENT CONTRACTOR - CONTRACTOR is an independent contractor. CONTRACTOR, its officers, employees, agents, representatives, or subcontractors shall in no sense be considered employees or agents of SCAQMD, nor shall CONTRACTOR, its officers, employees, agents, representatives, or subcontractors be entitled to or eligible to participate in any benefits, privileges, or plans, given or extended by SCAQMD to its employees. SCAQMD will not supervise, direct, or have control over, or be responsible for, CONTRACTOR's or subcontractor's means, methods, techniques, work sequences or procedures or for the safety precautions and programs incident thereto, or for any failure by them to comply with any local, state, or federal laws, or rules or regulations, including state minimum wage laws and OSHA requirements. CONTRACTOR shall promptly notify SCAQMD of any material changes to subcontracts that affect the Contract's scope of work, deliverable schedule, and/or payment/cost schedule.

14. CONFIDENTIALITY - It is expressly understood and agreed that SCAQMD may designate in a conspicuous manner the information which CONTRACTOR obtains from SCAQMD as confidential. CONTRACTOR agrees to:
- A. Observe complete confidentiality with respect to such information, including without limitation, agreeing not to disclose or otherwise permit access to such information by any other person or entity in any manner whatsoever, except that such disclosure or access shall be permitted to employees or subcontractors of CONTRACTOR requiring access in fulfillment of the services provided under this Contract.
  - B. Ensure that CONTRACTOR's officers, employees, agents, representatives, and independent contractors are informed of the confidential nature of such information and to assure by agreement or otherwise that they are prohibited from copying or revealing, for any purpose whatsoever, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this clause.
  - C. Not use such information or any part thereof in the performance of services to others or for the benefit of others in any form whatsoever whether gratuitously or for valuable consideration, except as permitted under this Contract.
  - D. Notify SCAQMD promptly and in writing of the circumstances surrounding any possession, use, or knowledge of such information or any part thereof by any person or entity other than those authorized by this clause.
  - E. Take at CONTRACTOR expense, but at SCAQMD's option and in any event under SCAQMD's control, any legal action necessary to prevent unauthorized use of such information by any third party or entity which has gained access to such information at least in part due to the fault of CONTRACTOR.
  - F. Take any and all other actions necessary or desirable to assure such continued confidentiality and protection of such information.
  - G. Prevent access to such information by any person or entity not authorized under this Contract.
  - H. Establish specific procedures in order to fulfill the obligations of this clause.
  - I. Notwithstanding the above, nothing herein is intended to abrogate or modify the provisions of Government Code Section 6250 et.seq. (Public Records Act).
15. PUBLICATION
- A. SCAQMD shall have the right of prior written approval of any document which shall be disseminated to the public by CONTRACTOR in which CONTRACTOR utilized information obtained from SCAQMD in connection with performance under this Contract.
  - B. Information, data, documents, or reports developed by CONTRACTOR for SCAQMD, pursuant to this Contract, shall be part of SCAQMD public record unless otherwise indicated. CONTRACTOR may use or publish, at its own expense, such information provided to SCAQMD. The following acknowledgment of support and disclaimer must appear in each publication of materials, whether copyrighted or not, based upon or developed under this Contract.

"This report was prepared as a result of work sponsored, paid for, in whole or in part, by the South Coast Air Quality Management District (SCAQMD). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of SCAQMD. SCAQMD, its officers, employees, contractors, and subcontractors make no warranty, expressed or implied, and assume no legal liability for the information in this report. SCAQMD has not approved or disapproved this report, nor has SCAQMD passed upon the accuracy or adequacy of the information contained herein."
  - C. CONTRACTOR shall inform its officers, employees, and subcontractors involved in the performance of this Contract of the restrictions contained herein and require compliance with the above.

16. NON-DISCRIMINATION - In the performance of this Contract, CONTRACTOR shall not discriminate in recruiting, hiring, promotion, demotion, or termination practices on the basis of race, religious creed, color, national origin, ancestry, sex, age, or physical or mental disability and shall comply with the provisions of the California Fair Employment & Housing Act (Government Code Section 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, Executive Order No. 11246 (30 Federal Register 12319), and all administrative rules and regulations issued pursuant to said Acts and Order.
17. SOLICITATION OF EMPLOYEES - CONTRACTOR expressly agrees that CONTRACTOR shall not, during the term of this Contract, nor for a period of six months after termination, solicit for employment, whether as an employee or independent contractor, any person who is or has been employed by SCAQMD during the term of this Contract without the consent of SCAQMD.
18. PROPERTY AND SECURITY - Without limiting CONTRACTOR obligations with regard to security, CONTRACTOR shall comply with all the rules and regulations established by SCAQMD for access to and activity in and around SCAQMD premises.
19. ASSIGNMENT - The rights granted hereby may not be assigned, sold, licensed, or otherwise transferred by either party without the prior written consent of the other, and any attempt by either party to do so shall be void upon inception.
20. NON-EFFECT OF WAIVER - The failure of CONTRACTOR or SCAQMD to insist upon the performance of any or all of the terms, covenants, or conditions of this Contract, or failure to exercise any rights or remedies hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions, or of the future exercise of such rights or remedies, unless otherwise provided for herein.
21. ATTORNEYS' FEES - In the event any action is filed in connection with the enforcement or interpretation of this Contract, each party shall bear its own attorneys' fees and costs.
22. FORCE MAJEURE - Neither SCAQMD nor CONTRACTOR shall be liable or deemed to be in default for any delay or failure in performance under this Contract or interruption of services resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, strikes, labor disputes, shortages of suitable parts, materials, labor or transportation, or any similar cause beyond the reasonable control of SCAQMD or CONTRACTOR.
23. SEVERABILITY - In the event that any one or more of the provisions contained in this Contract shall for any reason be held to be unenforceable in any respect by a court of competent jurisdiction, such holding shall not affect any other provisions of this Contract, and the Contract shall then be construed as if such unenforceable provisions are not a part hereof.
24. HEADINGS - Headings on the clauses of this Contract are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Contract.
25. DUPLICATE EXECUTION - This Contract is executed in duplicate. Each signed copy shall have the force and effect of an original.

26. GOVERNING LAW - This Contract shall be construed and interpreted and the legal relations created thereby shall be determined in accordance with the laws of the State of California. Venue for resolution of any disputes under this Contract shall be Los Angeles County, California.
27. PRE-CONTRACT COSTS - Any costs incurred by CONTRACTOR prior to CONTRACTOR receipt of a fully executed Contract shall be incurred solely at the risk of the CONTRACTOR. In the event that a formal Contract is not executed, the SCAQMD shall not be liable for any amounts expended in anticipation of a formal Contract. If a formal Contract does result, pre-contract cost expenditures authorized by the Contract will be reimbursed in accordance with the cost schedule and payment provision of the Contract.
28. CITIZENSHIP AND ALIEN STATUS
- A. CONTRACTOR warrants that it fully complies with all laws regarding the employment of aliens and others, and that its employees performing services hereunder meet the citizenship or alien status requirements contained in federal and state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986 (P.L. 99-603). CONTRACTOR shall obtain from all covered employees performing services hereunder all verification and other documentation of employees' eligibility status required by federal statutes and regulations as they currently exist and as they may be hereafter amended. CONTRACTOR shall have a continuing obligation to verify and document the continuing employment authorization and authorized alien status of employees performing services under this Contract to insure continued compliance with all federal statutes and regulations. Notwithstanding the above, CONTRACTOR, in the performance of this Contract, shall not discriminate against any person in violation of 8 USC Section 1324b.
- B. CONTRACTOR shall retain such documentation for all covered employees for the period described by law. CONTRACTOR shall indemnify, defend, and hold harmless SCAQMD, its officers and employees from employer sanctions and other liability which may be assessed against CONTRACTOR or SCAQMD, or both in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Contract.
29. REQUIREMENT FOR FILING STATEMENT OF ECONOMIC INTERESTS - In accordance with the Political Reform Act of 1974 (Government Code Sec. 81000 et seq.) and regulations issued by the Fair Political Practices Commission (FPPC), SCAQMD has determined that the nature of the work to be performed under this Contract requires CONTRACTOR to submit a Form 700, Statement of Economic Interests for Designated Officials and Employees, for each of its employees assigned to work on this Contract. These forms may be obtained from SCAQMD's District Counsels' office. **[REMOVE IF NOT REQUESTED ON CRAM]**
- In addition, the Act requires a contractor to disqualify himself or herself from participating in, making or influencing a decision, which would have a foreseeable material effect on his or her financial interests.
30. COMPLIANCE WITH SINGLE AUDIT ACT REQUIREMENTS [OPTIONAL - TO BE INCLUDED IN CONTRACTS WITH FOR-PROFIT CONTRACTORS WHICH HAVE FEDERAL PASS-THROUGH FUNDING] - During the term of the Contract, and for a period of three (3) years from the date of Contract expiration, and if requested in writing by the SCAQMD, CONTRACTOR shall allow the SCAQMD, its designated representatives and/or the cognizant Federal Audit Agency, access during normal business hours to all records and reports related to the work performed under this Contract. CONTRACTOR assumes sole responsibility for reimbursement to the Federal Agency funding the prime grant or contract, a sum of money equivalent to the amount of any expenditures disallowed should the SCAQMD, its designated



representatives and/or the cognizant Federal Audit Agency rule through audit exception or some other appropriate means that expenditures from funds allocated to the CONTRACTOR were not made in compliance with the applicable cost principles, regulations of the funding agency, or the provisions of this Contract.

**[OPTIONAL - TO BE INCLUDED IN CONTRACTS WITH NON-PROFIT CONTRACTORS WHICH HAVE FEDERAL PASS-THROUGH FUNDING]**

- Beginning with CONTRACTOR's current fiscal year and continuing through the term of this Contract, CONTRACTOR shall have a single or program-specific audit conducted in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133 (Audits of States, Local Governments and Non-Profit Organizations), if CONTRACTOR expended Five Hundred Thousand Dollars (\$500,000) or more in a year in Federal Awards. Such audit shall be conducted by a firm of independent accountants in accordance with Generally Accepted Government Audit Standards (GAGAS). Within thirty (30) days of Contract execution, CONTRACTOR shall forward to SCAQMD the most recent A-133 Audit Report issued by its independent auditors. Subsequent A-133 Audit Reports shall be submitted to the SCAQMD within thirty (30) days of issuance.

CONTRACTOR shall allow the SCAQMD, its designated representatives and/or the cognizant Federal Audit Agency, access during normal business hours to all records and reports related to the work performed under this Contract. CONTRACTOR assumes sole responsibility for reimbursement to the Federal Agency funding the prime grant or contract, a sum of money equivalent to the amount of any expenditures disallowed should the SCAQMD, its designated representatives and/or the cognizant Federal Audit Agency rule through audit exception or some other appropriate means that expenditures from funds allocated to the CONTRACTOR were not made in compliance with the applicable cost principles, regulations of the funding agency, or the provisions of this Contract.

31. **[OPTION TO EXTEND THE TERM OF THE CONTRACT]** - SCAQMD reserves the right to extend the contract for a one-year period commencing **\*\*\*\*\***(enter date) at the **[option price or Not-to-Exceed Amount]** set forth in Attachment 2. In the event that SCAQMD elects to extend the contract, a written notice of its intent to extend the contract shall be provided to CONTRACTOR no later than thirty (30) days prior to Contract expiration. **[REMOVE IF NOT REQUESTED ON CRAM]**
32. **[PROPOSAL INCORPORATION]** – CONTRACTOR's proposal dated **\*\*\*** submitted in response to Request for Proposal (RFP) #**\*\*\***, is expressly incorporated herein by this reference and made a part hereof of this Contract. **[REMOVE IF NOT REQUESTED ON CRAM]**
33. **[KEY PERSONNEL]** - **[insert person's name]** is deemed critical to the successful performance of this Contract. Any changes in key personnel by CONTRACTOR must be approved by SCAQMD. All substitute personnel must possess qualifications/experience equal to the original named key personnel and must be approved by SCAQMD. SCAQMD reserves the right to interview proposed substitute key personnel. **[REMOVE IF NOT REQUESTED ON CRAM]**
34. **[PREVAILING WAGES]** – **[USE FOR INFRASTRUCTURE PROJECTS]** CONTRACTOR is alerted to the prevailing wage requirements of California Labor Code section 1770 et seq. Copies of the prevailing rate of per diem wages are on file at the SCAQMD's headquarters, of which shall be made available to any interested party on request. Notwithstanding the preceding sentence, CONTRACTOR shall be responsible for determining the applicability of the provisions of California Labor Code and complying with the same, including, without limitation, obtaining from the Director of the Department of Industrial Relations the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work, making the



same available to any interested party upon request, paying any applicable prevailing rates, posting copies thereof at the job site and flowing all applicable prevailing wage rate requirements to its subcontractors. CONTRACTOR shall indemnify, defend and hold harmless the South Coast Air Quality Management District against any and all claims, demands, damages, defense costs or liabilities based on failure to adhere to the above referenced statutes.

- 35. SUBCONTRACTOR APPROVAL – If CONTRACTOR intends to subcontract all or a portion of the work under this Contract, then CONTRACTOR must first obtain written approval from SCAQMD’s Executive Officer or designee prior to subcontracting any work. Any material changes to the subcontract(s) that affect the scope of work, deliverable schedule, and/or payment/cost schedule shall also require the prior written approval of the Executive Officer or designee. No subcontract charges will be reimbursed unless the required approvals have been obtained from SCAQMD.
  
- 36. ENTIRE CONTRACT - This Contract represents the entire agreement between the parties hereto related to CONTRACTOR providing services to SCAQMD and there are no understandings, representations, or warranties of any kind except as expressly set forth herein. No waiver, alteration, or modification of any of the provisions herein shall be binding on any party unless in writing and signed by the party against whom enforcement of such waiver, alteration, or modification is sought.

IN WITNESS WHEREOF, the parties to this Contract have caused this Contract to be duly executed on their behalf by their authorized representatives.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

\*\*\*

\_\_\_\_\_  
Barry R. Wallerstein, D.Env., Executive Officer  
Dr. William A. Burke, Chairman, Governing Board

\_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTEST:**  
Saundra McDaniel, Clerk of the Board

By: \_\_\_\_\_

APPROVED AS TO FORM:  
Kurt R. Wiese, General Counsel

By: \_\_\_\_\_

//Standard Boilerplate  
Revised: April 3, 2013

# **ATTACHMENT A**

## **CERTIFICATIONS AND REPRESENTATIONS**



# South Coast Air Quality Management District

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

## **Business Information Request**

Dear SCAQMD Contractor/Supplier:

The South Coast Air Quality Management District (SCAQMD) is committed to ensuring that our contractor/supplier records are current and accurate. If your firm is selected for award of a purchase order or contract, it is imperative that the information requested herein be supplied in a timely manner to facilitate payment of invoices. In order to process your payments, we need the enclosed information regarding your account. **Please review and complete the information identified on the following pages, complete the enclosed W-9 form, remember to sign both documents for our files, and return them as soon as possible to the address below:**

**Attention: Accounts Payable, Accounting Department  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

If you do not return this information, we will not be able to establish you as a vendor. This will delay any payments and would still necessitate your submittal of the enclosed information to our Accounting department before payment could be initiated. Completion of this document and enclosed forms would ensure that your payments are processed timely and accurately.

If you have any questions or need assistance in completing this information, please contact Accounting at (909) 396-3777. We appreciate your cooperation in completing this necessary information.

Sincerely,

Michael B. O'Kelly  
Chief Financial Officer

DH:tm

Enclosures: Business Information Request  
Disadvantaged Business Certification  
W-9  
Form 590 Withholding Exemption Certificate  
Federal Contract Debarment Certification  
Campaign Contributions Disclosure  
Direct Deposit Authorization

REV 3/13



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## BUSINESS INFORMATION REQUEST

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business <i>Check One:</i>	<input type="checkbox"/> Individual <input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____ <input type="checkbox"/> Other _____

## REMITTING ADDRESS INFORMATION

Address			
City/Town			
State/Province		Zip	
Phone	(    )    -    Ext	Fax	(    )    -
Contact		Title	
E-mail Address			
Payment Name if Different			

All invoices must reference the corresponding Purchase Order Number(s)/Contract Number(s) if applicable and mailed to:

**Attention: Accounts Payable, Accounting Department  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

**DISADVANTAGED BUSINESS CERTIFICATION**

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE), minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

- is certified by the Small Business Administration or
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

Statements of certification:

As a prime contractor to the SCAQMD, \_\_\_\_\_ (name of business) will engage in good faith efforts to achieve the fair share in accordance with 40 CFR Section 33.301, and will follow the six affirmative steps listed below **for contracts or purchase orders funded in whole or in part by federal grants and contracts.**

1. Place qualified SBEs, MBEs, and WBEs on solicitation lists.
2. Assure that SBEs, MBEs, and WBEs are solicited whenever possible.
3. When economically feasible, divide total requirements into small tasks or quantities to permit greater participation by SBEs, MBEs, and WBEs.
4. Establish delivery schedules, if possible, to encourage participation by SBEs, MBEs, and WBEs.
5. Use services of Small Business Administration, Minority Business Development Agency of the Department of Commerce, and/or any agency authorized as a clearinghouse for SBEs, MBEs, and WBEs.
6. If subcontracts are to be let, take the above affirmative steps.

Self-Certification Verification: Also for use in awarding additional points, as applicable, in accordance with SCAQMD Procurement Policy and Procedure:

Check all that apply:

- |   |  |
|---|--|
| <input type="checkbox"/> Small Business Enterprise/Small Business Joint Venture | <input type="checkbox"/> Women-owned Business Enterprise                               |
| <input type="checkbox"/> Local business   | <input type="checkbox"/> Disabled Veteran-owned Business Enterprise/DVBE Joint Venture |
| <input type="checkbox"/> Minority-owned Business Enterprise                     |  |

Percent of ownership: \_\_\_\_\_ %

Name of Qualifying Owner(s): \_\_\_\_\_

I, the undersigned, hereby declare that to the best of my knowledge the above information is accurate. Upon penalty of perjury, I certify information submitted is factual.

\_\_\_\_\_  
NAME

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
DATE

## Definitions

**Disabled Veteran-Owned Business Enterprise** means a business that meets all of the following criteria:

- is a sole proprietorship or partnership of which is at least 51 percent owned by one or more disabled veterans, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
- the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
- is a sole proprietorship, corporation, partnership, or joint venture with its primary headquarters office located in the United States and which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.

**Joint Venture** means that one party to the joint venture is a DVBE and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that DVBE will receive at least 51 percent of the project dollars.

**Local Business** means a business that meets all of the following criteria:

- has an ongoing business within the boundary of the SCAQMD at the time of bid application.
- performs 90 percent of the work within SCAQMD's jurisdiction.

**Minority-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more minority persons or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minority persons.
- is a business whose management and daily business operations are controlled or owned by one or more minority person.
- is a business which is a sole proprietorship, corporation, partnership, joint venture, an association, or a cooperative with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

“Minority” person means a Black American, Hispanic American, Native American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian American (including a person whose origins are from India, Pakistan, or Bangladesh), Asian-Pacific American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, or Taiwan).

**Small Business Enterprise** means a business that meets the following criteria:

- a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
  - **A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or**
  - A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
  - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 to 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.

**Small Business Joint Venture** means that one party to the joint venture is a Small Business and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that the Small Business will receive at least 51 percent of the project dollars.

**Women-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more women or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
- is a business whose management and daily business operations are controlled or owned by one or more women.
- is a business which is a sole proprietorship, corporation, partnership, or a joint venture, with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

## Request for Taxpayer Identification Number and Certification

**Give Form to the  
 requester. Do not  
 send to the IRS.**

<b>Print or type See Specific Instructions on page 2.</b>	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate  <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____  <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number									

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer identification number									

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.



The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

#### Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

### Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

### Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

### Specific Instructions

#### Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name/disregarded entity name” line.

**Partnership, C Corporation, or S Corporation.** Enter the entity’s name on the “Name” line and any business, trade, or “doing business as (DBA) name” on the “Business name/disregarded entity name” line.

**Disregarded entity.** Enter the owner’s name on the “Name” line. The name of the entity entered on the “Name” line should never be a disregarded entity. The name on the “Name” line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner’s name is required to be provided on the “Name” line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity’s name on the “Business name/disregarded entity name” line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

**Note.** Check the appropriate box for the federal tax classification of the person whose name is entered on the “Name” line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

**Limited Liability Company (LLC).** If the person identified on the “Name” line is an LLC, check the “Limited liability company” box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter “P” for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter “C” for C corporation or “S” for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the “Name” line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the “Name” line.

**Other entities.** Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

**Exempt Payee**

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 7 <sup>2</sup>

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

**Part I. Taxpayer Identification Number (TIN)**

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.ssa.gov](http://www.ssa.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

**Part II. Certification**

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

**Signature requirements.** Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

**1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

**3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.



**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

**Secure Your Tax Records from Identity Theft**

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

**Protect yourself from suspicious emails or phishing schemes.**

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) to learn more about identity theft and how to reduce your risk.

**What Name and Number To Give the Requester**

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>1</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>1</sup>
5. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor <sup>4</sup>
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

\*Note. Grantor also must provide a Form W-9 to trustee of trust.

**Privacy Act Notice**

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

# 2013 Withholding Exemption Certificate

590

This form can only be used to certify exemption from nonresident withholding under California Revenue and Taxation Code (R&TC) Section 18662. Do not use this form for exemption from wage withholding.

File this form with your withholding agent. (Please type or print)

Withholding agent's name \_\_\_\_\_

Payee's name \_\_\_\_\_

Payee's  SSN or ITIN  FEIN  
 CA corp. no.  CA SOS file no

Address (number and street, PO Box, or PMB no.) \_\_\_\_\_

Apt. no./ Ste. no. \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

ZIP Code \_\_\_\_\_

Read the following carefully and check the box that applies to the payee.

I certify that for the reasons checked below, the payee named on this form is exempt from the California income tax withholding requirement on payment(s) made to the entity or individual.

**Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Who is a Resident, for the definition of a resident.

**Corporations:**

The above-named corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return and withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information F, What is a Permanent Place of Business, for the definition of permanent place of business.

**Partnerships or limited liability companies (LLC):**

The above-named partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return and will withhold on foreign and domestic nonresident partners or members when required. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

**Tax-Exempt Entities:**

The above-named entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

**Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans:**

The above-named entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

**California Trusts:**

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly notify the withholding agent.

**Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required.

**Nonmilitary Spouse of a Military Servicemember:**

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE:** Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided in this document is, to the best of my knowledge, true and correct. If conditions change, I will promptly notify the withholding agent.

Payee's name and title (type or print) \_\_\_\_\_ Daytime telephone no. \_\_\_\_\_

Payee's signature  \_\_\_\_\_ Date \_\_\_\_\_



# Instructions for Form 590

## Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

For purposes of California income tax, references to a spouse, husband, or wife also refer to a Registered Domestic Partner (RDP) unless otherwise specified. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

**Private Mail Box (PMB)** – Include the PMB in the address field. Write “PMB” first, then the box number. Example: 111 Main Street PMB 123.

**Foreign Address** – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country’s practice for entering the postal code. Do not abbreviate the country’s name.

### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding. California residents or entities should complete and present Form 590 to the withholding agent. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless told by the Franchise Tax Board (FTB) that the form should not be relied upon.

**Important** – This form cannot be used for exemption from wage and real estate withholding.

- If you are an employee, any wage withholding questions should be directed to the FTB General Information number, 800.852.5711. Employers should call 888.745.3886 or go to [edd.ca.gov](http://edd.ca.gov).
- Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

### B Requirement

R&TC Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

Withholding is required on the following, but is not limited to:

- Payments to nonresidents for services rendered in California.
- Distributions of California source income made to domestic nonresident S corporation shareholders, partners and members and allocations of California source income made to foreign partners and members.
- Payments to nonresidents for rents if the payments are made in the course of the withholding agent’s business.
- Payments to nonresidents for royalties with activities in California.

- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Prizes and winnings received by nonresidents for contests in California.

However, withholding is optional if the total payments of California source income are \$1,500 or less during the calendar year.

For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines. To get a withholding publication see General Information H, Publications, Forms, and Additional Information.

**Backup Withholding** – Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the FTB. The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions release of loan funds made in the normal course of business are exempt from backup withholding. For additional information on California backup withholding, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp No.); or California Secretary of State (SOS) file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit. For more information go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

**Who is Excluded from Withholding** – The following are excluded from withholding and completing this form:

- The United States and any of its agencies or instrumentalities
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities
- A foreign government or any of its political subdivisions, agencies, or instrumentalities

### C Who Certifies this Form

Form 590 is certified by the payee. An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the

withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee’s taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

For example, if an entertainer (or the entertainer’s business entity) is paid for a performance, the entertainer’s information must be provided. Do not submit the entertainer’s agent or promoter information.

The grantor of a grantor trust shall be treated as the payee for withholding purposes.

Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled “Individuals — Certification of Residency.”

### D Who is a Resident

A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose.

An individual domiciled in California who is absent from California for an uninterrupted period of at least 546 consecutive days under an employment-related contract is considered outside California for other than a temporary or transitory purpose.

An individual is still considered outside California for other than a temporary or transitory purpose if return visits to California do not total more than 45 days during any taxable year covered by an employment contract.

This provision does not apply if an individual has income from stocks, bonds, notes, or other intangible personal property in excess of \$200,000 in any taxable year in which the employment-related contract is in effect.

A spouse/RDP absent from California for an uninterrupted period of at least 546 days to accompany a spouse/RDP under an employment-related contract is considered outside of California for other than a temporary or transitory purpose.

Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For assistance in determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1032, Tax Information for Military Personnel, or call the FTB at 800.852.5711 or 916.845.6500.

## E Military Spouse Residency Relief Act (MSRRA)

Generally, for tax purposes you are considered to maintain your existing residence or domicile. If a military servicemember and nonmilitary spouse have the same state of domicile, the MSRRA provides:

- A spouse shall not be deemed to have lost a residence or domicile in any state solely by reason of being absent to be with the servicemember serving in compliance with military orders.
- A spouse shall not be deemed to have acquired a residence or domicile in any other state solely by reason of being there to be with the servicemember serving in compliance with military orders.

Domicile is defined as the one place:

- Where you maintain a true, fixed, and permanent home
- To which you intend to return whenever you are absent

A military servicemember's nonmilitary spouse is considered a nonresident for tax purposes if the servicemember and spouse have the same domicile outside of California and the spouse is in California solely to be with the servicemember who is serving in compliance with Permanent Change of Station orders.

Note: California may require nonmilitary spouses of military servicemembers to provide proof that they meet the criteria for California personal income tax exemption as set forth in the MSRRA.

Income of a military servicemember's nonmilitary spouse for services performed in California is not California source income subject to state tax if the spouse is in California to be with the servicemember serving in compliance with military orders, and the servicemember and spouse have the same domicile in a state other than California.

For additional information or assistance in determining whether the applicant meets the MSRRA requirements, get FTB Pub. 1032.

## F What is a Permanent Place of Business

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the California SOS. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

## G Withholding Agent

Keep Form 590 for your records. Do not send this form to the FTB unless it has been specifically requested.

For more information, contact Withholding Services and Compliance, see General Information H.

The payee must notify the withholding agent if any of the following situations occur:

- The individual payee becomes a nonresident.
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California.
- The partnership ceases to have a permanent place of business in California.
- The LLC ceases to have a permanent place of business in California.
- The tax-exempt entity loses its tax-exempt status.

The withholding agent must then withhold and report the withholding using Form 592, Resident and Nonresident Withholding Statement, and remit the withholding using Form 592-V, Payment Voucher for Resident and Nonresident Withholding. Form 592-B, Resident and Nonresident Withholding Tax Statement, is retained by the withholding agent and a copy is given to the payee.

## H Additional Information

To get additional nonresident withholding information, contact the Withholding Services and Compliance.

WITHHOLDING SERVICES AND COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0651

Telephone: 888.792.4900

916.845.4900

Fax: 916.845.9512

You can download, view, and print California tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov).

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT MS F284  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

Internet and Telephone Assistance

Website: [ftb.ca.gov](http://ftb.ca.gov)

Telephone: 800.852.5711 from within the United States  
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

Asistencia Por Internet y Teléfono

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)

Teléfono: 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos

TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla



United State Environmental Protection Agency  
Washington, DC 20460

### **Certification Regarding Debarment, Suspension, and Other Responsibility Matters**

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

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

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

\_\_\_\_\_  
Typed Name & Title of Authorized Representative

\_\_\_\_\_  
Signature of Authorized Representative Date

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



## CAMPAIGN CONTRIBUTIONS DISCLOSURE

In accordance with California law, bidders and contracting parties are required to disclose, at the time the application is filed, information relating to any campaign contributions made to South Coast Air Quality Management District (SCAQMD) Board Members or members/alternates of the MSRC, including: the name of the party making the contribution (which includes any parent, subsidiary or otherwise related business entity, as defined below), the amount of the contribution, and the date the contribution was made. 2 C.C.R. §18438.8(b).

California law prohibits a party, or an agent, from making campaign contributions to SCAQMD Governing Board Members or members/alternates of the Mobile Source Air Pollution Reduction Review Committee (MSRC) of more than \$250 while their contract or permit is pending before the SCAQMD; and further prohibits a campaign contribution from being made for three (3) months following the date of the final decision by the Governing Board or the MSRC on a donor's contract or permit. Gov't Code §84308(d). For purposes of reaching the \$250 limit, the campaign contributions of the bidder or contractor plus contributions by its parents, affiliates, and related companies of the contractor or bidder are added together. 2 C.C.R. §18438.5.

In addition, SCAQMD Board Members or members/alternates of the MSRC must abstain from voting on a contract or permit if they have received a campaign contribution from a party or participant to the proceeding, or agent, totaling more than \$250 in the 12-month period prior to the consideration of the item by the Governing Board or the MSRC. Gov't Code §84308(c).

The list of current SCAQMD Governing Board Members can be found at the SCAQMD website ([www.aqmd.gov](http://www.aqmd.gov)). The list of current MSRC members/alternates can be found at the MSRC website (<http://www.cleantransportationfunding.org>).

### **SECTION I.**

**Contractor (Legal Name):** \_\_\_\_\_

<input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____
---

**List any parent, subsidiaries, or otherwise affiliated business entities of Contractor:**  
(See definition below).

\_\_\_\_\_  
\_\_\_\_\_

### **SECTION II.**

Has Contractor and/or any parent, subsidiary, or affiliated company, or agent thereof, made a campaign contribution(s) totaling \$250 or more in the aggregate to a current member of the South Coast Air Quality Management Governing Board or member/alternate of the MSRC in the 12 months preceding the date of execution of this disclosure?

Yes     No    **If YES, complete Section II below and then sign and date the form. If NO, sign and date below. Include this form with your submittal.**



**Campaign Contributions Disclosure, continued:**

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate      Amount of Contribution      Date of Contribution

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate      Amount of Contribution      Date of Contribution

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate      Amount of Contribution      Date of Contribution

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate      Amount of Contribution      Date of Contribution

**I declare the foregoing disclosures to be true and correct.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEFINITIONS**

Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)

- (1) Parent subsidiary. A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.
- (2) Otherwise related business entity. Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:
  - (A) One business entity has a controlling ownership interest in the other business entity.
  - (B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:
    - (i) The same person or substantially the same person owns and manages the two entities;
    - (ii) There are common or commingled funds or assets;
    - (iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;
    - (iv) There is otherwise a regular and close working relationship between the entities; or
  - (C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.



South Coast  
 AIR QUALITY MANAGEMENT DISTRICT  
 21865 Copley Dr., Diamond Bar, CA 91765  
 www.aqmd.gov

### Direct Deposit Authorization

**STEP 1: Please check all the appropriate boxes**

- |  |  |
|--|--|
| <input type="checkbox"/> Individual (Employee, Governing Board Member) | <input type="checkbox"/> New Request           |
| <input type="checkbox"/> Vendor/Contractor                             | <input type="checkbox"/> Cancel Direct Deposit |
| <input type="checkbox"/> Changed Information                           |  |

**STEP 2: Payee Information**

Last Name		First Name		Middle Initial	Title
Vendor/Contractor Business Name (if applicable)					
Address				Apartment or P.O. Box Number	
City		State	Zip	Country	
Taxpayer ID Number		Telephone Number		Email Address	

**Authorization**

- I authorize South Coast Air Quality Management District (SCAQMD) to direct deposit funds to my account in the financial institution as indicated below. I understand that the authorization may be rejected or discontinued by SCAQMD at any time. If any of the above information changes, I will promptly complete a new authorization agreement. If the direct deposit is not stopped before closing an account, funds payable to me will be returned to SCAQMD for distribution. This will delay my payment.
- This authorization remains in effect until SCAQMD receives written notification of changes or cancellation from you.
- I hereby release and hold harmless SCAQMD for any claims or liability to pay for any losses or costs related to insufficient fund transactions that result from failure within the Automated Clearing House network to correctly and timely deposit monies into my account.

**STEP 3:**

You must verify that your bank is a member of an Automated Clearing House (ACH). Failure to do so could delay the processing of your payment. You must attach a voided check or have your bank complete the bank information and the account holder must sign below.

**To be Completed by your Bank**

<b>Staple Voided Check Here</b>	Name of Bank/Institution				
	Account Holder Name(s)				
	<input type="checkbox"/> Saving <input type="checkbox"/> Checking		Account Number	Routing Number	
	Bank Representative Printed Name		Bank Representative Signature		Date
	ACCOUNT HOLDER SIGNATURE:				Date


For SCAQMD Use  
Only

Input By \_\_\_\_\_

Date \_\_\_\_\_

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 10

**PROPOSAL:** Recognize Revenue, Issue RFP for Conference Organizer for Alternative Fuel Conference, and Execute and Amend Contracts for Alternative Fuel Infrastructure Planning 

**SYNOPSIS:** BAAQMD was awarded a \$1,000,000 grant from the DOE for alternative fuel infrastructure planning. Electric, hydrogen, and CNG/LNG infrastructure permitting and installation best practices guidelines, outreach workshops, and two alternative fuel outreach events are deliverables for this project. This action is to recognize funds in the amount of \$320,000 from BAAQMD and issue an RFP for a conference organizer for an alternative fuel conference. This action is also to execute and amend contracts with four entities to provide the deliverables for this project in an amount not to exceed \$240,000 from the Advanced Technology, Education, and Outreach Fund (17).

**COMMITTEE:** Technology, July 19, 2013; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Recognize \$320,000 in revenue from BAAQMD for a grant received from the DOE Clean Cities Program into the Advanced Technology, Education, and Outreach Fund (17);
2. Authorize a temporary loan in an amount of \$320,000 from the Clean Fuels Fund (31) into the Advanced Technology, Education, and Outreach Fund (17), to be repaid upon reimbursement by BAAQMD;
3. Issue RFP for a conference organizer for an alternative fuel conference in an amount not to exceed \$65,000 from the Advanced Technology, Education, and Outreach Fund (17);
4. Authorize the Chairman to execute contracts from the Advanced Technology, Education and Outreach Fund (17) with:
  - A. Bevilacqua-Knight, Inc. as technical consultant on behalf of the California Fuel Cell Partnership for creation of hydrogen infrastructure best practices guidelines in an amount not to exceed \$70,000;
  - B. SCAG on behalf of the six Clean Cities Coalitions in the South Coast Air Basin for outreach workshops and assistance to workplaces and fleets in an amount not to exceed \$105,000; and

5. Authorize the Chairman to amend existing contracts from the Advanced Technology, Education and Outreach Fund (17) with :
  - A. Burnett and Burnette for creation of CNG/LNG infrastructure best practices guidelines in an amount not to exceed \$35,000; and
  - B. Gladstein, Neandross & Associates for assisting the Clean Cities Coalitions in CNG/LNG fueling infrastructure outreach in an amount not to exceed \$30,000.
6. Authorize the Executive Officer to reimburse the SCAQMD General Fund up to \$15,000 from the Advanced Technology, Outreach, and Education Fund (17) for administrative costs such as Salaries & Employee Benefits and Indirect Costs necessary to implement the project.

Barry R. Wallerstein, D.Env.  
Executive Officer

MMM:DS:PSK

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### **Background**

DOE's Clean Cities Program has awarded BAAQMD a \$1 million grant for alternative fuel infrastructure planning in California as part of a statewide collaborative proposal through the DOE Clean Cities' Community Readiness and Planning for Alternative Fuel Charging Infrastructure program. A partnership with SCAQMD, BAAQMD, Plug-in Electric Vehicle Collaborative (PEVC), California Fuel Cell Partnership (CaFCP), Clean Cities Coalitions in California, and other regional entities will enable California entities to work as a team towards alternative fuel readiness. The statewide partnership consists of six regional collaborations, many of which also partnered on the DOE funded California PEV Readiness Project and CEC funded Regional Plans to Support PEV Readiness program, designed to support local governments on PEV infrastructure planning.

### **Proposals**

The California Statewide Fleets and Workplace Alternative Fuel Project will advance alternative fuel markets by eliminating barriers to deployment of alternative fuel vehicles and infrastructure at California fleets and workplaces for Bay Area, South Coast, San Diego, Sacramento, Central Coast, and San Joaquin Valley. This project is an opportunity to anticipate and align local approaches to expanding alternative fuel vehicles and infrastructure by assembling a consortium of regional and state agencies to collectively enhance the alternative fuel vehicle market and by sharing and promulgating best practices on permitting and installation of alternative fuel infrastructure.

A statewide partnership will collaborate on preparing and implementing a

comprehensive statewide strategy to advance alternative fuel vehicle markets through (1) policy initiatives such as the development of best practices toolkits for permitting of hydrogen or CNG/LNG stations for cities and counties; (2) barrier reduction initiatives for employers and fleets such as the development of best practices toolkits for installation of hydrogen or CNG/LNG stations, provision of match funding for testing of hydrogen quality to enable the public sale of hydrogen, delivery of outreach workshops on PEV, hydrogen or CNG/LNG infrastructure best practices, and events to promote alternative fuel vehicles and infrastructure; (3) safety and training initiatives for first responders and other audiences including the assessment of existing alternative fuel safety and training activities, working with the Advanced Transportation Technology and Energy (ATTE) colleges to provide required alternative fuel safety and training in all of the Clean Cities Coalition regions in California; and (4) market development/outreach initiatives for employers and fleets such as providing individual assistance for alternative fuel vehicle deployment, and the development of knowledge clearinghouses/websites for hydrogen vehicles and PEVs on alternative fuel infrastructure best practices.

Bevilacqua-Knight, Inc., as technical consultant on behalf of CaFCP, will create best practices guidelines on hydrogen infrastructure permitting and installation and Burnett and Burnette, Herbert F. Burnett, P.E., principal, will create best practices guidelines on CNG/LNG infrastructure permitting and installation. CaFCP will also create a knowledge based website on hydrogen infrastructure for fleets and employers, based on what has been learned from already completed installations in California, compiling existing work on best practices. SCAG will coordinate the activities of the six Clean Cities Coalitions in our region to conduct workshops and provide individual assistance to fleets and employers on alternative fuel infrastructure. Gladstein, Neandross & Associates will assist the Clean Cities Coalitions in CNG/LNG infrastructure outreach by providing technical expertise as required.

### **Benefits to SCAQMD**

This project will advance the state of alternative fuel readiness in California by creating a comprehensive statewide strategy to advance alternative fuel markets and create a set of best practices guidelines/toolkits for the permitting and installation of hydrogen and CNG/LNG infrastructure, in the same way that plans/toolkits were created for PEV infrastructure in last year's DOE funded California PEV Readiness Project. There will also be extensive education outreach workshops and events to disseminate best practice guidelines for PEV, hydrogen, and CNG/LNG infrastructure, and to broadly promote alternative fuel vehicles and infrastructure. These project elements will ensure a unified statewide approach to accelerate and support the deployment of alternative fuel vehicles and infrastructure. This project is included in the *Technology Advancement Office Clean Fuels Program 2013 Plan Update* under the category of "Outreach and Technology Transfer."

**Outreach**

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

Additionally, potential bidders may be notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP will be mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<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 is also available on SCAQMD's bidder's 24-hour telephone message line (909) 396-2724.

**Resource Impacts**

The total cost for the program is \$320,000, from BAAQMD from DOE's Clean Cities Program, to be received into the Advanced Technology, Education and Outreach Fund (17). SCAQMD will reserve \$15,000 of the BAAQMD revenue from the DOE's Clean Cities Program for administrative costs.

Sufficient funds are available from the Advanced Technology, Education and Outreach Fund (17) upon the temporary loan from the Clean Fuels Fund (31).

**Attachment**

RFP #P2014-03; Issue RFP for Conference Organizer for an Alternative Fuel Conference



**South Coast  
Air Quality Management District**

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

**REQUEST FOR PROPOSALS**

**ORGANIZE ALTERNATIVE FUEL CONFERENCE FOR  
CALIFORNIA FLEETS AND EMPLOYERS IN THE  
SOUTH COAST AIR BASIN**

#P2014-03

The South Coast Air Quality Management District (SCAQMD) requests proposals for the following purpose according to terms and conditions attached. In the preparation of this Request for Proposals (RFP) the words "Proposer," "Contractor," and "Consultant" are used interchangeably.

**PURPOSE**

This RFP is for the purpose of finding a conference organizer for an alternative fuel conference to be held in the South Coast Air Basin. This conference is part of the California Statewide Fleets and Workplace Alternative Fuel Project funded by the DOE Clean Cities Program. This project will advance alternative fuel markets by eliminating barriers to deployment of alternative fuel vehicles and infrastructure throughout the state of California, and will create a comprehensive statewide strategy and share and promulgate best practices on permitting and installation of alternative fuel infrastructure.

This project will collaborate on preparing and implementing a comprehensive strategy to advance alternative fuel markets through (1) policy initiatives such as the development of best practices toolkits for permitting of hydrogen or CNG/LNG stations for cities and counties, (2) barrier reduction initiatives for employers and fleets such as the development of best practices toolkits for installation of hydrogen or CNG/LNG stations or events to promote alternative fuel vehicles and infrastructure, (3) safety and training initiatives for first responders and other audiences including the assessment of existing safety and training activities, and (4) market development/outreach initiatives for employers and fleets such as providing individual assistance for alternative fuel vehicle deployment and the development of knowledge clearinghouses/websites for hydrogen vehicles and PEVs on alternative fuel infrastructure best practices. This RFP specifically focuses on hosting an alternative fuel conference in the South Coast Air Basin as one of the barrier reduction initiatives in this project.

**INDEX - The following are contained in this RFP:**

Section I	Background/Information
Section II	Contact Person
Section III	Schedule of Events
Section IV	Participation in the Procurement Process
Section V	Statement of Work/Schedule of Deliverables
Section VI	Required Qualifications
Section VII	Proposal Submittal Requirements
Section VIII	Proposal Submission
Section IX	Proposal Evaluation/Contractor Selection Criteria
Section X	Funding
Section XI	Draft Contract

Attachment A - Certifications and Representations



**SECTION I: BACKGROUND/INFORMATION**

DOE’s Clean Cities Program has awarded BAAQMD a \$1 million grant for alternative fuel infrastructure planning in California as part of a statewide collaborative proposal, made through the DOE Clean Cities’ Community Readiness and Planning for Alternative Fuel Charging Infrastructure. A statewide partnership with SCAQMD, BAAQMD, Plug-in Electric Vehicle Collaborative (PEVC), California Fuel Cell Partnership (CaFCP), Clean Cities Coalitions in California, and other regional entities will enable the state of California to move towards alternative fuel readiness. The statewide partnership consists of six regional collaborations, many of which also partnered on the DOE funded California PEV Readiness Project and CEC funded Regional Plans to Support PEV Readiness, designed to support local governments on PEV infrastructure planning.

**SECTION II: CONTACT PERSON:**

Questions regarding the content or intent of this RFP or on procedural matters should be addressed to:

Patricia Kwon  
Technology Advancement Office  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765-4178  
(909) 396-3065  
pkwon@aqmd.gov

**SECTION III: SCHEDULE OF EVENTS**

September 6, 2013	RFP Released
September 25, 2013	Bidder’s Conference*
October 17, 2013	Proposals Due – <b>No Later Than 5:00 pm</b>
November 1, 2013	Proposal Evaluations
November 15, 2013	Technology Committee
December 6, 2013	Governing Board Approval
January 3, 2014	Anticipated Contract Execution

\*Participation in the Bidder’s Conference is optional. Such participation would assist in notifying potential bidders of any updates or amendments. The Bidder’s Conference will be held in Room CC-2 at the SCAQMD Headquarters in Diamond Bar, California at 1:00 pm on Wednesday, September 25, 2013. Please contact Patricia Kwon at (909) 396-3065 by close of business on Friday, September 20, 2013 if you plan to attend.

**SECTION IV: PARTICIPATION IN THE PROCUREMENT PROCESS**

A. It is the policy of the South Coast Air Quality Management District to ensure that all businesses including minority business enterprises, women business enterprises, disabled veteran business enterprises and small businesses have a fair and equitable opportunity to compete for and participate in SCAQMD contracts.

## B. Definitions:

The definition of minority, women or disadvantaged business enterprises set forth below is included for purposes of determining compliance with the affirmative steps requirement described in Paragraph G below on procurements funded in whole or in part with federal grant funds which involve the use of subcontractors. The definition provided for disabled veteran business enterprise, local business, small business enterprise, low-emission vehicle business and off-peak hours delivery business are provided for purposes of determining eligibility for point or cost considerations in the evaluation process.

1. "Women business enterprise" (WBE) as used in this policy means a business enterprise that meets all of the following criteria:
  - a. a business that is at least 51 percent owned by one or more women, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
  - b. a business whose management and daily business operations are controlled by one or more women.
  - c. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
2. "Disabled veteran" as used in this policy is a United States military, naval, or air service veteran with at least 10 percent service-connected disability who is a resident of California.
3. "Disabled veteran business enterprise" (DVBE) as used in this policy means a business enterprise that meets all of the following criteria:
  - a. is a sole proprietorship or partnership of which at least 51 percent is owned by one or more disabled veterans or, in the case of a publicly owned business, at least 51 percent of its stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
  - b. the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
  - c. is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.
4. "Local business" as used in this policy means a company that has an ongoing business within geographical boundaries of the SCAQMD at the time of bid or proposal submittal and performs 90% of the work related to the contract within the geographical boundaries of the SCAQMD and satisfies the requirements of subparagraph H below.

5. "Small business" as used in this policy means a business that meets the following criteria:
  - a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
    - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
    - A manufacturer with 100 or fewer employees.
  - b. Manufacturer means a business that is both of the following:
    - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
    - 2) Classified between Codes 311000 and 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.
6. "Joint ventures" as defined in this policy pertaining to certification means that one party to the joint venture is a DVBE or small business and owns at least 51 percent of the joint venture.
7. "Low-Emission Vehicle Business" as used in this policy means a company or contractor that uses low-emission vehicles in conducting deliveries to the SCAQMD. Low-emission vehicles include vehicles powered by electric, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), ethanol, methanol, hydrogen and diesel retrofitted with particulate matter (PM) traps.
8. "Off-Peak Hours Delivery Business" as used in this policy means a company or contractor that commits to conducting deliveries to the SCAQMD during off-peak traffic hours defined as between 10:00 a.m. and 3:00 p.m.
9. "Benefits Incentive Business" as used in this policy means a company or contractor that provides janitorial, security guard or landscaping services to the SCAQMD and commits to providing employee health benefits (as defined below in Section VIII.D.2.d) for full time workers with affordable deductible and co-payment terms.
10. "Minority Business Enterprise" as used in this policy means a business that is at least 51 percent owned by one or more minority person(s), or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more or minority persons.
  - a. a business whose management and daily business operations are controlled by one or more minority persons.
  - b. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.

- c. "Minority person" for purposes of this policy, means a Black American, Hispanic American, Native-American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian (including a person whose origins are from India, Pakistan, and Bangladesh), Asian-Pacific-American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan).

11. Disadvantaged Business Enterprise" as used in this policy means a business that is an entity owned and/or controlled by a socially and economically disadvantaged individual(s) as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d)(8% statute), respectively;  
a Small Business Enterprise (SBE);  
a Small Business in a Rural Area (SBRA);  
a Labor Surplus Area Firm (LSAF); or  
a Historically Underutilized Business (HUB) Zone Small Business Concern, or a concern under a successor program.

- C. Under Request for Quotations (RFQ), DVBEs, DVBE business joint ventures, small businesses, and small business joint ventures shall be granted a preference in an amount equal to 5% of the lowest cost responsive bid. Low-Emission Vehicle Businesses shall be granted a preference in an amount equal to 5 percent of the lowest cost responsive bid. Off-Peak Hours Delivery Businesses shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid. Local businesses (if the procurement is not funded in whole or in part by federal grant funds) shall be granted a preference in an amount equal to 2% of the lowest cost responsive bid.
- D. Under Request for Proposals, DVBEs, DVBE joint ventures, small businesses, and small business joint ventures shall be awarded ten (10) points in the evaluation process. A non-DVBE or large business shall receive seven (7) points for subcontracting at least twenty-five (25%) of the total contract value to a DVBE and/or small business. Low-Emission Vehicle Businesses shall be awarded five (5) points in the evaluation process. On procurements which are not funded in whole or in part by federal grant funds local businesses shall receive five (5) points. Off-Peak Hours Delivery Businesses shall be awarded two (2) points in the evaluation process.
- E. SCAQMD will ensure that discrimination in the award and performance of contracts does not occur on the basis of race, color, sex, national origin, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint in the performance of SCAQMD contractual obligations.
- F. SCAQMD requires Contractor to be in compliance with all state and federal laws and regulations with respect to its employees throughout the term of any awarded contract, including state minimum wage laws and OSHA requirements.
- G. When contracts are funded in whole or in part by federal funds, and if subcontracts are to be let, the Contractor must comply with the following, evidencing a good faith effort to solicit disadvantaged businesses. Contractor shall submit a certification signed by an authorized official affirming its status as a MBE or WBE, as applicable, at the time of contract execution. The SCAQMD reserves the right to request documentation demonstrating compliance with the following good faith efforts prior to contract execution.

1. Ensure Disadvantaged Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
  2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
  3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and Local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
  4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
  5. Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
  6. If the prime contractor awards subcontracts, require the prime contractor to take the above steps.
- H. To the extent that any conflict exists between this policy and any requirements imposed by federal and state law relating to participation in a contract by a certified MBE/WBE/DVBE as a condition of receipt of federal or state funds, the federal or state requirements shall prevail.
- I. When contracts are not funded in whole or in part by federal grant funds, a local business preference will be awarded. For such contracts that involve the purchase of commercial off-the-shelf products, local business preference will be given to suppliers or distributors of commercial off-the-shelf products who maintain an ongoing business within the geographical boundaries of the SCAQMD. However, if the subject matter of the RFP or RFQ calls for the fabrication or manufacture of custom products, only companies performing 90% of the manufacturing or fabrication effort within the geographical boundaries of the SCAQMD shall be entitled to the local business preference.
- J. In compliance with federal fair share requirements set forth in 40 CFR Part 33, the SCAQMD shall establish a fair share goal annually for expenditures with federal funds covered by its procurement policy.

## **SECTION V: STATEMENT OF WORK/SCHEDULE OF DELIVERABLES**

### **A. Statement of Work**

The purpose of this RFP is to solicit proposals from potential consultants who can assist Technology Advancement staff in organizing a major alternative fuel conference. This event will be a large scale event held at a centrally located site such as the Los Angeles Convention Center and will host several strands of technical sessions, an exhibit hall on alternative fuel vehicles and technologies, and a ride and drive event. Organizations throughout the state of California will be participating as speakers or exhibitors including SCAQMD, BAAQMD, PEVC, CaFCP, SCAG, and the Clean Cities Coalitions in California. Alternative fuel vehicle manufacturers and infrastructure providers will participate as exhibitors. The Governor's Office and Office of Planning and Research will also be invited to participate. This event will also be open to the general public and/or students.

The conference organizer should demonstrate knowledge and experience in air quality and alternative fuel vehicles and infrastructure, with experience in international conference organization, planning, outreach and coordination, and preferably familiarity with SCAQMD policies, issues, and procedures. The conference organizer should also demonstrate the ability to respond quickly to staff issues or concerns as they arise.

Task 1 CONTRACTOR shall assist SCAQMD staff with developing a program agenda.

Task 2 CONTRACTOR shall work with SCAQMD staff to create marketing strategies which appeal to the target audiences including, but not limited to the following:

- Identify conference sponsors and exhibitors
- Identify potential speakers
- Outreach to project partners' websites to link to event website

Task 3 CONTRACTOR shall assist SCAQMD staff with organizing and compiling data for the event registration.

Task 4 CONTRACTOR shall develop and maintain a logistics plan to handle the day of logistics of the conference and coordination of the high school attendees from the moment of arrival at the conference site until departure including, but not limited to assisting with the coordination of the arrival/departure of vehicles/buses and assisting with registration of conference attendees.

Task 5 CONTRACTOR shall work with SCAQMD staff and other contractors to develop a list of potential performers and speakers.

Task 6 CONTRACTOR shall implement a logistics plan for the day of the event and provide event staff capable of handling the flow of attendees.

Task 7 CONTRACTOR shall consult with SCAQMD staff and develop and send out a post-event survey, compile data, and submit a final report to SCAQMD staff.

Task 8 CONTRACTOR shall provide progress reports to SCAQMD staff and with CONTRACTOR invoices. Monthly progress reports will include a summary of work pending and completed during the reporting period. The Final report will consist of a

summary of the event, information on the post-event survey and any recommendations for future events.

**B. Schedule of Deliverables**

Anticipated schedule of deliverables by the conference organizer is as follows (may be subject to change):

Develop Program Agenda	January – February 2014
Create Marketing Strategies	February – June 2014
Organize Registration Data	March – June 2014
Develop Logistics Plan	March – June 2014
Develop Potential Speakers List	March – June 2014
Implement Logistics Plan	March – June 2014
Develop Post Event Survey	March – June 2014
Provide Progress Reports	January – June 2014

**SECTION VI: REQUIRED QUALIFICATIONS**

- A. The SCAQMD requests the submittal of detailed expertise and capabilities from conference organizers who meet a combination of the qualifications below. Individuals can team to submit a joint bid if they have complementary expertise and qualifications that collectively meet the requirements. Statements of qualifications should include evidence documenting experience, expertise, and capabilities wherever possible.
- B. Proposer shall be selected for contract award based on the best combination of qualifications. Proposer must submit the following:
  - 1. Demonstrated expertise in organizing, administering, advertising and hosting conferences
  - 2. List of most recent conferences or related activities including:
    - Entity or organizer
    - Number of attendees
    - Conference cost
    - Number of days
    - High profile speakers obtained
    - Sponsors or exhibitors obtained
  - 3. Working knowledge of conference topics
  - 4. Resumes or similar statement of qualifications of the lead person and key persons assigned to the project. Substitution of project manager or lead person will not be permitted without prior written approval by SCAQMD.
  - 5. List all key personnel assigned to the project by level, and name, and include resumes. Specify the estimated time to be spent by the lead person and key persons assigned to the project.
  - 6. List specific portion of the project to be subcontracted. Include all subcontractors and their resumes or similar statement of qualification.

**SECTION VII: PROPOSAL SUBMITTAL REQUIREMENTS**

Submitted proposals must follow the format outlined below and all requested information must be supplied. Failure to submit proposals in the required format will result in elimination from proposal evaluation.

Each proposal must be submitted in three separate volumes:

- Volume I - Technical Proposal
- Volume II - Cost Proposal
- Volume III - Certifications and Representations included in Attachment A to this RFP, should be executed by an authorized official of the Contractor.

A separate cover letter including the name, address, and telephone number of the contractor, and signed by the person or persons authorized to represent the firm should accompany the proposal submission. Firm contact information as follows should also be included in the cover letter:

1. Address and telephone number of office in, or nearest to, Diamond Bar, California.
2. Name and title of firm's representative designated as contact.

A separate Table of Contents should be provided for Volumes I and II.

## **VOLUME I - TECHNICAL PROPOSAL**

### **DO NOT INCLUDE ANY COST INFORMATION IN THE TECHNICAL VOLUME**

Summary (Section A) - State overall approach to meeting the objectives and satisfying the scope of work to be performed, the sequence of activities, and a description of methodology or techniques to be used.

Program Schedule (Section B) - Provide projected milestones or benchmarks for submitting reports within the total time allowed.

Project Organization (Section C) - Describe the proposed management structure, program monitoring procedures, and organization of the proposed team.

Qualifications (Section D) - Describe the technical capabilities of the firm. Provide references of other similar studies performed during the last five years demonstrating ability to successfully complete the project. Include contact name, title, and telephone number for any references listed. Provide a statement of your firm's background and experience in performing similar projects for other governmental organizations.

Assigned Personnel (Section E) - Provide the following information on the staff to be assigned to this project:

1. List all key personnel assigned to the project by level and name. Provide a resume or similar statement of the qualifications of the lead person and all persons assigned to the project. Substitution of project manager or lead personnel will not be permitted without prior written approval of SCAQMD.



2. Provide a spreadsheet of the labor hours proposed for each labor category at the task level.
3. Provide a statement indicating whether or not 90% of the work will be performed within the geographical boundaries of the SCAQMD.
4. Provide a statement of the education and training program provided by, or required of, the staff identified for participation in the project, particularly with reference to management consulting, governmental practices and procedures, and technical matters.
5. Provide a summary of your firm's general qualifications to meet required qualifications and fulfill statement of work, including additional firm personnel and resources beyond those who may be assigned to the project.

Subcontractors (Section F) - This project may require expertise in multiple technical areas. List any subcontractors that may be used and the work to be performed by them.

Conflict of Interest (Section G) - Address possible conflicts of interest with other clients affected by actions performed by the firm on behalf of SCAQMD. Although the Proposer will not be automatically disqualified by reason of work performed for such firms, SCAQMD reserves the right to consider the nature and extent of such work in evaluating the proposal.

Additional Data (Section H) - Provide other essential data that may assist in the evaluation of this proposal.

## **VOLUME II - COST PROPOSAL**

Name and Address - The Cost Proposal must list the name and complete address of the Proposer in the upper left-hand corner.

Cost Proposal – SCAQMD anticipates awarding a fixed price contract. Cost information must be provided as listed below:

1. Detail must be provided by the following categories:
  - A. Labor - List the total number of hours and the hourly billing rate for each level of professional staff. A breakdown of the proposed billing rates must identify the direct labor rate, overhead rate and amount, fringe benefit rate and amount, General and Administrative rate and amount, and proposed profit or fee. Provide a basis of estimate justifying the proposed labor hours and proposed labor mix.
  - B. Subcontractor Costs - List subcontractor costs and identify subcontractors by name. Itemize subcontractor charges per hour or per day.
  - C. Travel Costs - Indicate amount of travel cost and basis of estimate to include trip destination, purpose of trip, length of trip, airline fare or mileage expense, per diem costs, lodging and car rental.
  - D. Other Direct Costs -This category may include such items as postage and mailing expense, printing and reproduction costs, etc. Provide a basis of estimate for these costs.

**VOLUME III - CERTIFICATIONS AND REPRESENTATIONS** (see Attachment A to this RFP)

**SECTION VIII: PROPOSAL SUBMISSION**

All proposals must be submitted according to specifications set forth in the section above. Failure to adhere to these specifications may be cause for rejection of proposal.

Signature - All proposals should be signed by an authorized representative of the Proposer.

Due Date - The Proposer shall submit four (4) complete copies of the proposal in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the Proposer and the words "Request for Proposals #2014-03." **All proposals are due no later than 5:00 p.m., October 17, 2013, and should be directed to:**

Procurement Unit  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178  
(909) 396-3520

**Late bids/proposals will not be accepted under any circumstances.**

Grounds for Rejection - A proposal may be immediately rejected if:

- It is not prepared in the format described, or
- It is signed by an individual not authorized to represent the firm.

Modification or Withdrawal - Once submitted, proposals cannot be altered without the prior written consent of SCAQMD. All proposals shall constitute firm offers and may not be withdrawn for a period of ninety (90) days following the last day to accept proposals.

**SECTION IX: PROPOSAL EVALUATION/CONTRACTOR SELECTION CRITERIA**

- A. Proposals will be evaluated by a panel of three to five SCAQMD staff members familiar with the subject matter of the project. The panel shall be appointed by the Executive Officer or his designee. In addition, the evaluation panel may include such outside public sector or academic community expertise as deemed desirable by the Executive Officer. The panel will make a recommendation to the Executive Officer and/or the Governing Board of the SCAQMD for final selection of a contractor and negotiation of a contract.
- B. Each member of the evaluation panel shall be accorded equal weight in his or her rating of proposals. The evaluation panel members shall evaluate the proposals according to the specified criteria and numerical weightings set forth below.

1.	<u>Technical Criteria</u>	
	Expertise, training and education	35
	Previous experience on similar projects	35
	Cost	<u>30</u>
	TOTAL	100

(c) Additional Points

Small Business or Small Business Joint Venture	10
DVBE or DVBE Joint Venture	10
Use of DVBE or Small Business Subcontractors	7
Low-Emission Vehicle Business	5
Local Business (Non-Federally Funded Projects Only)	5
Off-Peak Hours Delivery Business	2

**The cumulative points awarded for small business, DVBE, use of small business or DVBE subcontractors, low-emission vehicle business, local business, and off-peak hours delivery business shall not exceed 15 points.**

**Self-Certification for Additional Points**

**The award of these additional points shall be contingent upon Proposer completing the Self-Certification section of Attachment A – Certifications and Representations and/or inclusion of a statement in the proposal self-certifying that Proposer qualifies for additional points as detailed above.**

2. To receive additional points in the evaluation process for the categories of Small Business or Small Business Joint Venture, DVBE or DVBE Joint Venture or Local Business (for non-federally funded projects), the proposer must submit a self-certification or certification from the State of California Office of Small Business Certification and Resources at the time of proposal submission certifying that the proposer meets the requirements set forth in Section III. To receive points for the use of DVBE and/or Small Business subcontractors, at least 25 percent of the total contract value must be subcontracted to DVBEs and/or Small Businesses. To receive points as a Low-Emission Vehicle Business, the proposer must demonstrate to the Executive Officer, or designee, that supplies and materials delivered to the SCAQMD are delivered in vehicles that operate on either clean-fuels or if powered by diesel fuel, that the vehicles have particulate traps installed. To receive points as an Off-Peak Hours Delivery Business, the proposer must submit, at proposal submission, certification of its commitment to delivering supplies and materials to SCAQMD between the hours of 10:00 a.m. and 3:00 p.m. The cumulative points awarded for small business, DVBE, use of Small Business or DVBE Subcontractors, Local Business, Low-Emission Vehicle Business and Off-Peak Hour Delivery Business shall not exceed 15 points.

The Procurement Section will be responsible for monitoring compliance of suppliers awarded purchase orders based upon use of low-emission vehicles or off-peak traffic hour delivery commitments through the use of vendor logs which will identify the contractor awarded the incentive. The purchase order shall incorporate terms which obligate the supplier to deliver materials in low-emission vehicles or deliver during off-peak traffic hours. The Receiving

department will monitor those qualified supplier deliveries to ensure compliance to the purchase order requirements. Suppliers in non-compliance will be subject to a two percent of total purchase order value penalty. The Procurement Manager will adjudicate any disputes regarding either low-emission vehicle or off-peak hour deliveries.

3. For procurement of Research and Development (R & D) projects or projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, technical factors including past experience shall be weighted at 70 points and cost shall be weighted at 30 points. A proposal must receive at least 56 out of 70 points on R & D projects and projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, in order to be deemed qualified for award.
  4. The lowest cost proposal will be awarded the maximum cost points available and all other cost proposals will receive points on a prorated basis. For example if the lowest cost proposal is \$1,000 and the maximum points available are 30 points, this proposal would receive the full 30 points. If the next lowest cost proposal is \$1,100 it would receive 27 points reflecting the fact that it is 10% higher than the lowest cost (90% of 30 points = 27 points).
- C. During the selection process the evaluation panel may wish to interview some proposers for clarification purposes only. No new material will be permitted at this time. Additional information provided during the bid review process is limited to clarification by the Proposer of information presented in his/her proposal, upon request by SCAQMD.
- D. The Executive Officer or Governing Board may award the contract to a Proposer other than the Proposer receiving the highest rating in the event the Governing Board determines that another Proposer from among those technically qualified would provide the best value to SCAQMD considering cost and technical factors. The determination shall be based solely on the Evaluation Criteria contained in the Request for Proposal (RFP), on evidence provided in the proposal and on any other evidence provided during the bid review process.
- E. Selection will be made based on the above-described criteria and rating factors. The selection will be made by and is subject to Executive Officer or Governing Board approval. Proposers may be notified of the results by letter.
- F. The Governing Board has approved a Bid Protest Procedure which provides a process for a bidder or prospective bidder to submit a written protest to the SCAQMD Procurement Manager in recognition of two types of protests: Protest Regarding Solicitation and Protest Regarding Award of a Contract. Copies of the Bid Protest Policy can be secured through a request to the SCAQMD Procurement Department.
- G. The Executive Officer or Governing Board may award contracts to more than one proposer if in (his or their) sole judgment the purposes of the (contract or award) would best be served by selecting multiple proposers.
- H. If additional funds become available, the Executive Officer or Governing Board may increase the amount awarded. The Executive Officer or Governing Board may also select additional proposers for a grant or contract if additional funds become available.

- I. Disposition of Proposals – Pursuant to the District’s Procurement Policy and Procedure, SCAQMD reserves the right to reject any or all proposals. All proposals become the property of SCAQMD, and are subject to the California Public Records Act. One copy of the proposal shall be retained for SCAQMD files. Additional copies and materials will be returned only if requested and at the proposer's expense.

**SECTION X: FUNDING**

The total funding for the conference organizer for the proposed alternative fuel conference is \$65,000 from DOE.

**SECTION XI: DRAFT CONTRACT (Provided as a sample only)**



**South Coast  
Air Quality Management District**

This Contract consists of \*\*\* pages.

1. PARTIES - The parties to this Contract are the South Coast Air Quality Management District (referred to here as "SCAQMD") whose address is 21865 Copley Drive, Diamond Bar, California 91765-4178, and \*\*\* (referred to here as "CONTRACTOR") whose address is \*\*\*.
2. RECITALS
  - A. SCAQMD is the local agency with primary responsibility for regulating stationary source air pollution within the geographical boundaries of the South Coast Air Quality Management District in the State of California. SCAQMD is authorized to enter into this Contract under California Health and Safety Code Section 40489. SCAQMD desires to contract with CONTRACTOR for services described in Attachment 1 - Statement of Work, attached here and made a part here by this reference. CONTRACTOR warrants that it is well-qualified and has the experience to provide such services on the terms set forth here.
  - B. CONTRACTOR is authorized to do business in the State of California and attests that it is in good tax standing with the California Franchise Tax Board.
  - C. All parties to this Contract have had the opportunity to have this Contract reviewed by their attorney.
3. PERFORMANCE REQUIREMENTS
  - A. CONTRACTOR agrees to obtain and maintain the required licenses, permits, and all other appropriate legal authorizations from all applicable federal, state and local jurisdictions and pay all applicable fees. CONTRACTOR further agrees to immediately notify SCAQMD in writing of any change in its licensing status which has a material impact on the CONTRACTOR's performance under this Contract.
  - B. CONTRACTOR shall submit reports to SCAQMD as outlined in Attachment 1 - Statement of Work. All reports shall be submitted in an environmentally friendly format: recycled paper; stapled, not bound; black and white, double-sided print; and no three-ring, spiral, or plastic binders or cardstock covers. SCAQMD reserves the right to review, comment, and request changes to any report produced as a result of this Contract.
  - C. CONTRACTOR shall perform all tasks set forth in Attachment 1 - Statement of Work, and shall not engage, during the term of this Contract, in any performance of work that is in direct or indirect conflict with duties and responsibilities set forth in Attachment 1 - Statement of Work.
  - D. CONTRACTOR shall be responsible for exercising the degree of skill and care customarily required by accepted professional practices and procedures subject to SCAQMD's final approval which SCAQMD will not unreasonably withhold. Any costs incurred due to the failure to meet the foregoing standards, or otherwise defective services which require re-performance, as directed by SCAQMD, shall be the responsibility of CONTRACTOR. CONTRACTOR's failure to achieve the performance goals and objectives stated in Attachment 1- Statement of Work, is not a basis for requesting re-performance unless work conducted by CONTRACTOR is deemed by SCAQMD to have failed the foregoing standards of performance.
  - E. CONTRACTOR shall post a performance bond in the amount of \*\*\* Dollars (\$\*\*\*) from a surety authorized to issue such bonds within the State.
  - F. SCAQMD has the right to review the terms and conditions of the performance bond and to request modifications thereto which will ensure that SCAQMD will be compensated in the event CONTRACTOR

fails to perform and also provides SCAQMD with the opportunity to review the qualifications of the entity designated by the issuer of the performance bond to perform in CONTRACTOR's absence and, if necessary, the right to reject such entity.

G. CONTRACTOR shall require its subcontractors to abide by the requirements set forth in this Contract.

4. TERM - The term of this Contract is from the date of execution by both parties (or insert date) to \*\*\*, unless further extended by amendment of this Contract in writing. No work shall commence until this Contract is fully executed by all parties.

5. TERMINATION

A. In the event any party fails to comply with any term or condition of this Contract, or fails to provide services in the manner agreed upon by the parties, including, but not limited to, the requirements of Attachment 1 – Statement of Work, this failure shall constitute a breach of this Contract. The non-breaching party shall notify the breaching party that it must cure this breach or provide written notification of its intention to terminate this contract. Notification shall be provided in the manner set forth in Clause 11. The non-breaching party reserves all rights under law and equity to enforce this contract and recover damages.

B. SCAQMD reserves the right to terminate this Contract, in whole or in part, without cause, upon thirty (30) days' written notice. Once such notice has been given, CONTRACTOR shall, except as and to the extent or directed otherwise by SCAQMD, discontinue any Work being performed under this Contract and cancel any of CONTRACTOR's orders for materials, facilities, and supplies in connection with such Work, and shall use its best efforts to procure termination of existing subcontracts upon terms satisfactory to SCAQMD. Thereafter, CONTRACTOR shall perform only such services as may be necessary to preserve and protect any Work already in progress and to dispose of any property as requested by SCAQMD.

C. CONTRACTOR shall be paid in accordance with this Contract for all Work performed before the effective date of termination under Clause 5.B. Before expiration of the thirty (30) days' written notice, CONTRACTOR shall promptly deliver to SCAQMD all copies of documents and other information and data prepared or developed by CONTRACTOR under this Contract with the exception of a record copy of such materials, which may be retained by CONTRACTOR.

6. STOP WORK – SCAQMD may, at any time, by written notice to CONTRACTOR, require CONTRACTOR to stop all or any part of the work tasks in this Contract. A stop work order may be issued for reasons including, but not limited to, the project exceeding the budget, out of scope work, delay in project schedule, or misrepresentations. Upon receipt of the stop work order, CONTRACTOR shall immediately take all necessary steps to comply with the order. CONTRACTOR shall resume the work only upon receipt of written instructions from SCAQMD cancelling the stop work order. CONTRACTOR agrees and understands that CONTRACTOR will not be paid for performing work while the stop work order is in effect, unless SCAQMD agrees to do so in its written cancellation of the stop work order.

7. INSURANCE

A. CONTRACTOR shall furnish evidence to SCAQMD of workers' compensation insurance for each of its employees, in accordance with either California or other states' applicable statutory requirements prior to commencement of any work on this Contract.

B. CONTRACTOR shall furnish evidence to SCAQMD of general liability insurance with a limit of at least \$1,000,000 per occurrence, and \$2,000,000 in a general aggregate prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to SCAQMD.

- C. CONTRACTOR shall furnish evidence to SCAQMD of automobile liability insurance with limits of at least \$100,000 per person and \$300,000 per accident for bodily injuries, and \$50,000 in property damage, or \$1,000,000 combined single limit for bodily injury or property damage, prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to SCAQMD.
- D. CONTRACTOR shall furnish evidence to SCAQMD of Professional Liability Insurance with an aggregate limit of not less than \$5,000,000. **[OPTIONAL FOR PROFESSIONAL SERVICES]**
- E. If CONTRACTOR fails to maintain the required insurance coverage set forth above, SCAQMD reserves the right either to purchase such additional insurance and to deduct the cost thereof from any payments owed to CONTRACTOR or terminate this Contract for breach.
- F. All insurance certificates should be mailed to: SCAQMD Risk Management, 21865 Copley Drive, Diamond Bar, CA 91765-4178. **The SCAQMD Contract Number must be included on the face of the certificate.**
- G. CONTRACTOR must provide updates on the insurance coverage throughout the term of the Contract to ensure that there is no break in coverage during the period of contract performance. Failure to provide evidence of current coverage shall be grounds for termination for breach of Contract.

8. **INDEMNIFICATION** - CONTRACTOR agrees to hold harmless, defend and indemnify SCAQMD, its officers, employees, agents, representatives, and successors-in-interest against any and all loss, damage, costs, lawsuits, claims, demands, causes of action judgments, attorney's fees, or any other expenses arising from or related to any third party claim against SCAQMD, its officers, employees, agents, representatives, or successors in interest that arise or result in whole or in part, from any actual or alleged act or omission of CONTRACTOR, its employees, subcontractors, agents or representatives in the performance of this Contract.

9. **CO-FUNDING**

- A. CONTRACTOR shall obtain co-funding as follows: **\*\*\*, \*\*\* Dollars (\$\*\*\*); \*\*\*, \*\*\* Dollars (\$\*\*\*); \*\*\*, \*\*\* Dollars (\$\*\*\*); \*\*\*, \*\*\* Dollars (\$\*\*\*); and \*\*\*, \*\*\* Dollars (\$\*\*\*).**
- B. If CONTRACTOR fails to obtain co-funding in the amount(s) referenced above, then SCAQMD reserves the right to renegotiate or terminate this Contract.
- C. CONTRACTOR shall provide co-funding in the amount of **\*\*\* Dollars (\$\*\*\*)** for this project. If CONTRACTOR fails to provide this co-funding, then SCAQMD reserves the right to renegotiate or terminate this Contract.

10. **PAYMENT**

**[FIXED PRICE]-use this one or the T&M one below.**

- A. SCAQMD shall pay CONTRACTOR a fixed price of **\*\*\* Dollars (\$\*\*\*)** for work performed under this Contract in accordance with Attachment 2 - Payment Schedule, attached here and included here by reference. Payment shall be made by SCAQMD to CONTRACTOR within thirty (30) days after approval by SCAQMD of an invoice prepared and furnished by CONTRACTOR showing services performed and referencing tasks and deliverables as shown in Attachment 1 - Statement of Work, and the amount of charge claimed. Each invoice must be prepared in duplicate, on company letterhead, and list SCAQMD's Contract number, period covered by invoice, and CONTRACTOR's social security number or Employer Identification Number and submitted to: South Coast Air Quality Management District, Attn: **\*\*\***.
- B. An amount equal to ten percent (10%) shall be withheld from all charges paid until satisfactory completion and final acceptance of work by SCAQMD. **[OPTIONAL]**
- C. SCAQMD reserves the right to disallow charges when the invoiced services are not performed satisfactorily in SCAQMD's sole judgment.



**[T & M]-use this one or the Fixed Price one above.**

- A. SCAQMD shall pay CONTRACTOR a total not to exceed amount of **\*\*\* Dollars (\$\*\*\*)**, including any authorized travel-related expenses, for time and materials at rates in accordance with Attachment 2 – Cost Schedule, attached here and included here by this reference. Payment of charges shall be made by SCAQMD to CONTRACTOR within thirty (30) days after approval by SCAQMD of an itemized invoice prepared and furnished by CONTRACTOR referencing line item expenditures as listed in Attachment 2 and the amount of charge claimed. Each invoice must be prepared in duplicate, on company letterhead, and list SCAQMD's Contract number, period covered by invoice, and CONTRACTOR's social security number or Employer Identification Number and submitted to: South Coast Air Quality Management District, Attn: **\*\*\***.
- B. CONTRACTOR shall adhere to total tasks and/or cost elements (cost category) expenditures as listed in Attachment 2. Reallocation of costs between tasks and/or cost category expenditures is permitted up to One Thousand Dollars (\$1,000) upon prior written approval from SCAQMD. Reallocation of costs in excess of One Thousand Dollars (\$1,000) between tasks and/or cost category expenditures requires an amendment to this Contract.
- C. SCAQMD's payment of invoices shall be subject to the following limitations and requirements:
- i) Charges for equipment, material, and supply costs, travel expenses, subcontractors, and other charges, as applicable, must be itemized by CONTRACTOR. Reimbursement for equipment, material, supplies, subcontractors, and other charges shall be made at actual cost. Supporting documentation must be provided for all individual charges (with the exception of direct labor charges provided by CONTRACTOR). SCAQMD's reimbursement of travel expenses and requirements for supporting documentation are listed below.
  - ii) CONTRACTOR's failure to provide receipts shall be grounds for SCAQMD's non-reimbursement of such charges. SCAQMD may reduce payments on invoices by those charges for which receipts were not provided.
  - iii) SCAQMD shall not pay interest, fees, handling charges, or cost of money on Contract.
- D. SCAQMD shall reimburse CONTRACTOR for travel-related expenses only if such travel is expressly set forth in Attachment 2 – Cost Schedule of this Contract or pre-authorized by SCAQMD in writing.
- i) SCAQMD's reimbursement of travel-related expenses shall cover lodging, meals, other incidental expenses, and costs of transportation subject to the following limitations:
    - Air Transportation - Coach class rate for all flights. If coach is not available, business class rate is permissible.
    - Car Rental - A compact car rental. A mid-size car rental is permissible if car rental is shared by three or more individuals.
    - Lodging - Up to One Hundred Fifty Dollars (\$150) per night. A higher amount of reimbursement is permissible if pre-approved by SCAQMD.
    - Meals - Daily allowance is Fifty Dollars (\$50.00).
  - ii) Supporting documentation shall be provided for travel-related expenses in accordance with the following requirements:
    - Lodging, Airfare, Car Rentals - Bill(s) for actual expenses incurred.
    - Meals - Meals billed in excess of \$50.00 each day require receipts or other supporting documentation for the total amount of the bill and must be approved by SCAQMD.
    - Mileage - Beginning each January 1, the rate shall be adjusted effective February 1 by the Chief Financial Officer based on the Internal Revenue Service Standard Mileage Rate
    - Other travel-related expenses - Receipts are required for all individual items.
- E. SCAQMD reserves the right to disallow charges when the invoiced services are not performed satisfactorily in SCAQMD's sole judgment.

11. INTELLECTUAL PROPERTY RIGHTS - Title and full ownership rights to any software, documents, or reports developed under this Contract shall at all times remain with SCAQMD. Such material is agreed to be SCAQMD proprietary information.
  - A. Rights of Technical Data - SCAQMD shall have the unlimited right to use technical data, including material designated as a trade secret, resulting from the performance of services by CONTRACTOR under this Contract. CONTRACTOR shall have the right to use technical data for its own benefit.
  - B. Copyright - CONTRACTOR agrees to grant SCAQMD a royalty-free, nonexclusive, irrevocable license to produce, translate, publish, use, and dispose of all copyrightable material first produced or composed in the performance of this Contract.
  
12. NOTICES - Any notices from either party to the other shall be given in writing to the attention of the persons listed below, or to other such addresses or addressees as may hereafter be designated in writing for notices by either party to the other. Notice shall be given by certified, express, or registered mail, return receipt requested, and shall be effective as of the date of receipt indicated on the return receipt card.

SCAQMD:                 South Coast Air Quality Management District  
                               21865 Copley Drive  
                               Diamond Bar, CA 91765-4178  
                               Attn: Patricia Kwon

CONTRACTOR:       \*\*\*  
                               \*\*\*  
                               \*\*\*  
                               Attn: \*\*\*

13. INDEPENDENT CONTRACTOR – CONTRACTOR is an independent contractor. CONTRACTOR, its officers, employees, agents, representatives, or subcontractors shall in no sense be considered employees or agents of SCAQMD, nor shall CONTRACTOR, its officers, employees, agents, representatives, or subcontractors be entitled to or eligible to participate in any benefits, privileges, or plans, given or extended by SCAQMD to its employees. SCAQMD will not supervise, direct, or have control over, or be responsible for, CONTRACTOR's or subcontractor's means, methods, techniques, work sequences or procedures or for the safety precautions and programs incident thereto, or for any failure by them to comply with any local, state, or federal laws, or rules or regulations, including state minimum wage laws and OSHA requirements. CONTRACTOR shall promptly notify SCAQMD of any material changes to subcontracts that affect the Contract's scope of work, deliverable schedule, and/or payment/cost schedule.
  
14. CONFIDENTIALITY - It is expressly understood and agreed that SCAQMD may designate in a conspicuous manner the information which CONTRACTOR obtains from SCAQMD as confidential. CONTRACTOR agrees to:
  - A. Observe complete confidentiality with respect to such information, including without limitation, agreeing not to disclose or otherwise permit access to such information by any other person or entity in any manner whatsoever, except that such disclosure or access shall be permitted to employees or subcontractors of CONTRACTOR requiring access in fulfillment of the services provided under this Contract.
  - B. Ensure that CONTRACTOR's officers, employees, agents, representatives, and independent contractors are informed of the confidential nature of such information and to assure by agreement or otherwise that they are prohibited from copying or revealing, for any purpose whatsoever, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this clause.

- C. Not use such information or any part thereof in the performance of services to others or for the benefit of others in any form whatsoever whether gratuitously or for valuable consideration, except as permitted under this Contract.
- D. Notify SCAQMD promptly and in writing of the circumstances surrounding any possession, use, or knowledge of such information or any part thereof by any person or entity other than those authorized by this clause.
- E. Take at CONTRACTOR expense, but at SCAQMD's option and in any event under SCAQMD's control, any legal action necessary to prevent unauthorized use of such information by any third party or entity which has gained access to such information at least in part due to the fault of CONTRACTOR.
- F. Take any and all other actions necessary or desirable to assure such continued confidentiality and protection of such information.
- G. Prevent access to such information by any person or entity not authorized under this Contract.
- H. Establish specific procedures in order to fulfill the obligations of this clause.
- I. Notwithstanding the above, nothing herein is intended to abrogate or modify the provisions of Government Code Section 6250 et.seq. (Public Records Act).

15. PUBLICATION

- A. SCAQMD shall have the right of prior written approval of any document which shall be disseminated to the public by CONTRACTOR in which CONTRACTOR utilized information obtained from SCAQMD in connection with performance under this Contract.
- B. Information, data, documents, or reports developed by CONTRACTOR for SCAQMD, pursuant to this Contract, shall be part of SCAQMD public record unless otherwise indicated. CONTRACTOR may use or publish, at its own expense, such information provided to SCAQMD. The following acknowledgment of support and disclaimer must appear in each publication of materials, whether copyrighted or not, based upon or developed under this Contract.

"This report was prepared as a result of work sponsored, paid for, in whole or in part, by the South Coast Air Quality Management District (SCAQMD). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of SCAQMD. SCAQMD, its officers, employees, contractors, and subcontractors make no warranty, expressed or implied, and assume no legal liability for the information in this report. SCAQMD has not approved or disapproved this report, nor has SCAQMD passed upon the accuracy or adequacy of the information contained herein."

- C. CONTRACTOR shall inform its officers, employees, and subcontractors involved in the performance of this Contract of the restrictions contained herein and require compliance with the above.

16. NON-DISCRIMINATION - In the performance of this Contract, CONTRACTOR shall not discriminate in recruiting, hiring, promotion, demotion, or termination practices on the basis of race, religious creed, color, national origin, ancestry, sex, age, or physical or mental disability and shall comply with the provisions of the California Fair Employment & Housing Act (Government Code Section 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, Executive Order No. 11246 (30 Federal Register 12319), and all administrative rules and regulations issued pursuant to said Acts and Order.

17. SOLICITATION OF EMPLOYEES - CONTRACTOR expressly agrees that CONTRACTOR shall not, during the term of this Contract, nor for a period of six months after termination, solicit for employment, whether as an employee or independent contractor, any person who is or has been employed by SCAQMD during the term of this Contract without the consent of SCAQMD.

18. PROPERTY AND SECURITY - Without limiting CONTRACTOR obligations with regard to security, CONTRACTOR shall comply with all the rules and regulations established by SCAQMD for access to and activity in and around SCAQMD premises.
19. ASSIGNMENT - The rights granted hereby may not be assigned, sold, licensed, or otherwise transferred by either party without the prior written consent of the other, and any attempt by either party to do so shall be void upon inception.
20. NON-EFFECT OF WAIVER - The failure of CONTRACTOR or SCAQMD to insist upon the performance of any or all of the terms, covenants, or conditions of this Contract, or failure to exercise any rights or remedies hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions, or of the future exercise of such rights or remedies, unless otherwise provided for herein.
21. ATTORNEYS' FEES - In the event any action is filed in connection with the enforcement or interpretation of this Contract, each party shall bear its own attorneys' fees and costs.
22. FORCE MAJEURE - Neither SCAQMD nor CONTRACTOR shall be liable or deemed to be in default for any delay or failure in performance under this Contract or interruption of services resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, strikes, labor disputes, shortages of suitable parts, materials, labor or transportation, or any similar cause beyond the reasonable control of SCAQMD or CONTRACTOR.
23. SEVERABILITY - In the event that any one or more of the provisions contained in this Contract shall for any reason be held to be unenforceable in any respect by a court of competent jurisdiction, such holding shall not affect any other provisions of this Contract, and the Contract shall then be construed as if such unenforceable provisions are not a part hereof.
24. HEADINGS - Headings on the clauses of this Contract are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Contract.
25. DUPLICATE EXECUTION - This Contract is executed in duplicate. Each signed copy shall have the force and effect of an original.
26. GOVERNING LAW - This Contract shall be construed and interpreted and the legal relations created thereby shall be determined in accordance with the laws of the State of California. Venue for resolution of any disputes under this Contract shall be Los Angeles County, California.
27. PRE-CONTRACT COSTS - Any costs incurred by CONTRACTOR prior to CONTRACTOR receipt of a fully executed Contract shall be incurred solely at the risk of the CONTRACTOR. In the event that a formal Contract is not executed, the SCAQMD shall not be liable for any amounts expended in anticipation of a formal Contract. If a formal Contract does result, pre-contract cost expenditures authorized by the Contract will be reimbursed in accordance with the cost schedule and payment provision of the Contract.
28. CITIZENSHIP AND ALIEN STATUS
  - A. CONTRACTOR warrants that it fully complies with all laws regarding the employment of aliens and others, and that its employees performing services hereunder meet the citizenship or alien status requirements contained in federal and state statutes and regulations including, but not limited to, the

Immigration Reform and Control Act of 1986 (P.L. 99-603). CONTRACTOR shall obtain from all covered employees performing services hereunder all verification and other documentation of employees' eligibility status required by federal statutes and regulations as they currently exist and as they may be hereafter amended. CONTRACTOR shall have a continuing obligation to verify and document the continuing employment authorization and authorized alien status of employees performing services under this Contract to insure continued compliance with all federal statutes and regulations. Notwithstanding the above, CONTRACTOR, in the performance of this Contract, shall not discriminate against any person in violation of 8 USC Section 1324b.

B. CONTRACTOR shall retain such documentation for all covered employees for the period described by law. CONTRACTOR shall indemnify, defend, and hold harmless SCAQMD, its officers and employees from employer sanctions and other liability which may be assessed against CONTRACTOR or SCAQMD, or both in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Contract.

29. **REQUIREMENT FOR FILING STATEMENT OF ECONOMIC INTERESTS** - In accordance with the Political Reform Act of 1974 (Government Code Sec. 81000 et seq.) and regulations issued by the Fair Political Practices Commission (FPPC), SCAQMD has determined that the nature of the work to be performed under this Contract requires CONTRACTOR to submit a Form 700, Statement of Economic Interests for Designated Officials and Employees, for each of its employees assigned to work on this Contract. These forms may be obtained from SCAQMD's District Counsels' office. **[REMOVE IF NOT REQUESTED ON CRAM]**

In addition, the Act requires a contractor to disqualify himself or herself from participating in, making or influencing a decision, which would have a foreseeable material effect on his or her financial interests.

30. **OPTION TO EXTEND THE TERM OF THE CONTRACT** - SCAQMD reserves the right to extend the contract for a one-year period commencing **\*\*\*\*\***(enter date) at the **(option price or Not-to-Exceed Amount)** set forth in Attachment 2. In the event that SCAQMD elects to extend the contract, a written notice of its intent to extend the contract shall be provided to CONTRACTOR no later than thirty (30) days prior to Contract expiration.

31. **PROPOSAL INCORPORATION** – CONTRACTOR's proposal dated **\*\*\*** submitted in response to Request for Proposal (RFP) #2013-x, is expressly incorporated herein by this reference and made a part hereof of this Contract.

32. **KEY PERSONNEL** - **insert person's name** is deemed critical to the successful performance of this Contract. Any changes in key personnel by CONTRACTOR must be approved by SCAQMD. All substitute personnel must possess qualifications/experience equal to the original named key personnel and must be approved by SCAQMD. SCAQMD reserves the right to interview proposed substitute key personnel.

33. **SUBCONTRACTOR APPROVAL** – If CONTRACTOR intends to subcontract all or a portion of the work under this Contract, then CONTRACTOR must first obtain written approval from SCAQMD's Executive Officer or designee prior to subcontracting any work. Any material changes to the subcontract(s) that affect the scope of work, deliverable schedule, and/or payment/cost schedule shall also require the prior written approval of the Executive Officer or designee. No subcontract charges will be reimbursed unless the required approvals have been obtained from SCAQMD.

34. **ENTIRE CONTRACT** - This Contract represents the entire agreement between the parties hereto related to CONTRACTOR providing services to SCAQMD and there are no understandings, representations, or warranties of any kind except as expressly set forth herein. No waiver, alteration, or modification of any of

the provisions herein shall be binding on any party unless in writing and signed by the party against whom enforcement of such waiver, alteration, or modification is sought.

IN WITNESS WHEREOF, the parties to this Contract have caused this Contract to be duly executed on their behalf by their authorized representatives.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

\*\*\*

\_\_\_\_\_  
Barry R. Wallerstein, D.Env., Executive Officer  
Dr. William A. Burke, Chairman, Governing Board

\_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:  
Saundra McDaniel, Clerk of the Board

By: \_\_\_\_\_

APPROVED AS TO FORM:  
Kurt R. Wiese, General Counsel

By: \_\_\_\_\_

//Standard Boilerplate  
Revised: April 3, 2013

# **ATTACHMENT A**

## **CERTIFICATIONS AND REPRESENTATIONS**



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## **Business Information Request**

Dear SCAQMD Contractor/Supplier:

The South Coast Air Quality Management District (SCAQMD) is committed to ensuring that our contractor/supplier records are current and accurate. If your firm is selected for award of a purchase order or contract, it is imperative that the information requested herein be supplied in a timely manner to facilitate payment of invoices. In order to process your payments, we need the enclosed information regarding your account. **Please review and complete the information identified on the following pages, complete the enclosed W-9 form, remember to sign both documents for our files, and return them as soon as possible to the address below:**

**Attention: Accounts Payable, Accounting Department  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

If you do not return this information, we will not be able to establish you as a vendor. This will delay any payments and would still necessitate your submittal of the enclosed information to our Accounting department before payment could be initiated. Completion of this document and enclosed forms would ensure that your payments are processed timely and accurately.

If you have any questions or need assistance in completing this information, please contact Accounting at (909) 396-3777. We appreciate your cooperation in completing this necessary information.

Sincerely,

Michael B. O'Kelly  
Chief Financial Officer

DH:tm

Enclosures: Business Information Request  
Disadvantaged Business Certification  
W-9  
Form 590 Withholding Exemption Certificate  
Federal Contract Debarment Certification  
Campaign Contributions Disclosure  
Direct Deposit Authorization

REV 3/13





# South Coast Air Quality Management District

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

## BUSINESS INFORMATION REQUEST

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business <i>Check One:</i>	<input type="checkbox"/> Individual <input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____ <input type="checkbox"/> Other _____

## REMITTING ADDRESS INFORMATION

Address			
City/Town			
State/Province		Zip	
Phone	(    )    -    Ext	Fax	(    )    -
Contact		Title	
E-mail Address			
Payment Name if Different			

All invoices must reference the corresponding Purchase Order Number(s)/Contract Number(s) if applicable and mailed to:

**Attention: Accounts Payable, Accounting Department**  
**South Coast Air Quality Management District**  
**21865 Copley Drive**  
**Diamond Bar, CA 91765-4178**

## DISADVANTAGED BUSINESS CERTIFICATION

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE), minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

- is certified by the Small Business Administration or
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

Statements of certification:

As a prime contractor to the SCAQMD, \_\_\_\_\_ (name of business) will engage in good faith efforts to achieve the fair share in accordance with 40 CFR Section 33.301, and will follow the six affirmative steps listed below **for contracts or purchase orders funded in whole or in part by federal grants and contracts.**

1. Place qualified SBEs, MBEs, and WBEs on solicitation lists.
2. Assure that SBEs, MBEs, and WBEs are solicited whenever possible.
3. When economically feasible, divide total requirements into small tasks or quantities to permit greater participation by SBEs, MBEs, and WBEs.
4. Establish delivery schedules, if possible, to encourage participation by SBEs, MBEs, and WBEs.
5. Use services of Small Business Administration, Minority Business Development Agency of the Department of Commerce, and/or any agency authorized as a clearinghouse for SBEs, MBEs, and WBEs.
6. If subcontracts are to be let, take the above affirmative steps.

Self-Certification Verification: Also for use in awarding additional points, as applicable, in accordance with SCAQMD Procurement Policy and Procedure:

Check all that apply:

- Small Business Enterprise/Small Business Joint Venture     Women-owned Business Enterprise  
 Local business     Disabled Veteran-owned Business Enterprise/DVBE Joint Venture  
 Minority-owned Business Enterprise

Percent of ownership: \_\_\_\_\_ %

Name of Qualifying Owner(s): \_\_\_\_\_

I, the undersigned, hereby declare that to the best of my knowledge the above information is accurate. Upon penalty of perjury, I certify information submitted is factual.

\_\_\_\_\_  
NAME

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
DATE

## Definitions

**Disabled Veteran-Owned Business Enterprise** means a business that meets all of the following criteria:

- is a sole proprietorship or partnership of which is at least 51 percent owned by one or more disabled veterans, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
- the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
- is a sole proprietorship, corporation, partnership, or joint venture with its primary headquarters office located in the United States and which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.

**Joint Venture** means that one party to the joint venture is a DVBE and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that DVBE will receive at least 51 percent of the project dollars.

**Local Business** means a business that meets all of the following criteria:

- has an ongoing business within the boundary of the SCAQMD at the time of bid application.
- performs 90 percent of the work within SCAQMD's jurisdiction.

**Minority-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more minority persons or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minority persons.
- is a business whose management and daily business operations are controlled or owned by one or more minority person.
- is a business which is a sole proprietorship, corporation, partnership, joint venture, an association, or a cooperative with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

"Minority" person means a Black American, Hispanic American, Native American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian American (including a person whose origins are from India, Pakistan, or Bangladesh), Asian-Pacific American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, or Taiwan).

**Small Business Enterprise** means a business that meets the following criteria:

- a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
  - **A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or**
  - A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
  - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 to 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.

**Small Business Joint Venture** means that one party to the joint venture is a Small Business and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that the Small Business will receive at least 51 percent of the project dollars.

**Women-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more women or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
- is a business whose management and daily business operations are controlled or owned by one or more women.
- is a business which is a sole proprietorship, corporation, partnership, or a joint venture, with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.



The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

#### Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

#### Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

#### Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

#### Specific Instructions

##### Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

**Partnership, C Corporation, or S Corporation.** Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

**Disregarded entity.** Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

**Note.** Check the appropriate box for the federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

**Limited Liability Company (LLC).** If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

**Other entities.** Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

**Exempt Payee**

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
  2. The United States or any of its agencies or instrumentalities,
  3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
  4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
  5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
  7. A foreign central bank of issue,
  8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
  9. A futures commission merchant registered with the Commodity Futures Trading Commission,
  10. A real estate investment trust,
  11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
  12. A common trust fund operated by a bank under section 584(a),
  13. A financial institution,
  14. A middleman known in the investment community as a nominee or custodian, or
  15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 7 <sup>2</sup>

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.  
<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

**Part I. Taxpayer Identification Number (TIN)**

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.ssa.gov](http://www.ssa.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A *disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.*

**Part II. Certification**

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

**Signature requirements.** Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

1. **Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.
2. **Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.
3. **Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

### What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>3</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>1</sup>
5. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor <sup>4</sup>
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

\*Note. Grantor also must provide a Form W-9 to trustee of trust.

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

### Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

### Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) to learn more about identity theft and how to reduce your risk.

### Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.



# 2013 Withholding Exemption Certificate

# 590

This form can only be used to certify exemption from nonresident withholding under California Revenue and Taxation Code (R&TC) Section 18662. Do not use this form for exemption from wage withholding.

File this form with your withholding agent. (Please type or print)

Withholding agent's name \_\_\_\_\_

Payee's name \_\_\_\_\_ Payee's  SSN or ITIN  FEIN  
 CA corp. no.  CA SOS file no.

Address (number and street, PO Box, or PMB no.) \_\_\_\_\_ Apt. no./ Ste. no. \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

Read the following carefully and check the box that applies to the payee.

I certify that for the reasons checked below, the payee named on this form is exempt from the California income tax withholding requirement on payment(s) made to the entity or individual.

**Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Who is a Resident, for the definition of a resident.

**Corporations:**

The above-named corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return and withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information F, What is a Permanent Place of Business, for the definition of permanent place of business.

**Partnerships or limited liability companies (LLC):**

The above-named partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return and will withhold on foreign and domestic nonresident partners or members when required. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

**Tax-Exempt Entities:**

The above-named entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

**Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans:**

The above-named entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

**California Trusts:**

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly notify the withholding agent.

**Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required.

**Nonmilitary Spouse of a Military Servicemember:**

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE:** Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided in this document is, to the best of my knowledge, true and correct. If conditions change, I will promptly notify the withholding agent.

Payee's name and title (type or print) \_\_\_\_\_ Daytime telephone no. \_\_\_\_\_

Payee's signature  \_\_\_\_\_ Date \_\_\_\_\_

# Instructions for Form 590

## Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

For purposes of California income tax, references to a spouse, husband, or wife also refer to a Registered Domestic Partner (RDP) unless otherwise specified. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners. **Private Mail Box (PMB)** – Include the PMB in the address field. Write “PMB” first, then the box number. Example: 111 Main Street PMB 123.

**Foreign Address** – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country’s practice for entering the postal code. Do not abbreviate the country’s name.

### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding. California residents or entities should complete and present Form 590 to the withholding agent. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless told by the Franchise Tax Board (FTB) that the form should not be relied upon.

**Important** – This form cannot be used for exemption from wage and real estate withholding.

- If you are an employee, any wage withholding questions should be directed to the FTB General Information number, 800.852.5711. Employers should call 888.745.3886 or go to [edd.ca.gov](http://edd.ca.gov).
- Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

### B Requirement

R&TC Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

Withholding is required on the following, but is not limited to:

- Payments to nonresidents for services rendered in California.
- Distributions of California source income made to domestic nonresident S corporation shareholders, partners and members and allocations of California source income made to foreign partners and members.
- Payments to nonresidents for rents if the payments are made in the course of the withholding agent’s business.
- Payments to nonresidents for royalties with activities in California.

- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Prizes and winnings received by nonresidents for contests in California.

However, withholding is optional if the total payments of California source income are \$1,500 or less during the calendar year.

For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines. To get a withholding publication see General Information H, Publications, Forms, and Additional Information.

**Backup Withholding** – Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the FTB. The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions release of loan funds made in the normal course of business are exempt from backup withholding. For additional information on California backup withholding, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp No.); or California Secretary of State (SOS) file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit. For more information go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

**Who is Excluded from Withholding** – The following are excluded from withholding and completing this form:

- The United States and any of its agencies or instrumentalities
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities
- A foreign government or any of its political subdivisions, agencies, or instrumentalities

### C Who Certifies this Form

Form 590 is certified by the payee. An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the

withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee’s taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

For example, if an entertainer (or the entertainer’s business entity) is paid for a performance, the entertainer’s information must be provided. Do not submit the entertainer’s agent or promoter information.

The grantor of a grantor trust shall be treated as the payee for withholding purposes. Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled “Individuals — Certification of Residency.”

### D Who is a Resident

A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose.

An individual domiciled in California who is absent from California for an uninterrupted period of at least 546 consecutive days under an employment-related contract is considered outside California for other than a temporary or transitory purpose.

An individual is still considered outside California for other than a temporary or transitory purpose if return visits to California do not total more than 45 days during any taxable year covered by an employment contract.

This provision does not apply if an individual has income from stocks, bonds, notes, or other intangible personal property in excess of \$200,000 in any taxable year in which the employment-related contract is in effect.

A spouse/RDP absent from California for an uninterrupted period of at least 546 days to accompany a spouse/RDP under an employment-related contract is considered outside of California for other than a temporary or transitory purpose.

Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For assistance in determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1032, Tax Information for Military Personnel, or call the FTB at 800.852.5711 or 916.845.6500.

## E Military Spouse Residency Relief Act (MSRRA)

Generally, for tax purposes you are considered to maintain your existing residence or domicile. If a military servicemember and nonmilitary spouse have the same state of domicile, the MSRRA provides:

- A spouse shall not be deemed to have lost a residence or domicile in any state solely by reason of being absent to be with the servicemember serving in compliance with military orders.
- A spouse shall not be deemed to have acquired a residence or domicile in any other state solely by reason of being there to be with the servicemember serving in compliance with military orders.

Domicile is defined as the one place:

- Where you maintain a true, fixed, and permanent home
- To which you intend to return whenever you are absent

A military servicemember's nonmilitary spouse is considered a nonresident for tax purposes if the servicemember and spouse have the same domicile outside of California and the spouse is in California solely to be with the servicemember who is serving in compliance with Permanent Change of Station orders.

Note: California may require nonmilitary spouses of military servicemembers to provide proof that they meet the criteria for California personal income tax exemption as set forth in the MSRRA.

Income of a military servicemember's nonmilitary spouse for services performed in California is not California source income subject to state tax if the spouse is in California to be with the servicemember serving in compliance with military orders, and the servicemember and spouse have the same domicile in a state other than California.

For additional information or assistance in determining whether the applicant meets the MSRRA requirements, get FTB Pub. 1032.

## F What is a Permanent Place of Business

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the California SOS. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

## G Withholding Agent

Keep Form 590 for your records. Do not send this form to the FTB unless it has been specifically requested.

For more information, contact Withholding Services and Compliance, see General Information H.

The payee must notify the withholding agent if any of the following situations occur:

- The individual payee becomes a nonresident.
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California.
- The partnership ceases to have a permanent place of business in California.
- The LLC ceases to have a permanent place of business in California.
- The tax-exempt entity loses its tax-exempt status.

The withholding agent must then withhold and report the withholding using Form 592, Resident and Nonresident Withholding Statement, and remit the withholding using Form 592-V, Payment Voucher for Resident and Nonresident Withholding. Form 592-B, Resident and Nonresident Withholding Tax Statement, is retained by the withholding agent and a copy is given to the payee.

## H Additional Information

To get additional nonresident withholding information, contact the Withholding Services and Compliance.

WITHHOLDING SERVICES AND COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0651

Telephone: 888.792.4900

916.845.4900

Fax: 916.845.9512

You can download, view, and print California tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov).

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT MS F284  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

Internet and Telephone Assistance

Website: [ftb.ca.gov](http://ftb.ca.gov)

Telephone: 800.852.5711 from within the United States  
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

Asistencia Por Internet y Teléfono

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)

Teléfono: 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos

TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla

## **Certification Regarding Debarment, Suspension, and Other Responsibility Matters**

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

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

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

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Typed Name & Title of Authorized Representative

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Signature of Authorized Representative Date

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

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EPA Form 5700-49 (11-88)





## CAMPAIGN CONTRIBUTIONS DISCLOSURE

In accordance with California law, bidders and contracting parties are required to disclose, at the time the application is filed, information relating to any campaign contributions made to South Coast Air Quality Management District (SCAQMD) Board Members or members/alternates of the MSRC, including: the name of the party making the contribution (which includes any parent, subsidiary or otherwise related business entity, as defined below), the amount of the contribution, and the date the contribution was made. 2 C.C.R. §18438.8(b).

California law prohibits a party, or an agent, from making campaign contributions to SCAQMD Governing Board Members or members/alternates of the Mobile Source Air Pollution Reduction Review Committee (MSRC) of more than \$250 while their contract or permit is pending before the SCAQMD; and further prohibits a campaign contribution from being made for three (3) months following the date of the final decision by the Governing Board or the MSRC on a donor's contract or permit. Gov't Code §84308(d). For purposes of reaching the \$250 limit, the campaign contributions of the bidder or contractor plus contributions by its parents, affiliates, and related companies of the contractor or bidder are added together. 2 C.C.R. §18438.5.

In addition, SCAQMD Board Members or members/alternates of the MSRC must abstain from voting on a contract or permit if they have received a campaign contribution from a party or participant to the proceeding, or agent, totaling more than \$250 in the 12-month period prior to the consideration of the item by the Governing Board or the MSRC. Gov't Code §84308(c).

The list of current SCAQMD Governing Board Members can be found at the SCAQMD website ([www.aqmd.gov](http://www.aqmd.gov)). The list of current MSRC members/alternates can be found at the MSRC website (<http://www.cleantransportationfunding.org>).

### **SECTION I.**

**Contractor (Legal Name):** \_\_\_\_\_

- DBA, Name _____, County Filed in _____ Corporation, ID No. _____ LLC/LLP, ID No. _____
--

**List any parent, subsidiaries, or otherwise affiliated business entities of Contractor:**  
(See definition below).

\_\_\_\_\_  
\_\_\_\_\_

### **SECTION II.**

Has Contractor and/or any parent, subsidiary, or affiliated company, or agent thereof, made a campaign contribution(s) totaling \$250 or more in the aggregate to a current member of the South Coast Air Quality Management Governing Board or member/alternate of the MSRC in the 12 months preceding the date of execution of this disclosure?

Yes     No    **If YES, complete Section II below and then sign and date the form. If NO, sign and date below. Include this form with your submittal.**

**Campaign Contributions Disclosure, continued:**

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
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Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

**I declare the foregoing disclosures to be true and correct.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEFINITIONS**

Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)

- (1) Parent subsidiary. A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.
- (2) Otherwise related business entity. Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:
  - (A) One business entity has a controlling ownership interest in the other business entity.
  - (B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:
    - (i) The same person or substantially the same person owns and manages the two entities;
    - (ii) There are common or commingled funds or assets;
    - (iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;
    - (iv) There is otherwise a regular and close working relationship between the entities; or
  - (C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.



South Coast  
**AIR QUALITY MANAGEMENT DISTRICT**  
 21865 Copley Dr., Diamond Bar, CA 91765  
 www.aqmd.gov

**Direct Deposit Authorization**

**STEP 1: Please check all the appropriate boxes**

- |  |  |
|--|--|
| <input type="checkbox"/> Individual (Employee, Governing Board Member) | <input type="checkbox"/> New Request           |
| <input type="checkbox"/> Vendor/Contractor                             | <input type="checkbox"/> Cancel Direct Deposit |
| <input type="checkbox"/> Changed Information                           |  |

**STEP 2: Payee Information**

Last Name		First Name		Middle Initial	Title
Vendor/Contractor Business Name (if applicable)					
Address				Apartment or P.O. Box Number	
City		State	Zip	Country	
Taxpayer ID Number		Telephone Number		Email Address	

**Authorization**

- I authorize South Coast Air Quality Management District (SCAQMD) to direct deposit funds to my account in the financial institution as indicated below. I understand that the authorization may be rejected or discontinued by SCAQMD at any time. If any of the above information changes, I will promptly complete a new authorization agreement. If the direct deposit is not stopped before closing an account, funds payable to me will be returned to SCAQMD for distribution. This will delay my payment.
- This authorization remains in effect until SCAQMD receives written notification of changes or cancellation from you.
- I hereby release and hold harmless SCAQMD for any claims or liability to pay for any losses or costs related to insufficient fund transactions that result from failure within the Automated Clearing House network to correctly and timely deposit monies into my account.

**STEP 3:**

You must verify that your bank is a member of an Automated Clearing House (ACH). Failure to do so could delay the processing of your payment. You must attach a voided check or have your bank complete the bank information and the account holder must sign below.

**To be Completed by your Bank**

<b>Staple Voided Check Here</b>	Name of Bank/Institution				
	Account Holder Name(s)				
	<input type="checkbox"/> Saving <input type="checkbox"/> Checking		Account Number	Routing Number	
	Bank Representative Printed Name		Bank Representative Signature		Date
	ACCOUNT HOLDER SIGNATURE:				Date


For SCAQMD Use Only

Input By \_\_\_\_\_

Date \_\_\_\_\_

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 11

PROPOSAL: Recognize Revenue and Issue RFP for DC Fast Charging Network Provider and Education Outreach Consultant 

SYNOPSIS: SCAQMD was awarded a \$300,000 grant from CEC for installation of a DC fast charging network for plug-in electric vehicles at grocery stores along major freeway corridors in the South Coast Air Basin. CEC's funding will go towards installation and networking costs in establishing the DC fast charging network. The DC fast chargers will be UL listed and include CHAdeMO and SAE Combo connectors, if both are commercially available. The total project cost is \$1.2 million, with additional cost sharing by Nissan and the network provider for hardware, installation, networking, and education outreach costs. This action is to recognize funds from CEC and issue an RFP for a DC fast charging network provider and an education outreach consultant.

COMMITTEE: Technology, July 19, 2013; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize \$300,000 in revenue from CEC for a grant received from the CEC Alternative and Renewable Fuel and Vehicle Technology Program into the Clean Fuels Fund (31); and
2. Issue RFP for a DC fast charging network provider and education outreach consultant.

Barry R. Wallerstein, D.Env.  
Executive Officer

MMM:DS:PSK

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**Background**

CEC's Alternative and Renewable Fuel and Vehicle Technology Program awarded SCAQMD a \$300,000 grant for establishing 20 DC fast chargers as the building block of a statewide network. A partnership with SCAQMD, Nissan, and a network



provider and education outreach consultant to be selected by the RFP will result in a DC fast charging network on major freeway corridors in the South Coast Air Basin. This will support the deployment of plug-in electric vehicles (PEV) and associated infrastructure.

### **Proposal**

The South Coast Air Basin DC Fast Charging Project will install 20 DC fast charging sites at grocery stores along major freeway corridors. SCAQMD will work with the DC fast charging network provider, Nissan, and the grocery store sites to install infrastructure within 12 months of contract execution with the selected network provider. Funding for this project was approved at CEC's Business Meeting in June 2013, and a contract with CEC will be executed once approved by the Board. Through the RFP, a DC fast charging network provider who can support both CHAdeMO and SAE Combo connector standards will be selected based on technical qualifications, extent of successful deployment of DC fast chargers in California, and the ability to provide cost sharing towards this project. An education outreach consultant will also be selected through this same RFP based on technical qualifications and previous experience on similar projects. The partners will collaborate to address collective issues, work towards timely completion of installations, maximize utilization and cost recovery of the DC fast charger network, and conduct education outreach on DC fast charging infrastructure and PEVs.

### **Benefits to AQMD**

This project will advance the state of PEV readiness in California by creating a viable DC fast charging network that will be accessible, convenient and affordable for PEV drivers. There will also be education outreach to communicate the benefits of DC fast charging and PEV readiness to PEV drivers and customers. Based on the deployment of this fast charging network, a compilation of best practices for DC fast charging siting, installation, utilization, cost recovery, and network management will ensure easier future deployment of DC fast charging infrastructure to support the California PEV market. The education outreach consultant will also compile a best practices document for education outreach for DC fast chargers. This project is included in the *Technology Advancement Office Clean Fuels Program 2013 Plan Update* under the category of "Electric/Hybrid Technologies and Infrastructure."

### **Outreach**

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFP and inviting bids will be 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 Basin.

Additionally, potential bidders may be notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP will be mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<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 is also available on SCAQMD's bidder's 24-hour telephone message line (909) 396-2724.

### **Resource Impacts**

The total cost for the South Coast Air Basin DC Fast Charging Project is \$1,200,000, including \$300,000 from CEC to be received into the Clean Fuels Fund (31), and \$900,000 in match funding to be provided by Nissan and a DC fast charging network provider to be identified by RFP. It is anticipated that Nissan will provide \$300,000 as cost share, and this will go towards hardware and installation of DC fast charging infrastructure with CHAdeMO connectors. Funding will be distributed by the tasks identified in the RFP:

Sufficient funds are available from the Clean Fuels Fund (31), 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.

### **Attachment**

RFP #P2014-04 Installation of DC Fast Charging Network at Grocery Stores in the South Coast Air Basin



# **South Coast Air Quality Management District**

## **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

### **REQUEST FOR PROPOSALS**

#### **DC FAST CHARGING NETWORK SERVICE PROVIDER AND EDUCATIONAL OUTREACH IN THE SOUTH COAST AIR BASIN**

#P2014-04

The South Coast Air Quality Management District (SCAQMD) requests proposals for the following purpose according to terms and conditions attached. In the preparation of this Request for Proposals (RFP) the words "Proposer," "Contractor," and "Consultant" are used interchangeably.

#### **PURPOSE**

This RFP is for the purpose of finding a DC fast charging network provider and a consultant to conduct education outreach for a 20 charger plug-in electric vehicle (PEV) network at grocery stores along major freeway corridors in the South Coast Air Basin. The network provider and the education outreach consultant could apply for one or both tasks, requiring separate proposals under this RFP. SCAQMD received a grant for \$300,000 from CEC's Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) towards installation and networking costs in establishing the DC fast charging network. The DC fast chargers will be UL listed and include both CHAdeMO and SAE combo connectors, if commercially available. The total project cost is estimated at \$1.2 million, with \$300,000 from CEC and \$900,000 in cost sharing from Nissan and a DC fast charging network provider to be selected from this RFP. This will support the deployment of PEVs and associated infrastructure by creating a viable DC fast charging network that will be accessible, convenient and affordable for PEV drivers, and extend the daily electric vehicle range to enable greater zero emission vehicle miles traveled during peak commuting hours.

The South Coast Air Basin DC Fast Charging Project will install 20 DC fast charging sites at grocery stores along major freeway corridors. SCAQMD will work with the DC fast charging network provider, Nissan, and the grocery store sites to install infrastructure within 12 months of contract execution with the network provider. Funding for this project was approved at CEC's Business Meeting in June 2013. A DC fast charging network provider who can support both CHAdeMO and SAE Combo connector standards will be selected based on technical qualifications, extent of successful deployment of DC fast chargers in California, and the ability to contribute cost sharing towards this project. The partners will collaborate to address collective issues, work towards timely completion of installations, maximize utilization and cost recovery of the DC fast charger network, and conduct education outreach workshops on DC fast charging infrastructure and PEVs.

The education outreach consultant would work closely with SCAQMD and the California Plug-in Electric Vehicle Collaborative (PEVC) to utilize collective resources to address barriers to the PEV market in California, increase PEV community readiness, and conduct

education outreach activities on PEVs and associated infrastructure, including DC fast chargers. Education outreach activities would begin with the installation of the first DC fast charger until the last DC fast charger installation.

**INDEX - The following are contained in this RFP:**

Section I	Background/Information
Section II	Contact Person
Section III	Schedule of Events
Section IV	Participation in the Procurement Process
Section V	Statement of Work/Schedule of Deliverables
Section VI	Required Qualifications
Section VII	Proposal Submittal Requirements
Section VIII	Proposal Submission
Section IX	Proposal Evaluation/Contractor Selection Criteria
Section X	Funding
Section XI	Draft Contract

Attachment A - Certifications and Representations

**SECTION I: BACKGROUND/INFORMATION**

This project will advance the state of PEV readiness in California by creating a viable DC fast charging network. There will also be education outreach workshops to communicate the benefits of DC fast charging and PEV readiness to PEV drivers and customers at these grocery stores. Based on the deployment of this fast charging network, a compilation of best practices for DC fast charging siting, installation, utilization, cost recovery and network management will ensure easier future deployment of DC fast charging infrastructure to support the California PEV market. This project is included in the *Technology Advancement Office Clean Fuels Program 2013 Plan Update* under the category of Electric/Hybrid Technologies and Infrastructure. This RFP supports SCAQMD's PEV infrastructure deployment and planning activities, including collaborations with other air quality and planning agencies in the State of California and the California PEV Collaborative.

The South Coast Air Basin DC Fast Charging Project would also need to comply with proposed (or adopted) California legislation SB 454, *Electric Vehicle Electric Charging Stations Open Access Act*, which would prohibit the charging of mandatory subscription fees or membership in any organization as a condition for accessing chargers, would disclose the geographical location, schedule of fees, acceptable modes of payment, networking roaming charges for nonmembers, as well as the adoption of interoperability billing standards for network roaming payment methods for charging stations no later than January 1, 2016. In addition, the installation of DC fast chargers should comply with proposed guidelines regarding universal charging access in the draft guidelines document *PEVs: Universal Charging Access Guidelines and Best Practices* (July 2013) published by the State of California Governor's Office of Planning and Research (OPR) and the Division of the State Architect. These proposed guidelines provide physical accessibility standards and design guidelines for the installation of PEV charging stations in the State of California. Lastly, the installation of DC fast chargers should comply with the draft *ZEVs in California: Community Readiness Guidebook* (June 2013) published by OPR pertaining to best practices for DC fast

charger installations and contained in the statewide and regional PEV readiness plans produced for the DOE funded California PEV Readiness Project:

<http://www.pevcollaborative.org/pev-readiness-reports>.

**SECTION II: CONTACT PERSON:**

Questions regarding the content or intent of this RFP or on procedural matters should be addressed to:

Patricia Kwon  
Technology Advancement Office  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765-4178  
(909) 396-3065  
pkwon@aqmd.gov

**SECTION III: SCHEDULE OF EVENTS**

September 6, 2013	RFP Released
September 25, 2013	Bidder's Conference*
October 18, 2013	Proposals Due – <b>No Later Than 5:00 pm</b>
November 1, 2013	Proposal Evaluations
November 15, 2013	Technology Committee
December 6, 2013	Governing Board Approval
January 3, 2014	Anticipated Contract Execution

\*Participation in the Bidder's Conference is optional. Such participation would assist in notifying potential bidders of any updates or amendments. The Bidder's Conference will be held in Room CC-2 at the SCAQMD Headquarters in Diamond Bar, California at 10:00 am on Wednesday, September 25, 2013. Please contact Patricia Kwon at (909) 396-3065 by close of business on Friday, September 20, 2013 if you plan to attend.

**SECTION IV: PARTICIPATION IN THE PROCUREMENT PROCESS**

A. It is the policy of the South Coast Air Quality Management District to ensure that all businesses including minority business enterprises, women business enterprises, disabled veteran business enterprises and small businesses have a fair and equitable opportunity to compete for and participate in SCAQMD contracts.

B. Definitions:

The definition of minority, women or disadvantaged business enterprises set forth below is included for purposes of determining compliance with the affirmative steps requirement described in Paragraph G below on procurements funded in whole or in part with federal grant funds which involve the use of subcontractors. The definition provided for disabled veteran business enterprise, local business, small business enterprise, low-emission vehicle business and off-peak hours delivery business are provided for purposes of determining eligibility for point or cost considerations in the evaluation process.

1. "Women business enterprise" (WBE) as used in this policy means a business enterprise that meets all of the following criteria:
  - a. a business that is at least 51 percent owned by one or more women, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
  - b. a business whose management and daily business operations are controlled by one or more women.
  - c. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
2. "Disabled veteran" as used in this policy is a United States military, naval, or air service veteran with at least 10 percent service-connected disability who is a resident of California.
3. "Disabled veteran business enterprise" (DVBE) as used in this policy means a business enterprise that meets all of the following criteria:
  - a. is a sole proprietorship or partnership of which at least 51 percent is owned by one or more disabled veterans or, in the case of a publicly owned business, at least 51 percent of its stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
  - b. the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
  - c. is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.
4. "Local business" as used in this policy means a company that has an ongoing business within geographical boundaries of the SCAQMD at the time of bid or proposal submittal and performs 90% of the work related to the contract within the geographical boundaries of the SCAQMD and satisfies the requirements of subparagraph H below.
5. "Small business" as used in this policy means a business that meets the following criteria:
  - a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:

- A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
  - A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
- 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 and 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.
6. "Joint ventures" as defined in this policy pertaining to certification means that one party to the joint venture is a DVBE or small business and owns at least 51 percent of the joint venture.
7. "Low-Emission Vehicle Business" as used in this policy means a company or contractor that uses low-emission vehicles in conducting deliveries to the SCAQMD. Low-emission vehicles include vehicles powered by electric, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), ethanol, methanol, hydrogen and diesel retrofitted with particulate matter (PM) traps.
8. "Off-Peak Hours Delivery Business" as used in this policy means a company or contractor that commits to conducting deliveries to the SCAQMD during off-peak traffic hours defined as between 10:00 a.m. and 3:00 p.m.
9. "Benefits Incentive Business" as used in this policy means a company or contractor that provides janitorial, security guard or landscaping services to the SCAQMD and commits to providing employee health benefits (as defined below in Section VIII.D.2.d) for full time workers with affordable deductible and co-payment terms.
10. "Minority Business Enterprise" as used in this policy means a business that is at least 51 percent owned by one or more minority person(s), or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more or minority persons.
- a. a business whose management and daily business operations are controlled by one or more minority persons.
  - b. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
  - c. "Minority person" for purposes of this policy, means a Black American, Hispanic American, Native-American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian (including a person whose origins are from India, Pakistan, and Bangladesh), Asian-Pacific-American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United

States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan).

11. Disadvantaged Business Enterprise” as used in this policy means a business that is an entity owned and/or controlled by a socially and economically disadvantaged individual(s) as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d)(8% statute), respectively;  
a Small Business Enterprise (SBE);  
a Small Business in a Rural Area (SBRA);  
a Labor Surplus Area Firm (LSAF); or  
a Historically Underutilized Business (HUB) Zone Small Business Concern, or a concern under a successor program.

- C. Under Request for Quotations (RFQ), DVBEs, DVBE business joint ventures, small businesses, and small business joint ventures shall be granted a preference in an amount equal to 5% of the lowest cost responsive bid. Low-Emission Vehicle Businesses shall be granted a preference in an amount equal to 5 percent of the lowest cost responsive bid. Off-Peak Hours Delivery Businesses shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid. Local businesses (if the procurement is not funded in whole or in part by federal grant funds) shall be granted a preference in an amount equal to 2% of the lowest cost responsive bid.
- D. Under Request for Proposals, DVBEs, DVBE joint ventures, small businesses, and small business joint ventures shall be awarded ten (10) points in the evaluation process. A non-DVBE or large business shall receive seven (7) points for subcontracting at least twenty-five (25%) of the total contract value to a DVBE and/or small business. Low-Emission Vehicle Businesses shall be awarded five (5) points in the evaluation process. On procurements which are not funded in whole or in part by federal grant funds local businesses shall receive five (5) points. Off-Peak Hours Delivery Businesses shall be awarded two (2) points in the evaluation process.
- E. SCAQMD will ensure that discrimination in the award and performance of contracts does not occur on the basis of race, color, sex, national origin, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint in the performance of SCAQMD contractual obligations.
- F. SCAQMD requires Contractor to be in compliance with all state and federal laws and regulations with respect to its employees throughout the term of any awarded contract, including state minimum wage laws and OSHA requirements.
- G. When contracts are funded in whole or in part by federal funds, and if subcontracts are to be let, the Contractor must comply with the following, evidencing a good faith effort to solicit disadvantaged businesses. Contractor shall submit a certification signed by an authorized official affirming its status as a MBE or WBE, as applicable, at the time of contract execution. The SCAQMD reserves the right to request documentation demonstrating compliance with the following good faith efforts prior to contract execution.
  - 1. Ensure Disadvantaged Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.



2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
  3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and Local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
  4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
  5. Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
  6. If the prime contractor awards subcontracts, require the prime contractor to take the above steps.
- H. To the extent that any conflict exists between this policy and any requirements imposed by federal and state law relating to participation in a contract by a certified MBE/WBE/DVBE as a condition of receipt of federal or state funds, the federal or state requirements shall prevail.
- I. When contracts are not funded in whole or in part by federal grant funds, a local business preference will be awarded. For such contracts that involve the purchase of commercial off-the-shelf products, local business preference will be given to suppliers or distributors of commercial off-the-shelf products who maintain an ongoing business within the geographical boundaries of the SCAQMD. However, if the subject matter of the RFP or RFQ calls for the fabrication or manufacture of custom products, only companies performing 90% of the manufacturing or fabrication effort within the geographical boundaries of the SCAQMD shall be entitled to the local business preference.
- J. In compliance with federal fair share requirements set forth in 40 CFR Part 33, the SCAQMD shall establish a fair share goal annually for expenditures with federal funds covered by its procurement policy.

## **SECTION V: STATEMENT OF WORK/SCHEDULE OF DELIVERABLES**

### Part I—DC Fast Charging Network Provider

#### A. Statement of Work

This RFP is for the purpose of finding a DC fast charging network provider for a 20 charger plug-in electric vehicle (PEV) network at grocery stores along major freeway corridors in the South Coast Air Basin. These locations have already been selected by CEC and have obtained a CEQA Notice of Exemption (NOE) from the CEC. The DC fast charging network provider will work with SCAQMD staff and site staff to provide timeline and budget, site plan,

obtain permits, perform installation, networking and commissioning, operation and maintenance of each charger, data collection, and compilation of best practices. All 20 DC fast chargers will need to be installed within 12 months of contract execution. Anticipated contract execution is January 2014 with completion by January 2015. The DC fast charging network provider has the flexibility to recover costs incurred by the provider towards hardware, installation, or networking but must offer PEV drivers the option of a pay per use or a subscription model for PEV charging at any of the fast chargers in the South Coast Air Basin DC Fast Charging Project and comply with proposed California legislation SB 454, *Electric Vehicle Electric Charging Stations Open Access Act*. The installation of these fast chargers also needs to comply with recommended best practices in the *PEVs: Universal Charging Access Guidelines and Best Practices* and draft *ZEVs in California: Community Readiness Guidebook*.

#### Task 1 – Timeline and Budget

Contractor should provide a timeline and budget for each site (if costs differ by site) and for the overall project of 20 sites. Timeline and budget shall be approved by SCAQMD staff, including deviations from the originally proposed timeline and budget.

#### Task 2 – Creation of Site Plan

Contractor shall provide an ADA compliant site plan designating location and access aisles. Contractor shall also ensure that charger design and placement meet all current PEV access guidelines and that charger is in an EV designated space and is within a reasonable distance of the panel to minimize trenching and other installation expenses to the extent possible, given existing site conditions. Site plan shall be approved by SCAQMD, permitting agency, and the site owner.

#### Task 3 – Obtain Permits

Contractor shall obtain any necessary permits for the installation of the DC fast chargers, including electrical or trenching permits. Contractor shall be responsible for any changes to the permits and for obtaining final signoff by the permitting agency upon completion of the installation.

#### Task 4 – Installation of DC Fast Charger

Contractor shall install DC fast chargers based upon approved site plan and any permit conditions. Contractor shall send an email report to SCAQMD staff on a weekly basis while any site is in the process of installation and shall notify SCAQMD within 72 hours of any issue that would affect the timely completion of the installation process, including cost overruns or time delays. Contractor shall provide a 5-year warranty on the entire fast charger system with on-site service.

#### Task 5 – Networking and Commissioning of DC Fast Charger

Contractor shall perform networking and commissioning of DC fast chargers so that availability, status of charger, and charging rates can be determined online, and that data collection on the charger is operational. Contractor shall notify SCAQMD staff when charger

is fully networked and commissioned. Contractor shall ensure that DOE's Clean Cities Alternative Fuel Data Center website (<http://www.afdc.energy.gov>), Recargo or other PEV charger sites are notified and updated of DC fast charging site locations as they become fully operational.

#### Task 6 – Operation and Maintenance of DC Fast Charger

Contractor shall operate and maintain chargers and shall resolve issues with their operation by regularly monitoring charger status and upon notification of issues by site owners, users, and SCAQMD staff. Contractor shall provide a monthly status report of any issues associated with the chargers.

#### Task 7 – Data Collection

Contractor shall provide and/or analyze data at each of the chargers and make this data available in electronic format or via online access to SCAQMD staff. Contractor shall provide SCAQMD staff analyses on utilization, rate structures, demand charges, or charging patterns that show utilization or cost effectiveness of the chargers. These analyses will be used in the compilation of best practices.

#### Task 8 – Compilation of Best Practices

Contractor shall compile a best practices guidelines document on siting, installation, utilization, cost recovery, and network management on DC fast chargers based on prior knowledge or from the installation of chargers in this project.

### B. Schedule of Deliverables

Anticipated schedule of deliverables by the contractor is as follows:

Submit Timeline and Budget	January 2014
Create Site Plans	February 2014
Obtain Permits	March – October 2014
Installation	April 2014 – January 2015
Networking/Commissioning	April 2014 – January 2015
Best Practices	January 2015
Operation & Maintenance	April 2014 – April 2017
Data Collection	April 2014 – April 2017

## Part II—DC Fast Charging Education Outreach

### A. Statement of Work

The second purpose of this RFP is to find a consultant to conduct education outreach for the DC fast charging network. All 20 DC fast chargers would be installed between April 2014 – January 2015. Education outreach activities would begin with the installation of the first DC fast charger until the last DC fast charger installation. Anticipated contract execution is January 2014 with completion by January 2015. The education outreach consultant would work closely with SCAQMD and the California Plug-in Electric Vehicle Collaborative (PEVC) to utilize collective resources to address barriers to the PEV market in California, increase PEV community readiness, and conduct education outreach activities on PEVs and

associated infrastructure, including DC fast chargers. These activities would include the following:

- Developing DC fast charger station-specific outreach messages for various media, including online websites, over the counter handouts and public signage/messages
- Creating and implementing signage and community outreach materials focusing on general PEV market topics including environmental, health and community benefits
- Homeowner outreach to residents who live in the communities near the grocery stores on the benefits of driving PEVs and having fast charging stations in their communities, with various types of information, including information on PEVs to purchase, procedures on how to use the DC fast charger, a smartphone app with a map showing regional public charging infrastructure, and a list of local incentives for PEVs or charging equipment
- Local business outreach to employers and retail outlets near the grocery stores about what to consider when installing charging infrastructure for employees or customers. Additionally, information will be distributed on the business proposition and green marketing opportunities for employers and businesses around the use of PEVs.

#### Task 1 – Design of DC Fast Charging Campaign

Contractor shall create and present a series of concepts for a unified DC Fast Charging Campaign applicable for public charging sites, such as grocery stores. Contractor shall incorporate feedback and work with SCAQMD staff to implement the campaign.

#### Task 2 – Creation of Social Media Campaign

Contractor shall implement a social media campaign using LinkedIn, Facebook, Twitter, and You Tube platforms to direct internet traffic to the SCAQMD or other designated websites. Contractor shall also work with existing mapping websites, such as Recargo, which display the location, availability, and rates for PEV chargers. Outreach strategies include sending weekly messages and discussion threads to groups that are interested in topics such as the environment, zero emission transportation, health, and clean technologies. SCAQMD events and other video content may be included.

#### Task 3 – Grocery Store Education Outreach Program

Contractor shall work with participating grocery stores to provide prominent links to websites featuring the DC Fast Charging Education Outreach program and messages, as well as QR (Quick Response) codes on printed material to allow smartphone users to link directly to the relevant websites for more information about PEVs and associated infrastructure. CONTRACTOR shall provide in-person outreach and print material to customers at grocery stores, and update website content on the education outreach program as necessary.

#### Task 4 – DC Fast Charger Education Outreach Program Assessment

Contractor shall conduct assessments of web traffic and collect survey data on randomly selected grocery store customers after major updates and provide metrics to SCAQMD on a monthly basis. Contractor shall prepare a final project report and 2-page project synopsis on

best practices regarding DC fast charger education outreach and messaging, and submit to SCAQMD staff for review and approval.

B. Schedule of Deliverables

Anticipated schedule of deliverables by the contractor is as follows:

Submit Timeline and Budget	January 2014
Design Outreach Campaign	February – March 2014
Design Social Media Campaign	February – March 2014
Conduct Education Outreach at Stores	April 2014 – January 2015
Assessment and Best Practices	January 2015

**SECTION VI: REQUIRED QUALIFICATIONS**

A. Network providers must have experience in installing, operating, and maintaining DC fast charging networks. A DC fast charging network provider who can support both CHAdeMO and SAE Combo connector standards will be selected based on technical qualifications, extent of successful deployment of DC fast chargers in California, and the ability to contribute cost sharing towards this project. Education outreach consultants with experience in designing and conducting education outreach campaigns to PEV owners and the general public, including in-person outreach and social media. Other necessary qualifications for education outreach consultants include the ability to direct traffic to relevant websites with information on PEVs and associated infrastructure, updating smartphone apps such as Recargo with information on the fast chargers, and familiarity with PEVs and associated infrastructure.

B. Proposer must submit the following:

1. Resumes or similar statement of qualifications of the lead person and key persons assigned to the project. Substitution of project manager or lead person will not be permitted without prior written approval by SCAQMD.
2. List all key personnel assigned to the project by level, and name, and include resumes. Specify the estimated time to be spent by the lead person and key persons assigned to the project.
3. List specific portion of the project to be subcontracted. Include all subcontractors and their resumes or similar statement of qualification.
4. Summary of major similar projects handled during the last five years demonstrating experience in SCAQMD projects or DC fast charging installations and networks.
5. A letter signed by an authorized official from an EVSE manufacturer that will be manufacturing a DC fast charger with CHAdeMO and SAE Combo connectors committing to participate in the project and describing their level of involvement.

**SECTION VII: PROPOSAL SUBMITTAL REQUIREMENTS**

Submitted proposals must follow the format outlined below and all requested information must be supplied. Failure to submit proposals in the required format will result in elimination from proposal evaluation.

Each proposal must be submitted in three separate volumes:

- Volume I - Technical Proposal
- Volume II - Cost Proposal
- Volume III - Certifications and Representations included in Attachment A to this RFP, should be executed by an authorized official of the Contractor.

A separate cover letter including the name, address, and telephone number of the contractor, and signed by the person or persons authorized to represent the firm should accompany the proposal submission. Firm contact information as follows should also be included in the cover letter:

1. Address and telephone number of office in, or nearest to, Diamond Bar, California.
2. Name and title of firm's representative designated as contact.

A separate Table of Contents should be provided for Volumes I and II.

## **VOLUME I - TECHNICAL PROPOSAL**

### **DO NOT INCLUDE ANY COST INFORMATION IN THE TECHNICAL VOLUME**

Summary (Section A) - State overall approach to meeting the objectives and satisfying the scope of work to be performed, the sequence of activities, and a description of methodology or techniques to be used.

Program Schedule (Section B) - Provide projected milestones or benchmarks for submitting reports within the total time allowed.

Project Organization (Section C) - Describe the proposed management structure, program monitoring procedures, and organization of the proposed team.

Qualifications (Section D) - Describe the technical capabilities of the firm. Provide references of other similar studies performed during the last five years demonstrating ability to successfully complete the project. Include contact name, title, and telephone number for any references listed. Provide a statement of your firm's background and experience in performing similar projects for other governmental organizations.

Assigned Personnel (Section E) - Provide the following information on the staff to be assigned to this project:

1. List all key personnel assigned to the project by level and name. Provide a resume or similar statement of the qualifications of the lead person and all persons assigned to the project. Substitution of project manager or lead personnel will not be permitted without prior written approval of SCAQMD.
2. Provide a spreadsheet of the labor hours proposed for each labor category at the task level.

3. Provide a statement indicating whether or not 90% of the work will be performed within the geographical boundaries of the SCAQMD.
4. Provide a statement of the education and training program provided by, or required of, the staff identified for participation in the project, particularly with reference to management consulting, governmental practices and procedures, and technical matters.
5. Provide a summary of your firm's general qualifications to meet required qualifications and fulfill statement of work, including additional firm personnel and resources beyond those who may be assigned to the project.

Subcontractors (Section F) - This project may require expertise in multiple technical areas. List any subcontractors that may be used and the work to be performed by them.

Conflict of Interest (Section G) - Address possible conflicts of interest with other clients affected by actions performed by the firm on behalf of SCAQMD. Although the Proposer will not be automatically disqualified by reason of work performed for such firms, SCAQMD reserves the right to consider the nature and extent of such work in evaluating the proposal.

Additional Data (Section H) - Provide other essential data that may assist in the evaluation of this proposal.

## **VOLUME II - COST PROPOSAL**

Name and Address - The Cost Proposal must list the name and complete address of the Proposer in the upper left-hand corner.

Cost Proposal – SCAQMD anticipates awarding a fixed price contract. Cost information must be provided as listed below:

1. Detail must be provided by the following categories:
  - A. Labor - List the total number of hours and the hourly billing rate for each level of professional staff. A breakdown of the proposed billing rates must identify the direct labor rate, overhead rate and amount, fringe benefit rate and amount, General and Administrative rate and amount, and proposed profit or fee. Provide a basis of estimate justifying the proposed labor hours and proposed labor mix.
  - B. Subcontractor Costs - List subcontractor costs and identify subcontractors by name. Itemize subcontractor charges per hour or per day.
  - C. Travel Costs - Indicate amount of travel cost and basis of estimate to include trip destination, purpose of trip, length of trip, airline fare or mileage expense, per diem costs, lodging and car rental.
  - D. Other Direct Costs -This category may include such items as postage and mailing expense, printing and reproduction costs, etc. Provide a basis of estimate for these costs.

## **VOLUME III - CERTIFICATIONS AND REPRESENTATIONS** (see Attachment A to this RFP)

### **SECTION VIII: PROPOSAL SUBMISSION**

All proposals must be submitted according to specifications set forth in the section above. Failure to adhere to these specifications may be cause for rejection of proposal.

Signature - All proposals should be signed by an authorized representative of the Proposer.

Due Date - The Proposer shall submit four (4) complete copies of the proposal in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the Proposer and the words "Request for Proposals #2014-04." **All proposals are due no later than 5:00 p.m., October 18, 2013, and should be directed to:**

Procurement Unit  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178  
(909) 396-3520

**Late bids/proposals will not be accepted under any circumstances.**

Grounds for Rejection - A proposal may be immediately rejected if:

- It is not prepared in the format described, or
- It is signed by an individual not authorized to represent the firm.

Modification or Withdrawal - Once submitted, proposals cannot be altered without the prior written consent of SCAQMD. All proposals shall constitute firm offers and may not be withdrawn for a period of ninety (90) days following the last day to accept proposals.

## **SECTION IX: PROPOSAL EVALUATION/CONTRACTOR SELECTION CRITERIA**

- A. Proposals will be evaluated by a panel of three to five SCAQMD staff members familiar with the subject matter of the project. The panel shall be appointed by the Executive Officer or his designee. In addition, the evaluation panel may include such outside public sector or academic community expertise as deemed desirable by the Executive Officer. The panel will make a recommendation to the Executive Officer and/or the Governing Board of the SCAQMD for final selection of a contractor and negotiation of a contract.
- B. Each member of the evaluation panel shall be accorded equal weight in his or her rating of proposals. The evaluation panel members shall evaluate the proposals according to the specified criteria and numerical weightings set forth below.

<u>Research &amp; Demonstration Projects</u>	
Understanding the Problem	20
Technical/Management Approach	20
Contractor Qualifications	20
Previous Experience on Similar Projects	10
Cost	<u>30</u>



TOTAL 100

Additional Points

Small Business or Small Business Joint Venture	10
DVBE or DVBE Joint Venture	10
Use of DVBE or Small Business Subcontractors	7
Low-Emission Vehicle Business	5
Local Business (Non-Federally Funded Projects Only)	5
Off-Peak Hours Delivery Business	2

**The cumulative points awarded for small business, DVBE, use of small business or DVBE subcontractors, low-emission vehicle business, local business, and off-peak hours delivery business shall not exceed 15 points.**

Self-Certification for Additional Points

**The award of these additional points shall be contingent upon Proposer completing the Self-Certification section of Attachment A – Certifications and Representations and/or inclusion of a statement in the proposal self-certifying that Proposer qualifies for additional points as detailed above.**

2. To receive additional points in the evaluation process for the categories of Small Business or Small Business Joint Venture, DVBE or DVBE Joint Venture or Local Business (for non-federally funded projects), the proposer must submit a self-certification or certification from the State of California Office of Small Business Certification and Resources at the time of proposal submission certifying that the proposer meets the requirements set forth in Section III. To receive points for the use of DVBE and/or Small Business subcontractors, at least 25 percent of the total contract value must be subcontracted to DVBEs and/or Small Businesses. To receive points as a Low-Emission Vehicle Business, the proposer must demonstrate to the Executive Officer, or designee, that supplies and materials delivered to the SCAQMD are delivered in vehicles that operate on either clean-fuels or if powered by diesel fuel, that the vehicles have particulate traps installed. To receive points as an Off-Peak Hours Delivery Business, the proposer must submit, at proposal submission, certification of its commitment to delivering supplies and materials to SCAQMD between the hours of 10:00 a.m. and 3:00 p.m. The cumulative points awarded for small business, DVBE, use of Small Business or DVBE Subcontractors, Local Business, Low-Emission Vehicle Business and Off-Peak Hour Delivery Business shall not exceed 15 points.

The Procurement Section will be responsible for monitoring compliance of suppliers awarded purchase orders based upon use of low-emission vehicles or off-peak traffic hour delivery commitments through the use of vendor logs which will identify the contractor awarded the incentive. The purchase order shall incorporate terms which obligate the supplier to deliver materials in low-emission vehicles or deliver during off-peak traffic hours. The Receiving department will monitor those qualified supplier deliveries to ensure compliance to the purchase order requirements. Suppliers in non-compliance will be subject to a two percent of total purchase order value penalty. The Procurement Manager will adjudicate any disputes regarding either low-emission vehicle or off-peak hour deliveries.

3. For procurement of Research and Development (R & D) projects or projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, technical factors including past experience shall be weighted at 70 points and cost shall be weighted at 30 points. A proposal must receive at least 56 out of 70 points on R & D projects and projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, in order to be deemed qualified for award.
  4. The lowest cost proposal will be awarded the maximum cost points available and all other cost proposals will receive points on a prorated basis. For example if the lowest cost proposal is \$1,000 and the maximum points available are 30 points, this proposal would receive the full 30 points. If the next lowest cost proposal is \$1,100 it would receive 27 points reflecting the fact that it is 10% higher than the lowest cost (90% of 30 points = 27 points).
- C. During the selection process the evaluation panel may wish to interview some proposers for clarification purposes only. No new material will be permitted at this time. Additional information provided during the bid review process is limited to clarification by the Proposer of information presented in his/her proposal, upon request by SCAQMD.
- D. The Executive Officer or Governing Board may award the contract to a Proposer other than the Proposer receiving the highest rating in the event the Governing Board determines that another Proposer from among those technically qualified would provide the best value to SCAQMD considering cost and technical factors. The determination shall be based solely on the Evaluation Criteria contained in the Request for Proposal (RFP), on evidence provided in the proposal and on any other evidence provided during the bid review process.
- E. Selection will be made based on the above-described criteria and rating factors. The selection will be made by and is subject to Executive Officer or Governing Board approval. Proposers may be notified of the results by letter.
- F. The Governing Board has approved a Bid Protest Procedure which provides a process for a bidder or prospective bidder to submit a written protest to the SCAQMD Procurement Manager in recognition of two types of protests: Protest Regarding Solicitation and Protest Regarding Award of a Contract. Copies of the Bid Protest Policy can be secured through a request to the SCAQMD Procurement Department.

- G. The Executive Officer or Governing Board may award contracts to more than one proposer if in (his or their) sole judgment the purposes of the (contract or award) would best be served by selecting multiple proposers.
- H. If additional funds become available, the Executive Officer or Governing Board may increase the amount awarded. The Executive Officer or Governing Board may also select additional proposers for a grant or contract if additional funds become available.
- I. Disposition of Proposals – Pursuant to the District’s Procurement Policy and Procedure, SCAQMD reserves the right to reject any or all proposals. All proposals become the property of SCAQMD, and are subject to the California Public Records Act. One copy of the proposal shall be retained for SCAQMD files. Additional copies and materials will be returned only if requested and at the proposer's expense.

**SECTION X: FUNDING**

The total cost for the South Coast Air Basin DC Fast charging Project is \$1,200,000, including \$300,000 from CEC and \$900,000 in match funding to be provided by Nissan and the selected DC fast charging network provider. Potential match funding by Nissan of \$300,000 will go towards hardware and installation of DC fast charging infrastructure with CHAdeMO connectors. Estimated costs by task are provided below:

**DC Fast Charging Network**

<b>Tasks</b>	<b>CEC</b>	<b>Nissan, Network Provider*</b>
Administration		50,000
Hardware		500,000
Installation	300,000	200,000
System Commissioning		50,000
Education Outreach		50,000
Data Collection		50,000
<b>Total</b>	<b>\$300,000</b>	<b>\$900,000</b>

**SECTION XI: DRAFT CONTRACT (Provided as a sample only)**



**South Coast  
Air Quality Management District**

This Contract consists of \*\*\* pages.

1. PARTIES - The parties to this Contract are the South Coast Air Quality Management District (referred to here as "SCAQMD") whose address is 21865 Copley Drive, Diamond Bar, California 91765-4178, and \*\*\* (referred to here as "CONTRACTOR") whose address is \*\*\*.
2. RECITALS
  - A. SCAQMD is the local agency with primary responsibility for regulating stationary source air pollution within the geographical boundaries of the South Coast Air Quality Management District in the State of California. SCAQMD is authorized to enter into this Contract under California Health and Safety Code Section 40489. SCAQMD desires to contract with CONTRACTOR for services described in Attachment 1 - Statement of Work, attached here and made a part here by this reference. CONTRACTOR warrants that it is well-qualified and has the experience to provide such services on the terms set forth here.
  - B. CONTRACTOR is authorized to do business in the State of California and attests that it is in good tax standing with the California Franchise Tax Board.
  - C. All parties to this Contract have had the opportunity to have this Contract reviewed by their attorney.
3. PERFORMANCE REQUIREMENTS
  - A. CONTRACTOR agrees to obtain and maintain the required licenses, permits, and all other appropriate legal authorizations from all applicable federal, state and local jurisdictions and pay all applicable fees. CONTRACTOR further agrees to immediately notify SCAQMD in writing of any change in its licensing status which has a material impact on the CONTRACTOR's performance under this Contract.
  - B. CONTRACTOR shall submit reports to SCAQMD as outlined in Attachment 1 - Statement of Work. All reports shall be submitted in an environmentally friendly format: recycled paper; stapled, not bound; black and white, double-sided print; and no three-ring, spiral, or plastic binders or cardstock covers. SCAQMD reserves the right to review, comment, and request changes to any report produced as a result of this Contract.
  - C. CONTRACTOR shall perform all tasks set forth in Attachment 1 - Statement of Work, and shall not engage, during the term of this Contract, in any performance of work that is in direct or indirect conflict with duties and responsibilities set forth in Attachment 1 - Statement of Work.
  - D. CONTRACTOR shall be responsible for exercising the degree of skill and care customarily required by accepted professional practices and procedures subject to SCAQMD's final approval which SCAQMD will not unreasonably withhold. Any costs incurred due to the failure to meet the foregoing standards, or otherwise defective services which require re-performance, as directed by SCAQMD, shall be the responsibility of CONTRACTOR. CONTRACTOR's failure to achieve the performance goals and objectives stated in Attachment 1- Statement of Work, is not a basis for requesting re-performance

unless work conducted by CONTRACTOR is deemed by SCAQMD to have failed the foregoing standards of performance.

- E. CONTRACTOR shall post a performance bond in the amount of \*\*\* Dollars (\$\*\*\*) from a surety authorized to issue such bonds within the State.
- F. SCAQMD has the right to review the terms and conditions of the performance bond and to request modifications thereto which will ensure that SCAQMD will be compensated in the event CONTRACTOR fails to perform and also provides SCAQMD with the opportunity to review the qualifications of the entity designated by the issuer of the performance bond to perform in CONTRACTOR's absence and, if necessary, the right to reject such entity.
- G. CONTRACTOR shall require its subcontractors to abide by the requirements set forth in this Contract.

4. TERM - The term of this Contract is from the date of execution by both parties (or insert date) to \*\*\*, unless further extended by amendment of this Contract in writing. No work shall commence until this Contract is fully executed by all parties.

5. TERMINATION

- A. In the event any party fails to comply with any term or condition of this Contract, or fails to provide services in the manner agreed upon by the parties, including, but not limited to, the requirements of Attachment 1 – Statement of Work, this failure shall constitute a breach of this Contract. The non-breaching party shall notify the breaching party that it must cure this breach or provide written notification of its intention to terminate this contract. Notification shall be provided in the manner set forth in Clause 11. The non-breaching party reserves all rights under law and equity to enforce this contract and recover damages.
- B. SCAQMD reserves the right to terminate this Contract, in whole or in part, without cause, upon thirty (30) days' written notice. Once such notice has been given, CONTRACTOR shall, except as and to the extent or directed otherwise by SCAQMD, discontinue any Work being performed under this Contract and cancel any of CONTRACTOR's orders for materials, facilities, and supplies in connection with such Work, and shall use its best efforts to procure termination of existing subcontracts upon terms satisfactory to SCAQMD. Thereafter, CONTRACTOR shall perform only such services as may be necessary to preserve and protect any Work already in progress and to dispose of any property as requested by SCAQMD.
- C. CONTRACTOR shall be paid in accordance with this Contract for all Work performed before the effective date of termination under Clause 5.B. Before expiration of the thirty (30) days' written notice, CONTRACTOR shall promptly deliver to SCAQMD all copies of documents and other information and data prepared or developed by CONTRACTOR under this Contract with the exception of a record copy of such materials, which may be retained by CONTRACTOR.

6. STOP WORK – SCAQMD may, at any time, by written notice to CONTRACTOR, require CONTRACTOR to stop all or any part of the work tasks in this Contract. A stop work order may be issued for reasons including, but not limited to, the project exceeding the budget, out of scope work, delay in project schedule, or misrepresentations. Upon receipt of the stop work order, CONTRACTOR shall immediately take all necessary steps to comply with the order. CONTRACTOR shall resume the work only upon receipt of written instructions from SCAQMD cancelling the stop work order. CONTRACTOR agrees and understands that CONTRACTOR will not be paid for performing work while the stop work order is in effect, unless SCAQMD agrees to do so in its written cancellation of the stop work order.

7. INSURANCE

- A. CONTRACTOR shall furnish evidence to SCAQMD of workers' compensation insurance for each of its employees, in accordance with either California or other states' applicable statutory requirements prior to commencement of any work on this Contract.
- B. CONTRACTOR shall furnish evidence to SCAQMD of general liability insurance with a limit of at least \$1,000,000 per occurrence, and \$2,000,000 in a general aggregate prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to SCAQMD.
- C. CONTRACTOR shall furnish evidence to SCAQMD of automobile liability insurance with limits of at least \$100,000 per person and \$300,000 per accident for bodily injuries, and \$50,000 in property damage, or \$1,000,000 combined single limit for bodily injury or property damage, prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to SCAQMD.
- D. CONTRACTOR shall furnish evidence to SCAQMD of Professional Liability Insurance with an aggregate limit of not less than \$5,000,000. **[OPTIONAL FOR PROFESSIONAL SERVICES]**
- E. If CONTRACTOR fails to maintain the required insurance coverage set forth above, SCAQMD reserves the right either to purchase such additional insurance and to deduct the cost thereof from any payments owed to CONTRACTOR or terminate this Contract for breach.
- F. All insurance certificates should be mailed to: SCAQMD Risk Management, 21865 Copley Drive, Diamond Bar, CA 91765-4178. **The SCAQMD Contract Number must be included on the face of the certificate.**
- G. CONTRACTOR must provide updates on the insurance coverage throughout the term of the Contract to ensure that there is no break in coverage during the period of contract performance. Failure to provide evidence of current coverage shall be grounds for termination for breach of Contract.

8. **INDEMNIFICATION** - CONTRACTOR agrees to hold harmless, defend and indemnify SCAQMD, its officers, employees, agents, representatives, and successors-in-interest against any and all loss, damage, costs, lawsuits, claims, demands, causes of action judgments, attorney's fees, or any other expenses arising from or related to any third party claim against SCAQMD, its officers, employees, agents, representatives, or successors in interest that arise or result in whole or in part, from any actual or alleged act or omission of CONTRACTOR, its employees, subcontractors, agents or representatives in the performance of this Contract.

9. **CO-FUNDING**

- A. CONTRACTOR shall obtain co-funding as follows: \*\*\* , \*\*\* Dollars (\$\*\*\*); \*\*\* , \*\*\* Dollars (\$\*\*\*); \*\*\* , \*\*\* Dollars (\$\*\*\*); \*\*\* , \*\*\* Dollars (\$\*\*\*); \*\*\* , \*\*\* Dollars (\$\*\*\*); and \*\*\* , \*\*\* Dollars (\$\*\*\*).
- B. If CONTRACTOR fails to obtain co-funding in the amount(s) referenced above, then SCAQMD reserves the right to renegotiate or terminate this Contract.
- C. CONTRACTOR shall provide co-funding in the amount of \*\*\* Dollars (\$\*\*\*) for this project. If CONTRACTOR fails to provide this co-funding, then SCAQMD reserves the right to renegotiate or terminate this Contract.

10. **PAYMENT**

***[FIXED PRICE]-use this one or the T&M one below.***

- A. SCAQMD shall pay CONTRACTOR a fixed price of \*\*\* Dollars (\$\*\*\*) for work performed under this Contract in accordance with Attachment 2 - Payment Schedule, attached here and included here by reference. Payment shall be made by SCAQMD to CONTRACTOR within thirty (30) days after approval by SCAQMD of an invoice prepared and furnished by CONTRACTOR showing services performed and

referencing tasks and deliverables as shown in Attachment 1 - Statement of Work, and the amount of charge claimed. Each invoice must be prepared in duplicate, on company letterhead, and list SCAQMD's Contract number, period covered by invoice, and CONTRACTOR's social security number or Employer Identification Number and submitted to: South Coast Air Quality Management District, Attn: \*\*\*.

- B. An amount equal to ten percent (10%) shall be withheld from all charges paid until satisfactory completion and final acceptance of work by SCAQMD. *[OPTIONAL]*
- C. SCAQMD reserves the right to disallow charges when the invoiced services are not performed satisfactorily in SCAQMD's sole judgment.

*[T & M]-use this one or the Fixed Price one above.*

- A. SCAQMD shall pay CONTRACTOR a total not to exceed amount of \*\*\* Dollars (\$\*\*\*), including any authorized travel-related expenses, for time and materials at rates in accordance with Attachment 2 – Cost Schedule, attached here and included here by this reference. Payment of charges shall be made by SCAQMD to CONTRACTOR within thirty (30) days after approval by SCAQMD of an itemized invoice prepared and furnished by CONTRACTOR referencing line item expenditures as listed in Attachment 2 and the amount of charge claimed. Each invoice must be prepared in duplicate, on company letterhead, and list SCAQMD's Contract number, period covered by invoice, and CONTRACTOR's social security number or Employer Identification Number and submitted to: South Coast Air Quality Management District, Attn: Patricia Kwon.
- B. CONTRACTOR shall adhere to total tasks and/or cost elements (cost category) expenditures as listed in Attachment 2. Reallocation of costs between tasks and/or cost category expenditures is permitted up to One Thousand Dollars (\$1,000) upon prior written approval from SCAQMD. Reallocation of costs in excess of One Thousand Dollars (\$1,000) between tasks and/or cost category expenditures requires an amendment to this Contract.
- C. SCAQMD's payment of invoices shall be subject to the following limitations and requirements:
  - i) Charges for equipment, material, and supply costs, travel expenses, subcontractors, and other charges, as applicable, must be itemized by CONTRACTOR. Reimbursement for equipment, material, supplies, subcontractors, and other charges shall be made at actual cost. Supporting documentation must be provided for all individual charges (with the exception of direct labor charges provided by CONTRACTOR). SCAQMD's reimbursement of travel expenses and requirements for supporting documentation are listed below.
  - ii) CONTRACTOR's failure to provide receipts shall be grounds for SCAQMD's non-reimbursement of such charges. SCAQMD may reduce payments on invoices by those charges for which receipts were not provided.
  - iii) SCAQMD shall not pay interest, fees, handling charges, or cost of money on Contract.
- D. SCAQMD shall reimburse CONTRACTOR for travel-related expenses only if such travel is expressly set forth in Attachment 2 – Cost Schedule of this Contract or pre-authorized by SCAQMD in writing.
  - i) SCAQMD's reimbursement of travel-related expenses shall cover lodging, meals, other incidental expenses, and costs of transportation subject to the following limitations:
    - Air Transportation - Coach class rate for all flights. If coach is not available, business class rate is permissible.
    - Car Rental - A compact car rental. A mid-size car rental is permissible if car rental is shared by three or more individuals.
    - Lodging - Up to One Hundred Fifty Dollars (\$150) per night. A higher amount of reimbursement is permissible if pre-approved by SCAQMD.
    - Meals - Daily allowance is Fifty Dollars (\$50.00).
  - ii) Supporting documentation shall be provided for travel-related expenses in accordance with the following requirements:
    - Lodging, Airfare, Car Rentals - Bill(s) for actual expenses incurred.

Meals - Meals billed in excess of \$50.00 each day require receipts or other supporting documentation for the total amount of the bill and must be approved by SCAQMD.

Mileage - Beginning each January 1, the rate shall be adjusted effective February 1 by the Chief Financial Officer based on the Internal Revenue Service Standard Mileage Rate

Other travel-related expenses - Receipts are required for all individual items.

E. SCAQMD reserves the right to disallow charges when the invoiced services are not performed satisfactorily in SCAQMD's sole judgment.

11. INTELLECTUAL PROPERTY RIGHTS - Title and full ownership rights to any software, documents, or reports developed under this Contract shall at all times remain with SCAQMD. Such material is agreed to be SCAQMD proprietary information.

A. Rights of Technical Data - SCAQMD shall have the unlimited right to use technical data, including material designated as a trade secret, resulting from the performance of services by CONTRACTOR under this Contract. CONTRACTOR shall have the right to use technical data for its own benefit.

B. Copyright - CONTRACTOR agrees to grant SCAQMD a royalty-free, nonexclusive, irrevocable license to produce, translate, publish, use, and dispose of all copyrightable material first produced or composed in the performance of this Contract.

12. NOTICES - Any notices from either party to the other shall be given in writing to the attention of the persons listed below, or to other such addresses or addressees as may hereafter be designated in writing for notices by either party to the other. Notice shall be given by certified, express, or registered mail, return receipt requested, and shall be effective as of the date of receipt indicated on the return receipt card.

SCAQMD: South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178  
Attn: Patricia Kwon

CONTRACTOR: \*\*\*  
\*\*\*  
\*\*\*  
Attn: \*\*\*

13. INDEPENDENT CONTRACTOR - CONTRACTOR is an independent contractor. CONTRACTOR, its officers, employees, agents, representatives, or subcontractors shall in no sense be considered employees or agents of SCAQMD, nor shall CONTRACTOR, its officers, employees, agents, representatives, or subcontractors be entitled to or eligible to participate in any benefits, privileges, or plans, given or extended by SCAQMD to its employees. SCAQMD will not supervise, direct, or have control over, or be responsible for, CONTRACTOR's or subcontractor's means, methods, techniques, work sequences or procedures or for the safety precautions and programs incident thereto, or for any failure by them to comply with any local, state, or federal laws, or rules or regulations, including state minimum wage laws and OSHA requirements. CONTRACTOR shall promptly notify SCAQMD of any material changes to subcontracts that affect the Contract's scope of work, deliverable schedule, and/or payment/cost schedule.

14. CONFIDENTIALITY - It is expressly understood and agreed that SCAQMD may designate in a conspicuous manner the information which CONTRACTOR obtains from SCAQMD as confidential. CONTRACTOR agrees to:

A. Observe complete confidentiality with respect to such information, including without limitation, agreeing not to disclose or otherwise permit access to such information by any other person or entity in any



manner whatsoever, except that such disclosure or access shall be permitted to employees or subcontractors of CONTRACTOR requiring access in fulfillment of the services provided under this Contract.

- B. Ensure that CONTRACTOR's officers, employees, agents, representatives, and independent contractors are informed of the confidential nature of such information and to assure by agreement or otherwise that they are prohibited from copying or revealing, for any purpose whatsoever, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this clause.
- C. Not use such information or any part thereof in the performance of services to others or for the benefit of others in any form whatsoever whether gratuitously or for valuable consideration, except as permitted under this Contract.
- D. Notify SCAQMD promptly and in writing of the circumstances surrounding any possession, use, or knowledge of such information or any part thereof by any person or entity other than those authorized by this clause.
- E. Take at CONTRACTOR expense, but at SCAQMD's option and in any event under SCAQMD's control, any legal action necessary to prevent unauthorized use of such information by any third party or entity which has gained access to such information at least in part due to the fault of CONTRACTOR.
- F. Take any and all other actions necessary or desirable to assure such continued confidentiality and protection of such information.
- G. Prevent access to such information by any person or entity not authorized under this Contract.
- H. Establish specific procedures in order to fulfill the obligations of this clause.
- I. Notwithstanding the above, nothing herein is intended to abrogate or modify the provisions of Government Code Section 6250 et seq. (Public Records Act).

15. PUBLICATION

- A. SCAQMD shall have the right of prior written approval of any document which shall be disseminated to the public by CONTRACTOR in which CONTRACTOR utilized information obtained from SCAQMD in connection with performance under this Contract.
- B. Information, data, documents, or reports developed by CONTRACTOR for SCAQMD, pursuant to this Contract, shall be part of SCAQMD public record unless otherwise indicated. CONTRACTOR may use or publish, at its own expense, such information provided to SCAQMD. The following acknowledgment of support and disclaimer must appear in each publication of materials, whether copyrighted or not, based upon or developed under this Contract.

"This report was prepared as a result of work sponsored, paid for, in whole or in part, by the South Coast Air Quality Management District (SCAQMD). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of SCAQMD. SCAQMD, its officers, employees, contractors, and subcontractors make no warranty, expressed or implied, and assume no legal liability for the information in this report. SCAQMD has not approved or disapproved this report, nor has SCAQMD passed upon the accuracy or adequacy of the information contained herein."

- C. CONTRACTOR shall inform its officers, employees, and subcontractors involved in the performance of this Contract of the restrictions contained herein and require compliance with the above.

16. NON-DISCRIMINATION - In the performance of this Contract, CONTRACTOR shall not discriminate in recruiting, hiring, promotion, demotion, or termination practices on the basis of race, religious creed, color, national origin, ancestry, sex, age, or physical or mental disability and shall comply with the provisions of the California Fair Employment & Housing Act (Government Code Section 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, Executive Order No. 11246 (30 Federal Register 12319), and all administrative rules and regulations issued pursuant to said Acts and Order.

17. SOLICITATION OF EMPLOYEES - CONTRACTOR expressly agrees that CONTRACTOR shall not, during the term of this Contract, nor for a period of six months after termination, solicit for employment, whether as an employee or independent contractor, any person who is or has been employed by SCAQMD during the term of this Contract without the consent of SCAQMD.
18. PROPERTY AND SECURITY - Without limiting CONTRACTOR obligations with regard to security, CONTRACTOR shall comply with all the rules and regulations established by SCAQMD for access to and activity in and around SCAQMD premises.
19. ASSIGNMENT - The rights granted hereby may not be assigned, sold, licensed, or otherwise transferred by either party without the prior written consent of the other, and any attempt by either party to do so shall be void upon inception.
20. NON-EFFECT OF WAIVER - The failure of CONTRACTOR or SCAQMD to insist upon the performance of any or all of the terms, covenants, or conditions of this Contract, or failure to exercise any rights or remedies hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions, or of the future exercise of such rights or remedies, unless otherwise provided for herein.
21. ATTORNEYS' FEES - In the event any action is filed in connection with the enforcement or interpretation of this Contract, each party shall bear its own attorneys' fees and costs.
22. FORCE MAJEURE - Neither SCAQMD nor CONTRACTOR shall be liable or deemed to be in default for any delay or failure in performance under this Contract or interruption of services resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, strikes, labor disputes, shortages of suitable parts, materials, labor or transportation, or any similar cause beyond the reasonable control of SCAQMD or CONTRACTOR.
23. SEVERABILITY - In the event that any one or more of the provisions contained in this Contract shall for any reason be held to be unenforceable in any respect by a court of competent jurisdiction, such holding shall not affect any other provisions of this Contract, and the Contract shall then be construed as if such unenforceable provisions are not a part hereof.
24. HEADINGS - Headings on the clauses of this Contract are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Contract.
25. DUPLICATE EXECUTION - This Contract is executed in duplicate. Each signed copy shall have the force and effect of an original.
26. GOVERNING LAW - This Contract shall be construed and interpreted and the legal relations created thereby shall be determined in accordance with the laws of the State of California. Venue for resolution of any disputes under this Contract shall be Los Angeles County, California.
27. PRE-CONTRACT COSTS - Any costs incurred by CONTRACTOR prior to CONTRACTOR receipt of a fully executed Contract shall be incurred solely at the risk of the CONTRACTOR. In the event that a formal Contract is not executed, the SCAQMD shall not be liable for any amounts expended in anticipation of a

formal Contract. If a formal Contract does result, pre-contract cost expenditures authorized by the Contract will be reimbursed in accordance with the cost schedule and payment provision of the Contract.

28. CITIZENSHIP AND ALIEN STATUS

- A. CONTRACTOR warrants that it fully complies with all laws regarding the employment of aliens and others, and that its employees performing services hereunder meet the citizenship or alien status requirements contained in federal and state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986 (P.L. 99-603). CONTRACTOR shall obtain from all covered employees performing services hereunder all verification and other documentation of employees' eligibility status required by federal statutes and regulations as they currently exist and as they may be hereafter amended. CONTRACTOR shall have a continuing obligation to verify and document the continuing employment authorization and authorized alien status of employees performing services under this Contract to insure continued compliance with all federal statutes and regulations. Notwithstanding the above, CONTRACTOR, in the performance of this Contract, shall not discriminate against any person in violation of 8 USC Section 1324b.
- B. CONTRACTOR shall retain such documentation for all covered employees for the period described by law. CONTRACTOR shall indemnify, defend, and hold harmless SCAQMD, its officers and employees from employer sanctions and other liability which may be assessed against CONTRACTOR or SCAQMD, or both in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Contract.

29. REQUIREMENT FOR FILING STATEMENT OF ECONOMIC INTERESTS - In accordance with the Political Reform Act of 1974 (Government Code Sec. 81000 et seq.) and regulations issued by the Fair Political Practices Commission (FPPC), SCAQMD has determined that the nature of the work to be performed under this Contract requires CONTRACTOR to submit a Form 700, Statement of Economic Interests for Designated Officials and Employees, for each of its employees assigned to work on this Contract. These forms may be obtained from SCAQMD's District Counsels' office. **[REMOVE IF NOT REQUESTED ON CRAM]**

In addition, the Act requires a contractor to disqualify himself or herself from participating in, making or influencing a decision, which would have a foreseeable material effect on his or her financial interests.

30. OPTION TO EXTEND THE TERM OF THE CONTRACT - SCAQMD reserves the right to extend the contract for a one-year period commencing \*\*\*\*\* (enter date) at the (option price or Not-to-Exceed Amount) set forth in Attachment 2. In the event that SCAQMD elects to extend the contract, a written notice of its intent to extend the contract shall be provided to CONTRACTOR no later than thirty (30) days prior to Contract expiration.
31. PROPOSAL INCORPORATION – CONTRACTOR's proposal dated \*\*\* submitted in response to Request for Proposal (RFP) #2014-04, is expressly incorporated herein by this reference and made a part hereof of this Contract.
32. KEY PERSONNEL - *insert person's name* is deemed critical to the successful performance of this Contract. Any changes in key personnel by CONTRACTOR must be approved by SCAQMD. All substitute personnel must possess qualifications/experience equal to the original named key personnel and must be approved by SCAQMD. SCAQMD reserves the right to interview proposed substitute key personnel.
33. PREVAILING WAGES – **[USE FOR INFRASTRUCTURE PROJECTS]** CONTRACTOR is alerted to the prevailing wage requirements of California Labor Code section 1770 et seq. Copies of the prevailing rate of per diem wages are on file at the SCAQMD's headquarters, of which shall be made available to any

interested party on request. Notwithstanding the preceding sentence, CONTRACTOR shall be responsible for determining the applicability of the provisions of California Labor Code and complying with the same, including, without limitation, obtaining from the Director of the Department of Industrial Relations the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work, making the same available to any interested party upon request, paying any applicable prevailing rates, posting copies thereof at the job site and flowing all applicable prevailing wage rate requirements to its subcontractors. CONTRACTOR shall indemnify, defend and hold harmless the South Coast Air Quality Management District against any and all claims, demands, damages, defense costs or liabilities based on failure to adhere to the above referenced statutes.

- 34. SUBCONTRACTOR APPROVAL – If CONTRACTOR intends to subcontract all or a portion of the work under this Contract, then CONTRACTOR must first obtain written approval from SCAQMD’s Executive Officer or designee prior to subcontracting any work. Any material changes to the subcontract(s) that affect the scope of work, deliverable schedule, and/or payment/cost schedule shall also require the prior written approval of the Executive Officer or designee. No subcontract charges will be reimbursed unless the required approvals have been obtained from SCAQMD.
- 35. ENTIRE CONTRACT - This Contract represents the entire agreement between the parties hereto related to CONTRACTOR providing services to SCAQMD and there are no understandings, representations, or warranties of any kind except as expressly set forth herein. No waiver, alteration, or modification of any of the provisions herein shall be binding on any party unless in writing and signed by the party against whom enforcement of such waiver, alteration, or modification is sought.

IN WITNESS WHEREOF, the parties to this Contract have caused this Contract to be duly executed on their behalf by their authorized representatives.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

\*\*\*

\_\_\_\_\_  
Barry R. Wallerstein, D.Env., Executive Officer  
Dr. William A. Burke, Chairman, Governing Board

\_\_\_\_\_  
Name:  
Title:

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:  
Saundra McDaniel, Clerk of the Board

By: \_\_\_\_\_

APPROVED AS TO FORM:  
Kurt R. Wiese, General Counsel

By: \_\_\_\_\_

//Standard Boilerplate  
Revised: April 3, 2013

# **ATTACHMENT A**

## **CERTIFICATIONS AND REPRESENTATIONS**



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## **Business Information Request**

Dear SCAQMD Contractor/Supplier:

The South Coast Air Quality Management District (SCAQMD) is committed to ensuring that our contractor/supplier records are current and accurate. If your firm is selected for award of a purchase order or contract, it is imperative that the information requested herein be supplied in a timely manner to facilitate payment of invoices. In order to process your payments, we need the enclosed information regarding your account. **Please review and complete the information identified on the following pages, complete the enclosed W-9 form, remember to sign both documents for our files, and return them as soon as possible to the address below:**

**Attention: Accounts Payable, Accounting Department  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

If you do not return this information, we will not be able to establish you as a vendor. This will delay any payments and would still necessitate your submittal of the enclosed information to our Accounting department before payment could be initiated. Completion of this document and enclosed forms would ensure that your payments are processed timely and accurately.

If you have any questions or need assistance in completing this information, please contact Accounting at (909) 396-3777. We appreciate your cooperation in completing this necessary information.

Sincerely,

Michael B. O'Kelly  
Chief Financial Officer

DH:tm

Enclosures: Business Information Request  
Disadvantaged Business Certification  
W-9  
Form 590 Withholding Exemption Certificate  
Federal Contract Debarment Certification  
Campaign Contributions Disclosure  
Direct Deposit Authorization

REV 3/13



# South Coast Air Quality Management District

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

## BUSINESS INFORMATION REQUEST

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business <i>Check One:</i>	<input type="checkbox"/> Individual <input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____ <input type="checkbox"/> Other _____

## REMITTING ADDRESS INFORMATION

Address			
City/Town			
State/Province		Zip	
Phone	(    )    -    Ext	Fax	(    )    -
Contact		Title	
E-mail Address			
Payment Name if Different			

All invoices must reference the corresponding Purchase Order Number(s)/Contract Number(s) if applicable and mailed to:

**Attention: Accounts Payable, Accounting Department**  
**South Coast Air Quality Management District**  
**21865 Copley Drive**  
**Diamond Bar, CA 91765-4178**

## DISADVANTAGED BUSINESS CERTIFICATION

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE), minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

- is certified by the Small Business Administration or
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

Statements of certification:

As a prime contractor to the SCAQMD, \_\_\_\_\_ (name of business) will engage in good faith efforts to achieve the fair share in accordance with 40 CFR Section 33.301, and will follow the six affirmative steps listed below **for contracts or purchase orders funded in whole or in part by federal grants and contracts.**

1. Place qualified SBEs, MBEs, and WBEs on solicitation lists.
2. Assure that SBEs, MBEs, and WBEs are solicited whenever possible.
3. When economically feasible, divide total requirements into small tasks or quantities to permit greater participation by SBEs, MBEs, and WBEs.
4. Establish delivery schedules, if possible, to encourage participation by SBEs, MBEs, and WBEs.
5. Use services of Small Business Administration, Minority Business Development Agency of the Department of Commerce, and/or any agency authorized as a clearinghouse for SBEs, MBEs, and WBEs.
6. If subcontracts are to be let, take the above affirmative steps.

Self-Certification Verification: Also for use in awarding additional points, as applicable, in accordance with SCAQMD Procurement Policy and Procedure:

Check all that apply:

- Small Business Enterprise/Small Business Joint Venture     Women-owned Business Enterprise  
 Local business     Disabled Veteran-owned Business Enterprise/DVBE Joint Venture  
 Minority-owned Business Enterprise

Percent of ownership: \_\_\_\_\_ %

Name of Qualifying Owner(s): \_\_\_\_\_

I, the undersigned, hereby declare that to the best of my knowledge the above information is accurate. Upon penalty of perjury, I certify information submitted is factual.

\_\_\_\_\_  
NAME

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
DATE



## Definitions

**Disabled Veteran-Owned Business Enterprise** means a business that meets all of the following criteria:

- is a sole proprietorship or partnership of which is at least 51 percent owned by one or more disabled veterans, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
- the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
- is a sole proprietorship, corporation, partnership, or joint venture with its primary headquarters office located in the United States and which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.

**Joint Venture** means that one party to the joint venture is a DVBE and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that DVBE will receive at least 51 percent of the project dollars.

**Local Business** means a business that meets all of the following criteria:

- has an ongoing business within the boundary of the SCAQMD at the time of bid application.
- performs 90 percent of the work within SCAQMD's jurisdiction.

**Minority-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more minority persons or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minority persons.
- is a business whose management and daily business operations are controlled or owned by one or more minority person.
- is a business which is a sole proprietorship, corporation, partnership, joint venture, an association, or a cooperative with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

"Minority" person means a Black American, Hispanic American, Native American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian American (including a person whose origins are from India, Pakistan, or Bangladesh), Asian-Pacific American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, or Taiwan).

**Small Business Enterprise** means a business that meets the following criteria:

- a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
  - **A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or**
  - A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
  - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 to 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.

**Small Business Joint Venture** means that one party to the joint venture is a Small Business and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that the Small Business will receive at least 51 percent of the project dollars.

**Women-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more women or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
- is a business whose management and daily business operations are controlled or owned by one or more women.
- is a business which is a sole proprietorship, corporation, partnership, or a joint venture, with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.



The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

#### Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

#### Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

#### Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

#### Specific Instructions

##### Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

**Partnership, C Corporation, or S Corporation.** Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

**Disregarded entity.** Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

**Note.** Check the appropriate box for the federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

**Limited Liability Company (LLC).** If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

**Other entities.** Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

**Exempt Payee**

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
  2. The United States or any of its agencies or instrumentalities,
  3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
  4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
  5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
  7. A foreign central bank of issue,
  8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
  9. A futures commission merchant registered with the Commodity Futures Trading Commission,
  10. A real estate investment trust,
  11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
  12. A common trust fund operated by a bank under section 584(a),
  13. A financial institution,
  14. A middleman known in the investment community as a nominee or custodian, or
  15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 7 <sup>2</sup>

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.  
<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

**Part I. Taxpayer Identification Number (TIN)**

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.ssa.gov](http://www.ssa.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A *disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.*

**Part II. Certification**

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

**Signature requirements.** Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

1. **Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.
2. **Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.
3. **Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

### What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>3</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>1</sup>
5. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor <sup>4</sup>
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

\*Note. Grantor also must provide a Form W-9 to trustee of trust.

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

### Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN.
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

### Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) to learn more about identity theft and how to reduce your risk.

### Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.



# 2013 Withholding Exemption Certificate

590

This form can only be used to certify exemption from nonresident withholding under California Revenue and Taxation Code (R&TC) Section 18662. Do not use this form for exemption from wage withholding.

File this form with your withholding agent. (Please type or print)

Withholding agent's name \_\_\_\_\_

Payee's name _____		Payee's <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> FEIN	
		<input type="checkbox"/> CA corp. no. <input type="checkbox"/> CA SOS file no.	
Address (number and street, PO Box, or PMB no.) _____			Apt. no./ Ste. no. _____
City _____	State _____	ZIP Code _____	

Read the following carefully and check the box that applies to the payee.

I certify that for the reasons checked below, the payee named on this form is exempt from the California income tax withholding requirement on payment(s) made to the entity or individual.

- Individuals — Certification of Residency:**  
I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Who is a Resident, for the definition of a resident.
- Corporations:**  
The above-named corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return and withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information F, What is a Permanent Place of Business, for the definition of permanent place of business.
- Partnerships or limited liability companies (LLC):**  
The above-named partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return and will withhold on foreign and domestic nonresident partners or members when required. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.
- Tax-Exempt Entities:**  
The above-named entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.
- Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans:**  
The above-named entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.
- California Trusts:**  
At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly notify the withholding agent.
- Estates — Certification of Residency of Deceased Person:**  
I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required.
- Nonmilitary Spouse of a Military Servicemember:**  
I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE:** Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided in this document is, to the best of my knowledge, true and correct. If conditions change, I will promptly notify the withholding agent.

Payee's name and title (type or print) \_\_\_\_\_ Daytime telephone no. \_\_\_\_\_

Payee's signature  \_\_\_\_\_ Date \_\_\_\_\_

# Instructions for Form 590

## Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

For purposes of California income tax, references to a spouse, husband, or wife also refer to a Registered Domestic Partner (RDP) unless otherwise specified. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners. **Private Mail Box (PMB)** – Include the PMB in the address field. Write “PMB” first, then the box number. Example: 111 Main Street PMB 123.

**Foreign Address** – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country’s practice for entering the postal code. Do not abbreviate the country’s name.

### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding. California residents or entities should complete and present Form 590 to the withholding agent. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless told by the Franchise Tax Board (FTB) that the form should not be relied upon.

**Important** – This form cannot be used for exemption from wage and real estate withholding.

- If you are an employee, any wage withholding questions should be directed to the FTB General Information number, 800.852.5711. Employers should call 888.745.3886 or go to [edd.ca.gov](http://edd.ca.gov).
- Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

### B Requirement

R&TC Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

Withholding is required on the following, but is not limited to:

- Payments to nonresidents for services rendered in California.
- Distributions of California source income made to domestic nonresident S corporation shareholders, partners and members and allocations of California source income made to foreign partners and members.
- Payments to nonresidents for rents if the payments are made in the course of the withholding agent’s business.
- Payments to nonresidents for royalties with activities in California.

- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Prizes and winnings received by nonresidents for contests in California.

However, withholding is optional if the total payments of California source income are \$1,500 or less during the calendar year.

For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines. To get a withholding publication see General Information H, Publications, Forms, and Additional Information.

**Backup Withholding** – Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the FTB. The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions release of loan funds made in the normal course of business are exempt from backup withholding. For additional information on California backup withholding, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp No.); or California Secretary of State (SOS) file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit. For more information go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

**Who is Excluded from Withholding** – The following are excluded from withholding and completing this form:

- The United States and any of its agencies or instrumentalities
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities
- A foreign government or any of its political subdivisions, agencies, or instrumentalities

### C Who Certifies this Form

Form 590 is certified by the payee. An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the

withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee’s taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

For example, if an entertainer (or the entertainer’s business entity) is paid for a performance, the entertainer’s information must be provided. Do not submit the entertainer’s agent or promoter information.

The grantor of a grantor trust shall be treated as the payee for withholding purposes. Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled “Individuals — Certification of Residency.”

### D Who is a Resident

A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose.

An individual domiciled in California who is absent from California for an uninterrupted period of at least 546 consecutive days under an employment-related contract is considered outside California for other than a temporary or transitory purpose.

An individual is still considered outside California for other than a temporary or transitory purpose if return visits to California do not total more than 45 days during any taxable year covered by an employment contract.

This provision does not apply if an individual has income from stocks, bonds, notes, or other intangible personal property in excess of \$200,000 in any taxable year in which the employment-related contract is in effect.

A spouse/RDP absent from California for an uninterrupted period of at least 546 days to accompany a spouse/RDP under an employment-related contract is considered outside of California for other than a temporary or transitory purpose.

Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.



For assistance in determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1032, Tax Information for Military Personnel, or call the FTB at 800.852.5711 or 916.845.6500.

## E Military Spouse Residency Relief Act (MSRRA)

Generally, for tax purposes you are considered to maintain your existing residence or domicile. If a military servicemember and nonmilitary spouse have the same state of domicile, the MSRRA provides:

- A spouse shall not be deemed to have lost a residence or domicile in any state solely by reason of being absent to be with the servicemember serving in compliance with military orders.
- A spouse shall not be deemed to have acquired a residence or domicile in any other state solely by reason of being there to be with the servicemember serving in compliance with military orders.

Domicile is defined as the one place:

- Where you maintain a true, fixed, and permanent home
- To which you intend to return whenever you are absent

A military servicemember's nonmilitary spouse is considered a nonresident for tax purposes if the servicemember and spouse have the same domicile outside of California and the spouse is in California solely to be with the servicemember who is serving in compliance with Permanent Change of Station orders. Note: California may require nonmilitary spouses of military servicemembers to provide proof that they meet the criteria for California personal income tax exemption as set forth in the MSRRA.

Income of a military servicemember's nonmilitary spouse for services performed in California is not California source income subject to state tax if the spouse is in California to be with the servicemember serving in compliance with military orders, and the servicemember and spouse have the same domicile in a state other than California.

For additional information or assistance in determining whether the applicant meets the MSRRA requirements, get FTB Pub. 1032.

## F What is a Permanent Place of Business

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the California SOS. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

## G Withholding Agent

Keep Form 590 for your records. Do not send this form to the FTB unless it has been specifically requested.

For more information, contact Withholding Services and Compliance, see General Information H.

The payee must notify the withholding agent if any of the following situations occur:

- The individual payee becomes a nonresident.
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California.
- The partnership ceases to have a permanent place of business in California.
- The LLC ceases to have a permanent place of business in California.
- The tax-exempt entity loses its tax-exempt status.

The withholding agent must then withhold and report the withholding using Form 592, Resident and Nonresident Withholding Statement, and remit the withholding using Form 592-V, Payment Voucher for Resident and Nonresident Withholding. Form 592-B, Resident and Nonresident Withholding Tax Statement, is retained by the withholding agent and a copy is given to the payee.

## H Additional Information

To get additional nonresident withholding information, contact the Withholding Services and Compliance.

WITHHOLDING SERVICES AND COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0651

Telephone: 888.792.4900  
916.845.4900  
Fax: 916.845.9512

You can download, view, and print California tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov).

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT MS F284  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

### Internet and Telephone Assistance

Website: [ftb.ca.gov](http://ftb.ca.gov)  
Telephone: 800.852.5711 from within the United States  
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

### Asistencia Por Internet y Teléfono

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)  
Teléfono: 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos

TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla

## **Certification Regarding Debarment, Suspension, and Other Responsibility Matters**

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

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

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

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Typed Name & Title of Authorized Representative

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Signature of Authorized Representative Date

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

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EPA Form 5700-49 (11-88)



# CAMPAIGN CONTRIBUTIONS DISCLOSURE

In accordance with California law, bidders and contracting parties are required to disclose, at the time the application is filed, information relating to any campaign contributions made to South Coast Air Quality Management District (SCAQMD) Board Members or members/alternates of the MSRC, including: the name of the party making the contribution (which includes any parent, subsidiary or otherwise related business entity, as defined below), the amount of the contribution, and the date the contribution was made. 2 C.C.R. §18438.8(b).

California law prohibits a party, or an agent, from making campaign contributions to SCAQMD Governing Board Members or members/alternates of the Mobile Source Air Pollution Reduction Review Committee (MSRC) of more than \$250 while their contract or permit is pending before the SCAQMD; and further prohibits a campaign contribution from being made for three (3) months following the date of the final decision by the Governing Board or the MSRC on a donor's contract or permit. Gov't Code §84308(d). For purposes of reaching the \$250 limit, the campaign contributions of the bidder or contractor plus contributions by its parents, affiliates, and related companies of the contractor or bidder are added together. 2 C.C.R. §18438.5.

In addition, SCAQMD Board Members or members/alternates of the MSRC must abstain from voting on a contract or permit if they have received a campaign contribution from a party or participant to the proceeding, or agent, totaling more than \$250 in the 12-month period prior to the consideration of the item by the Governing Board or the MSRC. Gov't Code §84308(c).

The list of current SCAQMD Governing Board Members can be found at the SCAQMD website ([www.aqmd.gov](http://www.aqmd.gov)). The list of current MSRC members/alternates can be found at the MSRC website (<http://www.cleantransportationfunding.org>).

## **SECTION I.**

**Contractor (Legal Name):** \_\_\_\_\_

- DBA, Name _____, County Filed in _____ Corporation, ID No. _____ LLC/LLP, ID No. _____
--

**List any parent, subsidiaries, or otherwise affiliated business entities of Contractor:**  
*(See definition below).*

\_\_\_\_\_  
\_\_\_\_\_

## **SECTION II.**

Has Contractor and/or any parent, subsidiary, or affiliated company, or agent thereof, made a campaign contribution(s) totaling \$250 or more in the aggregate to a current member of the South Coast Air Quality Management Governing Board or member/alternate of the MSRC in the 12 months preceding the date of execution of this disclosure?

Yes     No    **If YES, complete Section II below and then sign and date the form. If NO, sign and date below. Include this form with your submittal.**

**Campaign Contributions Disclosure, continued:**

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
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Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

**I declare the foregoing disclosures to be true and correct.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEFINITIONS**

Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)

- (1) Parent subsidiary. A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.
- (2) Otherwise related business entity. Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:
  - (A) One business entity has a controlling ownership interest in the other business entity.
  - (B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:
    - (i) The same person or substantially the same person owns and manages the two entities;
    - (ii) There are common or commingled funds or assets;
    - (iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;
    - (iv) There is otherwise a regular and close working relationship between the entities; or
  - (C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.



South Coast  
**AIR QUALITY MANAGEMENT DISTRICT**  
 21865 Copley Dr., Diamond Bar, CA 91765  
 www.aqmd.gov

**Direct Deposit Authorization**

**STEP 1: Please check all the appropriate boxes**

- |  |  |
|--|--|
| <input type="checkbox"/> Individual (Employee, Governing Board Member) | <input type="checkbox"/> New Request           |
| <input type="checkbox"/> Vendor/Contractor                             | <input type="checkbox"/> Cancel Direct Deposit |
| <input type="checkbox"/> Changed Information                           |  |

**STEP 2: Payee Information**

Last Name		First Name		Middle Initial	Title
Vendor/Contractor Business Name (if applicable)					
Address				Apartment or P.O. Box Number	
City		State	Zip	Country	
Taxpayer ID Number		Telephone Number		Email Address	

**Authorization**

- I authorize South Coast Air Quality Management District (SCAQMD) to direct deposit funds to my account in the financial institution as indicated below. I understand that the authorization may be rejected or discontinued by SCAQMD at any time. If any of the above information changes, I will promptly complete a new authorization agreement. If the direct deposit is not stopped before closing an account, funds payable to me will be returned to SCAQMD for distribution. This will delay my payment.
- This authorization remains in effect until SCAQMD receives written notification of changes or cancellation from you.
- I hereby release and hold harmless SCAQMD for any claims or liability to pay for any losses or costs related to insufficient fund transactions that result from failure within the Automated Clearing House network to correctly and timely deposit monies into my account.

**STEP 3:**

You must verify that your bank is a member of an Automated Clearing House (ACH). Failure to do so could delay the processing of your payment. You must attach a voided check or have your bank complete the bank information and the account holder must sign below.

**To be Completed by your Bank**

<b>Staple Voided Check Here</b>	Name of Bank/Institution				
	Account Holder Name(s)				
	<input type="checkbox"/> Saving <input type="checkbox"/> Checking		Account Number	Routing Number	
	Bank Representative Printed Name		Bank Representative Signature		Date
	ACCOUNT HOLDER SIGNATURE:				Date

For SCAQMD Use Only


Input By \_\_\_\_\_

Date \_\_\_\_\_

[↑ Back to Agenda](#)

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 12

PROPOSAL: Issue Program Announcements for Electric Lawn Mower Vendors, Licensed Scrappers and Support Service Providers 

SYNOPSIS: Staff proposes to extend the successful Lawn Mower Exchange Programs by offering similar incentives in the Spring of 2014 to generate cost-effective emission reductions. This action is to issue Program Announcements to solicit competitive bids from manufacturers of cordless electric lawn mowers in sufficient quantities and at the lowest possible price for the 2014 program, and from licensed scrappers and support service providers to physically handle mowers at lawn mower exchange events.

COMMITTEE: Mobile Source, July 19, 2013, Recommended for Approval

**RECOMMENDED ACTION:**

Approve issuance of the following Program Announcements for the Lawn Mower Exchange Program:

- 1) PA #2014-01 for production of up to 4,000 electric lawn mowers,
- 2) PA #2014-02 for scrapping old gasoline-powered lawn mowers, and
- 3) PA #2014-03 for support service providers at exchange events.

Barry R. Wallerstein, D. Env  
Executive Officer

MMM:FM:SS

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**Background**

As part of Rule 2202 On-Road Motor Vehicle Mitigation Options, affected employers may elect to participate by funding the Air Quality Investment Program (AQIP) which is an SCAQMD-administered restricted fund. Investment can be either \$60 annually per employee reporting to the worksite during the 6:00 a.m. to 10:00 a.m. peak window, or

\$125 triennially per employee. The restricted monies are to be used by the SCAQMD to fund proposals that achieve mobile source emission reductions that would otherwise have been achieved by implementing a rideshare program.

Upon registering under this option and submitting the designated investment amount, an employer is considered to be in compliance with the Rule, and there is no need for the employer to take further action to reduce mobile source emissions. The collected monies are used to fund alternative mobile source emission reduction strategies that reduce mobile source emissions at a more cost-effective rate which could potentially result in greater overall emission reductions.

The 2012-13 Carl Moyer Program (Year 15) provides a subsidy of \$145 for every gasoline-powered lawn mower exchanged for a cordless, zero-emission electric lawn mower. The program also allows 5% of the amount used for subsidies to be used towards administration cost. If sufficient funds are not available for administrative expenses from the Carl Moyer Program, funds from the Rule 2202 AQIP Special Revenue Fund can be used.

### **Proposals**

Over the last ten years, SCAQMD has conducted seventy-nine (79) lawn mower exchange events where operable gasoline-powered lawn mowers were exchanged for cordless, zero-emission electric lawn mowers. The program, funded by the Rule 2202 Air Quality Investment Program (AQIP), has helped mitigate a substantial amount of emissions. Individuals exchanging their lawn mowers pay a substantially discounted price. Staff believes additional events should be considered in spring 2014.

The purpose of Program Announcement PA #2014-01 is to solicit competitive proposals from qualified manufacturers/suppliers for the production and supply of cordless electric lawn mowers to be used in the Lawn Mower Exchange Program in the South Coast Air Basin. Staff recommends that participants be given a specific discount and an option to choose from different manufacturers/models. The goal of this proposal is to identify potential manufacturers/suppliers and products for SCAQMD's Lawn Mower Exchange Program at the lowest possible price. Proposals from the Original Equipment Manufacturers (OEM)/suppliers are to include, but not be limited to, the following:

- Detailed product specification
- Availability
- Supply commitment
- Manufacturer's Suggested Retail Price (MSRP)
- Price offered to SCAQMD:  
Each manufacturer must provide their best price for each model they plan to offer. Although the SCAQMD plans to exchange up to a total of 4,000

mowers, there is no way to predict how many of each make or model will be sold.

- Lead time
- Details of assistance to be provided for the lawn mower exchange event advertisement outreach.
- Details on exchange-event staffing to be provided by the company.  
At the minimum, each company is expected to provide adequate staff to operate its own cashier stations and product loading lines. In addition, each company must staff a small display area at each event where undecided customers can see and discuss the product.
- Product warranty information to be provided to consumer.

SCAQMD staff will evaluate the proposals based on product specifications, availability, production capacity and the lead time, price of the product and the exchange event assistance capabilities of the contractor.

Program Announcement PA #2014-02 is to solicit competitive bids from licensed scrappers to provide roll-off bins and the required staff to collect lawn mowers, drain fuel from the gas mowers, and haul the fuel and the mowers for scrapping at a licensed scrapping yard, all in a safe manner and in compliance with all applicable Federal, State and Local Laws.

Under Program Announcement PA #2014-03, competitive bids are also being sought from vendors to provide traffic control and provide manpower to unload gasoline mowers from participant vehicles at the Lawn Mower Exchange Program events.

### **Outreach**

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFP/RFQ and inviting bids will be 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 South Coast Basin.

Additionally, potential bidders may be notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP/RFQ will be e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<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 is also available on SCAQMD's bidder's 24-hour telephone message line (909) 396-2724.



**Resource Impact**

Amount of funding will be determined after the selection of contractors from the submitted proposals. The entire mower subsidy and a portion of the administration cost will be funded by the Carl Moyer Program. Balance of funding for the outreach and program administration will be provided by the Rule 2202 AQIP Special Revenue Fund.

**Attachments**

Program Announcement PA #2014-01; Lawn Mower Exchange Program

Program Announcement PA #2014-02; Licensed Scrappers

Program Announcement PA #2014-03; Support Service Providers

*Announcing the*  
*South Coast Air Quality Management District's*

*Lawn Mower Exchange Program*

*Program Announcement*

*PA #2014-01*

*September 6, 2013*

**DATE:** September 6, 2013  
**TO:** All Interested Parties  
**FROM:** Barry Wallerstein, Executive Officer, SCAQMD  
**SUBJECT:** SCAQMD Lawn Mower Exchange Program Announcement

The South Coast Air Quality Management District (SCAQMD) is pleased to announce a funding opportunity for implementation of the Lawn Mower Exchange Program in the spring of 2014. This program is designed to identify potential manufacturers/suppliers of cordless electric lawn mowers to be used in the lawn mower exchange program in the South Coast Air Basin. Contracts may be awarded to multiple manufacturers/suppliers. All interested parties are encouraged to apply. The required product specifications are listed in Section D.

The SCAQMD staff is available to assist applicants during the preparation of their applications for this program. Points of contact for administrative and technical assistance are included in the attached Program Announcement in Section F.

Should you have any questions regarding this Program Announcement, please contact Mr. Shashi Singeetham, Air Quality Specialist, at (909) 396-3298. The Announcement and Application documents can also be accessed via the Internet by visiting SCAQMD's website at [www.aqmd.gov](http://www.aqmd.gov).

Our main objective is to reduce exposure to harmful emissions from the use of gasoline powered lawn mowers in the South Coast Air Basin and we look forward to receiving your application.

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**A. LAWN MOWER EXCHANGE PROGRAM OVERVIEW**

The purpose of this Program Announcement is to solicit competitive proposals from qualified contractors for the production and supply of cordless electric lawn mowers to be used in the lawn mower exchange program in the South Coast Air Basin. The goal of this proposal is to identify potential manufacturers/suppliers and products for SCAQMD’s lawn mower exchange program at the lowest possible price. Contracts may be awarded to multiple manufacturers/suppliers.

The successful bidders should be knowledgeable and experienced in the manufacture, and commercial distribution of reliable cordless electric lawn mowers. They should have a network of customer service and distribution centers.

Total SCAQMD funding to be allocated would depend upon the availability of funds and the amount of buy down per unit offered by the manufacturer at the time of the lawn mower exchange events.

**B. PROGRAM SCHEDULE**

The implementation schedule of this program is illustrated below

September 6, 2013	Issue the Program Announcement & Application PA #2014-01
October 16, 2013	Applications due no later than 9:00 AM
November 15, 2013	Proposals approved by Mobile Source Committee
December 6, 2013	Proposals approved by Board
January 15, 2014	Contract Execution
December 30, 2014	Completion of Program

**C. APPLICATION SUBMITTAL**

The applicant shall submit **four copies** of the application and the project proposal in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the applicant and the words “Program Application PA #2014-01. **All applications for the Lawn Mower Exchange Program are due no later than 9:00 a.m., October 16, 2013.**

Procurement Unit  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA. 91765

The written proposals must be received by SCAQMD by the specified date and time regardless of when they may be postmarked for delivery. E-mail and faxed copies will not be accepted.

**D. PARTICIPATION GUIDELINES, REQUIREMENTS, & CONDITIONS**

**Amounts of Funding**

The amount of SCAQMD funding will be determined at a later date prior to the scheduling of lawn mower exchange events

**Proposal Requirements**

The South Coast Air Quality Management District (SCAQMD) is pleased to announce a funding opportunity for implementation of the Lawn mower Exchange Program in the spring of 2014. SCAQMD intends to provide the participants the opportunity of selecting from a choice of makes and models of cordless electric mowers including different cutting widths. Participants in the Program will have to pre-register either online or by phone and select the make/model of the cordless electric lawn mower they intend to purchase. SCAQMD will provide the pre-registered participants a fixed incentive amount towards the purchase of a model of their choice by paying the required cost differential. Bidders to this Program Announcement should provide the following specification details for each of the models they are proposing and must have the capability to produce and supply up to a total of 4,000 cordless electric lawn mowers by April 18, 2014. If additional funds become available larger quantities may be needed.

<b><i>Specifications</i></b>	
Cordless/Rechargeable	Yes/No
Clipping Bag Included	Yes/No
Cutting width	
Ease of Assembly	

Height adjustability (Range)	
Mulching Capability	Yes/No
If yes, is it included in the price?	Yes/No
Self-propelled?	Yes/No
List of Service locations local to SCAQMD	
<b>Battery:</b>	
Charging Time (From zero charge)	
Lift-out Replaceable Battery	Yes/No
Mowing Time per charge	
Battery - Voltage	
Battery – Amp Hour Capacity	
<b>Warranty:</b>	
Warranty Exchange	
Warranty period for the mower	
Warranty period for the battery	
Weight (Including Battery)	
Toll-free service number	
<b>Cost and Promotional Information</b>	
Manufacturer's Suggested Retail Price (MSRP)	
Cost to AQMD (Quantities of up to 4,000)	
Advertising/Promotional Assistance (\$\$)	
Promotional mowers provided	Yes/No; How many?
Event Staffing	Yes/No

During the lawn mower exchange program, the SCAQMD intends to offer these lawn mowers to the consumers at a subsidized price in exchange for their old operable gasoline powered lawn mowers. Proposals from Manufacturers /suppliers should include but not be limited to the following information for production quantities of up to 4,000 units. As the participants are given the choice of make/model the actual numbers of different mowers would not be known until after the registration process is completed.

- Detailed product specification
- Availability
- Supply commitment
- Lead time
- Details of assistance to be provided for the lawn mower exchange event advertisement outreach.
- Details on exchange-event staffing to be provided by the company.  
At a minimum, each company is expected to provide adequate staff to operate its own cashier stations and product loading lines. In addition, each company must staff a small display area at each event where undecided customers can see and discuss the product.
- Product warranty information to be provided to consumer.
- Service Centers: Minimum of 5 locations required with at least one center located in each of the four counties served by SCAQMD.

- Price offered to SCAQMD:  
Each manufacturer must provide their best price for each model they plan to offer. Although the AQMD plans to exchange up to a total of 4,000 mowers, there is no way to predict how many of each make or model will be sold. The following table provides guidance for the maximum allowable price per each category.

	Non Self Propelled	Self Propelled
Maximum cost to SCAQMD	\$325	\$395

In the selection process preference may be given to models with the best specifications and or cost-effectiveness.

### **Company Contact**

Proposers shall provide the company's contact person's name, address, phone numbers and the e-mail address.

## ***E. PROJECT IMPLEMENTATION***

### **Project Selection**

Contractor(s) will be selected based on, but not limited to, the following criteria:

- Product specifications
- Price of the units
- Lead times

### **Project Completion Deadlines**

Product shall be available no later than April 18, 2014

## ***F. IF YOU NEED HELP***

This Program Announcement and Application can be obtained by accessing the SCAQMD web site at [www.aqmd.gov](http://www.aqmd.gov). SCAQMD staff members are available to answer questions during the application acceptance period. In order to help expedite assistance, please direct your inquiries to the applicable staff person, as follows:

- For **General, Administrative, or Technical Assistance**, please contact:

Shashi Singeetham  
Air Quality Specialist  
Phone: 909-396-3298  
Fax: 909-396-3608



***ATTACHMENT A***

**CERTIFICATIONS AND REPRESENTATIONS**



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## **Business Information Request**

Dear SCAQMD Contractor/Supplier:

The South Coast Air Quality Management District (SCAQMD) is committed to ensuring that our contractor/supplier records are current and accurate. If your firm is selected for award of a purchase order or contract, it is imperative that the information requested herein be supplied in a timely manner to facilitate payment of invoices. In order to process your payments, we need the enclosed information regarding your account. **Please review and complete the information identified on the following pages, complete the enclosed W-9 form, remember to sign both documents for our files, and return them as soon as possible to the address below:**

**Attention: Accounts Payable, Accounting Department  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

If you do not return this information, we will not be able to establish you as a vendor. This will delay any payments and would still necessitate your submittal of the enclosed information to our Accounting department before payment could be initiated. Completion of this document and enclosed forms would ensure that your payments are processed timely and accurately.

**If you have any questions or need assistance in completing this information, please contact Accounting at (909) 396-3777. We appreciate your cooperation in completing this necessary information.**

Sincerely,

Michael B. O'Kelly  
Chief Financial Officer

DH:tm

Enclosures: Business Information Request  
Disadvantaged Business Certification  
W-9  
Form 590 Withholding Exemption Certificate  
Federal Contract Debarment Certification  
Campaign Contributions Disclosure  
Direct Deposit Authorization



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## BUSINESS INFORMATION REQUEST

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business <i>Check One:</i>	<input type="checkbox"/> Individual <input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____ <input type="checkbox"/> Other _____

## REMITTING ADDRESS INFORMATION

Address			
City/Town			
State/Province		Zip	
Phone	(    )    -    Ext	Fax	(    )    -
Contact		Title	
E-mail Address			
Payment Name if Different			

**All invoices must reference the corresponding Purchase Order Number(s)/Contract Number(s) if applicable and mailed to:**

**Attention: Accounts Payable, Accounting Department**

**South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

**DISADVANTAGED BUSINESS CERTIFICATION**

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE), minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

- is certified by the Small Business Administration or
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

Statements of certification:

As a prime contractor to the SCAQMD, \_\_\_\_\_ (name of business) will engage in good faith efforts to achieve the fair share in accordance with 40 CFR Section 33.301, and will follow the six affirmative steps listed below **for contracts or purchase orders funded in whole or in part by federal grants and contracts.**

1. Place qualified SBEs, MBEs, and WBEs on solicitation lists.
2. Assure that SBEs, MBEs, and WBEs are solicited whenever possible.
3. When economically feasible, divide total requirements into small tasks or quantities to permit greater participation by SBEs, MBEs, and WBEs.
4. Establish delivery schedules, if possible, to encourage participation by SBEs, MBEs, and WBEs.
5. Use services of Small Business Administration, Minority Business Development Agency of the Department of Commerce, and/or any agency authorized as a clearinghouse for SBEs, MBEs, and WBEs.
6. If subcontracts are to be let, take the above affirmative steps.

Self-Certification Verification: Also for use in awarding additional points, **as applicable**, in accordance with SCAQMD Procurement Policy and Procedure:

Check all that apply:

- |   |  |
|---|--|
| <input type="checkbox"/> Small Business Enterprise/Small Business Joint Venture | <input type="checkbox"/> Women-owned Business Enterprise                               |
| <input type="checkbox"/> Local business   | <input type="checkbox"/> Disabled Veteran-owned Business Enterprise/DVBE Joint Venture |
| <input type="checkbox"/> Minority-owned Business Enterprise                     |  |

Percent of ownership: \_\_\_\_\_ %

Name of Qualifying Owner(s): \_\_\_\_\_

I, the undersigned, hereby declare that to the best of my knowledge the above information is accurate. Upon penalty of perjury, I certify information submitted is factual.

_____	_____
NAME	TITLE
_____	_____
TELEPHONE NUMBER	DATE

# Definitions

**Disabled Veteran-Owned Business Enterprise** means a business that meets all of the following criteria:

- is a sole proprietorship or partnership of which is at least 51 percent owned by one or more disabled veterans, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
- the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
- is a sole proprietorship, corporation, partnership, or joint venture with its primary headquarters office located in the United States and which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.

**Joint Venture** means that one party to the joint venture is a DVBE and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that DVBE will receive at least 51 percent of the project dollars.

**Local Business** means a business that meets all of the following criteria:

- has an ongoing business within the boundary of the SCAQMD at the time of bid application.
- performs 90 percent of the work within SCAQMD's jurisdiction.

**Minority-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more minority persons or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minority persons.
- is a business whose management and daily business operations are controlled or owned by one or more minority person.
- is a business which is a sole proprietorship, corporation, partnership, joint venture, an association, or a cooperative with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

"Minority" person means a Black American, Hispanic American, Native American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian American (including a person whose origins are from India, Pakistan, or Bangladesh), Asian-Pacific American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, or Taiwan).

**Small Business Enterprise** means a business that meets the following criteria:

- a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
  - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
  - A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
  - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 to 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.

**Small Business Joint Venture** means that one party to the joint venture is a Small Business and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that the Small Business will receive at least 51 percent of the project dollars.

**Women-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more women or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
- is a business whose management and daily business operations are controlled or owned by one or more women.
- is a business which is a sole proprietorship, corporation, partnership, or a joint venture, with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

## Request for Taxpayer Identification Number and Certification

**Give Form to the  
 requester. Do not  
 send to the IRS.**

<b>Print or type See Specific Instructions on page 2.</b>	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate  <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____  <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number									

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer identification number									

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
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### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.



The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

#### Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

#### Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

#### Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

#### Specific Instructions

##### Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

**Partnership, C Corporation, or S Corporation.** Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

**Disregarded entity.** Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

**Note.** Check the appropriate box for the federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

**Limited Liability Company (LLC).** If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.



**Other entities.** Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

**Exempt Payee**

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
  2. The United States or any of its agencies or instrumentalities,
  3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
  4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
  5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
  7. A foreign central bank of issue,
  8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
  9. A futures commission merchant registered with the Commodity Futures Trading Commission,
  10. A real estate investment trust,
  11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
  12. A common trust fund operated by a bank under section 584(a),
  13. A financial institution,
  14. A middleman known in the investment community as a nominee or custodian, or
  15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 7 <sup>2</sup>

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

**Part I. Taxpayer Identification Number (TIN)**

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.ssa.gov](http://www.ssa.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

**Part II. Certification**

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

**Signature requirements.** Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

**1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

**3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

### What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee <sup>1</sup>  The actual owner <sup>1</sup>
5. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

\*Note. Grantor also must provide a Form W-9 to trustee of trust.

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

### Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

### Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) to learn more about identity theft and how to reduce your risk.

### Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.



**2013 Withholding Exemption Certificate****590**

This form can only be used to certify exemption from nonresident withholding under California Revenue and Taxation Code (R&TC) Section 18662. Do not use this form for exemption from wage withholding.

File this form with your withholding agent. (Please type or print)

Withholding agent's name \_\_\_\_\_

Payee's name \_\_\_\_\_

Payee's  SSN or ITIN  FEIN  
 CA corp. no.  CA SOS file no.

Address (number and street, PO Box, or PMB no.) \_\_\_\_\_

Apt. no./ Ste. no. \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ ZIP Code \_\_\_\_\_

Read the following carefully and check the box that applies to the payee.

I certify that for the reasons checked below, the payee named on this form is exempt from the California income tax withholding requirement on payment(s) made to the entity or individual.

**Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Who is a Resident, for the definition of a resident.

**Corporations:**

The above-named corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return and withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information F, What is a Permanent Place of Business, for the definition of permanent place of business.

**Partnerships or limited liability companies (LLC):**

The above-named partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return and will withhold on foreign and domestic nonresident partners or members when required. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

**Tax-Exempt Entities:**

The above-named entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

**Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans:**

The above-named entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

**California Trusts:**

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly notify the withholding agent.

**Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required.

**Nonmilitary Spouse of a Military Servicemember:**

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE:** Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided in this document is, to the best of my knowledge, true and correct. If conditions change, I will promptly notify the withholding agent.

Payee's name and title (type or print) \_\_\_\_\_ Daytime telephone no. \_\_\_\_\_

Payee's signature  \_\_\_\_\_ Date \_\_\_\_\_

# Instructions for Form 590

## Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

For purposes of California income tax, references to a spouse, husband, or wife also refer to a Registered Domestic Partner (RDP) unless otherwise specified. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners. **Private Mail Box (PMB)** – Include the PMB in the address field. Write “PMB” first, then the box number. Example: 111 Main Street PMB 123.

**Foreign Address** – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country’s practice for entering the postal code. Do not abbreviate the country’s name.

### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding. California residents or entities should complete and present Form 590 to the withholding agent. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless told by the Franchise Tax Board (FTB) that the form should not be relied upon.

**Important** – This form cannot be used for exemption from wage and real estate withholding.

- If you are an employee, any wage withholding questions should be directed to the FTB General Information number, 800.852.5711. Employers should call 888.745.3886 or go to [edd.ca.gov](http://edd.ca.gov).
- Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

### B Requirement

R&TC Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

Withholding is required on the following, but is not limited to:

- Payments to nonresidents for services rendered in California.
- Distributions of California source income made to domestic nonresident S corporation shareholders, partners and members and allocations of California source income made to foreign partners and members.
- Payments to nonresidents for rents if the payments are made in the course of the withholding agent’s business.
- Payments to nonresidents for royalties with activities in California.

- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Prizes and winnings received by nonresidents for contests in California.

However, withholding is optional if the total payments of California source income are \$1,500 or less during the calendar year. For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines. To get a withholding publication see General Information H, Publications, Forms, and Additional Information.

**Backup Withholding** – Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the FTB. The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions release of loan funds made in the normal course of business are exempt from backup withholding. For additional information on California backup withholding, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp No.); or California Secretary of State (SOS) file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit. For more information go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

**Who is Excluded from Withholding** – The following are excluded from withholding and completing this form:

- The United States and any of its agencies or instrumentalities
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities
- A foreign government or any of its political subdivisions, agencies, or instrumentalities

### C Who Certifies this Form

Form 590 is certified by the payee. An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the

withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee’s taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

For example, if an entertainer (or the entertainer’s business entity) is paid for a performance, the entertainer’s information must be provided. Do not submit the entertainer’s agent or promoter information.

The grantor of a grantor trust shall be treated as the payee for withholding purposes.

Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled “Individuals — Certification of Residency.”

### D Who is a Resident

A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose.

An individual domiciled in California who is absent from California for an uninterrupted period of at least 546 consecutive days under an employment-related contract is considered outside California for other than a temporary or transitory purpose.

An individual is still considered outside California for other than a temporary or transitory purpose if return visits to California do not total more than 45 days during any taxable year covered by an employment contract.

This provision does not apply if an individual has income from stocks, bonds, notes, or other intangible personal property in excess of \$200,000 in any taxable year in which the employment-related contract is in effect.

A spouse/RDP absent from California for an uninterrupted period of at least 546 days to accompany a spouse/RDP under an employment-related contract is considered outside of California for other than a temporary or transitory purpose.

Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For assistance in determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1032, Tax Information for Military Personnel, or call the FTB at 800.852.5711 or 916.845.6500.

## E Military Spouse Residency Relief Act (MSRRA)

Generally, for tax purposes you are considered to maintain your existing residence or domicile. If a military servicemember and nonmilitary spouse have the same state of domicile, the MSRRA provides:

- A spouse shall not be deemed to have lost a residence or domicile in any state solely by reason of being absent to be with the servicemember serving in compliance with military orders.
- A spouse shall not be deemed to have acquired a residence or domicile in any other state solely by reason of being there to be with the servicemember serving in compliance with military orders.

Domicile is defined as the one place:

- Where you maintain a true, fixed, and permanent home
- To which you intend to return whenever you are absent

A military servicemember's nonmilitary spouse is considered a nonresident for tax purposes if the servicemember and spouse have the same domicile outside of California and the spouse is in California solely to be with the servicemember who is serving in compliance with Permanent Change of Station orders. Note: California may require nonmilitary spouses of military servicemembers to provide proof that they meet the criteria for California personal income tax exemption as set forth in the MSRRA.

Income of a military servicemember's nonmilitary spouse for services performed in California is not California source income subject to state tax if the spouse is in California to be with the servicemember serving in compliance with military orders, and the servicemember and spouse have the same domicile in a state other than California.

For additional information or assistance in determining whether the applicant meets the MSRRA requirements, get FTB Pub. 1032.

## F What is a Permanent Place of Business

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the California SOS. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

## G Withholding Agent

Keep Form 590 for your records. Do not send this form to the FTB unless it has been specifically requested.

For more information, contact Withholding Services and Compliance, see General Information H.

The payee must notify the withholding agent if any of the following situations occur:

- The individual payee becomes a nonresident.
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California.
- The partnership ceases to have a permanent place of business in California.
- The LLC ceases to have a permanent place of business in California.
- The tax-exempt entity loses its tax-exempt status.

The withholding agent must then withhold and report the withholding using Form 592, Resident and Nonresident Withholding Statement, and remit the withholding using Form 592-V, Payment Voucher for Resident and Nonresident Withholding. Form 592-B, Resident and Nonresident Withholding Tax Statement, is retained by the withholding agent and a copy is given to the payee.

## H Additional Information

To get additional nonresident withholding information, contact the Withholding Services and Compliance.

WITHHOLDING SERVICES AND COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0651

Telephone: 888.792.4900  
916.845.4900

Fax: 916.845.9512

You can download, view, and print California tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov).

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT MS F284  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

Internet and Telephone Assistance

Website: [ftb.ca.gov](http://ftb.ca.gov)

Telephone: 800.852.5711 from within the United States  
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

Asistencia Por Internet y Teléfono

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)

Teléfono: 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos

TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla





United State Environmental Protection Agency  
Washington, DC 20460

## **Certification Regarding Debarment, Suspension, and Other Responsibility Matters**

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

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

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

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Typed Name & Title of Authorized Representative

---

Signature of Authorized Representative Date

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



## CAMPAIGN CONTRIBUTIONS DISCLOSURE

In accordance with California law, bidders and contracting parties are required to disclose, at the time the application is filed, information relating to any campaign contributions made to South Coast Air Quality Management District (SCAQMD) Board Members or members/alternates of the MSRC, including: the name of the party making the contribution (which includes any parent, subsidiary or otherwise related business entity, as defined below), the amount of the contribution, and the date the contribution was made. 2 C.C.R. §18438.8(b).

California law prohibits a party, or an agent, from making campaign contributions to SCAQMD Governing Board Members or members/alternates of the Mobile Source Air Pollution Reduction Review Committee (MSRC) of more than \$250 while their contract or permit is pending before the SCAQMD; and further prohibits a campaign contribution from being made for three (3) months following the date of the final decision by the Governing Board or the MSRC on a donor's contract or permit. Gov't Code §84308(d). For purposes of reaching the \$250 limit, the campaign contributions of the bidder or contractor plus contributions by its parents, affiliates, and related companies of the contractor or bidder are added together. 2 C.C.R. §18438.5.

In addition, SCAQMD Board Members or members/alternates of the MSRC must abstain from voting on a contract or permit if they have received a campaign contribution from a party or participant to the proceeding, or agent, totaling more than \$250 in the 12-month period prior to the consideration of the item by the Governing Board or the MSRC. Gov't Code §84308(c).

The list of current SCAQMD Governing Board Members can be found at the SCAQMD website ([www.aqmd.gov](http://www.aqmd.gov)). The list of current MSRC members/alternates can be found at the MSRC website (<http://www.cleantransportationfunding.org>).

### **SECTION I.**

**Contractor (Legal Name):** \_\_\_\_\_

- |   |
|---|
| <input type="checkbox"/> DBA, Name _____, County Filed in _____<br><input type="checkbox"/> Corporation, ID No. _____<br><input type="checkbox"/> LLC/LLP, ID No. _____ |
|---|

**List any parent, subsidiaries, or otherwise affiliated business entities of Contractor:**  
(See definition below).

\_\_\_\_\_  
\_\_\_\_\_

### **SECTION II.**

Has Contractor and/or any parent, subsidiary, or affiliated company, or agent thereof, made a campaign contribution(s) totaling \$250 or more in the aggregate to a current member of the South Coast Air Quality Management Governing Board or member/alternate of the MSRC in the 12 months preceding the date of execution of this disclosure?

Yes     No

**If YES, complete Section II below and then sign and date the form.  
If NO, sign and date below. Include this form with your submittal.**



**Campaign Contributions Disclosure, *continued*:**

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

**I declare the foregoing disclosures to be true and correct.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEFINITIONS**

Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)

- (1) Parent subsidiary. A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.
- (2) Otherwise related business entity. Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:
  - (A) One business entity has a controlling ownership interest in the other business entity.
  - (B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:
    - (i) The same person or substantially the same person owns and manages the two entities;
    - (ii) There are common or commingled funds or assets;
    - (iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;
    - (iv) There is otherwise a regular and close working relationship between the entities; or
  - (C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.



South Coast  
**AIR QUALITY MANAGEMENT DISTRICT**  
 21865 Copley Dr., Diamond Bar, CA 91765

**Direct Deposit Authorization**

**STEP 1: Please check all the appropriate boxes**

- |  |  |
|--|--|
| <input type="checkbox"/> Individual (Employee, Governing Board Member) | <input type="checkbox"/> New Request           |
| <input type="checkbox"/> Vendor/Contractor                             | <input type="checkbox"/> Cancel Direct Deposit |
| <input type="checkbox"/> Changed Information                           |  |

**STEP 2: Payee Information**

Last Name		First Name		Middle Initial	Title
Vendor/Contractor Business Name (if applicable)					
Address				Apartment or P.O. Box Number	
City		State	Zip	Country	
Taxpayer ID Number		Telephone Number		Email Address	

**Authorization**

- I authorize South Coast Air Quality Management District (SCAQMD) to direct deposit funds to my account in the financial institution as indicated below. I understand that the authorization may be rejected or discontinued by SCAQMD at any time. If any of the above information changes, I will promptly complete a new authorization agreement. If the direct deposit is not stopped before closing an account, funds payable to me will be returned to SCAQMD for distribution. This will delay my payment.
- This authorization remains in effect until SCAQMD receives written notification of changes or cancellation from you.
- I hereby release and hold harmless SCAQMD for any claims or liability to pay for any losses or costs related to insufficient fund transactions that result from failure within the Automated Clearing House network to correctly and timely deposit monies into my account.

**STEP 3:**

You must verify that your bank is a member of an Automated Clearing House (ACH). Failure to do so could delay the processing of your payment. You must attach a voided check or have your bank complete the bank information and the account holder must sign below.

**To be Completed by your Bank**

<b>Staple Voided Check Here</b>	Name of Bank/Institution		
	Account Holder Name(s)		
	<input type="checkbox"/> Saving <input type="checkbox"/> Checking	Account Number	Routing Number
	Bank Representative Printed Name	Bank Representative Signature	Date
	ACCOUNT HOLDER SIGNATURE:		Date

For SCAQMD Use  
 Only

Input By \_\_\_\_\_

Date \_\_\_\_\_

*Announcing the*

*South Coast Air Quality Management District's*

*Funding for Licensed Scrappers/Recyclers*  
*of Gasoline Mowers Traded in at*  
*SCAQMD's Lawn Mower Exchange Program*

*Program Announcement*

*PA #2014-02*

*September 6, 2013*

**DATE:** September 6, 2013

**TO:** All Interested Parties

**FROM:** Barry Wallerstein, Executive Officer, SCAQMD

**SUBJECT:** SCAQMD Program Announcement for Licensed Scrappers/Recyclers of gasoline mowers traded in at AQMD's Lawn Mower Exchange Events

The South Coast Air Quality Management District (SCAQMD) is pleased to announce a funding opportunity for scrapping/recycling gasoline lawn mowers traded in at the Lawn Mower Exchange events in the spring of 2014. This program is designed to identify potential scrappers/recyclers with the capacity of providing roll off bins, the required staff, handling the gas mowers, draining the fuel on site, hauling the mowers to a recycling center and scrapping them all in a safe manner and in accordance with the applicable local, state and federal laws. Contracts may be awarded to multiple entities. All interested parties are encouraged to apply. The required tasks are listed in Section D.

The SCAQMD staff is available to assist applicants during the preparation of their applications for this program. Points of contact for administrative and technical assistance are included in the attached Program Announcement in Section F.

Should you have any questions regarding this Program Announcement, please contact Mr. Shashi Singeetham, Air Quality Specialist, at (909) 396-3298. The Announcement and Application documents can also be accessed via the Internet by visiting SCAQMD's website at [www.aqmd.gov](http://www.aqmd.gov).

Our main objective is to reduce exposure to harmful emissions from the use of gasoline powered lawn mowers in the South Coast Air Basin and we look forward to receiving your application.

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**A. LAWN MOWER EXCHANGE PROGRAM OVERVIEW**

The purpose of this Program Announcement is to solicit competitive proposals from qualified scrappers/recyclers with the capacity of providing roll off bins, required staff, handling the gas mowers, draining the fuel on site, hauling the mowers to a recycling center and scrapping them all in a safe manner and in accordance with the applicable local, state and federal laws at all of SCAQMD’s 2014 Lawn Mower Exchange events. The goal of this proposal is to identify potential scrappers/recyclers for SCAQMD’s lawn mower exchange program at the lowest possible price. Contracts may be awarded to multiple entities.

The successful bidders should be a licensed scrapper/recycler knowledgeable and experienced in draining fuel, and be able to provide large roll off bins for the collection of the trade-in gasoline mowers, provide the required staff, render the mowers useless, haul them away to a recycling center, and scrap them all in a safe manner and in accordance with all applicable local, state and federal laws.

**B. PROGRAM SCHEDULE**

The implementation schedule of this program is illustrated below

September 6, 2013	Issue the Program Announcement & Application PA #2014-02
October 16, 2013	Applications due no later than 9:00 AM
November 15, 2013	Proposals approved by Mobile Source Committee
December 6, 2013	Proposals approved by Board
January 15, 2014	Contract Execution
December 30, 2014	Completion of Program

**C. APPLICATION SUBMITTAL**

The applicant shall submit **four copies** of the application and the project proposal in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the applicant and the words “Program Application PA #2014-02. **All applications for the Lawn Mower Exchange Program/ are due no later than 9:00 a.m., October 16, 2013**

Procurement Unit  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA. 91765

The written proposals must be received by SCAQMD by the specified date and time regardless of when they may be postmarked for delivery. E-mail and faxed copies will not be accepted.

**D. PARTICIPATION GUIDELINES, REQUIREMENTS, & CONDITIONS**

**Amounts of Funding**

The amount of SCAQMD funding will be determined at a later date prior to the scheduling of lawn mower exchange events

**Proposal Requirements**

The South Coast Air Quality Management District (SCAQMD) is pleased to announce a funding opportunity for providing scrapping service in connection with SCAQMD’s Lawn Mower Exchange Program in the spring of 2014. The lawn mower exchange programs are drive-thru events where pre-registered customers bring their old operable gas mowers and exchange them for cordless electric lawn mowers for a subsidized price. The winning bidder will provide large roll-off bins to the event site, provide the required staff and equipment, drain fuel from the traded gas mowers, render them useless, haul them away to a scrapping yard and scrap them – all in a safe manner and in accordance with all applicable local, State and Federal laws. Unloading of the mowers from vehicles will be the responsibility of a different contractor. SCAQMD anticipates holding up to six events in the spring of 2014 and intends to offer up to 4,000 lawn mowers for exchange at these events. If additional State funds become available larger quantities may be exchanged.

The Tasks required of a successful bidder are as follows:

- Task 1:** The day before the Lawn mower Exchange event, CONTRACTOR shall place roll off bins used to collect old gas mowers at pre-determined locations SCAQMD shall inform CONTRACTOR of the date, time and location for each Lawn Mower Exchange event as soon as possible. However, AQMD has the right to cancel at any time any or all scheduled events. CONTRACTOR shall not be paid for a cancelled event.
- Task 2:** During the event, CONTRACTOR shall drain fuel from the gas mowers in a safe manner and in accordance with all the applicable local, state and federal laws and place the emptied gas mowers in the roll off bins. The drained fuel shall be placed in container(s) approved for fuel collection and transportation by local, state and/or federal law, as applicable.
- Task 3:** At the end of the event, CONTRACTOR shall haul away the mowers collected at the event to a licensed scrapping yard for scrapping and shall transport the drained fuel for disposal at an authorized disposal facility, all in a safe manner and in accordance with the applicable local, state and federal laws.
- Task 4:** CONTRACTOR shall be solely responsible for the cleanup of any fuel or other spills in a manner that meets all the applicable local, state and federal laws.

Proposals from Licensed Scrappers/Recyclers should include but not limited to the following information:

- Cost per exchange event
- Cost per mower handled
- Details of equipment used
- Experience in handling large volume
- Scrapping methodology including final disposal of all materials
- References from recent similar work completed
- Other information that could qualify you to be a successful bidder

**Insurance Requirements:**

To be eligible the successful bidder shall:

- Furnish evidence to SCAQMD of workers' compensation insurance for each of its employees, in accordance with either California or other states' applicable statutory requirements prior to commencement of any work;
- Furnish evidence to SCAQMD of general liability insurance with a limit of at least \$1,000,000 per occurrence, and \$2,000,000 in a general aggregate prior to commencement of any work on the Contract. SCAQMD shall be named as an



additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given to SCAQMD;

- Furnish evidence to SCAQMD of automobile liability insurance with limits of at least \$100,000 per person and \$300,000 per accident for bodily injuries, and \$50,000 in property damage, or \$1,000,000 combined single limit for bodily injury or property damage, prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given to SCAQMD.

### **Company Contact**

Bidders shall provide the company's contact person's name, address, phone numbers and the e-mail address.

## ***E. PROJECT IMPLEMENTATION***

### **Project Selection**

Contractor(s) will be selected based on, but not limited to, the following criteria:

- Be a licensed scrapper
- Have all necessary permits with EPA for Hazardous Material Disposal
- Be able to provide and transport large roll off bins from the exchange sites
- Be able to provide trained staff to disable lawn mowers and render them useless
- Be a licensed scrapper capable of scrapping the mowers collected at the events

## ***F. IF YOU NEED HELP***

This Program Announcement and Application can be obtained by accessing the SCAQMD web site at [www.aqmd.gov](http://www.aqmd.gov). SCAQMD staff members are available to answer questions during the application acceptance period. In order to help expedite assistance, please direct your inquiries to the applicable staff person, as follows:

- For **General, Administrative, or Technical Assistance**, please contact:

Shashi Singeetham  
Air Quality Specialist  
Phone: 909-396-3298  
Fax: 909-396-3608  
[ssingeetham@aqmd.gov](mailto:ssingeetham@aqmd.gov)

***ATTACHMENT A***

**CERTIFICATIONS AND REPRESENTATIONS**



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## **Business Information Request**

Dear SCAQMD Contractor/Supplier:

The South Coast Air Quality Management District (SCAQMD) is committed to ensuring that our contractor/supplier records are current and accurate. If your firm is selected for award of a purchase order or contract, it is imperative that the information requested herein be supplied in a timely manner to facilitate payment of invoices. In order to process your payments, we need the enclosed information regarding your account. **Please review and complete the information identified on the following pages, complete the enclosed W-9 form, remember to sign both documents for our files, and return them as soon as possible to the address below:**

**Attention: Accounts Payable, Accounting Department  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

If you do not return this information, we will not be able to establish you as a vendor. This will delay any payments and would still necessitate your submittal of the enclosed information to our Accounting department before payment could be initiated. Completion of this document and enclosed forms would ensure that your payments are processed timely and accurately.

**If you have any questions or need assistance in completing this information, please contact Accounting at (909) 396-3777. We appreciate your cooperation in completing this necessary information.**

Sincerely,

Michael B. O'Kelly  
Chief Financial Officer

DH:tm

Enclosures: Business Information Request  
Disadvantaged Business Certification  
W-9  
Form 590 Withholding Exemption Certificate  
Federal Contract Debarment Certification  
Campaign Contributions Disclosure  
Direct Deposit Authorization



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## BUSINESS INFORMATION REQUEST

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business <i>Check One:</i>	<input type="checkbox"/> Individual <input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____ <input type="checkbox"/> Other _____

## REMITTING ADDRESS INFORMATION

Address			
City/Town			
State/Province		Zip	
Phone	(    )    -    Ext	Fax	(    )    -
Contact		Title	
E-mail Address			
Payment Name if Different			

**All invoices must reference the corresponding Purchase Order Number(s)/Contract Number(s) if applicable and mailed to:**

**Attention: Accounts Payable, Accounting Department**

**South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

**DISADVANTAGED BUSINESS CERTIFICATION**

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE), minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

- is certified by the Small Business Administration or
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

Statements of certification:

As a prime contractor to the SCAQMD, \_\_\_\_\_ (name of business) will engage in good faith efforts to achieve the fair share in accordance with 40 CFR Section 33.301, and will follow the six affirmative steps listed below **for contracts or purchase orders funded in whole or in part by federal grants and contracts.**

1. Place qualified SBEs, MBEs, and WBEs on solicitation lists.
2. Assure that SBEs, MBEs, and WBEs are solicited whenever possible.
3. When economically feasible, divide total requirements into small tasks or quantities to permit greater participation by SBEs, MBEs, and WBEs.
4. Establish delivery schedules, if possible, to encourage participation by SBEs, MBEs, and WBEs.
5. Use services of Small Business Administration, Minority Business Development Agency of the Department of Commerce, and/or any agency authorized as a clearinghouse for SBEs, MBEs, and WBEs.
6. If subcontracts are to be let, take the above affirmative steps.

Self-Certification Verification: Also for use in awarding additional points, **as applicable**, in accordance with SCAQMD Procurement Policy and Procedure:

Check all that apply:

- |   |  |
|---|--|
| <input type="checkbox"/> Small Business Enterprise/Small Business Joint Venture | <input type="checkbox"/> Women-owned Business Enterprise                               |
| <input type="checkbox"/> Local business   | <input type="checkbox"/> Disabled Veteran-owned Business Enterprise/DVBE Joint Venture |
| <input type="checkbox"/> Minority-owned Business Enterprise                     |  |

Percent of ownership: \_\_\_\_\_ %

Name of Qualifying Owner(s): \_\_\_\_\_

I, the undersigned, hereby declare that to the best of my knowledge the above information is accurate. Upon penalty of perjury, I certify information submitted is factual.

\_\_\_\_\_  
NAME

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
DATE

# Definitions

**Disabled Veteran-Owned Business Enterprise** means a business that meets all of the following criteria:

- is a sole proprietorship or partnership of which is at least 51 percent owned by one or more disabled veterans, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
- the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
- is a sole proprietorship, corporation, partnership, or joint venture with its primary headquarters office located in the United States and which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.

**Joint Venture** means that one party to the joint venture is a DVBE and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that DVBE will receive at least 51 percent of the project dollars.

**Local Business** means a business that meets all of the following criteria:

- has an ongoing business within the boundary of the SCAQMD at the time of bid application.
- performs 90 percent of the work within SCAQMD's jurisdiction.

**Minority-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more minority persons or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minority persons.
- is a business whose management and daily business operations are controlled or owned by one or more minority person.
- is a business which is a sole proprietorship, corporation, partnership, joint venture, an association, or a cooperative with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

"Minority" person means a Black American, Hispanic American, Native American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian American (including a person whose origins are from India, Pakistan, or Bangladesh), Asian-Pacific American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, or Taiwan).

**Small Business Enterprise** means a business that meets the following criteria:

- a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
  - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
  - A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
  - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 to 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.

**Small Business Joint Venture** means that one party to the joint venture is a Small Business and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that the Small Business will receive at least 51 percent of the project dollars.

**Women-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more women or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
- is a business whose management and daily business operations are controlled or owned by one or more women.
- is a business which is a sole proprietorship, corporation, partnership, or a joint venture, with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

## Request for Taxpayer Identification Number and Certification

**Give Form to the  
requester. Do not  
send to the IRS.**

<b>Print or type See Specific Instructions on page 2.</b>	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate  <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____  <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number									

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer identification number									

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.



The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

### Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

### Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

### Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

### Specific Instructions

#### Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

**Partnership, C Corporation, or S Corporation.** Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

**Disregarded entity.** Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

**Note.** Check the appropriate box for the federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

**Limited Liability Company (LLC).** If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

**Other entities.** Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

**Exempt Payee**

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
  2. The United States or any of its agencies or instrumentalities,
  3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
  4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
  5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
  7. A foreign central bank of issue,
  8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
  9. A futures commission merchant registered with the Commodity Futures Trading Commission,
  10. A real estate investment trust,
  11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
  12. A common trust fund operated by a bank under section 584(a),
  13. A financial institution,
  14. A middleman known in the investment community as a nominee or custodian, or
  15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

<b>IF the payment is for . . .</b>	<b>THEN the payment is exempt for . . .</b>
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 7 <sup>2</sup>

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

**Part I. Taxpayer Identification Number (TIN)**

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.ssa.gov](http://www.ssa.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

**Part II. Certification**

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

**Signature requirements.** Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

**1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

**3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.



**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

### What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee <sup>1</sup>  The actual owner <sup>1</sup>
5. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

\*Note. Grantor also must provide a Form W-9 to trustee of trust.

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

### Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

### Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) to learn more about identity theft and how to reduce your risk.

### Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

**2013 Withholding Exemption Certificate****590**

This form can only be used to certify exemption from nonresident withholding under California Revenue and Taxation Code (R&TC) Section 18662. Do not use this form for exemption from wage withholding.

File this form with your withholding agent. (Please type or print)

Withholding agent's name \_\_\_\_\_

Payee's name \_\_\_\_\_

Payee's  SSN or ITIN  FEIN  
 CA corp. no.  CA SOS file no.

Address (number and street, PO Box, or PMB no.) \_\_\_\_\_

Apt. no./ Ste. no. \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ ZIP Code \_\_\_\_\_

Read the following carefully and check the box that applies to the payee.

I certify that for the reasons checked below, the payee named on this form is exempt from the California income tax withholding requirement on payment(s) made to the entity or individual.

**Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Who is a Resident, for the definition of a resident.

**Corporations:**

The above-named corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return and withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information F, What is a Permanent Place of Business, for the definition of permanent place of business.

**Partnerships or limited liability companies (LLC):**

The above-named partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return and will withhold on foreign and domestic nonresident partners or members when required. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

**Tax-Exempt Entities:**

The above-named entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

**Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans:**

The above-named entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

**California Trusts:**

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly notify the withholding agent.

**Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required.

**Nonmilitary Spouse of a Military Servicemember:**

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE:** Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided in this document is, to the best of my knowledge, true and correct. If conditions change, I will promptly notify the withholding agent.

Payee's name and title (type or print) \_\_\_\_\_ Daytime telephone no. \_\_\_\_\_

Payee's signature  \_\_\_\_\_ Date \_\_\_\_\_



# Instructions for Form 590

## Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

For purposes of California income tax, references to a spouse, husband, or wife also refer to a Registered Domestic Partner (RDP) unless otherwise specified. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners. **Private Mail Box (PMB)** – Include the PMB in the address field. Write “PMB” first, then the box number. Example: 111 Main Street PMB 123.

**Foreign Address** – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country’s practice for entering the postal code. Do not abbreviate the country’s name.

### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding. California residents or entities should complete and present Form 590 to the withholding agent. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless told by the Franchise Tax Board (FTB) that the form should not be relied upon.

**Important** – This form cannot be used for exemption from wage and real estate withholding.

- If you are an employee, any wage withholding questions should be directed to the FTB General Information number, 800.852.5711. Employers should call 888.745.3886 or go to [edd.ca.gov](http://edd.ca.gov).
- Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

### B Requirement

R&TC Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

Withholding is required on the following, but is not limited to:

- Payments to nonresidents for services rendered in California.
- Distributions of California source income made to domestic nonresident S corporation shareholders, partners and members and allocations of California source income made to foreign partners and members.
- Payments to nonresidents for rents if the payments are made in the course of the withholding agent’s business.
- Payments to nonresidents for royalties with activities in California.

- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Prizes and winnings received by nonresidents for contests in California.

However, withholding is optional if the total payments of California source income are \$1,500 or less during the calendar year. For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines. To get a withholding publication see General Information H, Publications, Forms, and Additional Information.

**Backup Withholding** – Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the FTB. The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions release of loan funds made in the normal course of business are exempt from backup withholding. For additional information on California backup withholding, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp No.); or California Secretary of State (SOS) file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit. For more information go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

**Who is Excluded from Withholding** – The following are excluded from withholding and completing this form:

- The United States and any of its agencies or instrumentalities
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities
- A foreign government or any of its political subdivisions, agencies, or instrumentalities

### C Who Certifies this Form

Form 590 is certified by the payee. An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the

withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee’s taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

For example, if an entertainer (or the entertainer’s business entity) is paid for a performance, the entertainer’s information must be provided. Do not submit the entertainer’s agent or promoter information.

The grantor of a grantor trust shall be treated as the payee for withholding purposes.

Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled “Individuals — Certification of Residency.”

### D Who is a Resident

A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose.

An individual domiciled in California who is absent from California for an uninterrupted period of at least 546 consecutive days under an employment-related contract is considered outside California for other than a temporary or transitory purpose.

An individual is still considered outside California for other than a temporary or transitory purpose if return visits to California do not total more than 45 days during any taxable year covered by an employment contract.

This provision does not apply if an individual has income from stocks, bonds, notes, or other intangible personal property in excess of \$200,000 in any taxable year in which the employment-related contract is in effect.

A spouse/RDP absent from California for an uninterrupted period of at least 546 days to accompany a spouse/RDP under an employment-related contract is considered outside of California for other than a temporary or transitory purpose.

Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For assistance in determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1032, Tax Information for Military Personnel, or call the FTB at 800.852.5711 or 916.845.6500.

## E Military Spouse Residency Relief Act (MSRRA)

Generally, for tax purposes you are considered to maintain your existing residence or domicile. If a military servicemember and nonmilitary spouse have the same state of domicile, the MSRRA provides:

- A spouse shall not be deemed to have lost a residence or domicile in any state solely by reason of being absent to be with the servicemember serving in compliance with military orders.
- A spouse shall not be deemed to have acquired a residence or domicile in any other state solely by reason of being there to be with the servicemember serving in compliance with military orders.

Domicile is defined as the one place:

- Where you maintain a true, fixed, and permanent home
- To which you intend to return whenever you are absent

A military servicemember's nonmilitary spouse is considered a nonresident for tax purposes if the servicemember and spouse have the same domicile outside of California and the spouse is in California solely to be with the servicemember who is serving in compliance with Permanent Change of Station orders. Note: California may require nonmilitary spouses of military servicemembers to provide proof that they meet the criteria for California personal income tax exemption as set forth in the MSRRA.

Income of a military servicemember's nonmilitary spouse for services performed in California is not California source income subject to state tax if the spouse is in California to be with the servicemember serving in compliance with military orders, and the servicemember and spouse have the same domicile in a state other than California.

For additional information or assistance in determining whether the applicant meets the MSRRA requirements, get FTB Pub. 1032.

## F What is a Permanent Place of Business

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the California SOS. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

## G Withholding Agent

Keep Form 590 for your records. Do not send this form to the FTB unless it has been specifically requested.

For more information, contact Withholding Services and Compliance, see General Information H.

The payee must notify the withholding agent if any of the following situations occur:

- The individual payee becomes a nonresident.
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California.
- The partnership ceases to have a permanent place of business in California.
- The LLC ceases to have a permanent place of business in California.
- The tax-exempt entity loses its tax-exempt status.

The withholding agent must then withhold and report the withholding using Form 592, Resident and Nonresident Withholding Statement, and remit the withholding using Form 592-V, Payment Voucher for Resident and Nonresident Withholding. Form 592-B, Resident and Nonresident Withholding Tax Statement, is retained by the withholding agent and a copy is given to the payee.

## H Additional Information

To get additional nonresident withholding information, contact the Withholding Services and Compliance.

WITHHOLDING SERVICES AND COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0651

Telephone: 888.792.4900  
916.845.4900

Fax: 916.845.9512

You can download, view, and print California tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov).

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT MS F284  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

Internet and Telephone Assistance

Website: [ftb.ca.gov](http://ftb.ca.gov)

Telephone: 800.852.5711 from within the United States  
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

Asistencia Por Internet y Teléfono

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)

Teléfono: 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos

TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla



United State Environmental Protection Agency  
Washington, DC 20460

## **Certification Regarding Debarment, Suspension, and Other Responsibility Matters**

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

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

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

---

Typed Name & Title of Authorized Representative

---

Signature of Authorized Representative Date

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



## CAMPAIGN CONTRIBUTIONS DISCLOSURE

In accordance with California law, bidders and contracting parties are required to disclose, at the time the application is filed, information relating to any campaign contributions made to South Coast Air Quality Management District (SCAQMD) Board Members or members/alternates of the MSRC, including: the name of the party making the contribution (which includes any parent, subsidiary or otherwise related business entity, as defined below), the amount of the contribution, and the date the contribution was made. 2 C.C.R. §18438.8(b).

California law prohibits a party, or an agent, from making campaign contributions to SCAQMD Governing Board Members or members/alternates of the Mobile Source Air Pollution Reduction Review Committee (MSRC) of more than \$250 while their contract or permit is pending before the SCAQMD; and further prohibits a campaign contribution from being made for three (3) months following the date of the final decision by the Governing Board or the MSRC on a donor's contract or permit. Gov't Code §84308(d). For purposes of reaching the \$250 limit, the campaign contributions of the bidder or contractor plus contributions by its parents, affiliates, and related companies of the contractor or bidder are added together. 2 C.C.R. §18438.5.

In addition, SCAQMD Board Members or members/alternates of the MSRC must abstain from voting on a contract or permit if they have received a campaign contribution from a party or participant to the proceeding, or agent, totaling more than \$250 in the 12-month period prior to the consideration of the item by the Governing Board or the MSRC. Gov't Code §84308(c).

The list of current SCAQMD Governing Board Members can be found at the SCAQMD website ([www.aqmd.gov](http://www.aqmd.gov)). The list of current MSRC members/alternates can be found at the MSRC website (<http://www.cleantransportationfunding.org>).

### **SECTION I.**

**Contractor (Legal Name):** \_\_\_\_\_

DBA, Name \_\_\_\_\_, County Filed in \_\_\_\_\_

Corporation, ID No. \_\_\_\_\_

LLC/LLP, ID No. \_\_\_\_\_

**List any parent, subsidiaries, or otherwise affiliated business entities of Contractor:**  
*(See definition below).*

\_\_\_\_\_  
\_\_\_\_\_

### **SECTION II.**

Has Contractor and/or any parent, subsidiary, or affiliated company, or agent thereof, made a campaign contribution(s) totaling \$250 or more in the aggregate to a current member of the South Coast Air Quality Management Governing Board or member/alternate of the MSRC in the 12 months preceding the date of execution of this disclosure?



Yes     No

**If YES, complete Section II below and then sign and date the form.  
If NO, sign and date below. Include this form with your submittal.**

**Campaign Contributions Disclosure, *continued*:**

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

**I declare the foregoing disclosures to be true and correct.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEFINITIONS**

Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)

- (1) Parent subsidiary. A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.
- (2) Otherwise related business entity. Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:
  - (A) One business entity has a controlling ownership interest in the other business entity.
  - (B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:
    - (i) The same person or substantially the same person owns and manages the two entities;
    - (ii) There are common or commingled funds or assets;
    - (iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;
    - (iv) There is otherwise a regular and close working relationship between the entities; or
  - (C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.



South Coast  
**AIR QUALITY MANAGEMENT DISTRICT**  
 21865 Copley Dr., Diamond Bar, CA 91765

**Direct Deposit Authorization**

**STEP 1: Please check all the appropriate boxes**

- |  |  |
|--|--|
| <input type="checkbox"/> Individual (Employee, Governing Board Member) | <input type="checkbox"/> New Request           |
| <input type="checkbox"/> Vendor/Contractor                             | <input type="checkbox"/> Cancel Direct Deposit |
| <input type="checkbox"/> Changed Information                           |  |

**STEP 2: Payee Information**

Last Name		First Name		Middle Initial	Title
Vendor/Contractor Business Name (if applicable)					
Address				Apartment or P.O. Box Number	
City		State	Zip	Country	
Taxpayer ID Number		Telephone Number		Email Address	

**Authorization**

- I authorize South Coast Air Quality Management District (SCAQMD) to direct deposit funds to my account in the financial institution as indicated below. I understand that the authorization may be rejected or discontinued by SCAQMD at any time. If any of the above information changes, I will promptly complete a new authorization agreement. If the direct deposit is not stopped before closing an account, funds payable to me will be returned to SCAQMD for distribution. This will delay my payment.
- This authorization remains in effect until SCAQMD receives written notification of changes or cancellation from you.
- I hereby release and hold harmless SCAQMD for any claims or liability to pay for any losses or costs related to insufficient fund transactions that result from failure within the Automated Clearing House network to correctly and timely deposit monies into my account.

**STEP 3:**

You must verify that your bank is a member of an Automated Clearing House (ACH). Failure to do so could delay the processing of your payment. You must attach a voided check or have your bank complete the bank information and the account holder must sign below.

**To be Completed by your Bank**

<b>Staple Voided Check Here</b>	Name of Bank/Institution		
	Account Holder Name(s)		
	<input type="checkbox"/> Saving <input type="checkbox"/> Checking	Account Number	Routing Number
	Bank Representative Printed Name	Bank Representative Signature	Date
	ACCOUNT HOLDER SIGNATURE:		Date

For SCAQMD Use  
 Only

Input By \_\_\_\_\_

Date \_\_\_\_\_

*Announcing the*

*South Coast Air Quality Management District's*

*Funding for Support Service Providers at*  
*SCAQMD's Lawn Mower Exchange Program*

*Program Announcement*

*PA #2014-03*

*September 6, 2013*

**DATE:** September 6, 2013

**TO:** All Interested Parties

**FROM:** Barry Wallerstein, Executive Officer, SCAQMD

**SUBJECT:** AQMD Program Announcement for Support Service Providers at  
AQMD's Lawn Mower Exchange Events

The South Coast Air Quality Management District (SCAQMD) is pleased to announce a funding opportunity for Support Service Providers at the Lawn Mower Exchange events in the spring of 2014. This Program Announcement is designed to identify potential support service providers with the capacity of providing staff for unloading gas powered lawn mowers from vehicles at the drive-thru Lawn Mower Exchange events, and also the necessary equipment and staff to direct traffic at these events. Contracts may be awarded to multiple entities. All interested parties are encouraged to apply. The required tasks are listed in Section D.

The SCAQMD staff is available to assist applicants during the preparation of their applications for this program. Points of contact for administrative and technical assistance are included in the attached Program Announcement in Section F.

Should you have any questions regarding this Program Announcement, please contact Mr. Shashi Singeetham, Air Quality Specialist, at (909) 396-3298. The Announcement and Application documents can also be accessed via the Internet by visiting SCAQMD's website at [www.aqmd.gov](http://www.aqmd.gov).

Our main objective is to reduce exposure to harmful emissions from the use of gasoline powered lawn mowers in the South Coast Air Basin and we look forward to receiving your application.

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**A. LAWN MOWER EXCHANGE PROGRAM OVERVIEW**

The purpose of this Program Announcement is to solicit competitive proposals from support service providers with the capacity of providing staff for unloading gas powered lawn mowers from vehicles at the SCAQMD’s drive-thru Lawn mower Exchange events, and also the necessary equipment and staff to direct traffic at these events. The goal of this proposal is to identify potential vendors for SCAQMD’s lawn mower exchange program at the lowest possible price. Contracts may be awarded to multiple entities.

The successful bidders should be able to provide the required staff to unload lawn mowers at SCAQMD’s Lawn Mower Exchange events, provide the required equipment and staff to direct traffic at these events.

**B. PROGRAM SCHEDULE**

The implementation schedule of this program is illustrated below

September 6, 2013	Issue the Program Announcement & Application <i>PA #2014-03</i>
October 16, 2013	Applications due no later than 9:00 AM
November 15, 2013	Proposals approved by Mobile Source Committee
December 6, 2013	Proposals approved by Board
January 15, 2014	Contract Execution
December 30, 2014	Completion of Program

**C. APPLICATION SUBMITTAL**

The applicant shall submit **four copies** of the application and the project proposal in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the applicant and the words “Program Application PA #2014-03. **All applications for the Lawn Mower Exchange Program Support Service Providers/ are due no later than 9:00 a.m., October 16, 2013.**

Procurement Unit  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA. 91765

The written proposals must be received by SCAQMD by the specified date and time regardless of when they may be postmarked for delivery. E-mail and faxed copies will not be accepted.

**D. PARTICIPATION GUIDELINES, REQUIREMENTS, & CONDITIONS**

**Amounts of Funding**

The amount of SCAQMD funding will be determined at a later date prior to the scheduling of lawn mower exchange events

**Proposal Requirements**

The South Coast Air Quality Management District (SCAQMD) is pleased to announce a funding opportunity for providing Support Service Providers in connection with SCAQMD’s Lawn Mower Exchange Program in the spring of 2014. The lawn mower exchange programs are drive-thru events where pre-registered customers bring their old operable gas mowers and exchange them for cordless electric lawn mowers for a subsidized price. The winning bidder will provide the required staff to unload lawn mowers from participant vehicles, and also provide staff and equipment to direct traffic at these Lawn Mower Exchange events. SCAQMD anticipates holding up to six events in the spring of 2014 and intends to offer up to 4,000 lawn mowers for exchange at these events. If additional State funds become available larger quantities may be exchanged.



## **Required Tasks**

The Tasks required of a successful bidder are as follows:

- Task 1:** On the day of the Lawn Mower Exchange, arrive at the event site two hours early with required equipment like traffic cones, caution tape and barricades. CONTRACTOR shall place traffic cones, barricades, signage as directed SCAQMD project officer on site. SCAQMD shall inform CONTRACTOR of the date, time and location for each Lawn Mower Exchange event as soon as possible. However, SCAQMD has the right to cancel at any time any or all scheduled events. CONTRACTOR shall not be paid for a cancelled event.
- Task 2:** During the event, CONTRACTOR shall unload the old gas mowers from participant vehicles and hand them over to the licensed scrapper on site. CONTRACTOR will also provide traffic directors to ensure smooth flow of traffic.
- Task 3:** At the end of the event, CONTRACTOR shall make sure all equipment is picked up and the area is kept clean of any debris from the event.

Proposals from Support Service Providers should include but not limited to the following:

- Demonstrated experience in performing similar services at large public events
- Experience in events conducted in Los Angeles, Orange, San Bernardino and Riverside Counties
- Hourly rate per mower handler
- Hourly rate per traffic director
- Rental rate for traffic cones/tape
- Rental rate for A-frame barricades for signage

## **Insurance Requirements:**

To be eligible the successful bidder shall:

- Furnish evidence to SCAQMD of workers' compensation insurance for each of its employees, in accordance with either California or other states' applicable statutory requirements prior to commencement of any work;
- Furnish evidence to SCAQMD of general liability insurance with a limit of at least \$1,000,000 per occurrence, and \$2,000,000 in a general aggregate prior to commencement of any work on the Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given to SCAQMD;
- Furnish evidence to SCAQMD of automobile liability insurance with limits of at least \$100,000 per person and \$300,000 per accident for bodily injuries, and

\$50,000 in property damage, or \$1,000,000 combined single limit for bodily injury or property damage, prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given to SCAQMD.

### **Company Contact**

Bidders shall provide the company's contact person's name, address, phone numbers and the e-mail address.

### ***E. PROJECT IMPLEMENTATION***

#### **Project Selection**

Contractor(s) will be selected based on, but not limited to, the following criteria:

- Meet insurance requirements listed in Section D
- Be able to provide trained staff to unload lawn mowers from participant vehicles
- Be able to provide assistance with signage and traffic flow at the event

### ***F. IF YOU NEED HELP***

This Program Announcement and Application can be obtained by accessing the SCAQMD web site at [www.aqmd.gov](http://www.aqmd.gov). SCAQMD staff members are available to answer questions during the application acceptance period. In order to help expedite assistance, please direct your inquiries to the applicable staff person, as follows:

- For **General, Administrative, or Technical Assistance**, please contact:

Shashi Singeetham  
Air Quality Specialist  
Phone: 909-396-3298  
Fax: 909-396-3608  
[ssingeetham@aqmd.gov](mailto:ssingeetham@aqmd.gov)

***ATTACHMENT A***

**CERTIFICATIONS AND REPRESENTATIONS**



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## **Business Information Request**

Dear SCAQMD Contractor/Supplier:

The South Coast Air Quality Management District (SCAQMD) is committed to ensuring that our contractor/supplier records are current and accurate. If your firm is selected for award of a purchase order or contract, it is imperative that the information requested herein be supplied in a timely manner to facilitate payment of invoices. In order to process your payments, we need the enclosed information regarding your account. **Please review and complete the information identified on the following pages, complete the enclosed W-9 form, remember to sign both documents for our files, and return them as soon as possible to the address below:**

**Attention: Accounts Payable, Accounting Department  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

If you do not return this information, we will not be able to establish you as a vendor. This will delay any payments and would still necessitate your submittal of the enclosed information to our Accounting department before payment could be initiated. Completion of this document and enclosed forms would ensure that your payments are processed timely and accurately.

**If you have any questions or need assistance in completing this information, please contact Accounting at (909) 396-3777. We appreciate your cooperation in completing this necessary information.**

Sincerely,

Michael B. O'Kelly  
Chief Financial Officer

DH:tm

Enclosures: Business Information Request  
Disadvantaged Business Certification  
W-9  
Form 590 Withholding Exemption Certificate  
Federal Contract Debarment Certification  
Campaign Contributions Disclosure  
Direct Deposit Authorization



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## BUSINESS INFORMATION REQUEST

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business <i>Check One:</i>	<input type="checkbox"/> Individual <input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____ <input type="checkbox"/> Other _____

## REMITTING ADDRESS INFORMATION

Address			
City/Town			
State/Province		Zip	
Phone	(    )    -    Ext	Fax	(    )    -
Contact		Title	
E-mail Address			
Payment Name if Different			

**All invoices must reference the corresponding Purchase Order Number(s)/Contract Number(s) if applicable and mailed to:**

**Attention: Accounts Payable, Accounting Department**

**South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

**DISADVANTAGED BUSINESS CERTIFICATION**

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE), minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

- is certified by the Small Business Administration or
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

Statements of certification:

As a prime contractor to the SCAQMD, \_\_\_\_\_ (name of business) will engage in good faith efforts to achieve the fair share in accordance with 40 CFR Section 33.301, and will follow the six affirmative steps listed below **for contracts or purchase orders funded in whole or in part by federal grants and contracts.**

1. Place qualified SBEs, MBEs, and WBEs on solicitation lists.
2. Assure that SBEs, MBEs, and WBEs are solicited whenever possible.
3. When economically feasible, divide total requirements into small tasks or quantities to permit greater participation by SBEs, MBEs, and WBEs.
4. Establish delivery schedules, if possible, to encourage participation by SBEs, MBEs, and WBEs.
5. Use services of Small Business Administration, Minority Business Development Agency of the Department of Commerce, and/or any agency authorized as a clearinghouse for SBEs, MBEs, and WBEs.
6. If subcontracts are to be let, take the above affirmative steps.

Self-Certification Verification: Also for use in awarding additional points, **as applicable**, in accordance with SCAQMD Procurement Policy and Procedure:

Check all that apply:

- |   |  |
|---|--|
| <input type="checkbox"/> Small Business Enterprise/Small Business Joint Venture | <input type="checkbox"/> Women-owned Business Enterprise                               |
| <input type="checkbox"/> Local business   | <input type="checkbox"/> Disabled Veteran-owned Business Enterprise/DVBE Joint Venture |
| <input type="checkbox"/> Minority-owned Business Enterprise                     |  |

Percent of ownership: \_\_\_\_\_ %

Name of Qualifying Owner(s): \_\_\_\_\_

I, the undersigned, hereby declare that to the best of my knowledge the above information is accurate. Upon penalty of perjury, I certify information submitted is factual.

\_\_\_\_\_  
NAME

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
DATE

# Definitions

**Disabled Veteran-Owned Business Enterprise** means a business that meets all of the following criteria:

- is a sole proprietorship or partnership of which is at least 51 percent owned by one or more disabled veterans, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
- the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
- is a sole proprietorship, corporation, partnership, or joint venture with its primary headquarters office located in the United States and which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.

**Joint Venture** means that one party to the joint venture is a DVBE and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that DVBE will receive at least 51 percent of the project dollars.

**Local Business** means a business that meets all of the following criteria:

- has an ongoing business within the boundary of the SCAQMD at the time of bid application.
- performs 90 percent of the work within SCAQMD's jurisdiction.

**Minority-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more minority persons or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minority persons.
- is a business whose management and daily business operations are controlled or owned by one or more minority person.
- is a business which is a sole proprietorship, corporation, partnership, joint venture, an association, or a cooperative with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

"Minority" person means a Black American, Hispanic American, Native American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian American (including a person whose origins are from India, Pakistan, or Bangladesh), Asian-Pacific American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, or Taiwan).

**Small Business Enterprise** means a business that meets the following criteria:

- a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
  - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
  - A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
  - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 to 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.

**Small Business Joint Venture** means that one party to the joint venture is a Small Business and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that the Small Business will receive at least 51 percent of the project dollars.

**Women-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more women or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
- is a business whose management and daily business operations are controlled or owned by one or more women.
- is a business which is a sole proprietorship, corporation, partnership, or a joint venture, with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.



## Request for Taxpayer Identification Number and Certification

**Give Form to the  
requester. Do not  
send to the IRS.**

<b>Print or type See Specific Instructions on page 2.</b>	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate  <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____  <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number									

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer identification number									

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

#### Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

#### Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

#### Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications and affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

#### Specific Instructions

##### Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name/disregarded entity name” line.

**Partnership, C Corporation, or S Corporation.** Enter the entity’s name on the “Name” line and any business, trade, or “doing business as (DBA) name” on the “Business name/disregarded entity name” line.

**Disregarded entity.** Enter the owner’s name on the “Name” line. The name of the entity entered on the “Name” line should never be a disregarded entity. The name on the “Name” line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner’s name is required to be provided on the “Name” line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity’s name on the “Business name/disregarded entity name” line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

**Note.** Check the appropriate box for the federal tax classification of the person whose name is entered on the “Name” line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

**Limited Liability Company (LLC).** If the person identified on the “Name” line is an LLC, check the “Limited liability company” box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter “P” for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter “C” for C corporation or “S” for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the “Name” line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the “Name” line.



**Other entities.** Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

**Exempt Payee**

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
  2. The United States or any of its agencies or instrumentalities,
  3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
  4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
  5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
  7. A foreign central bank of issue,
  8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
  9. A futures commission merchant registered with the Commodity Futures Trading Commission,
  10. A real estate investment trust,
  11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
  12. A common trust fund operated by a bank under section 584(a),
  13. A financial institution,
  14. A middleman known in the investment community as a nominee or custodian, or
  15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

<b>IF the payment is for . . .</b>	<b>THEN the payment is exempt for . . .</b>
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 7 <sup>2</sup>

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

**Part I. Taxpayer Identification Number (TIN)**

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.ssa.gov](http://www.ssa.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

**Part II. Certification**

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

**Signature requirements.** Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

**1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

**3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

### What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee <sup>1</sup>  The actual owner <sup>1</sup>
5. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

\*Note. Grantor also must provide a Form W-9 to trustee of trust.

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

### Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

### Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) to learn more about identity theft and how to reduce your risk.

### Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.



**2013 Withholding Exemption Certificate****590**

This form can only be used to certify exemption from nonresident withholding under California Revenue and Taxation Code (R&TC) Section 18662. Do not use this form for exemption from wage withholding.

File this form with your withholding agent. (Please type or print)

Withholding agent's name \_\_\_\_\_

Payee's name \_\_\_\_\_

Payee's  SSN or ITIN  FEIN  
 CA corp. no.  CA SOS file no.

Address (number and street, PO Box, or PMB no.) \_\_\_\_\_

Apt. no./ Ste. no. \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ ZIP Code \_\_\_\_\_

Read the following carefully and check the box that applies to the payee.

I certify that for the reasons checked below, the payee named on this form is exempt from the California income tax withholding requirement on payment(s) made to the entity or individual.

**Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Who is a Resident, for the definition of a resident.

**Corporations:**

The above-named corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return and withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information F, What is a Permanent Place of Business, for the definition of permanent place of business.

**Partnerships or limited liability companies (LLC):**

The above-named partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return and will withhold on foreign and domestic nonresident partners or members when required. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

**Tax-Exempt Entities:**

The above-named entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

**Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans:**

The above-named entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

**California Trusts:**

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly notify the withholding agent.

**Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required.

**Nonmilitary Spouse of a Military Servicemember:**

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE:** Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided in this document is, to the best of my knowledge, true and correct. If conditions change, I will promptly notify the withholding agent.

Payee's name and title (type or print) \_\_\_\_\_ Daytime telephone no. \_\_\_\_\_

Payee's signature  \_\_\_\_\_ Date \_\_\_\_\_

# Instructions for Form 590

## Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

For purposes of California income tax, references to a spouse, husband, or wife also refer to a Registered Domestic Partner (RDP) unless otherwise specified. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners. **Private Mail Box (PMB)** – Include the PMB in the address field. Write “PMB” first, then the box number. Example: 111 Main Street PMB 123.

**Foreign Address** – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country’s practice for entering the postal code. Do not abbreviate the country’s name.

### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding. California residents or entities should complete and present Form 590 to the withholding agent. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless told by the Franchise Tax Board (FTB) that the form should not be relied upon.

**Important** – This form cannot be used for exemption from wage and real estate withholding.

- If you are an employee, any wage withholding questions should be directed to the FTB General Information number, 800.852.5711. Employers should call 888.745.3886 or go to [edd.ca.gov](http://edd.ca.gov).
- Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

### B Requirement

R&TC Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

Withholding is required on the following, but is not limited to:

- Payments to nonresidents for services rendered in California.
- Distributions of California source income made to domestic nonresident S corporation shareholders, partners and members and allocations of California source income made to foreign partners and members.
- Payments to nonresidents for rents if the payments are made in the course of the withholding agent’s business.
- Payments to nonresidents for royalties with activities in California.

- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Prizes and winnings received by nonresidents for contests in California.

However, withholding is optional if the total payments of California source income are \$1,500 or less during the calendar year. For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines. To get a withholding publication see General Information H, Publications, Forms, and Additional Information.

**Backup Withholding** – Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the FTB. The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions release of loan funds made in the normal course of business are exempt from backup withholding. For additional information on California backup withholding, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp No.); or California Secretary of State (SOS) file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit. For more information go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

**Who is Excluded from Withholding** – The following are excluded from withholding and completing this form:

- The United States and any of its agencies or instrumentalities
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities
- A foreign government or any of its political subdivisions, agencies, or instrumentalities

### C Who Certifies this Form

Form 590 is certified by the payee. An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the

withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee’s taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

For example, if an entertainer (or the entertainer’s business entity) is paid for a performance, the entertainer’s information must be provided. Do not submit the entertainer’s agent or promoter information.

The grantor of a grantor trust shall be treated as the payee for withholding purposes.

Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled “Individuals — Certification of Residency.”

### D Who is a Resident

A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose.

An individual domiciled in California who is absent from California for an uninterrupted period of at least 546 consecutive days under an employment-related contract is considered outside California for other than a temporary or transitory purpose.

An individual is still considered outside California for other than a temporary or transitory purpose if return visits to California do not total more than 45 days during any taxable year covered by an employment contract.

This provision does not apply if an individual has income from stocks, bonds, notes, or other intangible personal property in excess of \$200,000 in any taxable year in which the employment-related contract is in effect.

A spouse/RDP absent from California for an uninterrupted period of at least 546 days to accompany a spouse/RDP under an employment-related contract is considered outside of California for other than a temporary or transitory purpose.

Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For assistance in determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1032, Tax Information for Military Personnel, or call the FTB at 800.852.5711 or 916.845.6500.

## E Military Spouse Residency Relief Act (MSRRA)

Generally, for tax purposes you are considered to maintain your existing residence or domicile. If a military servicemember and nonmilitary spouse have the same state of domicile, the MSRRA provides:

- A spouse shall not be deemed to have lost a residence or domicile in any state solely by reason of being absent to be with the servicemember serving in compliance with military orders.
- A spouse shall not be deemed to have acquired a residence or domicile in any other state solely by reason of being there to be with the servicemember serving in compliance with military orders.

Domicile is defined as the one place:

- Where you maintain a true, fixed, and permanent home
- To which you intend to return whenever you are absent

A military servicemember's nonmilitary spouse is considered a nonresident for tax purposes if the servicemember and spouse have the same domicile outside of California and the spouse is in California solely to be with the servicemember who is serving in compliance with Permanent Change of Station orders. Note: California may require nonmilitary spouses of military servicemembers to provide proof that they meet the criteria for California personal income tax exemption as set forth in the MSRRA.

Income of a military servicemember's nonmilitary spouse for services performed in California is not California source income subject to state tax if the spouse is in California to be with the servicemember serving in compliance with military orders, and the servicemember and spouse have the same domicile in a state other than California.

For additional information or assistance in determining whether the applicant meets the MSRRA requirements, get FTB Pub. 1032.

## F What is a Permanent Place of Business

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the California SOS. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

## G Withholding Agent

Keep Form 590 for your records. Do not send this form to the FTB unless it has been specifically requested.

For more information, contact Withholding Services and Compliance, see General Information H.

The payee must notify the withholding agent if any of the following situations occur:

- The individual payee becomes a nonresident.
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California.
- The partnership ceases to have a permanent place of business in California.
- The LLC ceases to have a permanent place of business in California.
- The tax-exempt entity loses its tax-exempt status.

The withholding agent must then withhold and report the withholding using Form 592, Resident and Nonresident Withholding Statement, and remit the withholding using Form 592-V, Payment Voucher for Resident and Nonresident Withholding. Form 592-B, Resident and Nonresident Withholding Tax Statement, is retained by the withholding agent and a copy is given to the payee.

## H Additional Information

To get additional nonresident withholding information, contact the Withholding Services and Compliance.

WITHHOLDING SERVICES AND COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0651

Telephone: 888.792.4900  
916.845.4900

Fax: 916.845.9512

You can download, view, and print California tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov).

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT MS F284  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

Internet and Telephone Assistance

Website: [ftb.ca.gov](http://ftb.ca.gov)

Telephone: 800.852.5711 from within the United States  
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

Asistencia Por Internet y Teléfono

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)

Teléfono: 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos

TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla





United State Environmental Protection Agency  
Washington, DC 20460

## **Certification Regarding Debarment, Suspension, and Other Responsibility Matters**

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

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

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

---

Typed Name & Title of Authorized Representative

---

Signature of Authorized Representative Date

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





## CAMPAIGN CONTRIBUTIONS DISCLOSURE

In accordance with California law, bidders and contracting parties are required to disclose, at the time the application is filed, information relating to any campaign contributions made to South Coast Air Quality Management District (SCAQMD) Board Members or members/alternates of the MSRC, including: the name of the party making the contribution (which includes any parent, subsidiary or otherwise related business entity, as defined below), the amount of the contribution, and the date the contribution was made. 2 C.C.R. §18438.8(b).

California law prohibits a party, or an agent, from making campaign contributions to SCAQMD Governing Board Members or members/alternates of the Mobile Source Air Pollution Reduction Review Committee (MSRC) of more than \$250 while their contract or permit is pending before the SCAQMD; and further prohibits a campaign contribution from being made for three (3) months following the date of the final decision by the Governing Board or the MSRC on a donor's contract or permit. Gov't Code §84308(d). For purposes of reaching the \$250 limit, the campaign contributions of the bidder or contractor plus contributions by its parents, affiliates, and related companies of the contractor or bidder are added together. 2 C.C.R. §18438.5.

In addition, SCAQMD Board Members or members/alternates of the MSRC must abstain from voting on a contract or permit if they have received a campaign contribution from a party or participant to the proceeding, or agent, totaling more than \$250 in the 12-month period prior to the consideration of the item by the Governing Board or the MSRC. Gov't Code §84308(c).

The list of current SCAQMD Governing Board Members can be found at the SCAQMD website ([www.aqmd.gov](http://www.aqmd.gov)). The list of current MSRC members/alternates can be found at the MSRC website (<http://www.cleantransportationfunding.org>).

### **SECTION I.**

**Contractor (Legal Name):** \_\_\_\_\_

DBA, Name \_\_\_\_\_, County Filed in \_\_\_\_\_

Corporation, ID No. \_\_\_\_\_

LLC/LLP, ID No. \_\_\_\_\_

**List any parent, subsidiaries, or otherwise affiliated business entities of Contractor:**  
(See definition below).

\_\_\_\_\_  
\_\_\_\_\_

### **SECTION II.**

Has Contractor and/or any parent, subsidiary, or affiliated company, or agent thereof, made a campaign contribution(s) totaling \$250 or more in the aggregate to a current member of the South Coast Air Quality Management Governing Board or member/alternate of the MSRC in the 12 months preceding the date of execution of this disclosure?

Yes     No

**If YES, complete Section II below and then sign and date the form.  
If NO, sign and date below. Include this form with your submittal.**

**Campaign Contributions Disclosure, *continued*:**

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
---	------------------------	----------------------

**I declare the foregoing disclosures to be true and correct.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEFINITIONS**

Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)

- (1) Parent subsidiary. A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.
- (2) Otherwise related business entity. Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:
  - (A) One business entity has a controlling ownership interest in the other business entity.
  - (B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:
    - (i) The same person or substantially the same person owns and manages the two entities;
    - (ii) There are common or commingled funds or assets;
    - (iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;
    - (iv) There is otherwise a regular and close working relationship between the entities; or
  - (C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.



South Coast  
**AIR QUALITY MANAGEMENT DISTRICT**  
 21865 Copley Dr., Diamond Bar, CA 91765

**Direct Deposit Authorization**

**STEP 1: Please check all the appropriate boxes**

- |  |  |
|--|--|
| <input type="checkbox"/> Individual (Employee, Governing Board Member) | <input type="checkbox"/> New Request           |
| <input type="checkbox"/> Vendor/Contractor                             | <input type="checkbox"/> Cancel Direct Deposit |
| <input type="checkbox"/> Changed Information                           |  |

**STEP 2: Payee Information**

Last Name		First Name		Middle Initial	Title
Vendor/Contractor Business Name (if applicable)					
Address				Apartment or P.O. Box Number	
City		State	Zip	Country	
Taxpayer ID Number		Telephone Number		Email Address	

**Authorization**

- I authorize South Coast Air Quality Management District (SCAQMD) to direct deposit funds to my account in the financial institution as indicated below. I understand that the authorization may be rejected or discontinued by SCAQMD at any time. If any of the above information changes, I will promptly complete a new authorization agreement. If the direct deposit is not stopped before closing an account, funds payable to me will be returned to SCAQMD for distribution. This will delay my payment.
- This authorization remains in effect until SCAQMD receives written notification of changes or cancellation from you.
- I hereby release and hold harmless SCAQMD for any claims or liability to pay for any losses or costs related to insufficient fund transactions that result from failure within the Automated Clearing House network to correctly and timely deposit monies into my account.

**STEP 3:**

You must verify that your bank is a member of an Automated Clearing House (ACH). Failure to do so could delay the processing of your payment. You must attach a voided check or have your bank complete the bank information and the account holder must sign below.

**To be Completed by your Bank**

<b>Staple Voided Check Here</b>	Name of Bank/Institution		
	Account Holder Name(s)		
	<input type="checkbox"/> Saving <input type="checkbox"/> Checking	Account Number	Routing Number
	Bank Representative Printed Name	Bank Representative Signature	Date
	ACCOUNT HOLDER SIGNATURE:		Date

For SCAQMD Use  
 Only

Input By \_\_\_\_\_

Date \_\_\_\_\_



BOARD MEETING DATE: September 6, 2013

AGENDA NO. 13

PROPOSAL: Appoint Members to AQMD Hearing Board

SYNOPSIS: The terms of office for the Hearing Board Medical Member and two Public Members, and their Alternates, expired June 30, 2013. An Advisory Committee was appointed as required by law. The Advisory Committee interviewed public member candidates at its meeting on March 28, 2013, and medical member candidates at its meeting on June 25, 2013, and made its recommendations to the Administrative Committee. The Administrative Committee interviewed candidates at its meeting on August 16, 2013, and made a final recommendation. This action is to appoint members to fill the new terms.

COMMITTEE: Administrative, August 16, 2013; Recommended for Approval

RECOMMENDED ACTION:

Appoint/reappoint the following individuals to the AQMD Hearing Board, effective immediately, with terms ending June 30, 2016:

Clifton V. Lee, M.D., Medical Member	Alternate: Robert F. Wayner, M.D.
Patricia Byrd, Public Member	Alternate: Robert D. Copeland
David A. Holtzman, Public Member	Alternate: Tom Eichhorn

Barry R. Wallerstein, D.Env.  
Executive Officer

SM

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## Background

Health and Safety Code Section 40501.1(b) requires the AQMD to appoint a Hearing Board Advisory Committee composed of one representative appointed by each of the Counties of Los Angeles, Orange, Riverside, and San Bernardino, and the City of Los Angeles. The following individuals, with a variety of professional experience, served on the Advisory Committee for this recruitment. They are:

City of Los Angeles	Omar Moghaddam, Manager, Regulatory Affairs Div., City of Los Angeles Sanitation Bureau
County of Los Angeles	Robert A. Wyman, Jr., Attorney at Law Latham & Watkins LLP
County of Orange	Ben Seybold, Senior Vice President, CBRE
County of Riverside	Buford Crites, Board Consultant to Governing Board Member, John J. Benoit
County of San Bernardino	Albert Arteaga, M.D., LaSalle Medical Associates

The current Medical Member, M. Michael Glovsky, M.D., and his current Alternate, Robert F. Wayner, M.D., as well as the current Public Members, Patricia Byrd and Marti L. Klein, and their current Alternates, Robert D. Copeland and Tom Eichhorn, all requested reappointment.

Based on the attached criteria developed by the Advisory Committee, the Committee members and selected AQMD staff – the General Counsel and the Public Advisor – evaluated the resumes of 20 public member candidates, and ranked the individuals according to their scores. Based on the ranking, the Committee then narrowed the candidates to a short list of the top eight ranked candidates who were interviewed by the Advisory Committee. Due to a procedural error in the interview process, however, all eight candidates were referred to the Administrative Committee for interviews. The below ranking, therefore, reflects the initial review prior to Committee interviews.

- 1) *\*Marti L. Klein*
- 2) *\*Patricia Byrd*
- 3) *Cynthia Verdugo-Peralta*
- 4) *(tie) \*\*Robert D. Copeland (alternate position only)*
- 4) *(tie) David A. Holtzman*
- 6) *Gregory M. Adams*
- 7) *Gilbert Estrada*
- 8) *\*\*Tom Eichhorn*

*\*incumbent member*

*\*\*incumbent alternate*

The initial outreach for medical member/alternate candidates resulted in only three qualified candidates, two of whom were the incumbent member and alternate. Two additional more direct outreach efforts were conducted, yielding three more qualified candidates. The Advisory Committee evaluated the resumes of the six candidates, based on the attached criteria. All six candidates were invited for interview by the Advisory Committee; however, two candidates withdrew from consideration prior to the interviews. The Advisory Committee interviewed the remaining four candidates, and referred the top three candidates to the Administrative Committee for interviews, ranked as follows:

- 1) *\*\*Robert F. Wayner, M.D.*
- 2) *\*M. Michael Glovsky, M.D.*
- 3) *Clifton V. Lee, M.D.*

*\*incumbent member*

*\*\*incumbent alternate*

## **Proposal**

After interviewing each of the three medical member candidates and five public member candidates (one public candidate did not appear, another had to leave before being interviewed, and incumbent alternate public member, Tom Eichhorn, was unable to attend the interviews due to illness), the Administrative Committee recommended that the Board:

(i) reappoint Patricia Byrd and appoint David A. Holtzman as Public Members and reappoint Robert D. Copeland and Tom Eichhorn as Alternate Public Members, to fill terms which commenced July 1, 2013 and end June 30, 2016; and

(ii) appoint Clifton V. Lee, M.D. as Medical Member and reappoint Robert F. Wayner, M.D. as Alternate Medical Member, to fill terms which commenced July 1, 2013 and end June 30, 2016.

The individuals recommended for appointment were subsequently contacted, and each indicated their willingness to serve. A summary of the qualifications of each is set forth below.



### **Medical Member**

**Clifton V. Lee, M.D.** – A practicing obstetrician and gynecologist in Los Angeles for over thirty years, Dr. Lee has worked full time the past four years as a Physician Specialist for the Los Angeles Sheriff's Department at the Los Angeles County Jail. A native of Atlantic City, New Jersey, Dr. Lee earned his Bachelor of Science degree at Howard University, where he matriculated with honors and was a member of the record breaking C.I.A.A. championship relay team and championship track team. He also was all-C.I.A.A. in football. He interned at Kings County Hospital in Brooklyn, New York, and served for two years as Captain in the U.S. Air Force Medical Corps in Morocco. He returned to the U.S.A. for a four-year residency in Obstetrics and Gynecology in Cleveland, Ohio. He has been associated with medical education since first being appointed instructor at Western Reserve Medical School in 1962; and he was appointed Clinical Professor of Obstetrics and Gynecology at the University of Southern California in 1991. Dr. Lee is a fellow of the American College of Surgeons, Diplomate American Board of OB-GYN, Life Member of L.A. OB-GYN Society, and member of the National Medical Society. Dr. Lee has practiced medicine continuously for the past 40 years at his office, the Western Women's Medical Clinic, and at the California Hospital.

### **Alternate Medical Member**

**Robert F. Wayner, M.D.** – Dr. Wayner was first appointed to the Hearing Board as Alternate Medical Member in 2010. He is a board certified neurological surgeon with extensive experience in the field of oncology and neurosurgical oncology, recognized locally and nationally in the fields of cancer, airway management, brain tumors, trauma, intracranial pressure and the effects of the environment. Dr. Wayner graduated from McGill University, Montreal, Quebec, Canada with an Honors Degree in Physiology and Neurophysiology, and received his medical training at Albany Medical College in Albany, New York. He completed his residency in neurosurgery at Washington Medical Center in Washington, D.C. Dr. Wayner is a consultant to the United States Department of the Defense, the National Football League, Cal Optima, the California Foundation for Medical Care, MemorialCare, the British Paediatric Trauma Society, Tenet Healthcare and the American College of Surgeons Commission on Cancer. He is published on topics including Pediatric Neurotrauma, clinical cancer research, nursing textbooks, cancer programs, brain tumors, clinical case review design, cerebral glucose metabolism and versions of the Advanced Life Support Manual. Dr. Wayner is also President of Wayner Instruments, specializing in medical devices/software development and publishing.

## **Public Members**

**Patricia Byrd** – Ms. Byrd was appointed to the position of Public Member with the AQMD Hearing Board in June 2010. She started her career in 1979 as a field health inspector in San Bernardino County, after graduating from Oakwood University in Huntsville, Alabama, with a bachelor's degree in Biology and attending Loma Linda University, where she received a Master of Public Health degree with an emphasis in Environmental Health. She has since served as an environmental health specialist for both San Bernardino and Riverside Counties in consumer health protection and hazardous materials programs. She has been an adjunct instructor for Chaffey and Riverside Community colleges, and an environmental consultant for the Inland Empire Small Business Development Center. She has served as the Environmental Programs Director for the Soboba Band of Luiseno Indians, and represented the American Lung Association of the Inland Counties as its Director of Environmental Health. She has also served on various committees and advisory groups, including: Steering Committee for the Western Regional Pollution Prevention Committee, Co-Chair of the Southern California Pollution Prevention Committee, Advisory Committee for the Inland Empire Cal/EPA Permit Assistance Center, U.S.EPA Tribal Air Quality Designations Work Group, Riverside County Clean Cities Committee, Board Member for the Center for Community Action and Environmental Justice, and the SCAQMD Ethnic Community Advisory Group.

**David A. Holtzman**– Mr. Holtzman is an expert in health science and public policy, with specialized experience in air pollution, land use, public health law, legislative analysis and agency budgeting. He is a lawyer, a graduate of UCLA's program in Public Interest Law and Policy, and a member of the California State Bar and its Environmental Law Section. He is a public health professional, a scientist, with a master's degree in public health from the University of Michigan and training in toxicology, epidemiology and biostatistics. Mr. Holtzman's career includes a dozen years of public service addressing air pollution for the California Department of Health Services and the Office of Environmental Health Hazard Assessment, where he worked in the Toxic Air Contaminants Program (AB 1807), the Air Toxics "Hot Spots" Program (AB 2588), and in implementation of the warning statute, Proposition 65. Mr. Holtzman has also worked as staff attorney for a consumer rights foundation based in Santa Monica, and as a Principal Scientist for PCR Services Corporation where he worked in their air quality division and directly involved South Coast AQMD guidance. He also volunteers time for nonprofit organizations promoting causes such as fairer elections, bike lanes, environmental justice, and a more peaceful and clean environment in general; and has taken leadership roles in such organizations, such as serving two terms as President of the Los Angeles chapter of the League of Women Voters.

## **Alternate Public Members**

**Tom Eichhorn** – Appointed to the Hearing Board as Alternate Public Member in June 2001, Mr. Eichhorn has been associated with the SCAQMD for the past 31 years, having served for seven years as an Alternate to the SCAQMD Governing Board Member representing the County of Orange, and then twelve years as SCAQMD’s Media Liaison Officer and then Director of Communications, prior to his appointment to the Hearing Board. His work experience includes nine years as a newspaper reporter, both before and after he received his B.A. degree in English/Creative Writing from the University of Iowa, Writers Workshop; the Orange County Transit District, as the district’s first Public Information Officer; and Orange County Board of Supervisors, as Executive Assistant to three County Supervisors. This background has provided him experience in contentious negotiations and facilitating economic issues with serious community impacts, as well as negotiations regarding labor agreements, legislation, and local government issues, which has enabled him to assist the Hearing Board in arriving at creative solutions within the established guidelines and procedures. Since his retirement in 2000, Mr. Eichhorn has also written unpublished mystery novels.

**Robert D. Copeland.** – Mr. Copeland was appointed to the Hearing Board as Alternate Public Member in June 2012, to fill an unexpired term. He has been an environmental engineer with The Boeing Company since 1998, and a Senior Manager in the Environment, Health and Safety organization at Boeing since 2008, responsible for environmental compliance and management systems for the sites’ 6,000 employees engaged in engineering, test and evaluation, research, and manufacturing of aerospace and military products. Outside of work, Mr. Copeland has taken an active role in promoting environmental stewardship in his community, and was appointed by the Signal Hill City Council to serve as the chairperson of the City’s Sustainability Committee. Mr. Copeland holds a B.S. in Chemistry from the University of California, Los Angeles, an MBA from Pepperdine University, Malibu, CA, and a Juris Doctorate from Southwestern University School of Law, Los Angeles, CA.

## **Fiscal Impacts**

Sufficient funds are budgeted each year to compensate those who serve on the Hearing Board.

## **Attachments**

Criteria for Public Member Position

Criteria for Medical Member Position

**SCORING SHEET FOR HEARING BOARD APPOINTMENTS**

**MEDICAL MEMBER POSITION**

**Qualifications:** Licensed physician with two or more years of practical experience, preferably in the fields of epidemiology, physiology, toxicology, or related fields.

Name of Scorer: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_

Total Points: \_\_\_\_\_  
(From Below - Possible 25)

\_\_\_\_\_

1. Education

Notes: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Score 1 - 5 Points)

2. Experience - Practice in Specialized Field (2 - 10+ years)

Notes: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Score 1 - 7 points)



3. Experience - Evidence of Application of Specialized Training to Environmental Issues

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Score 1 - 10 points)

4. Medical Administrative Experience - One to Two Years

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Score 1 - 3 points)

**SCORING SHEET FOR HEARING BOARD APPOINTMENTS  
PUBLIC MEMBER POSITION**

**Qualifications:** Ability to demonstrate evidence of active participation in matters relating to the environment, preferably with relatively recent involvement in activities and forums pertaining to the control of air pollution in the South Coast Basin.

Name of Scorer: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_

Total Points: \_\_\_\_\_  
(From Below - Possible 25)

\_\_\_\_\_

1. Knowledge and Understanding of Environmental Issues, Specifically Air Quality

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Score 1 - 10 points)

2. Relevant Community Activity and/or Public Service Experience

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Score 1 - 5 points)

Continued on back....

3. Background Demonstrates Understanding of and Ability to Balance the Diversity of the Issues (i.e., Environment, Economy, and Social)

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Score 1 - 5 points)

4. Relevant Education and Training

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Score 1 - 3 points)

5. Willingness for Continued Improvement of Position-Related Knowledge and Skills

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Score 1 - 2 points)



[↑ Back to Agenda](#)

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 14

PROPOSAL: Issue RFP for Document and Case Management System

SYNOPSIS: The Legal Department Management Review performed in September 2012 found that the Department's case-tracking and case-management technology posed a significant challenge for the legal staff in performing its day-to-day duties. The Legal Department's case and document management system needs to be consolidated, following the consolidation of the District Counsel's Office and District Prosecutor's Office. This action is to approve issuing an RFP to solicit bids from qualified firms to customize a case and document management software system that is compatible with the SCAQMD's current permitting, enforcement and imaging databases that will track and manage assignments and generate work efficiency and settlement reports; to conduct training for Legal Department employees; and to provide support for the program.

COMMITTEE: Administrative, August 16, 2013; Recommended for Approval

RECOMMENDED ACTION:

Approve the release of RFP #P2014-07 for a Case and Document Management Software System, customization, and a training program for Legal Department employees.

Barry R. Wallerstein, D.Env.  
Executive Officer

KW:NS:vmr

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### **Background**

The Governing Board approved a restructuring of the SCAQMD Legal Department in March 2013 following recommendations from an outside consultant's management review. The consultant's management review identified the Legal Department's technology as a challenging aspect of work for the legal staff and recommended investing in technology to develop work tracking mechanisms. The Legal Department currently

does not have a case or document management system to assist them in performing their daily functions and assignments. The Legal Department accesses the SCAQMD's Information Management's (IM) CLASS and OnBase databases to obtain facility, contact and compliance information in order to perform their various core assignments. The IM's databases contain a wealth of information about the SCAQMD's rules and regulations, permitting, compliance and enforcement provisions, public notices, air quality data and analysis, and much more. However, there is no program to integrate that data into document generation and case management functions, to efficiently complete and track assignments which are ultimately reported to the Governing Board for settlement and enforcement outcomes.

### **Proposal**

The Legal Department seeks authorization to issue an RFP to purchase a case and document management system; customize the software to be compatible with the Legal Department's assignments and the IM's CLASS and OnBase databases; and implement a training program for Legal Department employees. This RFP also includes vendor support for the system. A proposed draft RFP is attached as Exhibit 1. The off-the-shelf case and document management systems currently available support these functions, but will need to be modified to support the Legal Department's specific needs. In addition, case and document management systems are able to customize templates to generate a suite of standardized documents by point and click actions; allow managers to create assignment and populate fields with contact information available in existing databases; enable employees to share and add documents, emails and notes into the electronic file; and create and access case lists, assignments and generate reporting on all matters being handled by the Legal Department.

### **Outreach**

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFP/RFQ and inviting bids will be 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 South Coast Basin.

Additionally, potential bidders may be notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP/RFQ will be e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<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 is also available on SCAQMD's bidder's 24-hour telephone message line (909) 396-2724.

**Benefits to SCAQMD**

The Legal Department handles the most sensitive material and matters on behalf of the SCAQMD and often receives assignments that require urgent completion. A case management system will enable the Legal staff to perform these tasks more efficiently. The proposed project will significantly improve the Legal Department's efficiency and maximize staff resources.

**Resource Impacts**

Sufficient funds for this project, not to exceed \$250,000, are available in Information Management's FY 2013-14 Budget, Capital Outlays Major Object, Capital Outlays account.

**Attachment**

RFP #P2014-07



# SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

## REQUEST FOR PROPOSALS

Office of General Counsel Case Management System

#P2014-07

The South Coast Air Quality Management District (SCAQMD) requests proposals for the following purpose according to terms and conditions attached. In the preparation of this Request for Proposals (RFP) the words "Proposer", "Vendor," "Contractor," and "Consultant" are used interchangeably.

### **PURPOSE**

The purpose of this RFP is to solicit bids from qualified vendors to provide software technology and support services, including user training, to enhance efficiency and effectiveness within the SCAQMD's Office of the General Counsel (Office). The Office is seeking a comprehensive software solution that incorporates attributes and functions found to be successful in other organizations of similar mission while remaining flexible to the SCAQMD's unique circumstance, structure, and future goals. Furthermore, the SCAQMD requires collaboration between the chosen vendor and members of the SCAQMD's Information Management Division (IM) to ensure that implementation and use of the new system is compatible with current technological capacities and meets IM's vision of future trends.

The SCAQMD seeks proposals for the implementation of a new Case Management System (CMS) and associated support and training. The proposal should provide a solution that is technically current, user friendly, based on national standards, flexible and meets the requirements described in this proposal.

The goal is to purchase a commercial off the shelf (COTS) CMS from an established case management vendor with a substantial customer base and a demonstrated ability to fulfill the requirements of this RFP. SCAQMD understands that the COTS solution will require customization to meet the SCAQMD's needs.

**INDEX** - The following are contained in this RFP:

Section I	Background/Information
Section II	Contact Person
Section III	Schedule of Events
Section IV	Participation in the Procurement Process
Section V	Statement of Work/Schedule of Deliverables
Section VI	Required Qualifications
Section VII	Proposal Submittal Requirements
Section VIII	Proposal Submission
Section IX	Proposal Evaluation/Contractor Selection Criteria
Section X	Draft Contract

Attachment A – IT COMPUTING ENVIRONMENT

Attachment B – CERTIFICATIONS AND REPRESENTATIONS

## **SECTION I: BACKGROUND/INFORMATION**

The SCAQMD is the local government agency responsible for regulating air pollution from stationary sources in the South Coast Air Basin (Basin). The Basin includes all of Orange County and the non-desert regions of Los Angeles County, Riverside County, and San Bernardino County. The authority of the SCAQMD is designated by federal and state law.

The Office is the legal branch of the SCAQMD. Its staff serves the agency by providing legal guidance and support in accordance with the organization's mission. Common duties include the development of SCAQMD rules, the prosecution of those who violate federal, state and local air pollution laws, and representation of the agency in litigation. The Office processes over 1,000 violations annually. On any given day staff can be actively involved in litigation on as many as twenty major civil cases.

During the course of their daily and regular duties, Office staff is expected to prepare comprehensive written legal work, generate regular periodic reports, coordinate on complex matters and remain accountable for time and efforts.

The Office works closely with IM staff. The Office relies on IM as both a source of expertise and to provide daily maintenance of existing technology. IM is responsible for the oversight of all technology systems owned and operated by the SCAQMD. IM is also responsible for ensuring the compatibility, efficiency, and effectiveness of new technologies introduced into the organization.

The current client/server application supporting the Office is over fifteen years old. The system was initially developed to support the administrative requirements related to the processing of Notices of Violation (NOV) including creation of civil and criminal cases, settlement agreements and management reporting but provides no support for Attorney or Investigator business processes and/or General Counsel processes or workflow.

IM provides a wide range of information management systems and services in support of all SCAQMD operations. In addition to the unit's administration, which provides for overall planning, administration and coordination of the unit's activities, IM is comprised of two information Technology (IT) sections and a Special Projects Unit (SPU). The two IT units are distinguished from each other in that one is primarily concerned with hardware and network issues, whereas the other focus on systems development. The two units' responsibilities frequently overlap in the areas of workflow automation, imaging and automatic system messaging.

Both IT sections are responsible for developing, acquiring and maintaining systems of critical importance to the operations of the SCAQMD. Consistent with the Executive Officer's goals and the Strategic Plan for IM, the two IT sections work together to evaluate and apply the latest "favorably demonstrated" technological advances in hardware and software development tools to achieve the goal of automating and streamlining SCAQMD functions.

The Office is seeking a robust integrated software solution to replace existing technology and, in general, provide the following:

1. Integrate with current SCAQMD databases and software.
2. Provide “cradle to grave” case management for NOVs generated within the SCAQMD.
3. Provide case management for civil or criminal actions initiated by the SCAQMD.
4. Provide case management for civil actions defended by the SCAQMD.
5. Provide a means through which multiple persons are able to work on single assignments, research projects, or documents.
6. Provide automated document and form generation and assembly.
7. Facilitate comprehensive search functions.
8. Generate standardized and ad-hoc reports including, but not limited to, penalties collected over a defined time period and penalties paid by specified facilities over a defined time period.
9. Aid supervisors in the assignment of cases and the review of caseloads.
10. Centralize calendaring, email, contacts, notes, correspondence and document access.
11. Provide a means to track events, milestones, and workflow of assignments.
12. Remain flexible with regard to current technology trends and future advancements.

**SECTION II:     CONTACT PERSON:**

Questions regarding the content or intent of this RFP or on procedural matters should be addressed to:

Nicholas Sanchez, Senior Deputy District Counsel  
 South Coast Air Quality Management District  
 21865 Copley Drive  
 Diamond Bar, CA 91765-4178  
 (909) 396-3450

**SECTION III:    SCHEDULE OF EVENTS**

September 6, 2013	RFP Released
September 20, 2013	Mandatory Bidder’s Conference*
October 11, 2013	Proposals Due (No Later Than 5:00 PM)
October 15 – October 25, 2013	Proposal Evaluations
October 29 – November 1, 2013	Interviews, if required
December 6, 2013	Governing Board Approval

\*Participation in the Bidder’s Conference is mandatory. Only bidder’s conference attendees will be notified of any updates or amendments during the bidding process. The Bidder’s Conference will be held in Conference Room GB at the SCAQMD Headquarters in Diamond Bar, California at 9:30 a.m. on September 20, 2013. Please contact Nicholas Sanchez at (909) 396-3450 by close of business on September 18, 2013 to notify SCAQMD of your attendance.

## **SECTION IV: PARTICIPATION IN THE PROCUREMENT PROCESS**

A. It is the policy of the South Coast Air Quality Management District to ensure that all businesses including minority business enterprises, women business enterprises, disabled veteran business enterprises and small businesses have a fair and equitable opportunity to compete for and participate in SCAQMD contracts.

B. Definitions:

The definition of minority, women or disadvantaged business enterprises set forth below is included for purposes of determining compliance with the affirmative steps requirement described in Paragraph G below on procurements funded in whole or in part with federal grant funds which involve the use of subcontractors. The definition provided for disabled veteran business enterprise, local business, small business enterprise, low-emission vehicle business and off-peak hours delivery business are provided for purposes of determining eligibility for point or cost considerations in the evaluation process.

1. "Women business enterprise" (WBE) as used in this policy means a business enterprise that meets all of the following criteria:
  - a. a business that is at least 51 percent owned by one or more women, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
  - b. a business whose management and daily business operations are controlled by one or more women.
  - c. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
2. "Disabled veteran" as used in this policy is a United States military, naval, or air service veteran with at least 10 percent service-connected disability who is a resident of California.
3. "Disabled veteran business enterprise" (DVBE) as used in this policy means a business enterprise that meets all of the following criteria:
  - a. is a sole proprietorship or partnership of which at least 51 percent is owned by one or more disabled veterans or, in the case of a publicly owned business, at least 51 percent of its stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
  - b. the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.



- c. is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.
4. "Local business" as used in this policy means a company that has an ongoing business within geographical boundaries of the SCAQMD at the time of bid or proposal submittal and performs 90% of the work related to the contract within the geographical boundaries of the SCAQMD and satisfies the requirements of subparagraph H below.
5. "Small business" as used in this policy means a business that meets the following criteria:
  - a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
    - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
    - A manufacturer with 100 or fewer employees.
  - b. Manufacturer means a business that is both of the following:
    - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
    - 2) Classified between Codes 311000 and 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.
6. "Joint ventures" as defined in this policy pertaining to certification means that one party to the joint venture is a DVBE or small business and owns at least 51 percent of the joint venture.
7. "Low-Emission Vehicle Business" as used in this policy means a company or contractor that uses low-emission vehicles in conducting deliveries to the SCAQMD. Low-emission vehicles include vehicles powered by electric, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), ethanol, methanol, hydrogen and diesel retrofitted with particulate matter (PM) traps.
8. "Off-Peak Hours Delivery Business" as used in this policy means a company or contractor that commits to conducting deliveries to the SCAQMD during off-peak traffic hours defined as between 10:00 a.m. and 3:00 p.m.
9. "Benefits Incentive Business" as used in this policy means a company or contractor that provides janitorial, security guard or landscaping services to the SCAQMD and commits to providing employee health benefits (as defined below in Section VIII.D.2.d) for full time workers with affordable deductible and co-payment terms.



10. "Minority Business Enterprise" as used in this policy means a business that is at least 51 percent owned by one or more minority person(s), or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more or minority persons.
  - a. a business whose management and daily business operations are controlled by one or more minority persons.
  - b. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
  - c. "Minority person" for purposes of this policy, means a Black American, Hispanic American, Native-American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian (including a person whose origins are from India, Pakistan, and Bangladesh), Asian-Pacific-American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan).
11. "Disadvantaged Business Enterprise" as used in this policy means a business that is an entity owned and/or controlled by a socially and economically disadvantaged individual(s) as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d)(8% statute), respectively;
  - a Small Business Enterprise (SBE);
  - a Small Business in a Rural Area (SBRA);
  - a Labor Surplus Area Firm (LSAF); or
  - a Historically Underutilized Business (HUB) Zone Small Business Concern, or a concern under a successor program.
- C. Under Request for Quotations (RFQ), DVBEs, DVBE business joint ventures, small businesses, and small business joint ventures shall be granted a preference in an amount equal to 5% of the lowest cost responsive bid. Low-Emission Vehicle Businesses shall be granted a preference in an amount equal to 5 percent of the lowest cost responsive bid. Off-Peak Hours Delivery Businesses shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid. Local businesses (if the procurement is not funded in whole or in part by federal grant funds) shall be granted a preference in an amount equal to 2% of the lowest cost responsive bid.
- D. Under Request for Proposals, DVBEs, DVBE joint ventures, small businesses, and small business joint ventures shall be awarded ten (10) points in the evaluation process. A non-DVBE or large business shall receive seven (7) points for subcontracting at least twenty-five (25%) of the total contract value to a DVBE and/or small business. Low-Emission Vehicle Businesses shall be awarded five (5) points in the evaluation process. On procurements which are not funded in whole or in part by federal grant funds local businesses shall receive five (5) points. Off-Peak Hours Delivery Businesses shall be awarded two (2) points in the evaluation process.

- E. SCAQMD will ensure that discrimination in the award and performance of contracts does not occur on the basis of race, color, sex, national origin, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint in the performance of SCAQMD contractual obligations.
- F. SCAQMD requires Contractor to be in compliance with all state and federal laws and regulations with respect to its employees throughout the term of any awarded contract, including state minimum wage laws and OSHA requirements.
- G. When contracts are funded in whole or in part by federal funds, and if subcontracts are to be let, the Contractor must comply with the following, evidencing a good faith effort to solicit disadvantaged businesses. Contractor shall submit a certification signed by an authorized official affirming its status as a MBE or WBE, as applicable, at the time of contract execution. The SCAQMD reserves the right to request documentation demonstrating compliance with the following good faith efforts prior to contract execution.
  - 1. Ensure Disadvantaged Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
  - 2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
  - 3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and Local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
  - 4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
  - 5. Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
  - 6. If the prime contractor awards subcontracts, require the prime contractor to take the above steps.
- H. To the extent that any conflict exists between this policy and any requirements imposed by federal and state law relating to participation in a contract by a certified MBE/WBE/DVBE as a condition of receipt of federal or state funds, the federal or state requirements shall prevail.
- I. When contracts are not funded in whole or in part by federal grant funds, a local business preference will be awarded. For such contracts that involve the purchase of

commercial off-the-shelf products, local business preference will be given to suppliers or distributors of commercial off-the-shelf products who maintain an ongoing business within the geographical boundaries of the SCAQMD. However, if the subject matter of the RFP or RFQ calls for the fabrication or manufacture of custom products, only companies performing 90% of the manufacturing or fabrication effort within the geographical boundaries of the SCAQMD shall be entitled to the local business preference.

- J. In compliance with federal fair share requirements set forth in 40 CFR Part 33, the SCAQMD shall establish a fair share goal annually for expenditures with federal funds covered by its procurement policy.

## **SECTION V: STATEMENT OF WORK/SCHEDULE OF DELIVERABLES**

The Office performs difficult and complex legal work by representing the SCAQMD in litigation; drafting rules and legal documents; preparing formal opinions; providing legal advice on a wide variety of issues to staff and to the Governing Board; and providing investigative support services. Office responsibilities include:

1. Representing the SCAQMD in administrative and judicial proceedings and before various agencies.
2. Interpreting SCAQMD rules and regulations and preparing advisory material for staff.
3. Providing legal advice to the Governing Board and to staff.
4. Draft and review SCAQMD rules, permits, contracts, leases and other legal documents.
5. Preparing formal opinions, pleadings and other documents in connection with SCAQMD litigation.
6. Planning, directing, organizing, and managing administrative and technical activities of staff engaged in the review, preparation, and processing of NOV cases for prosecution and settlement.
7. Coordinating or conducting research of case disposition statistics and other case-related information for administrative reports and projects.
8. Coordinating or preparing a variety of statistical reports for administrative staff concerning the Office's processing of violations, settlement, performance standards, and staff production.

The infrastructure of the SCAQMD's technology systems include:

1. Refer to ATTACHMENT A, consisting of three pages.

### **A. Statement of Work**

The CMS shall function as (1) an electronic filing system to enter and track: case assignments (NOVs, Hearing Board, etc.); contacts; communications; case disposition (settlements, amounts, dismissals); document generation; rule development/legislative assignments; litigation; Public Record and Brown Act compliance, and Governing Board and committee assignments; (2) a platform for generating documents (correspondence, settlements, reports, etc.), emails, and pleadings; (3) a calendaring system; (4) a report-

generating system to provide customized reports based on data entered into the filing system; and (5) automated document and form generation. The CMS system shall be compatible with the SCAQMD's existing database and shall accommodate the transfer of data from existing databases to the filing system. The CMS project comprises providing software technology, software customization, support services, and user training.

#### B. Desired features of the CMS.

Proposals will be ranked, in part, on the extent to which they include the features listed below. The more competitive proposals will include more of these features. The following features reflect requirements for the software solution:

1. Accessible from desktop computers and mobile computers (tablets and smart phones) by each attorney, secretary, investigator, and legal support staff assigned access.
2. Data is stored in on-premises computers and servers.
3. Provide project, assignment, and case tracking accessible by attorneys, investigators, and paralegals assigned to projects, cases, and assignments, and by their secretaries and supervisors.
4. Link with the SCAQMD's existing permitting and enforcement databases:
  - a. Enable transfer of NOV's and NOV reports from Enforcement staff to investigators, attorneys, and other staff for desktop review;
  - b. Enable a review function by investigators and attorneys that reflects (1) acceptance of NOV and NOV reports into the Legal office or (2) rejection of NOV and NOV reports and reasons for rejection.
  - c. Accept summary information regarding NOV's from existing databases including facility name, address, rule violation, and date of violation. Allow for input of additional information including assigned attorney and case resolution.
  - d. Enable access to SCAQMD permit databases so that permit information can be reviewed on desktop and mobile computers and downloaded into the CMS.
5. Link with legal research and public records databases (e.g., Lexis, Westlaw) and allow information from legal databases to be downloaded into the CMS.
6. Provide litigation calendaring or provide compatibility with calendaring programs.
7. Provide a daily calendar reflecting, among other things, all office meetings and daily attendance.
8. Solution must be customizable or configurable to allow integration with existing SCAQMD CLASS and OnBase applications.

#### C. Task Outline

The CMS project will follow a phased project approach that incorporates planning, analysis and evaluation, information architecture, design, site implementation and integration, quality assurance testing, and launch. It is understood and expected that the project as a whole will involve iteration and parallel development within and among each phase as further detailed in Vendor's proposal and incorporated into the Contract Statement of Work.

### Task 1: Analysis and Evaluation

Vendor will work with the Office and IM to develop an implementation plan that meets the objectives for the software solution initiative. Deliverables for this phase of the project shall be based on expert analysis, consultation with IM staff, and consultation with Legal office staff. Deliverables shall include:

- 1) A comprehensive written analysis of the Office's business process, workflow, gap analysis and projected capabilities upon completion.
- 2) A project plan (hard copy as well as electronic) which details the software solution and business plan.

### Task 2: Technology Specifications

Vendors are encouraged to propose technical solutions that leverage open source products and tools, or those that are Microsoft based, that do not require client access licenses. The SCAQMD prefers a multi-tiered architecture that is browser based. Any proposed CMS must be able to be centrally administered by SCAQMD staff. Any software must update automatically without client reinstall.

### Task 3: System Architecture

Vendor proposal must include the following details.

- 1) The operating system that will support your proposed application.
- 2) A detailed overview of the standard System Architecture required by your solution. Please include detailed recommendation for hardware, software, and required ancillary products needed by your applications that are required for successful deployment.
- 3) A description of the security architecture employed by your application, and detail how it provides server, client, application layer and database security.
- 4) Your recommended backup, disaster recovery, and business continuity strategy and how your system accommodates the solution.

### Task 4: Network Architecture

Vendor proposal must include a detailed recommendation of configurations, storage sizes, etc. of all hardware, software and licensing required for implementing the communication needs of your application.

### Task 5: Database Architecture

Vendor proposal must include the following details:

- 1) The database management software that your application requires.
- 2) A sample of the database record layout, a sample list of data elements, or a sample of the database schema.
- 3) A high level description of data flow and data structure diagrams.

## Task 6: Implementation

The vendor must provide a detailed plan for installing, configuring, and implementing the proposed CMS. Proposal must include the following details:

- 1) An overview of project management approach and services proposed.
- 2) A description of your methodology for implementation including timeframe, overview of deliverables, assumptions and assumed responsibilities.
- 3) A description of how your Project Manager and project team will work with the SCAQMD project team members to assist in design, training, knowledge transfer, process re-engineering and configuration.
- 4) A description of implementation activities that will occur onsite vs. off-site.
- 5) A description of how your technical support staff will work with the IM technical team to provide onsite technical training.
- 6) A description of the roles of the Office and vendor staff for interface development.
- 7) A description of the intended data conversion methodology, procedures and controls.
- 8) A description of the roles of the Office/IM and vendor staff for workflow and business rules development and configuration.
- 9) A description of the roles of the Office and vendor staff for report development.
- 10) A description of the roles of the Office/IM and vendor staff for customizations or modifications to the software.
- 11) A description of your test plan.
- 12) An explanation of your quality assurance procedures to ensure the SCAQMD achieves its objectives.
- 13) A description of any deliverable sign-off criteria assumed for this proposal.
- 14) A description of any services proposed with this proposal that plan to utilize subcontractors.
- 15) A recommendation of how many people the SCAQMD should have dedicated to the project. Indicate what functional or technical competencies and subject matter expertise these staff must have and the amount of time these staff members should be expected to devote to this project.
- 16) A description of the hardware infrastructure requirements of the CMS. Include production, testing, development, communications, storage, and any necessary hardware to support this effort.

- 17) A description of infrastructure software requirements including operating systems, system communication software, security and any necessary software to support this effort.
- 18) A description of your post implementation support strategy including incident reporting and response times, escalation procedures, etc.
- 19) A description of your proposed documentation. Please include the types of documents you provide and an example of at least one provided document.

#### Task 7: Training

Training must be “role-based” and tailored to accommodate job specific use of the application. The vendor must provide a detailed plan for training. The vendor must specifically describe what training courses are included in the cost of the proposal. Total staff to be trained include up to six (6) administrative users and up to 35 end-users. Deliverables shall include:

- 1) An overview of your proposed training plan/strategy, specifying how and when training is to be delivered for on-site, off-site training, configuration training, web training services, etc. for the core project team, end users, train-the-trainer, and technology personnel.
- 2) An explanation of how your training approach will ensure adequate knowledge transfer to prepare the IM support staff to configure and maintain the system after it is placed into production.
- 3) A description of the roles of the Office and vendor staff for training including the design and implementation of the training plan, development of training materials, and level of assistance with training.

#### D. Schedule of Deliverables

Deliverables are noted above in the Statement of Work. As part of the scope of work, the vendor will develop a detailed project timeline that includes all deliverables.

### **SECTION VI: REQUIRED QUALIFICATIONS**

- A. Proposer must submit the following demonstrating expertise in implementation, support, and training relating to a CMS:
  - 1) Résumés or similar statement of qualifications of person or persons who will serve as technical and functional leads for the various project tasks.
  - 2) Review of similar experience with web redesign and implementation of a CMS.
  - 3) Summary of proposer's general qualifications to meet required qualifications and fulfill statement of work, including additional firm personnel and resources.



## **SECTION VII: PROPOSAL SUBMITTAL REQUIREMENTS**

Submitted proposals must follow the format outlined below and all requested information must be supplied. Failure to submit proposals in the required format will result in elimination from proposal evaluation.

Each proposal must be submitted in three separate volumes:

Volume I - Technical Proposal

Volume II - Cost Proposal

Volume III - Certifications and Representations included in Attachment B to this RFP, should be executed by an authorized official of the Contractor.

A separate cover letter including the name, address, and telephone number of the contractor, and signed by the person or persons authorized to represent the firm should accompany the proposal submission. Firm contact information as follows should also be included in the cover letter:

- 1) Address and telephone number of office in, or nearest to, Diamond Bar, California.
- 2) Name and title of firm's representative designated as contact.

A separate Table of Contents should be provided for Volumes I and II.

### **VOLUME I - TECHNICAL PROPOSAL (Does NOT include COST INFORMATION)**

Summary (Section A) – State overall approach to meeting the objectives and satisfying the scope of work to be performed, the sequence of activities, and a description of methodology or techniques to be used.

Scope of Work (Section B) – Describe the work scope in detail by task as defined in Section V of this RFP. Provide detailed descriptions of the activities and delivered products associated with each task.

Program Schedule (Section C) – Provide projected milestones or benchmarks for task completion.

Project Organization (Section D) – Describe the proposed management structure, program monitoring procedures, and organization of the proposed team.

Qualifications (Section E) – Describe the technical capabilities of the firm. Provide references of other similar studies performed during the last five years demonstrating ability to successfully complete the project. Include contact name, title, and telephone number for any references listed. Provide a statement of your firm's background and experience in performing similar projects.

Assigned Personnel (Section F) – Provide the following information on the staff to be assigned to this project:



- 1) List all key personnel assigned to the project by level and name. Provide a resume or similar statement of the qualifications of the lead person and all persons assigned to the project. Substitution of project manager or lead personnel will not be permitted without prior written approval of the SCAQMD.
- 2) Provide a spreadsheet of the labor hours proposed for each labor category at the task level.
- 3) Provide a statement indicating whether or not 90% of the work will be performed within the geographical boundaries of the SCAQMD.
- 4) Provide a summary of your firm's general qualifications to meet required qualifications and fulfill statement of work, including additional firm personnel and resources beyond those who may be assigned to the project.

Subcontractors (Section G) – This project may require expertise in multiple technical areas. List any subcontractors that may be used and the work to be performed by them.

References (Section H) – Provide at least three references. Your references must be current or former employees/owners of organizations to whom you provided products or services similar to those identified in this RFP. Provide a job title and telephone number for each reference. Briefly describe the products and/or services provided to your references' organizations.

Additional Data (Section I) – Provide other essential data that may assist in the evaluation of this proposal.

## VOLUME II - COST PROPOSAL

Name and Address - The Cost Proposal must list the name and complete address of the Proposer in the upper left-hand corner.

Cost Proposal – SCAQMD anticipates awarding a fixed price contract. Detailed cost information must be provided in the following categories:

- 1) Labor- List the total number of hours and the hourly billing rate for each level of professional staff. A breakdown of the proposed billing rates must identify the direct labor rate, overhead rate and amount, fringe benefit rate and amount, General and Administrative rate and amount, and proposed profit or fee. Provide a basis of estimate justifying the proposed labor hours and proposed labor mix.
- 2) Subcontractor Costs - List subcontractor costs and identify subcontractors by name. Itemize subcontractor charges per hour or per day.
- 3) Travel Costs - Indicate amount of travel cost and basis of estimate to include trip destination, purpose of trip, length of trip, airline fare or mileage expense, per diem costs, lodging and car rental.
- 4) Other Direct Costs -This category may include such items as postage and mailing expense, printing and reproduction costs, etc. Provide a basis of estimate for these costs.

VOLUME III - CERTIFICATIONS AND REPRESENTATIONS (see Attachment B, Certifications and Representations must be included in RFP)

## **SECTION VIII: PROPOSAL SUBMISSION**

All proposals must be submitted according to specifications set forth in the section above. Failure to adhere to these specifications may be cause for rejection of proposal.

Signature - All proposals should be signed by an authorized representative of the Proposer.

Due Date - The Proposer shall submit seven (7) complete copies of the proposal and an electronic copy on a disk or flash drive in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the Proposer and the words "Request for Proposals #P2014-07." All proposals are due no later than 5:00 p.m., October 11, 2013, and should be directed to:

Procurement Unit  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178  
(909) 396-3520

Late bids/proposals will not be accepted under any circumstances. Any correction or resubmission done by the Proposer will not extend the submittal due date.

Grounds for Rejection - A proposal may be immediately rejected if:

- 1) It is not prepared in the format described, or
- 2) It is signed by an individual not authorized to represent the firm.

Disposition of Proposals - SCAQMD reserves the right to reject any or all proposals. All responses become the property of SCAQMD. One copy of the proposal shall be retained for SCAQMD files. Additional copies and materials will be returned only if requested and at the proposer's expense.

Modification or Withdrawal - Once submitted, proposals cannot be altered without the prior written consent of SCAQMD. All proposals shall constitute firm offers and may not be withdrawn for a period of ninety (90) days following the last day to accept proposals.

## **SECTION IX: PROPOSAL EVALUATION/CONTRACTOR SELECTION CRITERIA**

- A. Proposals will be evaluated by a panel of three to five SCAQMD staff members familiar with the subject matter of the project. The panel shall be appointed by the Executive Officer or his designee. In addition, the evaluation panel may include such outside public sector or academic community expertise as deemed desirable by the Executive Officer. The panel will make a recommendation to the Executive Officer and/or the Governing Board of the SCAQMD for final selection of a contractor and negotiation of a contract.
- B. Each member of the evaluation panel shall be accorded equal weight in his or her rating of proposals. The evaluation panel members shall evaluate the proposals according to the specified criteria and numerical weightings set forth below:

1) Proposal Evaluation Criteria

<u>Category</u>	<u>Points</u>
a. Extent to which proposal meets the criteria contained in this RFP for:	
1. Software	15
2. Support & Implementation	15
3. Training	15
b. Experience providing services and products similar to those identified in this RFP:	15
c. References:	10
d. Cost:	30
TOTAL	100

The cumulative points awarded for small business, DVBE, use of small business or DVBE subcontractors, low-emission vehicle business, local business, and off-peak hours delivery business shall not exceed 15 points.

Note: The award of these additional points shall be contingent upon Proposer completing the Self-Certification section of Attachment A – Certifications and Representations and/or inclusion of a statement in the proposal self-certifying that Proposer qualifies for additional points as detailed above.

- 2) To receive additional points in the evaluation process for the categories of Small Business or Small Business Joint Venture, DVBE or DVBE Joint Venture or Local Business, the proposer must submit a self-certification or certification from the State of California Office of Small Business Certification and Resources at the time of proposal submission certifying that the proposer meets the requirements set forth in Section III. To receive points for the use of DVBE and/or Small Business subcontractors, at least 25 percent of the total contract value must be subcontracted to DVBEs and/or Small Businesses. To receive points as a Low-Emission Vehicle Business, the proposer must demonstrate to the Executive Officer, or designee, that supplies and materials delivered to the SCAQMD are delivered in vehicles that operate on either clean-fuels or if powered by diesel fuel, that the vehicles have particulate traps installed. To receive points as an Off-Peak Hours Delivery Business, the proposer must submit, at proposal submission, certification of its commitment to delivering supplies and materials to SCAQMD between the hours of 10:00 a.m. and 3:00 p.m. The cumulative points awarded for small business, DVBE, use of Small Business or DVBE Subcontractors, Local Business, Low-Emission Vehicle Business and Off-Peak Hour Delivery Business shall not exceed 15 points.

The Procurement Section will be responsible for monitoring compliance of suppliers awarded purchase orders based upon use of low-emission vehicles or off-peak traffic hour delivery commitments through the use of vendor logs which will identify the contractor awarded the incentive. The purchase order shall incorporate terms which obligate the supplier to deliver materials in low-emission vehicles or deliver during off-peak traffic hours. The Receiving department will monitor those qualified supplier deliveries to ensure compliance to the purchase order requirements.

Suppliers in non-compliance will be subject to a two percent of total purchase order value penalty. The Procurement Manager will adjudicate any disputes regarding either low-emission vehicle or off-peak hour deliveries.

- 3) For this RFP, technical factors including past experience shall be weighted at 70 points and cost shall be weighted at 30 points. A proposal must receive at least 56 out of 70 points on R & D projects and projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, in order to be deemed qualified for award.
  - 4) The lowest cost proposal will be awarded the maximum cost points available and all other cost proposals will receive points on a prorated basis. For example if the lowest cost proposal is \$1,000 and the maximum points available are 30 points, this proposal would receive the full 30 points. If the next lowest cost proposal is \$1,100 it would receive 27 points reflecting the fact that it is 10% higher than the lowest cost (90% of 30 points = 27 points).
- C. During the selection process the evaluation panel may wish to interview some proposers for clarification purposes only. No new material will be permitted at this time.
  - D. The Executive Officer or Governing Board may award the contract to a proposer other than the proposer receiving the highest rating in the event the Governing Board determines that another proposer from among those technically qualified would provide the best value to SCAQMD considering cost and technical factors. The determination shall be based solely on the Evaluation Criteria contained in the Request for Proposal (RFP), on evidence provided in the proposal and on any other evidence provided during the bid review process. Evidence provided during the bid review process is limited to clarification by the Proposer of information presented in his/her proposal.
  - E. Selection will be made based on the above-described criteria and rating factors. The selection will be made by and is subject to Executive Officer or Governing Board approval. Proposers may be notified of the results by letter.
  - F. The Governing Board has approved a Bid Protest Procedure which provides a process for a bidder or prospective bidder to submit a written protest to the SCAQMD Procurement Manager in recognition of two types of protests: Protest Regarding Solicitation and Protest Regarding Award of a Contract. Copies of the Bid Protest Policy can be secured through a request to the SCAQMD Procurement Department.
  - G. The Executive Officer or Governing Board may award contracts to more than one proposer if in (his or their) sole judgment the purposes of the (contract or award) would best be served by selecting multiple proposers.
  - H. If additional funds become available, the Executive Officer or Governing Board may increase the amount awarded. The Executive Officer or Governing Board may also select additional proposers for a grant or contract if additional funds become available.
  - I. Upon mutual agreement of the parties of any resultant contract from this RFP, the original contract term may be extended.

**SECTION X: DRAFT CONTRACT (Provided as a sample only) with  
Certifications and Representations**



**South Coast  
Air Quality Management District**

This Contract consists of \*\*\* pages.

1. PARTIES - The parties to this Contract are the South Coast Air Quality Management District (referred to here as "SCAQMD") whose address is 21865 Copley Drive, Diamond Bar, California 91765-4178, and \*\*\* (referred to here as "CONTRACTOR") whose address is \*\*\*.
2. RECITALS
  - A. SCAQMD is the local agency with primary responsibility for regulating stationary source air pollution within the geographical boundaries of the South Coast Air Quality Management District in the State of California. SCAQMD is authorized to enter into this Contract under California Health and Safety Code Section 40489. SCAQMD desires to contract with CONTRACTOR for services described in Attachment 1 - Statement of Work, attached here and made a part here by this reference. CONTRACTOR warrants that it is well-qualified and has the experience to provide such services on the terms set forth here.
  - B. CONTRACTOR is authorized to do business in the State of California and attests that it is in good tax standing with the California Franchise Tax Board.
  - C. All parties to this Contract have had the opportunity to have this Contract reviewed by their attorney.
3. PERFORMANCE REQUIREMENTS
  - A. CONTRACTOR agrees to obtain and maintain the required licenses, permits, and all other appropriate legal authorizations from all applicable federal, state and local jurisdictions and pay all applicable fees. CONTRACTOR further agrees to immediately notify SCAQMD in writing of any change in its licensing status which has a material impact on the CONTRACTOR's performance under this Contract.
  - B. CONTRACTOR shall submit reports to SCAQMD as outlined in Attachment 1 - Statement of Work. All reports shall be submitted in an environmentally friendly format: recycled paper; stapled, not bound; black and white, double-sided print; and no three-ring, spiral, or plastic binders or cardstock covers. SCAQMD reserves the right to review, comment, and request changes to any report produced as a result of this Contract.
  - C. CONTRACTOR shall perform all tasks set forth in Attachment 1 - Statement of Work, and shall not engage, during the term of this Contract, in any performance of work that is in direct or indirect conflict with duties and responsibilities set forth in Attachment 1 - Statement of Work.
  - D. CONTRACTOR shall be responsible for exercising the degree of skill and care customarily required by accepted professional practices and procedures subject to SCAQMD's final approval which SCAQMD will not unreasonably withhold. Any costs incurred due to the failure to meet the foregoing standards, or otherwise defective services which require re-performance, as directed by SCAQMD, shall be the responsibility of CONTRACTOR. CONTRACTOR's failure to achieve the performance goals and objectives stated in Attachment 1- Statement of Work, is not a basis for requesting re-performance unless work conducted by CONTRACTOR is deemed by SCAQMD to have failed the foregoing standards of performance.
  - E. CONTRACTOR shall require its subcontractors to abide by the requirements set forth in this Contract.
4. TERM - The term of this Contract is from the date of execution by both parties (or insert date) to \*\*, unless further extended by amendment of this Contract in writing. No work shall commence until this Contract is fully executed by all parties.

5. TERMINATION

- A. In the event any party fails to comply with any term or condition of this Contract, or fails to provide services in the manner agreed upon by the parties, including, but not limited to, the requirements of Attachment 1 – Statement of Work, this failure shall constitute a breach of this Contract. The non-breaching party shall notify the breaching party that it must cure this breach or provide written notification of its intention to terminate this contract. Notification shall be provided in the manner set forth in **Clause 11**. The non-breaching party reserves all rights under law and equity to enforce this contract and recover damages.
- B. SCAQMD reserves the right to terminate this Contract, in whole or in part, without cause, upon thirty (30) days' written notice. Once such notice has been given, CONTRACTOR shall, except as and to the extent or directed otherwise by SCAQMD, discontinue any Work being performed under this Contract and cancel any of CONTRACTOR's orders for materials, facilities, and supplies in connection with such Work, and shall use its best efforts to procure termination of existing subcontracts upon terms satisfactory to SCAQMD. Thereafter, CONTRACTOR shall perform only such services as may be necessary to preserve and protect any Work already in progress and to dispose of any property as requested by SCAQMD.
- C. CONTRACTOR shall be paid in accordance with this Contract for all Work performed before the effective date of termination under Clause 5.B. Before expiration of the thirty (30) days' written notice, CONTRACTOR shall promptly deliver to SCAQMD all copies of documents and other information and data prepared or developed by CONTRACTOR under this Contract with the exception of a record copy of such materials, which may be retained by CONTRACTOR.

6. STOP WORK – SCAQMD may, at any time, by written notice to CONTRACTOR, require CONTRACTOR to stop all or any part of the work tasks in this Contract. A stop work order may be issued for reasons including, but not limited to, the project exceeding the budget, out of scope work, delay in project schedule, or misrepresentations. Upon receipt of the stop work order, CONTRACTOR shall immediately take all necessary steps to comply with the order. CONTRACTOR shall resume the work only upon receipt of written instructions from SCAQMD cancelling the stop work order. CONTRACTOR agrees and understands that CONTRACTOR will not be paid for performing work while the stop work order is in effect, unless SCAQMD agrees to do so in its written cancellation of the stop work order.

7. INSURANCE

- A. CONTRACTOR shall furnish evidence to SCAQMD of workers' compensation insurance for each of its employees, in accordance with either California or other states' applicable statutory requirements prior to commencement of any work on this Contract.
- B. CONTRACTOR shall furnish evidence to SCAQMD of general liability insurance with a limit of at least \$1,000,000 per occurrence, and \$2,000,000 in a general aggregate prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to SCAQMD.
- C. CONTRACTOR shall furnish evidence to SCAQMD of automobile liability insurance with limits of at least \$100,000 per person and \$300,000 per accident for bodily injuries, and \$50,000 in property damage, or \$1,000,000 combined single limit for bodily injury or property damage, prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to SCAQMD.
- D. CONTRACTOR shall furnish evidence to SCAQMD of Professional Liability Insurance with an aggregate limit of not less than \$5,000,000. **OPTIONAL FOR PROFESSIONAL SERVICES – USE FOR LAW FIRMS AND SOFTWARE RELATED CONTRACTS**



- E. If CONTRACTOR fails to maintain the required insurance coverage set forth above, SCAQMD reserves the right either to purchase such additional insurance and to deduct the cost thereof from any payments owed to CONTRACTOR or terminate this Contract for breach.
- F. All insurance certificates should be mailed to: SCAQMD Risk Management, 21865 Copley Drive, Diamond Bar, CA 91765-4178. **The SCAQMD Contract Number must be included on the face of the certificate.**
- G. CONTRACTOR must provide updates on the insurance coverage throughout the term of the Contract to ensure that there is no break in coverage during the period of contract performance. Failure to provide evidence of current coverage shall be grounds for termination for breach of Contract.
8. **INDEMNIFICATION** - CONTRACTOR agrees to hold harmless, defend and indemnify SCAQMD, its officers, employees, agents, representatives, and successors-in-interest against any and all loss, damage, costs, lawsuits, claims, demands, causes of action judgments, attorney's fees, or any other expenses arising from or related to any third party claim against SCAQMD, its officers, employees, agents, representatives, or successors in interest that arise or result in whole or in part, from any actual or alleged act or omission of CONTRACTOR, its employees, subcontractors, agents or representatives in the performance of this Contract.
9. **CO-FUNDING** **[USE IF REQUIRED]**
- A. CONTRACTOR shall obtain co-funding as follows: **\*\*\*, \*\*\* Dollars (\$\*\*\*); \*\*\*, \*\*\* Dollars (\$\*\*\*); \*\*\*, \*\*\* Dollars (\$\*\*\*); \*\*\*, \*\*\* Dollars (\$\*\*\*); and \*\*\*, \*\*\* Dollars (\$\*\*\*).**
- B. If CONTRACTOR fails to obtain co-funding in the amount(s) referenced above, then SCAQMD reserves the right to renegotiate or terminate this Contract.
- C. CONTRACTOR shall provide co-funding in the amount of **\*\*\* Dollars (\$\*\*\*)** for this project. If CONTRACTOR fails to provide this co-funding, then SCAQMD reserves the right to renegotiate or terminate this Contract.
10. **PAYMENT**  
**[FIXED PRICE]-use this one or the T&M one below.**
- A. SCAQMD shall pay CONTRACTOR a fixed price of **\*\*\* Dollars (\$\*\*\*)** for work performed under this Contract in accordance with Attachment 2 - Payment Schedule, attached here and included here by reference. Payment shall be made by SCAQMD to CONTRACTOR within thirty (30) days after approval by SCAQMD of an invoice prepared and furnished by CONTRACTOR showing services performed and referencing tasks and deliverables as shown in Attachment 1 - Statement of Work, and the amount of charge claimed. Each invoice must be prepared in duplicate, on company letterhead, and list SCAQMD's Contract number, period covered by invoice, and CONTRACTOR's social security number or Employer Identification Number and submitted to: South Coast Air Quality Management District, Attn: **\*\*\***.
- B. An amount equal to ten percent (10%) shall be withheld from all charges paid until satisfactory completion and final acceptance of work by SCAQMD. **[OPTIONAL]**
- C. SCAQMD reserves the right to disallow charges when the invoiced services are not performed satisfactorily in SCAQMD's sole judgment.  
**[T & M]-use this one or the Fixed Price one above.**
- D. SCAQMD shall pay CONTRACTOR a total not to exceed amount of **\*\*\* Dollars (\$\*\*\*)**, including any authorized travel-related expenses, for time and materials at rates in accordance with Attachment 2 – Cost Schedule, attached here and included here by this reference. Payment of charges shall be made by SCAQMD to CONTRACTOR within thirty (30) days after approval by SCAQMD of an itemized invoice prepared and furnished by CONTRACTOR referencing line item expenditures as listed in Attachment 2 and the amount of charge claimed. Each invoice must be prepared in duplicate, on company letterhead, and list SCAQMD's Contract number, period covered by invoice, and

CONTRACTOR's social security number or Employer Identification Number and submitted to: South Coast Air Quality Management District, Attn: \*\*\*.

- E. CONTRACTOR shall adhere to total tasks and/or cost elements (cost category) expenditures as listed in Attachment 2. Reallocation of costs between tasks and/or cost category expenditures is permitted up to One Thousand Dollars (\$1,000) upon prior written approval from SCAQMD. Reallocation of costs in excess of One Thousand Dollars (\$1,000) between tasks and/or cost category expenditures requires an amendment to this Contract.
  - F. SCAQMD's payment of invoices shall be subject to the following limitations and requirements:
    - i) Charges for equipment, material, and supply costs, travel expenses, subcontractors, and other charges, as applicable, must be itemized by CONTRACTOR. Reimbursement for equipment, material, supplies, subcontractors, and other charges shall be made at actual cost. Supporting documentation must be provided for all individual charges (with the exception of direct labor charges provided by CONTRACTOR). SCAQMD's reimbursement of travel expenses and requirements for supporting documentation are listed below.
      - ii) CONTRACTOR's failure to provide receipts shall be grounds for SCAQMD's non-reimbursement of such charges. SCAQMD may reduce payments on invoices by those charges for which receipts were not provided.
      - iii) SCAQMD shall not pay interest, fees, handling charges, or cost of money on Contract.
  - G. SCAQMD shall reimburse CONTRACTOR for travel-related expenses only if such travel is expressly set forth in Attachment 2 – Cost Schedule of this Contract or pre-authorized by SCAQMD in writing.
    - i) SCAQMD's reimbursement of travel-related expenses shall cover lodging, meals, other incidental expenses, and costs of transportation subject to the following limitations:
      - Air Transportation - Coach class rate for all flights. If coach is not available, business class rate is permissible.
      - Car Rental - A compact car rental. A mid-size car rental is permissible if car rental is shared by three or more individuals.
      - Lodging - Up to One Hundred Fifty Dollars (\$150) per night. A higher amount of reimbursement is permissible if pre-approved by SCAQMD.
      - Meals - Daily allowance is Fifty Dollars (\$50.00).
    - ii) Supporting documentation shall be provided for travel-related expenses in accordance with the following requirements:
      - Lodging, Airfare, Car Rentals - Bill(s) for actual expenses incurred.
      - Meals - Meals billed in excess of \$50.00 each day require receipts or other supporting documentation for the total amount of the bill and must be approved by SCAQMD.
      - Mileage - Beginning each January 1, the rate shall be adjusted effective February 1 by the Chief Financial Officer based on the Internal Revenue Service Standard Mileage Rate
      - Other travel-related expenses - Receipts are required for all individual items.
  - H. SCAQMD reserves the right to disallow charges when the invoiced services are not performed satisfactorily in SCAQMD's sole judgment.
11. INTELLECTUAL PROPERTY RIGHTS - Title and full ownership rights to any software, documents, or reports developed under this Contract shall at all times remain with SCAQMD. Such material is agreed to be SCAQMD proprietary information.
- A. Rights of Technical Data - SCAQMD shall have the unlimited right to use technical data, including material designated as a trade secret, resulting from the performance of services by CONTRACTOR under this Contract. CONTRACTOR shall have the right to use technical data for its own benefit.
  - B. Copyright - CONTRACTOR agrees to grant SCAQMD a royalty-free, nonexclusive, irrevocable license to produce, translate, publish, use, and dispose of all copyrightable material first produced or composed in the performance of this Contract.
12. NOTICES - Any notices from either party to the other shall be given in writing to the attention of the persons listed below, or to other such addresses or addressees as may hereafter be designated in writing



for notices by either party to the other. Notice shall be given by certified, express, or registered mail, return receipt requested, and shall be effective as of the date of receipt indicated on the return receipt card.

SCAQMD: South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178  
Attn: \*\*\*

CONTRACTOR: \*\*\*  
\*\*\*  
\*\*\*  
Attn: \*\*\*

13. INDEPENDENT CONTRACTOR – CONTRACTOR is an independent contractor. CONTRACTOR, its officers, employees, agents, representatives, or subcontractors shall in no sense be considered employees or agents of SCAQMD, nor shall CONTRACTOR, its officers, employees, agents, representatives, or subcontractors be entitled to or eligible to participate in any benefits, privileges, or plans, given or extended by SCAQMD to its employees. SCAQMD will not supervise, direct, or have control over, or be responsible for, CONTRACTOR's or subcontractor's means, methods, techniques, work sequences or procedures or for the safety precautions and programs incident thereto, or for any failure by them to comply with any local, state, or federal laws, or rules or regulations, including state minimum wage laws and OSHA requirements. CONTRACTOR shall promptly notify SCAQMD of any material changes to subcontracts that affect the Contract's scope of work, deliverable schedule, and/or payment/cost schedule.
14. CONFIDENTIALITY - It is expressly understood and agreed that SCAQMD may designate in a conspicuous manner the information which CONTRACTOR obtains from SCAQMD as confidential. CONTRACTOR agrees to:
  - A. Observe complete confidentiality with respect to such information, including without limitation, agreeing not to disclose or otherwise permit access to such information by any other person or entity in any manner whatsoever, except that such disclosure or access shall be permitted to employees or subcontractors of CONTRACTOR requiring access in fulfillment of the services provided under this Contract.
  - B. Ensure that CONTRACTOR's officers, employees, agents, representatives, and independent contractors are informed of the confidential nature of such information and to assure by agreement or otherwise that they are prohibited from copying or revealing, for any purpose whatsoever, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this clause.
  - C. Not use such information or any part thereof in the performance of services to others or for the benefit of others in any form whatsoever whether gratuitously or for valuable consideration, except as permitted under this Contract.
  - D. Notify SCAQMD promptly and in writing of the circumstances surrounding any possession, use, or knowledge of such information or any part thereof by any person or entity other than those authorized by this clause.
  - E. Take at CONTRACTOR expense, but at SCAQMD's option and in any event under SCAQMD's control, any legal action necessary to prevent unauthorized use of such information by any third party or entity which has gained access to such information at least in part due to the fault of CONTRACTOR.
  - F. Take any and all other actions necessary or desirable to assure such continued confidentiality and protection of such information.
  - G. Prevent access to such information by any person or entity not authorized under this Contract.
  - H. Establish specific procedures in order to fulfill the obligations of this clause.

- I. Notwithstanding the above, nothing herein is intended to abrogate or modify the provisions of Government Code Section 6250 et.seq. (Public Records Act).
15. PUBLICATION
- A. SCAQMD shall have the right of prior written approval of any document which shall be disseminated to the public by CONTRACTOR in which CONTRACTOR utilized information obtained from SCAQMD in connection with performance under this Contract.
- B. Information, data, documents, or reports developed by CONTRACTOR for SCAQMD, pursuant to this Contract, shall be part of SCAQMD public record unless otherwise indicated. CONTRACTOR may use or publish, at its own expense, such information provided to SCAQMD. The following acknowledgment of support and disclaimer must appear in each publication of materials, whether copyrighted or not, based upon or developed under this Contract.
- "This report was prepared as a result of work sponsored, paid for, in whole or in part, by the South Coast Air Quality Management District (SCAQMD). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of SCAQMD. SCAQMD, its officers, employees, contractors, and subcontractors make no warranty, expressed or implied, and assume no legal liability for the information in this report. SCAQMD has not approved or disapproved this report, nor has SCAQMD passed upon the accuracy or adequacy of the information contained herein."
- C. CONTRACTOR shall inform its officers, employees, and subcontractors involved in the performance of this Contract of the restrictions contained herein and require compliance with the above.
16. NON-DISCRIMINATION - In the performance of this Contract, CONTRACTOR shall not discriminate in recruiting, hiring, promotion, demotion, or termination practices on the basis of race, religious creed, color, national origin, ancestry, sex, age, or physical or mental disability and shall comply with the provisions of the California Fair Employment & Housing Act (Government Code Section 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, Executive Order No. 11246 (30 Federal Register 12319), and all administrative rules and regulations issued pursuant to said Acts and Order.
17. SOLICITATION OF EMPLOYEES - CONTRACTOR expressly agrees that CONTRACTOR shall not, during the term of this Contract, nor for a period of six months after termination, solicit for employment, whether as an employee or independent contractor, any person who is or has been employed by SCAQMD during the term of this Contract without the consent of SCAQMD.
18. PROPERTY AND SECURITY - Without limiting CONTRACTOR obligations with regard to security, CONTRACTOR shall comply with all the rules and regulations established by SCAQMD for access to and activity in and around SCAQMD premises.
19. ASSIGNMENT - The rights granted hereby may not be assigned, sold, licensed, or otherwise transferred by either party without the prior written consent of the other, and any attempt by either party to do so shall be void upon inception.
20. NON-EFFECT OF WAIVER - The failure of CONTRACTOR or SCAQMD to insist upon the performance of any or all of the terms, covenants, or conditions of this Contract, or failure to exercise any rights or remedies hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions, or of the future exercise of such rights or remedies, unless otherwise provided for herein.
21. ATTORNEYS' FEES - In the event any action is filed in connection with the enforcement or interpretation of this Contract, each party shall bear its own attorneys' fees and costs.

22. FORCE MAJEURE - Neither SCAQMD nor CONTRACTOR shall be liable or deemed to be in default for any delay or failure in performance under this Contract or interruption of services resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, strikes, labor disputes, shortages of suitable parts, materials, labor or transportation, or any similar cause beyond the reasonable control of SCAQMD or CONTRACTOR.
23. SEVERABILITY - In the event that any one or more of the provisions contained in this Contract shall for any reason be held to be unenforceable in any respect by a court of competent jurisdiction, such holding shall not affect any other provisions of this Contract, and the Contract shall then be construed as if such unenforceable provisions are not a part hereof.
24. HEADINGS - Headings on the clauses of this Contract are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Contract.
25. DUPLICATE EXECUTION - This Contract is executed in duplicate. Each signed copy shall have the force and effect of an original.
26. GOVERNING LAW - This Contract shall be construed and interpreted and the legal relations created thereby shall be determined in accordance with the laws of the State of California. Venue for resolution of any disputes under this Contract shall be Los Angeles County, California.
27. PRE-CONTRACT COSTS - Any costs incurred by CONTRACTOR prior to CONTRACTOR receipt of a fully executed Contract shall be incurred solely at the risk of the CONTRACTOR. In the event that a formal Contract is not executed, the SCAQMD shall not be liable for any amounts expended in anticipation of a formal Contract. If a formal Contract does result, pre-contract cost expenditures authorized by the Contract will be reimbursed in accordance with the cost schedule and payment provision of the Contract.
28. CITIZENSHIP AND ALIEN STATUS
  - A. CONTRACTOR warrants that it fully complies with all laws regarding the employment of aliens and others, and that its employees performing services hereunder meet the citizenship or alien status requirements contained in federal and state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986 (P.L. 99-603). CONTRACTOR shall obtain from all covered employees performing services hereunder all verification and other documentation of employees' eligibility status required by federal statutes and regulations as they currently exist and as they may be hereafter amended. CONTRACTOR shall have a continuing obligation to verify and document the continuing employment authorization and authorized alien status of employees performing services under this Contract to insure continued compliance with all federal statutes and regulations. Notwithstanding the above, CONTRACTOR, in the performance of this Contract, shall not discriminate against any person in violation of 8 USC Section 1324b.
  - B. CONTRACTOR shall retain such documentation for all covered employees for the period described by law. CONTRACTOR shall indemnify, defend, and hold harmless SCAQMD, its officers and employees from employer sanctions and other liability which may be assessed against CONTRACTOR or SCAQMD, or both in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Contract.
29. REQUIREMENT FOR FILING STATEMENT OF ECONOMIC INTERESTS - In accordance with the Political Reform Act of 1974 (Government Code Sec. 81000 et seq.) and regulations issued by the Fair Political Practices Commission (FPPC), SCAQMD has determined that the nature of the work to be performed under this Contract requires CONTRACTOR to submit a Form 700, Statement of Economic Interests for Designated Officials and Employees, for each of its employees assigned to work on this

Contract. These forms may be obtained from SCAQMD's District Counsel's office. [REMOVE IF NOT REQUESTED ON CRAM]

In addition, the Act requires a contractor to disqualify himself or herself from participating in, making or influencing a decision, which would have a foreseeable material effect on his or her financial interests.

30. **COMPLIANCE WITH SINGLE AUDIT ACT REQUIREMENTS [OPTIONAL - TO BE INCLUDED IN CONTRACTS WITH FOR-PROFIT CONTRACTORS WHICH HAVE FEDERAL PASS-THROUGH FUNDING]** - During the term of the Contract, and for a period of three (3) years from the date of Contract expiration, and if requested in writing by the SCAQMD, CONTRACTOR shall allow the SCAQMD, its designated representatives and/or the cognizant Federal Audit Agency, access during normal business hours to all records and reports related to the work performed under this Contract. CONTRACTOR assumes sole responsibility for reimbursement to the Federal Agency funding the prime grant or contract, a sum of money equivalent to the amount of any expenditures disallowed should the SCAQMD, its designated representatives and/or the cognizant Federal Audit Agency rule through audit exception or some other appropriate means that expenditures from funds allocated to the CONTRACTOR were not made in compliance with the applicable cost principles, regulations of the funding agency, or the provisions of this Contract.

**[OPTIONAL - TO BE INCLUDED IN CONTRACTS WITH NON-PROFIT CONTRACTORS WHICH HAVE FEDERAL PASS-THROUGH FUNDING]** - Beginning with CONTRACTOR's current fiscal year and continuing through the term of this Contract, CONTRACTOR shall have a single or program-specific audit conducted in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133 (Audits of States, Local Governments and Non-Profit Organizations), if CONTRACTOR expended Five Hundred Thousand Dollars (\$500,000) or more in a year in Federal Awards. Such audit shall be conducted by a firm of independent accountants in accordance with Generally Accepted Government Audit Standards (GAGAS). Within thirty (30) days of Contract execution, CONTRACTOR shall forward to SCAQMD the most recent A-133 Audit Report issued by its independent auditors. Subsequent A-133 Audit Reports shall be submitted to the SCAQMD within thirty (30) days of issuance.

CONTRACTOR shall allow the SCAQMD, its designated representatives and/or the cognizant Federal Audit Agency, access during normal business hours to all records and reports related to the work performed under this Contract. CONTRACTOR assumes sole responsibility for reimbursement to the Federal Agency funding the prime grant or contract, a sum of money equivalent to the amount of any expenditures disallowed should the SCAQMD, its designated representatives and/or the cognizant Federal Audit Agency rule through audit exception or some other appropriate means that expenditures from funds allocated to the CONTRACTOR were not made in compliance with the applicable cost principles, regulations of the funding agency, or the provisions of this Contract.

31. **OPTION TO EXTEND THE TERM OF THE CONTRACT** - SCAQMD reserves the right to extend the contract for a one-year period commencing \*\*\*\*\*(enter date) at the (option price or Not-to-Exceed Amount) set forth in Attachment 2. In the event that SCAQMD elects to extend the contract, a written notice of its intent to extend the contract shall be provided to CONTRACTOR no later than thirty (30) days prior to Contract expiration. [REMOVE IF NOT REQUESTED ON CRAM]
32. **PROPOSAL INCORPORATION** - CONTRACTOR's proposal dated \*\*\* submitted in response to Request for Proposal (RFP) #\*\*\*, is expressly incorporated herein by this reference and made a part hereof of this Contract. [REMOVE IF NOT REQUESTED ON CRAM]

33. **KEY PERSONNEL** - *insert person's name* is deemed critical to the successful performance of this Contract. Any changes in key personnel by CONTRACTOR must be approved by SCAQMD. All substitute personnel must possess qualifications/experience equal to the original named key personnel and must be approved by SCAQMD. SCAQMD reserves the right to interview proposed substitute key personnel. **[REMOVE IF NOT REQUESTED ON CRAM]**
  
34. **PREVAILING WAGES** – **[USE FOR INFRASTRUCTURE PROJECTS]** CONTRACTOR is alerted to the prevailing wage requirements of California Labor Code section 1770 et seq. Copies of the prevailing rate of per diem wages are on file at the SCAQMD's headquarters, of which shall be made available to any interested party on request. Notwithstanding the preceding sentence, CONTRACTOR shall be responsible for determining the applicability of the provisions of California Labor Code and complying with the same, including, without limitation, obtaining from the Director of the Department of Industrial Relations the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work, making the same available to any interested party upon request, paying any applicable prevailing rates, posting copies thereof at the job site and flowing all applicable prevailing wage rate requirements to its subcontractors. CONTRACTOR shall indemnify, defend and hold harmless the South Coast Air Quality Management District against any and all claims, demands, damages, defense costs or liabilities based on failure to adhere to the above referenced statutes.
  
35. **SUBCONTRACTOR APPROVAL** – If CONTRACTOR intends to subcontract all or a portion of the work under this Contract, then CONTRACTOR must first obtain written approval from SCAQMD's Executive Officer or designee prior to subcontracting any work. Any material changes to the subcontract(s) that affect the scope of work, deliverable schedule, and/or payment/cost schedule shall also require the prior written approval of the Executive Officer or designee. No subcontract charges will be reimbursed unless the required approvals have been obtained from SCAQMD.
  
36. **ENTIRE CONTRACT** - This Contract represents the entire agreement between the parties hereto related to CONTRACTOR providing services to SCAQMD and there are no understandings, representations, or warranties of any kind except as expressly set forth herein. No waiver, alteration, or modification of any of the provisions herein shall be binding on any party unless in writing and signed by the party against whom enforcement of such waiver, alteration, or modification is sought.

IN WITNESS WHEREOF, the parties to this Contract have caused this Contract to be duly executed on their behalf by their authorized representatives.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT **\*\*\***

\_\_\_\_\_  
 Barry R. Wallerstein, D.Env., Executive Officer  
 Dr. William A. Burke, Chairman, Governing Board

\_\_\_\_\_  
 Name:  
 Title:

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:  
 Sandra McDaniel, Clerk of the Board

By: \_\_\_\_\_

APPROVED AS TO FORM:  
Kurt R. Wiese, General Counsel

By: \_\_\_\_\_

# **ATTACHMENT A**

## **IT COMPUTING ENVIRONMENT**

## COMPUTING INFRASTRUCTURE

1. Servers
  - a. Operating System: Windows Server 2012, Hyper-V 2012
2. Email
  - a. Exchange 2010
  - b. Outlook 2013, Outlook 2007
  - c. Outlook Web Access
  - d. ActiveSync
3. Databases
  - a. Microsoft SQL Server 2008 R2
  - b. Ingres 9.2
  - c. Oracle
4. Document Management System
  - a. Hyland OnBase 12
5. Users
  - a. ~750 Users
  - b. ~1000 Devices (Desktops and Laptops).
6. Standard Desktop Computer
  - a. Operating System: Windows 8.1 Professional, Windows Vista Business, Windows 7
  - b. Hardware:
    - i. CPU Range: P4-2GHz to Intel Quad Core 3.3 GHz processor
    - ii. RAM Range: 2GB-8GB RAM
    - iii. Hard Disk Range: 80GB – 500 GB hard drive
    - iv. Network Interface: 100 – 1000 Mbps network cards
7. Standard Desktop Software
  - a. Office 2013 Pro Plus, Office Software: Office 2007 Pro Plus
8. General Network Services
  - a. Redundant Internet Access
  - b. Proxy
  - c. Print
  - d. File



LIST OF RELEVANT SOFTWARE APPLICATIONS

Compliance Tracking System	Custom client-server application on the CLASS database that provides compliance data input and tracking capabilities (complaint, assignment, inspection, daily, notification, notice of violation entry, and notice to comply entry) and various reports (such as facility search summary and equipment list).
District Prosecutors Office (DPO)	Custom client-server application on the CLASS database that resolves Notice of Violation instances, including investigation, mutual settlement Contract, civil case, criminal case, legal enforcement agency case, settlement, and bankruptcy. New version of NOV system migrated to client-server architecture.
Finance	Custom client-server application on the CLASS database that provides accounts receivable functionality including transaction and invoice inquiry, payment processing, custom invoice processing, and special transaction support (i.e., adjustments, voids, reinstatements).
Facility Inquiry Detail System (FIND)	A web tool that allows you to search for public information about SCAQMD-regulated facilities. These consist of facilities that are required to have a permit to operate equipment that releases pollutants into the air.
Hearing Board System	Custom client-server application on the CLASS database that tracks variance and petition information including petitioner data, final decision, good cause, conditions, increment of progress, excess emissions, equipment, product, activities, rules, hearing and schedule. Also produces minute orders, findings, and various reports.
PeopleSoft Finance/HRMS	Off-the-shelf client-server application on the PeopleSoft database that provides integrated business administration functions (human resources, payroll, purchasing, accounts payable, asset management, general ledger, and project tracking).
Permit Administration and Application Tracking System (PAATS)	Custom client-server application on the CLASS database that has three functional areas: Form 400A (generating Application Tracking Number and Check Tracking Number), Inquiry (engineer assignment), and Pre-screening (fees calculation, Accept, Reject or put applications on Pending status).
Smoking Vehicle	Custom application suite with client-server and server-side components on the CLASS database that tracks smoking vehicle complaints (data entry, data retrieval through DMV Link, notification letter generation, reporting, etc.)

# **ATTACHMENT B**

## **CERTIFICATIONS AND REPRESENTATIONS**



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## **Business Information Request**

Dear SCAQMD Contractor/Supplier:

The South Coast Air Quality Management District (SCAQMD) is committed to ensuring that our contractor/supplier records are current and accurate. If your firm is selected for award of a purchase order or contract, it is imperative that the information requested herein be supplied in a timely manner to facilitate payment of invoices. In order to process your payments, we need the enclosed information regarding your account. **Please review and complete the information identified on the following pages, complete the enclosed W-9 form, remember to sign both documents for our files, and return them as soon as possible to the address below:**

**Attention: Accounts Payable, Accounting Department  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765-4178**

If you do not return this information, we will not be able to establish you as a vendor. This will delay any payments and would still necessitate your submittal of the enclosed information to our Accounting department before payment could be initiated. Completion of this document and enclosed forms would ensure that your payments are processed timely and accurately.

If you have any questions or need assistance in completing this information, please contact Accounting at (909) 396-3777. We appreciate your cooperation in completing this necessary information.

Sincerely,

Michael B. O’Kelly  
Chief Financial Officer

DH:tm

Enclosures: Business Information Request  
Disadvantaged Business Certification  
W-9  
Form 590 Withholding Exemption Certificate  
Federal Contract Debarment Certification  
Campaign Contributions Disclosure  
Direct Deposit Authorization

REV 3/13



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178

(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

## BUSINESS INFORMATION REQUEST

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business <i>Check One:</i>	<input type="checkbox"/> Individual <input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____ <input type="checkbox"/> Other _____

## REMITTING ADDRESS INFORMATION

Address			
City/Town			
State/Province		Zip	
Phone	( ) - Ext	Fax	( ) -
Contact		Title	
E-mail Address			
Payment Name if Different			

All invoices must reference the corresponding Purchase Order Number(s)/Contract Number(s) if applicable and mailed to:

**Attention: Accounts Payable, Accounting Department, South Coast Air Quality Management District**  
**21865 Copley Drive**  
**Diamond Bar, CA 91765-4178**

## DISADVANTAGED BUSINESS CERTIFICATION

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE), minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

- is certified by the Small Business Administration or
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

Statements of certification:

As a prime contractor to the SCAQMD, \_\_\_\_\_ (name of business) will engage in good faith efforts to achieve the fair share in accordance with 40 CFR Section 33.301, and will follow the six affirmative steps listed below **for contracts or purchase orders funded in whole or in part by federal grants and contracts.**

1. Place qualified SBEs, MBEs, and WBEs on solicitation lists.
2. Assure that SBEs, MBEs, and WBEs are solicited whenever possible.
3. When economically feasible, divide total requirements into small tasks or quantities to permit greater participation by SBEs, MBEs, and WBEs.
4. Establish delivery schedules, if possible, to encourage participation by SBEs, MBEs, and WBEs.
5. Use services of Small Business Administration, Minority Business Development Agency of the Department of Commerce, and/or any agency authorized as a clearinghouse for SBEs, MBEs, and WBEs.
6. If subcontracts are to be let, take the above affirmative steps.

Self-Certification Verification: Also for use in awarding additional points, as applicable, in accordance with SCAQMD Procurement Policy and Procedure:

Check all that apply:

- Small Business Enterprise/Small Business Joint Venture     Women-owned Business Enterprise  
 Local business     Disabled Veteran-owned Business Enterprise/DVBE Joint Venture  
 Minority-owned Business Enterprise

Percent of ownership: \_\_\_\_\_ %

Name of Qualifying Owner(s): \_\_\_\_\_

I, the undersigned, hereby declare that to the best of my knowledge the above information is accurate. Upon penalty of perjury, I certify information submitted is factual.

\_\_\_\_\_  
NAME

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
DATE

## Definitions

**Disabled Veteran-Owned Business Enterprise** means a business that meets all of the following criteria:

- is a sole proprietorship or partnership of which is at least 51 percent owned by one or more disabled veterans, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
- the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
- is a sole proprietorship, corporation, partnership, or joint venture with its primary headquarters office located in the United States and which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.

**Joint Venture** means that one party to the joint venture is a DVBE and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that DVBE will receive at least 51 percent of the project dollars.

**Local Business** means a business that meets all of the following criteria:

- has an ongoing business within the boundary of the SCAQMD at the time of bid application.
- performs 90 percent of the work within SCAQMD's jurisdiction.

**Minority-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more minority persons or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minority persons.
- is a business whose management and daily business operations are controlled or owned by one or more minority person.
- is a business which is a sole proprietorship, corporation, partnership, joint venture, an association, or a cooperative with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

"Minority" person means a Black American, Hispanic American, Native American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian American (including a person whose origins are from India, Pakistan, or Bangladesh), Asian-Pacific American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, or Taiwan).

**Small Business Enterprise** means a business that meets the following criteria:

- a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
  - **A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or**
  - A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
  - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 to 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.

**Small Business Joint Venture** means that one party to the joint venture is a Small Business and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that the Small Business will receive at least 51 percent of the project dollars.

**Women-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more women or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
- is a business whose management and daily business operations are controlled or owned by one or more women.
- is a business which is a sole proprietorship, corporation, partnership, or a joint venture, with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

## Request for Taxpayer Identification Number and Certification

**Give Form to the  
requester. Do not  
send to the IRS.**

Print or type See Specific instructions on page 2.	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification (required): <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <input type="checkbox"/> Other (see instructions) ▶ _____	
	<input type="checkbox"/> Exempt payee	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
List account number(s) here (optional)		

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number										

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Employer identification number										

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

#### Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.



The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

**Payments you receive will be subject to backup withholding if:**

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

**Updating Your Information**

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

**Penalties**

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

**Specific Instructions**

**Name**

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

**Partnership, C Corporation, or S Corporation.** Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

**Disregarded entity.** Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

**Note.** Check the appropriate box for the federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

**Limited Liability Company (LLC).** If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

**Other entities.** Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

**Exempt Payee**

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
  2. The United States or any of its agencies or instrumentalities,
  3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
  4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
  5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
  7. A foreign central bank of issue,
  8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
  9. A futures commission merchant registered with the Commodity Futures Trading Commission,
  10. A real estate investment trust,
  11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
  12. A common trust fund operated by a bank under section 584(a),
  13. A financial institution,
  14. A middleman known in the investment community as a nominee or custodian, or
  15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 7 <sup>2</sup>

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.  
<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

**Part I. Taxpayer Identification Number (TIN)**

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.ssa.gov](http://www.ssa.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

**Part II. Certification**

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

**Signature requirements.** Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

1. **Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.
2. **Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.
3. **Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

**Secure Your Tax Records from Identity Theft**

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

**Protect yourself from suspicious emails or phishing schemes.**

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-368-4484. You can forward suspicious emails to the Federal Trade Commission at: [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) to learn more about identity theft and how to reduce your risk.

**What Name and Number To Give the Requester**

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>3</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>4</sup>
5. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor <sup>*</sup>
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

<sup>\*</sup> **Note.** Grantor also must provide a Form W-9 to trustee of trust.

**Privacy Act Notice**

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

# 2013 Withholding Exemption Certificate

590

This form can only be used to certify exemption from nonresident withholding under California Revenue and Taxation Code (R&TC) Section 18662. Do not use this form for exemption from wage withholding.

File this form with your withholding agent. (Please type or print)

Withholding agent's name \_\_\_\_\_

Payee's name \_\_\_\_\_

Payee's  SSN or ITIN  FEIN  
 CA corp. no.  CA SOS file no

Address (number and street, PO Box, or PMB no.) \_\_\_\_\_

Apt. no./ Ste. no. \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

ZIP Code \_\_\_\_\_

Read the following carefully and check the box that applies to the payee.

I certify that for the reasons checked below, the payee named on this form is exempt from the California income tax withholding requirement on payment(s) made to the entity or individual.

**Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly notify the withholding agent. See instructions for General Information D, Who is a Resident, for the definition of a resident.

**Corporations:**

The above-named corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return and withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information F, What is a Permanent Place of Business, for the definition of permanent place of business.

**Partnerships or limited liability companies (LLC):**

The above-named partnership or LLC has a permanent place of business in California at the address shown above or is registered with the California SOS, and is subject to the laws of California. The partnership or LLC will file a California tax return and will withhold on foreign and domestic nonresident partners or members when required. If the partnership or LLC ceases to do any of the above, I will promptly inform the withholding agent. For withholding purposes, a limited liability partnership (LLP) is treated like any other partnership.

**Tax-Exempt Entities:**

The above-named entity is exempt from tax under California Revenue and Taxation Code (R&TC) Section 23701 \_\_\_\_\_ (insert letter) or Internal Revenue Code Section 501(c) \_\_\_\_\_ (insert number). The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly notify the withholding agent. Individuals cannot be tax-exempt entities.

**Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans:**

The above-named entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

**California Trusts:**

At least one trustee and one noncontingent beneficiary of the above-named trust is a California resident. The trust will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly notify the withholding agent.

**Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required.

**Nonmilitary Spouse of a Military Servicemember:**

I am a nonmilitary spouse of a military servicemember and I meet the Military Spouse Residency Relief Act (MSRRA) requirements. See instructions for General Information E, MSRRA.

**CERTIFICATE:** Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided in this document is, to the best of my knowledge, true and correct. If conditions change, I will promptly notify the withholding agent.

Payee's name and title (type or print) \_\_\_\_\_ Daytime telephone no. \_\_\_\_\_

Payee's signature  \_\_\_\_\_ Date \_\_\_\_\_



# Instructions for Form 590

## Withholding Exemption Certificate

References in these instructions are to the California Revenue and Taxation Code (R&TC).

### General Information

For purposes of California income tax, references to a spouse, husband, or wife also refer to a Registered Domestic Partner (RDP) unless otherwise specified. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners. **Private Mail Box (PMB)** – Include the PMB in the address field. Write “PMB” first, then the box number. Example: 111 Main Street PMB 123.

**Foreign Address** – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country’s practice for entering the postal code. Do not abbreviate the country’s name.

### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding. California residents or entities should complete and present Form 590 to the withholding agent. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless told by the Franchise Tax Board (FTB) that the form should not be relied upon.

**Important** – This form cannot be used for exemption from wage and real estate withholding.

- If you are an employee, any wage withholding questions should be directed to the FTB General Information number, 800.852.5711. Employers should call 888.745.3886 or go to [edd.ca.gov](http://edd.ca.gov).
- Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

### B Requirement

R&TC Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

Withholding is required on the following, but is not limited to:

- Payments to nonresidents for services rendered in California.
- Distributions of California source income made to domestic nonresident S corporation shareholders, partners and members and allocations of California source income made to foreign partners and members.
- Payments to nonresidents for rents if the payments are made in the course of the withholding agent’s business.
- Payments to nonresidents for royalties with activities in California.

- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Prizes and winnings received by nonresidents for contests in California.

However, withholding is optional if the total payments of California source income are \$1,500 or less during the calendar year.

For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Guidelines. To get a withholding publication see General Information H, Publications, Forms, and Additional Information.

**Backup Withholding** – Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the FTB. The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions release of loan funds made in the normal course of business are exempt from backup withholding. For additional information on California backup withholding, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

If a payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number (TIN) before filing a tax return. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp No.); or California Secretary of State (SOS) file number. Failure to provide a valid TIN will result in the denial of the backup withholding credit. For more information go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

**Who is Excluded from Withholding** – The following are excluded from withholding and completing this form:

- The United States and any of its agencies or instrumentalities
- A state, a possession of the United States, the District of Columbia, or any of its political subdivisions or instrumentalities
- A foreign government or any of its political subdivisions, agencies, or instrumentalities

### C Who Certifies this Form

Form 590 is certified by the payee. An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the

withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee’s taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

For example, if an entertainer (or the entertainer’s business entity) is paid for a performance, the entertainer’s information must be provided. Do not submit the entertainer’s agent or promoter information.

The grantor of a grantor trust shall be treated as the payee for withholding purposes.

Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled “Individuals — Certification of Residency.”

### D Who is a Resident

A California resident is any individual who is in California for other than a temporary or transitory purpose or any individual domiciled in California who is absent for a temporary or transitory purpose.

An individual domiciled in California who is absent from California for an uninterrupted period of at least 546 consecutive days under an employment-related contract is considered outside California for other than a temporary or transitory purpose.

An individual is still considered outside California for other than a temporary or transitory purpose if return visits to California do not total more than 45 days during any taxable year covered by an employment contract.

This provision does not apply if an individual has income from stocks, bonds, notes, or other intangible personal property in excess of \$200,000 in any taxable year in which the employment-related contract is in effect.

A spouse/RDP absent from California for an uninterrupted period of at least 546 days to accompany a spouse/RDP under an employment-related contract is considered outside of California for other than a temporary or transitory purpose.

Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For assistance in determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1032, Tax Information for Military Personnel, or call the FTB at 800.852.5711 or 916.845.6500.

## E Military Spouse Residency Relief Act (MSRRA)

Generally, for tax purposes you are considered to maintain your existing residence or domicile. If a military servicemember and nonmilitary spouse have the same state of domicile, the MSRRA provides:

- A spouse shall not be deemed to have lost a residence or domicile in any state solely by reason of being absent to be with the servicemember serving in compliance with military orders.
- A spouse shall not be deemed to have acquired a residence or domicile in any other state solely by reason of being there to be with the servicemember serving in compliance with military orders.

Domicile is defined as the one place:

- Where you maintain a true, fixed, and permanent home
- To which you intend to return whenever you are absent

A military servicemember's nonmilitary spouse is considered a nonresident for tax purposes if the servicemember and spouse have the same domicile outside of California and the spouse is in California solely to be with the servicemember who is serving in compliance with Permanent Change of Station orders. Note: California may require nonmilitary spouses of military servicemembers to provide proof that they meet the criteria for California personal income tax exemption as set forth in the MSRRA.

Income of a military servicemember's nonmilitary spouse for services performed in California is not California source income subject to state tax if the spouse is in California to be with the servicemember serving in compliance with military orders, and the servicemember and spouse have the same domicile in a state other than California.

For additional information or assistance in determining whether the applicant meets the MSRRA requirements, get FTB Pub. 1032.

## F What is a Permanent Place of Business

A corporation has a permanent place of business in California if it is organized and existing under the laws of California or if it is a foreign corporation qualified to transact intrastate business by the California SOS. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in California only if it maintains a permanent office in California that is permanently staffed by its employees.

## G Withholding Agent

Keep Form 590 for your records. Do not send this form to the FTB unless it has been specifically requested.

For more information, contact Withholding Services and Compliance, see General Information H.

The payee must notify the withholding agent if any of the following situations occur:

- The individual payee becomes a nonresident.
- The corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California.
- The partnership ceases to have a permanent place of business in California.
- The LLC ceases to have a permanent place of business in California.
- The tax-exempt entity loses its tax-exempt status.

The withholding agent must then withhold and report the withholding using Form 592, Resident and Nonresident Withholding Statement, and remit the withholding using Form 592-V, Payment Voucher for Resident and Nonresident Withholding. Form 592-B, Resident and Nonresident Withholding Tax Statement, is retained by the withholding agent and a copy is given to the payee.

## H Additional Information

To get additional nonresident withholding information, contact the Withholding Services and Compliance.

WITHHOLDING SERVICES AND  
COMPLIANCE MS F182  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0651

Telephone: 888.792.4900

916.845.4900

Fax: 916.845.9512

You can download, view, and print California tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov).

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT MS F284  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

### Internet and Telephone Assistance

Website: [ftb.ca.gov](http://ftb.ca.gov)

Telephone: 800.852.5711 from within the  
United States  
916.845.6500 from outside the  
United States

TTY/TDD: 800.822.6268 for persons with  
hearing or speech impairments

### Asistencia Por Internet y Teléfono

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)

Teléfono: 800.852.5711 dentro de los  
Estados Unidos  
916.845.6500 fuera de los Estados  
Unidos

TTY/TDD: 800.822.6268 personas con  
discapacidades auditivas  
y del habla

## **Certification Regarding Debarment, Suspension, and Other Responsibility Matters**

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

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

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

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Typed Name & Title of Authorized Representative

---

Signature of Authorized Representative Date

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

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EPA Form 5700-49 (11-88)



## CAMPAIGN CONTRIBUTIONS DISCLOSURE

In accordance with California law, bidders and contracting parties are required to disclose, at the time the application is filed, information relating to any campaign contributions made to South Coast Air Quality Management District (SCAQMD) Board Members or members/alternates of the MSRC, including: the name of the party making the contribution (which includes any parent, subsidiary or otherwise related business entity, as defined below), the amount of the contribution, and the date the contribution was made. 2 C.C.R. §18438.8(b).

California law prohibits a party, or an agent, from making campaign contributions to SCAQMD Governing Board Members or members/alternates of the Mobile Source Air Pollution Reduction Review Committee (MSRC) of more than \$250 while their contract or permit is pending before the SCAQMD; and further prohibits a campaign contribution from being made for three (3) months following the date of the final decision by the Governing Board or the MSRC on a donor's contract or permit. Gov't Code §84308(d). For purposes of reaching the \$250 limit, the campaign contributions of the bidder or contractor plus contributions by its parents, affiliates, and related companies of the contractor or bidder are added together. 2 C.C.R. §18438.5.

In addition, SCAQMD Board Members or members/alternates of the MSRC must abstain from voting on a contract or permit if they have received a campaign contribution from a party or participant to the proceeding, or agent, totaling more than \$250 in the 12-month period prior to the consideration of the item by the Governing Board or the MSRC. Gov't Code §84308(c).

The list of current SCAQMD Governing Board Members can be found at the SCAQMD website ([www.aqmd.gov](http://www.aqmd.gov)). The list of current MSRC members/alternates can be found at the MSRC website (<http://www.cleantransportationfunding.org>).

### **SECTION I.**

**Contractor (Legal Name):** \_\_\_\_\_

- DBA, Name _____, County Filed in _____ _____ Corporation, ID No. _____ LLC/LLP, ID No. _____
---

**List any parent, subsidiaries, or otherwise affiliated business entities of Contractor:**  
*(See definition below).*

\_\_\_\_\_  
\_\_\_\_\_

### **SECTION II.**

Has Contractor and/or any parent, subsidiary, or affiliated company, or agent thereof, made a campaign contribution(s) totaling \$250 or more in the aggregate to a current member of the South Coast Air Quality Management Governing Board or member/alternate of the MSRC in the 12 months preceding the date of execution of this disclosure?

Yes     No    **If YES, complete Section II below and then sign and date the form. If NO, sign and date below. Include this form with your submittal.**



**Campaign Contributions Disclosure, continued:**

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate      Amount of Contribution      Date of Contribution

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate      Amount of Contribution      Date of Contribution

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate      Amount of Contribution      Date of Contribution

Name of Contributor \_\_\_\_\_

\_\_\_\_\_  
Governing Board Member or MSRC Member/Alternate      Amount of Contribution      Date of Contribution

**I declare the foregoing disclosures to be true and correct.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEFINITIONS**

Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)

- (1) Parent subsidiary. A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.
- (2) Otherwise related business entity. Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:
  - (A) One business entity has a controlling ownership interest in the other business entity.
  - (B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:
    - (i) The same person or substantially the same person owns and manages the two entities;
    - (ii) There are common or commingled funds or assets;
    - (iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;
    - (iv) There is otherwise a regular and close working relationship between the entities; or
  - (C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.



South Coast  
**AIR QUALITY MANAGEMENT DISTRICT**  
 21865 Copley Dr., Diamond Bar, CA 91765  
 www.aqmd.gov

**Direct Deposit Authorization**

**STEP 1: Please check all the appropriate boxes**

- Individual (Employee, Governing Board Member)
- Vendor/Contractor
- Changed Information
- New Request
- Cancel Direct Deposit

**STEP 2: Payee Information**

Last Name		First Name		Middle Initial	Title
Vendor/Contractor Business Name (if applicable)					
Address				Apartment or P.O. Box Number	
City		State	Zip	Country	
Taxpayer ID Number		Telephone Number		Email Address	

**Authorization**

- I authorize South Coast Air Quality Management District (SCAQMD) to direct deposit funds to my account in the financial institution as indicated below. I understand that the authorization may be rejected or discontinued by SCAQMD at any time. If any of the above information changes, I will promptly complete a new authorization agreement. If the direct deposit is not stopped before closing an account, funds payable to me will be returned to SCAQMD for distribution. This will delay my payment.
- This authorization remains in effect until SCAQMD receives written notification of changes or cancellation from you.
- I hereby release and hold harmless SCAQMD for any claims or liability to pay for any losses or costs related to insufficient fund transactions that result from failure within the Automated Clearing House network to correctly and timely deposit monies into my account.

**STEP 3:**

You must verify that your bank is a member of an Automated Clearing House (ACH). Failure to do so could delay the processing of your payment. You must attach a voided check or have your bank complete the bank information and the account holder must sign below.

**To be Completed by your Bank**

<b>Staple Voided Check Here</b>	Name of Bank/Institution				
	Account Holder Name(s)				
	<input type="checkbox"/> Saving	<input type="checkbox"/> Checking	Account Number	Routing Number	
	Bank Representative Printed Name		Bank Representative Signature		Date
	ACCOUNT HOLDER SIGNATURE:				Date

For SCAQMD Use Only

Input By \_\_\_\_\_

Date \_\_\_\_\_



[↑ Back to Agenda](#)

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 15

PROPOSAL: Issue Solicitations and Approve Contract Award and Modifications Approved by MSRC

SYNOPSIS: As part of their FYs 2012-14 AB 2766 Discretionary Fund Work Program, the MSRC approved an award to provide expanded shuttle service to the Hollywood Bowl under the Event Center Transportation Program, allocated \$98,418 to exercise the option clause to extend the contract with the Better World Group for programmatic outreach services, and approved the release of Program Announcements for the Alternative Fuel Infrastructure and Local Government Match Programs as well as an RFQ to solicit vendors' qualification packages to participate in an alternative fuel school bus incentive program. The MSRC also approved modifications to two contracts under the FY 2011-12 Work Program. At this time the MSRC seeks Board approval to release the solicitations and approval of the contract award and modifications.

COMMITTEE: Mobile Source Air Pollution Reduction Review, August 15, 2013, Recommended for Approval

RECOMMENDED ACTIONS:

1. Approve modified contract with Ware Disposal, Contract #MS12034, substituting one medium-heavy-duty natural gas vehicle for two medium-duty natural gas vehicles as part of the FY 2011-12 Work Program, as described in this letter;
2. Approve modified award to City of La Puente under the Local Government Match Program, substituting one heavy-duty natural gas vehicle for three medium-duty natural gas vehicles as part of the FY 2011-12 Work Program, as described in this letter;
  - a. Approve a contract award to Transit Systems Unlimited in an amount not to exceed \$515,200 to provide expanded shuttle service to the Hollywood Bowl in

2014 and 2015, from the funding previously allocated for the Event Center Transportation Program, as part of approval of the FYs 2012-14 Work Program, subject to various outreach and documentation requirements and a mid-project evaluation as further described in this letter;

3. Exercise the option clause to extend Contract #MS11056 with The Better World Group for programmatic outreach services until December 30, 2015, in an amount not to exceed \$98,418, as part of the FYs 2012-14 Work Program, as described in this letter;
4. Issue Program Announcement for the Alternative Fuel Infrastructure Program, with a targeted funding level of \$7,500,000, as part of approval of the FYs 2012-14 Work Program, as described in this letter;
5. Issue Program Announcement for the Local Government Match Program, with a targeted funding level of \$11,000,000, as part of approval of the FYs 2012-14 Work Program, as described in this letter;
6. Issue RFQ for vendors to participate in the Alternative Fuel School Bus Incentive Program, with a targeted funding level of \$2,000,000, as described in this letter;
7. Authorize MSRC the authority to adjust contract awards up to five percent, as necessary and previously granted in prior work programs; and
8. Authorize the Chairman of the Board to execute new and modified contracts under FYs 2011-12 and 2012-14 Work Programs, as described above and in this letter.

Steve Veres,  
Vice Chair, MSRC

MM:HH:CR

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### **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 subvended to the SCAQMD be placed into an account to be allocated pursuant to a work program developed and adopted by the MSRC and approved by the Board.

The MSRC completed selecting categories and targeted funding amounts for the FYs 2012-14 Work Program in May 2013. One solicitation document, for Event Center Transportation projects, has already been developed and released. At its August 15, 2013 meeting, the MSRC considered a recommended award under the Major Event Center Transportation Program, as well as recommended contract modifications and three additional solicitation documents. Details are provided below in the Proposals section.

## **Outreach**

In accordance with SCAQMD's Procurement Policy and Procedure, public notices advertising the Alternative Fuel Infrastructure and Local Government Match Program Announcements and Alternative Fuel School Bus RFQ will be 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 South Coast Basin. In addition, the solicitations will be advertised in the Desert Sun newspaper for expanded outreach in the Coachella Valley. A public notice advertising the Major Event Center Transportation Program was likewise published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and the Riverside County Press Enterprise, and Desert Sun newspapers.

Additionally, potential bidders may be and/or may have been notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the solicitations will be/was e-mailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<http://www.aqmd.gov>). Information is also available on SCAQMD's bidder's 24-hour telephone message line (909) 396-2724. Further, the solicitations will be/were 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.

## **Proposals**

At its August 15, 2013 meeting, the MSRC considered recommendations from its MSRC-TAC and unanimously approved the following:

### **FY 2011-12 Near-Zero Medium-Duty and Medium-Heavy-Duty Vehicle Program**

In June 2012, the MSRC approved an award under the FY 2011-12 Near-Zero Medium-Duty and Medium-Heavy-Duty Vehicle Program to Ware Disposal in an amount not to exceed \$195,000 for the purchase of two medium-duty and seven medium-heavy-duty natural gas vehicles. Ware Disposal requests substitution of one additional medium-heavy-duty vehicle for the two medium-duty vehicles specified in their contract. The Program offered funding for both medium-duty and medium-heavy-duty vehicles, and emission benefits of the medium-heavy-duty vehicle would be equal or better. The MSRC considered and approved Ware Disposal's requested contract modification.

### **FY 2011-12 Local Government Match Program**

In May 2012, the MSRC approved an award under the FY 2011-12 Local Government Match Program to the City of La Puente in an amount not to exceed \$110,000 for the purchase of five medium-duty and two heavy-duty natural gas vehicles. Prior to execution of a contract, three of the medium-duty vehicles the City originally proposed were determined to possess gross vehicle weight ratings too low to qualify as medium-duty, according to the terms of the Program. The City requests substitution of one additional heavy-duty vehicle for the three smaller vehicles. The Program offered funding for both medium-duty and heavy-duty vehicles, and emission benefits of the

heavy-duty vehicle would be greater. The MSRC considered and approved the City's requested modifications to the project.

#### FYs 2012-14 Major Event Center Transportation Program

As part of the FYs 2012-14 Work Program, the MSRC allocated \$4.0 million for event center transportation programs and released a Program Announcement to solicit projects for traffic-impacted centers. Four awards have already been approved under this program. Transit Systems Unlimited has requested the MSRC to consider an award of \$515,200 to implement higher-frequency shuttle service for the 2014 and 2015 Hollywood Bowl seasons. The service expansion would increase departure frequencies from four existing shuttle lots: Ventura (10801 Ventura Boulevard), Ventura Annex (10601 Ventura Blvd.), Zoo (5333 Zoo Dr.) and Hollywood & Highland. Frequencies would be increased from the current 10-20 minute intervals to 5-10 minute intervals. The exact number of days of service is not yet known, but Hollywood Bowl seasons typically comprise 70-75 events each year. In addition to allowing Hollywood Bowl attendees to use public transportation for all or a portion of their trip, the service would also reduce vehicle traffic in and around the event center. Elimination of traffic congestion, especially reductions in automobile stop and go driving and queuing, has a direct link to reduced vehicle exhaust emissions. Transit Systems and its project partners would collectively contribute \$515,200 in co-funding including fare box revenue, marketing design and production, and advertising and marketing purchases.

The MSRC approved a \$515,200 contract award to Transit Systems Unlimited to increase the frequency of Hollywood Bowl shuttle service, subject to conditions. Transit Systems would be required to: 1) Document the specific buses used in the expanded portion of the service, ensuring that their emission levels were less than or equal to those of buses equipped with 2006 Cummins LG-320 CNG engines; 2) Submit a marketing and outreach plan, with an increase in patron use of public transportation to access the shuttle service as a primary objective, for approval prior to implementation of the 2014 Hollywood Bowl season; 3) Monitor, document, and report on the number of patrons using the service, including a comparison to previous years' utilization levels; 4) Monitor, document, and report on patrons' origin (e.g. zip code) and transportation mode used to access the service. Additionally, a Technical Assessment of the 2014 service would be required, with the MSRC to determine whether or not the service would be implemented for 2015 or if the contract would be terminated.

#### FYs 2012-14 Programmatic Outreach Services

The MSRC retains a contractor to continue and enhance public awareness of the MSRC by highlighting its mission, achievements, and the funding opportunities the MSRC has available. Following an open RFP process in 2011, the MSRC awarded \$98,418 to The Better World Group for programmatic outreach services for two years, including an option for another two-year term to be executed at the MSRC's discretion, subject to funding approval by the SCAQMD Board. Contract #MS11056 was executed to effectuate the award. The MSRC evaluated The Better World Group's performance and

approved exercising the option and adding \$98,418 to fund services for an additional two years as part of the FYs 2012-14 Work Program.

#### FYs 2012-14 Local Government Match Program

The MSRC approved release of Program Announcement #PA2014-04 under the FYs 2012-14 Work Program. The Program Announcement, with a targeted funding level of \$11 million, provides funding for alternative fuel infrastructure, including both new and expanded stations as well as upgrade of existing vehicle maintenance facilities, up to a maximum amount per project of \$500,000. The purchase of heavy-duty alternative fuel vehicles can receive up to \$30,000 per vehicle, while the purchase of qualifying medium-duty alternative fuel vehicles is eligible for a maximum MSRC contribution of \$10,000 per vehicle. Electric vehicle charging infrastructure can receive funding up to a maximum of \$500,000 per entity. Qualifying AB 2766 Subvention Fund recipients in the Coachella Valley can receive funding to support regional street sweeping programs, up to a maximum of \$250,000 per entity. The final category, new this year, provides funding for bicycle infrastructure and related programs, up to a maximum of \$500,000 per entity. In all categories funding will be provided on a dollar-for-dollar match basis, and funding for all eligible entities will be distributed on a first-come, first-served basis with a geographic minimum per county of \$1,375,000. The Program Announcement includes an open application period commencing October 15, 2013 and closing February 28, 2014.

#### FYs 2012-14 Alternative Fuel Infrastructure Program

The MSRC approved release of Program Announcement #PA2014-05 under the FYs 2012-14 Work Program. The Program Announcement, with a targeted funding level of \$7.5 million, provides funds for new and expanded alternative fuel stations, as well as for the upgrade of existing vehicle maintenance facilities. Stations will be 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 \$325,000 depending upon whether the applicant is a public or private entity, accessibility level of the proposed project, the number of fuels offered, and whether the natural gas used is produced from a renewable source. Proposals meeting requirements will be funded on a first-come, first-served basis. The RFP includes an open application period commencing with its release and closing September 26, 2014.

#### FYs 2012-14 Alternative Fuel School Bus Program

The MSRC approved release of RFQ #Q2014-03 under the FYs 2012-14 Work Program. The RFQ, with a targeted funding level of \$2.0 million, seeks qualified vendors to offer a buydown incentive for qualifying natural gas or liquefied petroleum gas school buses. Buydown incentives will range from \$9,000 to \$31,000 per bus depending upon vehicle type. The RFQ includes an open application period commencing with its release and closing November 8, 2013.

At this time the MSRC requests the SCAQMD Board to approve the contract award and modifications as part of approval of the FYs 2011-12 and 2012-14 AB 2766

Discretionary Fund Work Programs as outlined above. The MSRC also requests the Board to authorize the SCAQMD 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. Lastly, the MSRC requests approval to release the solicitations described in this letter under the FYs 2012-14 Work Program.

### **Resource Impacts**

The SCAQMD 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 specified herein, as well as any contracts awarded in response to the solicitation, will be drawn from this fund.

### **Attachments**

Program Announcement #PA2014-04 – Local Government Match Program  
Program Announcement #PA2014-05 – Alternative Fuel Infrastructure Program  
RFQ #Q2014-03 – Alternative Fuel School Bus Incentives Program





**Announcing the MSRC's Clean Transportation Funding**

**Local Government Match Program  
2013-2014 Edition**

**A Funding Opportunity for Cities & Counties in the  
South Coast Air Quality Management District**

**Program Guidelines & Application**

**PA2014-04**

**September 6, 2013**



DATE: September 6, 2013  
TO: Local Government Official  
FROM: Greg Pettis, Chair, MSRC  
SUBJECT: MSRC Local Government Match Program Announcement

The Mobile Source Air Pollution Reduction Review Committee (MSRC) is pleased to announce a new round of **Clean Transportation Funding™** available exclusively to cities and counties within the South Coast Air Quality Management District (SCAQMD). The Local Government Match Program offers to co-fund clean air projects implemented by cities and counties that utilize their Motor Vehicle Registration Fee Subvention Funds, commonly referred to as "AB 2766 Subvention Funds". The MSRC, using its Discretionary Funds, will contribute match funding towards qualifying projects. All cities and counties within the jurisdiction of the AQMD who receive AB 2766 Subvention Funds are eligible to participate in this Program. Also, regional Councils of Governments (COGs) who receive an appropriation of AB 2766 Subvention Funds from their member jurisdictions are eligible to participate, provided that qualifying AB 2766 Subvention Funds are used by the COG as the matching funds.

Eligible project categories for this year's Local Government Match Program have been refined to better support cities' and counties' air quality improvement needs. The following project categories are eligible to receive MSRC matching funds under the 2013 Program:

- New Alternative-Fuel Refueling Stations
- Upgrade & Expansion of Existing Alternative Fuel Refueling Stations
- Upgrade of Existing Fleet Maintenance Facilities to Accommodate Gaseous-fuel Vehicles
- Bicycle Infrastructure & Related Programs
- Electric Vehicle Charging Stations
- Purchase of Medium & Heavy-Duty Alternative Fuel Vehicles
- Street Sweeping Operations in the Coachella Valley

Local governments can also earn an MSRC match contribution on funds in addition to AB 2766 Subvention Funds. This would apply to cities or counties which have fully obligated or appropriated their Subvention Fund balances, but still have unmet requirements for qualifying projects. The requirements and conditions of this Program feature are discussed in detail in subsequent Sections of this Program Announcement.

The 2013 Edition of the Local Government Match Program features streamlined application forms to reduce the need to fill out paperwork. Also, applications must be submitted via an online submittal

process as opposed to paper copies – eliminating *all* paperwork. In an effort to reduce paper waste, **ONLY** electronically submitted applications will be accepted!

MSRC staff is available to assist applicants during the development of their Local Government Match Program applications. Please refer to Section I.D. of the Program Announcement for a listing of MSRC Staff points of contact. Should you have any immediate questions, please contact Ray Gorski, MSRC Technical Advisor, at (909) 396-2479, or Ms. Cynthia Ravenstein, MSRC Program Administrator, at (909) 396-3269. The Announcement and Application documents can be accessed via the Internet by visiting MSRC's **Clean Transportation Funding**<sup>™</sup> website at [www.CleanTransportationFunding.org](http://www.CleanTransportationFunding.org).

On behalf of the MSRC Clean Transportation Funding Program, we look forward to working with you to develop air quality improvement projects for your community.

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## SECTION I: PROGRAM INTRODUCTION

The Mobile Source Air Pollution Reduction Review Committee (MSRC) is pleased to announce the 2013 Edition of the Local Government Match Program, a Clean Transportation Funding™ opportunity available exclusively to cities and counties within the South Coast Air Quality Management District (SCAQMD). The Local Government Match Program (Match Program) offers to co-fund clean air projects implemented by cities and counties utilizing their AB 2766 Subvention Funds. The MSRC, using its Discretionary Funds, will contribute a “funding match” towards a qualifying project. The MSRC has allocated \$11.0 million in Clean Transportation Funding™ for the 2013 Edition of the Match Program.

The primary goal of the Match Program is to assist local governments in *leveraging* their AB 2766 Subvention Funds to implement timely, effective air pollution reduction projects. The Match Program directly supports cities and counties in meeting and exceeding their clean air obligations under the SCAQMD Fleet Rules. Additionally, the partnerships formed by the MSRC and local jurisdictions to construct new, publicly accessible alternative-fuel refueling infrastructure support expansion of the refueling network that benefits the entire South Coast region.

All cities and counties within the jurisdiction of the SCAQMD who receive AB 2766 Subvention Funds are eligible to participate in this Match Program. Also, regional Councils of Governments (COGs) who receive an appropriation of AB 2766 Subvention Funds from their member jurisdictions are eligible to participate, provided that qualifying AB 2766 Subvention Funds are used by the COG as the matching funds.

The Match Program is not a competition in the traditional sense. Funding will be distributed on a first-come, first-served basis to applicants that satisfy project requirements as specified in the following guidelines. While the MSRC makes every effort to ensure that all cities and counties have an opportunity to participate, funding is limited; thus, the availability of match funds cannot be guaranteed.

The 2013 Edition of the MSRC Local Government Match Program retains many features of past Match Program offerings. As in past years, MSRC Clean Transportation Funding™ will provide a “dollar for dollar” match against AB 2766 Subvention Funds and/or other qualifying match funding sources. The eligible project categories in the 2013 Edition have been selected to reflect feedback from local jurisdictions as to their funding priorities – for this reason, the MSRC has identified the following project categories for which an MSRC Match can be requested. These categories include:

- New Alternative-Fuel Refueling Stations
- Upgrade & Expansion of Existing Alternative Fuel Refueling Stations
- Upgrade of Existing Fleet Maintenance Facilities to Accommodate Gaseous-fuel Vehicles
- Bicycle Infrastructure & Related Programs
- Electric Vehicle Charging Stations
- Purchase of Medium & Heavy-Duty Alternative Fuel Vehicles
- Street Sweeping Operations in the Coachella Valley

Please note that only entities located within the Coachella Valley are eligible to participate in Street Sweeping category, as only the Coachella Valley has street sweeping as an element of an approved State Implementation Plan (SIP).

A thorough discussion of the Match Program categories, participation requirements, and project guidelines is included in Section I.C., “Participation Guidelines, Requirements, & Conditions”, included herein.

The MSRC has designed the Match Program to be as flexible and easy to participate in as possible within the constraints of a government agency public process. Also, to reduce the need to photocopy, package, and physically submit paper applications, the 2013 Edition of the Match Program requires that applications be submitted electronically in PDF format using the MSRC Website. We believe this benefits the applicant, the MSRC staff, and the environment. A tutorial has been developed to walk applicants step by step through the electronic application submittal process. This tutorial is available on the MSRC Website at [www.CleanTransportationFunding.org](http://www.CleanTransportationFunding.org). Look for the link on the right hand side of the Home Page – “Proposal Upload Tutorial” - and click that link to view the step-by-step instructions.

The following Sections of the Match Program Guidelines provide a more detailed discussion of the project categories, participation requirements, and application preparation templates. While the MSRC staff do their best to make the process self-explanatory, questions are inevitable; see Section I.D for a list of MSRC staff contacts if you need assistance regarding any aspect of the 2013 Match Program.

#### **I.A. PROGRAM SCHEDULE**

The MSRC Local Government Match Program will be conducted in accordance with the timeline illustrated in Table I.A-1, below. As shown, project applications will be accepted electronically beginning on October 15, 2013. Applications will be accepted until **5:00 pm on February 28, 2014**. Please note that only applications submitted electronically via the MSRC website will be accepted. Paper copies of the application are not acceptable and should not be submitted.

While applications may be submitted at any time during this period, MSRC Match Funds will be awarded on a first-come, first-served basis for eligible projects that conform to Match Program requirements. It is important to note that while applications can be submitted up until 5:00 pm on February 28, 2014, MSRC Match Funds may be exhausted prior to the February 28, 2014 submittal end date. Thus, the availability of MSRC Match Funds cannot be guaranteed.

Table I.A-1 Key Program Dates

<b>Match Program Event</b>	<b>Date</b>
Program Announcement Release Date	September 6, 2013
Applicant Workshop	September 24, 2013
Earliest Date for Application Electronic Submission	<b>October 15, 2013</b>
Last Date and time Electronic Applications will be Accepted	<b>5:00 pm on February 28, 2014</b>

## I.B. APPLICANT WORKSHOP

An Applicant Workshop for the Local Government Match Program will be held on Tuesday, September 24, 2013. Please note that attendance at the applicant workshop is voluntary. The purpose of the workshop is to provide new or updated Program information, provide clarification regarding this Program Announcement, and answer general questions regarding application preparation and electronic submittal. In addition, the applicant workshop will provide a forum to address individual application preparation issues and provide one-on-one guidance to potential bidders. The location and time for the applicant workshop is as follows:

Date:	September 24, 2013
Time:	10:00 a.m. – 11:00 a.m.
Location:	SCAQMD Headquarters Conference Room CC6
Address:	21865 Copley Drive Diamond Bar, California 91765

In addition, MSRC staff members are available to answer questions and provide technical assistance as appropriate during the application preparation and acceptance period. Please refer to Section I.D. of this document for a list of MSRC Staff contacts.

## I.C. PARTICIPATION GUIDELINES, REQUIREMENTS, & CONDITIONS

The MSRC's Match Program has been designed to make the application preparation and submittal process uncomplicated for the cities and counties within the SCAQMD. However, to ensure that the Match Program conforms to all applicable SCAQMD regulations and MSRC policies, the following requirements and conditions have been established and apply to all applicants:

1. **Earliest Date for an MSRC-Funded Project to Commence** – The release date of this Program Announcement, September 6, 2013, is the earliest date work on a project can commence and be potentially eligible for MSRC Match Program Funding. Any expenditure made in anticipation of an award of MSRC Match Program Funding and prior to execution of a contract is solely at the proposer's risk. If no Local Match Program contract is executed, neither the MSRC nor SCAQMD is liable for payment of any funds expended in anticipation of a contract. Please note that in the event a contract is executed, reimbursement for any costs incurred by the proposer in anticipation of the contract is at the discretion of the MSRC and SCAQMD.
2. **Funding Availability** - The amount of MSRC Clean Transportation Funding™ allocated for the Match Program is \$11.0M. Funding is available on a first-come, first-served basis to applicants proposing qualifying projects. For the purpose of this Match Program, all qualified project applications received electronically on the first day of the Application Acceptance Period, October 15, 2013, will be deemed received at the same time. In the event the Match Program is oversubscribed following receipt of first-day applications, MSRC funds will be distributed on a pro rata share basis to qualified project applications. Please note that the Geographic Funding Minimums discussed in paragraph 4, below, will take precedence in the event funding must be pro-rated. Qualifying applications received after October 15, 2013 will be funded in the order of receipt.

Please note that the source of MSRC Clean Transportation Funding™ for projects submitted in response to this solicitation is motor vehicle registration fees collected by the California Department of Motor Vehicles (DMV) in accordance with the California Health and Safety Code. Thus, the availability of MSRC Clean

Transportation Funding™ is contingent upon the timely receipt of funds from the DMV. Neither the MSRC nor SCAQMD can guarantee the collection or remittance of registration fees by the DMV.

3. **MSRC Match Funding Levels** – The MSRC will match AB 2766 Subvention Funds, and in certain cases other funding sources, in accordance with the following guidelines:
  - New Construction Alternative Fuel Infrastructure: The MSRC will match AB 2766 Subvention Funds and in certain cases additional funding sources on a “dollar for dollar” basis<sup>1</sup>. The maximum MSRC match amount per project for alternative fuel infrastructure construction shall not exceed \$500,000;
  - Upgrade & Expansion of Existing Alternative Fuel Refueling Stations & Maintenance Facilities: The MSRC will match AB 2766 Subvention Funds and in certain cases additional funding sources on a “dollar for dollar” basis. The maximum MSRC match amount per project for alternative fuel infrastructure upgrade and expansion shall not exceed \$500,000;
  - Electric Vehicle Charging Infrastructure: The MSRC will match AB 2766 Subvention Funds and in certain cases additional funding sources dollar for dollar up to a maximum of \$500,000 per entity for the implementation of electric vehicle charging infrastructure;
  - Medium-Duty Alternative Fuel Vehicle Purchases: The MSRC will match AB 2766 Subvention Funds and in certain cases additional funding sources dollar for dollar in an amount not to exceed \$10,000 per qualifying medium-duty vehicle;
  - Heavy-Duty Alternative Fuel Vehicle Purchases: The MSRC will match AB 2766 Subvention Funds and in certain cases additional funding sources dollar for dollar in an amount not to exceed \$30,000 per qualifying heavy-duty vehicle;
  - Bicycle Infrastructure & Related Programs: The MSRC will match AB 2766 Subvention Funds and in certain cases additional funding sources dollar for dollar for the implementation of bicycle infrastructure projects and related bicycle programs. The maximum MSRC match amount per entity for bicycle projects shall not exceed \$500,000. Bicycle Outreach & Education Projects are limited to a maximum per entity match of \$25,000;
  - Street Sweeping in the Coachella Valley: The MSRC will match AB 2766 Subvention Funds dollar for dollar, not to exceed an MSRC contribution of \$250,000 per entity to implement street sweeping operations in the Coachella Valley region of the SCAQMD.
4. **Geographical Funding Minimum** - The MSRC has established a Geographical Funding Minimum for each county within the SCAQMD. The geographical funding minimum amount has been set at \$1,375,000 per county. This funding set-aside guarantees a minimum level of funding for each county to implement emission reduction projects. At the end of the application submittal period, February 28, 2014, if any county has funds remaining in its geographical minimum, these funds will be made available to qualifying projects from any other county in order of receipt.
5. **Eligibility Requirements** – Only cities and counties within the SCAQMD that receive AB 2766 Subvention Funds are eligible to submit an application under the Match Program. Regional Councils of Governments (COGs) who receive an appropriation of AB 2766 Subvention Funds from their member jurisdictions are eligible to participate, provided that qualifying AB 2766 Subvention Funds are used by the COG as the matching funds. In addition, the contracting entity for the project must be the city, county, or qualified COG who submitted the application. Participation by other agencies or private businesses is allowed, but would be handled through separate subcontracts or agreements with the funded applicant. Please be

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<sup>1</sup> i.e., the MSRC will not pay more than 50% of project costs.



aware that the applying city, county, or COG is solely responsible for the performance of any Contract under the Match Program.

6. **Project Teaming** - Teaming by cities and/or counties, and the pooling of AB 2766 Subvention Funds, is allowable. Please note that a lead team member must be designated for the purpose of application submittal and contracting. If desired, multiple cities, counties, and/or COGs may form a Joint Powers Authority (JPA) for the purpose of application submittal and contracting. Please note that all members of the JPA must meet the eligibility requirements of the preceding paragraphs. A letter designating the lead agency and authorizing such agency to act on behalf of all parties interests must be submitted from each participating city and/or county prior to contract execution.
7. **Ability to Earn a MSRC Match on Future AB 2766 Subvention Fund Allocations** – In addition to current Subvention Fund balances, cities and counties-only may also apply their anticipated AB 2766 Subvention Funds from the fiscal year commencing July 1, 2014 and ending June 30, 2015 to projects proposed under this Match Program. Thus, the MSRC will match the prospective AB 2766 Subvention Fund allocation in addition to currently available AB 2766 Subvention Funds applied to the project. Please note that any current Subvention Fund balance must be fully encumbered or allocated prior to proposing the use of future funds.
8. **Ability to Earn a MSRC Match on Funding Sources in Addition to AB 2766 Subvention Funds** - In addition to AB 2766 Subvention Funds, cities and counties only may also apply up to \$400,000 in “other funds” to projects proposed under the MSRC Match Program. This limit carries across funding categories within the Match Program – e.g. if an applicant uses \$400,000 in “other funds” for an infrastructure project, they cannot apply “other funds” to a vehicle purchase project. Any current Subvention Fund balance must be fully encumbered or allocated prior to proposing the use of other funds. Other funds can include, but are not limited to, local funds, state funds, federal funds, etc. **Please note that SCAQMD “Carl Moyer” funding cannot be used as “other funding” for the purpose of the Match Program, as there is a State prohibition against comingling Carl Moyer and AB 2766 Funding.**
9. **Project Completion Deadlines** – All projects should be designed such that they can be fully implemented within 36 months of contract execution.
10. **Reporting Requirements** – The reporting requirements established for the Match Program are intended to ensure adequate monitoring of the use of public funds, while avoiding the imposition of excessive reporting burdens on the funding recipients. Individual reporting requirements will be a function of the type of project proposed; however, reporting typically includes quarterly progress reports as well as a concise Final Report.
11. **Audit Requirements** – In accordance with state law, all projects funded with MSRC Discretionary Funds are subject to audit. It is highly recommended that applicants employ standard government accounting practices when administering their MSRC co-funded project.
12. **Additional Requirements & Conditions on MSRC Match Program Funding**
  - Projects funded under the MSRC Match Program are not eligible to apply for additional MSRC funds under any other MSRC Work Program solicitation;
  - Projects awarded MSRC funding under a previous Work Program are not eligible to receive additional MSRC Discretionary Funds under this Program;

- MSRC match funds over and above the original contract amount will NOT be available for any reason, including project cost overruns. Applicants must use additional Subvention funds or sources other than MSRC Discretionary Funds to cover foreseen or unforeseen project cost increases;
- MSRC match funds are not intended to fund existing staff salaries. Project management costs necessary to implement new alternative fuel infrastructure projects are allowable; however, the MSRC reserves the right to reduce or delete project management costs that appear excessive;
- MSRC match funds will be distributed on a reimbursement basis upon completion of the approved project and submittal of all required reports and invoices;
- Certificate of Insurance or Letter of Self Insurance - All entities selected for an MSRC Match award must provide a Certificate of Insurance or Letter of Self Insurance within 45 days of notification of a funding award;
- Addenda – The MSRC may modify the Program Announcement and/or issue supplementary information or guidelines relating to the Program Announcement during the application preparation and submittal period of September 6, 2013 to February 28, 2014. Please note that Program Announcement amendments will be posted on the MSRC website at [www.CleanTransportationFunding.org](http://www.CleanTransportationFunding.org);
- Application Modifications - Once submitted, applications cannot be altered without the prior written consent of the MSRC.

13. **Application Evaluation and Approval Process** - Applications will be evaluated as received to ensure compliance with Match Program requirements. Only applications received electronically that comply with all minimum requirements will be deemed acceptable. Noncompliant applications will lose their original funding position. Resubmitted applications will be issued a new date and time received for purposes of disbursing funds on a first-come, first-serve basis.

Applications deemed compliant by MSRC staff will be forwarded to the MSRC Technical Advisory Committee (MSRC-TAC) for review and concurrence with staff's recommendation. Following MSRC-TAC approval, a funding recommendation will be forwarded to the MSRC for approval.

Applications recommended for funding by the MSRC will be forwarded to the SCAQMD Governing Board for final approval. Please note that the MSRC reserves the right to not fund any projects under the Match Program, to modify award amounts, or reallocate part or all funding under this Program to another MSRC Clean Transportation Funding™ category.

Upon receipt of Governing Board approval, the MSRC Staff will prepare a contract for execution by the applicant. The time period from SCAQMD Governing Board approval to contract execution is anticipated to be approximately ninety (90) days.

#### **I.D. IF YOU NEED HELP**

This Program Announcement can be obtained by accessing the MSRC web site at [www.CleanTransportationFunding.org](http://www.CleanTransportationFunding.org). MSRC staff members are available to answer questions during the application acceptance period. In order to help expedite assistance, please direct your inquiries to the applicable staff person, as follows:

- **For General or Administrative Questions**, please contact:

Cynthia Ravenstein, MSRC Program Administrator  
Phone: 909-396-3269  
E-mail: [cynthia@cleantransportationfunding.org](mailto:cynthia@cleantransportationfunding.org)

- **For General Questions or Technical Assistance**, please contact:

Ray Gorski, MSRC Technical Advisor  
Phone: 909-396-2479  
E-mail: [ray@cleantransportationfunding.org](mailto:ray@cleantransportationfunding.org)

- **For Contractual Questions**, please contact:

Dean Hughbanks, SCAQMD Procurement Manager  
Phone: 909-396-2808  
E-mail: [dhughbanks@aqmd.gov](mailto:dhughbanks@aqmd.gov)

## SECTION II: APPLICATION PREPARATION INSTRUCTIONS

In an effort to reduce the paperwork burden on applicants, a template-based application format has been adopted for MSRC Match Program applications. The forms are designed to be self-explanatory and should prove straightforward to complete; however, should questions arise during application preparation, please contact the appropriate MSRC staff representative as shown in Section I.D.

The forms included in the following sections should be completed by the applicant and submitted in accordance with the instructions provided in Section II.E, “Electronic Submittal Instructions”, below. There are four primary parts to be completed, plus Certifications and a signed cover letter. Each part is briefly summarized as follows:

- Part A, “Applicant Information”, requests general information from the applicant. For joint applications (i.e., more than one city, county, and/or COG) the applicant must include a statement confirming authorization to act on behalf of the other co-applicants. The applicant must include a letter of support, including contact name and telephone/fax number, from all proposing entities of a joint application.
- Part B, “Project Description/Statement of Work,” requests that the applicant provide a Project Description/Statement of Work delineating: a) project goals and objectives; b) statement of work; and c) project end products. Please note that only the requested input data is required; applicants are not required to perform emissions reductions calculations as an element of their Match Program application;
- Part C, “Project Budget”, requests a cost breakdown of the proposed project including: a) total project cost; b) AB 2766 funds from current fund balance allocated to the proposed project; c) AB 2766 Subvention Funds allocated from the FY 2014-’15 appropriation; d) Other Funds allocated to the proposed project; e) MSRC match funds requested (per the maximum allowable contributions as discussed in Section I.C., above; and f) additional funding contributions to the project other than MSRC Discretionary Funds, AB 2766 Subvention Funds, or qualifying other funds;
- Part D, “Project Implementation Schedule”, requests the submittal of a schedule depicting key project milestones, task completion dates, etc. Please note that all projects should be completed no later than 36 months from the date of contract execution.
- Certifications – All applicants must complete and submit the following Section V forms as an element of their Application:
  - Internal Revenue Service Form W-9 – Request for Taxpayer Identification Number and Certification. If you are selected for an award, you cannot be established as a vendor without this information.
  - Campaign Contributions Disclosure. This information must be provided at the time of application in accordance with California law. You may be asked for an update when awards are considered.

If awarded MSRC Match Funds, Parts A-D will become integral elements of the contract between the applicant and the MSRC.

**Cover Letter** - The MSRC also requests that each application be accompanied by a signed Cover Letter. The cover letter should be prepared on your City, County, or COG letterhead and be signed by a representative with appropriate signing authority.

## II.A: APPLICATION FORMS & TEMPLATES

All of the eligible project categories under the 2013 Edition of the Local Match Program fall into one of five (5) Application Form & Template Sections. These include:

1. **Alternative Fuel Infrastructure Projects** – this includes ALL eligible alternative fuel infrastructure project categories:
  - a. “New Construction” Alternative Fuel Infrastructure with a maximum MSRC match amount per project of \$500,000;
  - b. Upgrade and Expansion of Existing Alternative Fuel Refueling Stations & Maintenance Facilities with a maximum MSRC match amount per project of \$500,000.
2. **Electric Vehicle Charging Infrastructure** – with a maximum MSRC match amount not to exceed \$500,000 per entity.
3. **Bicycle Infrastructure & Related Programs** - with a maximum MSRC match amount not to exceed \$500,000 per entity. Bicycle Outreach & Education Projects are limited to a maximum per entity MSRC match of \$25,000.
4. **New Medium & Heavy-Duty Alternative Fuel Vehicle Purchases** – with a maximum MSRC match amount not to exceed \$10,000 per qualifying medium-duty vehicle and \$30,000 per qualifying heavy-duty vehicle.
5. **Regional Street Sweeping in the Coachella Valley** - with a maximum MSRC match amount not to exceed \$250,000 per entity.

Applicants are required to complete the Forms and Templates corresponding to their proposed project category and submit them in PDF Format to the MSRC Website within the application submittal period commencing October 15, 2013 and ending February 28, 2014. The following five sections contain the necessary forms and templates to prepare an MSRC Match Program application.

## II.B. ALTERNATIVE FUEL INFRASTRUCTURE PROJECTS

The MSRC Match Program offers incentives for a wide range of alternative fuel infrastructure projects. The following sections describe allowable infrastructure project categories, conditions and constraints, as well as Clean Transportation Funding™ incentive levels.

1. **NEW ALTERNATIVE FUEL REFUELING STATIONS** – Most refueling station types are eligible to receive a funding match. Allowable station configurations include fast-fill stations, slow or time-fill stations, and refueling apparatus. In addition, mobile refueling stations for onsite dispensing of hydrogen fuel are eligible under this category.

Eligible Alternative Fuel Types - The following alternative fuel types are eligible to receive refueling infrastructure Match funding:

- Compressed Natural Gas (CNG)
- Liquefied Natural Gas (LNG)
- Liquefied/Compressed Natural Gas (L/CNG)
- Motor vehicle-grade Liquefied Petroleum Gas (HD-5, HD-10 propane)
- Hydrogen (H<sub>2</sub>) and/or Hydrogen/Natural Gas Blends

The maximum MSRC match amount for this project category shall not exceed \$500,000 per station.

Accessibility Requirements – An objective of the Match Program is to increase the accessibility of alternative-fuel infrastructure to fleets and public users. For this reason, Applicants proposing construction of a new fast-fill refueling station are required to allow access to the facility during normal business hours to at least one (1) additional fleet. For the purpose of this program, “additional fleet” is defined as another fleet distinct from the host site fleet. This other fleet must be a separate legal entity relative to the host site fleet. As an example, two separate departments within a local government would not satisfy the intent of the “multiple fleet” requirement, as the departments would most likely not be separate legal entities. However, many local governments contain “dependent and independent special districts”. A dependent or independent special district would satisfy the “other fleet” requirement.

2. **UPGRADE AND EXPANSION OF EXISTING ALTERNATIVE FUEL REFUELING STATIONS** – Cities or Counties who operate existing CNG or LNG stations seeking upgrades or expansion to accommodate growing fleet or throughput needs are also eligible to participate in the MSRC Match Program. Eligible refueling station upgrade and expansion projects include, but are not limited to, the following:

- Expansion of fuel storage capacity with additional storage vessels;
- Increase in fuel compression capability by adding an additional compression stage or replacing an undersized compressor;
- Addition of L/CNG capability to an existing LNG-only facility;
- Addition of hydrogen or hydrogen-blend capability to an existing station;
- Station modifications to allow public accessibility;
- Upgrade of existing payment card reader to accommodate multi-card capability;
- Additional fuel dispenser(s).

The maximum MSRC match amount for this project category shall not exceed \$500,000 per station.

3. **FACILITY MODIFICATIONS TO ACCOMMODATE ALTERNATIVE FUELS** – In addition to refueling stations, MSRC match funding is available to Cities and Counties for the modification of facilities used for alternative fuel vehicle maintenance and repair. Allowable facility modifications include, but are not limited to, the following:

- Installation of building methane detection sensors;
- Electrical shielding;
- Heater element explosion proofing;
- Gas evacuation and ventilation upgrades.

The maximum MSRC match amount per project for this category shall not exceed \$500,000.

Project applications that do not reasonably fit within the Eligible Project Categories will not be approved and will not be eligible to receive MSRC Clean Transportation Funding™. The MSRC retains sole discretion when determining project eligibility.

Funding Restrictions: MSRC funds cannot be used to match the following project elements:

- Normal station maintenance or operations costs (including utility costs), or fuel purchase costs;
- Purchase of real property.

Operational Availability - Funding recipients must commit to the following minimum periods of operational availability:

- Fast-fill refueling stations remain operational and accessible to public and/or fleets for a period of no less than five (5) years from the date the station begins dispensing fuel in either its initial or expanded capability;
- Time-fill, single dispenser, or apparatus-type stations must remain operational for a period of no less than three (3) years from the date the station begins dispensing fuel in either its new or upgraded/expanded capability

**ALTERNATIVE FUEL INFRASTRUCTURE APPLICATION FORMS**

**PART A - APPLICANT INFORMATION**

(Return this Form as part of your Match Program application)

A. Please provide the following applicant information in the space provided.

Applicant Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax #: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

- |  |                          |                          |
|--|--------------------------|--------------------------|
| B. Please answer the following questions:  | YES                      | NO                       |
| 1. Are you submitting a Joint Application with other Cities/Counties?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. If "Yes", are you authorized to act on behalf of all participants?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. If "Yes", please provide the names of all other project participants.<br>Please designate if the other participants are public agencies or<br>private entities: | Public                   | Private                  |
| a) _____   | <input type="checkbox"/> | <input type="checkbox"/> |
| b) _____   | <input type="checkbox"/> | <input type="checkbox"/> |



**PART B - PROJECT DESCRIPTION/STATEMENT OF WORK**

**Alternative Fuel Infrastructure Projects**

(Return this Form as part of your Match Program application only if you are applying for Alternative Fuel Infrastructure Match Funding)

A. Please check the Type of Infrastructure Project proposed. Check all that apply:

- New Alternative Fuel Refueling Infrastructure
- Mobile Hydrogen Refueling
- Expansion of an Existing Refueling Facility
- Upgrade to an Existing Refueling Facility
- Site Modifications to Allow Public and/or Fleet Vehicle Access
- Maintenance Facility Modifications

B. **PROJECT DESCRIPTION:** Please describe the proposed alternative-fuel infrastructure project, including: a) technical description (i.e., station configuration, hardware, storage capacity, time-fill and fast-fill capacity, number of dispensers, etc.; b) site location; c) level of public accessibility (i.e., available to all users, accessible to limited fleet users only); d) hours of operation; e) primary fleet users; f) types of vehicles that will primarily utilize the facility (i.e., transit buses, school buses, light-duty automobiles); and g) selected hardware vendor and fuel provider, if known. If applicable to your proposed project, please attach an 8 ½" x 11" Site Map/Plan to this PART. Include extra sheets as required.

Please provide the following input data as applicable:

Type of Alternative Fuel (CNG, LNG, L/CNG, LPG, H <sub>2</sub> )	
For New Refueling Stations, Provide the Estimated Monthly Alternative Fuel Throughput in Units of Diesel Equivalent Gallons.	
For Projects that Propose: a) Increased Capacity of Existing Alternative-Fuel Infrastructure; or b) Expanded Public or Fleet Access of Existing Alternative-Fuel Infrastructure, Provide the Projected Monthly Increase in Alternative-Fuel Throughput Expressed in Units of Diesel Equivalent Gallons.	

C. **STATEMENT OF WORK:** Please provide a Statement of Work for the proposed alternative fuel infrastructure project. Include all Project Tasks as they relate to infrastructure design, development, and implementation. Each Task should be described with sufficient detail to adequately convey the work to be performed.

If applicable to your proposed project, please attach an 8 ½" x 11" Site Map/Plan to this PART.

**PART C - PROJECT BUDGET**

**Alternative Fuel Infrastructure Projects**

(Return this Form as part of your Match Program application only if you are applying for Alternative Fuel Infrastructure match funding)

A. Please provide your Current Unallocated Subvention Fund Balance: \$ \_\_\_\_\_

B. Please provide the following Alternative Fuel Infrastructure Project Cost by Category Information:

<b>PROJECT COSTS BY FUNDING CATEGORY</b>	<b>AMOUNT</b>
1. AB 2766 SUBVENTION FUNDS APPLIED TO INFRASTRUCTURE PROJECT FROM EXISTING UNALLOCATED BALANCE:	\$ _____
2. AB 2766 SUBVENTION FUNDS APPLIED TO INFRASTRUCTURE PROJECT FROM NEXT YEAR ALLOCATION (FY 2014/2015):	\$ _____
3. OTHER FUNDS APPLIED TO INFRASTRUCTURE PROJECT (NOT TO EXCEED \$400,000 TOTAL PER ENTITY):	\$ _____
4. TOTAL AB 2766 SUBVENTION FUNDS AND OTHER FUNDS APPLIED TO INFRASTRUCTURE PROJECT (SUM OF LINES 1, 2, and 3):	\$ _____
5. AMOUNT OF MSRC MATCH FUNDING REQUESTED (MAXIMUM AMOUNT IS EQUAL TO LINE 4 (DOLLAR FOR DOLLAR MATCH OF LINE 4 NOT TO EXCEED \$500,000):	\$ _____
6. ADDITIONAL PROJECT CO-FUNDING FROM OTHER SOURCES:	\$ _____
<b>7. TOTAL PROJECT COST:</b>	<b>\$ _____</b>

**PART C - PROJECT BUDGET CONTINUED**

**Alternative Fuel Infrastructure Projects**

(Return this page as part of your Match Program application only if you are applying for alternative fuel infrastructure match funding)

C. As applicable, please list all infrastructure costs by Cost Element. Please provide as much detail as practicable when specifying project costs. For example, please provide labor categories, hourly rates, number of hours, etc. when defining labor costs.

**CAPITAL EQUIPMENT COSTS (REFUELING STATION COMPONENTS, FACILITY MODIFICATIONS, ETC.):**

1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
4.	_____	\$ _____
5.	_____	\$ _____
<b>TOTAL CAPITAL EQUIPMENT COSTS:</b>		<b>\$ _____</b>

**DIRECT LABOR COSTS:**

1.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
2.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
3.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
4.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
<b>TOTAL DIRECT LABOR COSTS:</b>		<b>\$ _____</b>

**OTHER DIRECT COSTS, INCLUDING SUBCONTRACTORS:**

1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
4.	_____	\$ _____
<b>TOTAL OTHER DIRECT COSTS:</b>		<b>\$ _____</b>

<b>TOTAL PROJECT COST:</b>	<b>\$ _____</b>
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**PART D - PROJECT IMPLEMENTATION SCHEDULE**

**Alternative Fuel Infrastructure Projects**

(Return this page as part of your Match Program application)

Please provide, either in the space outlined below or separate attached sheet, a Milestone Schedule for your proposed Match Program project. The schedule should include anticipated start and completion dates for each task, activity, or milestone identified in PART B, "Project Description/Statement of Work".

The format requirements for the Project Implementation Schedule are flexible. A template is provided below:

PROJECT MILESTONE	START DATE	COMPLETION
Example: Task 1 – Site Design & Permitting...	Authority to Proceed (ATP) + one month	ATP + 3 months

## SECTION II.C: PURCHASE OF MEDIUM & HEAVY-DUTY ALTERNATIVE FUEL VEHICLES

**Project Requirements and Conditions:** The following requirements apply for projects seeking match funds for the purchase of heavy-duty alternative fuel vehicles:

**Eligible Vehicle Weight Ratings:** Only medium and heavy-duty alternative fuel vehicles are eligible to receive Match Funds.

- A medium-duty vehicle is defined as having a GVWR of 8,501 pounds up to a maximum of 14,000 pounds;
- A heavy-duty vehicle is defined as having a GVWR of 14,001 pounds or greater.

**Qualifying Vehicles:** Applicants requesting match funds for the purchase of heavy-duty alternative fuel vehicles must ensure the vehicles comply with the following eligibility requirements:

- Vehicle must be a new, Original Equipment Manufacturer (OEM) medium or heavy-duty alternative fuel vehicle;
- Alternative fuel vehicles must be equipped with dedicated alternative fuel engines that are certified by the California Air Resources Board (CARB) at or cleaner than the 2010 heavy-duty engine emission standards of 0.2 g/bhp-hr for oxides of nitrogen (NO<sub>x</sub>) and 0.01 g/bhp-hr for particulate matter (PM).
- Vehicle engine must be dedicated alternative fuel. Flexible fuel vehicles, bi-fuel vehicles, etc. do not qualify; however, alternative fuel engines using diesel pilot-ignition technologies are acceptable.

**Eligible Alternative Fuels:** Vehicles that satisfy the eligibility requirements listed above are available in following alternative-fuels:

- Compressed Natural Gas (CNG)
- Liquefied Natural Gas (LNG)
- Liquefied Petroleum Gas (LPG, i.e., propane)
- Hydrogen and/or Hydrogen/Natural Gas Blends
- Hybrid-Electric (Alternative Fuel)
- Hybrid-Electric (Gasoline Hybrid Electric)
- Zero-emission Battery or Hydrogen Fuel Cell Electric

**Maximum MSRC Match Funding:** The MSRC Match Program will co-fund the purchase of qualifying medium and heavy-duty alternative fuel vehicles on a “dollar for dollar” basis.

- Qualifying medium-duty alternative fuel vehicles are eligible to receive a maximum MSRC contribution of \$10,000 per vehicle;
- Qualifying heavy-duty alternative fuel vehicles are eligible to receive a maximum MSRC contribution of \$30,000 per vehicle.

The MSRC match funds will be disbursed on a reimbursement basis upon delivery and acceptance of the qualifying vehicle.

**MEDIUM & HEAVY-DUTY VEHICLE PURCHASE APPLICATION FORMS**

**PART A - APPLICANT INFORMATION**

**Purchase of Medium & Heavy-Duty Alternative Fuel Vehicles**

(Return this page as part of your Match Program application)

A. Please provide the following applicant information in the space provided.

Applicant Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax #: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

B. Please answer the following questions:

- |   | YES                      | NO                       |
|---|--------------------------|--------------------------|
| 1. Are you submitting a Joint Application with other Cities/Counties?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. If "Yes", are you authorized to act on behalf of all participants?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. If "Yes", please provide the names of all other project participants.<br>Please designate if the other participants are public agencies or<br>private entities:  | <b>PUBLIC</b>            | <b>PRIVATE</b>           |
| a) _____  | <input type="checkbox"/> | <input type="checkbox"/> |
| b) _____  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. If you answered "Yes" to questions 1 and 2, above, have you<br>attached a letter from each entity designating a lead agency and<br>authorizing that agency to act on behalf of the other participants? | <b>YES</b>               | <b>NO</b>                |
|   | <input type="checkbox"/> | <input type="checkbox"/> |

**PART B – PROJECT DESCRIPTION/STATEMENT OF WORK**

**Purchase of Medium & Heavy-Duty Alternative Fuel Vehicles**

(Return this page as part of your Match Program application only if you are applying for alternative fuel vehicle match funding)

A. **PROJECT DESCRIPTION:** Describe the proposed alternative-fuel vehicle purchase(s). For each vehicle to be purchased, please provide the information in the table below, or attach a separate sheet:

1. Vehicle make and model;
2. Fuel Type (CNG, LNG, LPG, etc.) ;
3. Engine model, including horsepower;
4. Gross vehicle weight rating;
5. Estimated vehicle life;
6. Vehicle duty cycle (i.e., trash collection, local delivery, etc.)
7. Annual operation within the geographical jurisdiction of the South Coast Air District (indicate whether mileage or hours)

	Vehicle Make & Model	Fuel Type	Engine Model & Horsepower	Gross Vehicle Weight Rating	Vehicle Life (years)	Vehicle Duty Cycle	Annual Vehicle Operation (hours or mileage)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

Total Number of Medium-Duty Alt-Fuel Vehicles (GVWR 8,501-14,000 pounds): \_\_\_\_\_

Total Number of Heavy-Duty Alt-Fuel Vehicles (GVWR >14,000 pounds): \_\_\_\_\_

**PART C – PROJECT BUDGET**

**Purchase of Medium & Heavy-Duty Alternative Fuel Vehicles**

(Return this page as part of your Match Program application only if you are applying for  
Alternative Fuel Heavy-Duty Vehicle match funding)

A. Please provide your Current Unallocated Subvention Fund Balance: \$\_\_\_\_\_

B. Please provide the following Alternative Fuel Vehicle Purchase Cost by Category Information:

<b>PROJECT COSTS BY FUNDING CATEGORY</b>	<b>AMOUNT</b>
1. AB 2766 SUBVENTION FUNDS APPLIED TO VEHICLE PURCHASES FROM EXISTING UNALLOCATED BALANCE:	\$_____
2. AB 2766 SUBVENTION FUNDS APPLIED TO VEHICLE PURCHASES FROM FUTURE YEAR ALLOCATION (FY 2014/2015):	\$_____
3. OTHER FUNDS APPLIED TO ALT-FUEL VEHICLE PURCHASES (NOT TO EXCEED \$400,000 TOTAL PER ENTITY):	\$_____
4. TOTAL AB 2766 SUBVENTION FUNDS AND OTHER FUNDS APPLIED TO ALT-FUEL VEHICLE PURCHASES (SUM OF LINES 1, 2, AND 3):	\$_____
5. AMOUNT OF MSRC MATCH FUNDING REQUESTED FOR MEDIUM DUTY VEHICLE PURCHASE (\$1 FOR \$1 MATCH UP TO \$10,000 PER VEHICLE):	\$_____
6. AMOUNT OF MSRC MATCH FUNDING REQUESTED FOR HEAVY DUTY VEHICLE PURCHASE (\$1 FOR \$1 MATCH UP TO \$30,000 PER VEHICLE):	\$_____
7. ADDITIONAL PROJECT CO-FUNDING FROM OTHER SOURCES:	\$_____
8. <b>TOTAL PROJECT COST:</b>	<b>\$_____</b>



**PART D – PROJECT IMPLEMENTATION SCHEDULE**

**Purchase of Medium & Heavy-Duty Alternative Fuel Vehicles**

(Return this page as part of your Match Program application)

Please provide, either in the space outlined below or separate attached sheet, a Milestone Schedule for your proposed vehicle purchase project. The schedule should include anticipated start and completion dates for each task, activity, or milestone identified in PART B, “Project Description/Statement of Work”.

The format requirements for the Project Implementation Schedule are flexible. A template is provided below:

PROJECT MILESTONE	START DATE	COMPLETION
Example: Task 1 – Order Vehicle	Authority to Proceed (ATP) + one month	ATP + 3 months

## **SECTION II.D: ELECTRIC VEHICLE CHARGING INFRASTRUCTURE**

This element of the 2013 Match Program offers incentives to local governments to install electric vehicle charging infrastructure within their jurisdictions. For the purpose of this Match Program category, eligible electric vehicle charging infrastructure includes the following elements:

- Purchase of electric vehicle charger hardware;
- Site design specific to charger hardware installation;
- Installation of electric vehicle chargers, including site preparation and construction;
- Electric charging station directional signage.

Please note that general planning related to electric vehicle charger placement is not an eligible match element under the MSRC Match Program.

The MSRC will match qualifying electric vehicle charging infrastructure projects on a dollar for dollar basis up to a maximum of \$500,000 per entity.

**Operational Availability** - Funding recipients must commit to the following minimum periods of operational availability:

- DC Fast Charge (or equivalent) stations remain operational for a period of no less than five (5) years from the date the station commences operation;
- Level II (or equivalent) stations must remain operational for a period of no less than three (3) years from the date the station commences operation.

**ELECTRIC VEHICLE CHARGING INFRASTRUCTURE FORMS**

**PART A - APPLICANT INFORMATION**

**Electric Vehicle Charging Infrastructure**

(Return this page as part of your Match Program application)

A. Please provide the following applicant information in the space provided.

Applicant Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax #: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

B. Please answer the following questions:

**YES**

**NO**

1. Are you submitting a Joint Application with other Cities/Counties?

2. If "Yes", are you authorized to act on behalf of all participants?

3. If "Yes", please provide the names of all other project participants.  
Please designate if the other participants are public agencies or  
private entities:

**PUBLIC**

**PRIVATE**

a) \_\_\_\_\_

b) \_\_\_\_\_

**PART B – PROJECT DESCRIPTION/STATEMENT OF WORK**

**Electric Vehicle Charging Infrastructure**

(Return this page as part of your Match Program application)

- A. **PROJECT DESCRIPTION:** Please describe the proposed electric vehicle charging infrastructure project, including: a) technical description of the proposed hardware (i.e., charger types, charger unit model, manufacturer, charging level or rated power; etc.); b) site locations for charging infrastructure installation; and c) level of public accessibility (i.e., available to all users, accessible to city/county fleet vehicles only, etc.).
- B. **STATEMENT OF WORK:** Please provide a Statement of Work for the proposed electric vehicle charging infrastructure project. Include all Project Tasks as they relate to project design, development, and implementation. Each Task should be described with sufficient detail to adequately convey the work to be performed.

**PART C - PROJECT BUDGET**

**Electric Vehicle Charging Infrastructure**

(Return this Form as part of your Match Program application only if you are applying for electric vehicle charging infrastructure match funding)

A. Please provide your Current Unallocated Subvention Fund Balance: \$ \_\_\_\_\_

B. Please provide the following Electric Vehicle Charging Infrastructure Project Cost by Category Information:

<b>PROJECT COSTS BY FUNDING CATEGORY</b>	<b>AMOUNT</b>
1. AB 2766 SUBVENTION FUNDS APPLIED TO INFRASTRUCTURE PROJECT FROM EXISTING UNALLOCATED BALANCE:	\$ _____
2. AB 2766 SUBVENTION FUNDS APPLIED TO EV INFRASTRUCTURE PROJECT FROM NEXT YEAR ALLOCATION (FY 2014/2015):	\$ _____
3. OTHER FUNDS APPLIED TO EV INFRASTRUCTURE PROJECT (NOT TO EXCEED \$400,000 TOTAL PER ENTITY):	\$ _____
4. TOTAL AB 2766 SUBVENTION FUNDS AND OTHER FUNDS APPLIED TO EV INFRASTRUCTURE PROJECT (SUM OF LINES 1, 2, and 3):	\$ _____
5. AMOUNT OF MSRC MATCH FUNDING REQUESTED (MAXIMUM AMOUNT IS EQUAL TO LINE 4 (DOLLAR FOR DOLLAR MATCH OF LINE 4 NOT TO EXCEED \$500,000):	\$ _____
6. ADDITIONAL PROJECT CO-FUNDING FROM OTHER SOURCES:	\$ _____
<b>7. TOTAL PROJECT COST:</b>	<b>\$ _____</b>

**PART C - PROJECT BUDGET CONTINUED**

**Electric Vehicle Charging Infrastructure**

(Return this page as part of your Match Program application only if you are applying for electric vehicle charging infrastructure match funding)

A. As applicable, please list all EV infrastructure costs by Cost Element. Please provide as much detail as practicable when specifying project costs. For example, please provide labor categories, hourly rates, number of hours, etc. when defining labor costs.

**CAPITAL EQUIPMENT COSTS (ELECTRIC VEHICLE CHARGGR HARDWARE, SITE MODIFICATIONS, ETC.):**

1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
4.	_____	\$ _____
5.	_____	\$ _____
<b>TOTAL CAPITAL EQUIPMENT COSTS:</b>		<b>\$ _____</b>

**DIRECT LABOR COSTS:**

1.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
2.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
3.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
4.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
<b>TOTAL DIRECT LABOR COSTS:</b>		<b>\$ _____</b>

**OTHER DIRECT COSTS, INCLUDING SUBCONTRACTORS:**

1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
4.	_____	\$ _____
<b>TOTAL OTHER DIRECT COSTS:</b>		<b>\$ _____</b>

<b>TOTAL PROJECT COST:</b>	<b>\$ _____</b>
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**PART D - PROJECT IMPLEMENTATION SCHEDULE**

**Electric Vehicle Charging Infrastructure**

(Return this page as part of your Match Program application)

Please provide, either in the space outlined below or separate attached sheet, a Milestone Schedule for your proposed Match Program project. The schedule should include anticipated start and completion dates for each task, activity, or milestone identified in PART B, "Project Description/Statement of Work".

The format requirements for the Project Implementation Schedule are flexible. A template is provided below:

PROJECT MILESTONE	START DATE	COMPLETION
Example: Task 1 – Site Design & Permitting...	Authority to Proceed (ATP) + one month	ATP + 3 months

## **SECTION II.E: BICYCLE INFRASTRUCTURE & RELATED PROGRAMS**

This element of the 2013 Match Program offers incentives to local governments to construct bicycle infrastructure within their jurisdictions as well as implement bicycle-related projects. For the purpose of this Match Program category, eligible bicycle projects include the following:

- Bicycle Lanes (Class I & II)
- Bicycle Shared Lane Markings/Sharrows
- Bicycle Infrastructure
  - Bike Lockers
  - Bike Racks
  - “Bike Station”-type Amenities at City or County-Owned Transit Stations
  - Bike Racks on Buses
  - Road Surface Bicycle Detection Systems
  - Bicycle Corrals at Intersections/Other Pavement Markings
- Bicycle Purchases (non-recreational)
- Bike Sharing Programs (must be local-government sponsored & Commuter Oriented)
  - Bike Sharing Infrastructure
    - Bicycles
    - Docking Equipment
    - Bike Sharing Technology Hardware & Software

In addition, the MSRC is allowing jurisdictions to receive a match for Bicycle Outreach & Education Projects. This category is limited to a maximum MSRC match of \$25,000.

Please note that the following bicycle projects are not eligible to receive funding under the MSRC Match Program:

- Bicycle Local or Regional Planning
- Class III Bicycle Route Signage

The MSRC will match qualifying bicycle infrastructure and related projects on a dollar for dollar basis up to a maximum of \$500,000 per entity.



**BICYCLE INFRASTRUCTURE & RELATED PROGRAMS FORMS**

**PART A - APPLICANT INFORMATION**

**Bicycle Programs**

(Return this page as part of your Match Program application)

A. Please provide the following applicant information in the space provided.

Applicant Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax #: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

B. Please answer the following questions: **YES** **NO**

4. Are you submitting a Joint Application with other Cities/Counties?

5. If "Yes", are you authorized to act on behalf of all participants?

6. If "Yes", please provide the names of all other project participants.  
Please designate if the other participants are public agencies or  
private entities: **PUBLIC** **PRIVATE**

a) \_\_\_\_\_

b) \_\_\_\_\_

**PART B – PROJECT DESCRIPTION/STATEMENT OF WORK**

**Bicycle Programs**

(Return this page as part of your Match Program application)

A. Please indicate the category(s) of Bicycle Infrastructure or Related Programs for which an MSRC funding match is sought:

- Bicycle Lanes (Class I & II)
- Bicycle Shared Lane Markings/Sharrows

**Bicycle Infrastructure**

- Bike Lockers
- Bike Racks
- “Bike Station”-type Amenities at City or County-Owned Transit Stations
- Bike Racks on Buses
- Road Surface Bicycle Detection Systems
- Bicycle Corrals at Intersections/Other Pavement Markings
- Bicycle Purchases (non-recreational)

**Bike Sharing Programs**

- Bicycles
- Docking Equipment
- Bike Sharing Technology Hardware & Software
- Bicycle Outreach & Education

B. **PROJECT DESCRIPTION:** Please describe the proposed bicycle project, including: a) technical description of the proposed project:

- i. For Bicycle Lane or shared access projects, please include a description of the proposed bicycle routes, including Class, length, and major employment sites or activity centers located along the proposed route(s);
- ii. For Bicycle Infrastructure Projects, please provide a listing of the proposed infrastructure, including a description of the infrastructure, number of units proposed for purchase/installation, and other pertinent information as appropriate to the specific project;
- iii. For Bicycle Purchases, please provide a specification of each bicycle (make and model, special features, etc.), the number of units proposed for purchase, and a description of how the bicycles will be deployed in non-recreational service. Note that only bicycle purchases intended to eliminate an automobile trips are eligible under this Program;
- iv. For Bike Sharing Projects, please provide a technical description of the overall bike sharing program and how the MSRC co-funded components integrate into the overall bike share program;

- v. For Bicycle Outreach & Education Programs, please provide a description of the outreach/education activities and the specific uses of MSRC Funds. The maximum MSRC match amount for Bicycle Outreach & Education Projects is \$25,000.

- C. **STATEMENT OF WORK:** Please provide a Statement of Work for the proposed bicycle infrastructure or related project. Include all Project Tasks as they relate to project design, development, and implementation. Each Task should be described with sufficient detail to adequately convey the work to be performed.

**PART C - PROJECT BUDGET**

**Bicycle Programs**

(Return this Form as part of your Match Program application only if you are applying for bicycle infrastructure or related program match funding)

A. Please provide your Current Unallocated Subvention Fund Balance: \$ \_\_\_\_\_

B. Please provide the following Bicycle Project Cost by Category Information:

<b>PROJECT COSTS BY FUNDING CATEGORY</b>	<b>AMOUNT</b>
1. AB 2766 SUBVENTION FUNDS APPLIED TO BICYCLE PROJECT FROM EXISTING UNALLOCATED BALANCE:	\$ _____
2. AB 2766 SUBVENTION FUNDS APPLIED TO BICYCLE PROJECT FROM NEXT YEAR ALLOCATION (FY 2014/2015):	\$ _____
3. OTHER FUNDS APPLIED TO BICYCLE PROJECT (NOT TO EXCEED \$400,000):	\$ _____
4. TOTAL AB 2766 SUBVENTION FUNDS AND OTHER FUNDS APPLIED TO BICYCLE PROJECT (SUM OF LINES 1, 2, and 3):	\$ _____
5. AMOUNT OF MSRC MATCH FUNDING REQUESTED (MAXIMUM AMOUNT IS EQUAL TO LINE 4 (DOLLAR FOR DOLLAR MATCH OF LINE 4 NOT TO EXCEED \$500,000*):	\$ _____
6. ADDITIONAL PROJECT CO-FUNDING FROM OTHER SOURCES:	\$ _____
<b>7. TOTAL PROJECT COST:</b>	<b>\$ _____</b>

\*Bicycle Education & Outreach Projects are limited to a maximum MSRC match of \$25,000.

**PART C - PROJECT BUDGET CONTINUED**

**Bicycle Programs**

(Return this page as part of your Match Program application only if you are applying for bicycle infrastructure or related program match funding)

C. As applicable, please list all bicycle project costs by Cost Element. Please provide as much detail as practicable when specifying project costs. For example, please provide labor categories, hourly rates, number of hours, etc. when defining labor costs.

CAPITAL EQUIPMENT COSTS (bicycles or related infrastructure hardware, etc.):

1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
4.	_____	\$ _____
5.	_____	\$ _____
<b>TOTAL CAPITAL EQUIPMENT COSTS:</b>		<b>\$ _____</b>

DIRECT LABOR COSTS:

1.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
2.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
3.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
4.	_____ LABOR HOURS x _____ \$/HOUR =	\$ _____
<b>TOTAL DIRECT LABOR COSTS:</b>		<b>\$ _____</b>

OTHER DIRECT COSTS, INCLUDING SUBCONTRACTORS:

1.	_____	\$ _____
2.	_____	\$ _____
3.	_____	\$ _____
4.	_____	\$ _____
<b>TOTAL OTHER DIRECT COSTS:</b>		<b>\$ _____</b>

<b>TOTAL PROJECT COST:</b>	<b>\$ _____</b>
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**PART D - PROJECT IMPLEMENTATION SCHEDULE**

**Bicycle Programs**

(Return this page as part of your Match Program application)

Please provide, either in the space outlined below or separate attached sheet, a Milestone Schedule for your proposed Match Program project. The schedule should include anticipated start and completion dates for each task, activity, or milestone identified in PART B, "Project Description/Statement of Work".

The format requirements for the Project Implementation Schedule are flexible. A template is provided below:

PROJECT MILESTONE	START DATE	COMPLETION
Example: Task 1 – Site Design & Permitting...	Authority to Proceed (ATP) + one month	ATP + 3 months

## SECTION II.F. STREET SWEEPING OPERATIONS IN THE COACHELLA VALLEY

This Section describes MSRC match funding for street sweeping operations conducted in the Coachella Valley region of the SCAQMD. For the purpose of this Program Announcement, “operations costs” include direct costs for labor, maintenance, etc, associated with performing street sweeping. These costs are most often presented as an hourly operations cost or cost per “curb mile swept”.

**Project Requirements and Conditions:** The following requirements affect applicants seeking match funds for street sweeping operations:

**Eligible Jurisdictions:** Applicant jurisdiction is within the Coachella Valley as defined by the SCAQMD and thereby impacted by the PM control measures delineated in the Coachella Valley SIP.

**Sweeping to be Performed by Qualifying Vehicles:** Applicants requesting match funds for street sweeping operations must ensure the vehicles utilized in sweeping operations comply with the following:

- Vehicle must be dedicated alternative fuel. For the purpose of this Program Announcement, alternative fuel includes compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), hydrogen or hydrogen natural gas blends, electric, or gasoline hybrid electric;
- Vehicle must conform to the requirements as delineated in SCAQMD Rule 1186.1.

**Eligible Project Costs** – When applying for street sweeping operations funding, costs should be represented as either “operations cost per curb mile swept” or “operations cost per operating hour”. Please note, however, that only the following operations cost elements are eligible to receive an MSRC funding match:

- Labor Costs – Labor costs associated with street sweeper operator and maintenance staff are eligible operations cost components;
- Alternative Fuel Costs – The cost of street sweeper alternative fuel is an eligible operations cost component;
- Other Direct Costs – Non-administrative direct costs, including but not limited to vehicle insurance, normal vehicle maintenance in addition to labor, etc, are allowable operations cost elements.

The MSRC will match qualifying street sweeping projects on a dollar for dollar basis up to a maximum of \$250,000 per entity. *Please note that because the street sweeping category is limited to the Coachella Valley, only AB 2766 Subvention Funds will be matched by the MSRC.*

**Ineligible Project Costs** – The following project cost elements are not eligible to receive an MSRC funding match:

- Vehicle Acquisition Costs - Capital costs associated with vehicle purchase or lease are not eligible as an operations cost element. This includes vehicle capital cost, principal, interest, etc. The street sweeping vehicle monthly payment cannot be included as a component of the cost per curb mile sweep or cost per vehicle hour;
- Maintenance Facility Costs – The cost of street sweeper vehicle maintenance facilities, including but not limited to structures, real property, and improvements cannot be amortized over the cost per curb mile sweep or cost per vehicle hour.

**STREET SWEEPING OPERATIONS APPLICATION FORMS**

**PART A - APPLICANT INFORMATION**

**Street Sweeping Operations**

(Return this page as part of your Match Program application)

A. Please provide the following applicant information in the space provided.

Applicant Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone Number: \_\_\_\_\_ Fax #: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

B. Please answer the following questions:

**YES      NO**

- |   |                          |                          |
|---|--------------------------|--------------------------|
| 1. Are you submitting a Joint Application with other Cities/Counties? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. If "Yes", are you authorized to act on behalf of all participants? | <input type="checkbox"/> | <input type="checkbox"/> |



**PART B - PROJECT DESCRIPTION/STATEMENT OF WORK**

**Street Sweeping Operations in the Coachella Valley**

(Return this page as part of your Match Program application only if you are applying for street sweeping match funding)

- A. **PROJECT DESCRIPTION:** Please provide the following information in the space below or attach additional sheets as necessary:
1. **Please provide a concise description of the routes proposed for street sweeping.** This should include, at a minimum: a) names or other designation(s) for streets to be swept; b) length (curb miles) for each street sweeping route proposed; c) the frequency of street sweeping for each proposed route. A map of the region with proposed street sweeping routes highlighted should be included if available.
  2. **Please provide a description of the street sweeping vehicles to be used.** For each vehicle that may be used in street sweeping operations, please include: a) sweeper model; b) sweeper model year; c) alternative fuel type used; d) primary and auxiliary engine make and model; and e) primary and auxiliary engine model year.

**PART C - PROJECT BUDGET**

**Street Sweeping Operations in the Coachella Valley**

(Return this page as part of your Match Program application only if you are applying for street sweeping match funding)

- A. Please provide your Current Unallocated Subvention Fund Balance: \$ \_\_\_\_\_
- B. Please provide the following street sweeping operations Cost by Category Information:

<b>PROJECT COSTS BY FUNDING CATEGORY</b>	<b>AMOUNT</b>
1. AB 2766 SUBVENTION FUNDS APPLIED TO STREET SWEEPING:	\$ _____
2. AMOUNT OF MSRC MATCH FUNDING REQUESTED FOR STREET SWEEPING OPERATIONS (\$1 FOR \$1 MATCH UP TO \$250,000):	\$ _____
3. ADDITIONAL PROJECT CO-FUNDING FROM OTHER SOURCES:	\$ _____
4. <b>TOTAL PROJECT COST:</b>	<b>\$ _____</b>

**Please provide the following street sweeping operations cost information.**

Please List the Specific Cost Components that Comprise the “Per Mile” or “Per Hour” Operations Cost. Please Specify If Cost is Based On:

- Curb Mile Swept
- Hour of Sweeper Operation
- Other (Please Describe)

1. \_\_\_\_\_ \$ \_\_\_\_\_
2. \_\_\_\_\_ \$ \_\_\_\_\_
- Average Per “Mile” or “Hour” Operations Cost: \$ \_\_\_\_\_

**PART D - PROJECT IMPLEMENTATION SCHEDULE**

**Street Sweeping Operations in the Coachella Valley**

(Return this page as part of your Match Program application)

Please provide, either in the space outlined below or separate attached sheet, a Milestone Schedule for your proposed Match Program project. The schedule should include anticipated start and completion dates for each task, activity, or milestone identified in Exhibit B, "Project Description/Statement of Work".

The format requirements for the Project Implementation Schedule are flexible. A template is provided below:

<b>PROJECT MILESTONE</b>	<b>START DATE</b>	<b>COMPLETION</b>
Example: Task 1 – Identify routes to be swept	Authority to Proceed (ATP) + one week or Date	ATP + 1 week
Example: Task 2 – Commence sweeping operations on Route 1	ATP + 2 weeks	ATP + 6 months

### III. ELECTRONIC APPLICATION SUBMITTAL PROCESS

In an effort to reduce the need to photocopy, package, and physically submit paper applications, the 2013 Edition of the Match Program requires that applications be submitted electronically in PDF format using the MSRC Website. We believe this benefits the applicant, the MSRC staff, and the environment. As the online submittal process is a “new way of doing business” for both the MSRC and the project applicant, a tutorial has been developed to walk applicants step by step through the electronic application submittal process.

The application that will be submitted as a **PDF document** is comprised of six (6) primary sections – these correspond to the Cover Letter, Certifications and application Parts A-D as described in the preceding section.

Thus, a complete application will be comprised of the following five elements:

1. Signed Cover Letter;
2. Part A - Applicant Information
3. Part B - Project Description/Statement of Work;
4. Part C - Project Budget;
5. Part D - Project Implementation Schedule; and
6. Certifications.

These six sections are to be compiled into a single PDF document for submittal to the MSRC Clean Transportation Funding Website. Please note that ONLY PDF format can be accepted. Microsoft Word documents cannot be accepted by the MSRC Website.

Applicants will need to register on the MSRC Clean Transportation Funding website. The application submittal tutorial is available at [www.cleantransportationfunding.org/proposal\\_process/upload\\_proposal](http://www.cleantransportationfunding.org/proposal_process/upload_proposal).

## SECTION IV: APPLICATION CHECKLIST

### *DID YOU REMEMBER TO...?*

- Include a **Cover Letter** signed by an individual authorized to contractually bind the submitting entity?
- Complete and include **PART A**, “Applicant Information”?
- Complete and include **PART B**, “Project Description/Statement of Work”?
- Attach an 8 ½” x 11” Site Map/Plan to PART B, if applicable?
- Complete and include **PART C**, “Project Budget”?
- Complete and include **PART D**, “Project Implementation Schedule”, to your application?
- Complete and include the **Certification** documents?
- Prepare a **PDF document** of your complete application?
- Review the Application Submittal Instructions at [www.CleanTransportationFunding.org](http://www.CleanTransportationFunding.org). Look for the link on the right hand side of the Home Page – “**Proposal Upload Tutorial**” - to view the application submittal tutorial!
- Submit your application electronically? The best date to submit your application is **October 15<sup>th</sup>, 2013!**

**Section V: CERTIFICATIONS**

<p><b>Form W-9</b> (Rev. January 2005) Department of the Treasury Internal Revenue Service</p>	<p><b>Request for Taxpayer Identification Number and Certification</b></p>	<p>Give form to the requester. Do not send to the IRS.</p>
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Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/ Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other ▶ .....	
	<input type="checkbox"/> Exempt from backup withholding	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number
+
or
Employer identification number
+

**Part II Certification**

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
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**Purpose of Form**

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

**U.S. person.** Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or

- Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

- The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
- The treaty article addressing the income.
- The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments (after December 31, 2002). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions on page 4 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

### Name

If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

**Limited liability company (LLC).** If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line. Check the appropriate box for your filing status (sole proprietor, corporation, etc.), then check the box for "Other" and enter "LLC" in the space provided.

**Other entities.** Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line. **Note.** You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

### Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then check the "Exempt from backup withholding" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

**Exempt payees.** Backup withholding is not required on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,



- 7. A foreign central bank of issue,
- 8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
- 9. A futures commission merchant registered with the Commodity Futures Trading Commission,
- 10. A real estate investment trust,
- 11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
- 12. A common trust fund operated by a bank under section 584(a),
- 13. A financial institution,
- 14. A middleman known in the investment community as a nominee or custodian, or
- 15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt recipients 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt recipients 1 through 7 <sup>2</sup>

<sup>1</sup>See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup>However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees; and payments for services paid by a Federal executive agency.

## Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-owner LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter your SSN (or EIN, if you have one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.socialsecurity.gov/online/ss-5.pdf](http://www.socialsecurity.gov/online/ss-5.pdf). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses/](http://www.irs.gov/businesses/) and clicking on Employer ID Numbers under Related Topics. You can get Forms W-7 and SS-4 from the IRS by visiting [www.irs.gov](http://www.irs.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.



## Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt recipients, see *Exempt From Backup Withholding* on page 2.

**Signature requirements.** Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

## What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>1</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>1</sup>
5. Sole proprietorship or single-owner LLC	The owner <sup>3</sup>
For this type of account:	Give name and EIN of:
6. Sole proprietorship or single-owner LLC	The owner <sup>3</sup>
7. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

<sup>1</sup>List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup>Circle the minor's name and furnish the minor's SSN.

<sup>3</sup>You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one). If you are a sole proprietor, IRS encourages you to use your SSN.

<sup>4</sup>List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

## Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.



## CAMPAIGN CONTRIBUTIONS DISCLOSURE

In accordance with California law, bidders and contracting parties are required to disclose, at the time the application is filed, information relating to any campaign contributions made to Board Members or members/alternates of the MSRC, including: the name of the party making the contribution (which includes any parent, subsidiary or otherwise related business entity, as defined below), the amount of the contribution, and the date the contribution was made. 2 C.C.R. §18438.8(b).

California law prohibits a party, or an agent, from making campaign contributions to SCAQMD Governing Board Members or members/alternates of the Mobile Source Air Pollution Reduction Review Committee (MSRC) of more than \$250 while their contract or permit is pending before the SCAQMD; and further prohibits a campaign contribution from being made for three (3) months following the date of the final decision by the Governing Board or the MSRC on a donor's contract or permit. Gov't Code §84308(d). For purposes of reaching the \$250 limit, the campaign contributions of the bidder or contractor plus contributions by its parents, affiliates, and related companies of the contractor or bidder are added together. 2 C.C.R. §18438.5.

In addition, Board Members or members/alternates of the MSRC must abstain from voting on a contract or permit if they have received a campaign contribution from a party or participant to the proceeding, or agent, totaling more than \$250 in the 12-month period prior to the consideration of the item by the Governing Board or the MSRC. Gov't Code §84308(c).

The list of current SCAQMD Governing Board Members can be found at the SCAQMD website ([www.aqmd.gov](http://www.aqmd.gov)). The list of current MSRC members/alternates can be found at the MSRC website (<http://www.cleantransportationfunding.org>).

### **SECTION I.**

**Contractor (Legal Name):** \_\_\_\_\_

<input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____
---

**List any parent, subsidiaries, or otherwise affiliated business entities of Contractor:**  
(See definition below).

\_\_\_\_\_  
\_\_\_\_\_

### **SECTION II.**

Has Contractor and/or any parent, subsidiary, or affiliated company, or agent thereof, made a campaign contribution(s) totaling \$250 or more in the aggregate to a current member of the South Coast Air Quality Management Governing Board or member/alternate of the MSRC in the 12 months preceding the date of execution of this disclosure?

Yes     No    **If YES, complete Section II below and then sign and date the form. If NO, sign and date below. Include this form with your submittal.**

**Campaign Contributions Disclosure, *continued*:**

Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
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Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
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Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
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Name of Contributor \_\_\_\_\_

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
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**I declare the foregoing disclosures to be true and correct.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**DEFINITIONS**

**Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)**

- (1) **Parent subsidiary.** A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.
- (2) **Otherwise related business entity.** Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:
  - (A) **One business entity has a controlling ownership interest in the other business entity.**
  - (B) **There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:**
    - (i) **The same person or substantially the same person owns and manages the two entities;**
    - (ii) **There are common or commingled funds or assets;**
    - (iii) **The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;**
    - (iv) **There is otherwise a regular and close working relationship between the entities; or**
  - (C) **A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.**



# **Alternative Fuel Infrastructure Funding Opportunities**

**For New and Expanded Refueling Facilities in the South Coast  
Air Quality Management District**

**Program Announcement**

**PA2014-05**

**September 6, 2013**

## SECTION 1 - INTRODUCTION

The Mobile Source Air Pollution Reduction Review Committee (MSRC) is pleased to announce the availability of **Clean Transportation Funding™** to assist in the construction of Alternative Fuel Refueling Infrastructure within the South Coast Air Quality Management District (SCAQMD).

This funding opportunity has at its core the following goals and objectives:

- Offer funding opportunities to *most*, if not all, entities interested in pursuing alternative fuel infrastructure projects, including public and private site owners, fleet owners, infrastructure providers, fuel providers, and school districts;
- Provide incentives for the construction or expansion of alternative fuel refueling stations;
- Provide an additional funding incentive for refueling stations that utilize CNG produced from renewable sources;
- Offer incentives to fleets to upgrade their existing vehicle maintenance facilities to accommodate indoor maintenance of gaseous-fuel vehicles;
- Support fleets purchasing alternative fuel vehicles in compliance with the SCAQMD Fleet Rules, or pursuing vehicle incentives under the SCAQMD Carl Moyer Program.

To reduce the need to photocopy, package, and physically submit paper applications, the 2013 Edition of the Alternative Fuel Infrastructure Program ***requires that applications be submitted electronically in PDF format using the MSRC Website***. We believe this benefits the applicant, the MSRC staff, and the environment. A tutorial has been developed to walk applicants step by step through the electronic application submittal process. This tutorial is available on the MSRC Website at [www.cleantransportationfunding.org](http://www.cleantransportationfunding.org). Look for the tutorial button on the right hand side of the Home Page – “Proposal Upload Tutorial”.

The following Sections describe requirements for participation, guidelines for application preparation, as well as maximum incentive levels available as a function of the type of refueling infrastructure proposed and type of entity requesting funding assistance. The Alternative Fuel Infrastructure Program is not a competition in the traditional sense. Funding will be distributed on a first-come, first-served basis to applicants that satisfy specified project requirements. However, as funding is limited, the availability of funds cannot be guaranteed.

MSRC staff members are available to answer questions and provide technical and programmatic guidance as appropriate during the entire application preparation period. Please refer to Section 6 of this document for a list of MSRC Staff contacts.

## SECTION 2 - PARTICIPATION GUIDELINES

The following guidelines, requirements, and conditions have been established and apply to all applicants:

1. **Funding Availability** - The amount of MSRC Clean Transportation Funding™ allocated for the Alternative Fuel Infrastructure Program is \$7,500,000.

Please note that this funding level is a targeted amount – should meritorious projects be received totaling greater than the current funding allocation of \$7,500,000, the MSRC reserves the right to increase the amount of total funding available. Also, should the MSRC receive applications with total requests less than the amount allocated, or if proposals are deemed non-meritorious, the MSRC reserves the right to reduce the total funding available and reallocate funds to other Work Program categories. The MSRC also reserves the right to not fund any of the applications received, irrespective of the merits of the applications submitted.

***For the purpose of this Program, all qualified project applications received electronically on or before 11:59 p.m. on the first day of the Application Acceptance Period, October 8, 2013, will be deemed received at the same time.*** In the event the Program is oversubscribed following receipt of first-day applications, an across-the-board pro-rating factor will be determined so that all qualified project applications will receive the same percentage of the award to which they would otherwise have been entitled pursuant to the Program terms. Please note that the Geographic Funding Minimums discussed in paragraph 2, below, will take precedence in the event funding must be pro-rated. ***Qualifying applications received after 11:59 p.m. on October 8, 2013 will be funded in the order of receipt.***

Please note that the source of MSRC Clean Transportation Funding™ for projects submitted in response to this solicitation is motor vehicle registration fees collected by the California Department of Motor Vehicles (DMV) in accordance with the California Health and Safety Code. Thus, the availability of MSRC Clean Transportation Funding™ is contingent upon the timely receipt of funds from the DMV. Neither the MSRC nor SCAQMD can guarantee the collection or remittance of registration fees by the DMV.

2. **Geographical Funding Minimum** - The MSRC has established a Geographical Funding Minimum for each county within the SCAQMD. The geographical funding minimum amount has been set at \$500,000 per county. This funding set-aside guarantees a minimum level of funding for each county to implement alternative fuel infrastructure projects. At the end of the application submittal period, September 26, 2014, if any county has funds remaining in its geographical minimum, these funds will be made available to qualifying projects from any other county in order of receipt.
3. **Eligible Applicants** – Most entities interested in implementing alternative fuel refueling station projects within the SCAQMD jurisdiction are welcome to participate in the Program. Eligible applicants include, but are not necessarily restricted to:
  - Infrastructure developers and alternative fuel providers;
  - Fleet operators, both public and private, including fleets participating in the SCAQMD Carl Moyer Program;

- School districts seeking assistance for new compressed natural gas refueling station development;
  - Project teaming by multiple stakeholders, such as real property owners working in partnership with infrastructure providers or fleet operators, joint powers authorities, limited liability partnerships, etc., are eligible to participate. The MSRC does require, however, that a single prime contractor and contract signatory be designated at the time of application submission. ***Please note: the MSRC also requires the applicant to be the entity that will own the fueling equipment;***
4. **Eligible Alternative Fuels** – In order to tie MSRC funding to fuels that have the most commercially available vehicle and engine products, the following alternative fuels are allowable under this Program:
- Compressed Natural Gas (CNG);
  - Renewable Biogas (methane);
  - Liquefied Natural Gas (LNG);
  - Liquefied/Compressed Natural Gas (L/CNG);
5. **Maximum Total Funding Per Entity** – To ensure broad-based participation, the MSRC has established the following maximum funding parameters:
- The maximum total funding award to any public or private entity under this solicitation shall not exceed 20% of the total Available Funding. This maximum funding restriction can be waived by the MSRC in the event the MSRC does not receive meritorious Applications from other bidders that meet or exceed 80% of the total available funds, or if the MSRC allocates additional funds to the program. The MSRC reserves the right to determine which projects, if any, are deemed meritorious and warrant a **Clean Transportation Funding™** award; and
  - The total of the MSRC funding award cannot exceed 50% of the Total Project Cost.
6. **Signage Requirements** – Publicly accessible refueling stations that receive an award must have motorist directional signage installed in proximity to the refueling station. This includes identification signs in immediate proximity to the refueling station and directional “trailblazer” signs on major streets and arterials in proximity to the refueling station. The installation of freeway signs is not required. The cost of sign procurement, permitting, and installation may be included as a station capital cost element.
7. **Federal Tax Credits** – Entities that sell, compress and/or dispense alternative fuels may be eligible for a Federal Tax Credit. To promote the use of alternative fuel, the MSRC believes it is appropriate that any Federal Tax credit ultimately reduce the price of fuel dispensed. Therefore, commercial entities seeking MSRC funding, whose primary business is the construction of refueling stations and/or sale of fuel, must disclose how potential Federal Tax Credits are accounted for when developing station cost construction cost estimates and fuel pricing. Please refer to Attachment G.
8. **Funding Restrictions** – MSRC funds cannot be used to fund the following project elements:

- Alternative fuel refueling station maintenance or operations costs, including utility costs, or fuel purchase costs;
  - Purchase or lease of real property.
9. **Conflict of Interest** - Address possible conflicts of interest with other clients affected by actions performed by the firm on behalf of the MSRC. Although the applicant will not be automatically disqualified by reason of work performed for such firms, the MSRC reserves the right to consider the nature and extent of such work in evaluating the application.
10. **Certifications** – All applicants must complete and submit the following Attachment H forms as an element of their Application (unless specifically exempted below):
- Internal Revenue Service Form W-9 – Request for Taxpayer Identification Number and Certification. If you are selected for an award, you cannot be established as a vendor without this information.
  - Campaign Contributions Disclosure. This information must be provided at the time of application in accordance with California law. You may be asked for an update when awards are considered.
  - Disadvantaged Business Certification. The SCAQMD needs this information for their vendor database. IT WILL NOT BE CONSIDERED IN THE DETERMINATION OF YOUR MSRC AWARD. Governmental entities do not need to complete this form.
11. **Earliest Date for an MSRC-Funded Project to Commence** – The release date of this Program Announcement, September 6, 2013, is the earliest date work on a project can commence and be potentially eligible for MSRC Alternative Fuel Infrastructure Funding. Any expenditures made in anticipation of an award and prior to execution of a contract are solely at the proposer’s risk. If no contract is executed, neither the MSRC nor South Coast AQMD are liable for payment of any funds expended in anticipation of a contract. Please note that in the event a contract is executed, reimbursement for any costs incurred by the proposer in anticipation of the contract is at the discretion of the MSRC and SCAQMD.
12. **Project Implementation Schedules** - Applicants are expected to provide a realistic project implementation schedule as an element of their application. In order to ensure that MSRC funds are awarded to projects which are ready to proceed, the following requirements apply:
- All stations are expected to be operational within 24 months of contract execution. If a prospective applicant does not expect completion within this time frame, they should consider awaiting future funding opportunities.
  - In the event an application is awarded MSRC funds, the project implementation schedule will become an element of the contract.
  - Once a proposed contract is sent to the applicant for execution, the applicant must negotiate any requested changes and sign and return the contract within six months, or contract negotiations will terminate and the award will be returned to the Discretionary Fund.



- In the event a contractor is unable to meet project milestones and requires additional time, the MSRC reserves the right to administratively authorize a one-time extension to the period of performance, not to exceed an additional one (1) year. Beyond one year, additional extensions to the contract period of performance may only be granted if, at the discretion of the MSRC, there is adequate justification and the project would provide sufficiently large benefit to offset the delay.

### 13. Additional Conditions on MSRC Funding

- MSRC funds will be distributed on a reimbursement basis only upon completion of approved project tasks and submission of all required reports and invoices.
- Recipients of MSRC **Clean Transportation Funding™** must guarantee that projects implemented under this Program will remain operational and in the approved location for a period of no less than five (5) years from the date the project is fully implemented. For the purpose of refueling station construction, “fully implemented” is defined as the date the refueling station initiates fueling operations;
- Infrastructure projects funded under this Program Announcement are not eligible to receive additional funds under any other current MSRC Work Program solicitation;
- Infrastructure projects that received MSRC **Clean Transportation Funding™** under a previous award are not eligible to seek additional funding for the same project;
- MSRC funds are not intended to fund staff salaries or administrative costs. Reasonable project management costs necessary to implement infrastructure projects are allowable; however, the MSRC reserves the right to reduce or delete program management costs that appear excessive;
- All projects must include a media and community outreach component. Acceptable outreach strategies may include, but are not limited to, a Grand Opening/project kickoff event, press releases, or press conference to highlight the project’s accomplishments;
- Finally, in accordance with state law, all projects awarded MSRC **Clean Transportation Funding™** are subject to audit. It is highly recommended that bidders employ government acceptable standard accounting practices when administering their MSRC co-funded project.

### SECTION 3 – PROJECT ELIGIBILITY AND INCENTIVE LEVELS

**Project Eligibility** - The MSRC Alternative Fuel Infrastructure Program offers incentives for a range of infrastructure types, including fast-fill stations, slow or time-fill stations, and limited-fill refueling apparatus. The expansion of existing operational stations to accommodate growing throughput needs is also eligible, **except** that commercial entities whose business is the construction, operation, maintenance, or sale of fuel are not eligible to seek funding for the expansion or upgrade of their own stations, as these entities have an economic interest in keeping their own stations in an operable condition with sufficient throughput capacity.

**Projects must use new refueling station components** - The relocation of existing alternative fuel refueling stations, or the reuse of components or equipment from existing stations, is prohibited. Furthermore, exclusively private-access stations are not eligible for funding under this Program

Announcement—see Limited Access definition, below. Applications must identify at least one anchor fleet to use the station, and indicate the base number of vehicles committed to fuel at the station and/or the base throughput from that fleet. Applications for station upgrades must provide documentation that the proposed project will result in increased station utilization and increased alternative fuel throughput.

**Maximum Incentive Levels** – The maximum “per facility” incentive awards under the MSRC’s Alternative Fuel Infrastructure Program are shown in Table 3-1. In no case shall the MSRC funding award exceed 50% of the combined cost of the facility capital equipment, site construction, signage, and reasonable project management costs. The incentive levels also vary as a function of the type of refueling infrastructure proposed and type of entity requesting funding assistance. The following funding maximums apply for both new and expansion refueling station projects and fleet vehicle maintenance facility modification projects:

Table 3-1: Maximum “Per Facility” MSRC Funding Levels

Entity	Fuels	Limited Access	Full Access	Facility Modifications	Renewable CNG
Private	Single Fuel	\$100,000	\$150,000	\$75,000	\$100,000
	L/CNG	\$150,000	\$200,000	\$75,000	
Public	Single Fuel	\$175,000	\$225,000	\$75,000	\$100,000
	L/CNG	\$225,000	\$275,000	\$75,000	

For purposes of this Program Announcement, the following definitions apply:

- **Private Entity** – An applicant which is not a Public Entity as defined below.
- **Public Entity** – A government agency of any level, including but not limited to: municipal, county, State, Federal, special districts, and school districts.
- **Full Access** – A “Full Access” station is:
  - Open 24 hours per day, 7 days per week to any user;
  - Equipped with a universal card reader system which accepts Visa, MasterCard, and/or American Express, at a minimum; and
  - Has capacity to dispense at least 3 gasoline gallon equivalents (GGE) per minute.
- **Limited Access** – A Limited Access station does not meet one or more of the Full Public Access criteria above. However, the station owner must attest to their willingness to make arrangements for at least one other fleet to use the station, if approached by an interested fleet. The “other fleet” must be a separate legal entity from the station owner. The owner of a Limited Access station may place reasonable restrictions on the “other fleet’s” hours of access, etc.
- **L/CNG** – Station offers both CNG and LNG fuels.
- **Maintenance Facility Modifications** - In addition to refueling stations, MSRC Clean Transportation Funding™ is available for the modification of existing facilities used for vehicle

maintenance and repair. Allowable facility modifications include, but are not necessarily limited to, the following:

- Installation of building methane detection sensors;
  - Electrical shielding;
  - Heater element explosion proofing;
  - Gas evacuation and ventilation upgrades.
- MSRC Clean Transportation Funding™ levels for maintenance facility modifications are capped at a maximum of 50% of the project costs, not to exceed a maximum of \$75,000 per facility.
  - **Renewable Natural Gas** – Stations that utilize CNG produced from renewable sources (biogas) are eligible to receive an additional \$100,000 incentive. ***To qualify for this additional incentive, the facility must use greater than 50% renewable natural gas.***

Project applications that do not reasonably fit within the Eligible Project Categories outlined above will not be approved and will not be eligible to receive MSRC Clean Transportation Funding™. The MSRC retains sole discretion when determining project eligibility.

#### SECTION 4 - SCHEDULE OF EVENTS

The Alternative Fuel Infrastructure Program will be conducted in accordance with the timeline shown in Table 4-1, below. Project applications may be submitted at any time during the period commencing October 8, 2013 and ending September 26, 2014. *Please note that applications must be received no later than 11:59 p.m. on September 26, 2014. All applications must be submitted electronically through the MSRC Clean Transportation Funding Website. Late applications will not be evaluated and will not be eligible for MSRC funding.*

Table 4-1 - Key Alternative Fuel Infrastructure Program Dates

Program Event	Date
Program Announcement Release	September 6, 2013
Application Submittal Period	October 8, 2013 – September 26, 2014
Latest Date/Time for Application Submittal	September 26, 2014 @ 11:59 p.m.
Application Evaluation & Award Consideration	First-come, first-served (geographic funding minimums apply)

#### SECTION 5 - APPLICATION PREPARATION & ELECTRONIC SUBMITTAL INSTRUCTIONS

A Project Application must be completed and electronically submitted under this Program. As stated in the Introduction, only applications deemed complete will be evaluated and considered for a funding

award. Applications must be prepared and submitted in accordance with the instructions outlined below.

1. **Application Preparation** – The following information must be included in all Applications seeking MSRC Clean Transportation Funding™ under the Alternative Fuel Infrastructure Program:

- a) **Cover letter** - Transmittal of the Application must be accompanied by a cover letter. The letter should also provide the name, telephone and fax numbers, and e-mail address of the contact person(s) for technical and contractual matters, and be signed by the person(s) authorized to contractually bind the applying entity.

For joint Applications, the Proposer must include a statement confirming authorization to act on behalf of the other co-Proposers. The Proposer must include a letter of support, including contact name and telephone/fax number, from all proposing entities of a joint Application.

- b) **Attachments A-H** - Applications must include the following completed Attachments, including all required supporting documentation as requested. Application Templates and Instructions are included in Section 8 of this Request for Proposals; see page 13:

- Attachment A: Proposer Information
- Attachment B: Project Description & Technical Specifications
- Attachment C: Project Cost Breakdown
- Attachment D: Project Implementation Schedule
- Attachment E: Memorandum of Understanding/Memorandum of Agreement
- Attachment F: Utilization Estimates/Letters of Commitment
- Attachment G: Federal Tax Credit Accounting
- Attachment H: Certifications (W-9, DBE, Campaign Contribution Disclosure)

2. **Electronic application submittal process**

In an effort to reduce the need to photocopy, package, and physically submit paper applications, the 2013 Alternative Fuel Infrastructure Program requires that applications be submitted electronically in PDF format using the MSRC Website. We believe this benefits the applicant, the MSRC staff, and the environment. As the online submittal process is a “new way of doing business” for both the MSRC and the project applicant, a tutorial has been developed to walk applicants step by step through the electronic application submittal process.

The application that will be submitted as a **PDF document** is comprised of Nine (9) primary sections – these correspond to the Cover Letter and application Attachments A-H as described in the preceding section.

Thus, a complete application will be comprised of the following nine elements:

1. Signed Cover Letter;

2. Attachment A: Proposer Information
3. Attachment B: Project Description & Technical Specifications
4. Attachment C: Project Cost Breakdown
5. Attachment D: Project Implementation Schedule
6. Attachment E: Memorandum of Understanding/Memorandum of Agreement
7. Attachment F: Utilization Estimates/Letters of Commitment
8. Attachment G: Federal Tax Credit Accounting
9. Attachment H: Certifications
  - a. W-9 Form
  - b. Disadvantaged Business Certification Form
  - c. Campaign Contribution Disclosure Form

These nine sections, including Attachment H certifications, are to be compiled into a **single PDF document** for submittal to the MSRC Clean Transportation Funding Website. **Please note that ONLY PDF format can be accepted. Microsoft Word documents cannot be accepted by the MSRC Website.**

Applicants will need to register on the MSRC Clean Transportation Funding website.

The application submittal tutorial is available at

[www.cleantransportationfunding.org/proposal\\_process/upload\\_proposal](http://www.cleantransportationfunding.org/proposal_process/upload_proposal).

**Please note that the latest date and time to submit an application is September 26, 2014 at 11:59 pm!**

3. **Addenda** – The Mobile Source Air Pollution Reduction Review Committee may modify the Program Announcement and/or issue supplementary information or guidelines relating to the Program Announcement during the Application preparation and acceptance period of September 6, 2013 to September 26, 2014. Amendments will be posted on the MSRC website at [www.CleanTransportationFunding.org](http://www.CleanTransportationFunding.org).
4. **Application Modifications** - Once submitted, Applications cannot be altered without the prior written consent of the Mobile Source Air Pollution Reduction Review Committee.
5. **Certificates of Insurance** - Proposers are required to provide a statement that upon notification of award, a certificate(s) of insurance naming the SCAQMD as an additional insured will be provided within forty-five (45) days. Entities that are self-insured are required to provide a statement to that effect in their application.

## **SECTION 6 - IF YOU NEED HELP...**

This Program Announcement can be obtained by accessing the MSRC web site at [www.CleanTransportationFunding.org](http://www.CleanTransportationFunding.org). MSRC staff members are available to answer questions during

the Application acceptance period. In order to help expedite assistance, please direct your inquiries to the applicable staff person, as follows:

- For **General and Administrative Assistance**, please contact:  
Cynthia Ravenstein  
MSRC Contracts Administrator  
Phone: 909-396-3269  
E-mail: [Cynthia@cleantransportationfunding.org](mailto:Cynthia@cleantransportationfunding.org)
  
- For **Technical Assistance**, please contact:  
Ray Gorski  
MSRC Technical Advisor  
Phone: 909-396-2479  
E-mail: [Ray@cleantransportationfunding.org](mailto:Ray@cleantransportationfunding.org)
  
- For **Contractual Assistance**, please contact:  
Dean Hughbanks  
AQMD Procurement Manager  
Phone: 909-396-2808  
E-mail: [dhughbanks@aqmd.gov](mailto:dhughbanks@aqmd.gov)

## **SECTION 7- APPLICATION EVALUATION AND APPROVAL PROCESS**

Applications will be evaluated as they are received to determine compliance with all mandatory requirements. Applications that do not comply with the stipulated requirements will be returned to the project applicant for revision and resubmission. Any returned applications will lose their original submittal date and, if resubmitted, will be issued a new date upon receipt by the MSRC for purposes of disbursing funds on a first-come, first-served basis.

Proposals deemed compliant will be forwarded to the MSRC Technical Advisory Committee (MSRC-TAC) for review and concurrence with staff's recommendation. Applications recommended for approval by the MSRC-TAC will be forwarded to the MSRC for approval (applicants may be asked to provide an updated Campaign Contributions Disclosure form at this time). Applications recommended for funding by the MSRC will be forwarded to the SCAQMD Governing Board for final approval.

Upon receipt of Governing Board approval, the MSRC staff will prepare a contract for execution by the applicant. The time period from SCAQMD Governing Board approval to contract execution is anticipated to be approximately one hundred twenty (120) days.

**SECTION 8 - PROPOSAL ATTACHMENTS**

**Attachment A: PROPOSAL SUMMARY INFORMATION**

A. Please provide the following Proposer information in the space provided:

Business Name	
Division of:	
Subsidiary of:	
Website Address	
Type of Business <i>Check One:</i>	<input type="checkbox"/> Individual <input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____ <input type="checkbox"/> Other _____

Address			
City/Town			
State/Province		Zip	
Phone	(     )     -     Ext	Fax	(     )     -
Contact		Title	
E-mail Address			
Payment Name if Different			

B. Funding Request Summary:

MSRC Clean Transportation Funding™ Requested:                     \$ \_\_\_\_\_  
 Existing or Anticipated SCAQMD Funding Applied to Project:                     \$ \_\_\_\_\_  
 Other Co-Funding Applied to Project:                     \$ \_\_\_\_\_  
**Total Project Cost:**                     \$ \_\_\_\_\_

## Attachment B: PROJECT DESCRIPTION & TECHNICAL SPECIFICATIONS

Please provide the following information regarding the proposed alternative fuel refueling facility:

1. Proposed Location – Please provide the street address of the proposed facility:
  
2. Project Type (please check the appropriate box(s)):
  - New Station
  - Expansion of Existing, Operational Station
  - Modification of Existing Vehicle Maintenance Facility
  
3. The proposed new/upgraded refueling station will be (please check the appropriate box):
  - Full Public Access (open to any user 24 hours per day, 7 days per week; equipped with universal card reader, and minimum dispensing capacity of 3 GGE per minute)
  - Limited Access (does not meet criteria of Full Public Access. Applicant attests their willingness to make the station available to at least one other fleet)
  
4. Fuel Type(s) – please check the appropriate box specifying the alternative fuel(s) proposed for the station:
  - CNG
  - LNG
  - L/CNG
  - > 50% Renewable CNG
  
5. Site Owner – Owner of the real property upon which the station will be constructed:
  
6. Station Operator – Entity that will operate and maintain the refueling facility:
  
7. Infrastructure Vendor/Installation Contractor – Name of equipment vendor(s) and installation contractor(s), if known:
  
8. Fuel Provider – Name of fuel vendor:
  
9. Refueling Infrastructure Description/Technical Specification. Please respond to a. or b. below, as appropriate:
  - a. New Refueling Facility - Description must include, at a minimum:
    - i. Site plan illustrating the proposed station's location on the property, including at a minimum the adjacent streets, entrance and exit locations, locations of dispenser islands, canopies, fuel storage tanks, compressors, walls and/or spill containment areas as appropriate;



- ii. Technical Specification, including a complete listing of all station equipment, hardware, and components, including component manufacturer and model number if known. In addition, the specification must provide minimum fuel storage capacities, compression and dispenser ratings, as well as number, make, and model of dispensers and card readers, etc. if known;
  - iii. Description of other project elements, including site amenities such as private access/public access islands, card reader payment options, overhead canopies, signage, traffic circulation plan, landscaping, fencing, security lighting, etc.
- b. Expansion of Existing Refueling Facility – description must include, at a minimum:
- i. a description of the site location, existing fuel type and storage capacity, number of existing fuel dispensers, level of accessibility (private access, limited fleet access, etc.), current station utilization, including average monthly fuel throughput, numbers and types of vehicles that typically utilize station, etc.
  - ii. Please discuss the proposed station expansion and/or upgrades: Provide a detailed description of the proposed upgrade and/or expansion project. Include a technical description of the station in its modified or expanded configuration. Discuss, at a minimum, how the proposed upgrades/expansion will impact the station’s ability to remain operational and accessible, the strategic importance of the expanded and/or upgraded station, and the number, types, and sizes of vehicles the station will accommodate in its expanded and/or upgraded configuration.
  - iii. Please describe the funding requirements for implementing the proposed refueling station expansion and/or upgrades, including the need for MSRC funding assistance: Discuss co-funding commitments offered by the Proposer or other station stakeholders. Describe other funding sources currently being pursued to support station upgrades/expansion. Discuss any unique financial constraints that impact the Proposer’s ability to perform station upgrades and/or expansion.
- c. Maintenance Facility Modifications – Please provide a technical description of the proposed facility modifications, including the facility location, a detailed description of the facility and its use, a detailed listing of equipment, hardware, and components to be procured, including equipment vendor and model if known. In addition, please provide the number and types of vehicles the facility will accommodate in its modified configuration.

**Attachment C: COST BREAKDOWN:** Please provide a detailed cost breakdown of the proposed project. Please note that MSRC Clean Transportation Funding™ is intended to help offset the cost of station capital equipment, site construction, signage, and reasonable project management costs, and cannot be applied to real property purchases, operations and maintenance costs, or labor and administrative costs deemed excessive. The MSRC reserves the right to exclude cost elements deemed unallowable, as well as award funding in an amount less than the requested amount.

Site Improvements, including fencing, driveways, curbing, landscaping, lighting, other construction, etc. Please itemize site improvement costs below:	
	\$
	\$
	\$
	\$
<b>Refueling Station Capital Equipment</b>	
Compressors	\$
Dryers	\$
Storage Vessels	\$
Dispensers	\$
Card Readers	\$
Signage (mandatory – see Section 2 paragraph 5)	\$
Other (Canopy, etc. Please specify)	\$
Shipping & Delivery Charges	\$
Installation	\$
Taxes	\$
Project Management	\$
<b>Facility Modifications to Existing Maintenance Facilities</b>	
	\$
	\$
	\$
<b>Total Project Cost Estimate</b>	\$
<b>MSRC FUNDING REQUEST</b>	\$

Please note that the total of the MSRC funding award cannot exceed 50% of the Total Project Cost up to the maximum funding levels shown in Table 3-1.



**Attachment E: MEMORANDUM OF UNDERSTANDING BETWEEN CONTRACTOR AND HOST SITE**

For projects seeking MSRC **Clean Transportation Funding™** for construction of alternative fuel refueling stations, a fully executed Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA) must be submitted as an element of the application package. **Please note that an MOU/MOA is NOT REQUIRED if the project applicant is the Site or Facility Owner.**

The MOU/MOA must be provided at the time of Application submittal and must contain the following essential elements, at a minimum:

- The parties to the MOU/MOA, including the fuel provider and/or facility developer and the site owner;
- The term of the MOU/MOA;
- The specific location of the refueling station to be constructed;
- Anticipated date of infrastructure construction;
- Anticipated date of infrastructure completion and start of operation;
- Executed signatures by individuals authorized on behalf of the parties to the MOU/MOA.

## **Attachment F: STATION UTILIZATION ESTIMATES**

Applicants are required to demonstrate that the proposed station will have an adequate usage level to ensure the station remains operational for the required five-year period, as follows:

- Identify at least one anchor fleet which has committed to use the station on a regular basis. Please provide contact information for the anchor fleet. Please note that MSRC members or staff may contact any and all references provided in relation to station utilization commitment.
- Provide an estimate of the estimated annual station fuel throughput, and/or describe the number and types of alternative fuel vehicles expected to utilize the station immediately upon completion.
- Please attach letters of commitment between the applicant and fleets or other station users that commit to use the alternative fuel station for vehicle refueling.

Please be aware that any contract resulting from an award of MSRC **Clean Transportation Funding™** will include fuel throughput obligations, based on the estimates in the application, as an enforceable element of the contract. Therefore, it is strongly recommended that Proposers present station utilization estimates that are as accurate as possible and based on firm station utilization commitments!

**Attachment G: FEDERAL TAX CREDIT ACCOUNTING**

*Please note that this Attachment only pertains to commercial business entities. Public agencies are not required to complete Attachment G.*

The MSRC is aware that Federal Tax Credits may be available to help defray the cost of CNG and LNG station construction and fuel purchase. It is important to the MSRC that stations funded using public money demonstrate that the benefits of these funds are enjoyed broadly, especially as it pertains to the price of alternative fuel paid by the end user.

Thus, in the event that the tax credits are extended, the MSRC requires that prior to any award of **Clean Transportation Funding™** to commercial business applicants whose primary business is the construction of refueling stations and/or sale of alternative fuel, the applicant must disclose in writing if they:

- a) Are or are not eligible to receive Federal Tax Credit(s), and if they are;
- b) How the Tax Credit(s) is factored into the cost of station construction and the pricing of alternative fuel dispensed at the proposed refueling station.

This discussion should be labeled “Attachment G” and be included in the Application package at the time of submittal. Please note that Applications submitted by affected entities that fail to include Attachment G will be deemed incomplete and returned for corrective action.

**Attachment H: CERTIFICATIONS**

Form <b>W-9</b> (Rev. January 2005) Department of the Treasury Internal Revenue Service	<h2 style="margin:0;">Request for Taxpayer Identification Number and Certification</h2>	Give form to the requester. Do not send to the IRS.
Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other ▶ ..... <input type="checkbox"/> Exempt from backup withholding	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
List account number(s) here (optional)		

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number
+
OR
Employer identification number
+

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

**Part II Certification**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
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**Purpose of Form**

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

**U.S. person.** Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or

• Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments (after December 31, 2002). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions on page 4 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate instructions for the Requester of Form W-9.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

### Name

If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

**Limited liability company (LLC).** If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line. Check the appropriate box for your filing status (sole proprietor, corporation, etc.), then check the box for "Other" and enter "LLC" in the space provided.

**Other entities.** Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

**Note.** You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

### Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then check the "Exempt from backup withholding" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

**Exempt payees.** Backup withholding is not required on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,



7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt recipients 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt recipients 1 through 7 <sup>2</sup>

<sup>1</sup>See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup>However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f)), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees; and payments for services paid by a Federal executive agency.

## Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-owner LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter your SSN (or EIN, if you have one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.socialsecurity.gov/online/ss-5.pdf](http://www.socialsecurity.gov/online/ss-5.pdf). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses/](http://www.irs.gov/businesses/) and clicking on Employer ID Numbers under Related Topics. You can get Forms W-7 and SS-4 from the IRS by visiting [www.irs.gov](http://www.irs.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A *disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.*

## Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt recipients, see *Exempt From Backup Withholding* on page 2.

**Signature requirements.** Complete the certification as indicated in 1 through 5 below.

**1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

**3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

## What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>1</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>1</sup>
5. Sole proprietorship or single-owner LLC	The owner <sup>3</sup>
For this type of account:	Give name and EIN of:
6. Sole proprietorship or single-owner LLC	The owner <sup>3</sup>
7. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

<sup>1</sup>List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup>Circle the minor's name and furnish the minor's SSN.

<sup>3</sup>You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one). If you are a sole proprietor, IRS encourages you to use your SSN.

<sup>4</sup>List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

## Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

**DISADVANTAGED BUSINESS CERTIFICATION**

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE), minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

- is certified by the Small Business Administration or
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

Statements of certification:

As a prime contractor to the SCAQMD, \_\_\_\_\_ (name of business) will engage in good faith efforts to achieve the fair share in accordance with 40 CFR Section 31.36(e), and will follow the six affirmative steps listed below **for contracts or purchase orders funded in whole or in part by federal grants and contracts.**

1. Place qualified SBEs, MBEs, and WBEs on solicitation lists.
2. Assure that SBEs, MBEs, and WBEs are solicited whenever possible.
3. When economically feasible, divide total requirements into small tasks or quantities to permit greater participation by SBEs, MBEs, and WBEs.
4. Establish delivery schedules, if possible, to encourage participation by SBEs, MBEs, and WBEs.
5. Use services of Small Business Administration, Minority Business Development Agency of the Department of Commerce, and/or any agency authorized as a clearinghouse for SBEs, MBEs, and WBEs.
6. If subcontracts are to be let, take the above affirmative steps.

(a) Self-Certification Verification:

Check all that apply:

- |   |   |
|---|---|
| <input type="checkbox"/> Small business enterprise          | <input type="checkbox"/> Women-owned business enterprise            |
| <input type="checkbox"/> Local business                     | <input type="checkbox"/> Disabled veteran-owned business enterprise |
| <input type="checkbox"/> Minority-owned business enterprise |   |

Percent of ownership: \_\_\_\_\_ %

Name of Qualifying Owner(s): \_\_\_\_\_

I, the undersigned, hereby declare that to the best of my knowledge the above information is accurate. Upon penalty of perjury, I certify information submitted is factual.

\_\_\_\_\_  
*NAME*

\_\_\_\_\_  
*TITLE*

\_\_\_\_\_  
*TELEPHONE NUMBER*

\_\_\_\_\_  
*DATE*

(a) *Definitions*

**Disabled Veteran-Owned Business Enterprise** means a business that meets all of the following criteria:

- is a sole proprietorship or partnership of which is at least 51 percent owned by one or more disabled veterans, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
- the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
- is a sole proprietorship, corporation, partnership, or joint venture with its primary headquarters office located in the United States and which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.

**Joint Venture** means that one party to the joint venture is a MBE/WBE/DVBE and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that MBE/WBE/DVBE will receive at least 51 percent of the project dollars.

**Local Business** means a business that meets all of the following criteria:

- has an ongoing business within the boundary of the SCAQMD at the time of bid application.
- performs 90 percent of the work within SCAQMD's jurisdiction.

**Minority-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more minority persons or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minority persons.
- is a business whose management and daily business operations are controlled or owned by one or more minority person.
- is a business which is a sole proprietorship, corporation, partnership, joint venture, an association, or a cooperative with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

“Minority” person means a Black American, Hispanic American, Native American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian American (including a person whose origins are from India, Pakistan, or Bangladesh), Asian-Pacific American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, or Taiwan).

**Small Business Enterprise** means a business that meets the following criteria:

- a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
  - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
  - A manufacturer with 100 or fewer employees.
- b. Manufacturer means a business that is both of the following:
  - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
  - 2) Classified between Codes 311000 and 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.

**Women-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more women or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
- is a business whose management and daily business operations are controlled or owned by one or more women.

is a business which is a sole proprietorship, corporation, partnership, or a joint venture, with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.



## CAMPAIGN CONTRIBUTIONS DISCLOSURE

In accordance with California law, bidders and contracting parties are required to disclose, at the time the application is filed, information relating to any campaign contributions made to Board Members or members/alternates of the MSRC, including: the name of the party making the contribution (which includes any parent, subsidiary or otherwise related business entity, as defined below), the amount of the contribution, and the date the contribution was made. 2 C.C.R. §18438.8(b).

California law prohibits a party, or an agent, from making campaign contributions to SCAQMD Governing Board Members or members/alternates of the Mobile Source Air Pollution Reduction Review Committee (MSRC) of more than \$250 while their contract or permit is pending before the SCAQMD; and further prohibits a campaign contribution from being made for three (3) months following the date of the final decision by the Governing Board or the MSRC on a donor's contract or permit. Gov't Code §84308(d). For purposes of reaching the \$250 limit, the campaign contributions of the bidder or contractor plus contributions by its parents, affiliates, and related companies of the contractor or bidder are added together. 2 C.C.R. §18438.5.

In addition, Board Members or members/alternates of the MSRC must abstain from voting on a contract or permit if they have received a campaign contribution from a party or participant to the proceeding, or agent, totaling more than \$250 in the 12-month period prior to the consideration of the item by the Governing Board or the MSRC. Gov't Code §84308(c).

The list of current SCAQMD Governing Board Members can be found at the SCAQMD website ([www.aqmd.gov](http://www.aqmd.gov)). The list of current MSRC members/alternates can be found at the MSRC website (<http://www.cleantransportationfunding.org>).

### **SECTION I.**

**Contractor (Legal Name):** \_\_\_\_\_

<input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____
---

**List any parent, subsidiaries, or otherwise affiliated business entities of Contractor:**  
*(See definition below).*

\_\_\_\_\_  
\_\_\_\_\_

### **SECTION II.**

Has Contractor and/or any parent, subsidiary, or affiliated company, or agent thereof, made a campaign contribution(s) totaling \$250 or more in the aggregate to a current member of the South Coast Air Quality Management Governing Board or member/alternate of the MSRC in the 12 months preceding the date of execution of this disclosure?



**DEFINITIONS**

**Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)**

- (1) Parent subsidiary.** A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.
- (2) Otherwise related business entity.** Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:
  - (A) One business entity has a controlling ownership interest in the other business entity.**
  - (B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:**
    - (i) The same person or substantially the same person owns and manages the two entities;**
    - (ii) There are common or commingled funds or assets;**
    - (iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;**
    - (iv) There is otherwise a regular and close working relationship between the entities; or**
  - (C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.**





# **Alternative Fuel School Bus Incentive Program**

**For Vendors of Alternative Fuel School Buses within the South  
Coast Air Quality Management District**

**Request for Qualifications**

**Q2014-03**

**September 6, 2013**

## SECTION 1 - INTRODUCTION

The MSRC is seeking qualified school bus vendors and/or authorized agents to participate in an Alternative Fuel School Bus Buy-down Incentive Program. The program is intended to replace older, diesel school buses with new, original equipment manufacturer (OEM) dedicated natural gas or liquefied petroleum gas (LPG, i.e. propane) school buses. The selected school bus vendor(s) will be able to offer a vehicle price buy-down incentive to School Districts as a result of participation in this program. For the purpose of this program, allowable funding recipients include public school districts located within the jurisdiction of the South Coast AQMD, as well as pupil transportation companies.

## SECTION 2 - PARTICIPATION GUIDELINES

The following guidelines, requirements, and conditions have been established and apply to all applicants:

1. **Available Funding** - The MSRC has allocated up to \$2,000,000 in MSRC Discretionary Funds for the Alternative Fuel School Bus Buy-down Program. The MSRC reserves the right to increase the amount of total funding available.
2. **Incentive Levels** – Vendors of alternative-fuel school buses that are deemed qualified to participate in the MSRC Program will be able to offer qualifying school districts the following incentives:
  - Full Size “Type D” CNG School Bus: \$31,000 per qualified bus;
  - Conventional Body “Type C” LPG School Bus: \$9,000 per qualified bus;
3. **Program Timeframe** - The Program will commence coincident with qualified vendor contract execution and end on December 31, 2014 or at such time that all MSRC incentive funds have been expended.
4. **Eligible Applicants** – The MSRC intends to select one or more school bus vendors to participate in the program. The minimum qualifications for participation include the following:
  - Contractor must be a manufacturer, authorized agent, dealer, etc. of school buses that meet the requirements of paragraph E., “Vehicle Requirements”, below;
  - Contractor must be licensed to do business within the State of California;
  - Contractor must demonstrate financial stability and, as appropriate, sufficient manufacturing capability and capacity;
  - Contractor must provide written documentation confirming that Contractor is in good standing with the State Franchise Tax Board;

- Contractor must provide documentation of past experience in marketing alternative-fuel school buses within the South Coast Air District jurisdiction;
- Contractor must offer post-sale customer support.

5. **Vehicle Requirements** - To qualify for MSRC alternative fuel school bus incentive funds, each vehicle must comply with the following requirements:

- Vehicle must be configured with a factory installed, OEM, dedicated natural gas or LPG engine, certified at or below 0.2 grams of oxides of nitrogen (NOx) per brake horsepower-hour (g/bhp-hr);
- Bus must be certified for the transport of school children by the California Highway Patrol;
- Buses must offer a manufacturer's warranty.

In addition, eligible school buses must conform to all applicable standards, laws, and regulations in effect on the date of bus manufacture, including but not limited to:

- Federal Motor Vehicle Safety Standard (FMVSS, 49 CFR);
- Federal Highway Safety Program Guideline No. 17, Pupil Transportation Safety;
- DOT-Baseline Advanced Design Transit Coach Specifications;
- National Fire Protection Association (NFPA) Standard 52;
- State of California Vehicle Code, CCR Title 13 (with the exception of Sections 930 through 936 for CNG fuel systems already covered by NFPA Standard 52);
- CCR, Title 5, Education Division 13, Chapter 4, School Buses;
- California Air Resources Board.

6. **Roles & Responsibilities** - The following paragraphs outline the roles and responsibilities of each participant in the MSRC-sponsored Alternative Fuel School Bus Buy-down Program.

**School Bus Vendor(s):**

- Actively market the availability of alternative fuel school bus incentives offered by the MSRC to all school Districts located within the jurisdiction of the South Coast Air Quality Management District;
- At the point of sale or lease of a qualifying alternative fuel school bus to a qualified school district or school transportation provider, reduce the manufacturer's suggested retail price by the MSRC-approved buy-down increment. In the case of a bus lease, the capitalized cost of the bus should be reduced by the approved incentive amount. ***Please note that the entire MSRC-approved buy-down amount should flow to the vehicle purchaser or lessee; no administrative fee is to be retained by the bus vendor.***

- Upon school bus delivery, submit an invoice to the South Coast AQMD requesting reimbursement of buy-down incentives expended. The invoice must include the following information, at a minimum, for each school bus transacted:
  - Purchaser (school district or school transportation provider);
  - Documentation affirming that the bus will be operated primarily within the jurisdiction of the South Coast Air District;
  - Purchaser point of contact (name and telephone number);
  - Vehicle base price, options, total price, and final price including MSRC Buy-down Incentive;
  - Leasing Company (if applicable);
  - Bus make and model information;
  - Vehicle Identification Number (VIN);
  - Vehicle delivery date;
  - Dealership contact (name and telephone number).

This information will be used to verify the sale or lease of qualifying buses prior to the disbursement of MSRC incentive funds.

In addition, the school bus vendor should support the purchaser in removing from service the school bus being replaced. The requirement of the MSRC is that the older vehicle be scrapped.

**MSRC/South Coast Air Quality Management District:**

- Upon receipt of a valid invoice requesting reimbursement of buy-down incentives, MSRC/SCAQMD staff will process the invoice and authorize payment of MSRC Discretionary Funds to the bus vendor. The MSRC/SCAQMD normally provides reimbursement within 30 days of receipt of a complete and correct invoice.

**School District/Pupil Transportation Service Provider:**

- As a condition of receiving an alternative fuel bus at a reduced cost, the participating school district or transportation service provider will be required to sign a Participant Agreement. The Participant Agreement will require that the vehicle accrue at least 85% of its mileage within the geographical bounds of the SCAQMD and that the vehicle must be kept in service for at least five years from the date the vehicle enters service.
- If the bus is replacing an existing bus in the purchaser's fleet, the replaced vehicle must be scrapped, including destruction of the engine and cutting of the frame rails upon delivery of the new vehicle.

**Additional Requirement:**

- Buses receiving MSRC buy-down incentives must be used primarily to transport children to and from school. For the purpose of this solicitation, children include school grades kindergarten through high school.

**SECTION 3 - QUALIFICATION PACKAGE REQUIREMENTS**

ALL RESPONSES TO THIS RFQ MUST CONTAIN THE FOLLOWING ELEMENTS:

1. **Cover Letter** - Transmittal of the proposal must specify the subject of the proposal, the RFQ number, and Bidder's name, address, and telephone/fax number. The letter shall specify contact person(s) for technical and contractual matters, and be signed by the person(s) authorized to contractually bind the bidding entity. For joint proposals (from more than one entity) the bidder must include a statement confirming authorization to act on behalf of other co-bidders. The bidder must include a letter of support or memorandum of understanding, including project contact name, telephone and fax number, from all proposing entities of a joint proposal.
2. **Summary Sheet** - Provide basic information in the space provided. The summary sheet form is included in this RFQ as Attachment A.
3. **Certifications** – All applicants must complete and submit the following Attachment B forms as an element of their Application (unless specifically exempted below):
  - Internal Revenue Service Form W-9 – Request for Taxpayer Identification Number and Certification. If you are selected for an award, you cannot be established as a vendor without this information.
  - Disadvantaged Business Certification. The AQMD needs this information for their vendor database. IT WILL NOT BE CONSIDERED IN THE DETERMINATION OF YOUR MSRC AWARD. Governmental entities do not need to complete this form.
4. **Vendor Qualifications** - Please provide detailed information relative to each of the following topics:
  - A. Manufacturer/Authorized Agent/Dealer Status: Provide documentation confirming that proposer is an authorized agent or dealer of qualifying school buses. In addition, please:
    - i) Certify that proposer is licensed to do business in the State of California, and is a legal entity capable of entering into contracts within the State of California;
    - ii) Provide written evidence that proposer is in good standing with the California Franchise Tax Board.

- B. School Bus Data: For each bus model recommended to receive the buy-down incentive, please provide the following information:
- i) Vehicle Technical Specifications, including engine and fuel system specifications;
  - ii) Vehicle Pricing Information, including base price and option prices;
  - iii) Vehicle Warranty Information, including location of service centers;
  - iv) Product availability, anticipated time between initial order and vehicle delivery;
  - v) California Air Resources Board (CARB) Executive Order/Engine Certification documentation.

In addition, the proposer shall certify that the recommended buses comply with all applicable State and Federal laws, regulations, and standards as discussed in Section I.E., “Vehicle Requirements”, and are legal for operation in California for the purpose of transporting school children.

- C. Experience and Past Performance: Proposer should document past relevant experience in the marketing, outreach, sale, lease, and customer support of alternative fuel school buses within the South Coast Air District. Also, provide details of any previous contracts or participation in programs sponsored by the South Coast Air Quality Management District (SCAQMD), Mobile Source Air Pollution Reduction Review Committee (MSRC), or California Energy Commission/AB 35 School Bus Program.
- D. Marketing & Outreach Capabilities and Plans: Describe previous marketing and outreach efforts to promote use of alternative fuel school buses within the South Coast Air District. Describe the approach for providing marketing and outreach in support of the MSRC’s Alternative Fuel School Bus Buy-down Program, especially as it relates to ensuring that all areas of the South Coast Air District are made aware of, and have equal access to, MSRC incentive funds.
- E. Post-Sale Customer Support: Describe policies and business practices relative to post-sale customer support, including vehicle service, handling of warranty claims, issue resolution, dispute mediation, etc.
5. **Project Organization** - Describe the business organization proposed to support the MSRC Alternative Fuel School Bus Buy-down Program. This should include key personnel and subcontractors as appropriate.
6. **Conflict of Interest** - Address possible conflicts of interest with other clients affected by actions performed by the firm on behalf of the MSRC. Although the bidder will not be automatically disqualified by reason of work performed for such firms, the MSRC reserves the right to consider the nature and extent of such work in evaluating the proposal.

#### SECTION 4 - SCHEDULE OF EVENTS

The vendor qualifications process will be conducted in accordance with the timeline illustrated in Table 4-1, below. Responses to this RFQ may be submitted at any time during the eight-week period commencing September 6, 2013 and ending November 8, 2013. *Please note that qualifications must be received no later than 5:00 p.m. on November 8, 2013.*

Table 4-1 - Key Alternative Fuel Infrastructure Program Dates

Program Event	Date
Request for Qualifications Release	September 6, 2013
Latest Date/Time for Qualifications Submittal	November 8 <sup>th</sup> @ 5:00 p.m.

#### SECTION 5 – QUALIFICATIONS PREPARATION & SUBMITTAL INSTRUCTIONS

A Qualifications Package must be submitted for participation consideration under this Program. Qualifications Packages must be prepared and submitted in accordance with the instructions outlined below.

- 1. Qualification Package Submittal Instructions** – Alternative fuel school bus vendors seeking participation in the Incentive Program must submit one (1) original Application and three (3) copies (total of four) in a sealed envelope, marked in the upper left-hand corner with the name and address of the applicant and the words “Q2014-03, Alt-Fuel School Bus Program”. The original Qualifications Package should be submitted unbound on white, 8 ½” x 11” recycled paper. When possible, any plans, diagrams, etc. should be affixed to standard size paper to facilitate reproduction. The last date and time to submit is November 8, 2013 at 5:00 p.m. All Qualifications Packages should be directed to:

Procurement Unit  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

In addition to the paper qualifications package, applicants must also submit an electronic copy of their package in either PDF format or Microsoft Word. This may be provided via e-mail or on a flash drive or CD-ROM at the convenience of the Applicant. Over-sized attachments, such as site drawings, etc. are not required to be included in the electronic copy if inclusion would be problematic. E-mailed electronic Application copies should be sent to either

[cynthia@cleantransportationfunding.org](mailto:cynthia@cleantransportationfunding.org) or [ray@cleantransportationfunding.org](mailto:ray@cleantransportationfunding.org); Flash drives or CD-ROM disks should be sent in care of the Procurement Unit at the street address listed above.

*Please note that the Qualifications Package is only deemed "received" when the four (4) complete paper copies are submitted in accordance with the above instructions - submittal of an electronic Application only does not constitute receipt by the South Coast AQMD. In addition, please note that faxed packages will not be accepted.*

3. **Addenda** – The Mobile Source Air Pollution Reduction Review Committee may modify the Request for Qualifications and/or issue supplementary information or guidelines relating to the Request for Qualifications during the preparation and acceptance period commencing September 6, 2013 and ending November 8, 2013. Amendments will be posted on the MSRC website at [www.cleantransportationfunding.org](http://www.cleantransportationfunding.org).
4. **Application Modifications** - Once submitted, Qualifications Packages cannot be altered without the prior written consent of the Mobile Source Air Pollution Reduction Review Committee.
5. **Certificates of Insurance** - Applicants are required to provide a statement that upon notification of award, a certificate(s) of insurance naming the SCAQMD as an additional insured will be provided within forty-five (45) days. Entities that are self-insured are required to provide a statement to that effect in their application.

#### SECTION 6 - IF YOU NEED HELP...

This Request for Qualifications can be obtained by accessing the MSRC web site at [www.cleantransportationfunding.org](http://www.cleantransportationfunding.org). MSRC staff members are available to answer questions during the qualifications package preparation and acceptance period. In order to help expedite assistance, please direct your inquiries to the applicable staff person, as follows:

- For **General and Administrative Assistance**, please contact:  
Cynthia Ravenstein  
MSRC Program Administrator  
Phone: 909-396-3269  
E-mail: [Cynthia@cleantransportationfunding.org](mailto:Cynthia@cleantransportationfunding.org)
- For **Technical Assistance**, please contact:  
Ray Gorski  
MSRC Technical Advisor  
Phone: 909-396-2479  
E-mail: [Ray@cleantransportationfunding.org](mailto:Ray@cleantransportationfunding.org)



- For **Contractual Assistance**, please contact:

Dean Hughbanks  
AQMD Procurement Manager  
Phone: 909-396-2808  
E-mail: [dhughbanks@aqmd.gov](mailto:dhughbanks@aqmd.gov)

## **SECTION 7- QUALIFICATIONS EVALUATION AND APPROVAL PROCESS**

The following evaluation criteria form the basis upon which qualifications scoring and selection will be conducted. The maximum score available is 100 points. To be considered for qualified vendor status, a minimum score of 70 points is required. Please note that the MSRC retains sole authority as to the determination of vendor qualification.

### **1. SCHOOL BUS PRODUCT LINE/PRODUCT AVAILABILITY:**

Maximum Points Available: 40 points

As discussed in RFQ Section 3, Subsections 4.A and 4.B, school bus manufacturers or vendors desiring to participate in the MSRC-sponsored program must describe the dedicated alternative fuel school bus product line offered for sale within the SCAQMD region. Also, the proposer should address product availability and delivery timetable issues. Based upon this information, the MSRC-TAC Evaluation Subcommittee will award points based upon the quality and availability of the proposer's product line, and viability of the proposer as a business entity.

### **2. EXPERIENCE AND PAST PERFORMANCE IN MARKETING, SELLING/LEASING, AND SUPPORTING ALTERNATIVE FUEL SCHOOL BUSES:**

Maximum Points Available: 30 points

As described in RFQ Section 3, Subsection 4.C., proposers should discuss previous relevant experience in the marketing, outreach, sale, lease, and customer support of alternative fuel school buses within the SCAQMD region. Also, proposers should provide details of previous contracts with, or participation in, programs sponsored by the South Coast Air Quality Management District (SCAQMD), Mobile Source Air Pollution Reduction Review Committee (MSRC), or California Energy Commission/AB 35 School Bus Program. The MSRC-TAC Evaluation Subcommittee will award points based upon the proposer's documented experience and performance.

3. MARKETING AND OUTREACH PLAN:

Maximum Points Available: 30 points

As discussed in RFQ Section 3, Subsection 4.D., all proposers are requested to include a *Marketing & Outreach Capabilities and Plans* discussion as an element of their proposal. The Plan should describe the approach for providing marketing and outreach in support of the MSRC's Alternative Fuel School Bus Incentive Program, especially as it relates to ensuring that all areas of the South Coast Air District are made aware of, and have equal access to, MSRC incentive funds. Following a comprehensive review of the Plan, the MSRC-TAC evaluators will assign a score based upon the innovativeness, thoroughness, and quality of the information provided.

**SECTION 8 - APPLICATION ATTACHMENTS**

**Attachment A: APPLICATION SUMMARY INFORMATION**

A. Please provide the following applicant information in the space provided:

Business Name	
Division of:	
Subsidiary of:	
Website Address	
Type of Business Check One:	<input type="checkbox"/> Individual <input type="checkbox"/> DBA, Name _____, County Filed in _____ <input type="checkbox"/> Corporation, ID No. _____ <input type="checkbox"/> LLC/LLP, ID No. _____ <input type="checkbox"/> Other _____

Address			
City/Town			
State/Province		Zip	
Phone	(    )    -    Ext	Fax	(    )    -
Contact		Title	
E-mail Address			
Payment Name if Different			

**Attachment B: CERTIFICATIONS**

Form <b>W-9</b> (Rev. January 2005) Department of the Treasury Internal Revenue Service	<h2 style="margin:0;">Request for Taxpayer                  Identification Number and Certification</h2>	Give form to the requester. Do not send to the IRS.
Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other ▶ ..... <input type="checkbox"/> Exempt from backup withholding	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
List account number(s) here (optional)		

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number								
or								
Employer identification number								

**Note.** If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

**Part II Certification**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
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**Purpose of Form**

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

**U.S. person.** Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
  2. Certify that you are not subject to backup withholding,
- or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or

● Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.**

Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments (after December 31, 2002). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions on page 4 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

### Name

If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

**Limited liability company (LLC).** If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line. Check the appropriate box for your filing status (sole proprietor, corporation, etc.), then check the box for "Other" and enter "LLC" in the space provided.

**Other entities.** Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

**Note.** You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

### Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then check the "Exempt from backup withholding" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

**Exempt payees.** Backup withholding is not required on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,



7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt recipients 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt recipients 1 through 7 <sup>2</sup>

<sup>1</sup>See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup>However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees; and payments for services paid by a Federal executive agency.

## Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-owner LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter your SSN (or EIN, if you have one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.socialsecurity.gov/online/ss-5.pdf](http://www.socialsecurity.gov/online/ss-5.pdf). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses/](http://www.irs.gov/businesses/) and clicking on Employer ID Numbers under Related Topics. You can get Forms W-7 and SS-4 from the IRS by visiting [www.irs.gov](http://www.irs.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

## Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt recipients, see *Exempt From Backup Withholding* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

## What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee <sup>1</sup>
b. So-called trust account that is not a legal or valid trust under state law	The actual owner <sup>1</sup>
5. Sole proprietorship or single-owner LLC	The owner <sup>3</sup>
For this type of account:	Give name and EIN of:
6. Sole proprietorship or single-owner LLC	The owner <sup>3</sup>
7. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

<sup>1</sup>List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup>Circle the minor's name and furnish the minor's SSN.

<sup>3</sup>You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one). If you are a sole proprietor, IRS encourages you to use your SSN.

<sup>4</sup>List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

## Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

**DISADVANTAGED BUSINESS CERTIFICATION**

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE), minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

- is certified by the Small Business Administration or
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

Following state guidance, a vendor may be deemed a disabled veteran business enterprise (DVBE) if it meets the following:

- is an independent business concern which is at least 51 percent owned and controlled by disabled veteran(s), and the home office is located in the U.S.

Statements of certification:

As a prime contractor to the SCAQMD, \_\_\_\_\_ (name of business) will engage in good faith efforts to achieve the fair share in accordance with 40 CFR Section 31.36(e), and will follow the six affirmative steps listed below **for contracts or purchase orders funded in whole or in part by federal grants and contracts.**

1. Place qualified SBEs, MBEs, and WBEs on solicitation lists.
2. Assure that SBEs, MBEs, and WBEs are solicited whenever possible.
3. When economically feasible, divide total requirements into small tasks or quantities to permit greater participation by SBEs, MBEs, and WBEs.
4. Establish delivery schedules, if possible, to encourage participation by SBEs, MBEs, and WBEs.
5. Use services of Small Business Administration, Minority Business Development Agency of the Department of Commerce, and/or any agency authorized as a clearinghouse for SBEs, MBEs, and WBEs.
6. If subcontracts are to be let, take the above affirmative steps.

(a) Self-Certification Verification:

Check all that apply:

- |   |   |
|---|---|
| <input type="checkbox"/> Small business enterprise          | <input type="checkbox"/> Women-owned business enterprise            |
| <input type="checkbox"/> Local business                     | <input type="checkbox"/> Disabled veteran-owned business enterprise |
| <input type="checkbox"/> Minority-owned business enterprise |   |

Percent of ownership: \_\_\_\_\_ %

Name of Qualifying Owner(s): \_\_\_\_\_

I, the undersigned, hereby declare that to the best of my knowledge the above information is accurate. Upon penalty of perjury, I certify information submitted is factual.

<b>B. NAME</b>	<b>TITLE</b>
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<b>C. TELEPHONE NUMBER</b>	<b>DATE</b>
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(a) *Definitions*



**Disabled Veteran-Owned Business Enterprise** means a business that meets all of the following criteria:

- is a sole proprietorship or partnership of which is at least 51 percent owned by one or more disabled veterans, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
- the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
- is a sole proprietorship, corporation, partnership, or joint venture with its primary headquarters office located in the United States and which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.

**Joint Venture** means that one party to the joint venture is a MBE/WBE/DVBE and owns at least 51 percent of the joint venture. In the case of a joint venture formed for a single project this means that MBE/WBE/DVBE will receive at least 51 percent of the project dollars.

**Local Business** means a business that meets all of the following criteria:

- has an ongoing business within the boundary of the SCAQMD at the time of bid proposal.
- performs 90 percent of the work within SCAQMD's jurisdiction.

**Minority-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more minority persons or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more minority persons.
- is a business whose management and daily business operations are controlled or owned by one or more minority person.
- is a business which is a sole proprietorship, corporation, partnership, joint venture, an association, or a cooperative with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

"Minority" person means a Black American, Hispanic American, Native American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian American (including a person whose origins are from India, Pakistan, or Bangladesh), Asian-Pacific American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, or Taiwan).

**Small Business Enterprise** means a business that meets all of the following criteria:

- is any business enterprise including its affiliates located inside the United States that is organized for profit, pays U.S. taxes, and/or uses American products, materials, and/or labor, etc.
- is independently owned and operated
- is not dominant in the field of operation
- is qualified as a small business under the criteria and size standards set forth in 13 CFR 121

**Women-Owned Business Enterprise** means a business that meets all of the following criteria:

- is at least 51 percent owned by one or more women or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
- is a business whose management and daily business operations are controlled or owned by one or more women.
- is a business which is a sole proprietorship, corporation, partnership, or a joint venture, with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign business.

[↑ Back to Agenda](#)

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 16

PROPOSAL: Legislative and Public Affairs Report

SYNOPSIS: This report highlights the June and July 2013 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: No Committee Review

RECOMMENDED ACTION:  
Receive and file.

Barry R. Wallerstein, D.Env.  
Executive Officer

LBS:DJA:MC:DM

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## **BACKGROUND**

This report summarizes the activities of Legislative and Public Affairs for June and July 2013. 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 June and July 2013. These events involve communities that may suffer disproportionately from adverse air quality impacts.

#### June 1

- Staff participated in the Robert F. Kennedy Institute of Community and Family Medicine's 3rd Annual Health Fair in Wilmington, and provided information on the health effects of air quality.
- Staff participated in three Public Meetings in the City of Commerce on Exide Technologies, a lead-acid battery recycling facility in Vernon, to inform residents of arsenic risk.

#### June 4

- SCAQMD held a community meeting in Boyle Heights to discuss Exide Technologies, a lead-acid battery recycling facility in Vernon, to inform residents of arsenic risk.

#### June 5

- SCAQMD held a community meeting in Vernon to discuss Exide Technologies, a lead-acid battery recycling facility in Vernon, to inform residents of arsenic risk.

#### June 8

- Staff participated in the Southeast Area Neighborhood Development Council, Health and Outreach Fair in Los Angeles, and provided information on the health effects of air pollution.

#### June 19

- Staff participated in the Riverside County Department of Health, Healthy City Resolutions Working Group meeting. The goal of the Healthy Riverside County Initiative is to promote and improve healthy lifestyles in the community and the environment.

#### June 27

- SCAQMD hosted a workshop in partnership with Southern California Edison for AB 1318 mitigation fund awardees to provide information on solar projects.
- Staff participated in a meeting hosted by the Longwood Neighborhood Association to discuss odor issues from a nearby facility and provided information on reporting air quality complaints.
- SCAQMD held a community meeting in unincorporated East Los Angeles to discuss Exide Technologies, a lead-acid battery recycling facility in Vernon, to inform residents of arsenic risk.

July 11

- Staff participated in the Riverside County Department of Health, Healthy City Resolutions Working Group meeting. The goal of the Healthy Riverside County Initiative is to promote and improve healthy lifestyles in the community including the environment.

July 16

- Staff participated in the American Lung Association's Inland Valley Fight for Air Walk Committee meeting to discuss partnership for the Inland Valley events.

July 19

- Staff participated in the LA Care Community Group monthly meeting in Los Angeles, and provided a presentation and information on air quality and reporting air quality complaints.

**COMMUNITY EVENTS/PUBLIC MEETINGS**

Each year, thousands of residents engage in valuable information exchanges through events and meetings that SCAQMD sponsors either 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 SCAQMD's rule and policy development.
- Assistance in resolving air pollution-related problems.

The events that SCAQMD staff attended and/or provided information and updates include:

June 1

- City of Covina Green Fair, Heritage Park
- Robert F. Kennedy Institute of Community and Family Medicine, Third Annual Health Fair, Wilmington Waterfront Park
- City of Santa Ana, Seventh Annual Health Fair and Fitness Fair, Rosita Park

June 5

- ECO Motion, Alternative Fuel Personal Vehicle Event, California State University, San Bernardino.

June 8

- Southwest Area Neighborhood Development Council, Health and Outreach Fair, Mt. Israel Church, Los Angeles

June 13

- Western Riverside County Council of Governments, General Assembly Meeting, Cabazon.
- SCAQMD's Rule 444, Open Burning, Public Consultation Meeting, Hyatt Regency Hotel, Newport Beach

June 14

- SCAQMD's Rule 444, Open Burning, Public Consultation Meeting, Embassy Suites Hotel, El Segundo

June 20

- San Bernardino Associated Governments, General Assembly Meeting, Ontario Convention Center
- Eighth Annual Senior Expo 2013, Center at Founders Village, Senior and Community Center, Fountain Valley

June 24

- Coachella Valley Association of Governments, General Assembly Meeting, Classic Club, Palm Desert

June 27

- SCAQMD's AB 1318 Mitigation Funding for Emission Reduction Projects in the Coachella Valley, Public Workshop, Indio

July 7

- South Pasadena, Sustainable Summer Concert, Garfield Park

July 14

- Kansas Avenue Seventh Day Adventist Church, Education Committee Event

July 24

- All American Cities Business Expo, Bateman Hall, Lynwood

July 27

- Santa Monica Chamber of Commerce, Well Being Festival 2013, Santa Monica Third Street Promenade
- Third Annual Ohana Community Health and Fitness Festival, Victoria Regional Park, Carson
- Eighteenth Annual Central Avenue Jazz Festival, Los Angeles

## **SPEAKERS BUREAU/VISITOR SERVICES**

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

### June 4

- Presented on the impact of SCAQMD's regulation on small businesses to 25 members of the Rotary Club at the Candlewood Country Club in Whittier.

### June 12

- Provided an overview presentation on SCAQMD and air quality, and demonstrated a cleaner alternative fuel vehicle to 50 students and staff at San Bernardino Valley Community College.
- Provided an overview presentation on SCAQMD and air quality, and demonstrated a hydrogen fuel-cell vehicle at SCAQMD's Diamond Bar Headquarters to 15 students and staff from Epitome Academy in Diamond Bar.

### June 14

- Provided an overview presentation on SCAQMD and air quality, a laboratory tour, and demonstrated cleaner alternative fuel vehicles at SCAQMD's Diamond Bar Headquarters to 20 students and staff from Today's Fresh Start Charter School in Los Angeles.

### June 20

- Provided an overview presentation on SCAQMD and air quality, and a laboratory tour, and demonstrated cleaner alternative fuel vehicles at SCAQMD's Diamond Bar Headquarters to 20 students and staff from the Eric Noble Automotive Design Class at the Pasadena Art Center.

### June 28

- Provided an overview presentation on SCAQMD and air quality, a laboratory tour, and demonstrated cleaner alternative fuel vehicles at SCAQMD's Diamond Bar Headquarters to eight members of the general public visiting SCAQMD.

July 24

- Provided an overview presentation on SCAQMD’s Los Angeles air quality management methods, a laboratory tour, and demonstrated cleaner alternative fuel vehicles at SCAQMD’s Diamond Bar Headquarters to 20 visitors from China participating in California State University, Long Beach’s International Training Program.

July 30

- Provided an Air Quality Institute briefing on clean air challenges facing the residents in the SCAQMD’s jurisdiction, a laboratory tour, and demonstrated cleaner alternative fuel vehicles at SCAQMD’s Diamond Bar Headquarters to California State Legislators, Assembly Member Jimmy Gomez (Los Angeles) and Assembly Member Anthony Rendon (South Gate), and their staffers.

**COMMUNICATION CENTER STATISTICS**

The Communication Center handles calls on the SCAQMD main line, 1-800-CUT-SMOG<sup>®</sup> line and Spanish line. Calls received in the months of June and July 2013 are summarized below:

Main Line Calls	5,255
1-800-CUT-SMOG <sup>®</sup> Line	3,678
After Hours Calls*	899
Spanish Line Calls	<u>62</u>
<i>Total Calls</i>	9,894

\* Saturdays, Sundays, holidays, and after 7:00 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 months of June and July 2013 is summarized below:

Visitor Transactions	587
Calls Received by PIC Staff	90
Calls to Automated System	<u>3,288</u>
<i>Total Calls</i>	3,378
E-mail Advisories Sent	6,859

**BUSINESS ASSISTANCE**

SCAQMD notifies local businesses of proposed regulations so they can participate in the agency’s rule development process of these rules. SCAQMD 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 via on-site consultation. The information is summarized below.

- Provided permit application assistance to 214 companies
- Issued 28 clearance letters

Types of business assisted:

Cosmetics manufacturer	Metal fabrication company
Glass recycler	Restaurants
Auto body shops	Wood recycler
Property management companies	Creamery
Concert repair company	Pharmaceutical manufacturer
Gas station	Plasma processor
Coffee roaster	Boiler distributor
Electric parts manufacturer	Electrical contractor
Metal plating shops	Juice bar
Semi-conductor firm	Caterer

**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	Bell Gardens	Cathedral City	Cudahy
Agoura Hills	Bellflower	Cerritos	Culver City
Aliso Viejo	Beverly Hills	Chino	Cypress
Anaheim	Big Bear Lake	Chino Hills	Dana Point
Arcadia	Bradbury	Claremont	Desert Hot Springs
Artesia	Brea	Coachella	Diamond Bar
Avalon	Buena Park	Colton	Downey
Azusa	Burbank	Commerce	Duarte
Baldwin Park	Calabasas	Compton	Eastvale
Banning	Calimesa	Corona	El Monte
Beaumont	Canyon Lake	Costa Mesa	El Segundo
Bell	Carson	Covina	



Fontana	La Quinta	Orange	San Jacinto
Fountain Valley	La Verne	Palm Desert	San Juan
Fullerton	Laguna Beach	Palm Springs	Capistrano
Garden Grove	Laguna Hills	Palos Verdes	San Marino
Gardena	Laguna Niguel	Estates	Santa Ana
Glendale	Laguna Woods	Paramount	Santa Clarita
Glendora	Lake Elsinore	Pasadena	Santa Fe Springs
Grand Terrace	Lake Forest	Perris	Santa Monica
Hawaiian	Lakewood	Pico Rivera	Seal Beach
Gardens	Lawndale	Placentia	Sierra Madre
Hawthorne	Loma Linda	Pomona	Signal Hill
Hemet	Lomita	Rancho	South El Monte
Hermosa Beach	Long Beach	Cucamonga	South Gate
Hidden Hills	Los Alamitos	Rancho Mirage	South Pasadena
Highland	Los Angeles	Rancho Palos	Stanton
Huntington Beach	Lynwood	Verdes	Temecula
Huntington Park	Malibu	Rancho Santa	Temple City
Indian Wells	Manhattan Beach	Margarita	Torrance
Indio	Maywood	Redlands	Tustin
Industry	Menifee	Redondo Beach	Upland
Inglewood	Mission Viejo	Rialto	Vernon
Irvine	Monrovia	Riverside	Villa Park
Irwindale	Montclair	Rolling Hills	Walnut
Jurupa Valley	Montebello	Rolling Hills	West Covina
La Cañada	Monterey Park	Estates	West Hollywood
Flintridge	Moreno Valley	Rosemead	Westlake Village
La Habra	Murrieta	San Bernardino	Westminster
La Habra Heights	Newport Beach	San Clemente	Whittier
La Mirada	Norco	San Dimas	Wildomar
La Palma	Norwalk	San Fernando	Yorba Linda
La Puente	Ontario	San Gabriel	Yucaipa

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

- U.S. Senator Dianne Feinstein
- U.S. Congressman Xavier Becerra
- U.S. Congressman Adam Schiff
- U.S. Congresswoman Linda Sanchez
- State Senator Joel Anderson
- State Senator Bill Emmerson
- State Senator Jean Fuller
- State Senator Kevin de León
- State Senator Bob Huff
- State Senator Lou Correa
- State Senator Mimi Walters
- Assembly Member Travis Allen
- Assembly Member Cheryl Brown
- Assembly Member Jimmy Gomez
- Assembly Member Curt Hagman
- Assembly Member Diane Harkey
- Assembly Member Brian Jones
- Assembly Member Alan Mansoor
- Assembly Member Mike Morrell
- Assembly Member Brian Nestande
- Assembly Member Jose Medina
- Assembly Member Melissa Melendez
- Assembly Member Anthony Rendon
- Assembly Member Don Wagner
- Assembly Member Marie Waldron

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

American Lung Association in California  
Anaheim Chamber of Commerce  
Association of California Cities, Orange County Division  
California State University, San Bernardino  
Corona Chamber of Commerce  
Fountain Valley Library  
Greater Riverside Chambers of Commerce  
Hemet/San Jacinto Chamber of Commerce  
Lake Elsinore Chamber of Commerce  
League of California Cities, Inland Empire Division  
League of California Cities, Los Angeles County Division  
League of California Cities, Orange County Division

Los Angeles Care Community Group  
Metrolink, Los Angeles  
Orange County Business Council  
Orange County City Managers Association  
Orange County Council of Governments  
Orange County Transportation Authority  
Perris High School District  
Perris Valley Chamber of Commerce  
Redlands Chamber of Commerce  
Riverside County Health Coalition  
San Bernardino Associated Governments  
San Gabriel Valley Council of Governments  
San Gabriel Valley Economic Partnership  
Soboba Indian Reservation, San Jacinto  
South Orange County Economic Coalition  
Southwest California Chambers Legislative Council  
Southern California Edison  
West Orange County Chamber of Commerce  
Western Riverside County Council of Governments  
Western Riverside County Transportation Now  
Westminster Chamber of Commerce

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BOARD MEETING DATE: September 6, 2013

AGENDA NO. 17

REPORT: Hearing Board Report

SYNOPSIS: This reports the actions taken by the Hearing Board during the period of June 1 through July 31, 2013.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:

Receive and file this report.

Edward Camarena  
Chairman of Hearing Board

DP

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Three summaries are attached: **Rules From Which Variances and Orders for Abatement Were Requested in 2013 and June 2013 and July 2013 Hearing Board Cases.**

The total number of appeals filed during the period June 1 to July 31, 2013 is 0; and total number of appeals filed during the period of January 1 to July 31 2013 is 2.

























## Report of June 2013 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. California Amforge Corporation Case No. 5945-1 (M. Lorenz & N. Feldman)	1147(c)(1)	Petitioner unable to meet 60ppm NOx limit by 7/1/13 compliance date for forging furnace.	Not Opposed/Granted	RV granted commencing 7/1/13 and continuing through 9/30/13, the FCD.	NO <sub>x</sub> : 1.4 lbs/day
2. Department of Commerce/NOAA/National Weather Service of San Diego Case No. 5882-2 (J. Panasiti)	203(b)	Petitioner has almost exceeded its allotment of operating hours for its emergency generator and seeks additional hours for remainder of 2013.	Not Opposed/Granted	RV granted commencing 6/18/13 and continuing through 12/31/13, the FCD.	VOC, NO <sub>x</sub> & CO: TBD by 7/3/13
3. ExxonMobil Oil Corporation Case No. 1183-477 (J. Panasiti)	203(b) 221(b) 221(d) 1118(g)(1) 2004(f)(1) 3002(c)(1)	Petitioner cannot comply with condition defining start and end of flaring event of recently issued permit.	Not Opposed/Granted	SV & AOC granted commencing 6/13/13 and continuing through 9/12/13.	None
4. SCAQMD vs. Doron Varon, individually and dba First Kitchen Case No. 5942-1 (J. Panasiti)	109(c)(1) 203(a)	Respondent operating paint spray booth without permit to operate and fails to maintain usage records.	Not Stipulated/Issued	O/A issued commencing 6/5/13; the Hearing Board shall retain jurisdiction over this matter until 7/31/13.	N/A
5. SCAQMD vs. Doron Varon, individually and dba First Kitchen Case No. 5942-1 (J. Panasiti)	109(c)(1) 203(a)	Respondent operating paint spray booth without permit to operate and fails to maintain usage records.	Not Stipulated/Issued	O/A re-issued commencing 6/12/13; the Hearing Board shall retain jurisdiction over this matter until 9/30/13.	N/A
6. SCAQMD vs. El Segundo Power, LLC Case No. 5097-9 (T. Barrera)	202(a) 203(b) 2004(f)(1) 3002(c)(1)	Respondent will exceed NOx limit during start up.	Stipulated/Issued	O/A issued commencing 6/18/13; the Hearing Board shall retain jurisdiction over this matter until 7/31/13.	N/A



Case Name and Case No.	Rules	Reason for Petition	District Position/ Hearing Board Action	Type and Length of Variance or Order	Excess Emissions
7. SCAQMD vs. Los Angeles Department of Water and Power Case No. 1263-67 (N. Feldman)	203(b)	Respondent's permit for six new turbines limits it to operating no more than three units at one time but must operate six at a time to demonstrate system readiness, emergency preparedness and NERC mandatory reliability standards.	Stipulated/Issued	O/A issued commencing 6/13/13; the Hearing Board shall retain jurisdiction over this matter until 8/30/13.	N/A
8. SCAQMD vs. UHS-Corona Inc./Corona Regional Medical Center Case No. 5941-1 (M. Reichert & A. Giragosian)	1470(c)(3)(C)(iii)	Respondent operating emergency diesel ICE exceeding NOx limits.	Stipulated/Issued	O/A issued commencing 6/13/13; the Hearing Board shall retain jurisdiction over this matter until 6/13/14.	N/A
9. SCAQMD vs. Valley Presbyterian Hospital Case No. 5920-2 (K. Manwaring)	1146.1(c)(2)	Respondent needs additional time to install compliant boiler.	Stipulated/Issued	Mod. O/A issued commencing 6/26/13; the Hearing Board shall retain jurisdiction over this matter until 3/6/14.	N/A
10. Southern California Edison Case No. 1262-104 (T. Barrera)	2012, Appendix A, Attachment C, Section B.2.	ICE is out of service due to major failure and cannot conduct semi-annual RATA until returned to service after due date.	Not Opposed/Granted	SV granted commencing 7/1/13 and continuing through 9/28/13.	None

### Acronyms

AOC: Alternative Operating Conditions  
CARB: California Air Resources Board  
CEMS: Continuous Emissions Monitoring System  
CO: Carbon Monoxide  
ESP: Electrostatic Precipitator  
EV: Emergency Variance  
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  
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  
NERC: North American Electric Reliability Corporation  
NH3: Ammonia  
NOx: Oxides of Nitrogen  
O/A: Order for Abatement  
OSHDP: Office of Statewide Health Planning and Development  
PM: Particulate Matter  
RATA: Relative Accuracy Test Audit  
ROG: Reactive Organic Gas  
RV: Regular Variance  
SCR: Selective Catalytic Reduction  
SO2: Sulfur Dioxide  
SOx: Oxides of Sulfur  
SV: Short Variance  
TBD: To be determined  
VOC: Volatile Organic Compounds  
VRS: Vapor Recovery System

## Report of July 2013 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 Pasadena, Water & Power Department Case No. 2244-27A (J. Panasiti)	203(b) 2004(f)(1) 2012 Protocol, Attachment C, Section B.2 3002(c)(1)	Fire protection system malfunction prevents petitioner from conducting emission testing by due date of July 31, 2013.	Not Opposed/Denied	Ex Parte EV denied.	N/A
2. City of Pasadena, Water and Power Department Case No. 2244-27A (R. Fernandez)	203(b) 2004(f)(1) 2012 Protocol, Attachment C, Section B.2 3002(c)(1)	Fire protection system malfunction prevents petitioner from conducting emission testing by due date of July 31, 2013.	Not Opposed/Granted	EV granted commencing 8/1/13 and continuing through 8/30/13.	None
3. SCAQMD vs. California State University, Los Angeles Case No. 5926-1 (N. Sanchez)	1146(c)(1)(I)	Respondent cannot meet O/A conditions. Boiler retrofit and testing delayed due to delay in receiving compliant retrofit burner and delay in receiving permit.	Not Stipulated/Issued	Mod. O/A issued commencing 7/2/13 and continuing through 7/31/13. The Hearing Board shall retain jurisdiction over this matter until 12/31/13.	N/A
4. SCAQMD vs. Hemet Valley Medical Center Case No. 5901-2 (N. Sanchez)	1146(c)(1)(I)	Respondent operating two boilers with excess NOx.	Not Stipulated/Denied	Mod. O/A denied.	N/A
5. SCAQMD vs. Johnson Thai, individually and dba Monterey Park Auto Body, Inc. Case No. 5947-1 (K. Manwaring)	203(a)	Respondent operating paint spray booth without permit.	Not Stipulated/Issued	O/A issued to cease and desist operating paint spray booth at the facility effective close of business on 7/24/13, unless and until respondent submits a complete application with payment in full for a permit including all fees owed to operate the paint spray booth. The Hearing Board shall retain jurisdiction over this matter until 1/22/14.	N/A

Case Name and Case No.	Rules	Reason for Petition	District Position/ Hearing Board Action	Type and Length of Variance or Order	Excess Emissions
6. SCAQMD vs. O'Connor Laguna Hills Mortuary Case No. 5946-1 (N. Sanchez)	1147(c)(10)	Respondent operating crematorium exceeding R1147 limit of 60 ppm NOx.	Stipulated/Issued	O/A issued commencing 7/2/13 and continuing through 11/15/13. The Hearing Board shall retain jurisdiction over this matter until 1/31/14.	N/A
7. SCAQMD vs. Westcoast Plating, Inc. Case No. 5840-1 (J. Panasiti)	203(a) 1469(c)(13)(ii)	Respondent operating chrome, copper and nickel plating operation in close proximity to sensitive receptors and cannot comply with O/A conditions.	Stipulated/Issued	Mod. O/A issued commencing 7/30/13 and continuing through 10/29/13. The Hearing Board shall retain jurisdiction over this matter until 10/29/13.	N/A
8. Southern California Edison Case No. 1262-105 (M. Reichert)	1470(c)(3)(C)(iii)	Petitioner operating emergency generator within 100 meters of a school in excess of limits of R1470.	Opposed/Dismissed	IV dismissed for lack of good cause.	N/A

## Acronyms

CO: Carbon Monoxide  
 ESP: Electrostatic Precipitator  
 EV: Emergency Variance  
 FCD: Final Compliance Date  
 GDF: Gasoline Dispensing Facility  
 H&S: Health & Safety Code  
 ICE: Internal Combustion Engine  
 I/P: Increments of Progress  
 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  
 N/A: Not Applicable  
 NH3: Ammonia  
 NOx: Oxides of Nitrogen  
 O/A: Order for Abatement  
 PM: Particulate Matter  
 ROG: Reactive Organic Gas  
 RV: Regular Variance  
 SCR: Selective Catalytic Reduction  
 SO2: Sulfur Dioxide  
 SOx: Oxides of Sulfur  
 SV: Short Variance  
 TBD: To be determined  
 VOC: Volatile Organic Compounds  
 VRS: Vapor Recovery System

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BOARD MEETING DATE: September 6, 2013

AGENDA NO. 18

REPORT: Civil Filings and Civil Penalties Report

SYNOPSIS: This reports the monthly penalties from June 1 through July 31, 2013, and legal actions filed by the General Counsel's Office during June 1 through July 31, 2013. An Index of District Rules is attached with the penalty reports.

COMMITTEE: Stationary Source, August 16, 2013, Reviewed

RECOMMENDED ACTION:  
Receive and file this report.

Kurt R. Wiese  
General Counsel

KRW:lc

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There were no civil filings for the months of June and July.

Attachments  
June and July 2013 Penalty Reports  
Index of District Rules and Regulations

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
General Counsel's Office**

**June 2013 Settlement Penalty Report**

**Total Penalties**

<b>Civil Penalties:</b>	<b>\$215,300.00</b>
<b>Self-Reported Violation Penalties:</b>	<b>\$229,000.00</b>
<b>Miscellaneous Penalties:</b>	<b>\$10,000.00</b>
<b>MSPAP Penalties:</b>	<b>\$58,600.00</b>
<b>Hearing Board Penalties:</b>	<b>\$18,000.00</b>
<b>Back Emission Fees (not included as civil penalties):</b>	<b>\$149,515.00</b>
<b>Total Cash Penalties:</b>	<b>\$530,900.00</b>
<b>Total SEP Value:</b>	<b>\$0.00</b>
<b>Fiscal Year through June 2013 Cash Total:</b>	<b>\$11,214,217.38</b>
<b>Fiscal Year through June 2013 SEP Value Only Total:</b>	<b>\$1,296,661.00</b>

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
<b><u>CIVIL PENALTIES:</u></b>							
800181	CALIFORNIA PORTLAND CEMENT CO	2011, 2012	Y	6/26/2013	NSF	P57369	\$2,500.00
153992	CANYON POWER PLANT	2004	Y	6/14/2013	JMP	P57063	\$2,000.00
129498	CASTLEROCK ENVIRONMENTAL, INC.	1403		6/25/2013	JMP	P49840	\$3,000.00
94117	CHANNELL COMMERCIAL CORP.	203 (B)		6/25/2013	NSF	P58025	\$13,750.00
152570	CINGULAR WIRELESS, DBA AT&T MOBILITY	203(A)		6/26/2013	NSF	P58176	\$1,000.00
168002	COUNTY OF RIVERSIDE (RV1001)	1146.2		6/27/2013	KCM	P60023	\$1,000.00
146284	FLAVURENCE CORPORATION	201, 222, 203(A), 203(B) 1155		6/3/2013	MJR	P58406	\$15,300.00
5887	NEXGEN PHARMA INC	1155		6/25/2013	MJR	P56092	\$5,000.00
150233	PACIFIC MFG MGMT, INC DBA GRENEKER	3004, 3003		6/11/2013	TRB	P49295	\$1,000.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
91875	ROYAL AIRLINE LINEN INC	203(B), 1421		6/3/2013	KCM	P57978	\$27,000.00
167802	SHIFT MOTORS	109, 203 (A)		6/12/2013	PH3	P53595	\$250.00
61536	SPECIALTY FINISHES CO	3002(C)(1)		6/20/2013	MJR	P59500	\$1,000.00
139195	UHS CORONA INC/CORONA REGIONAL MED CENTE	1470		6/4/2013	MJR	P59835	\$15,000.00
800026	ULTRAMAR INC (NSR USE ONLY)	3002 1118, 1173, 3002 401, 407 1173 1118, 3002 3002	Y	6/14/2013	JMP	P10406 P53548  P53549 P61000 P61001	\$124,000.00
73022	US AIRWAYS INC	2004(F)(1)	Y	6/6/2013	TRB	P57309	\$1,000.00
153004	XTRA FUEL #2	461(C)(2) 461(C)(2)(B) 203 (A)		6/4/2013	PH3	P49223 P56678 P59973	\$2,500.00
<b>TOTAL CIVIL PENALTIES:</b>		<b>\$215,300.00</b>					



FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
<b>SELF-REPORTED VIOLATION:</b>							
45960	PACIFIC POLYMERS INTERNATIONAL, INC.		1113	6/20/2013	KCM	SRV95	\$229,000.00
<b>TOTAL SRV SETTLEMENT:</b>		<b>\$229,000.00</b>					
<b>MISCELLANEOUS SETTLEMENT:</b>							
159146	ZODIAC SEATS CALIFORNIA, LLC Penalty (no NOV issued)		109 203 1124	6/14/2013	NAS	MIS152	\$10,000.00
<b>TOTAL MISCELLANEOUS SETTLEMENT:</b>		<b>\$10,000.00</b>					
<b>MSPAP SETTLEMENTS:</b>							
128931	700 EXPOSITION CALIF SCIENCE CENTER		203(A), 1470	6/26/2013		P58849	\$1,200.00
40828	ARCO DLR, N&H ALLAHVERDI		203(B), 461(C)(2)(B)	6/4/2013		P60206	\$500.00
162208	AW CONVENIENCE INC		461	6/11/2013		P59892	\$3,150.00
162208	AW CONVENIENCE INC		461	6/11/2013		P59884	\$2,250.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
22607	CALIFORNIA DAIRIES, INC		2004	Y	6/18/2013	P56314	\$2,700.00
130782	CANOGA AMPM	461(C)(2)(B), 41960.2			6/18/2013	P60202	\$675.00
110932	CARSON MINI TRUCK STOP, EDCO STATION	461			6/18/2013	P59141	\$1,890.00
118124	CEDAR FAIR LP, KNOTT'S BERRY FARM DB	201			6/18/2013	P52988	\$600.00
169337	CIRCLE K STORES INC., MIKE MEHER SIT	461			6/25/2013	P59922	\$550.00
113256	CITY OF BURBANK, POLICE/FIRE HDQTRS	1146.2			6/13/2013	P54145	\$1,650.00
161374	COUNTY OF RIVERSIDE	203			6/26/2013	P60030	\$550.00
136202	EPSILON PLASTICS INC	3002(C)(1)			6/19/2013	P50696	\$500.00
21517	FIRST AMERICAN TITLE INSURANCE CO	203(A), 1470			6/4/2013	P58921	\$800.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
126591	G&L 436 BEDFORD LLC	1146.2		6/19/2013		P53943	\$1,275.00
155320	HMZ, INC.	461 203 (B)		6/5/2013		P59205	\$200.00
68516	IRVINE OFFICE CO, TOWER 3	1146.1		6/6/2013		P58886	\$2,000.00
134097	JAMISON 16530 VENTURA, LLC	203 (B)		6/19/2013		P60105	\$1,170.00
138755	KELLY'S SHELL, KHALIL KHOURY DBA	461(C)(2)(B) 41960.2		6/21/2013		P35785	\$625.00
167477	KENNAH CONSTRUCTION INC.	403		6/18/2013		P58262	\$1,125.00
25196	LA CITY, STREET MAINT BUREAU DEPT PU	203 (A)		6/4/2013		P56897	\$450.00
139336	LUCKY PACIFIC OIL INC	203 (B), 461		6/19/2013		P60205	\$375.00
152675	MAGNOILIA VALERO, INC.	461(E)(2)(C)		6/4/2013		P59982	\$325.00
122478	MARRIOTT'S NEWPORT COAST VILLAS	1472		6/21/2013		P58579	\$700.00
100448	MARVI ENTER INC, CONVENIENT DRAPERY &	1146.2		6/25/2013		P58174	\$900.00
172841	MSL ELECTRIC INC.	203 (A)		6/21/2013		P59468	\$225.00
134587	NESTLE PREPARED FOODS CO	203(A), 1146		6/21/2013		P60103	\$4,000.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
147300	NGWT ENTERPRISES	109, 203 (A)		6/5/2013		P58834	\$350.00
160450	NORTH AMERICAN AMOUNSEMENTS	203(A)		6/13/2013		P59255	\$1,000.00
163166	PARAMOUNT AUTO BODY WORKS	203 (A)		6/27/2013		P54845	\$250.00
46945	PETROPRIZE, T KING	203 (A)		6/18/2013		P55627	\$1,000.00
165239	PRESTEGUI AUTO BODY	109, 203 (A)		6/13/2013		P58931	\$650.00
128198	RAFI'S CHEVRON # 2	461, 41960.2		6/25/2013		P35786	\$270.00
170815	RVT'S PLAYA VISTA/MAHBUBAR RAHMAN	461, 41960.2		6/18/2013		P62220	\$550.00
150513	SAN FERNANDO VALLEY INTL.RADIOLOGY &	203(A)		6/12/2013		P60106	\$8,500.00
104263	SANTA MONICA MALIBU UNIFIED SCHOOL	1470		6/14/2013		P61301	\$400.00
66906	SANTA MONICA BAY TOWERS	1146.1		6/4/2013		P56885	\$1,000.00
106764	SANTA MONICAMALIBU UNIFIED SCHOOL D	1470		6/14/2013		P61302	\$400.00
164817	SINACO OIL 7 CORPORATION	41960.2 461(C)(2)(B)		6/5/2013		P60208	\$315.00
136870	SLAUSON CLEANERS	203 (B)		6/11/2013		P57985	\$300.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
146869	SOUTH COAST SHELL, DBA; AGO CORPORA	461(C)(2)(B) 41960.2		6/5/2013		P59877	\$960.00
142829	TAWWAKAL CORPORATION	203(B), 461(C)(2)(B) 41960.2		6/26/2013		P59147	\$1,500.00
114610	TECH DATA CORPORATION	203, 1470 203		6/5/2013		P60025	\$900.00
120618	TERMO COMPANY	1176(E)(2)(B)		6/18/2013		P55628	\$550.00
134772	THE CENTER FOR EARLY EDUCATION	203 (B), 1470		6/12/2013		P60255	\$825.00
158398	THE IRVINE COMPANY, LLC	203 (A)		6/21/2013		P58884	\$1,000.00
125503	THREE SONS INC	1146.2		6/19/2013		P59610	\$900.00
113234	TORRANCE CAR WASH & GASOLINE SERVICE	203 (A), 461		6/27/2013		P59986	\$845.00
160523	UNITED FAMILY LLC	203 (B), 461 41960.2		6/5/2013		P59988	\$2,750.00
80387	USDA FOREST SRVC, CLEVELAND NATL FOR	461 (E) (2)		6/4/2013		P59837	\$650.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
144681	WARREN E&P, INC	203, 1176		6/27/2013		P59705	\$600.00
88426	WOODLAND HILLS COUNTRY CLUB	1146.2		6/26/2013		P60102	\$750.00
78627	YOUNG'S TAILOR & CLEANERS	1421, 203(B)		6/18/2013		P60108	\$1,000.00
<b>TOTAL MSPAP SETTLEMENT:</b>		<b>\$58,600.00</b>					
<b>MISCELLANEOUS SETTLEMENT:</b>							
159146	ZODIAC SEATS CALIFORNIA, LLC Penalty (no NOV issued)	109 203 1124		6/14/2013	NAS	MIS152	\$10,000.00
<b>TOTAL MISCELLANEOUS SETTLEMENT:</b>		<b>\$10,000.00</b>					
<b>BACK EMISSION FEES PAYMENT:</b>							
119940	BUILDING MATERIALS MANUFACTURING COR Payment for back emission fees.			6/20/2013	JMP	MIS153	\$149,515.00
<b>TOTAL BACK EMISSION FEES PAYMENT:</b>		<b>\$149,515.00</b>					

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
<b>HEARING BOARD SETTLEMENTS:</b>							
24006	CAL ST UNIV LA Hearing Board Case No. 5962-1 Beginning 3.15.13, facility to pay \$500/month it operates District permitted boiler in noncompliance with Rule 1146.	1146		6/26/2013	NAS	HRB2156	\$500.00
164009	COLOR COAT INC Hearing Board Case No.s 5915-1 & 5915-2 Beginning 2.15.13 facilities agrees to pay \$2500/month it operates in noncompliance with the general two component coatings VOC limit and/or operating the spray booth in noncompliance of Rule 1145	1145		6/18/2013	NAS	HRB2153	\$2,500.00
166475	HEMET VALLEY MEDICAL CENTER Hearing Board Case No. 5901-2 Facility to pay \$500/month beginning 2.15.13 if it operates any of the 2 Group III boilers in noncompliance with the Nox emission limits required by the District.	1146		6/12/2013	NAS	HRB2151	\$500.00
147371	INLAND EMPIRE UTILITIES AGENCY Hearing Board Case No. 5209-4 IEUA shall pay \$1,000/month for operation of equipment in violation of permit conditions. Penalty covers June 1 through 30, 2013.			6/11/2013	KCM	HRB2150	\$1,000.00

<b>FAC ID</b>	<b>COMPANY NAME</b>	<b>RULE NUMBER</b>	<b>RECLAIM ID</b>	<b>SETTLED DATE</b>	<b>ATTY INT</b>	<b>NOTICE NO</b>	<b>TOTAL SETTLEMENT</b>
12505	VALLEY PRESBYTERIAN HOSPITAL Hearing Board Case No. 5902-2 Facility agrees to pay \$500/month it operates boilers during the Order.	1146		6/25/2013	KCM	HRB2154	\$500.00
138372	VERIZON WIRELESS Hearing Board Case Nos. 5900-1 and 5660-4 Failure to install diesel particulate filters operating 6 ICEs greater than 50 bhp without control equipment in January 2013	203, 1470		6/14/2013	NAS	HRB2152	\$3,000.00
138372	VERIZON WIRELESS Hearing Board Case Nos. 5900-1 and 5660-4 Failure to install diesel particulate filters operating 6 ICEs greater than 50 bhp without control equipment in January 2013	203, 1470		6/25/2013	NAS	HRB2155	\$9,000.00
165209	WESTCOAST PLATING, INC. Hearing Board Case No. 5840-1 Stipulated penalty until permits obtained for plating line.	201, 203, 1469		6/4/2013	JMP	HRB2149	\$1,000.00

**TOTAL HEARING BOARD SETTLEMENTS:    \$18,000.00**



**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
General Counsel's Office**

**July 2013 Settlement Penalty Report**

**Total Penalties**

<b>Civil Penalties:</b>	<b>\$428,355.00</b>
<b>MSPAP Penalties:</b>	<b>\$30,640.00</b>
<b>Hearing Board Penalties:</b>	<b>\$23,000.00</b>
<b>Total Cash Penalties:</b>	<b>\$481,995.00</b>
<b>Total SEP Value:</b>	<b>\$10,500.00</b>
<b>Fiscal Year through July 2013 Cash Total:</b>	<b>\$481,495.00</b>
<b>Fiscal Year through July 2013 SEP Value Only Total:</b>	<b>\$10,500.00</b>

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
<b><u>CIVIL PENALTIES:</u></b>							
157639	CARNIVAL MIDWAY ATTRACTIONS	203(A)		7/23/2013	KCM	P57503	\$1,500.00
171214	CASA MONTEREY DBA ANZA MANAGEMENT	1403		7/12/2013	JMP	P61103	\$2,500.00
120106	CENTURY CITY MEDICAL PLAZA	1470		7/24/2013	NAS	P58182	\$10,000.00
2526	CHEVRON USA INC	463		7/5/2013	JMP	P37227	\$10,000.00
142517	CRIMSON RESOURCE MANAGEMENT	203(B), 1173(D)(1)(C) 203 (B), 1173 1176(E)(2)		7/2/2013	NSF	P56977 P56962 P56962	\$12,500.00
3721	DART CONTAINER CORP OF CALIFORNIA	3002(C)(1) 2004(F)(1)	Y	7/2/2013	MJR	P58075	\$2,000.00
47771	DELEO CLAY TILE CO INC	2004	Y	7/15/2013	TRB	P55662	\$2,500.00
142536	DRS SENSORS & TARGETING SYSTEMS, INC.	2004	Y	7/5/2013	MJR	P55531	\$500.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
800171	EXXONMOBIL OIL CORPORATION	462(D)(1)(F) 3002 3002 109, 202, 401, 1173 2012, 1470 1158, 1173 1173		7/16/2013	JMP	P56975 P53540 P57715 P56611  P56612 P56613	\$139,000.00
126219	HYE-FLO \$10,000 suspended probation from July 2013 through December 2013.	461 461 461 461 461 461 461		7/16/2013	JMP	P54897 P59038 P59135 P56815 P56820 P56818 P56822	\$12,500.00
800170	LA CITY, DWP HARBOR GENERATING STAT	2004, 2012	Y	7/30/2013	NSF	P55528	\$5,500.00
164725	LOCAL CONCRETE PUMPING SERVICE Small Claims penalty	203(A)		7/25/2013	PH	P56245	\$155.00
155877	MILLERCOORS, LLC	2012	Y	7/30/2013	TRB	P57367	\$17,000.00
67705	O'CONNOR LAGUNA HILLS MORTUARY	1147		7/2/2013	NAS	P56094	\$2,000.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
800183	PARAMOUNT PETR CORP (EIS USE)	1173 2004 203, 1173, 1176 1118, 1149, 3002 1173 1173	Y	7/25/2013	KRW	P53795 P53781 P53786 P53790 P53787 P53788	\$148,000.00
156276	PARKER HANNIFIN MEDICAL SYSTEM DIVISION	2202		7/12/2013	MJR	P50625	\$4,000.00
133996	PLAINS EXPLORATION & PRODUCTION COMPANY	2004	Y	7/23/2013	MJR	P57066	\$9,300.00
132191	PUREENERGY OPERATING SERVICES, LLC	2004, 2012 2004, 2012	Y	7/19/2013	TRB	P53123 P53124	\$6,000.00
82657	QUEST DIAGNOSTICS INC	3002		7/2/2013	NSF	P54096	\$10,000.00
108933	SANDFROG, LLC	203 (A)		7/17/2013	MJR	P58938	\$20,000.00
60200	SEVAN GAS STATION/DANIEL'S AUTOMOTIVE Small Claims penalty	461(E)(2)(C)		7/12/2013	PH3	P59963	\$300.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
131295	SINACO OIL 4, INC. #255795	461, 41960.2 461, 41960.2 41954, 41960.2 461(C)(2)(B)		7/25/2013	NSF	P57039 P58539 P59226	\$3,000.00
52742	STOROPACK INC	3002(C)(1) 3002(C)(1) 3002 3002(C)(1)		7/15/2013	TRB	P57274 P57275 P57284 P57278	\$7,100.00
123064	U S POSTAL SRVC, SAN BERNARDINO PROCESSING	218.1, 203(B), 218 1110.2		7/17/2013	JMP	P46726	\$1,000.00
67761	ZEKE AVILA & SONS, INC Small Claims penalty	461		7/30/2013	PH	P58164	\$1,000.00

**TOTAL CIVIL PENALTIES \$427,355.00**

**SUPPLEMENTAL ENVIRONMENTAL PROJECTS:**

150761	CITY WIDE AUTO BODY Cash: \$0; SEP: \$500 Chief DDC recommendation that Small Business Assistance provide one on one recordkeeping training to owner in lieu of monetary penalty. Training completed on 7.16.13.	109 203 (A)		7/16/2013	KCM	P58810	\$500.00
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FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
800150	US GOVT, AF DEPT, MARCH AIR RESERVE Cash: \$1,000; SEP: \$10,000 - Must retrofit the spray booth heater with a low Nox burner. Application to be submitted by 8.30.13 and complete retrofit completed no later than 12.31.13 with proof of completion.	2004	Y	7/16/2013	NAS	P51888	\$11,000.00

**TOTAL SUPPLEMENTAL ENVIRONMENTAL PROJECTS: \$11,500.00**

**MSPAP SETTLEMENTS:**

131747	ATHENS SERVICES, ARAKELIAN ENTERPRI	461(E)(2)(C) 461(E)(2)		7/30/2013		P59614	\$840.00
173161	BENZENE POWER OF PACOIMA GAS	41960.2 461(C)(2)(B)		7/9/2013		P60213	\$240.00
65891	CITY OF SAN BERN, CITY YARD	461		7/5/2013		P58976	\$1,100.00
150455	CONOCOPHILLIPS SITE #255146 SINACO	203(B), 461		7/30/2013		P58549	\$900.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
161165	CONVENIENCE RETAILERS, LLC # 270051	203(B), 461		7/30/2013		P59921	\$750.00
3496	FAIRVIEW DEVELOPMENTAL CENTER	3002		7/17/2013		P58882	\$675.00
171635	G & M OIL COMPANY	203 (B) 41960.2 461(C)(1)(A)		7/17/2013		P59895	\$450.00
110468	G.T. MINI MART, T.SOGOYAN DBA	41960.2 461(C)(2)(B)		7/25/2013		P60212	\$850.00
159907	GLENDALE CITY LIGHTS	203 (A)		7/25/2013		P62350	\$1,000.00
171133	HALABY RESTORATION	203 (A)		7/25/2013		P59655	\$550.00
48040	HILL'S BOAT SERVICE, INC	461 (E) (2)		7/25/2013		P58580	\$1,500.00
121523	INTERNATIONAL JEWELRY CENTER	203 (A)		7/30/2013		P56948	\$600.00
11310	LA CO., FIRE DEPT CAMP #2	461 (E) (2)		7/17/2013		P56298	\$1,000.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
10306	LA CO., FIRE STA #10	461 (E) (2)		7/17/2013		P56979	\$1,000.00
17943	LA CO., FIRE STA #82	461 (E) (2)		7/17/2013		P54143	\$500.00
173485	LEYMASTER ENVIRONMENTAL CONSULTING,	203 (A)		7/25/2013		P55629	\$1,000.00
173687	MEDLIN DEVELOPMENT LANDSCAPE CONST.	203 (A)		7/25/2013		P58997	\$250.00
136361	METALS USA BLDG PROD. LP	1147 109		7/12/2013	MJR	P58940	\$1,500.00
143525	NEW CINGULAR WIRELESS PCS, AT&T MOBILE	1470		7/2/2013		P59660	\$1,650.00
143498	NEW CINGULAR WIRELESS PCS, AT&T MOBILE	203 (B)		7/2/2013		P55789	\$900.00
150743	PACIFIC READY MIX, INC.	203 (A)		7/16/2013		P58569	\$225.00
156737	PARAMOUNT OIL, INC.	203 (B) 461		7/10/2013		P59148	\$2,050.00
131641	PERRIS GAS & MART	41960.2 461(C)(2)(B)		7/19/2013		P56832	\$1,000.00



FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
173920	PONTE INN	203 (A)		7/16/2013		P61172	\$550.00
160807	PRIMO POWDER COATING & SANDBLASTING	203 (A)		7/12/2013		P58266	\$200.00
136859	RIVERSIDE CABINETS	203 (A) 109		7/30/2013		P57137	\$550.00
37614	ROCKET OIL INC #1	41960.2 461(C)(2)(B)		7/16/2013		P62304	\$450.00
162223	SHALBON CORP.	203 (B) 461(C)(2)(B)		7/25/2013		P59987	\$700.00
173553	SO CAL EDISON	403(D)(1)		7/5/2013		P61163	\$1,100.00
164063	SUPERIOR ABATEMENT SERVICES INC	1403		7/25/2013		P55912	\$2,200.00
134396	TELACU HOUSING SAN BERNARDINO INC	1470		7/9/2013		P58998	\$360.00
52002	VALERO DLR, GHANSHYAM AMIN DBA	203 (B) 461(C)(2)(B)		7/25/2013		P59236	\$1,440.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
52002	VALERO DLR, GHANSHYAM AMIN DBA	41960.2 461(C)(2)(B)		7/25/2013		P59230	\$480.00
52002	VALERO DLR, GHANSHYAM AMIN DBA	461(C)(2)(B) 203 (B)		7/25/2013		P60214	\$2,080.00

**TOTAL MSPAPP SETTLEMENTS: \$30,640.00**

**HEARING BOARD SETTLEMENTS:**

24006	CAL ST UNIV LA Hearing Board Case No. 5926-1 New settlement agreement due to facility's failure to meet conditions and increments of progress.	1146		7/2/2013	NAS	HRB2158	\$1,500.00
147371	INLAND EMPIRE UTILITIES AGENCY Hearing Board Case No. 5209-4 Facility agrees to pay \$1,000/month for operation of equipment in violation of District Rules.	203, 3002		7/5/2013	KCM	HRB2159	\$1,000.00
800074	LA CITY, DWP HAYNES GENERATING STAT Hearing Board Case No. 1263-67 Penalty for simultaneous start up of all six new combustion	203		7/19/2013	NSF	HRB2164	\$10,000.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
	turbines of 2 standby boilers pursuant to relief from District Rule 203.						
67705	O'CONNOR LAGUNA HILLS MORTUARY Hearing Board Case No. 5946-1 Beginning 7.15.13, facility agrees to pay \$500/monthly penalty for operation of crematory in noncompliance with Rule 1147. Penalty covers July 2013.	1147		7/12/2013	NAS	HRB2162	\$500.00
12505	VALLEY PRESBYTERIAN HOSPITAL Hearing Board Case No. 5920-2 Hospital agreed to pay \$500/month it operates boilers during the Order. Penalty covers June 2013.	1146		7/11/2013	KCM	HRB2161	\$500.00
138372	VERIZON WIRELESS Hearing Board Case Nos. 5900-1 and 5660-4 Failure to install diesel particulate filters operating 6 ICEs greater than 50 bhp without control equipment in January 2013	203, 1470		7/16/2013	NAS	HRB2163	\$5,000.00
138372	VERIZON WIRELESS Hearing Board Case Nos. 5900-1 and 5660-4 Failure to install diesel particulate filters operating 6 ICEs greater than 50 bhp without control equipment in January 2013	203, 1470		7/24/2013	NAS	HRB2165	\$1,000.00

FAC ID	COMPANY NAME	RULE NUMBER	RECLAIM ID	SETTLED DATE	ATTY INT	NOTICE NO	TOTAL SETTLEMENT
165209	WESTCOAST PLATING, INC. Hearing Board Case No. 5840-1 Stipulated penalty until permits obtained for plating line.	201, 203, 1469		7/2/2013	JMP	HRB2157	\$3,500.00
<b>TOTAL HEARING BOARD SETTLEMENTS:</b>							<b>\$23,000.00</b>

## **DISTRICT RULES AND REGULATIONS INDEX FOR JUNE AND JULY 2013 PENALTY REPORTS**

### **REGULATION I - GENERAL PROVISIONS**

Rule 109 Recordkeeping for Volatile Organic Compound Emissions (*Amended 5/2/03*)

### **REGULATION II – PERMITS**

List and Criteria Identifying Information Required of Applicants Seeking A Permit to Construct from the South Coast Air Quality Management - District (*Amended 4/10/98*)

Rule 201 Permit to Construct (*Amended 1/5/90*)

Rule 202 Temporary Permit to Operate (*Amended 5/7/76*)

Rule 203 Permit to Operate (*Amended 12/3/04*)

Rule 222 Filing Requirements for Specific Emission Sources Not Requiring a Written permit Pursuant to Regulation II. (*Amended 5/19/00*)

### **REGULATION IV - PROHIBITIONS**

Rule 401 Visible Emissions (*Amended 9/11/98*)

Rule 402 Nuisance (*Adopted 5/7/76*)

Rule 403 Fugitive Dust (*Amended 12/11/98*) *Pertains to solid particulate matter emitted from man-made activities.*

Rule 407 Liquid and Gaseous Air Contaminants (*Amended 4/2/82*)

Rule 461 Gasoline Transfer and Dispensing (*Amended 6/15/01*)

Rule 462 Organic Liquid Loading (*Amended 5/14/99*)

Rule 463 Storage of Organic Liquids (*Amended 3/11/94*)

### **REGULATION XI - SOURCE SPECIFIC STANDARDS**

Rule 1110.2 Emissions from Gaseous- and Liquid-Fueled Internal Combustion Engines (*Amended 11/14/97*)

Rule 1113 Architectural Coatings (*Amended 6/20/01*)

Rule 1118 Emissions from Refinery Flares (*Adopted 2/13/98*)

Rule 1124 Aerospace Assembly and Component Manufacturing Operations (*Amended 9/21/01*)

Rule 1145 Plastic, Rubber and Glass Coatings (*Amended 2/14/97*)

Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters (*Amended Rule*)

Rule 1146.1 Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters (*Amended 5/13/94*)

Rule 1146.2 Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers (*Adopted 1/9/98*)

Rule 1147 NO<sub>x</sub> REDUCTIONS FROM MISCELLANEOUS SOURCES (9/08)

- Rule 1149 Storage Tank Degassing (*Amended 7/14/95*)
- Rule 1155 Particulate Matter Control Devices (10-08)
- Rule 1158 Storage, Handling and Transport of Petroleum Coke (*Amended 6/11/99*)
- Rule 1173 Fugitive Emissions of Volatile Organic Compounds (*Amended 5/13/94*)
- Rule 1176 Sumps and Wastewater Separators (*Amended 9/13/96*)

#### **REGULATION XIV - TOXICS**

- Rule 1403 Asbestos Emissions from Demolition/Renovation Activities (*Amended 4/8/94*)
- Rule 1421 Control of Perchloroethylene Emissions from Dry Cleaning Operations (*Amended 6/13/97*)
- Rule 1469 Hexavalent Chromium Emissions From Chrome Plating and Chromic Acid Anodizing Operations (*Adopted 10/9/98*)
- Rule 1470 Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines
- Rule 1472. Requirements For Facilities With Multiple Stationary Emergency Standby Diesel-Fueled Internal Combustion Engines

#### **REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)**

- Rule 2004 Requirements (*Amended 4/6/07*)
- Rule 2011 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SO<sub>x</sub>) Emissions (*Amended 5/11/01*)
- Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO<sub>x</sub>) Emissions (*Amended 5/11/01*)

#### **REGULATION XXII - ON-ROAD MOTOR VEHICLE MITIGATION**

- Rule 2202 On-Road Motor Vehicle Mitigation Options (*Amended 10/9/98*)

#### **REGULATION XXX - TITLE V PERMITS**

- Rule 3002 Requirements (*Amended 11/14/97*)
- Rule 3003 Applications (*Amended 3/16/01*)

#### **CALIFORNIA HEALTH AND SAFETY CODE § 41700**

- 41954 Compliance of any system designed for the control of gasoline vapor emissions during gasoline marketing operations
- 41960.2 Gasoline Vapor Recovery

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 19

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

SYNOPSIS: This report provides, for the Board's consideration, a listing of CEQA documents received by the SCAQMD between June 1, 2013 and July 31, 2013, and those projects for which the SCAQMD is acting as lead agency pursuant to CEQA.

COMMITTEE: The Mobile Source Committee, on July 19, 2013, reviewed the June 1-June 30, 2013 portion of the report; while the July 1-July 31, 2013 portion had no review.

RECOMMENDED ACTION:  
Receive and file.

Barry R. Wallerstein, D.Env.  
Executive Officer

EC:LT:SN:MK:IM:AK

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## **Background**

**CEQA Document Receipt and Review Logs (Attachments A and B)** – Each month, the SCAQMD receives numerous CEQA documents from other public agencies on projects that could adversely affect air quality. Because no Board meeting was held in August, the listing of CEQA documents that would have otherwise been reported for the period of, June 1, 2013, through June 30, 2013 is also included in this agenda item as Attachment A-1. Attachment B-1 lists active projects from previous reporting periods. A listing of all documents received during the reporting period of July 1, 2013 through July 31, 2013 is contained in Attachment A-2. A list of active projects from previous reporting periods for which SCAQMD staff is continuing to evaluate or prepare comments is included as Attachment B-2.

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 Governing 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 SCAQMD has been contacted regarding potential air quality-related environmental justice concerns. The SCAQMD has established an internal central contact to receive information on projects with potential air quality-related environmental justice concerns. The public may contact the SCAQMD about projects of concern by the following means: in writing via fax, email, or standard letters; through telephone communication; as part of oral comments at SCAQMD meetings or other meetings where SCAQMD 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, as reported at the time the CEQA document is received by the SCAQMD. Interested parties should rely on the lead agencies themselves for definitive information regarding public comment periods and hearings as these dates are occasionally modified by the lead agency.

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: off-road engines; on-road engines; harbor craft; ocean-going vessels; locomotives; fugitive dust; and, greenhouse gases. These mitigation measure tables are on the CEQA webpages portion of the SCAQMD'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 SCAQMD 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 SCAQMD review.

During the period June 1, 2013 through July 31, 2013, the SCAQMD received 112 CEQA documents. Of the total of 147 documents listed in Attachments A and B:



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

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

**SCAQMD Lead Agency Projects (Attachment C)** – Pursuant to CEQA, the SCAQMD periodically acts as lead agency for stationary source permit projects. Under CEQA, the lead agency is responsible for determining the type of CEQA document to be prepared if the proposal is considered to be a “project” as defined by CEQA. For example, an Environmental Impact Report (EIR) is prepared when the SCAQMD, as lead agency, finds substantial evidence that the proposed project may have significant adverse effects on the environment. Similarly, Negative Declaration (ND) or Mitigated Negative Declaration (MND) may be prepared if the SCAQMD 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 SCAQMD is lead agency and is currently preparing or has prepared environmental documentation. Through the end of July, the SCAQMD received two new requests to be the lead agency for stationary source permit application projects. One CEQA document (Chevron PRO Project) was certified by the Executive Officer on July 24, 2013. As noted in Attachment C-2, through the end of July 2013, the SCAQMD continued working on the CEQA documents for nine active projects.

Through the end of July 2013, SCAQMD staff has been responsible for preparing or having prepared CEQA documents for nine permit application projects, six continuing from 2012 and three beginning in July 2013.

### **Attachments**

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

**ATTACHMENT A-1\*\***  
**INCOMING CEQA DOCUMENTS LOG**  
**JUNE 1, 2013 TO JUNE 30, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>Airports</b> <b>LAC130613-02</b> Whiteman Airport	This document consists of a notice of preparation of an Environmental Assessment for the hillside grading/stabilization and terminal area development at the Whiteman Airport in Pacoima, L.A. County. The proposed project includes the following: approximately 264,000 cubic yards of earth from the existing hillside will be removed to provide space for a new terminal and associated development and the remaining hillside will be stabilized to prevent erosion; construction of a new 8,000 square-foot airport terminal; construction of a new 4,000 square-foot restaurant with an adjoining picnic area; expansion of the existing aircraft parking apron to provide an additional 285 tie-downs for transient aircraft and an additional 13 tie-downs for based aircraft; relocation of the existing Airpark Way; development of a new vehicle parking area near the new airport of approximately 93 parking spaces; and construction of a new building to store airport support vehicles.	NOP (No IS Attached)	C&S Engineers Inc.	Document under review as of 6/30/13
<b>General Land Use (residential, etc.)</b> <b>LAC130606-01</b> Disney/ABC Studios at the Ranch	The proposed project consists of a 58-acre development area, including 44 acres of new onsite development. The 44-acre area would be developed with a maximum of 555,950 square feet, including 12 soundstages, six production offices, six mills, six writer/producer bungalows, one warehouse, one commissary, and one administration building.  Comment Period: N/A Public Hearing: 6/19/2013	FEIR	County of Los Angeles	Document reviewed - No comments sent
<b>General Land Use (residential, etc.)</b> <b>LAC130606-03</b> Tentative Tract Map 72152	The proposed project consists of demolishing existing buildings and accessory structures at the project site, including signage. The proposed development would provide 135 town-home units within the 6.49-acre site at the density of 20.1 units per acre.  Comment Period: 6/4/2013 - 6/24/2013 Public Hearing: 6/25/2013	Mitigated ND	City of West Covina	SCAQMD commented 6/21/2013
<b>General Land Use (residential, etc.)</b> <b>LAC130618-01</b> The Olson Company Residential Project	The proposed project consists of developing a vacant 1.75-acre project site with 21 single-family detached residential units and other site improvements, including internal private streets, onsite parking, sidewalks, and common area and landscaping.  Comment Period: N/A Public Hearing: N/A	Mitigated ND	City of Claremont	Document reviewed - No comments sent

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

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 A-1  
INCOMING CEQA DOCUMENTS LOG  
JUNE 1, 2013 TO JUNE 30, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>General Land Use (residential, etc.)</b> <b>LAC130625-02</b> Stoneview Nature Center	The proposed project consists of demolishing the existing structures and constructing a 4,000 square-foot, one-story interpretive center with a multi-purpose room, staff office, interior accessible restrooms, exterior accessible restrooms, and a terrace and observation area near Baldwin Hills. A trail would connect the interpretive center to landscape elements including a detention basin, bioswale, botanical garden, nature grove, interpretive signage, yoga deck, native garden, demonstration/community garden, seating, passive meadow, and an exercise area. Separate 16-space and 45-space parking areas would include a total of 2,500 square feet of concrete pavement and 2,300 square feet of permeable pavers. Comment Period: 6/24/2013 - 8/23/2013 Public Hearing: N/A	Mitigated ND	County of Los Angeles	Document under review as of 6/30/13
<b>General Land Use (residential, etc.)</b> <b>LAC130625-03</b> Los Angeles International Airport Sign District	The proposed project consists of developing and implementing a Sign District at LAX, under which new off-site signage would be permitted subject to certain restrictions. The proposed project includes a maximum of approximately 81,522 square feet of proposed new off-site signage within the Landside Sub-Area and a maximum of approximately 289,600 square feet of proposed new off-site signage, including supergraphics, wall signs, digital display signs, and other signs. Comment Period: N/A Public Hearing: N/A	FEIR	City of Los Angeles	Document reviewed - No comments sent
<b>General Land Use (residential, etc.)</b> <b>LAC130626-01</b> New Era Village	The proposed project consists of a single-family residential development for six 1,787 square-foot two-story detached housing on 0.47 acres. Comment Period: N/A Public Hearing: N/A	Mitigated ND	City of Cudahy	Document reviewed - No comments sent
<b>General Land Use (residential, etc.)</b> <b>ORC130621-02</b> Stanton Central Park	The proposed project consists of constructing an approximately 11.5-acre multipurpose community sports park. The proposed project would include a community and restroom/maintenance buildings, youth softball and soccer fields, tennis and basketball courts, playgrounds and splash pad areas, picnic and event spaces, a bandstand, and a loop trail. Comment Period: 6/21/2013 - 7/22/2013 Public Hearing: N/A	ND	City of Stanton	Document reviewed - No comments sent

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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 A-1  
INCOMING CEQA DOCUMENTS LOG  
JUNE 1, 2013 TO JUNE 30, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>General Land Use (residential, etc.)</i> <b>ORC130627-03</b> Zoning Ordinance Amendment 13-1212 and Local Coastal Program Amendment 13-1213 to amend Chapter 25.55 of the Laguna Beach Municipal Code relating to wireless communication facilities	This document consists of a notice of public hearing for the Zoning Ordinance Amendment 13-1212 and Local Coastal Program Amendment 13-1213 to amend Chapter 25.55 of the Laguna Beach Municipal Code relating to wireless communication facilities.  Comment Period: N/A Public Hearing: 7/10/2013	Other	City of Laguna Beach	SCAQMD commented 6/28/2013
<i>General Land Use (residential, etc.)</i> <b>ORC130628-02</b> Portola Center Area Plan and Tentative Tract Map	The proposed project consists of an Area Plan and Tentative Tract Map for a residential and mixed-use development on an approximately 195-acre site. The project will include a variety of housing types, including a mixed-use area with a small neighborhood commercial component, as well as parks, a public trail, and open space.  Comment Period: 6/28/2013 - 8/12/2013 Public Hearing: N/A	Sub DEIR	City of Lake Forest	Document under review as of 6/30/13
<i>General Land Use (residential, etc.)</i> <b>RVC130625-04</b> Cameron Ranch	The proposed project consists of a change to the General Plan as well as subdivision of 627 acres into 154 clustered single-family residential lots and surface streets. Approximately 228 acres would be developed.  Comment Period: 6/24/2013 - 7/24/2013 Public Hearing: N/A	NOP (No IS Attached)	County of Riverside	Document under review as of 6/30/13
<i>General Land Use (residential, etc.)</i> <b>SBC130607-06</b> Stratham Homes (PL13-0135)	This document consists of a notice of public hearing. The proposed project consists of changing the existing land use designations for the property at Fern Avenue and Riverside Drive from Office Commercial to General Commercial to Residential 8 units per acre.  Comment Period: N/A Public Hearing: 7/16/2013	Other	City of Chino	No review conducted - No comments sent
<i>General Land Use (residential, etc.)</i> <b>SBC130619-02</b> Tentative Tract Map SUBTT 18870	The proposed project consists of subdividing a vacant parcel of about 3,047,614 square feet into 291 residential lots and eleven lettered lots.  Comment Period: 6/20/2013 - 7/10/2013 Public Hearing: N/A	Mitigated ND	City of Rancho Cucamonga	Document reviewed - No comments sent

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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-1  
INCOMING CEQA DOCUMENTS LOG  
JUNE 1, 2013 TO JUNE 30, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>Industrial and Commercial</b> <b>LAC130613-01</b> Sunset Bronson Studios Entertainment Center Project	The proposed project consists of the Sunset Bronson Studios Entertainment Center Project, which would provide for new studio/media-related office and office production uses within the existing Sunset Bronson Studios campus. Specifically, the proposed project involves the development of a 14-story office building and a five-story production office building, both of which would be supported by a primarily seven-story parking structure with two levels of subterranean parking. Comment Period: N/A Public Hearing: 6/27/2013	FEIR	City of Los Angeles	Document reviewed - No comments sent
<b>Industrial and Commercial</b> <b>ODP130618-03</b> White Knob/White Ridge Limestone Quarries Expansion Project	The proposed project consists of expanding existing White Knob/White Ridge Limestone Quarries, a limestone mining operation located in the Mojave Desert AQMD. The amended plan includes expansion of the existing quarries' operation and the existing Overburden (OB) site, the creation of two new OB sites, and the expansion of the ancillary disturbance areas, which include haul and access roads, sediment basins and other erosion control features, storage pads, crusher locations, west slope impacts, and incidental impacts from boulder roll-down. Comment Period: N/A Public Hearing: N/A	NOP/IS	County of San Bernardino	Document does not require comments
<b>Industrial and Commercial</b> <b>RVC130618-06</b> Surface Mining Permit No. 152 Revised Permit No.	This document consists of an initial case transmittal for the Surface Mining Permit No. 152 Revised Permit No. 1 to extend the life of the mining permit and address the modified design slope grading details that were approved. Comment Period: 6/18/2013 - 7/18/2013 Public Hearing: N/A	Other	County of Riverside	Document under review as of 6/30/13
<b>Industrial and Commercial</b> <b>SBC130625-06</b> Shipping Container Storage Yard	The proposed project consists of developing an undeveloped property for shipping container storage. Two previously merged parcels are proposed to be remerged into a 11.72-acre site. Proposed buildings would include a 60 square-foot guard shack and a 56 square-foot restroom. Sewage collection will be via installation of a 3,000-gallon underground holding tank. Comment Period: 6/24/2013 - 7/15/2013 Public Hearing: N/A	Mitigated ND	City of San Bernardino	Document under review as of 6/30/13
<b>Institutional (schools, government, etc.)</b> <b>LAC130607-02</b> Cerritos College 2011 Facilities Master Plan Response to Public Comments.	This document consists of response to comments. The 2011 Facilities Master Plan which provide the required facilities for the projected student enrollments. The existing campus facilities total 875,950 gross square feet. The 2011 Facilities Master Plan will result in 1,051,765 gross square feet at project buildout. Comment Period: N/A Public Hearing: N/A	Final SubEIR	Cerritos Community College District	Document reviewed - No comments sent

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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-1  
INCOMING CEQA DOCUMENTS LOG  
JUNE 1, 2013 TO JUNE 30, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Institutional (schools, government, etc.)</i> <b>SBC130625-07</b> Level II Infill Correctional Facilities Project	The proposed project consists of providing a total of 2,376 new low-security inmate beds. These beds would be provided through the construction of a combination of two or three facilities on existing state prison sites. The preferred project alternative includes construction of a 792-bed facility within the grounds of Richard J. Donovan Correctional Facility in southern San Diego County and a 1,584-bed facility within the grounds of Mule Creek State Prison in Ione, California. The California Institution for Men in Chino, and other sites are considered in the EIR as alternatives. The final project element includes closure of the Rehabilitation Center in Norco by 2016.  Comment Period: 6/25/2013 - 8/8/2013 Public Hearing: N/A	DEIR	California Department of Corrections and Rehabilitation	Document reviewed - No comments sent
<i>Plans and Regulations</i> <b>LAC130605-01</b> GPA No. 13-2504 and ZC No. 13-3502	The proposed project consists of an amendment to the Banning General Plan Land Use and Housing Element to revise policies and map related to the adoption of the 2008-2014 Housing Element and an amendment to modify development standards in the Downtown Commercial, High Density Residential and Very High Density Residential districts  Comment Period: 6/7/2013 - 7/2/2013 Public Hearing: N/A	Mitigated ND	City of Banning	SCAQMD commented 6/27/2013
<i>Plans and Regulations</i> <b>LAC130620-01</b> Amendment No. 2013-1 to the City of Lakewood General Plan Pertaining to the Housing Element and Related Negative Declaration	This document consists of a notice of proposed General Plan Amendment for the adoption of amendment No. 2013-1 to the City of Lakewood General Plan pertaining to the Housing Element and related Negative Declaration.  Comment Period: 6/19/2013 - 8/13/2013 Public Hearing: N/A	Other	City of Lakewood	Document under review as of 6/30/13
<i>Plans and Regulations</i> <b>LAC130625-05</b> Los Angeles County General Plan Update	The proposed project consists of a comprehensive update of the Los Angeles County General Plan. The project includes goals, policies, implementation programs and ordinances. The project covers the unincorporated areas of Los Angeles County and accommodates new housing and employment opportunities in anticipation of population growth in the County and the region.  Comment Period: 6/28/2013 - 7/29/2013 Public Hearing: 7/11/2013	Revised NOP (No IS Attached)	County of Los Angeles	Document under review as of 6/30/13

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- Not Applicable  
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**ATTACHMENT A-1  
INCOMING CEQA DOCUMENTS LOG  
JUNE 1, 2013 TO JUNE 30, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Plans and Regulations</i> <b>ORC130611-01</b> Repealing Chapter 1 and replacing it with Chapter 1, 2, and 3 of Title 20 Maintenance of Costa Mesa Municipal Code	This document consists of a public notice to consider an ordinance repealing Chapter 1 and replacing it with Chapter 1, 2, and 3 of Title 20 of the Costa Mesa Municipal Code. The ordinance expands the City's ability to administratively abate public nuisances, including but not limited to: violations of the development standards, blight conditions, excessive noise, attractive nuisances, businesses operating without a business license, etc.  Comment Period: N/A Public Hearing: 6/18/2013	Other	City of Costa Mesa	Document does not require comments
<i>Plans and Regulations</i> <b>RVC130611-02</b> Uptown Jefferson Specific Plan	The proposed project consists of the preparation of a new Specific Plan for the Uptown Jefferson area. The Uptown Jefferson Specific Plan area consists of approximately 560 net acres located north of Ranch California Road, west of Interstate 15, south of Chery street, and east of Diaz Road.  Comment Period: 7/11/2013 - 7/12/2013 Public Hearing: 6/27/2013	NOP/IS	City of Temecula	SCAQMD commented 6/27/2013
<i>Plans and Regulations</i> <b>RVC130612-02</b> Chaparral Menifee, General Plan Amendment 2013-041, Specific Plan Amendment 2013-039, Zone Change 2013-051, Plot Plan 2013-040, Environmental Assessment 2013-026 and Environmental Impact Report 2013-112	The proposed project consists of an amendment to the Land Use Element and the Circulation Element of the Riverside County General Plan as adopted by the City of Menifee; an amendment to the Menifee Village Specific Plan No. 158 to increase the overall numbers of dwelling units from 5,344 to 5,619; change of zone; and a plot plan to develop approximately 46 gross acres with a very high density 253-unit planned residential development project.  Comment Period: 6/13/2013 - 7/22/2013 Public Hearing: N/A	NOP (No IS Attached)	City of Menifee	SCAQMD commented 6/27/2013
<i>Plans and Regulations</i> <b>RVC130618-05</b> City of Desert Hot Springs Climate Action Plan	The proposed project consists of the Climate Action Plan which is a comprehensive framework for the development and implementation of policies and programs to reduce greenhouse gas emissions within the City of Desert Hot Springs. The Plan identifies 80 specific action items or measures to achieve these reductions as well as the public costs to implement the items and an implementation schedule.  Comment Period: 6/10/2013 - 7/1/2013 Public Hearing: 7/2/2013	ND	City of Desert Hot Springs	Document reviewed - No comments sent

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- Not Applicable  
# - Project has potential environmental justice concerns due to the nature and/or location of the project.



**ATTACHMENT A-1  
INCOMING CEQA DOCUMENTS LOG  
JUNE 1, 2013 TO JUNE 30, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>Plans and Regulations</b> <b>SBC130628-03</b> San Bernardino County Regional Greenhouse Gas Reduction Plan	This document consists of the draft San Bernardino County Regional Greenhouse Gas Reduction Plan. The draft presents the goals identified by the participating cities in reducing GHG emissions, forecast of 2020 emissions, GHG reduction measures for each participating city, and baseline information for the development of city climate action plans.  Comment Period: N/A Public Hearing: N/A	Other	San Bernardino Associated Governments (SANBAG)	Document under review as of 6/30/13
<b>Transportation</b> <b>LAC130606-02</b> I-5 HOT Lane Project	The proposed project consists of widening the center median and the outside shoulder of the northbound and southbound lanes between SR-14 and south of Parker Road to accommodate HOT, additional auxiliary, and truck lanes. The project would provide one HOT lane in each direction from the I-5/SR-14 interchange to south of the Parker Road interchange. The project was approved prior to its distribution.  Comment Period: N/A Public Hearing: N/A	FEIR	California Department of Transportation	No review conducted - No comments sent
<b>Transportation</b> <b>ORC130618-04</b> Harbor Boulevard Mixed-Use Transit Corridor Plan	The proposed project consists of the Harbor Boulevard Mixed-Use Transit Corridor Plan which will replace the existing 425-acre North Harbor Specific Plan (NHSP). The plan would change the boundaries of the NHSP so that the project would consist of two separate areas: 1) 305 acres within the boundaries of the existing 425-acres NHSP generally along Harbor Boulevard, and 2) 120 acres within existing NHSP in the Willowick Gold Course area. The Harbor Corridor Plan regulates 252 acres of the project area through the application of four zones. Buildout of the Harbor Corridor Plan would generate 3,884 additional dwelling units, 15,327 new residents, 13,721 additional square feet of commercial space, and approximately 173 additional employees in the plan area.  Comment Period: 6/18/2013 - 7/15/2013 Public Hearing: N/A	NOP/IS	City of Santa Ana	SCAQMD commented 6/28/2013
<b>Transportation</b> <b>ORC130627-01</b> I-405 Improvement Project	The proposed project consists of improving the Interstate 405 by adding either one general purpose (GP) lane, or two GP lanes, or one GP lane and a tolled Express lane in each direction to be managed with the existing HOV lanes as a tolled Express Facility between State Route 73 and Interstate 605. The Interstate 405 improvement would be primarily in the County of Orange for approximately 16 miles.  Comment Period: 6/27/2013 - 8/12/2013 Public Hearing: N/A	Sup DEIR	California Department of Transportation	Document under review as of 6/30/13
<b>Transportation</b> <b>RVC130618-08</b> Wildomar Off-Highway Vehicle Management Plan	This document consists of a notice of preparation of EA for the proposed Wildomar Off-Highway Vehicle (OHV) Management Plan. The plan is a popular and unique recreation resource serving Riverside and Orange Counties.  Comment Period: N/A Public Hearing: N/A	Other	United States Department of Agriculture	Document under review as of 6/30/13

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DEA - Draft Environmental Assessment

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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 A-1  
INCOMING CEQA DOCUMENTS LOG  
JUNE 1, 2013 TO JUNE 30, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>Transportation</b> <b>SBC130627-02</b> Mountain Avenue Improvement Project	The proposed project consists of improving the existing Mountain Avenue roadway between Flowers Avenue and 500 feet north of the intersection of Bickmore Avenue and Mountain Avenue. The project proposes a roadway segment with a 66-foot right-of-way (ROW), with 33-foot section on the easterly and westerly side of the roadway centerline. The ROW will include the construction of a 5-foot wide sidewalk within a 11-foot parkway on the west side of the roadway. Comment Period: 6/27/2013 - 7/17/2013 Public Hearing: N/A	Mitigated ND	Inland Empire Utilities Agency	Document reviewed - No comments sent
<b>Utilities</b> <b>LAC130628-01</b> Barren Ridge Renewable Transmission Project	This document consists of a notice of signed Record of Decision approving the Barren Ridge Renewable Transmission Project. The proposed project consists of expanding the existing Barren Ridge switching station; construction of a new switching station in Haskell Canyon; construction of a new 230 kilovolt double-circuit transmission line; reconductoring 76 miles of an existing 230 kilovolt transmission line with larger-capacity conductors; and an addition of 12 miles of new 230 kilovolt circuit on the existing double-circuit structures from Haskell Canyon to the Castaic Power Plant. Comment Period: N/A Public Hearing: N/A	Other	Los Angeles Department of Water and Power	Document does not require comments
<b>Utilities</b> <b>RVC130619-01</b> Solar Power Remote Net Metering Project	The proposed project consists of constructing, operating and maintaining a 5.6-megawatt solar power photovoltaic generating facility within a 44.45-acre portion of a 60-acre site owned by Rancho California Water District. Comment Period: 6/19/2013 - 7/19/2013 Public Hearing: N/A	Mitigated ND	Rancho California Water District	Document under review as of 6/30/13
<b>Warehouse &amp; Distribution Centers</b> <b>SBC130607-01</b> First Inland Logistics Center II Project	The proposed project consists of demolishing and removing an existing 8.4-acre truck trailer storage yard, grading an approximately 17.3-acre site, and constructing and operating one building having 400,130 square feet of interior floor space consisting of 394,130 square feet of warehouse space and 65,000 square feet of office and mezzanine space with 59 loading bays. Comment Period: 6/12/2013 - 7/29/2013 Public Hearing: N/A	DEIR	City of Moreno Valley	Document under review as of 6/30/13
<b>Warehouse &amp; Distribution Centers</b> <b>SBC130607-05</b> Hillwood Investment Properties (PL13- 0106)	This document consists of a public hearing notice to construct a 409,930 square-foot industrial building on 18.82 acres of land in the General Industrial zoning district. Comment Period: N/A Public Hearing: 7/16/2013	Other	City of Chino	No review conducted - No comments sent

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- Not Applicable  
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**ATTACHMENT A-1  
INCOMING CEQA DOCUMENTS LOG  
JUNE 1, 2013 TO JUNE 30, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>Warehouse &amp; Distribution Centers</b> <b>SBC130618-02</b> Sierra Industrial Warehouse	The proposed project consists of approximately 742,142 square-foot "high-cube" logistic warehouse located on approximately 34.2 acres comprised of five (5) parcels.  Comment Period: 6/18/2013 - 7/18/2013 Public Hearing: N/A	NOP/IS	City of Fontana	SCAQMD commented 6/28/2013
<b>Warehouse &amp; Distribution Centers</b> <b>SBC130620-02</b> Repeal of Concept Plan No. 3, Street Vacation No. 157, Planned Development No. 2, Minor Subdivision No. 336	This document consists of a notice of an environmental review committee meeting for the Planned Development No. 2 to construct a 1,015,740 square-foot warehouse/distribution center on approximately 50.66 acres; and other associated approvals.  Comment Period: N/A Public Hearing: N/A	Other	City of Redlands	Document does not require comments
<b>Warehouse &amp; Distribution Centers</b> <b>SBC130621-01</b> Amended NOP for the Optimus Logistics Center	The proposed project consists of a high-cube logistics warehouse development site encompassing 1,512,506 square feet in two buildings on 73.76 acres. The amended NOP reduces the total industrial building area from approximately 1,512,506 square feet to approximately 1,460,067 square feet.  Comment Period: 6/19/2013 - 7/19/2013 Public Hearing: N/A	Amended NOP (No IS Attached)	City of Perris	Document under review as of 6/30/13
<b>Waste and Water-related</b> <b>LAC130604-01</b> Class I Modification of Hazardous Waste Storage Operations Plan.	This document consists of a notice of amendment to the Hazardous Waste Storage Operations Plan. Numerous updates were made throughout to reflect the current conditions at the site including incorporating the change of company name from Boeing Satellite to the Boeing Company.  Comment Period: N/A Public Hearing: N/A	Other	The Boeing Company	Document does not require comments
<b>Waste and Water-related</b> <b>LAC130607-03</b> Sediment Stockpile Management at Santa Fe Basin	The proposed project consists of recovering lost flood storage volume by removing an existing accumulation of sand, gravel, and cobble materials, which is approximately 500,000 cubic yards in volume and was placed at the present location during various episodes of maintenance practices which began several decades ago. The project would regain and preserve some of the dam's design capabilities for water-holding.  Comment Period: 6/7/2013 - 7/8/2013 Public Hearing: N/A	Draft EA	US Army Corps of Engineers	Document under review as of 6/30/13

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**ATTACHMENT A-1  
INCOMING CEQA DOCUMENTS LOG  
JUNE 1, 2013 TO JUNE 30, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Waste and Water-related</i> <b>LAC130612-01</b> Hyperion Treatment Plant Digester Gas Utilization Project	This document consists of a notice of availability of Draft EIR. The proposed project consists of removing unused equipment from the Energy Recovery Building, then constructing and installing equipment to generate electricity and steam to be used in the wastewater treatment and water reclamation process.  Comment Period: 6/7/2013 - 7/22/2013 Public Hearing: N/A	Other	City of Los Angeles	Document under review as of 6/30/13
<i>Waste and Water-related</i> <b>LAC130614-01</b> Republic Services Material Recycling Facility - 550 West Artesia Blvd, Compton CA 90220	This document consists of response to SCAQMD comments. The proposed project consists of operating a dry Materials Recycling Facility (MRF) on an existing 88,000 square-foot industrial manufacturing/warehouse building on an 11-acre site. The project involves the construction of a 10,000 square-foot expansion to the industrial building for materials storage, raising a portion of the existing roof, a 6,000 square-foot office/employee center, 80 square-foot guard shack, and a rebuilt rear truck dock. The facility will be a 24 hour operation, however only two shifts will be working shifts. The third shift will be for equipment maintenance. The proposed capacity of the dry MRF is 1,200 tons per day.  Comment Period: N/A Public Hearing: N/A	Other	City of Compton	Document reviewed - No comments sent
<i>Waste and Water-related</i> <b>LAC130618-07</b> Draft Removal Action Workplan for Metropolitan Residential	This document consists of a community notice for the review and comment on the draft Removal Action Workplan for Metropolitan Residential located in Anaheim. The site is a vacant lot with high levels of trichloroethylene and low levels of tetrachlorethlene contamination in soil vapor at the site from a historical dry cleaning facility nearby.  Comment Period: 6/18/2013 - 7/15/2013 Public Hearing: N/A	Other	Department of Toxic Substances Control	Document under review as of 6/30/13
<i>Waste and Water-related</i> <b>LAC130619-03</b> Proposed Interim Cleanup Plan for Former Southwest Marine Property, Port of LA	This document consists of an invitation for comment on the proposed California Department of Toxic Substances Control to implement a Remedial Action Workplan along with an Initial Study/Negative Declaration.  Comment Period: 6/24/2013 - 7/24/2013 Public Hearing: N/A	Other	Department of Toxic Substances Control	Document reviewed - No comments sent
<i>Waste and Water-related</i> <b>ORC130614-02</b> Sunset Gap Monitoring Wells	The proposed project consists of constructing six monitoring wells and destructing two existing monitoring wells in the City of Huntington Beach.  Comment Period: 6/19/2013 - 7/19/2013 Public Hearing: N/A	Mitigated ND	Orange County Water District	Document reviewed - No comments sent

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**ATTACHMENT A-1  
INCOMING CEQA DOCUMENTS LOG  
JUNE 1, 2013 TO JUNE 30, 2013**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Waste and Water-related</i> <b>RVC130607-04</b> Riverside-Corona Feeder Project	This document consists of a notice of availability of a Final Supplemental EIS. The proposed project consists of building the Riverside-Corona Feeder project which includes a large capacity water pipeline ranging in diameter up to 78 inches, up to 20 new and existing wells, and appurtenant facilities associated with aquifer storage and recovery.  Comment Period: N/A Public Hearing: N/A	Other	United States Department of the Interior	Document reviewed - No comments sent
<i>Waste and Water-related</i> <b>RVC130625-01</b> Olive Avenue Regional Sewer Improvement Project	The proposed project consists of two phases of construction. Phase 1 would include the construction of the parallel sewer pipeline in Olive Avenue, installation of 28 manholes, and reconstruction of one manhole. The new pipeline would be installed 18 feet southerly of the centerline of Olive Avenue. The total length of pipeline would be approximately 11,080 lineal feet. Phase 2 construction would include strengthening or replacing approximately 3,575 lineal feet of the existing 36-inch diameter pipeline between Rice Road and Wendy Lane.  Comment Period: 6/25/2013 - 8/8/2013 Public Hearing: N/A	Mitigated ND	California Department of Corrections and Rehabilitation	Document reviewed - No comments sent

**TOTAL DOCUMENTS RECEIVED THIS REPORTING PERIOD: 48**

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**ATTACHMENT B-1  
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS  
OR IS CONTINUING TO CONDUCT A CEQA REVIEW**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>General Land Use (residential, etc.)</i> <b>ORC130514-03</b> Rio Santiago	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 16 gross acres.  Comment Period: 5/16/2013 - 7/1/2013 Public Hearing: 6/5/2013	DEIR	City of Orange	Document under review as of 6/30/13
<i>Plans and Regulations</i> <b>LAC130502-04</b> City of Long Beach Mobility Element	The proposed project consists of the Mobility Element that focuses on the circulation component of the City of Long Beach General Plan and will replace the adopted 1991 Transportation Element. Compared to the current Transportation Element, the proposed update places more emphasis on pedestrian, bicycling and public transit options, and transformative infrastructure projects to spur community revitalization.  Comment Period: 5/2/2013 - 5/31/2013 Public Hearing: N/A	ND	City of Long Beach	Document under review as of 6/30/13
<i>Plans and Regulations</i> <b>LAC130528-03</b> Affordable Housing Land Use and Zoning Designation Project	The proposed project consists of an affordable housing land use and zoning designation project to implement the 2008-2014 Housing Element Update. Specifically, the City of Diamond Bar is obligated to rezone at least 16.3 net acres to accommodate the development of 490 lower-income dwelling units. No specific development projects are associated with the proposed rezoning efforts at this time.  Comment Period: 5/24/2013 - 7/8/2013 Public Hearing: N/A	DEIR	City of Diamond Bar	Document under review as of 6/30/13
<i>Plans and Regulations</i> <b>RVC130514-08</b> City of Calimesa Draft Updated General Plan	This document consists of a notice of update to the City of Calimesa Draft Updated General Plan.  Comment Period: N/A Public Hearing: N/A	Other	City of Calimesa	Document under review as of 6/30/13
<i>Warehouse &amp; Distribution Centers</i> <b>LAC130523-02</b> Bell Business Center	The proposed project includes eight existing Los Angeles County Assessor's parcels. The parcels total four building sites. In total, the four buildings could result in 840,390 square feet of new industrial and ancillary office space. No buildings are proposed as part of this project; however, site plans and a potential building footprint have been developed for each of the four sites. The City's intent is to approve individual entitlements for each of the four building sites via a development agreement and to consider the environmental impacts of the entire project in a single EIR.  Comment Period: 5/21/2013 - 7/5/2013 Public Hearing: N/A	DEIR	City of Bell	Document under review as of 6/30/13

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ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS  
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SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>Goods Movement</b> <b>LAC130503-01</b> Total Terminals International Grain Export Terminal Installation Project	The proposed project consists of installing a grain transloading facility on Pier T in the Port. The project site is located on a vacant 11.6-acre parcel on the Navy Mole. The revised project will add a small railyard capable of storing one train to accommodate faster loading.  Comment Period: 5/3/2013 - 6/17/2013 Public Hearing: N/A	Recirculated DEIR	Port of Long Beach	SCAQMD commented 6/27/2013
<b>Industrial and Commercial</b> <b>LAC130530-03</b> Academy Museum of Motion Pictures Project	The proposed project consists of developing a museum that would include rehabilitation and adaptive reuse of the historically significant 1939 May Company Wilshire department store building and construction of a new wing which would require demolition of a building addition constructed in 1946.  Comment Period: 5/30/2013 - 7/1/2013 Public Hearing: N/A	NOP (No IS Attached)	City of Los Angeles	SCAQMD commented 6/14/2013
<b>Institutional (schools, government, etc.)</b> <b>LAC130510-01</b> Van De Kamp Innovation Center	The proposed project consists of a temporary scale-back to the establishment of the satellite community college campus at the Van de Kamp Innovation Center due to budget constraints. Currently, the offices at the project site lease underutilized facilities to tenants with an educational focus. The current tenants include a charter high school and various worker training programs. The purpose of the Subsequent Draft EIR is to evaluate potential environmental impacts based on current and potential future interim uses of the Van de Kamp Innovation Center facilities, which may include multiple uses such as a High School, College, Office, and Adult Education/Workforce Training.  Comment Period: 5/9/2013 - 6/22/2013 Public Hearing: N/A	Sub DEIR	Los Angeles Community College District	SCAQMD commented 6/22/2013
<b>Plans and Regulations</b> <b>ORC130531-02</b> La Habra General Plan Update	The proposed project consists of an update to the General Plan. Buildout of the General Plan Update would result in a population of 74,831 people, 25,153 residential units, 12,523,299 square feet of nonresidential development, and 25,634 jobs in the City.  Comment Period: 5/31/2013 - 6/29/2013 Public Hearing: N/A	NOP/IS	City of La Habra	SCAQMD commented 6/14/2013
<b>Plans and Regulations</b> <b>SBC130528-04</b> City of Chino Hills General Plan Update	The proposed project consists of a General Plan update for the City of Chino Hills' continued development during the next twenty years.  Comment Period: N/A Public Hearing: N/A	NOP (No IS Attached)	City of Chino Hills	SCAQMD commented 6/14/2013

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**ATTACHMENT B-1  
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS  
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SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>Warehouse &amp; Distribution Centers</b> <b>LAC130418-01</b> New Industrial Building Certificate of Compatibility No. 36	This document consists of a request for comments on construction of a new 273,578 square-foot industrial building on a 12.12-acre site.  Comment Period: 4/18/2013 - 5/7/2013 Public Hearing: 5/16/2013	Other	City of La Mirada	SCAQMD commented 6/17/2013
<b>Warehouse &amp; Distribution Centers</b> <b>RVC130604-10</b> Heartland Park Specific Plan	This document consists of an addendum of a certified EIR for the development of a 417.2-acre industrial center with approximately 5.02 million square feet floor area of distribution warehouse uses, contained in 5 buildings.  Comment Period: N/A Public Hearing: N/A	Other	City of Beaumont	SCAQMD commented 6/4/2013
<b>Warehouse &amp; Distribution Centers</b> <b>SBC130423-02</b> Majestic Chino Gateway	The proposed project consists of a series of actions which would result in development of the proposed Majestic Chino Gateway Project. The project is a request to construct three concrete tilt-up industrial/warehouse buildings in addition to a retail component consisting of four retail buildings, resulting in a total of 3,117,000 square feet of building space. Development of the project will occupy approximately 46 percent of the approximately 456-acres site.  Comment Period: 4/22/2013 - 6/19/2013 Public Hearing: N/A	DEIR	City of Chino	SCAQMD commented 6/19/2013
<b>Waste and Water-related</b> <b>LAC130509-02</b> Big Tujunga Reservoir Sediment Removal Project	The proposed project consists of restoring flood management and water conservation capacity by excavating up to 4.4 million cubic yards (MCY) of sediment from the Big Tujunga Reservoir, placing the sediment in the adjacent Maple Canyon Sediment Placement Site (SPS), and closing Maple Canyon SPS after the 4.4 MCY has been emplaced.  Comment Period: 5/13/2013 - 6/26/2013 Public Hearing: N/A	Mitigated ND	County of Los Angeles	SCAQMD commented 6/26/2013
<b>Waste and Water-related</b> <b>LAC130521-01</b> Central Metal Expansion	This document consists of an environmental checklist form for the expansion operations of the Central Metal scrap metal facility operation to include the western and southern portion of the project site. The volume of scrap metal processed is projected to increase from 50,000 annual tons up to 80,000 annual tons.  Comment Period: N/A Public Hearing: N/A	Other	County of Los Angeles	SCAQMD commented 6/14/2013
<b>Waste and Water-related</b> <b>LAC130528-01</b> Public CRV Buyback Center, Wholesale Metal and Wood Recycling Facility	The proposed project consists of converting an existing 3.5-acre pallet and skid manufacturing & accessory wood grinding facility into: 1) a large wholesale metal recycling facility, 2) wood recycling facility and 3) a Public CRV buyback center with less parking than required by Code at 439 E Carlin Street in the Heavy Manufacturing and Buffer zones.  Comment Period: N/A Public Hearing: N/A	Mitigated ND	City of Compton	SCAQMD commented 6/18/2013

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**ATTACHMENT B-1  
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS  
OR IS CONTINUING TO CONDUCT A CEQA REVIEW**

<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
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<p><b>TOTAL NUMBER OF REQUESTS TO AQMD FOR DOCUMENT REVIEW THIS REPORTING PERIOD: 48</b>  <b>TOTAL NUMBER OF COMMENT LETTERS SENT OUT THIS REPORTING PERIOD: 18</b>  <b>TOTAL NUMBER OF DOCUMENTS REVIEWED, BUT NO COMMENTS WERE SENT: 16</b>  <b>TOTAL NUMBER OF DOCUMENTS CURRENTLY UNDER REVIEW: 22</b>  <b>TOTAL NUMBER OF DOCUMENTS THAT DID NOT REQUIRE COMMENTS: 5</b>  <b>TOTAL NUMBER OF DOCUMENTS THAT WERE NOT REVIEWED: 3</b></p>
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**ATTACHMENT C-1  
ACTIVE AQMD LEAD AGENCY PROJECTS  
THROUGH JUNE 30, 2013**

PROJECT DESCRIPTION	PROPONENT	TYPE OF DOCUMENT	STATUS	CONSULTANT
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	ND	Consultant preparing Final ND.	Environmental Audit, Inc.
The Phillips 66 (formerly ConocoPhillips) Los Angeles Refinery Ultra Low Sulfur Diesel project was originally proposed to comply with federal state and SCAQMD requirements to limit the sulfur content of diesel fuels. Litigation against the CEQA document was filed. Ultimately, the California Supreme Court concluded that the SCAQMD had used an inappropriate baseline and directed the SCAQMD to prepare an EIR, even though the project has been built and has been in operation since 2006. The purpose of this CEQA document is to comply with the Supreme Court's direction to prepare an EIR.	Phillips 66 (formerly ConocoPhillips), Los Angeles Refinery	EIR	Notice of Preparation circulated for a 30-day public comment period on March 26, 2012. Comment period ended April 26, 2012. Consultant is revising the administrative Draft EIR.	Environmental Audit, Inc.
The Phillips 66 Los Angeles Refinery operators are proposing to install one new 615,000-barrel crude oil storage tank with a geodesic dome to accommodate larger marine vessels delivering crude oil. The proposed project also includes increasing the throughput on two existing tanks and adding geodesic domes to these tanks, installing one new 14,000-barrel water draw surge tank and installing one new electrical power substation.	Phillips 66 Los Angeles Refinery Carson Plan	ND	Consultant is revising the Draft ND.	Environmental Audit, Inc.
The Tesoro Refining and Marketing Los Angeles Refinery operators are proposing to replace two existing tanks with two new larger tanks with fixed roofs and internal floating roofs. The proposed project also includes replacing an onsite eight-inch pipeline to the new tanks with a 24-inch diameter pipeline.	Tesoro Refining and Marketing Company Los Angeles Refinery	ND	Consultant is revising the Draft ND.	Environmental Audit, Inc.
Warren E & P, Inc. is proposing a modification to a Subsequent MND that was certified by the SCAQMD on July 19, 2011. Warren has submitted a supplemental ND detailing a gas sales project designed to replace the gas re-injection portion of the 2011 project.	Warren E & P, Inc.	Supplemental ND	SCAQMD staff currently reviewing Draft Supplemental ND.	Environ
The Chevron PRO Project was originally evaluated in the May 2008 Final EIR. Chevron is currently proposing modifications to the project based on detailed design engineering.	Chevron	Addendum	SCAQMD staff is currently reviewing the Addendum.	Environmental Audit, Inc.
Operators of the Ultramar Wilmington Refinery are proposing to add rail service to their facility.	Ultramar Wilmington Refinery	EIR	Consultant preparing Initial Study.	Environmental Audit, Inc.

A shaded row indicates a new project.

#=SCAQMD was contacted regarding potential environmental justice concerns due to the natural and/or location of the project.

**ATTACHMENT A-2\*\***  
**INCOMING CEQA DOCUMENTS LOG**  
**JULY 1, 2013 TO JULY 31, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>Airports</b> <b>RVC130716-05</b> March Airport Land Use Compatibility Plan	The proposed project consists of adopting the March Airport Land Use Compatibility Plan (ALUCP). The preparation and adoption of an ALUCP is a major component of the State Aeronautics Act. The draft ALUCP was therefore a central component of the recently completed Joint Land Use Study for the March Air Reserve Base/Inland Port Authority.  Comment Period: 7/16/2013 - 8/12/2013 Public Hearing: N/A	NOP (No IS Attached)	Riverside County Transportation and Land Management Agency	Document under review as of 7/31/13
<b>General Land Use (residential, etc.)</b> <b>LAC130709-02</b> Ponte Vista	This document consists of a Final EIR which includes response to comments. The proposed project consists of the development of a residential community comprised of 830 dwelling units featuring a combination of single-family homes, duplexes, townhomes, flats and apartments. As part of the project, all existing improvements would be removed from the site, including 245 residential dwelling units, a community center, and a retail convenience facility that were constructed in approximately 1962 by the U.S. Navy for the purpose of housing personnel stationed at the Long Beach Naval Shipyard.  Comment Period: N/A Public Hearing: N/A	FEIR	City of Los Angeles	Document reviewed - No comments sent
<b>General Land Use (residential, etc.)</b> <b>LAC130709-12</b> 100 West Walnut Planned Development	The proposed project consists of a mixed-use development that would complement the existing office buildings on the site with the proposed development of 620,000 square feet of office uses, of which up to 30,000 square feet could be used for ancillary retail uses, 10,000 square feet of restaurant uses, and 475 residential units.  Comment Period: N/A Public Hearing: N/A	NOP (No IS Attached)	City of Pasadena	Document under review as of 7/31/13
<b>General Land Use (residential, etc.)</b> <b>LAC130709-13</b> 8899 Beverly Boulevard Project	The proposed project consists of a mixed-use development re-using the existing 10-level retail/commercial office building and development of new residential uses. The total number of units within the project would be 81, including 69 market-rate units and 12 affordable units. Project site is 75,500 square feet.  Comment Period: 7/9/2013 - 8/7/2013 Public Hearing: N/A	NOP (No IS Attached)	City of West Hollywood	Document under review as of 7/31/13
<b>General Land Use (residential, etc.)</b> <b>LAC130716-04</b> Site Plan Review No. 1153	The proposed project consists of a permit to construct 13 residential apartment units with 35 parking spaces below.  Comment Period: 7/16/2013 - 8/12/2013 Public Hearing: N/A	ND	City of Lomita	Document reviewed - No comments sent

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

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INCOMING CEQA DOCUMENTS LOG  
JULY 1, 2013 TO JULY 31, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>General Land Use (residential, etc.)</i> <b>LAC130718-01</b> The Lexington Project	The proposed project consists of developing approximately 786 residential units with 22,200 square feet of community-serving retail and restaurant uses. The residential uses would be located within six buildings ranging from five to eight stories in height and would include open space and recreational amenities. The community-serving retail and restaurant uses would be located on the ground level along the Santa Monica Boulevard frontage. Comment Period: 7/18/2013 - 9/2/2013 Public Hearing: N/A	Recirculated DEIR	City of Los Angeles	Document under review as of 7/31/13
<i>General Land Use (residential, etc.)</i> <b>LAC130730-05</b> Eldercare Facility	This document consists of a notice of sustained action of the Zoning Administrator in approving a Zoning Administrator's Determination granting the construction, use and maintenance of an Eldercare Facility with deviations from Ordinance No. 180,410; and a Site Plan Review for construction, use and maintenance of four-story, 43-foot tall, 71,210 square feet, 96-unit Eldercare Facility including a total of 56 parking spaces. Comment Period: N/A Public Hearing: N/A	Other	North Valley Area Planning Commission, City of Los Angeles	SCAQMD commented 7/17/2013
<i>General Land Use (residential, etc.)</i> <b>ORC130716-02</b> Lido Villas Project	The proposed project consists of constructing 23 new townhouse-style condominiums on a 1.2-acre property. Comment Period: 7/12/2013 - 8/12/2013 Public Hearing: N/A	Mitigated ND	City of Newport Beach	Document reviewed - No comments sent
<i>General Land Use (residential, etc.)</i> <b>ORC130724-02</b> Rio Santiago Project	This document consists of a legal notice of design review committee public hearing for a specific plan project that will convert a former sand and gravel quarry to residential and open space uses. Comment Period: N/A Public Hearing: 8/7/2013	Other	County of Orange	Document does not require comments
<i>General Land Use (residential, etc.)</i> <b>ORC130725-06</b> Orangefair Marketplace	The proposed project consists of approval of General Plan Revisions to allow a residential townhome project with 323 unit residential units with associated parking and open space on a 5.7-acre site. Comment Period: 7/29/2013 - 8/27/2013 Public Hearing: N/A	Mitigated ND	City of Fullerton	Document reviewed - No comments sent

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**ATTACHMENT A-2  
INCOMING CEQA DOCUMENTS LOG  
JULY 1, 2013 TO JULY 31, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>General Land Use (residential, etc.)</b> <b>SBC130730-01</b> Plot Plan 13-PP-05 (Four Seasons Recreation Center #2)	This document consists of a Planning Department Transmittal Sheet. The proposed project consists of a Recreation Complex consisting of a 7,134 square-foot building on a 2.44-acre parcel.  Comment Period: 7/30/2013 - 8/14/2013 Public Hearing: N/A	Other	City of Beaumont	Document does not require comments
<b>Industrial and Commercial</b> <b>ORC130725-05</b> The Doheny Hotel Project	The proposed project consists of developing a two-to-five story hotel complex on an approximately 1.50-acre site with 258 guestrooms, business/conference rooms, a restaurant, a rooftop bar/lounge, and rooftop pool and deck area; an underground parking structure for 275 vehicles; and 50 off-site parking spaces.  Comment Period: 7/25/2013 - 9/6/2013 Public Hearing: N/A	DEIR	City of Dana Point	Document reviewed - No comments sent
<b>Industrial and Commercial</b> <b>SBC130709-09</b> Development Review DRC2007-00951	The proposed project consists of modifications to the Biane Winery, a complex comprised of fifteen buildings/structures and three single-family residences located on two parcels with a combined area of 10.41 acres by demolishing the existing Bottling Plant/Warehouse and Dry Wine Bottling Room and constructing an industrial warehouse building of 122,304 square-foot within the General Industrial District.  Comment Period: 7/9/2013 - 7/24/2013 Public Hearing: 7/24/2013	Mitigated ND	City of Rancho Cucamonga	Document reviewed - No comments sent
<b>Industrial and Commercial</b> <b>SBC130719-02</b> J.B. Hunt Shipping Container Storage Yard Project	This document consists of responses to SCAQMD's comments. The proposed project consists of developing an undeveloped property for shipping container storage. Two previously merged parcels are proposed to be remerged into a 11.72-acre site. Proposed buildings would include a 60 square-foot guard shack and a 56 square-foot restroom. Sewage collection will be via installation of a 3,000-gallon underground holding tank.  Comment Period: N/A Public Hearing: N/A	Other	City of San Bernardino	Document under review as of 7/31/13
<b>Institutional (schools, government, etc.)</b> <b>LAC130709-01</b> USC Child Care Facility at Royal Street	The proposed project consists of developing a new child care facility to serve its University Park Campus. Four vacant residential units that were constructed as early as 1904 on the 0.64-acre Project Site would be demolished and a new 9,376 square-foot child care facility is proposed to be constructed. The new building would consist of up to two stories with a maximum height of approximately 40 feet. The Project Site would also include 5,258 square-foot playground and parking for 19 vehicles.  Comment Period: 7/9/2013 - 8/5/2013 Public Hearing: 7/16/2013	NOP (No IS Attached)	City of Los Angeles	Document under review as of 7/31/13

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SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b><i>Institutional (schools, government, etc.)</i></b> <b>RVC130726-03</b> Desert Community College District West Valley Campus Facilities Master Plan and Phase I Project	This document consists of a Final EIR which includes response to comments. The proposed project consists of a master plan that calls for a total of approximate 650,000 square feet to be constructed across five phases and will include core campus, academic partnership space and campus-related buildings.  Comment Period: N/A Public Hearing: N/A	FEIR	College of the Desert	Document reviewed - No comments sent
<b><i>Medical Facility</i></b> <b>LAC130712-03</b> Central District Specific Plan	This document consists of a notice of public hearing for the Central District Specific Plan. The proposed project consists of constructing an 112,252 square-foot five-story medical office and retail building (Crown City Medical Center).  Comment Period: N/A Public Hearing: 7/27/2013	Other	City of Pasadena	Document does not require comments
<b><i>Plans and Regulations</i></b> <b>LAC130711-01</b> General Plan Update	This document consists of a request for comments on the revised Draft General Plan. The Los Angeles General Plan Update is a comprehensive update to the 1980 General Plan. It provides the policy framework for how and where the unincorporated areas of Los Angeles will grow through the year 2035.  Comment Period: N/A Public Hearing: N/A	Other	County of Los Angeles	Document under review as of 7/31/13
<b><i>Plans and Regulations</i></b> <b>LAC130716-07</b> 2008-2014 Housing Element	The project involves a General Plan Amendment to adopt the 2008-2014 Housing Element, addressing a regional housing need of 441 units.  Comment Period: N/A Public Hearing: 8/5/2013	FEIR	City of Malibu	Document reviewed - No comments sent
<b><i>Plans and Regulations</i></b> <b>LAC130718-02</b> Housing Element, General Plan Amendment GPA 13-02, and Required Code Amendments (ZOTA 13-05)	The proposed project consists of an updated Housing Element. The General Plan Amendment will replace the existing Housing Element with the updated Housing Element.  Comment Period: 7/18/2013 - 8/19/2013 Public Hearing: N/A	ND	City of Bellflower	Document reviewed - No comments sent

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<b>Plans and Regulations</b> <b>LAC130726-02</b> City of Pomona General Plan Update, Corridors Specific Plan, Active Transportation Plan and Green Plan	The proposed project consists of the City of Pomona General Plan Update as well as the accompanying Corridors Specific Plan, Active Transportation Plan and Green Plan. The goal of the General Plan Update is to improve the livability and cultural life of the community.  Comment Period: 7/26/2013 - 9/7/2013 Public Hearing: N/A	DEIR	City of Pomona	Document under review as of 7/31/13
<b>Plans and Regulations</b> <b>LAC130730-02</b> Proposed Affordable Housing Land Use Zoning Designation Project	This document consists of response to comments. The proposed project consists of an affordable housing land use and zoning designation project to implement the 2008-2014 Housing Element Update. Specifically, the City of Diamond Bar is obligated to rezone at least 16.3 net acres to accommodate the development of 490-lower-income dwelling units. No specific development projects are associated with the proposed rezoning efforts at this time.  Comment Period: N/A Public Hearing: N/A	Other	City of Diamond Bar	Document reviewed - No comments sent
<b>Plans and Regulations</b> <b>LAC130730-04</b> Port of Los Angeles Master Plan Update	This document consists of a Final PEIR and includes responses to comments. The proposed project consists of the Port of Los Angeles Master Plan Update. The update serves as a long-range plan to establish policies and guidelines for future development within the coastal zone boundary of the Port of Los Angeles.  Comment Period: N/A Public Hearing: N/A	FEIR	The Port of Los Angeles	Document reviewed - No comments sent
<b>Plans and Regulations</b> <b>ORC130717-01</b> City of San Clemente Centennial General Plan	The proposed project consists of a new San Clemente "Centennial" General Plan that meets California Code requirements for a General Plan, a Strategic Implementation Program that implements the goals and policies of the General Plan, a Climate Action Plan, and the San Clemente Bicycle and Pedestrian Master Plan.  Comment Period: 7/17/2013 - 8/29/2013 Public Hearing: N/A	DEIR	City of San Clemente	Document under review as of 7/31/13
<b>Plans and Regulations</b> <b>ORC130718-05</b> Housing Opportunities Sites Rezoning Project	The proposed project consists of the City of Anaheim Housing Opportunities Sites Rezoning Project that implements a key strategy of the of the City's 2006-2014 General Plan Housing Element by rezoning the properties identified as Housing Opportunities Sites in the Housing Element.  Comment Period: 7/15/2013 - 8/28/2013 Public Hearing: N/A	Draft SupEIR	City of Anaheim	Document reviewed - No comments sent

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<i>Plans and Regulations</i> <b>ORC130725-03</b> General Plan Amendment No. GPA 12-003 - Housing Element	This document consists of a notice of public hearing and intent to adopt a Negative Declaration to consider General Plan Amendment No. GPA 12-003: A Resolution of the Planning Commission of the City of Rancho Santa Margarita, recommending that the City Council update the Housing Element of the General Plan for 2013-2021.  Comment Period: 8/1/2013 - 9/1/2013 Public Hearing: N/A	Other	City of Rancho Santa Margarita	Document reviewed - No comments sent
<i>Plans and Regulations</i> <b>RVC130709-06</b> General Plan Amendment No. 2013-02	The proposed project consists of the adoption and implementation of the City of Lake Elsinore 2014- 2021 Housing Element; and Adoption of Amendments to the City of Lake Elsinore General Plan, Land Use Element's District Plans section, in order to comply with state law that adds language regarding the unincorporated Meadowbrook community to Chapter 10.0 (North Peak District), regarding the unincorporated Lakeland Village community to Chapter 13.0 (Lakeland Village Sphere District) and regarding the unincorporated Warm Springs Community to Chapter 15.0 (North Central Sphere District).  Comment Period: N/A Public Hearing: 7/16/2013	ND	City of Lake Elsinore	No review conducted - No comments sent
<i>Plans and Regulations</i> <b>RVC130710-01</b> GPA13-001, SPA12-007, TTM 36451, and PP12-005	The proposed project consists of an amendment to the General Plan, amendments to the North Main Street Specific Plan, subdivision of 16.82 gross acres into eight lots for mixed-use residential and commercial condominium purposes and six lettered lots for roadway purposes for a proposed mixed-use development on 14.48 net acres with 464 multi-family residential units and 77,256 square feet of new commercial and retail storefronts.  Comment Period: N/A Public Hearing: N/A	Mitigated ND	City of Corona	Document under review as of 7/31/13
<i>Plans and Regulations</i> <b>RVC130711-03</b> La Entrada Specific Plan Draft EIR	The proposed project consists of the La Entrada Specific Plan which is a comprehensive amendment and expansion of the previously approved McNaughton Specific Plan. Although the project area would increase by 558 acres, the total number of residential units would drop from 8,000 units under the existing zoning to 7,800 units under the proposed plan.  Comment Period: 7/11/2013 - 8/26/2013 Public Hearing: N/A	DEIR	City of Coachella	Document under review as of 7/31/13
<i>Plans and Regulations</i> <b>RVC130712-01</b> 2008-2014 Banning Housing Element	This document consists of notice of public hearing and intent to adopt the Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program related to adoption of 2008-2014 Banning Housing Element.  Comment Period: N/A Public Hearing: 7/23/2013	Mitigated ND	City of Banning	Document reviewed - No comments sent

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SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Plans and Regulations</i> <b>RVC130716-01</b> Tentative Parcel Map 32775	The proposed project consists of a land division of 5 lots ranging from 38.79 acres to 101.02 acres totaling 296.41 acres within the existing Fairway Canyon Specific Plan Area for finance and conveyance purposes solely. Its based on the currently approved and implemented Oak Valley Environmental Impact Report, Specific Plan, and Underlying Tract Map 31462. No land changes are proposed. Comment Period: 7/16/2013 - 8/12/2013 Public Hearing: N/A	Other	City of Beaumont	Document does not require comments
<i>Plans and Regulations</i> <b>RVC130725-01</b> Riverside County General Plan Update/ Villages of Lakeview	This document consists of an update to the developers plan and a request to review an early draft of the Riverside County General Plan Update. Comment Period: N/A Public Hearing: N/A	Other	County of Riverside	SCAQMD commented 7/25/2013
<i>Plans and Regulations</i> <b>SBC130709-10</b> General Plan Amendment No. 13GPA03 - An Amendment to the General Plan to update the Housing Element for the 2014-2021 Planning Period	The proposed project consists of an amendment to the General Plan to update the Housing Element for the 2014-2021 planning period. Comment Period: N/A Public Hearing: N/A	ND	City of Chino Hills	Document reviewed - No comments sent
<i>Plans and Regulations</i> <b>SBC130712-02</b> City of Chino Climate Action Plan (CAP)	The proposed project consists of a plan to reduce the Greenhouse Gas emissions within the City. Comment Period: 7/12/2013 - 8/15/2013 Public Hearing: N/A	NOP (No IS Attached)	City of Chino Hills	Document under review as of 7/31/13
<i>Plans and Regulations</i> <b>SBC130716-03</b> Westgate Specific Plan	The proposed project consists of four villages all incorporated into 83 development areas that include a total of 5,410 residential units, 50.9 acres of Commercial Retail, 179.9 acres of business park and professional office uses, 71.6 acres of warehouse/distribution uses, 47.8 acres of Open Space/Public Parks, 9.15 acres of Open Space/Private Parks, 1.4 acres of Open Spaces:landscape, 96.1 acres of Open spaces/Utility Corridor, 24 acres for an Elementary School, 60 acres for a High School, and 89.35 acres of major street right-of-way. Comment Period: 7/16/2013 - 8/10/2013 Public Hearing: N/A	NOP (No IS Attached)	City of Fontana	Document under review as of 7/31/13

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<i>Utilities</i> <b>LAC130717-02</b> E & B Oil Development	The proposed project consists of developing an onshore drilling and production facility that would utilize directional drilling techniques to access oil and gas reserves into the tidelands of Hermosa Beach and in the onshore uplands area. The project is proposed on the current site of the City's Maintenance Yard which would be relocated to another site adjacent to the City Hall as a result of this project. The project also includes placement of underground oil and gas pipelines and associated members and valve stations extending into Redondo Beach and Torrance. Comment Period: 7/11/2013 - 8/12/2013 Public Hearing: N/A	NOP/IS	City of Hermosa Beach	Document under review as of 7/31/13
<i>Utilities</i> <b>LAC130723-01</b> Aliso Canyon Turbine Replacement Project	This document consists of notice of availability of Final EIR. The proposed project consists of a new, electric-driven Central Compressor Station to replace the existing gas turbine-driven compressor; relocation of office facilities and guardhouse; and a new, four-circuit, approximately 1,200-foot, 12 kilovolt Plant Power Line that would provide dedicated electric services to the proposed Central Compressor Station. Comment Period: N/A Public Hearing: N/A	FEIR	California Public Utilities Commission	Document reviewed - No comments sent
<i>Warehouse &amp; Distribution Centers</i> <b>LAC130730-06</b> Bell Business Center	This document consists of a Final EIR and includes response to SCAQMD comments as well as changes to the DEIR. The proposed project would develop eight parcels as four building sites for industrial, warehouse distribution, logistics and commercial uses as well as all uses permitted in the Commercial Manufacturing and Manufacturing zoning districts. Developing all of the four building sites could result in 840,390 square feet of building and would require the sale of the eight parcels by the Bell Public Financing Authority. All access to the site will be improved with public utilities, including water, wastewater, storm drainage, and power. Utilities will be extended to serve each of the four building sites. Comment Period: N/A Public Hearing: 8/7/2013	Other	City of Bell	Document reviewed - No comments sent
<i>Warehouse &amp; Distribution Centers</i> <b>RVC130709-08</b> Beaumont Distribution Center	The proposed project consists of developing approximately 38 acres. The project includes development of an 803,600 square-foot high cube warehouse with a maximum height of 42 feet, providing for 783,000 square feet of warehouse and 20,000 square feet of office. In addition to the distribution warehouse, approximately 13 acres will be allocated for loading bays, drive aisles, and 387 parking stalls; 179 semi-trailer truck parking stalls, 200 standard vehicle parking stalls, and 8 handicap vehicle parking stalls. Approximately 4 acres will be set aside for landscaping and water quality structural treatment Best Management Practices which consists of approximately 11 percent of the Project site. Comment Period: 7/3/2013 - 8/19/2013 Public Hearing: N/A	DEIR	City of Beaumont	Document under review as of 7/31/13

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<i>Warehouse &amp; Distribution Centers</i> <b>RVC130717-04</b> Pelican Industrial Project	The proposed project consists of constructing and operating of up to 600,000 gross square feet (GSF) of light industrial/warehouse uses. Building 1 would be approximately 480,000 gsf and would accommodate high-cube warehouse/distribution uses. Building 2 would be approximately 120,000 gsf and would accommodate light industrial uses.  Comment Period: 7/17/2013 - 9/3/2013  Public Hearing: N/A	DEIR	City of Perris	Document under review as of 7/31/13
<i>Warehouse &amp; Distribution Centers</i> <b>SBC130709-07</b> Redlands Fulfillment Center Project	The proposed project consists of constructing a 1,015,740 square-foot industrial building that will include warehouse and office uses.  Comment Period: 7/5/2013 - 8/5/2013  Public Hearing: N/A	Mitigated ND	County of San Bernardino	Document under review as of 7/31/13
<i>Warehouse &amp; Distribution Centers</i> <b>SBC130711-04</b> Bloomington Truck Terminal	This document consists of an air quality analysis. The proposed project consists of constructing a 708,240 square-foot industrial building with 20,000 square feet of office area to be used as a "High Cube" warehouse distribution facility on 38.37 acres, and a tentative parcel map to subdivide 54.2 acres into two parcels.  Comment Period: 7/11/2013 - 7/22/2013  Public Hearing: N/A	Other	County of San Bernardino	Document under review as of 7/31/13
<i>Warehouse &amp; Distribution Centers</i> <b>SBC130723-03</b> P201300214/CUP	This document consists of a planning project notice to construct a maximum 318,000 square-foot "High-Cube" warehouse building on 12.98 acres.  Comment Period: 7/23/2013 - 7/26/2013  Public Hearing: N/A	Other	County of San Bernardino	Document reviewed - No comments sent
<i>Waste and Water-related</i> <b>LAC130709-03</b> Class 1 Permit Modification Demunno/Kerdoon	This document consists of a notice of Class 1 Permit Modification to allow Demunno Kerdoon to replace Tank 505 and make related administrative/informational changes to the permit.  Comment Period: N/A  Public Hearing: N/A	Other	Department of Toxic Substances Control	Document does not require comments

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<i>Waste and Water-related</i> <b>LAC130716-06</b> Class 1 Permit Modification Rho-Chem	This document consists of a Class 1 Permit Modification for an industrial waste storage and recycling facility in Inglewood. The modification request contains multiple items consisting of corrections and additions to the Permit tables specifying what waste codes may be managed in each unit, text revisions to clarify certain provisions, removal of text that is no longer applicable or accurate, revisions of some unit descriptions to better align with the actual physical configurations, and modifications of provisions governing the management of empty containers, sizes and types of containers that may be managed in certain units, and activities authorized in certain units. Comment Period: N/A Public Hearing: N/A	Other	Department of Toxic Substances Control	Document does not require comments
<i>Waste and Water-related</i> <b>LAC130724-01</b> Kinder Morgan Tank Storage Terminals - Demolition at Berths 119- 120	This document consists of a notice of public hearing for the Kinder Morgan tank storage terminals demolition and remediation at Berths 119-120. Comment Period: N/A Public Hearing: 8/8/2013	Other	Port of Los Angeles	Document reviewed - No comments sent
<i>Waste and Water-related</i> <b>LAC130725-02</b> Public CRV Buyback Center, Wholesale Metal and Wood Recycling Facility	The proposed project consists of converting an existing 3.5-acre industrial pallet/skid manufacturing site with an accessory wood grinding plant into a Public CRV Buyback Center and Wholesale Metals and Wood Recycling Facility. Comment Period: 7/25/2013 - 8/8/2013 Public Hearing: N/A	Mitigated ND	City of Compton	Document reviewed - No comments sent
<i>Waste and Water-related</i> <b>LAC130725-04</b> Whittier Narrows Operable Unit, San Gabriel Valley Area 1 Superfund Site	This document consists of a community notice for the proposed modification of groundwater treatment plant. Whittier Narrows Operable Units in San Gabriel Valley Area 1 Superfund Site in South El Monte. The proposed modifications will allow the distribution of treated groundwater to the San Gabriel Valley Water Company for drinking water use. The project involves the approval of design documents for modification of the existing groundwater treatment plant. Comment Period: 8/1/2013 - 8/30/2013 Public Hearing: N/A	Other	Department of Toxic Substances Control	Document reviewed - No comments sent

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SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Waste and Water-related</i> <b>LAC130726-01</b> David H. Fell and Company, Inc.	This document consists of a public notice for the notice of class 2 standardized permit modification and 60-day public comment period. If approved, the plan would allow the Evaporator Unit to accept the waste stream generated from the onsite lab and currently permitted waste water from washing glassware in the laboratory and metals will be processed in the evaporator. The addition of these waste codes will not change the overall operation of the facility and will not increase the storage or treatment capacity. Comment Period: 7/25/2013 - 9/23/2013 Public Hearing: N/A	Other	Department of Toxic Substances Control	Document under review as of 7/31/13
<i>Waste and Water-related</i> <b>LAC130730-03</b> Chiquita Water Reclamation Plant Expansion	The proposed project consists of upgrading and expanding the Chiquita Water Reclamation Plant (CWRP) to provide preliminary, primary, secondary, and tertiary wastewater treatment for flows up to 10.5 million gallon per day (MGD). As part of the project, the secondary treatment system would be expanded from its current permit capacity of 9.0 MGD up to the projected future flow of 10.5 MDG. The solid handling systems, biogas handling systems would also be upgraded and expanded to serve the projected future flows and loadings at the CWRP. Comment Period: 7/30/2013 - 8/28/2013 Public Hearing: N/A	Mitigated ND	Santa Margarita Water District	Document under review as of 7/31/13
<i>Waste and Water-related</i> <b>LAC130730-07</b> Ascon Landfill Site Huntington Beach	This document consists of a letter confirming receipt of SCAQMD's comment letter. Comment Period: N/A Public Hearing: N/A	Other	Department of Toxic Substances Control	Document does not require comments
<i>Waste and Water-related</i> <b>ODP130709-11</b> Standards for Management of Hazardous Waste Solar Modules	This document consists of a notice for the revised text of the proposed regulation, which would modify language to refer to Solar Modules using industry standard terminology of Photovoltaic Modules. Revisions are also included to allow manual disassembly of PV modules into components to provide all appropriate precautions to control any releases to the environment. Comment Period: 6/27/2013 - 7/11/2013 Public Hearing: N/A	Other	Department of Toxic Substances Control	Document reviewed - No comments sent
<i>Waste and Water-related</i> <b>ODP130716-08</b> Low Energy Offshore Geophysical Permit Program Update	The proposed project consists of the Offshore Geophysical Permit Program which consists of the issuance of geophysical permits in State waters to qualified permits for the use of low energy geophysical equipment to perform geophysical surveys of the ocean bottom. The OGPP Update means to develop and implement a revised permitting structure for offshore geophysical surveys it permits under existing law, in order to establish consistent guidance limitations, and permit conditions and ensure that the activities of permittees do not result in significant effect on the environment. Comment Period: N/A Public Hearing: N/A	Mitigated ND	California State Lands Commission	Document reviewed - No comments sent

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Other - Typically notices of public meetings  
N/A - Not Applicable  
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**ATTACHMENT A-2  
INCOMING CEQA DOCUMENTS LOG  
JULY 1, 2013 TO JULY 31, 2013**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>Waste and Water-related</i> <b>ORC130718-04</b> Removal Action Workplan for Metropolitan Residential Anaheim	This document consists of response to SCAQMD comments. The proposed project consists of a draft Removal Action Workplan for Metropolitan Residential located in Anaheim. The site is a vacant lot with high levels of trichloroethylene and low levels of tetrachlorethlene contamination in soil vapor at the site from a historical dry cleaning facility nearby.  Comment Period: N/A Public Hearing: N/A	Other	Department of Toxic Substances Control	Document reviewed - No comments sent
<i>Waste and Water-related</i> <b>RVC130723-02</b> Sonny Bono Salton Sea National Wildlife Refuge Complex	This document consists of a planning update #3 regarding the Sonny Bono Salton Sea National Wildlife Refuge Complex. In April, the Refuge was informed by the California Department of Water Resources Salton Sea Restoration Program that restoration of shallow water habitat in the Red Hills Bay Area of the Salton Sea had been tentatively selected for funding. This phased restoration project proposes to restore about 420 acres of foraging habitat to support shorebirds, waterfowl, and other waterbirds.  Comment Period: N/A Public Hearing: 7/30/2013	Other	U.S. Fish & Wildlife Services	Document reviewed - No comments sent

**TOTAL DOCUMENTS RECEIVED THIS REPORTING PERIOD: 64**

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**ATTACHMENT B-2  
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS  
OR IS CONTINUING TO CONDUCT A CEQA REVIEW**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<i>General Land Use (residential, etc.)</i> <b>LAC130625-02</b> Stoneview Nature Center	The proposed project consists of demolishing the existing structures and constructing a 4,000 square-foot, one-story interpretive center with a multi-purpose room, staff office, interior accessible restrooms, exterior accessible restrooms, and a terrace and observation area near Baldwin Hills. A trail would connect the interpretive center to landscape elements including a detention basin, bioswale, botanical garden, nature grove, interpretive signage, yoga deck, native garden, demonstration/community garden, seating, passive meadow, and an exercise area. Separate 16-space and 45-space parking areas would include a total of 2,500 square feet of concrete pavement and 2,300 square feet of permeable pavers. Comment Period: 6/24/2013 - 8/23/2013 Public Hearing: N/A	Mitigated ND	County of Los Angeles	Document under review as of 7/31/13
<i>General Land Use (residential, etc.)</i> <b>ORC130628-02</b> Portola Center Area Plan and Tentative Tract Map	The proposed project consists of an Area Plan and Tentative Tract Map for a residential and mixed-use development on an approximately 195-acre site. The project will include a variety of housing types, including a mixed-use area with a small neighborhood commercial component, as well as parks, a public trail, and open space. Comment Period: 6/28/2013 - 8/12/2013 Public Hearing: N/A	Sub DEIR	City of Lake Forest	Document under review as of 7/31/13
<i>Plans and Regulations</i> <b>RVC130514-08</b> City of Calimesa Draft Updated General Plan	This document consists of a notice of update to the City of Calimesa Draft Updated General Plan. Comment Period: N/A Public Hearing: N/A	Other	City of Calimesa	Document under review as of 7/31/13
<i>Plans and Regulations</i> <b>SBC130628-03</b> San Bernardino County Regional Greenhouse Gas Reduction Plan	This document consists of the draft San Bernardino County Regional Greenhouse Gas Reduction Plan. The draft presents the goals identified by the participating cities in reducing GHG emissions, forecast of 2020 emissions, GHG reduction measures for each participating city, and baseline information for the development of city climate action plans. Comment Period: N/A Public Hearing: N/A	Other	San Bernardino County Associated Governments	Document under review as of 7/31/13
<i>Transportation</i> <b>ORC130627-01</b> I-405 Improvement Project	The proposed project consists of improving the Interstate 405 by adding either one general purpose (GP) lane, or two GP lanes, or one GP lane and a tolled Express lane in each direction to be managed with the existing HOV lanes as a tolled Express Facility between State Route 73 and Interstate 605. The Interstate 405 improvement would be primarily in the County of Orange for approximately 16 miles. Comment Period: 6/27/2013 - 8/12/2013 Public Hearing: N/A	Sup DEIR	California Department of Transportation	Document under review as of 7/31/13

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**ATTACHMENT B-2  
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS  
OR IS CONTINUING TO CONDUCT A CEQA REVIEW**

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>Warehouse &amp; Distribution Centers</b> <b>SBC130607-01</b> First Inland Logistics Center II Project	The proposed project consists of demolishing and removing an existing 8.4-acre truck trailer storage yard, grading an approximately 17.3-acre site, and constructing and operating one building having 400,130 square feet of interior floor space consisting of 394,130 square feet of warehouse space and 65,000 square feet of office and mezzanine space with 59 loading bays Comment Period: 6/12/2013 - 7/29/2013 Public Hearing: N/A	DEIR	City of Moreno Valley	Document under review as of 7/31/13
<b>General Land Use (residential, etc.)</b> <b>LAC130606-03</b> Tentative Tract Map 72152	The proposed project consists of demolishing existing buildings and accessory structures at the project site, including signage. The proposed development would provide 135 town-home units within the 6.49-acre site at the density of 20.1 units per acre. Comment Period: 6/4/2013 - 6/24/2013 Public Hearing: 6/25/2013	Mitigated ND	City of West Covina	SCAQMD commented 7/16/2013
<b>General Land Use (residential, etc.)</b> <b>ORC130514-03</b> Rio Santiago	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 16 gross acres. Comment Period: 5/16/2013 - 7/1/2013 Public Hearing: 6/5/2013	DEIR	City of Orange	SCAQMD commented 7/3/2013
<b>General Land Use (residential, etc.)</b> <b>RVC130625-04</b> Cameron Ranch	The proposed project consists of a change to the General Plan as well as subdivision of 627 acres into 154 clustered single-family residential lots and surface streets. Approximately 228 acres would be developed. Comment Period: 6/24/2013 - 7/24/2013 Public Hearing: N/A	NOP (No IS Attached)	County of Riverside	SCAQMD commented 7/12/2013
<b>Industrial and Commercial</b> <b>SBC130625-06</b> Shipping Container Storage Yard	The proposed project consists of developing an undeveloped property for shipping container storage. Two previously merged parcels are proposed to be remerged into a 11.72-acre site. Proposed buildings would include a 60 square-foot guard shack and a 56 square-foot restroom. Sewage collection will be via installation of a 3,000-gallon underground holding tank. Comment Period: 6/24/2013 - 7/15/2013 Public Hearing: N/A	Mitigated ND	City of San Bernardino	SCAQMD commented 7/17/2013
<b>Plans and Regulations</b> <b>LAC130528-03</b> Affordable Housing Land Use and Zoning Designation Project	The proposed project consists of an affordable housing land use and zoning designation project to implement the 2008-2014 Housing Element Update. Specifically, the City of Diamond Bar is obligated to rezone at least 16.3 net acres to accommodate the development of 490-lower-income dwelling units. No specific development projects are associated with the proposed rezoning efforts at this time. Comment Period: 5/24/2013 - 7/8/2013 Public Hearing: N/A	DEIR	City of Diamond Bar	SCAQMD commented 7/3/2013

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**ATTACHMENT B-2  
ONGOING ACTIVE PROJECTS FOR WHICH AQMD HAS  
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SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
<b>Plans and Regulations</b> <b>LAC130625-05</b> Los Angeles County General Plan Update	The proposed project consists of a comprehensive update of the Los Angeles County General Plan. The project includes goals, policies, implementation programs and ordinances. The project covers the unincorporated areas of Los Angeles County and accommodates new housing and employment opportunities in anticipation of population growth in the County and the region.  Comment Period: 6/28/2013 - 7/29/2013 Public Hearing: 7/11/2013	Revised NOP (No IS Attached)	County of Los Angeles	SCAQMD commented 7/12/2013
<b>Transportation</b> <b>RVC130618-08</b> Wildomar Off-Highway Vehicle	This document consists of a notice of preparation of EA for the proposed Wildomar Off-Highway Vehicle (OHV) Management Plan. The plan is a popular and unique recreation resource serving Riverside and Orange Counties.  Comment Period: N/A Public Hearing: N/A	Other	United States Department of Agriculture	SCAQMD commented 7/2/2013
<b>Warehouse &amp; Distribution Centers</b> <b>LAC130523-02</b> Bell Business Center	The proposed project includes eight existing Los Angeles County Assessor's parcels. The parcels total four building sites. In total, the four buildings could result in 840,390 square feet of new industrial and ancillary office space. No buildings are proposed as part of this project; however, site plans and a potential building footprint have been developed for each of the four sites. The City's intent is to approve individual entitlements for each of the four building sites via a development agreement and to consider the environmental impacts of the entire project in a single EIR.  Comment Period: 5/21/2013 - 7/5/2013 Public Hearing: N/A	DEIR	City of Bell	SCAQMD commented 7/11/2013
<b>Warehouse &amp; Distribution Centers</b> <b>RVC130604-10</b> Heartland Park Specific Plan	This document consists of an addendum of a certified EIR for the development of a 417.2-acre industrial center with approximately 5.02 million square feet floor area of distribution warehouse uses, contained in 5 buildings.  Comment Period: N/A Public Hearing: N/A	Other	City of Beaumont	SCAQMD commented 6/4/13
<b>Warehouse &amp; Distribution Centers</b> <b>SBC130621-01</b> Amended NOP for the Optimus Logistics Center	The proposed project consists of a high-cube logistics warehouse development site encompassing 1,512,506 square feet in two buildings on 73.76 acres. The amended NOP reduces the total industrial building area from approximately 1,512,506 square feet to approximately 1,460,067 square feet.  Comment Period: 6/19/2013 - 7/19/2013 Public Hearing: N/A	Amended NOP (No IS Attached)	City of Perris	SCAQMD commented 7/12/2013

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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> <b>LAC130424-03</b> Santa Clarita Valley Sanitation District Chloride Compliance Facilities Plan	The proposed project consists of a draft Facilities Plan which will evaluate a wide variety of options and alternatives. Four final alternatives are identified, and the potential environmental impacts of those final alternatives are analyzed in the Draft EIR. The four alternatives include: a Microfiltration/ Reverse Osmosis (MF/RO) with brine disposal via pipeline; MF/RO with brine disposal via deep well injection; MF/RO with brine disposal via trucking; and a phased alternative water resource management plan. Comment Period: 4/24/2013 - 7/24/2013 Public Hearing: N/A	DEIR	County Sanitation Districts of Los Angeles	SCAQMD commented 7/23/2013
<i>Waste and Water-related</i> <b>LAC130612-01</b> Hyperion Treatment Plant Digester Gas Utilization Project	This document consists of a notice of availability of Draft EIR. The proposed project consists of removing unused equipment from the Energy Recovery Building, then constructing and installing equipment to generate electricity and steam to be used in the wastewater treatment and water reclamation process. Comment Period: 6/7/2013 - 7/22/2013 Public Hearing: N/A	Other	City of Los Angeles	SCAQMD commented 7/26/2013
<i>Waste and Water-related</i> <b>LAC130618-07</b> Draft Removal Action Workplan for Metropolitan Residential	This document consists of a community notice for the review and comment on the draft Removal Action Workplan for Metropolitan Residential located in Anaheim. The site is a vacant lot with high levels of trichloroethylene and low levels of tetrachlorethlene contamination in soil vapor at the site from a historical dry cleaning facility nearby. Comment Period: 6/18/2013 - 7/15/2013 Public Hearing: N/A	Other	Department of Toxic Substances Control	SCAQMD commented 7/12/2013

**TOTAL NUMBER OF REQUESTS TO AQMD FOR DOCUMENT REVIEW THIS REPORTING PERIOD: 64  
TOTAL NUMBER OF COMMENT LETTERS SENT OUT THIS REPORTING PERIOD: 15  
TOTAL NUMBER OF DOCUMENTS REVIEWED, BUT NO COMMENTS WERE SENT: 29  
TOTAL NUMBER OF DOCUMENTS CURRENTLY UNDER REVIEW: 29  
TOTAL NUMBER OF DOCUMENTS THAT DID NOT REQUIRE COMMENTS: 9  
TOTAL NUMBER OF DOCUMENTS THAT WERE NOT REVIEWED: 1**

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**ATTACHMENT C-2  
ACTIVE AQMD LEAD AGENCY PROJECTS  
THROUGH JULY 31, 2013**

PROJECT DESCRIPTION	PROPONENT	TYPE OF DOCUMENT	STATUS	CONSULTANT
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	ND	Consultant is preparing the Final ND.	Environmental Audit, Inc.
The Phillips 66 (formerly ConocoPhillips) Los Angeles Refinery Ultra Low Sulfur Diesel project was originally proposed to comply with federal state and SCAQMD requirements to limit the sulfur content of diesel fuels. Litigation against the CEQA document was filed. Ultimately, the California Supreme Court concluded that the SCAQMD had used an inappropriate baseline and directed the SCAQMD to prepare an EIR, even though the project has been built and has been in operation since 2006. The purpose of this CEQA document is to comply with the Supreme Court's direction to prepare an EIR.	Phillips 66 (formerly ConocoPhillips), Los Angeles Refinery	EIR	The Notice of Preparation was circulated for a 30-day public comment period on March 26, 2012. The comment period ended on April 26, 2012. The consultant submitted the administrative Draft EIR to SCAQMD in late July 2013. SCAQMD staff is currently reviewing the Draft EIR.	Environmental Audit, Inc.
The Phillips 66 Los Angeles Refinery operators are proposing to install one new 615,000-barrel crude oil storage tank with a geodesic dome to accommodate larger marine vessels delivering crude oil. The proposed project also includes increasing the throughput on two existing tanks and adding geodesic domes to these tanks, installing one new 14,000-barrel water draw surge tank and installing one new electrical power substation.	Phillips 66 Los Angeles Refinery Carson Plan	ND	Consultant is revising the Draft ND.	Environmental Audit, Inc.
The Tesoro Refining and Marketing Los Angeles Refinery operators are proposing to replace two existing tanks with two new larger tanks with fixed roofs and internal floating roofs. The proposed project also includes replacing an onsite eight-inch pipeline to the new tanks with a 24-inch diameter pipeline.	Tesoro Refining and Marketing Company Los Angeles Refinery	ND	Consultant is revising the Draft ND.	Environmental Audit, Inc.
Warren E & P, Inc. is proposing a modification to a Subsequent MND that was certified by the SCAQMD on July 19, 2011. Warren has submitted a supplemental ND detailing a gas sales project designed to replace the gas re-injection portion of the 2011 project.	Warren E & P, Inc.	Supplemental ND	SCAQMD staff has reviewed the Draft Supplemental ND and submitted comments to the consultant.	Environ
The Chevron PRO Project was originally evaluated in the May 2008 Final EIR. Chevron recently submitted an Addendum to the 2008 Final EIR that identified and analyzed proposed modifications to the project based on detailed design engineering. The addendum for the Project was certified by the Executive Officer in July 24, 2013.	Chevron	Addendum	Project was certified by Executive Officer on July 24, 2013.	Environmental Audit, Inc.
Operators of the Ultramar Wilmington Refinery are proposing to add rail service to their facility.	Ultramar Wilmington Refinery	EIR	The consultant is preparing an Initial Study.	Environmental Audit, Inc.

A shaded row indicates a new project.

#=SCAQMD was contacted regarding potential environmental justice concerns due to the natural and/or location of the project.

**ATTACHMENT C-2  
ACTIVE AQMD LEAD AGENCY PROJECTS  
THROUGH JULY 31, 2013**

PROJECT DESCRIPTION	PROPONENT	TYPE OF DOCUMENT	STATUS	CONSULTANT
Operators of the KinderMorgan Lomita Terminal are proposing to deliver crude oil by expanding their rail facility.	KinderMorgan Lomita Terminal	To Be Determined	The consultants are preparing initial emission estimates to determine the type of CEQA document to be prepared.	SABS Consulting and TRC
Operators of the Petro Diamond Marine terminal are proposing to increase the number of ship calls delivering ethanol.	Petro Diamond	To Be Determined	The consultant is preparing control emission estimates to determine the type of CEQA document to be prepared.	SABS Consulting

A shaded row indicates a new project.

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[↑ Back to Agenda](#)

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 20

REPORT: Rule and Control Measure Forecast

SYNOPSIS: This report highlights SCAQMD rulemaking activity and public workshops potentially scheduled for the year 2013 and portions of 2014.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:  
Receive and file.

Barry R. Wallerstein, D.Env.  
Executive Officer

EC:LT:lm

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The Rule and Control Measure Forecast Report provides the Board with a monthly update of SCAQMD's rulemaking and control measure implementation schedule.

1420	Emissions Standard for Lead
1420.2	Emission Standard for Lead from Medium Sources
Proposed Amended Rule 1420 and Proposed Rule 1420.2 are being moved from November to the first quarter of 2014 due to staff resources.	
2305	Indirect Sources
Proposed Amended Rule 2305 is being moved from November to the first quarter of 2014 due to staff resources.	
4001	Backstop to Ensure AQMP Emission Reduction Targets are Met at Commercial Marine Ports (IND-01)
Proposed Rule 4001 is moved to December from October to allow staff time to solicit additional stakeholder comment and input and the proposed rule is to mainly address the 24-hr PM2.5 National Ambient Air Quality Standard. Emission targets for ozone standards will be addressed through Proposed Rules 4010 and 4020 in the first quarter of 2014.	

Reg. III	Fees
Regulation III is moved to November from September to allow more time for staff to complete the proposal and for public review.	
1168	Adhesive and Sealant Applications
Proposed Amended Rule 1168 is moved to December from October to allow more time for staff to complete the proposal and for public review.	

## 2013 MASTER CALENDAR (continued)

Below is a list of all rulemaking activity scheduled for the year 2013. 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.*

*<sup>1</sup>Subject to Board approval*

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

*Socioeconomic Analysis shall be referred to as "Socio."*

### 2013

November		AQMP	Toxics	Other	Climate Change
Reg. III <sup>1</sup>	Fees			√	
1123	Improved Start-up, Shutdown and Turnaround Procedures (MCS-03)	√			
1130	Graphic Arts (CTS-02)	√			
1146	Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters			√	
1146.1	Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters			√	
Reg. XX	Regional Clean Air Incentives Market (RECLAIM) (CMB-01)	√			



**2013 MASTER CALENDAR (continued)**

**2013**

<b>December</b>		<b>AQMP</b>	<b>Toxics</b>	<b>Other</b>	<b>Climate Change</b>
415	Odors from Rendering Plants			√	
1168 <sup>1</sup>	Adhesive and Sealant Applications			√	
1420.1 <sup>*</sup>	Emissions Standards for Lead from Lead-Acid Battery Recycling Facilities		√		
2301	Control of Emissions from New or Redevelopment Projects (EGM-01)	√			
4001 <sup>1</sup>	Backstop to Ensure AQMP Emission Reduction Targets are Met at Commercial Marine Ports (IND-01)	√			

**2013 TO-BE DETERMINED**

<b>TBD</b>		<b>AQMP</b>	<b>Toxics</b>	<b>Other</b>	<b>Climate Change</b>
463	Storage of Organic Liquids			√	
1107 <sup>+</sup>	Coating of Metal Parts and Products	√			
1118	Control of Emissions from Refinery Flares			√	√
1144	Metalworking Fluids and Direct-Contact Lubricants			√	
1147	NOx Reductions from Miscellaneous Sources			√	
1148	Thermally Enhanced Oil Recovery Wells		√		
1148.1	Oil and Gas Production Wells		√		
1420	Emissions Standard for Lead		√		
1420.2	Emission Standards for Lead from Medium Sources		√		
2305 <sup>*</sup>	Indirect Sources		√	√	
1151 <sup>*+</sup>	Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations			√	

**2013 MASTER CALENDAR (continued)**

**2013 TO-BE DETERMINED**

<b>TBD</b>	<b>(continued)</b>	<b>AQMP</b>	<b>Toxics</b>	<b>Other</b>	<b>Climate Change</b>
1153.1	Emissions of Oxides of Nitrogen from Commercial Food Ovens			√	
1155	Particulate Matter (PM) Control Devices			√	
1166	Volatile Organic Compound Emissions from Decontamination of Soil			√	
1171	Solvent Cleaning Operations (CTS-02)	√		√	
1173	Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants			√	√
1190 Series	Fleet Vehicle Requirements			√	
Reg. XIII	New Source Review			√	
1469	Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations		√		
1469.1	Spraying Operations Using Coatings Containing Chromium		√		
1902	Transportation Conformity	√			
Reg. XX	Regional Clean Air Incentives Market (RECLAIM)			√	
2511	Credit Generation Program for Locomotive Head End Power Unit Engines			√	
2512	Credit Generation Program for Ocean-Going Vessels at Berth			√	
Reg. XXVII	Climate Change				√

**2013 MASTER CALENDAR (continued)**

**2013 TO-BE DETERMINED**

<b>TBD</b>	(continued)	<b>AQMP</b>	<b>Toxics</b>	<b>Other</b>	<b>Climate Change</b>
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: SCAQMD 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.

**2013 MASTER CALENDAR (continued)**

**1<sup>st</sup> QUARTER OF 2014**

2014		AQMP	Toxics	Other	Climate Change
1420 <sup>1</sup> 1420.2 <sup>1</sup>	Emissions Standard for Lead Emission Standard for Lead from Medium Sources		√ √		
2305 <sup>1</sup>	Indirect Sources		√	√	
4010 <sup>1</sup>  4020 <sup>1</sup>	General Provisions and Requirements for Ports of Los Angeles and Long Beach (IND-01) Backstop Requirements for Ports of Long Angeles and Long Beach (IND-01)	√  √	√  √		

# ATTACHMENT A

## AQMP Rule Activity Schedule

This attachment lists those control measures that are being developed into rules or rule amendments for Board consideration that are designed to implement the amendments to the 2007 and 2012 Air Quality Management Plans.

### 2013

November	
1123	<p><b>Improved Start-up, Shutdown and Turnaround Procedures (MCS-03)</b>  <i>[Projected Emission Reduction: TBD]</i>                      Proposed Rule 1123 will, if needed, implement Phase 1 of Control Measure MCS-03 of the 2012 AQMP by establishing procedures that better quantify emission impacts from start-up, shutdown or turnarounds.  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1130	<p><b>Graphic Arts (CTS-02)</b>  <i>[Projected Emission Reduction: TBD]</i>                      The proposed amendment will review fountain solutions and other technologies to align requirements with existing rules and U.S. EPA's Control Techniques Guidelines (CTG) recommendations.  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
Reg. XX	<p><b>Regional Clean Air Incentives Market (RECLAIM)</b>  <i>[Projected Emission Reduction: 3-5 TPD]</i>                      Proposed amendments to Regulation XX will seek to implement a minimum contingency measure CMB-01 of the 2012 AQMP and possibly Phase II of the control measure if the technology assessment can be completed within the allotted time for this rulemaking.  <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>

# ATTACHMENT A

## AQMP Rule Activity Schedule (continued)

**2013**

December	
2301	<p><b>Control of Emissions from New or Redevelopment Projects (EGM-01)</b>  <i>[Projected Emission Reduction: Committed to reduce 0.5 tons per day of VOC, 0.8 tons per day of NOx, and 0.5 tons per day of PM2.5 in 2023.]</i>                      The proposed rule will implement the 2007 AQMP Control Measure EGM-01 – Emission Reductions from New or Redevelopment Projects. Since the initial proposal was released for PR 2301, CARB in compliance with an SB 375 requirement, has set greenhouse gas emission reduction targets for each metropolitan planning organization (MPO). SCAG’s 2012 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) contains the plan for how these target emission reductions will be met. In light of this development, PR 2301 will be drafted as a backstop/contingency measure to ensure that the co-benefits of VOC, NOx, and PM 2.5 emission reductions from the SCS will meet the 2007 AQMP targets.  <i>Carol Gomez 909.396.3264 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
4001 <sup>1</sup>	<p><b>Backstop to Ensure AQMD Emission Reduction Targets are Met at Commercial Marine Ports</b>  <i>[Projected Emission Reduction: TBD]</i>                      If triggered, the proposed rule will address cost-effective NOx, SOx, and PM2.5 emission reduction strategies from port-related sources to ensure emission reductions claimed or emission targets assumed in the 2012 AQMP for the 24-hr PM2.5 standard are maintained.  <i>Randall Pasek 909.396.2251 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>

### To-Be Determined 2013

To-Be Determined	
1107 <sup>+</sup>	<p><b>Coating of Metal Parts and Products</b>  <i>[Projected Emission Reduction: TBD]</i>                      Amendments to Rule 1107 would further reduce VOC emissions and improve rule clarity and enforceability.  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1171	<p><b>Solvent Cleaning Operations</b>  <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: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>

# ATTACHMENT A

## AQMP Rule Activity Schedule (continued)

### To-Be Determined 2013

<b>To-Be Determined</b>	<b>(continued)</b>
1902	<p><b>Transportation Conformity</b>  <i>[Projected Emission Reduction: TBD]</i>                      Amendments to Rule 1902 will bring the District’s Transportation Conformity rule in line with current U.S. EPA requirements.  <i>Carol Gomez 909.396.3264 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</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.</p>

### 1<sup>st</sup> Quarter of 2014

<b>2014</b>	
4010 <sup>1</sup>	<p><b>General Provisions and Requirements for Ports of Los Angeles and Long Beach (IND-01)</b></p>
4020 <sup>1</sup>	<p><b>Backstop Requirements for Ports of Los Angeles and Long Beach (IND-01)</b>  <i>[Projected Emission Reduction: TBD]</i>                      If triggered, the proposed rules will address cost-effective NOx, SOx, and PM2.5 emission reduction strategies from port-related sources to ensure emission reductions claimed or emission targets assumed in the AQMP are maintained.  <i>Randall Pasek 909.396.2251 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>

**ATTACHMENT B**  
**Toxics Rule Activity Schedule**

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

**2013**

<b>December</b>	
1420.1*	<p><b>Emissions Standard for Lead from Large Lead-Acid Battery Recycling Facilities</b>  <i>[Projected Emission Reduction: TBD]</i>            SCAQMD staff is proposing amendments to Rule 1420.1 to address toxic emissions from large lead-acid battery recycling facilities.  <i>Susan Nakamura 909.396.3105 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>

**To-Be Determined 2013**

<b>To-Be Determined</b>	
1148 1148.1	<p><b>Thermally Enhanced Oil Recovery Wells</b>  <b>Oil and Gas Production Wells</b>  <i>[Projected Emission Reduction: TBD]</i>            Rules 1148 and 1148.1 will be evaluated to determine if additional requirements need to be added to address hydraulic fracturing activities.  <i>Susan Nakamura 909.396.3105 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1469 1469.1	<p><b>Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations</b>  <b>Spraying Operations Using Coatings Containing Chromium</b>  <i>[Projected Emission Reduction: TBD]</i>            Staff will evaluate opportunities for reducing chrome emissions from various spray coating operations.  <i>Susan Nakamura 909.396.3105 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</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. Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures.</p>



## ATTACHMENT B

### Toxics Rule Activity Schedule (continued)

#### 1<sup>st</sup> Quarter of 2014

2014	
<p>1420*<sup>1</sup> 1420.2<sup>1</sup></p>	<p><b>Emissions Standard for Lead</b></p> <p><b>Emission Standards for Lead from Medium Sources</b>  <i>[Projected Emission Reduction: TBD]</i>                      In October 2008, U.S. EPA lowered the National Ambient Air Quality Standard for lead from 1.5 to 0.15 ug/m<sup>3</sup>. 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: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
<p>2305*</p>	<p><b>Indirect Sources</b>  <i>[Projected Emission Reduction: TBD]</i>                      Proposed Rule 2305 will identify approaches to reduce exposure to diesel particulate emissions and localized NO<sub>2</sub> emissions from facilities associated with large indirect sources (i.e., facilities that attract mobile sources).  <i>Susan Nakamura 909.396.3105 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
<p>4010<sup>1</sup>  4020<sup>1</sup></p>	<p><b>General Provisions and Requirements for Ports of Los Angeles and Long Beach (IND-01)</b></p> <p><b>Backstop Requirements for Ports of Los Angeles and Long Beach (IND-01)</b>  <i>[Projected Emission Reduction: TBD]</i>                      If triggered, the proposed rules will address cost-effective NO<sub>x</sub>, SO<sub>x</sub>, and PM<sub>2.5</sub> emission reduction strategies from port-related sources to ensure emission reductions claimed or emission targets assumed in the AQMP are maintained.  <i>Randall Pasek 909.396.2251 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>

**ATTACHMENT C**  
**Other Rule Activity Schedule**

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

**2013**

<b>November</b>	
Reg. III <sup>1</sup>	<p><b>Fees</b>  <i>[Projected Emission Reduction: N/A]</i>            Proposed amendments to Reg. III are intended to align fee revenues to recover SCAQMD program costs.  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1146  1146.1	<p><b>Emissions of Oxides of Nitrogen from Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters</b>  <b>Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters</b>  <i>[Projected Emission Reduction: unknown]</i>            Proposed amendments will address expected U.S. EPA comments on compliance issues.  <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
<b>December</b>	
415	<p><b>Odors from Rendering Plants</b>  <i>[Projected Emission Reduction: TBD]</i>            Proposed Rule 415 will address odors from rendering plants.  <i>Susan Nakamura 909.396.3105 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1168	<p><b>Adhesive and Sealant Applications (CTS-02)</b>  <i>[Projected Emission Reduction: N/A]</i>            Amendments to Rule 1168 will partially implement CTS-02 and reflect improvements in adhesive and sealants technology.  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>

# ATTACHMENT C

## Other Rule Activity Schedule (continued)

### To-Be Determined 2013

<b>To-Be Determined</b>	
463	<p><b>Storage of Organic Liquids</b>  <i>[Projected Emission Reduction: TBD]</i>                      Staff will evaluate the opportunity of harmonizing Rules 463 and 1178 into one and be prepared to address any stakeholder feedback in response to recent amendments to Rule 463.  <i>Susan Nakamura 909.396.3154 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1118	<p><b>Control of Emissions from Refinery Flares</b>  <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. Amendments may also be necessary to implement an AB 32 measure.  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1144	<p><b>Metalworking Fluids and Direct-Contact Lubricants</b>  <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: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1147	<p><b>NOx Reductions from Miscellaneous Sources</b>  <i>[Projected Emission Reduction: N/A]</i>                      Proposed amendments will provide ongoing staff reports to committee relative to impacts to less-than-one-ton-per-day sources.  <i>Joe Cassmassi 909.396.3155 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1151 <sup>*+</sup>	<p><b>Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations</b>  <i>[Projected Emission Reduction: N/A]</i>                      Amendments to the rule may be necessary to reflect further findings relative to recordkeeping requirements for tertiary butyl acetate (TBAC).  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1153.1	<p><b>Emissions of Oxides of Nitrogen from Commercial Food Ovens</b>  <i>Projected Emission Reduction: N/A]</i>                      Proposed Rule 1153.1 will establish equipment-specific nitrogen oxides emission limits and other requirements for the operation of commercial food ovens.  <i>Joe Cassmassi 909.396.31553 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1155	<p><b>Particulate Matter (PM) Control Devices</b>  <i>[Projected Emission Reduction: TBD]</i>                      With the implementation of Rule 1155, amendments may be necessary to address the potential exemption of small PM emitters to minimize adverse impacts of the rule requirements where there is no real impact on visible emissions.  <i>Philip Fine 909.396.2239 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>

# ATTACHMENT C

## Other Rule Activity Schedule (continued)

### To-Be Determined 2013

<b>To-Be Determined</b>	<b>(continued)</b>
1166	<p><b>Volatile Organic Compound Emissions from Decontamination of Soil</b>  <i>[Projected Emission Reduction: N/A]</i>                      Amendments to Rule 1166 may be necessary to clarify certain elements of the rule.  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1171	<p><b>Solvent Cleaning Operations</b>  <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: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1173	<p><b>Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants</b>  <i>[Projected Emission Reduction: TBD]</i>                      Amendment to Rule 1173 may be necessary to address greenhouse gas emissions from petroleum facilities and chemical plants and clarify other provisions of the rule.  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1190 Series	<p><b>Fleet Vehicle Requirements</b>  <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: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
Reg. XIII	<p><b>New Source Review</b>  <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>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
Reg. XX	<p><b>Regional Clean Air Incentives Market (RECLAIM)</b>  <i>[Projected Emission Reduction: N/A]</i>                      Staff will explore opportunities to improve the administrative efficiency of the program.  <i>Joe Cassmassi 909.396.3155 909.396.3155 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>

## ATTACHMENT C

### Other Rule Activity Schedule (continued)

#### To-Be Determined 2013

To-Be Determined	(continued)
2511	<p><b>Credit Generation Program for Locomotive Head End Power Unit Engines</b>  <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>Randall Pasek 909.396.2251 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
2512	<p><b>Credit Generation Program for Ocean-Going Vessels at Berth</b>  <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>Randall Pasek 909.396.2251 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</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.</p>

#### 1<sup>st</sup> Quarter of 2014

2014	
2305*	<p><b>Indirect Sources</b>  <i>[Projected Emission Reduction: TBD]</i>                      Proposed Rule 2305 will identify approaches to reduce exposure to diesel particulate emissions and localized NO2 emissions from facilities associated with large indirect sources (i.e., facilities that attract mobile sources).  <i>Susan Nakamura 909.396.3105 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>

# ATTACHMENT D

## Climate Change

This attachments lists rules or rule amendments for Board consideration that are designed to implement SCAQMD’s Climate Change Policy or for consistency with state or federal rules.

### To-Be Determined 2013

<b>To-Be Determined</b>	
1118	<p><b>Control of Emissions from Refinery Flares</b>  <i>[Projected Emission Reduction: TBD]</i>                      Amendments may be necessary to address findings from the additional analysis required by the adopting resolution for the last amendment. Amendments may also be necessary to implement an AB 32 measure.  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
1173	<p><b>Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants</b>  <i>[Projected Emission Reduction: TBD]</i>                      Amendment to Rule 1173 may be necessary to address greenhouse gas emissions from petroleum facilities and chemical plants and clarify other provisions of the rule.  <i>Naveen Berry 909.396.2363 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</i></p>
Reg. XXVII	<p><b>Climate Change</b>  <i>[Projected Emission Reduction: TBD]</i>                      Additional protocols may be added to Rules 2701 and 2702.  <i>Philip Fine 909.396.2239 CEQA: Krause 909.396.2706 Socio: Lieu 909.396.3059</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 to address variance issues/technology-forcing limits.</p>

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 21

REPORT: FY 2012-13 Contract Activity

SYNOPSIS: This report lists the number of contracts let during FY 2012-13, the respective dollar amounts, award type, and the authorized contract signatory for the SCAQMD. This report includes the data provided in the March 2013 report covering contract activity for the first six months of FY 2012-13.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:  
Receive and file.

Barry R. Wallerstein, D.Env.  
Executive Officer

MBO:DH:EA:lg

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### **Background**

Since FY 1995-96, staff has provided semi-annual reports to the Governing Board on contract activity. This report identifies five categories of contract awards: 1) New Awards – new contracts for professional services and research projects; 2) Other – air monitoring station leases, Board Assistant agreements, or miscellaneous lease agreements that generate revenue, e.g., lease of SCAQMD space; 3) Sponsorships – contracts funding public events and technical conferences which provide air quality benefits; 4) Amendments – modifications to existing contracts usually reflecting changes in the project scope and/or schedule; 5) Terminated Contracts – Partial Work Performed – modifications to contracts to reflect termination of a portion or all of the work which result in de-obligation of contract funding. The report further specifies under New Awards, which contracts were awarded competitively and which were awarded on a sole-source basis. Within the first four categories, the level of approval (Board or Executive Officer) is indicated.

**Summary**

Of the 1,116 contracts and modifications (including terminations) issued during this period, New Awards accounted for 799, Other accounted for 27, Sponsorships accounted for 6, and Modifications accounted for 240. The total value for New Awards was \$212,163,393.15. Of that amount, \$196,444,744.83 or 93% was awarded through the competitive process. The total value of all contracts and amendments for this period was \$219,340,689.32 with 811 contracts and amendments totaling \$217,049,236.59 approved by the Board and 261 contracts and amendments totaling \$2,291,452.73 approved by the Executive Officer. This does not include modifications for termination with partial work or no work completed which is addressed below. Of this latter amount \$718,899.25 representing 23 contracts was for Board Member Assistant contracts as approved by the Board's Administrative Committee; \$741,085.00 representing 36 contracts was sole sourced in the areas of litigation/legal services (\$226,500.00), technical consulting (\$410,700.00), and miscellaneous (\$103,885.00); \$115,500.00 representing 6 contracts was for sponsorships in advanced technologies and community and business outreach; and \$631,551.48 representing 189 contracts was for contract modifications for extensions of time or additional budgeted services from previously approved vendors. Contract terminations with partial or no work completed numbered 44 during this period and de-obligated a total of \$7,868,038.45.

<b>CONTRACT CATEGORY</b>	<b>NUMBER</b>	<b>AMOUNT</b>
NEW AWARDS	799	\$212,163,393.15
OTHER	27	\$ 735,477.25
SPONSORSHIPS	6	\$ 115,000.00
MODIFICATIONS	240	\$ 6,326,818.92
TERMINATIONS	44	-\$ 7,868,038.45

**Attachment**

Contract Activity Report for the period July 1, 2012 through June 30, 2013



**South Coast Air Quality Management District**  
**Contract Activity Report**  
**July 1, 2012 - June 30, 2013**

DEPT ID	DEPT NAME	CONTRACT NUMBER	FUND CODE	DESCRIPTION	VENDOR NAME	CONTRACT AMOUNT	FOOT NOTE
<b>I. NEW AWARDS</b>							
<b>Competitive - Board Approved</b>							
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11555	31	DEMONSTRATE HYDROGEN REFUELING STATION AT UCLA	UNIVERSITY OF CALIFORNIA-LOS ANGELES	\$400,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11623	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE E. MARTINEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11628	81	PROP 1B TRUCK REPLACEMENT PROGRAM	STONE MASTER IMPORTS, INC	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11630	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VICTOR M LOPEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11634	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE C. MENDEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11635	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE AGUILAR	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11638	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VIEYRA'S TRUCKING	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11641	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RAUL JUAREZ JACOBO	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11642	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ALLEN GOMEZ GEOVANY	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11645	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LUIS CHAVEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11646	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GUILLERMO CHOPIN	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11647	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE G. TAVARES	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11650	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EVERETT LUEVANOS TRUCKING	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11651	81	PROP 1B TRUCK REPLACEMENT PROGRAM	KEWEI WANG	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11652	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DAVID MACIAS	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11658	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JESUS R. CUC	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11662	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JESUS CARDENAS	\$0.00	15

**South Coast Air Quality Management District**  
**Contract Activity Report**  
**July 1, 2012 - June 30, 2013**

<b>DEPT ID</b>	<b>DEPT NAME</b>	<b>CONTRACT NUMBER</b>	<b>FUND CODE</b>	<b>DESCRIPTION</b>	<b>VENDOR NAME</b>	<b>CONTRACT AMOUNT</b>	<b>FOOT NOTE</b>
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11665	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE MEJIA	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11666	81	PROP 1B TRUCK REPLACEMENT PROGRAM	R. PALMA TRUCKING	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11667	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GERMAN SARAVIA	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11669	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN C. NUNEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11670	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GERARDO TELLES	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11671	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CRUZ GOMEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11673	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MANUEL ALDANA	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11674	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MIGUEL A. CRISTALES	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11676	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EDGAR J. MENDEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11679	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TOTAL DISTRIBUTION SERVICE, INC.	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11680	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE CASTILLO	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11685	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NELSON R MUNOZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11686	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MIGUEL IBANEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11687	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE R. HERNANDEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11688	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CARLOS MELENDEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11690	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CAYETANO GALLARDO	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11691	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CARLOS MENA	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11692	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JORGE ROMERO	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11701	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MAENER H QUISPE	\$0.00	15

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11705	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MANUEL MEMBRENO	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11707	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN MANUAL SALAZAR	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11713	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE MEMBRENO	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11715	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WALTER H. MARTINEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11716	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VICTOR M. CASTELLON	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11717	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARICEL ROBLES	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11718	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DOMINGO GOMEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11721	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BICOASTAL TRUCKING INC.	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11730	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ROBERTO L FLORES	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11735	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DOUGLAS SALAZAR	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12082	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DAVID FLORES	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12083	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EMO LINE EXPRESS, INC	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12084	81	PROP 1B TRUCK REPLACEMENT PROGRAM	COASTAL TRANSPORT SERVICES	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12085	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CESAR ALFREDO AVILES	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12088	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARCOS MARTINEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12089	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LUIS CORTEZ	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12091	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MYNOR MARROQUIN	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12092	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SEVERINO MENDOZA MATEOS	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12093	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SPEEDWAY EXPRESS CO. INC.	\$0.00	15

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12095	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARIN TRUCKING INC.	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12098	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DEPENDABLE FREIGHT & CONTAINER TRANSPORT	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12099	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JULIO MEJIA	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12100	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GABRIEL PEREZ LOZANO	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12101	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN MILLONES	\$0.00	15
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12134	32	REPOWER 4 DIESEL OFF-ROAD CONSTRUCTION VEHICLES	ALTFILLISCH CONTRACTORS INC	\$666,517.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12173	32	REPLACEMENT OF 24 PRISON TRANSPORT BUSES WITH NEW DIESEL BUSES	COUNTY OF LOS ANGELES	\$4,394,694.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12224	32	REPOWER 2 AUXILIARY OF 1 MARINE VESSEL	CATALINA CHANNEL EXPRESS, INC	\$55,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12225	32	REPOWER 3 AUXILIARY ENGINES OF 1 MARINE VESSEL	CAPE BLANCO FISHING LP	\$137,600.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12242	32	REPOWER 1 MAIN AND 2 AUXILIARY ENGINES ON 1 MARINE VESSEL	SANTA MARIA FISHING, INC.	\$248,175.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12270	32	REPOWER OF 1 MAIN ENGINE OF A MARINE VESSEL	ORLANDO ROJAS	\$102,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12275	32	REPOWER OF 1 MAIN ENGINE OF A MARINE VESSEL	IN-SEINE BAIT CO.	\$120,800.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12290	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EAGLE TRANSPORTATION, LLC	\$92,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12291	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE M. FLORES	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12292	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RPM TRANSPORATION, INC.	\$600,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12294	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TRANSPORTATION COMMODITIES INC.	\$390,500.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12307	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ANTHONY H. OSTERKAMP JR.	\$800,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12315	81	PROP 1B TRUCK REPLACEMENT PROGRAM	APPLEBEE LEASING, INC	\$797,500.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12316	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NORTH HILLS RECYCLING, INC.	\$120,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12317	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ACEVEDO DISTRIBUTION LLC	\$280,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12318	81	PROP 1B TRUCK REPLACEMENT PROGRAM	COASTAL TRANSPORT SERVICES	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12319	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ANTHONY H. OSTERKAMP JR.	\$1,820,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12320	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PEREZ DISPOSAL COMPANY, INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12321	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GOLDEN BEAR TRANSPORTATION &	\$300,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12322	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CPL EXPRESS, INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12323	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EJ DISTRIBUTION COMPANY DBA EJ TRANSPORT	\$110,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12324	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RALPHS GROCERY COMPANY	\$2,700,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12325	81	PROP 1B TRUCK REPLACEMENT PROGRAM	G & H TRANSPORT INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12326	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ECOLOGY AUTO PARTS, INC.	\$5,805,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12327	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DALTON TRUCKING INC	\$1,850,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12328	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DEPENDABLE HIGHWAY EXPRESS, INC.	\$470,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12329	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WEST COAST TURF	\$421,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12330	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VILLA PARK TRUCKING, INC.	\$685,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12331	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RANDALL FOODS INC.	\$600,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12332	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OAK HARBOR FREIGHT LINES	\$1,120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12333	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DIRECT HOME DELIVERY SERV INC	\$600,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12335	81	PROP 1B TRUCK REPLACEMENT PROGRAM	99 CENTS ONLY STORES	\$400,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12336	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DAGOBERTO RODRIGUEZ	\$50,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12337	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MONSTER ENERGY COMPANY	\$400,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12339	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARTIN PRODUCE	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12340	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PARKHOUSE TIRE SERVICE INC.	\$240,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12341	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ROBERTO RODRIGUEZ	\$70,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12342	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RPM TRANSPORATION, INC.	\$1,940,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12343	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TRANS PETRO OF CALIFORNIA, INC.	\$270,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12344	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SOUTH COAST TRANSPORTATION & DIST. INC.	\$340,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12345	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DESERT COASTAL TRANSPORT INC.	\$80,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12346	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DIAMOND MATTRESS COMPANY INC.	\$140,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12348	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LEE JENNINGS TARGET EXPRESS, INC.	\$800,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12349	81	PROP 1B TRUCK REPLACEMENT PROGRAM	O.C. VACUUM INC.	\$360,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12351	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ROUTE ONE TRANSPORT, INC.	\$275,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12352	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SEASON PRODUCE COMPANY	\$240,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12354	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VAN DYK TANK LINES, INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12356	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PEDRO A. ROMERO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12357	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MANUEL RAMIREZ CALZADA	\$48,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12358	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FEDERICO FERNANDO HERRERA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12359	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FRED ZAMORA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12360	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN APOLONI	\$40,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12361	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RICARDO ESTRADA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12362	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NERY ESTRADA	\$48,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12363	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NABIH J. ESMEIRAT	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12364	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JAVIER VENEGAS	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12366	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MATHESON TRUCKING, INC.	\$1,120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12367	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CALIFORNIA BULK, INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12368	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EVANS DEDICATED SYSTEMS, INC.	\$1,200,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12369	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ZAPS TRUCKING INC	\$360,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12370	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SOUTH COAST TRANSPORTATION & DIST. INC.	\$1,225,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12371	81	PROP 1B TRUCK REPLACEMENT PROGRAM	AJAX LEASING CO. LLC.	\$480,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12372	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BEST DEMOLITION & RECYCLING CO. INC.	\$240,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12373	81	PROP 1B TRUCK REPLACEMENT PROGRAM	J.G. RODRIGUEZ TRUCKING	\$300,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12375	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EDGAR REYES	\$150,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12385	32	REPOWER 4 DIESEL OFF-ROAD VEHICLES	SA RECYCLING LLC	\$300,883.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12389	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MAIL TRANSPORTATION INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12390	81	PROP 1B TRUCK REPLACEMENT PROGRAM	KARLA LISSETTE LARIN DIAZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12391	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARIO E. MORAN	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12393	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JESUS ROSALES	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12394	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LUIS EDUARDO CORELLA	\$40,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12395	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ARMANDO RAMIREZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12396	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SANTANA BOJORQUEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12397	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE A. HEVIA MARTINEZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12398	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RUBEN A. ROMERO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12399	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JORGE MARIO JIMENEZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12400	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ARTURO R. QUIJAS	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12401	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CESAR AMILCAR HERRERA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12402	81	PROP 1B TRUCK REPLACEMENT PROGRAM	HERBERTO PEREZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12403	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE REFUGIO GONZALEZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12404	81	PROP 1B TRUCK REPLACEMENT PROGRAM	R VAN DYKE TRANS. INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12405	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ARISTEO ALVAREZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12406	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ZURITA'S TRANSPORT	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12407	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EMIGDIO SALAZAR	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12408	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ALVARO VALENZUELA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12410	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RRM PROPERTIES, LTD - LSR	\$13,860,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12411	81	PROP 1B TRUCK REPLACEMENT PROGRAM	G.O. RODRIGUEZ TRUCKING, INC.	\$600,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12412	81	PROP 1B TRUCK REPLACEMENT PROGRAM	US TRANSPORTATION	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12413	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MANKE TRUCKING INC.	\$200,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12414	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JAIME RAYGOZA	\$100,000.00	



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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12415	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PACIFIC TANK LINES, INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12416	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE G. GRANADOS	\$80,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12418	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SA RECYCLING LLC	\$520,525.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12419	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JESUS E. FERNANDEZ	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12420	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MOUNTAIN VALLEY EXPRESS CO INC	\$520,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12422	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NORTHGATE GONZALEZ, LLC	\$360,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12423	81	PROP 1B TRUCK REPLACEMENT PROGRAM	AGUSTIN PEREZ TRUCKING	\$250,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12424	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARTINEZ TRUCKING & LOGISTICS INC.	\$250,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12425	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BLC SYSTEMS INC.	\$180,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12426	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GOLDEN WEST TRADING	\$265,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12427	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ROAD RUNNER SPECIALTY TOWING & TRANSPORT	\$180,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12428	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FONTANA PAPER MILLS, INC.	\$240,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12429	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OXNARD BUILDING MATERIALS, INC.	\$120,000.00	
04	FINANCE	C12430	01	PROVIDE INDEPENDENT AUDIT SERVICES FOR FISCAL YEAR 2011-2012	SIMPSON & SIMPSON	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12431	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ANTHONY G. SACRE	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12432	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN CORVERA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12433	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MORA TRUCKING LLC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12434	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SALVADOR PEREZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12435	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MANUEL DE JESUS RODRIGUEZ	\$40,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12436	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE SANCHEZ DBA- SANCHEZ TRUCKING	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12437	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RICARDO RODRIGUEZ TRUCKING	\$48,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12438	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DOUGLAS A. DAVILA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12439	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VICTOR OCHOA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12440	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TEAM CAMPBELL LOGISTICS, LLC	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12441	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LINCOLN TRANSPORATION SERVICES INC.	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12442	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FAIRVIEW TRUCKING INC.	\$160,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12443	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GRILEY AIR FREIGHT	\$460,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12444	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ARAKELIAN ENTERPRISES INC DBA UNITED -	\$360,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12445	81	PROP 1B TRUCK REPLACEMENT PROGRAM	D&F TRUCKING COMPANY	\$240,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12446	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARTIAN TRUCKING, INC.	\$375,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12447	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FOSTER FARMS LLC	\$520,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12448	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CUSTOM ALLOY SALES, INC.	\$93,500.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12449	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ALPHA MATERIALS, INC.	\$117,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12450	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TED SOLOMON TRUCKING, INC.	\$80,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12451	81	PROP 1B TRUCK REPLACEMENT PROGRAM	USA WASTE OF CALIFORNIA INC	\$175,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12452	35	INSTALLATION OF UP TO 2 MW SOLAR PV CARPORT, 28 EV CHARGERS AND DEPLOYMENT OF 28 ELECTRIC VEHICLES	CITY OF INDUSTRY	\$2,000,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12453	31	TECHNICAL ASSISTANCE WITH ALTERNATIVE FUELS, FUEL CELLS, EMISSION ANALYSIS, AND AFTERTREATMENT TECHNOLOGIES	ANDRIS R. ABELE	\$75,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12455	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUVENTINO AGUIRRE	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12456	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE A MENDOZA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12457	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RUBEN DARIO SOTO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12458	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DELFINO VELASCO ARROYO	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12459	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EDUARDO CASTRO	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12460	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PEDRO ANTONIO CASTRO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12461	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GABRIEL MARTINEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12462	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LARRY WHITTINGTON	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12463	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FRANCISCO CRUZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12464	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OTY INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12466	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CAO'S ENTERPRISE, INC	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12467	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PACIFICA TRUCKS, LLC	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12468	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WESTSIDE BUILDING MATERIALS CORP	\$560,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12469	81	PROP 1B TRUCK REPLACEMENT PROGRAM	HANNIBAL INDUSTRIES INC.	\$340,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12470	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PACIFIC HIGH LEASING, LLC	\$275,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12471	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CR EXPERIENCE CORPORATION	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12472	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN MANUEL VARGAS	\$80,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12473	81	PROP 1B TRUCK REPLACEMENT PROGRAM	STAR MILLING CO.	\$110,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12474	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MONTANI TRUCKING INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12475	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TRICON TRANSPORTATION, INC	\$45,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12476	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MATICH CORPORATION	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12477	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CHALLENGE DAIRY PRODUCTS, INC	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12479	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WILBUR-ELLIS COMPANY	\$57,500.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12480	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARROCO TRUCKING, INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12481	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DDR TRANSPORT, INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12482	81	PROP 1B TRUCK REPLACEMENT PROGRAM	COBIAN TRANSPORT, INC.	\$35,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12484	81	PROP 1B TRUCK REPLACEMENT PROGRAM	THOMAS TRANSPORT INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12487	81	PROP 1B TRUCK REPLACEMENT PROGRAM	METRO EXPRESS INC.	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12488	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BEST DELIVERY, LLC	\$68,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12489	81	PROP 1B TRUCK REPLACEMENT PROGRAM	STEPHEN C. BOREL	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12490	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CERENZIA FOODS INC.	\$200,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12491	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LEON'S FREIGHT SERVICES, INC	\$160,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12492	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TOTTEN TUBES, INC.	\$255,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12493	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ROCKVIEW FARMS, INC	\$360,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12494	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CLASSIC DISTRIBUTING & BEVERAGE GROUP	\$452,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12495	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BEAUCHAMP DISTRIBUTING COMPANY	\$240,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12496	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TRIANGLE DISTRIBUTING COMPANY	\$280,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12498	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EDWARD M. GABRIEL	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12499	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN B. RAMIREZ	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12500	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CORBY NGUYEN	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12501	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE A GARCIA	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12502	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CRESPO TRUCKING	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12503	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SAUL MARTINEZ MORENO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12504	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VICTOR M. TREJO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12505	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NORRIS WHITTINGTON	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12509	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SOUTH CALIFORNIA TRANSPORT INC.	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12510	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ISAIAS AMADOR	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12511	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ADALBERTO RODRIGUEZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12513	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RAIL DELIVERY SERVICES, INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12514	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE ALBERTO GARRIDO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12516	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JULIO CESAR VILLENA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12517	81	PROP 1B TRUCK REPLACEMENT PROGRAM	IN MOTION LOGISTICS, INC.	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12520	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FELIX TOBAR RECINOS	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12521	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARIO J. MAIRENA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12522	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OSCAR A MANCIA	\$40,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12524	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EDWARD A BONILLA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12525	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TALAVERA TRUCKING	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12526	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BD TRUCKING INC.	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12529	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VICENTE MURILLO CALDERA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12530	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VIRGINIO RAMOS NARANJO	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12531	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ODILON AVILA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12532	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RODOLFO CRUZ RIVAS	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12533	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN RENE VELASQUEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12535	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OSORIO BROS TRANSPORTATION LLC	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12536	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN M CORPUS TRUCKING	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12537	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ALTO XPRESS, INC.	\$45,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12538	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FERNANDO ZAMORA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12539	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FELIPE JESUS GUDINO FLORES	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12540	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LUIS CERVANTES	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12541	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OSCAR D. RODRIGUEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12542	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE ALFREDO PEREZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12543	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FELIPE GERVACIO GARCIA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12544	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GEOMARA ESPINOZA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12546	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARIO HURTADO	\$25,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12547	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FRANCISCO J. VENEGAS	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12548	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DOMINGO ROSALES	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12550	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EFREN ORELLANA	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12551	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NEREYDA LIMA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12552	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FRANCISCO J. JARQUIN	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12553	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FREDY A. CRESPIN	\$45,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12554	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SERGIO VALENCIANO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12555	81	PROP 1B TRUCK REPLACEMENT PROGRAM	J. OBED GOMEZ TAMAYO	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12557	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CARLOS LOPEZ	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12558	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SANTIAGO & LUZ M. OBANDO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12559	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RODOLFO AUGUSTO SAGASTUME	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12560	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARIA SERRANO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12562	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VICTOR BAUTISTA MIRANDA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12563	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE RENE MELENDEZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12564	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RAMIRO DE LA PAZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12565	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JESUS TORRES	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12567	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LUIS VICENTE GALDAMEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12568	81	PROP 1B TRUCK REPLACEMENT PROGRAM	HUMBERTO A. VILLEGAS	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12569	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RICARDO MARIN	\$50,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12570	81	PROP 1B TRUCK REPLACEMENT PROGRAM	QUIK PICK EXPRESS, LLC	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12571	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JAVIER CARDENAS SALGADO	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12572	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VICTOR H. MARTINEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12573	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BENIGNO MAURO VIANO CASELIN	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12574	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN CARLOS AYALA FIGEROA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12575	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WALTER CACERAS	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12576	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ARNULFO RAMIREZ RODRIGUEZ	\$45,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12577	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GUSTAVO LOPEZ SANDOVAL	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12579	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SILVERIO MACIAS	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12580	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RAFAEL BUENDIA FIGUEROA	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12581	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN G. GUTIERREZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12582	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ANA MARIA MANCIA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12586	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FTS EXPRESS	\$48,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12588	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RAFAEL LAMASAN	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12589	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MAXIMO ALVAREZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12590	81	PROP 1B TRUCK REPLACEMENT PROGRAM	AURELIO PORTILLO	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12591	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OSEGUERA TRUCKING CO, INC.	\$300,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12592	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARTIN PEREZ	\$300,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12593	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NEAL TRUCKING, INC.	\$576,000.00	



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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12594	81	PROP 1B TRUCK REPLACEMENT PROGRAM	UNIFIED GROCERS, INC.	\$2,820,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12595	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ROYAL VIOLET,LLC	\$220,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12596	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DESOTO SALES, INC	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12597	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE F. RAMOS	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12598	81	PROP 1B TRUCK REPLACEMENT PROGRAM	YOLANDA AYON	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12599	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OHIO TRANSFER INC.	\$55,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12601	17	PURCHASE UP TO 882 CORDLESS ELECTRIC LAWNMOWERS	BLACK & DECKER (US) INC	\$142,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12608	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EDGARDO E. FLORES	\$25,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12614	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RAUL LARA	\$25,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12637	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RRM PROPERTIES, LTD - LSR	\$3,190,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12638	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PERTEK, INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12639	81	PROP 1B TRUCK RETROFIT PROGRAM	BEAR TRUCKING, INC	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12640	81	PROP 1B TRUCK RETROFIT PROGRAM	STANDARD CONCRETE PRODUCTS INC.	\$55,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12642	81	PROP 1B TRUCK RETROFIT PROGRAM	CENTRAL VALLEY BULK TRANSPORT, INC.	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12644	81	PROP 1B TRUCK RETROFIT PROGRAM	NATIONAL READY MIXED CONCRETE CO.	\$500,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12645	81	PROP 1B TRUCK REPLACEMENT PROGRAM	REDLANDS FRUIT COMPANY	\$420,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12646	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MOUNTAIN VALLEY EXPRESS CO INC	\$125,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12647	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LUIS M. NAVARRO	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12648	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NEW STAR FREIGHT, INC.	\$60,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12649	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CESAR A. RIVERA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12651	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BILL'S TRUCKING SERVICE	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12652	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ARMANDO CASTRO	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12653	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GEO OPTIONS, INC	\$45,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12654	81	PROP 1B TRUCK REPLACEMENT PROGRAM	HENRY SIDNEY BLANTON	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12655	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ELIAS RIVAS	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12657	81	PROP 1B TRUCK RETROFIT PROGRAM	A&A READY MIXED CONCRETE, INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12658	81	PROP 1B TRUCK RETROFIT PROGRAM	DART EQUIPMENT CORPORATION	\$150,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12659	81	PROP 1B TRUCK RETROFIT PROGRAM	ALPHA MATERIALS, INC.	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12660	81	PROP 1B TRUCK RETROFIT PROGRAM	TAMO, INC.	\$20,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12661	81	PROP 1B TRUCK RETROFIT PROGRAM	MCLD HOLDINGS	\$25,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12662	81	PROP 1B TRUCK RETROFIT PROGRAM	SLR ENTERPRISES, INC.	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12663	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ALL-TEX, INC.	\$15,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12664	81	PROP 1B TRUCK RETROFIT PROGRAM	F & D ENTERPRISE	\$25,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12665	81	PROP 1B TRUCK RETROFIT PROGRAM	CERENZIA FOODS INC.	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12666	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NIETO AND SONS TRUCKING, INC.	\$960,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12667	31	UPGRADE EXISTING CNG FUELING STATION	WEST COVINA UNIFIED SCHOOL DISTRICT	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12668	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NOE M. HERNANDEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12669	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE R. REYES	\$50,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12670	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ERNESTO SANDOVAL	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12671	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MICHAEL P. KIRK	\$48,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12673	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ANA GLADIS ALONSO	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12674	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARGARO RIVAS	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12676	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MOISES M. GONZALEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12677	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARGARITO MADERA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12679	32	PURCHASE UP TO 4,000 CORDLESS ELECTRIC LAWNMOWERS	BLACK & DECKER (US) INC	\$185,020.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12682	81	PROP 1B TRUCK RETROFIT PROGRAM	CHALLENGE DAIRY PRODUCTS, INC	\$25,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12684	81	PROP 1B TRUCK RETROFIT PROGRAM	TRI-WEST LTD	\$10,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12685	81	PROP 1B TRUCK RETROFIT PROGRAM	PHILLIP BUTLER	\$5,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12686	81	PROP 1B TRUCK RETROFIT PROGRAM	CHARLES G. HARDY, INC.	\$10,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12687	81	PROP 1B TRUCK RETROFIT PROGRAM	HEIMARK DISTRIBUTING, LLC	\$20,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12688	81	PROP 1B TRUCK RETROFIT PROGRAM	SEMCO ENTERPRISES, INC.	\$10,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12689	81	PROP 1B TRUCK RETROFIT PROGRAM	PIPELINE CARRIERS, INC.	\$75,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12690	81	PROP 1B TRUCK RETROFIT PROGRAM	GAIO TRUCKING, INC	\$5,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12691	81	PROP 1B TRUCK RETROFIT PROGRAM	HOLLIDAY ROCK CO., INC	\$65,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12692	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ELISEO TEJEDA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12693	81	PROP 1B TRUCK REPLACEMENT PROGRAM	HERNAN CABALLERO	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12694	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JIE ZHAO LI	\$35,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12695	81	PROP 1B TRUCK REPLACEMENT PROGRAM	K & S TRANSPORT INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12696	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MILTON A. GUARDADO	\$45,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12697	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MANUEL ZAMORA	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12698	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSEPH KIM	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12699	81	PROP 1B TRUCK REPLACEMENT PROGRAM	THOMAS ANTONIO SANCHEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12700	81	PROP 1B TRUCK REPLACEMENT PROGRAM	HERIBERTO DE AVILA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12701	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EVEL FLORES	\$27,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12703	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ROBERTO RODRIGUEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12704	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JESS DIAZ TRUCKING, INC	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12706	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FRANCISCO HERNANDEZ	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12708	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RICARDO GONZALEZ LUEVANOS	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12712	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CHARLES G. HARDY, INC.	\$35,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12718	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ISAIAS HERNANDEZ	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12731	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JASMAIL S. DHAH	\$25,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12735	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CIRILO LOPEZ OSUNA	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12804	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WORLD OIL CORPORATION	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12806	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SALVADOR ANTONIO ZALDANA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12807	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GREGORIO REYES	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12808	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUANA GLORIA PEREZ	\$40,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12809	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SOSTENES J. FERNANDEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12811	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WINSOME ENTERPRISES, INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12813	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOHN W. GREENWOOD	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12815	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TRANSLOADING EXPRESS	\$125,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12816	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CAL-MEX INTERNATIONAL BROKERS, INC.	\$559,700.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12818	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DANIELS TIRE SERVICE	\$150,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12819	81	PROP 1B TRUCK REPLACEMENT PROGRAM	W C LOGISTICS INC.	\$400,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12820	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VAL PRO, INC.	\$250,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12821	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ONG PICK UP & DELIVERY SERVICE, INC.	\$480,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12822	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ROAD TRANSPORT INC	\$160,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12823	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FOSTER FARMS LLC	\$180,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12824	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ORTIZ TRANSPORTATION, INC.	\$150,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12825	01	2 YR LEASE OF 2 BMW ACTIVE-E VEHICLES	BMW FINANCIAL SERVICES NA, LLC	\$31,065.32	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12836	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GANDUGLIA TRUCKING	\$90,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12842	81	PROP 1B TRUCK REPLACEMENT PROGRAM	UPS	\$4,680,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12844	81	PROP 1B TRUCK REPLACEMENT PROGRAM	METAL BARS, INC.	\$180,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12846	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OCHOA GROUP CORP	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12847	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BIG WEST TRANSPORT & HC	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12850	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NUCKLES OIL CO., INC. DBA MERIT OIL CO.	\$280,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12851	31	CONSTRUCT TWO NEW CNG FUELING STATIONS	CLEAN ENERGY	\$400,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12852	31	UPGRADE EXISTING CNG FUELING STATION AT CITY OF CORONA CORPORATE YARD	CITY OF CORONA	\$200,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12853	31	UPGRADE CNG FUELING STATION	RAINBOW DISPOSAL COMPANY, INC.	\$200,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12854	31	UPGRADE LNG FUELING STATION AT WASTE MANAGEMENT BALDWIN PARK FACILITY	WASTE MANAGEMENT COLLECTION & RECYCLING	\$300,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12855	81	PROP 1B TRUCK REPLACEMENT PROGRAM	KELLY FREIGHT SERVICES, INC.	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12856	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JORGE A. MARADIAGA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12857	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FRANCISCO JAVIER RAMOS	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12860	81	PROP 1B TRUCK RETROFIT PROGRAM	TRIANGLE DISTRIBUTING COMPANY	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12861	81	PROP 1B TRUCK RETROFIT PROGRAM	GRILEY AIR FREIGHT	\$20,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12866	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BOURGET BROS. BUILDING MATERIALS	\$65,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12867	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CLEARBROOK FARMS, INC	\$200,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12868	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DOUGLAS STEEL SUPPLY, INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12869	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DUNKEL BROS. MACHINERY MOVING, INC.	\$900,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12870	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GOLD POINT TRANSPORTATION, INC.	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12871	81	PROP 1B TRUCK REPLACEMENT PROGRAM	KEENEY TRUCK LINES, INC.	\$560,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12872	81	PROP 1B TRUCK REPLACEMENT PROGRAM	M & L EXPRESSWAY INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12873	81	PROP 1B TRUCK REPLACEMENT PROGRAM	STANISLOVAS BARTASIUS	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12874	81	PROP 1B TRUCK REPLACEMENT PROGRAM	STEEL HORSE TRANSPORTATION, INC.	\$100,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12875	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VICTOR JIMENEZ DBA LASER STAR ENTERPRISE	\$80,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12876	81	PROP 1B TRUCK REPLACEMENT PROGRAM	YOLANDA CAMACHO	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12878	32	PURCHASE AND PROVIDE MONITORING SERVICES FOR 200 GPS-AVL UNITS	RADIO SATELLITE INTEGRATORS INC	\$413,200.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12882	81	REPLACE 5 DIESEL SOLID WASTE COLLECTION VEHICLES WITH NEW NATURAL GAS VEHICLES	WASTE MANAGEMENT COLLECTION & RECYCLING	\$125,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12885	81	PURCHASE 2 CNG WASTE COLLECTION VEHICLES USING DOT GRANT FUNDS	BURRTEC WASTE INDUSTRIES INC	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12889	01	2 YR LEASE OF BMW ACTIVE-E VEHICLES	BMW FINANCIAL SERVICES NA, LLC	\$31,065.32	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12890	60	CALIFORNIA PEV CONSULTANT FOR PEV READINESS TOOLKIT & OUTREACH WORKSHOPS	THE BETTER WORLD GROUP, INC	\$74,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12892	81	REPLACE 10 DIESEL SOLID WASTE COLLECTION VEHICLES WITH NATURAL GAS VEHICLES - DOT GRANT FUNDING	CR&R INC	\$250,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12894	81	REPLACE 3 DIESEL SOLID WASTE COLLECTION VEHICLES WITH NATURAL GAS VEHICLES	WARE DISPOSAL COMPANY, INC	\$75,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12895	81	REPLACE 9 DIESEL SOLID WASTE COLLECTION VEHICLES WITH NATURAL GAS VEHICLES	VALLEY VISTA SERVICES INC	\$225,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12896	81	PROP 1B DIESEL SOLID WASTE COLLECTION VEHICLE REPLACEMENT PROG	EDCO DISPOSAL CORPORATION	\$224,612.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13021	81	PROP 1B REPOWER 6 LOCOMOTIVES - GOODS MOVEMENT	BNSF RAILWAY COMPANY	\$4,500,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13022	32	REPOWER 2 DIESEL OFF-ROAD CONSTRUCTION EQUIPMENT VEHICLES	PEED EQUIPMENT	\$574,548.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13029	32	REPOWER 1 MAIN AND 3 AUXILIARY ENGINES ON 1 MARINE VESSEL	OCEAN ANGEL VI. LLC	\$444,050.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13033	81	PROVIDE TECHNICAL ASSISTANCE FOR PROP 1B APPROVED SHORE POWER PROJECTS	POWER-TECH ENGINEERS, INC	\$200,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13035	36	INSTALL 50 KW SOLAR PV ROOFTOP SYSTEM, WITH 1.5MW BATTERY ENERGY STORAGE	CODA ENERGY, LLC	\$890,800.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13053	80	OPERATE 1 RE-POWERED MARINE VESSEL	BAITALL, INC	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13056	27	INSTALLATION OF UP TO 2MW SOLAR PV, UP TO 2MWh OF LITHIUM BATTERY STORAGE SYSTEMS AND ELECTRIC TROLLEY	UNIVERSITY OF CALIFORNIA RIVERSIDE	\$2,000,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13059	31	UPGRADE CNG FUELING STATION	RIM OF THE WORLD UNIFIED SCHOOL DISTRICT	\$200,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13066	59	VIP PROGRAM APPROVED RETROFIT INSTALLER	A-Z BUS SALES, INC.	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13067	59	VIP PROGRAM APPROVED RETROFIT INSTALLER	FLEETSERV	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13068	59	VIP PROGRAM DISMANTLER	ARROW TRUCK WRECKING, INC	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13069	59	VIP PROGRAM APPROVED DEALER	C&M MOTORS, INC	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13070	59	VIP PROGRAM APPROVED RETROFIT INSTALLER	COMPLETE COACH WORKS	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13071	59	VIP PROGRAM APPROVED RETROFIT INSTALLER	EXHAUST EMISSION REDUCTION SPECIALISTS	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13073	59	VIP PROGRAM APPROVED RETROFIT INSTALLER	JOHNSON TRUCK CENTERS	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13075	59	VIP PROGRAM APPROVED RETROFIT INSTALLER	RIVERVIEW INTERNATIONAL TRUCKS LLC	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13076	59	VIP PROGRAM APPROVED DEALER	SANTA MAGARITA FORD	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13077	59	VIP PROGRAM APPROVED DEALER	PENSKE CHVROLET OF CERRITOS	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13078	31	STEAM HYDROGASIFICATION REACTION DEMONSTRATION PROJECT TO GENERATE SUBSTITUTE NATURAL GAS FROM BIOMASS WASTE	UNIVERSITY OF CALIFORNIA RIVERSIDE	\$72,916.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13083	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CARPINTERIA MOTOR TRANSPORT	\$59,000.00	



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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13084	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARTIAN TRUCKING, INC.	\$55,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13085	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SOUTH COAST TRANSPORTATION & DIST. INC.	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13086	81	PROP 1B TRUCK REPLACEMENT PROGRAM	AJAX LEASING CO. LLC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13087	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BORRMANN METAL CENTER	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13088	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ONG PICK UP & DELIVERY SERVICE, INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13089	81	PROP 1B TRUCK REPLACEMENT PROGRAM	KELLY FREIGHT SERVICES, INC.	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13090	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DUNKEL BROS. MACHINERY MOVING, INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13091	81	PROP 1B TRUCK REPLACEMENT PROGRAM	KKW TRUCKING, INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13093	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SOUTHERN CA STORAGE SOLUTIONS, INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13094	81	PROP 1B TRUCK REPLACEMENT PROGRAM	D & K CONCRETE COMPANY INC	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13095	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PARKHOUSE TIRE SERVICE INC.	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13096	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NORTHGATE GONZALEZ, LLC	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13097	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VILLA PARK TRUCKING, INC.	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13099	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PHYSICAL DISTRIBUTION SERVICE INC	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13100	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WEST COAST TURF	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13103	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MONSTER ENERGY COMPANY -	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13104	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OXNARD BUILDING MATERIALS, INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13105	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VASQUEZ TRUCKING INC	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13106	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TCK LEASING CORP	\$420,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13107	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NEW CENTURY INTERMODAL INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13108	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TRI-WEST LTD	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13109	81	PROP 1B TRUCK REPLACEMENT PROGRAM	HEIMARK DISTRIBUTING, LLC	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13110	81	PROP 1B TRUCK REPLACEMENT PROGRAM	UNIFIED GROCERS, INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13111	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WESTSIDE BUILDING MATERIALS CORP	\$90,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13112	81	PROP 1B TRUCK REPLACEMENT PROGRAM	W C LOGISTICS INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13114	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SOUTH GREEN TRANSPORTATION INC.	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13115	27	AQIP RULE 2202 EXCHANGE 1,500 MODEL BR500 BACKPACK BLOWERS FOR COMMERCIAL GARDNERS/LANDSCAPERS	PACIFIC STIHL	\$269,925.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13116	81	PROP 1B TRUCK REPLACEMENT PROGRAM	A & Z TRUCKING INC	\$150,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13117	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ADONIS TRANSPORT	\$180,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13118	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ALPHA MATERIALS, INC.	\$453,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13119	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ARAKELIAN ENTERPRISES INC DBA UNITED WASTE RECYCLING	\$180,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13120	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BEAR TRUCKING, INC	\$110,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13121	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BEAUCHAMP DISTRIBUTING COMPANY	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13122	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DALTON TRUCKING INC	\$381,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13123	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EVANS DEDICATED SYSTEMS, INC.	\$180,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13124	81	PROP 1B TRUCK REPLACEMENT PROGRAM	F&F TRANSPORT SERVICE INC.	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13125	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RON AND SONS TRUCKING INC	\$200,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13126	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FURNITURE TRANSPORTATION SYSTEMS, INC.	\$80,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13127	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WEST COAST LEASEWAYS , LLC	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13128	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOHN C. DALTON IV ENT'S INC.	\$340,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13129	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOHN ILEJAY III TRUCKING INC.	\$354,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13130	81	PROP 1B TRUCK REPLACEMENT PROGRAM	KOUKLIS EQUIPMENT COMPANY, INC.	\$145,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13131	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LEE JENNINGS TARGET EXPRESS, INC.	\$500,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13132	81	PROP 1B TRUCK REPLACEMENT PROGRAM	M S INTERNATIONAL, INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13133	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MATHESON TRUCKING, INC.	\$140,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13134	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SOUTH BOUND EXPRESS, INC.	\$360,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13136	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MOBILE DELIVERY SERVICE, INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13138	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NUCKLES OIL CO., INC. DBA MERIT OIL CO.	\$220,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13139	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NUTRICION FUNDAMENTAL INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13140	81	PROP 1B TRUCK REPLACEMENT PROGRAM	QUIK PICK EXPRESS, LLC	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13141	81	PROP 1B TRUCK REPLACEMENT PROGRAM	REDLANDS FRUIT COMPANY	\$80,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13142	81	PROP 1B TRUCK REPLACEMENT PROGRAM	J&J TRANSPORTATION VINSON, INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13143	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RRM PROPERTIES, LTD - LSR	\$940,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13144	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NORBERT OTZOY	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13145	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PHILLIP BUTLER	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13147	81	INSTALLATION OF TRUCK STOP ELECTRIFICATION SYSTEM-PROP 1B	CALIFORNIA CARTAGE CO, LLC	\$90,000.00	

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20	MEDIA OFFICE	C13148	01	ABC 7 TV/AQMD AIR QUALITY PARTNERSHIP- AIR QUALITY FORECASTS	KABC-TV	\$145,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13154	32	REPOWER 1 DIESEL OFF-ROAD CONSTRUCTION EQUIPMENT	VULCAN MATERIALS COMPANY	\$307,472.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13156	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BRO PACK, INC.	\$160,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13157	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FRANCISCO SANCHEZ JR.	\$240,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13158	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ANTHONY H. OSTERKAMP JR.	\$1,360,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13159	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BIAGI BROS. INC	\$600,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13161	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OWNBY TRUCKING	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13162	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PALOMAR MOUNTAIN PREMIUM SPRING WATER	\$80,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13163	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DESERT COASTAL TRANSPORT INC.	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13164	81	PROP 1B TRUCK REPLACEMENT PROGRAM	99 CENTS ONLY STORES	\$520,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13165	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CITY LOGISTICS & TRANSPORT, INC.	\$38,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13170	32	REPLACE 1 OFF-ROAD DIESEL VEHICLE	KUNO'S GRADING, INC	\$143,086.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13171	32	REPOWER 3 OFF-ROAD DIESEL VEHICLES	BLED SOE MASONRY, INC.	\$57,268.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13172	32	REPOWER 2 OFF-ROAD DIESEL VEHICLES	CNS RENTS	\$85,902.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13174	81	PROP 1B TRUCK REPLACEMENT PROGRAM	APEX BULK COMMODITIES, LLC.	\$280,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13175	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JULIO CARBALLO	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13176	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PACIFIC TANK LINES, INC.	\$300,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13177	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FRANCISCO PICHE	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13178	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PACIFIC HIGH LEASING, LLC	\$120,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13179	81	PROP 1B TRUCK REPLACEMENT PROGRAM	METRO EXPRESS INC.	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13181	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DDR TRANSPORT, INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13182	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GLENDA LIMA VALDEZ	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13183	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE R. HUIZAR	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13184	32	REPOWER 5 OFF-ROAD DIESEL VEHICLES	MORLEY GROUP, INC.	\$161,646.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13185	32	REPOWER 5 OFF-ROAD DIESEL VEHICLES	SHORING ENGINEERS	\$143,170.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13186	32	REPOWER 2 OFF-ROAD DIESEL VEHICLES	J.A. LYNCH MASONRY, INC.	\$57,268.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13189	81	PROP 1B TRUCK REPLACEMENT PROGRAM	F & D ENTERPRISE	\$15,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13190	32	REPLACE 1 DIESEL OFF-ROAD CONSTRUCTION VEHICLE	SUKUT CONSTRUCTION, INC.	\$187,425.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13191	32	RETROFIT 4 OFF-ROAD HEAVY-DUTY VEHICLES	MALCOLM DRILLING	\$33,147.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13193	32	REPOWER 5 OFF-ROAD DIESEL VEHICLES	PARK WEST LANDSCAPE, INC.	\$143,165.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13194	31	PROVIDE TECHNICAL ASSISTANCE WITH ALTERNATIVE FUELS, RENEWABLE ENERGY AND ELECTRIC VEHICLES	CLEAN FUEL CONNECTION INC	\$30,000.00	
16	ADMINISTRATIVE & HUMAN RESOURCES	C13197	01	SECURITY GUARD SERVICES AT DIAMOND BAR HEADQUARTERS	CONTACT SECURITY INC.	\$1,319,220.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13198	31	TECHNICAL ASSISTANCE WITH ALTERNATIVE FUELS, EMISSIONS ANALYSIS AND ON-ROAD SOURCES	GLADSTEIN, NEANDROSS & ASSOCIATES	\$75,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13199	32	REPOWER 2 OFF-ROAD HEAVY-DUTY VEHICLES	MOUNTAIN TOP QUARRIES, LLC	\$1,743,242.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13200	32	REPOWER 16 OFF-ROAD VEHICLES	WESTSIDE BUILDING MATERIALS CORP	\$396,832.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13244	32	REPOWER 6 OFF-ROAD VEHICLES	WHITTIER FERTILIZER CO.	\$359,630.00	
27	INFORMATION MANAGEMENT	C13246	01	AIR MONITORING INTERNET NETWORK	VERIZON CALIFORNIA	\$406,782.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13247	32	REPLACE 4 OFF-ROAD VEHICLES	WHITTIER FERTILIZER CO.	\$255,498.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13248	32	REPOWER 1 OFF-ROAD VEHICLE	J.A. PLACEK CONSTRUCTION CO.	\$34,143.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13249	32	REPLACE 13 PRISON TRANSPORT BUSES WITH NEW DIESEL BUSES	COUNTY OF LOS ANGELES	\$2,567,422.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13251	01	LEASE 2-2012,OR NEWER CHEVY VOLT	SELMAN CHEVROLET COMPANY	\$31,374.50	
27	INFORMATION MANAGEMENT	C13252	01	TELECOM AND INTERNET SERVICES	TW TELECOM	\$145,011.00	
04	FINANCE	C13253	22,23	AUDIT OF AB 2766 FEE REVENUE RECIPIENTS FOR FISCAL YEARS 2009-10 AND 2010-11	SIMPSON & SIMPSON	\$85,925.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13254	32	REPOWER 2 OFF-ROAD VEHICLES	ROOFING WHOLESALE CO INC	\$57,266.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13255	32	REPOWER 3 OFF-ROAD VEHICLES	WEST PILING, INC.	\$156,536.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13260	32	REPOWER 2 MAIN AND 2 AUXILIARY ENGINES ON ONE MARINE VESSEL	HARBOR BREEZE CORP	\$521,600.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13261	32	REPOWER 3 MAIN AND 1 AUXILIARY ENGINE ON 2 MARINE VESSELS	MARINE TECH ENGINEERING INC.	\$303,050.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C13262	01	WASHINGTON DC LEGISLATIVE REPRESENTATION	KADESH & ASSOCIATES LLC	\$224,612.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C13263	01	WASHINGTON DC LEGISLATIVE REPRESENTATION	CARMEN GROUP, INC	\$216,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13265	32	REPOWER 1 MAIN AND 1 AUXILIARY ENGINE ON A MARINE VESSEL	SARDINA FISHING L.L.C	\$145,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13266	32	REPOWER 2 MAIN ENGINES ON ONE MARINE VESSEL	MAKO MATTS MARINE	\$134,584.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13267	32	REPOWER 1 MAIN ENGINE ON 1 MARINE VESSEL	IN-SEINE BAIT CO.	\$125,600.00	
16	ADMINISTRATIVE & HUMAN RESOURCES	C13272	01	REPLACEMENT OF HVAC BLACK STEEL PIPING	CENTRAL PLUMBING CO, INC.	\$464,774.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13273	32	REPOWER 2 MAIN AND 1 AUXILIARY ENGINES ON 1 MARINE VESSEL	CAYWIND ENTERPRISES, INC	\$245,071.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13274	32	REPOWER 2 MAIN AND 1 AUXILIARY ENGINES ON 1 MARINE VESSEL	SEAVENTURES, INC.	\$133,565.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13276	32	REPOWER OF TWO AUXILIARY ENGINES ON A MARINE VESSEL	THE ULTRA SPORTFISHING BOAT	\$69,240.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13277	32	REPOWER 1 MAIN DIESEL ENGINE AND 1 AUXILIARY DIESEL ENGINE ON 1 MARINE VESSEL	SEA DRAGON	\$139,400.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13278	32	REPOWER 2 MAIN DIESEL ENGINES ON 1 MARINE VESSEL	KEN NGUYEN DBA PLAY HOUSE	\$116,000.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13279	32	REPOWER 1 MAIN AND 1 AUXILIARY ENGINE ON 1 MARINE VESSEL	ELIZABETH HERRERA DBA WASHINGTON	\$128,100.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13280	32	REPOWER 1 MAIN DIESEL ENGINE ON 1 MARINE VESSEL	FRANK TRAMA JR.	\$104,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13281	32	REPOWER ONE MAIN ENGINE OF A MARINE VESSEL	LAM KHENSOUVANN DBA VESSEL OSPREY	\$96,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13282	32	REPOWER 2 MAIN DIESEL ENGINES	MARK ALAN WALSH	\$114,534.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13283	32	REPOWER 3 DIESEL OFF-ROAD CONSTRUCTION VEHICLES	SAGE GREEN, LLC	\$329,273.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13284	32	REPOWER 2 MAIN AND 2 AUXILIARY ENGINES ON TWO MARINE VESSELS	SUNDIVER INTERNATIONAL, INC.	\$168,945.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13285	32	REPOWER 2 AUXILIARY ENGINES ON 1 MARINE VESSEL	MORE CARNAGE, LLC	\$36,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13286	32	REPOWER 2 MAIN AND 1 AUXILIARY ENGINES ON A MARINE VESSEL	LOS ANGELES COUNTY SANITATION DISTRICT	\$319,150.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13287	32	REPOWER 2 MAIN AND 1 AUXILIARY ENGINES ON A MARINE VESSEL	RNP ENTERPRISES, INC.	\$429,261.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13288	32	REPOWER 2 MAIN AND 1 AUXILIARY ENGINES ON A MARINE VESSEL	BLACK PEARL SPORT FISHING	\$214,650.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13289	32	REPOWER 3 MAIN AND 3 AUXILIARY ENGINES ON 3 MARINE VESSELS	SAN PEDRO BAIT CO. INC	\$422,122.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13290	32	REPOWER 1 MAIN ENGINE ON 1 MARINE VESSEL	SAL BOY, INC.	\$187,200.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13291	32	REPOWER 4 MAIN ENGINES ON 1 MARINE VESSEL	CATALINA CHANNEL EXPRESS, INC	\$1,471,523.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13292	32	REPOWER 3 MAIN AND 2 AUXILIARY ENGINES ON 1 MARINE VESSEL	NEWPORT CAMPUS CHURCH	\$681,250.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13296	32	REPOWER 1 MAIN ENGINE OF 1 MARINE VESSEL	BETTY-G SPORTFISHING	\$105,600.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13297	32	REPOWER 1 MAIN ENGINE ON 1 MARINE VESSEL	CALEB LINS INC.	\$120,572.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13298	32	REPOWER 1 MAIN ENGINE OF A MARINE VESSEL	BE VAN DUONG	\$109,600.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13300	32	REPOWER 2 AUXILIARY ENGINES OF A MARINE VESSEL	CATALINA CLASSIC CRUISES	\$37,588.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13301	32	REPOWER 2 MAIN DIESEL ENGINES ON 1 MARINE VESSEL	LINS MARITIME	\$272,597.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13302	32	REPOWER 1 MAIN DIESEL ENGINE AND 1 AUXILIARY DIESEL ENGINE ON 1 MARINE VESSEL	KATALINA PHAN	\$182,600.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13303	32	REPOWER 1 MAIN DIESEL ENGINE AND 2 AUXILIARY DIESEL ENGINES ON 1 MARINE VESSEL	FOREMOST FISH INC	\$426,450.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13304	32	REPOWER 1 MAIN DIESEL ENGINE AND 1 AUXILIARY DIESEL ENGINE ON 1 MARINE VESSEL	TRITON FISHING	\$248,750.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13305	32	REPOWER 2 MAIN ENGINES ON 1 MARINE VESSEL	TODD PHILLIPS	\$115,200.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13306	32	REPOWER 1 MAIN ENGINE OF 1 MARINE VESSEL	JON S WIRSING	\$78,400.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13307	32	REPOWER 2 MAIN ENGINES ON 1 MARINE VESSEL	GARY B. LACROIX	\$137,600.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13308	32	REPOWER 2 MAIN AND 1 AUXILIARY ENGINES ON 1 MARINE VESSEL	WESTERLY SPORTFISHING LLC	\$205,850.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13309	32	REPOWER 2 MAIN ENGINES ON 1 MARINE VESSEL	ODYSSEY YACHT CHARTER	\$236,800.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13310	32	REPOWER 2 MAIN AND 2 AUXILIARY ENGINES ON 1 MARINE VESSEL	GREAT ESCAPE SPORT FISHING	\$326,550.00	
16	ADMINISTRATIVE & HUMAN RESOURCES	C13311	01	PROVIDE JANITORIAL SERVICES AT THE SCAQMD HEADQUARTERS BUILDING IN DIAMOND BAR	SANTA FE BUILDING MAINTENANCE	\$1,106,486.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13314	81	TRANSFER TRUCK OWNERSHIP	YRC, INC	\$0.00	1
20	MEDIA OFFICE	C13317	01	LATINO ADVERTISING AND OUTREACH INITIATIVE	ALPUNTO ADVERTISING, INC.	\$375,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13318	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ANTHONY G. SACRE	\$40,000.00	



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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13319	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DANIEL DE LA PUENTE	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13320	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE AMILCAR MONTENEGRO	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13321	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ERICK ESTRADA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13322	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ISRAEL JUAREZ RALDA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13323	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JHONY E ALVARADO	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13324	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MIGUEL ANGEL ESQUIVEL	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13325	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NAZARIO LOPEZ	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13326	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NERY OSMAN ORELLANA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13327	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PABLO AGUSTO	\$40,000.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13328	32	REPLACE 5 OFF-ROAD DIESEL TRACTORS	THERMICULTURE MANAGEMENT LLC	\$172,518.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13329	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FEDERICO FERNANDO HERRERA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13331	81	PROP 1B TRUCK REPLACEMENT PROGRAM	INDUSTRIAL BATTERY ENGINEERING, INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13332	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ISAAC MEDINA	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13333	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE F. MENJIVAR	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13334	81	PROP 1B TRUCK REPLACEMENT PROGRAM	LEOPOLDO GARCIA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13335	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARVIN ALFARO RECINOS	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13337	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SOUTH CALIFORNIA FUELING TRANSPORTATION	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13338	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TRAILER COMPANY INC	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13339	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ERNESTO TORRES TRUCKING, INC.	\$40,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13340	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JAIME AVILA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13341	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JAMES S. KIRK	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13342	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE DAVID SOLIS	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13343	81	PROP 1B TRUCK REPLACEMENT PROGRAM	NELSON A. ORELLANA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13344	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OSCAR HONORIO GARCIA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13345	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RAFAEL MEJIA	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13346	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RAIL DELIVERY SERVICES, INC.	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13347	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RUBEN RODRIGUEZ	\$35,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13348	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SAUL VALLECILLO	\$80,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13349	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ABEL COLINDRES	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13350	81	PROP 1B TRUCK REPLACEMENT PROGRAM	AGUSTIN ALAMILLA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13351	81	PROP 1B TRUCK REPLACEMENT PROGRAM	AMILCAR D. VILLANUEVA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13352	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BERNARD E. PANTUS	\$57,500.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13353	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FERMIN IBARRA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13354	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE ADRIAN MARTINEZ	\$35,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13355	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE GUADALUPE HERNANDEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13356	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PHU HUYNH	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13357	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RAFAEL MARTINEZ CALDERA	\$35,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13358	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TANIS HERNANDEZ	\$50,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13359	32	REPLACE 30 OFF-ROAD VEHICLES	RICHARD BAGDASARIAN INC.	\$1,815,775.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13364	58	REPLACEMENT OF 5 DIESEL BUSES WITH PROPANE BUSES	DESERT SANDS UNIFIED SCHOOL DISTRICT	\$650,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13365	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ANDRES PINEDA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13366	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SEVAK TRUCKING	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13367	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FRANCISCO HERRERA	\$35,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13368	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE A. JOVEL PINEDA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13369	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN MARQUEZ JR	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13370	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN MARQUEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13371	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GABRIEL LUNA	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13372	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RAFAEL OCHOA	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13374	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VALENTIN A. CAMBEROS	\$35,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13375	81	PROP 1B TRUCK REPLACEMENT PROGRAM	STEVE JUNG	\$35,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13379	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RENE QUEVEDO	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13380	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RIGOBERTO MORENO	\$35,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13381	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CHONG H. SONG	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13382	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ISRAEL A. LEON	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13384	81	PROP 1B TRUCK REPLACEMENT PROGRAM	K-TRANS INC	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13385	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MANUEL DAVILA	\$35,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13387	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARTA PERDOMO	\$25,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13389	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RONALD ARNABDO GONZALEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13390	81	PROP 1B TRUCK REPLACEMENT PROGRAM	STEVE FREGOSO VALDEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13392	81	PROP 1B TRUCK REPLACEMENT PROGRAM	GUADALUPE SANCHEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13394	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JUAN GOMEZ DOMINGUEZ	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13395	59	VIP PROGRAM APPROVED RETROFIT INSTALLER	DIESEL EXHAUST AND EMISSIONS LLC	\$0.00	1
20	MEDIA OFFICE	C13397	01	RADIO AND INTERNET CAMPAIGN FOR AIR ALERT AND CHECK BEFORE YOU BURN REPORTS	ARK MARKETING	\$169,516.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13398	32	TECHNICAL ASSISTANCE WITH THE CARL MOYER PROGRAM INCLUDING VIP	CLEAN FUEL CONNECTION INC	\$150,000.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13410	01	LEASE 3 CHEVROLET VOLT VEHICLES	SELMAN CHEVROLET COMPANY	\$41,084.69	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13411	58	AB 1318 MITIGATION FEE EMISSION REDUCTION PROJECT FOR REPLACEMENT OF 7 DIESEL BUSES WITH 7 CNG BUSES	COACHELLA VALLEY UNIFIED SCHOOL DISTRICT	\$1,235,500.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C13413	01	PUBLIC OPINION SURVEY RESEARCH	GOMEZ RESEARCH	\$60,000.00	
27	INFORMATION MANAGEMENT	C13416	01	PHONE SWITCH MAINTENANCE	MULTIMEDIA INTEGRATED TECHNOLOGY INC	\$49,047.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13425	58	TRAFFIC SIGNAL SYNCHRONIZATION PROJECT	CITY OF COACHELLA	\$3,000,000.00	
16	ADMINISTRATIVE & HUMAN RESOURCES	C13437	01	ENGINEERING FOR REPLACEMENT OF 800 TON COOLING TOWERS	TTG ENGINEERS	\$29,233.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13441	80	REPLACE UP TO 20 DIESEL LOCOMOTIVES	SO CALIFORNIA REGIONAL RAIL AUTHORITY	\$34,660,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13448	58	DUST MITIGATION PROJECTS	CITY OF DESERT HOT SPRINGS	\$2,000,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	G13061	80	REPLACE 6 CNG TANKS ON SCHOOL BUSES	WALNUT VALLEY UNIFIED SCHOOL DISTRICT	\$120,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	G13062	80	REPLACE 2 CNG TANKS ON SCHOOL BUSES	ALTA LOMA SCHOOL DISTRICT	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	G13063	80	REPLACE 3 CNG TANKS ON SCHOOL BUSES	COLTON JOINT UNIFIED SCHOOL DISTRICT	\$60,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	G13187	80	REPLACE 1 CNG TANK ON 1 SCHOOL BUS	RIALTO UNIFIED SCHOOL DISTRICT	\$20,000.00	
44	MSRC	ML11020	23	RETROFIT 1 ON-ROAD DIESEL VEHICLE AND REPOWER 1 OFF-ROAD HEAVY-DUTY VEHICLE	CITY OF INDIO	\$30,000.00	
44	MSRC	ML11029	23	INSTALL LPG FUELING STATION AND UPGRADE EXISTING CNG STATION	CITY OF SANTA ANA	\$262,500.00	
44	MSRC	ML11037	23	PURCHASE 12 HEAVY-DUTY CNG TRANSIT BUSES	CITY OF ANAHEIM	\$300,000.00	
44	MSRC	ML11041	23	PURCHASE 7 LPG HEAVY-DUTY VEHICLES, RETROFIT 6 HEAVY-DUTY DIESEL VEHICLES	CITY OF SANTA ANA	\$265,000.00	
44	MSRC	ML12013	23	ELECTRIC VEHICLE CHARGING INFRASTRUCTURE	CITY OF PASADENA	\$200,000.00	
44	MSRC	ML12015	23	HD CNG VEHICLE, EXPAND CNG STATION, NEW LPG STATION, MAINTENANCE FACILITY	CITY OF FULLERTON	\$90,000.00	
44	MSRC	ML12016	23	PURCHASE 1 NATURAL GAS HEAVY-DUTY VEHICLE AND INSTALL ELECTRIC VEHICLE CHARGING INFRASTRUCTURE	CITY OF CATHEDRAL CITY	\$60,000.00	
44	MSRC	ML12020	23	PURCHASE 15 HEAVY-DUTY CNG VEHICLES	CITY OF LOS ANGELES	\$450,000.00	
44	MSRC	ML12021	23	PURCHASE 4 MEDIUM-DUTY CNG VEHICLES	CITY OF RANCHO CUCAMONGA	\$40,000.00	
44	MSRC	ML12037	23	REGIONAL PM10 STREET SWEEPING PROGRAM	COACHELLA VALLEY ASSOC OF GOVERNMENTS	\$250,000.00	
44	MSRC	ML12039	23	PURCHASE 3 HEAVY-DUTY LNG VEHICLES	CITY OF REDLANDS	\$90,000.00	
44	MSRC	ML12042	23	EXPAND EXISTING CNG FUELING STATION	CITY OF CHINO HILLS	\$87,500.00	
44	MSRC	ML12047	23	PURCHASE ONE HEAVY-DUTY CNG VEHICLE	CITY OF ORANGE	\$30,000.00	
44	MSRC	ML12048	23	PURCHASE 2 MEDIUM-DUTY LPG VEHICLES	CITY OF LA PALMA	\$20,000.00	
44	MSRC	ML12050	23	INSTALL AN EV CHARGING STATION	CITY OF BALDWIN PARK	\$463,650.00	
44	MSRC	ML12052	23	EXPAND CNG STATION	CITY OF WHITTIER	\$165,000.00	
44	MSRC	ML12055	23	PURCHASE 1 MEDIUM-DUTY CNG VEHICLE	CITY OF MANHATTAN BEACH	\$10,000.00	
44	MSRC	ML12056	23	IMPLEMENT REGIONAL STREET SWEEPING PROGRAM	CITY OF CATHEDRAL CITY	\$25,000.00	
44	MSRC	MS11016	23	CONSTRUCT NEW CNG FUELING STATION IN PERRIS	CR&R INC	\$100,000.00	
44	MSRC	MS11019	23	EXPAND EXISTING CNG FUELING STATION	CITY OF CORONA	\$225,000.00	
44	MSRC	MS11052	23	REPOWER HEAVY-DUTY ON-ROAD VEHICLES	KRISDA INC.	\$120,000.00	

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44	MSRC	MS11060	23	INSTALL CNG FUELING STATION	ROWLAND UNIFIED SCHOOL DISTRICT	\$175,000.00	
44	MSRC	MS11062	23	DEMONSTRATE RETROFIT DEVICES ON OFF-ROAD VEHICLES	LOAD CENTER	\$194,319.00	
44	MSRC	MS11064	23	INSTALL CNG FUELING STATION	CITY OF HAWTHORNE	\$175,000.00	
44	MSRC	MS11065	23	DEMONSTRATE RETROFIT DEVICES ON OFF-ROAD VEHICLES	TEMECULA VALLEY UNIFIED SCHOOL DISTRICT	\$50,000.00	
44	MSRC	MS11066	23	EXPAND CNG FUELING STATION	TORRANCE UNIFIED SCHOOL DISTRICT	\$76,580.00	
44	MSRC	MS11068	23	INSTALL LNG/LCNG FUELING STATION - FONTANA	RYDER SYSTEM INC.	\$175,000.00	
44	MSRC	MS11069	23	INSTALL LNG/LCNG FUELING STATION - ORANGE	RYDER SYSTEM INC.	\$175,000.00	
44	MSRC	MS11071	23	INSTALL CNG FUELING STATION	CITY OF TORRANCE	\$175,000.00	
44	MSRC	MS11079	23	INSTALL CNG FUELING STATION	BEAR VALLEY UNIFIED SCHOOL DISTRICT	\$175,000.00	
44	MSRC	MS11081	23	DEMONSTRATE RETROFIT DEVICES ON OFF-ROAD VEHICLES	METROPOLITAN STEVEDORE COMPANY	\$45,416.00	
44	MSRC	MS11082	23	DEMONSTRATE RETROFIT DEVICES ON OFF-ROAD VEHICLES	BAUMOT NORTH AMERICA, LLC	\$65,958.00	
44	MSRC	MS11086	23	DEMONSTRATE OFF-ROAD RETROFIT DEVICES-JAGUR TRACTOR	DCL AMERICA, INC	\$500,000.00	
44	MSRC	MS11087	23	DEMONSTRATE RETROFIT DEVICES ON OFF-ROAD VEHICLES	CEMEX CONSTRUCTION MATERIAL PACIFIC, LLC	\$488,528.00	
44	MSRC	MS11091	23	DEMONSTRATE RETROFIT DEVICES ON OFF-ROAD VEHICLES	CALIFORNIA CARTAGE CO, LLC	\$55,000.00	
44	MSRC	MS11092	23	DEMONSTRATE RETROFIT DEVICES ON OFF-ROAD VEHICLES	GRIFFITH COMPANY	\$390,521.00	
44	MSRC	MS12001	23	IMPLEMENT CLEAN FUEL TRANSIT SERVICE TO DODGER STADIUM	LOS ANGELES COUNTY METROPOLITAN	\$300,000.00	
44	MSRC	MS12002	23	IMPLEMENT EXPRESS BUS SERVICE TO ORANGE COUNTY FAIR	ORANGE CO TRANSPORTATION AUTHORITY	\$342,340.00	
44	MSRC	MS12003	23	IMPLEMENT SPECIAL METROLINK SERVICE TO ANGEL STADIUM	ORANGE CO TRANSPORTATION AUTHORITY	\$234,669.00	
44	MSRC	MS12005	23	IMPROVE MAINTENANCE FACILITY IN LONG BEACH, CALIFORNIA	USA WASTE OF CALIFORNIA INC	\$75,000.00	
44	MSRC	MS12006	23	MAINTENANCE FACILITY MODIFICATIONS, BALDWIN PARK	WASTE MANAGEMENT COLLECTION & RECYCLING	\$75,000.00	

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44	MSRC	MS12010	23	NEW LIMITED ACCESS CNG STATION AND MAINTENANCE FACILITY MODIFICATIONS	MURRIETA VALLEY USD	\$244,000.00	
44	MSRC	MS12012	23	MAINTENANCE FACILITY MODIFICATIONS	RIM OF THE WORLD UNIFIED SCHOOL DISTRICT	\$75,000.00	
44	MSRC	MS12025	23	PURCHASE 6 MEDIUM-HEAVY-DUTY ON-ROAD VEHICLES	SILVERADO STAGES, INC.	\$150,000.00	
44	MSRC	MS12026	23	PURCHASE 15 LPG ON-ROAD VEHICLES	U-HAUL CO. OF CALIFORNIA	\$300,000.00	
44	MSRC	MS12027	23	PURCHASE 3 MEDIUM-HEAVY-DUTY ON-ROAD VEHICLES	C.V. ICE COMPANY INC	\$75,000.00	
44	MSRC	MS12028	23	PURCHASE 2 MEDIUM-DUTY AND 1 HEAVY-DUTY CNG VEHICLES	DY-DEE SERVICE OF PASADENA INC	\$45,000.00	
44	MSRC	MS12029	23	PURCHASE MEDIUM-HEAVY-DUTY ON-ROAD VEHICLE	COMMUNITY ACTION PARTNERSHIP OF ORANGE	\$25,000.00	
44	MSRC	MS12031	23	PURCHASE 4 MEDIUM-HEAVY-DUTY ON-ROAD VEHICLES	FINAL ASSEMBLY INC	\$100,000.00	
44	MSRC	MS12032	23	PURCHASE 20 MEDIUM-HEAVY-DUTY ON ROAD VEHICLES	FOX TRANSPORTATION, INC.	\$500,000.00	
44	MSRC	MS12033	23	PURCHASE 20 MEDIUM-DUTY CNG VEHICLES	PHACE MANAGEMENT SERVICES LLC	\$500,000.00	
44	MSRC	MS12034	23	PURCHASE 2 MEDIUM AND 7 MEDIUM-HEAVY DUTY ON-ROAD VEHICLES	WARE DISPOSAL, INC.	\$195,000.00	
44	MSRC	MS12035	23	PURCHASE MEDIUM-HEAVY-DUTY ON-ROAD VEHICLE	DISNEYLAND RESORT	\$25,000.00	
44	MSRC	MS12036	23	PURCHASE 2 MEDIUM-HEAVY-DUTY ON-ROAD VEHICLES	VSP PARKING	\$50,000.00	
44	MSRC	MS12058	23	REPOWER 1 HEAVY DUTY ON-ROAD VEHICLE	KRISDA INC.	\$25,000.00	
44	MSRC	MS12059	23	MODIFICATION OF TWO MAINTENANCE FACILITIES	ORANGE CO TRANSPORTATION AUTHORITY	\$75,000.00	
44	MSRC	MS12062	23	DEVELOP AND IMPLEMENT "RIDESHARE THURSDAY" CAMPAIGN	FRASER COMMUNICATIONS	\$998,669.00	
44	MSRC	MS12064	23	IMPLEMENT ANAHEIM CIRCULATOR SERVICE	ANAHEIM TRANSPORTATION NETWORK	\$127,296.00	
44	MSRC	MS12068	23	IMPLEMENT SPECIAL METROLINK SERVICE TO AUTO CLUB SPEEDWAY	SO CALIFORNIA REGIONAL RAIL AUTHORITY	\$57,363.00	
44	MSRC	MS12071	23	EXPAND EXISTING CNG FUELING STATION	TRANSIT SYSTEMS UNLIMITED, INC.	\$21,250.00	
44	MSRC	MS12072	23	NEW CNG STATION - COMMERCE	99 CENTS ONLY STORES	\$100,000.00	
44	MSRC	MS12076	23	MAINTENANCE FACILITY MODIFICATIONS	CITY OF ONTARIO	\$75,000.00	

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44	MSRC	MS12085	23	MODIFY MAINTENANCE FACILITY	BEAR VALLEY UNIFIED SCHOOL DISTRICT	\$75,000.00	
44	MSRC	MS12086	23	PURCHASE 23 MEDIUM-DUTY ON-ROAD VEHICLES	SUPERSHUTTLE INTERNATIONAL, INC.	\$225,000.00	
<b>Subtotal</b>						<b>\$196,376,405.83</b>	

**Competitive-Executive Officer Approved**

16	ADMINISTRATIVE & HUMAN RESOURCES	C12272	01	PROVIDE ELEVATOR SERVICE AND PREVENTATIVE MAINTENANCE	THYSSENKRUPP ELEVATOR CORP	\$26,340.00	
16	ADMINISTRATIVE & HUMAN RESOURCES	C13406	01	GAYLORD PLATFORM COVER REPLACEMENT	KLM, INC	\$26,999.00	
26	PLANNING RULE DEV & AREA SOURCES	C13453	01	STATISTICAL ANALYSIS OF TRUCK ACTIVITY AND TRIP COUNT DATA FOR HIGH CUBE WAREHOUSE	UNIVERSITY OF CALIFORNIA RIVERSIDE	\$15,000.00	
<b>Subtotal</b>						<b>\$68,339.00</b>	

**Sole Source - Board Approved**

44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07292	31	DEVELOP THE HYDRODGEN STORAGE CAPABILITY FOR THE GAS-BLENDING FACILITY	UNIVERSITY OF CALIFORNIA - IRVINE	\$200,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11548	23,31	INCENTIVE BUYDOWN PROGRAM FOR CNG HOME REFUELING APPLIANCES	MANSFIELD GAS EQUIPMENT SYSTEMS CORP	\$356,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11615	31	DEVELOPMENT AND DEMONSTRATION OF UP TO 4 HEAVY-DUTY HYDRAULIC HYBRID VEHICLES	PARKER HANNIFIN CORPORATION	\$250,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12020	31	INSTALL ELECTRIC CHARGING STATIONS AT EXISTING AND NEW LOCATIONS	COULOMB TECHNOLOGIES, INC	\$70,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12240	60	CREATION OF SAN JOAQUIN VALLEY PEV INFRASTRUCTURE REGIONAL PLAN	SAN JOAQUIN VALLEY APCD	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12313	31	CNG FUEL SYSTEM INSPECTION CERTIFICATION COURSES	CANADIAN STANDARDS ASSOCIATION AMERICA	\$28,200.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12314	17	DEMONSTRATION OF AMECS FOR OCEAN-GOING VESSELS WHILE BERTHED	ADVANCED CLEANUP TECHNOLOGIES INC	\$1,500,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12862	61	DEVELOPMENT OF A CLASS 8 PLUG-IN HYBRID HEAVY-DUTY VEHICLE	VOLVO TECHNOLOGY OF AMERICA INC	\$1,200,000.00	



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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13030	31	DEMONSTRATE A 300 KW MOLTEN FUEL CELL WITH AN EXHAUST FIRED ABSORPTION CHILLER	UNIVERSITY OF CALIFORNIA - IRVINE	\$257,500.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13042	31	DEMONSTRATION OF BATTERY ELECTRIC VEHICLES (BEVS)	SOUTH BAY CITIES	\$320,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13045	01	INSTALLATION OF 400 KW PHOSPHORIC ACID FUEL CELL AT AQMD HQ	UTC POWER CORP	\$4,252,680.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13055	17	INSTALL AND MAINTAIN AIR FILTRATION SYSTEMS IN SAN BERNARDINO AND BOYLE HEIGHTS SCHOOLS	IQAIR NORTH AMERICA, INC.	\$200,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C13079	17	ECONOMIZERS-LOS ANGELES COUNTY USC MEDICAL CLEAN COMMUNITIES PROJECT	LA COUNTY	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13113	31	PARTICIPATE IN CaFCP FOR CALENDAR YEAR 2012 AND PROVIDE SUPPORT FOR REGIONAL COORDINATOR	BEVILACQUA-KNIGHT INC	\$137,800.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13155	01	LEASE 2 FUEL CELL VEHICLES	FLETCHER JONES MOTOR CARS, INC	\$30,397.32	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13168	31	CONTINUATION OF DEVELOPMENT AND DEMONSTRATION OF HEAVY-DUTY NATURAL GAS ENGINES AND VEHICLES	NATIONAL RENEWABLE ENERGY LAB	\$1,300,000.00	
03	EXECUTIVE OFFICE	C13250	01	PROMOTION OF LAWNMOWER EXCHANGE PROGRAM	WESTBOUND COMMUNICATIONS INC	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13259	31	HYDROGEN STATION OPERATION AND MAINTENANCE FOR FIVE CITIES HYDROGEN PROGRAM	AIR PRODUCTS & CHEMICALS INC	\$300,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13275	27	AB 118 AQIP PURCHASE/DEMONSTRATION OF ZERO-EMISSION COMMERCIAL LAWN & GARDEN EQUIPMENT	MEAN GREEN PRODUCTS LLC	\$51,667.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C13293	26	DEVELOP AND IMPLEMENT AN INTERACTIVE EXPERIENCE AT THE "WORLD WE CAN CHANGE" HIGH SCHOOL CONFERENCE	GLOBAL INHERITANCE	\$70,000.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C13294	26	MULTIMEDIA PRESENTATION FOR "A WORLD WE CAN CHANGE"	ALLIANCE FOR CLIMATE EDUCATION	\$10,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13396	61	DEVELOP AND DEMONSTRATE 4 CLASS 8 ZERO-EMISSION ELECTRIC TRUCKS	TRANSPORTATION POWER, INC.	\$1,142,070.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13400	31	DEVELOP HYDROGEN STATION INVESTMENT PLAN	ENERGY INDEPENDENCE NOW COALITION	\$50,000.00	

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13407	31	DEMONSTRATION OF DPF TECHNOLOGY ON TWO SCHOOL BUSES	CHAFFEY JOINT UNION HIGH SCHOOL DISTRICT	\$30,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13426	61	DEVELOP AND DEMONSTRATE CATENARY CLASS 8 TRUCKS (1 ELECTRIC AND 1 CNG-HYBRID PLATFORM)	TRANSPORTATION POWER, INC.	\$2,617,887.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13429	01	3 YEAR LEASE TOYOTA RAV4 EV	LONGO TOYOTA - A PENSKE COMPANY	\$29,967.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	G12519	33	LOWER EMISSION SCHOOL BUS TANK RETROFIT PROGRAM	TORRANCE UNIFIED SCHOOL DISTRICT	\$140,000.00	
44	MSRC	MS11057	23	DEVELOP AND DEPLOY 511 MOBILE APPLICATION	RIVERSIDE COUNTY TRANSPORTATION COMM	\$100,000.00	
44	MSRC	MS11058	23	DEVELOP AND DEPLOY 511 MOBILE APPLICATION	LOS ANGELES SERVICE AUTHORITY FOR	\$123,395.00	
<b>Subtotal</b>						<b>\$14,977,563.32</b>	

**Sole Source - Executive Officer Approved**

26	PLANNING RULE DEV & AREA SOURCES	C12206	01	PERFORMANCE EVALUATION OF WRF MESOSCALE METEOROLOGICAL MODEL PHYSICS ENSEMBLE FOR SOUTHERN CALIFORNIA	UNIVERSITY OF CALIFORNIA-LOS ANGELES	\$15,000.00	
03	EXECUTIVE OFFICE	C13020	01	ETHNIC OUTREACH FOCUS RESEARCH	GOMEZ RESEARCH	\$12,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C13038	01	REVIEW OF AQMP SOCIOECONOMIC ANALYSIS	GLORIA GONZALEZ-RIVERA	\$10,000.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C13039	01	THINK CLEAN! GO CLEAN! OUTREACH EVENT CONSULTING SERVICES	JPY-LA	\$38,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13041	01	TECHNICAL ASSISTANCE WITH EMISSION REDUCTION PROJECTS TO BE IMPLEMENTED UNDER AB 1318 MITIGATION	MELVIN D ZELDIN	\$24,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C13044	01	REVIEW OF AQMP SOCIOECONOMIC ANALYSIS	JANE HALL	\$7,500.00	
26	PLANNING RULE DEV & AREA SOURCES	C13046	01	PERFORM A REVIEW OF AQMD SOCIOECONOMIC ANALYSIS	PAUL ONG	\$10,000.00	
16	ADMINISTRATIVE & HUMAN RESOURCES	C13047	01	MANAGEMENT AUDIT OF LEGAL DEPARTMENT	HBR CONSULTING LLC	\$74,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C13048	01	REVIEW SOCIOECONOMIC ANALYSIS OF VSL COMPONENT	J.R. DESHAZO	\$5,000.00	

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16	ADMINISTRATIVE & HUMAN RESOURCES	C13049	01	AQMD LABORATORY ROOF REPAIR	SURECOAT SYSTEMS, INC.	\$46,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13052	01	ASSIST WITH COMPLETING AND PUBLICIZING "10 THINGS" VIDEO WITH CELEBRITY SPEAKERS	THE BETTER WORLD GROUP, INC	\$11,000.00	
16	ADMINISTRATIVE & HUMAN RESOURCES	C13054	01	WEST INLAND EMPIRE EMPLOYMENT RELATIONS CONSORTIUM	LIEBERT CASSIDY WHITMORE	\$3,385.00	
08	LEGAL	C13057	01	PROVIDE INSURANCE COVERAGE COUNSEL TO AQMD	PERKINS COIE LLP	\$25,000.00	
08	LEGAL	C13060	01	LITIGATION COUNSEL	PAUL HASTINGS LLP	\$50,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C13065	01	PROVIDE TECHNICAL REVIEW OF DRAFT APPENDIX 1 TO 2012 AQMP	MICHAEL T. KLEINMAN	\$800.00	
16	ADMINISTRATIVE & HUMAN RESOURCES	C13080	01	PROVIDE TRAINING SERVICES - PREVENTING WORKPLACE HARASSMENT WORKSHOPS AT AQMD HEADQUARTERS	ATKINSON, ANDELSON, LOYA, RUUD & ROMO	\$12,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13081	01	TECHNICAL ASSISTANCE IN EVALUATING AND ASSESSING NEW INSTALLATIONS OF ALTERNATIVE FUELING STATIONS	BURNETT AND BURNETTE	\$40,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13149	01	DEVELOP SOUTH COAST PEV READINESS PLAN	UNIVERSITY OF CALIFORNIA-LOS ANGELES	\$32,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C13150	01	PROVIDE HEALTH BENEFIT ASSESSMENT FOR 2012 AQMP	LELAND B. DECK	\$3,400.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13166	01	TECHNICAL ASSISTANCE FOR AQMD'S VIP INCENTIVE PROGRAM	CLEAN FUEL CONNECTION INC	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13169	01	ASSESSMENT OF PERFORMANCE AND OPERATIONAL ISSUES WITH LNG TRUCKS UNDER PROP 1B PROGRAM	GLADSTEIN, NEANDROSS & ASSOCIATES	\$45,000.00	
08	LEGAL	C13188	01	LOCAL COUNSEL: ALASKA	BESSENYEY & VAN TUYN, LLC	\$15,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13256	01,26	PROGRAM AND TECHNICAL ASSISTANCE FOR CLEAN VEHICLE OUTREACH & SENIOR CLEAN AIR FAIR	THREE SQUARES INC.	\$26,500.00	
04	FINANCE	C13264	01	DETAILED CREDIT ANALYSIS OF CASCADE SIERRA SOLUTIONS	THOMPSON COBB BAZILIO & ASSOCIATES PC	\$5,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13268	01	PLATINUM MEMBERSHIP FOR THE CALIFORNIA HYDROGEN BUSINESS COUNCIL	CALIFORNIA HYDROGEN BUSINESS COUNCIL	\$20,000.00	
08	LEGAL	C13312	01	LEGAL COUNSEL FOR CONFLICTS OF INTEREST/PUBLIC LAW ISSUES	BURKE, WILLIAMS & SORENSEN, LLP	\$5,000.00	

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08	LEGAL	C13403	01	PROVIDE EMPLOYMENT/LABOR RELATED LEGAL SERVICES	THE SILLAS LAW FIRM	\$7,500.00	
08	LEGAL	C13405	01	PROSECUTIONS TRAINING PROGRAM	ALLEN D MEDNICK	\$10,000.00	
08	LEGAL	C13412	01	PROVIDE LEGAL ADVICE ON THE CALIFORNIA COASTAL ACT	GAINES & STACEY, LLP	\$25,000.00	
08	LEGAL	C13423	01	RESEARCH AND REPORT INTO PARS 444 AND 445	QUEST CONSULTANTS INC.	\$3,000.00	
16	ADMINISTRATIVE & HUMAN RESOURCES	C13424	01	DEFERRED COMP PLAN SERVICES	BENEFIT FUNDING SERVICES GROUP	\$0.00	1
08	LEGAL	C13428	01	CONSULTING EXPERT - RULE 1304.1	FRANK A. WOLAK	\$50,000.00	
49	SCIENCE & TECHNOLOGY ADVANCEMENT	C13451	01	PERFORM A PASSENGER VEHICLE TIRE EFFICIENCY STUDY	ENERGY SOLUTIONS	\$10,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C13454	01	ASSIST IN PANEL REVIEW OF SOCIOECONOMIC ASSESSEMENT RFP SUBMITTALS AND TECHNICAL ASSISTANCE REGARDING SOCIOECONOMIC IMPACTS OF AIR QUALITY REGULATIONS	LISA M. GROBAR	\$7,500.00	
08	LEGAL	C13458	01	PROVIDE LIABILITY COUNSEL SERVICES	LYNBERG & WATKINS, APC	\$25,000.00	
26	PLANNING RULE DEV & AREA SOURCES	XC13037	01	REVIEW OF AQMP SOCIOECONOMIC ANALYSIS	LISA M. GROBAR	\$7,500.00	
<b>Subtotal</b>						<b>\$741,085.00</b>	

**II. OTHER**

**Board Assistant**

**Board Administrative Committee Reviewed/Executive Officer Approved**

02	GOVERNING BOARD	C13000	01	BOARD ASSISTANT SERVICES FOR S. NELSON	DENIS ROBERT BILODEAU	\$37,707.00	
02	GOVERNING BOARD	C13001	01	BOARD ASSISTANT SERVICES FOR J. PERRY	JEFF CATALANO	\$29,707.00	
02	GOVERNING BOARD	C13002	01	BOARD ASSISTANT SERVICES FOR J. PERRY	EVA KANDARPA BEHREND	\$8,000.00	
02	GOVERNING BOARD	C13003	01	BOARD ASSISTANT SERVICES FOR J. BENOIT	BUFORD A CRITES	\$37,707.00	
02	GOVERNING BOARD	C13004	01	BOARD ASSISTANT SERVICES FOR D. YATES	EARL C ELROD	\$37,707.00	

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02	GOVERNING BOARD	C13005	01	BOARD ASSISTANT SERVICES FOR D. YATES	ROBERT ULLOA	\$37,707.00	
02	GOVERNING BOARD	C13006	01	BOARD ASSISTANT SERVICES FOR R. LOVERIDGE - CARB RELATED ACTIVITIES	MAUREEN K KANE & ASSOCIATES INC	\$37,707.00	
02	GOVERNING BOARD	C13007	01	BOARD ASSISTANT SERVICES FOR R. LOVERIDGE	VIRGINIA L FIELD	\$37,707.00	
02	GOVERNING BOARD	C13008	01	BOARD ASSISTANT SERVICES FOR J. LYOU	MARK ABRAMOWITZ	\$30,000.00	
02	GOVERNING BOARD	C13010	01	BOARD ASSISTANT SERVICES FOR W. BURKE	SARAH EWELL	\$113,121.00	
02	GOVERNING BOARD	C13011	01	BOARD ASSISTANT SERVICES FOR M. ANTONOVICH	DEBRA S MENDELSON	\$37,707.00	
02	GOVERNING BOARD	C13012	01	BOARD ASSISTANT SERVICES FOR J. MITCHELL	MARISA KRISTINE PEREZ	\$37,707.00	
02	GOVERNING BOARD	C13013	01	BOARD ASSISTANT SERVICES FOR M. PULIDO	LUIS A PULIDO	\$37,707.00	
02	GOVERNING BOARD	C13014	01	BOARD ASSISTANT SERVICES FOR J. GONZALES	COUNTY OF SAN BERNARDINO	\$37,707.00	
02	GOVERNING BOARD	C13015	01	BOARD ASSISTANT SERVICES FOR M. CACCIOTTI	RONALD KETCHAM	\$12,124.00	
02	GOVERNING BOARD	C13016	01	BOARD ASSISTANT SERVICES FOR M. CACCIOTTI	WILLIAM GLAZIER	\$6,657.00	
02	GOVERNING BOARD	C13017	01	BOARD ASSISTANT SERVICES FOR M. CACCIOTTI	JAMES GLEN DUNCAN	\$12,124.00	
02	GOVERNING BOARD	C13018	01	BOARD ASSISTANT SERVICES FOR M. CACCIOTTI	ALLIS ANN DRUFFEL	\$6,799.00	
02	GOVERNING BOARD	C13019	01	BOARD ASSISTANT SERVICES FOR C. PARKER	TRISTIE A. MILLER	\$37,707.00	
02	GOVERNING BOARD	C13064	01	BOARD ASSISTANT SERVICES FOR C. PARKER	MARIA INIGUEZ	\$28,280.00	
02	GOVERNING BOARD	C13152	01	BOARD ASSISTANT SERVICES FOR J. GONZALES	COUNTY OF SAN BERNARDINO	\$26,599.00	
02	GOVERNING BOARD	C13315	01	BOARD ASSISTANT SERVICES FOR J. GONZALES	COUNTY OF SAN BERNARDINO	\$15,000.00	
02	GOVERNING BOARD	C13316	01	BOARD ASSISTANT SERVICES FOR B. BENOIT	WESTERN RIVERSIDE COUNCIL OF GOVERNMENT	\$15,711.25	
<b>Subtotal</b>						<b>\$718,899.25</b>	

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<b>Other - Executive Officer Approved</b>							
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12888	01	LBUSD AIR MONITORING STATION	LONG BEACH UNIFIED SCHOOL DISTRICT	\$0.00	1
16	ADMINISTRATIVE & HUMAN RESOURCES	C12893	01	DWP MAIN ST AIR MONITORING STATION - 5 YEAR AGREEMENT	DEPARTMENT OF WATER & POWER	\$16,578.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13146	01	LEASE 1 TOYOTA PRIUS HYBRID VEHICLE	CALIFORNIA STATE UNIVERSITY -LOS ANGELES	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13258		MOA FOR INSTALLATION & MAINTENANCE OF AIR FILTERS	LOS ANGELES UNIFIED SCHOOL DISTRICT	\$0.00	1
<b>Subtotal</b>						<b>\$16,578.00</b>	
<b>III. SPONSORSHIPS</b>							
<b>Sponsorship -Executive Officer Approved</b>							
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12891	01	CO-SPONSOR THE WOMEN IN GREEN FORUM	THREE SQUARES INC.	\$25,000.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C13031	01	CLEAN-AIR CAR SHOW AND GREEN LIVING EXPO SPONSORSHIP	CITY OF SOUTH PASADENA	\$20,000.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C13032	01	EVENT SPONSORSHIP	REGALETTES, INC.	\$20,000.00	
03	EXECUTIVE OFFICE	C13036	01	KOREAN AMERICAN OUTREACH	NAKATOMI AND ASSOCIATES	\$5,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13414	01	CO-SPONSOR THE WOMEN IN GREEN FORUM	THREE SQUARES INC.	\$25,000.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C13457	01	EVENT SPONSORSHIP	REGALETTES, INC.	\$20,000.00	
<b>Subtotal</b>						<b>\$115,000.00</b>	
<b>IV. MODIFICATIONS</b>							
<b>Board Approved</b>							
35	LEGISLATIVE & PUBLIC AFFAIRS	C07205	01	CAL POLY STUDENT CO-OP PROGRAM	CAL STATE POLYTECHNIC POMONA FOUNDATION	\$38,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07339	01	DEVELOPMENT OF AQ DATA MANAGEMENT SOFTWARE FOR THE PAMS PROGRAM	SONOMA TECHNOLOGY INC	\$40,197.00	
04	FINANCE	C10049	01	PROVIDE STUDENT CO-OP AGREEMENT	CAL STATE POLYTECHNIC POMONA FOUNDATION	\$20,000.00	

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16	ADMINISTRATIVE & HUMAN RESOURCES	C10170	01	DIAMOND BAR HEADQUARTERS CAFETERIA	CALIFORNIA DINING SERVICES	\$0.00	1
35	LEGISLATIVE & PUBLIC AFFAIRS	C10548	01	FEDERAL SURFACE TRANSPORTATION REAUTHORIZATION	LEE ANDREWS GROUP INC	\$100,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C10593	01	TECHNICAL SUPPORT FOR AQMD PAMS UPPER AIR METEOROLOGICAL MONITORING	SONOMA TECHNOLOGY INC	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11079	81	PROP 1B PORT TRUCK REPLACEMENT PROGRAM OUTREACH	SOUTHERN CALIFORNIA ASSOCIATION OF GOVT	\$3,465.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11520	80	REPLACE 10 DIESEL SCRAPERS AND 1 DIESEL WATER PULL, AND REPOWER 2 DIESEL SCRAPERS	LARRY JACINTO CONSTRUCTION	\$183,874.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11561	31	PURCHASE 20 CNG SHUTTLE VANS UNDER DOE CLEAN CITIES PROJECT	SUPERSHUTTLE INTERNATIONAL, INC.	\$144,300.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11611	31	IN-USE EMISSIONS TESTING AND DEMONSTRATION OF RETROFIT TECHNOLOGY OF ON-ROAD HEAVY-DUTY ENGINES	WEST VIRGINIA UNIVERSITY RESEARCH CORP	\$239,638.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11612	31	IN-USE EMISSIONS TESTING & DEMONSTRATION OF RETROFIT TECHNOLOGY OF ON-ROAD HEAVY-DUTY ENGINES	UNIVERSITY OF CALIFORNIA RIVERSIDE	\$76,638.00	
08	LEGAL	C12075	01	ENVIRONMENTAL LAW	WOODRUFF SPRADLIN & SMART	\$100,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12123	31	RETROFIT 107 HEAVY-DUTY DIESEL TRUCKS WITH DIESEL PARTICULATE FILTERS	RRM PROPERTIES, LTD - LSR	\$140,000.00	
08	LEGAL	C12128	01	EMPLOYMENT & LABOR LAW	FISHER & PHILLIPS, LLP	\$50,000.00	
27	INFORMATION MANAGEMENT	C12151	01	CONTRACT FOR SYSTEMS DEVELOPMENT, MAINTENANCE AND SUPPORT SERVICES	SIERRA CYBERNETICS INC	\$209,200.00	
27	INFORMATION MANAGEMENT	C12151	01	CONTRACT FOR SYSTEMS DEVELOPMENT, MAINTENANCE AND SUPPORT SERVICES	SIERRA CYBERNETICS INC	\$183,000.00	
27	INFORMATION MANAGEMENT	C12157	01	SHORT AND LONG-TERM SYSTEMS DEVELOPMENT, MAINTENANCE AND SUPPORT SERVICES	PRELUDE SYSTEMS, INC.	\$25,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C12165	36	NATURAL GAS HEARTH PRODUCT INCENTIVE PROGRAM	RH PETERSON CO	\$80,000.00	

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27	INFORMATION MANAGEMENT	C12188	01	SHORT AND LONG-TERM SYSTEMS DEVELOPMENT, MAINTENANCE & SUPPORT SERVICES	VARSUN ETECHNOLOGIES GROUP, INC	\$220,000.00	
27	INFORMATION MANAGEMENT	C12188	01	SHORT AND LONG-TERM SYSTEMS DEVELOPMENT, MAINTENANCE & SUPPORT SERVICES	VARSUN ETECHNOLOGIES GROUP, INC	\$177,000.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C12200	01	SACRAMENTO LEGISLATIVE REPRESENTATION	GONZALEZ, QUINTANA & HUNTER, LLC	\$116,736.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C12201	01	SACRAMENTO LEGISLATIVE REPRESENTATION	JOE A GONSALVES & SON	\$120,832.00	
27	INFORMATION MANAGEMENT	C12285	01	SHORT AND LONG-TERM SYSTEMS DEVELOPMENT, MAINTENANCE AND SUPPORT SERVICES	CMC AMERICAS INC	\$50,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12292	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RPM TRANSPORATION, INC.	\$200,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12293	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SYSCO FOOD SERVICES OF LOS ANGELES INC	\$135,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12293	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SYSCO FOOD SERVICES OF LOS ANGELES INC	\$90,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12293	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SYSCO FOOD SERVICES OF LOS ANGELES INC	\$90,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12307	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ANTHONY H. OSTERKAMP JR.	\$200,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12314	17	DEMONSTRATION OF AMECS FOR OCEAN-GOING VESSELS WHILE BERTHED	ADVANCED CLEANUP TECHNOLOGIES INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12368	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EVANS DEDICATED SYSTEMS, INC.	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12678	32	SUPPLY UP TO 4000 CORDLESS ELECTRIC LAWN MOWERS	THE GREENSTATION	\$290,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12680	27	SCRAP GASOLINE LAWN MOWERS AFTER DRAINING THE FUEL SAFELY AT THE LAWN MOWER EXCHANGE SITES AND PROVIDE TRANSPORTATION FROM THE SITES	DICK'S AUTO WRECKING	\$45,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12681	27	PROVIDE SUPPORT SERVICES AT THE LAWN MOWER EXCHANGE EVENTS	PARKING CONCEPTS INC	\$32,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12690	81	PROP 1B TRUCK RETROFIT PROGRAM	GAIO TRUCKING, INC	\$5,000.00	



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08	LEGAL	C12702	01	LEGAL ADVICE FOR LAWSUITS AND ADMINISTRATIVE PROCEEDINGS	SHUTE MIHALY & WEINBERGER LLP	\$5,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12704	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JESS DIAZ TRUCKING, INC	\$120,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C12841	01	DEVELOPMENT OF A NEW ANNUAL EMISSIONS REPORTING SYSTEM	ECOTEK INC	\$146,079.00	
08	LEGAL	C13060	01	LITIGATION COUNSEL	PAUL HASTINGS LLP	\$40,000.00	
08	LEGAL	C13060	01	LITIGATION COUNSEL	PAUL HASTINGS LLP	\$25,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13134	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SOUTH BOUND EXPRESS, INC.	\$60,000.00	
27	INFORMATION MANAGEMENT	C13252	01	TELECOM AND INTERNET SERVICES	TW TELECOM	\$41,249.44	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	G12142	80,33	PURCHASE ONE CNG SCHOOL BUS WITH FIRE SUPPRESSION SYSTEM AND ASSOCIATED INFRASTRUCTURE	BEAR VALLEY UNIFIED SCHOOL DISTRICT	\$5,859.00	
44	MSRC	ML07043	23	PURCHASE FIVE HEAVY-DUTY CNG VEHICLES	CITY OF REDONDO BEACH	\$0.00	6
44	MSRC	ML08024	23	PURCHASE 17 HEAVY-DUTY LPG TRANSIT BUSES	CITY OF ANAHEIM	\$0.00	6
44	MSRC	MS11001	23	DESIGN, HOST AND MAINTAIN MSRC WEBSITE	MINERAL, LLC	\$17,200.00	
44	MSRC	MS11002	23	BUY-DOWN THE COST OF ALTERNATIVE FUEL SCHOOL BUSES	A-Z BUS SALES, INC.	\$225,000.00	
44	MSRC	MS11002	23	BUY-DOWN THE COST OF ALTERNATIVE FUEL SCHOOL BUSES	A-Z BUS SALES, INC.	\$435,000.00	
44	MSRC	MS11002	23	BUY-DOWN THE COST OF ALTERNATIVE FUEL SCHOOL BUSES	A-Z BUS SALES, INC.	\$45,000.00	
44	MSRC	MS11003	23	BUY-DOWN THE COST OF ALTERNATIVE FUEL SCHOOL BUSES	BUSWEST, LLC	\$45,000.00	
44	MSRC	MS11003	23	BUY-DOWN THE COST OF ALTERNATIVE FUEL SCHOOL BUSES	BUSWEST, LLC	\$720,000.00	
44	MSRC	MS12026	23	PURCHASE 15 LPG ON-ROAD VEHICLES	U-HAUL CO. OF CALIFORNIA	\$200,000.00	
<b>Subtotal</b>						<b>\$5,695,267.44</b>	
<b>Executive Officer Approved</b>							
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C8701	01	POMONA AIR MONITORING STATION LEASE - 3 YEAR AGREEMENT	MRS. GERALDINE L GUZMAN	\$20,400.00	

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16	ADMINISTRATIVE & HUMAN RESOURCES	C99041	01	ONTARIO TEP 2000 MONITOR SITE	CITY OF ONTARIO	\$0.00	6
11	LEGAL	C01096	01	CONFLICT OF INTEREST ADVICE	OLSON HAGEL WATERS & FISHBURN LLP	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C04185	31	DEVELOP AND DEMONSTRATE HYDROGEN INTERNAL COMBUSTION ENGINE VEHICLES	QUANTUM FUEL SYSTEMS TECH WORLDWIDE INC	\$0.00	6
11	LEGAL	C05025	01	PERSONNEL INVESTIGATION □	PUBLIC INTEREST INVESTIGATIONS INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C05160	45	INSTALL SOLAR ENERGY SYSTEMS ON HOUSING UNITS UNDER CBE/CHILDREN'S EARTH SETTLEMENT AGREEMENT FUND	ENTERPRISE FOUNDATION	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C06239	36	PURCHASE AND INSTALL A NEW CNG FUELING STATION	GAS EQUIPMENT SYSTEMS INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07060	31	TECHNICAL ASSISTANCE RELATED TO AIR QUALITY IMPACTS OF REGIONAL GOODS MOVEMENT	DON BREAZEALE AND ASSOCIATES INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07060	01	TECHNICAL ASSISTANCE RELATED TO AIR QUALITY IMPACTS OF REGIONAL GOODS MOVEMENT	DON BREAZEALE AND ASSOCIATES INC	\$10,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07060	01	TECHNICAL ASSISTANCE RELATED TO AIR QUALITY IMPACTS OF REGIONAL GOODS MOVEMENT	DON BREAZEALE AND ASSOCIATES INC	\$15,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07062	31	TECHNICAL ASSISTANCE RELATED TO AIR QUALITY IMPACTS OF REGIONAL GOODS MOVEMENT	THE TIOGA GROUP	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07149	31	PURCHASE/INSTALL NEW PUBLICLY ACCESSIBLE LNG-L/CNG FUELING STATION AT CITY OF SAN BERNARDINO MUNICIPAL SERVICE YARD. □	CITY OF SAN BERNARDINO	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07153	31	INSTALL A NEW PUBLIC ACCESS CNG FUELING STATION IN IRWINDALE	FOOTHILL TRANSIT AGENCY	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07243	31	INSTALL NEW PUBLIC ACCESS L/CNG FUELING STATION	CITY OF COMMERCE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07244	31	UPGRADE EXISTING PUBLIC ACCESS CNG FUELING STATIONS IN THOUSAND PALMS & INDIO. □	SUNLINE TRANSIT AGENCY	\$0.00	6

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07246	31	PURCHASE AND INSTALL NEW LNG STORAGE TANK AT LONG BEACH LNG FUELING STATION	USA WASTE OF CALIFORNIA INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07320	31	NEW CNG FUELING STATION IN THE CITY OF SANTA ANA	ORANGE CO TRANSPORTATION AUTHORITY	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07320	31	NEW CNG FUELING STATION IN THE CITY OF SANTA ANA	ORANGE CO TRANSPORTATION AUTHORITY	\$0.00	6
11	LEGAL	C07321	01	ADVICE REGARDING PUBLIC FINANCE BONDS, TAXES, FEES, ETC.	STRADLING YOCCA CARLSON & RAUTH	\$0.00	6
11	LEGAL	C07321	01	ADVICE REGARDING PUBLIC FINANCE BONDS, TAXES, FEES, ETC.	STRADLING YOCCA CARLSON & RAUTH	\$5,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C07339	01	DEVELOPMENT OF AQ DATA MANAGEMENT SOFTWARE FOR THE PAMS PROGRAM	SONOMA TECHNOLOGY INC	\$9,410.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C08185	36	RENEWABLE ENERGY PROJECTS IN COMMUNITIES SURROUNDING ELECTRICAL GENERATING FACILITIES	PERMACITY CORP	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C08185	36	RENEWABLE ENERGY PROJECTS IN COMMUNITIES SURROUNDING ELECTRICAL GENERATING FACILITIES	PERMACITY CORP	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C08246	31	SHOWCASE - DEMO OF NOx & PM EMISSIONS CONTROL TECH ON DIESEL-POWERED CONSTRUCTION EQUIPMENT. □	GRIFFITH COMPANY	\$0.00	6
26	PLANNING RULE DEV & AREA SOURCES	C08323	01	SYSTEM AND PERFORMANCE AUDITS OF THE AQMD METEOROLOGICAL MONITORING	TECHNICAL AND BUSINESS SYSTEMS	\$50,000.00	
26	PLANNING RULE DEV & AREA SOURCES	C09008	17	NATURAL GAS HEARTH PRODUCT BUY-DOWN PILOT PROGRAM	RH PETERSON CO	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09063	32	RETROFIT ONE ON-ROAD DIESEL TRUCK	MANUEL VACA	\$0.00	11
26	PLANNING RULE DEV & AREA SOURCES	C09114	17	NATURAL GAS HEARTH PRODUCT BUY-DOWN PILOT PROGRAM	RASMUSSEN IRON WORKS, INC.	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09310	01	DESIGN, INSTALLATION AND MONITORING OF HIGH EFFICIENCY AIR FILTRATION TECHNOLOGIES FOR INDOOR BUILDING SPACE AT SCHOOLS IN THE LONG BEACH AND LOS ANGELES UNIFIED SCHOOL DISTRICTS	IQAIR NORTH AMERICA, INC.	\$0.00	6

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09337	31	FOLLOW-UP ASSESSMENT OF AQMD'S COMPLIANCE WITH SPECIAL REVENUE FUNDS	MARK WEEKLY	\$0.00	6
27	INFORMATION MANAGEMENT	C09402	01	CONTRACT FOR SHORT- AND LONG-TERM SYSTEMS DEVELOPMENT AND MAINTENANCE SUPPORT	R SYSTEMS INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09422	59	AQMD APPROVED PARTICIPATING DEALERSHIP IN VOUCHER INCENTIVE PROGRAM - FUND 32 SB1107 ACCOUNT	CARMENITA TRUCK CENTER	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09423	59	AQMD APPROVED PARTICIPATING DEALERSHIP IN VOUCHER INCENTIVE PROGRAM	INLAND KENWORTH (US) INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09424	59	AQMD APPROVED PARTICIPATING DEALERSHIP IN VOUCHER INCENTIVE PROGRAM -FUND 32, SB1107	LOS ANGELES FREIGHTLINER	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09425	59	VOUCHER INCENTIVE PROGRAM	RUSH TRUCK CENTER OF CALIFORNIA	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09426	59	AQMD APPROVED PARTICIPATING DEALERSHIP IN VOUCHER INCENTIVE PROGRAM - FUND 32 SB1107	WESTRUX INTERNATIONAL, INC.	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09428	59	VOUCHER INCENTIVE PROGRAM	ECOLOGY AUTO PARTS, INC.	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09430	59	VOUCHER INCENTIVE PROGRAM	PICK YOUR PART AUTO WRECKING	\$0.00	11
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09430	59	VOUCHER INCENTIVE PROGRAM	PICK YOUR PART AUTO WRECKING	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09432	59	VOUCHER INCENTIVE PROGRAM	DICK'S AUTO WRECKING	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09435	59	VOUCHER INCENTIVE PROGRAM - DISMANTLER	PICK YOUR PART AUTO WRECKING	\$0.00	11
26	PLANNING RULE DEV & AREA SOURCES	C10001	01	STAMPFRAG MEMBER SERVICES	CENTER FOR CONTINUING STUDY-CA ECONOMY	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10006	59	AQMD APPROVED PARTICIPATING DEALERSHIP IN VOUCHER INCENTIVE PROGRAM	TEC OF CALIFORNIA	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10007	59	VOUCHER INCENTIVE PROGRAM	U PICK U SAVE	\$0.00	6

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10008	59	AQMD APPROVED PARTICIPATING DEALERSHIP IN VOUCHER INCENTIVE PROGRAM - FUND 32 SB1107	WESTERN TRUCK EXCHANGE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10046	31	DEVELOPMENT AND DEMONSTRATION OF RENEWABLE HYDROGEN ENERGY AND FUELING STATION	AIR PRODUCTS & CHEMICALS INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10056	31	ADVANCED TRAINING TECHNOLOGY PROGRAM	SAN DIEGO COMMUNITY COLLEGE DISTRICT	\$0.00	6
27	INFORMATION MANAGEMENT	C10070	01	TELECOM AND INTERNET SERVICES	TW TELECOM	\$0.00	6
16	ADMINISTRATIVE & HUMAN RESOURCES	C10191	01	LANDSCAPE MAINTENANCE AT THE AQMD DIAMOND BAR HEADQUARTERS	TROPICAL PLAZA NURSERY INC	\$0.00	6
16	ADMINISTRATIVE & HUMAN RESOURCES	C10191	01	LANDSCAPE MAINTENANCE AT THE AQMD DIAMOND BAR HEADQUARTERS	TROPICAL PLAZA NURSERY INC	\$10,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10463	59	AQMD APPROVED PARTICIPATING DEALERSHIP IN VOUCHER INCENTIVE PROGRAM - FUND 32 SB1107 ACCOUNT	BOERNER TRUCK CENTER	\$0.00	6
26	PLANNING RULE DEV & AREA SOURCES	C10568	36	TREE PLANTING PARTNERSHIP	CITY OF LONG BEACH	\$0.00	6
26	PLANNING RULE DEV & AREA SOURCES	C10568	36	TREE PLANTING PARTNERSHIP	CITY OF LONG BEACH	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10659	50	DEVELOPMENT OF MEDIUM-DUTY PLUG-IN HYBRID VEHICLES. INVOICE PAYMENT - 12/1/10	EPRI	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10659	50	DEVELOPMENT OF MEDIUM-DUTY PLUG-IN HYBRID VEHICLES. INVOICE PAYMENT - 12/1/10	EPRI	\$0.00	11
16	ADMINISTRATIVE & HUMAN RESOURCES	C10695	01	INSURANCE BROKERAGE SERVICES	ALLIANT INSURANCE SERVICES INC	\$49,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10722	31,36	RE-ESTABLISH TESTING FACILITY & QUANTIFY PM EMISSION REDUCTIONS FROM CHARBROILING OPERATIONS	UNIVERSITY OF CALIFORNIA, RIVERSIDE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10722	31,36	RE-ESTABLISH TESTING FACILITY & QUANTIFY PM EMISSION REDUCTIONS FROM CHARBROILING OPERATIONS	UNIVERSITY OF CALIFORNIA, RIVERSIDE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10723	31	RETROFIT A DIGESTER GAS ENGINE WITH NOX AFTERTREATMENT EMISSION CONTROL TECHNOLOGY	EASTERN MUNICIPAL WATER DISTRICT	\$0.00	6

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11028	01	TECHNICAL ASSISTANCE ON STATIONARY SOURCE CONTROL MEASURES & FUTURE CONSULTATION ON TAO ACTIVITIES.□	MARTIN L KAY	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11042	51	OUTREACH AND EDUCATION ACTIVITIES IN SUPPORT OF AMERICAN RECOVERY AND REINVESTMENT ACT AWARDS	SOUTHERN CALIFORNIA ASSOCIATION OF GOVT	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11049	27	DEVELOP PROTOTYPE NATURAL GAS-FIRED, FAN-TYPE CENTRAL FURNACES WITH REDUCED NOX EMISSIONS	GAS TECHNOLOGY INSTITUTE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11050	27	DEVELOP PROTOTYPE NATURAL GAS-FIRED, GAN-TYPE CENTRAL FURNACES WITH REDUCED NOX EMISSIONS	BECKETT GAS, INC.	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11051	27	DEVELOP PROTOTYPE NATURAL GAS-FIRED, FAN-TYPE CENTRAL FURNACES WITH REDUCED NOx EMISSIONS	INGERSOLL - RAND COMPANY	\$0.00	11
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11051	27	DEVELOP PROTOTYPE NATURAL GAS-FIRED, FAN-TYPE CENTRAL FURNACES WITH REDUCED NOx EMISSIONS	INGERSOLL - RAND COMPANY	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11052	27	DEVELOP PROTOTYPE NATURAL GAS-FIRED, FAN-TYPE CENTRAL FURNACES WITH REDUCED NOx EMISSIONS	NORDYNE LLC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11113	32	TECHNICAL ASSISTANCE FOR IMPLEMENTATION OF INCENTIVE PROGRAMS	CLEAN FUEL CONNECTION INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11115	01	MECCA AIR MONITORING STATION	DESERT COMMUNITY COLLEGE DISTRICT	\$0.00	9
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11144	31,81	PROP 1B TRUCK REPLACEMENT OUTREACH AND EDUCATION-TRUCK OUTREACH CENTERS (DOE ARRA)	SAN DIEGO COMMUNITY COLLEGE DISTRICT	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11160	59	AQMD APPROVED PARTICIPATING DEALERSHIP IN VOUCHER INCENTIVE PROGRAM	ENTERPRISE MOTORS, INC.	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11161	59	AQMD APPROVED PARTICIPATING DEALERSHIP IN THE VOUCHER INCENTIVE PROGRAM	TOM'S TRUCK CENTER, INC.	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11162	59	APPROVED DEALERSHIP IN VOUCHER INCENTIVE PROGRAM - VIP - FUND 32 SB1107 MULTIDISTRICT FUNDS	UNITED TRUCK CENTERS, INC.	\$0.00	6

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DEPT ID	DEPT NAME	CONTRACT NUMBER	FUND CODE	DESCRIPTION	VENDOR NAME	CONTRACT AMOUNT	FOOT NOTE
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11163	59	AQMD APPROVED RETROFIT DEVICE INSTALLER - VIP PROGRAM	IRONMAN PARTS AND SERVICES	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11165	59	AQMD APPROVED PARTICIPATING RETROFIT INSTALLER IN VOUCHER INCENTIVE PROGRAM	VALLEY POWER SYSTEMS, INC.	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11166	59	APPROVED PARTICIPATING RETROFIT INSTALLER IN VOUCHER INCENTIVE PROGRAM	CUMMINS CAL PACIFIC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11182	31	TECHNICAL ASSISTANCE WITH ALTERNATIVE FUELS, FUEL CELLS, EMISSIONS ANALYSIS AND AFTERTREATMENT TECHNOLOGIES	ANDRIS R. ABELE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11204	31	ELECTRIC CONVERSION OF FLEET VEHICLES	AC PROPULSION INC	\$0.00	6
26	PLANNING RULE DEV & AREA SOURCES	C11527	31	SOURCES, COMPOSITION, VARIABILITY & TOXICOLOGICAL CHARACTERISTICS OF ULTRAFINE PARTICLES IN SOUTHERN CALIFORNIA STUDY	UNIVERSITY OF SOUTHERN CALIFORNIA	\$0.00	4
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11587	36	STUDY NEAR ROADWAY POLLUTANT EXPOSURE MITIGATION MEASURES	THE PLANNING CENTER	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11587	36	STUDY NEAR ROADWAY POLLUTANT EXPOSURE MITIGATION MEASURES	THE PLANNING CENTER	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11588	36	CONDUCT CONCEPTUAL FEASIBILITY STUDY FOR REDUCTION OF NEAR ROADWAY POLLUTANT EXPOSURES	UNIVERSITY OF CALIFORNIA RIVERSIDE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11588	36	CONDUCT CONCEPTUAL FEASIBILITY STUDY FOR REDUCTION OF NEAR ROADWAY POLLUTANT EXPOSURES	UNIVERSITY OF CALIFORNIA RIVERSIDE	\$0.00	6
08	LEGAL	C11594	01	LEGAL REPRESENTATION	PERKINS COIE LLP	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11606	31	DEVELOP AND DEMONSTRATE PLUG-IN HYBRID ELECTRIC DRIVE SYSTEMS FOR MEDIUM- AND HEAVY-DUTY VEHICLES	ODYNE SYSTEMS, LLC	\$0.00	6
16	ADMINISTRATIVE & HUMAN RESOURCES	C11607	01	NATURAL GAS PURCHASE AGREEMENT	STATE OF CALIFORNIA	\$27,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11608	44	DEMONSTRATION OF REMOTE SENSING FENCELINE MONITORING METHODS AT OIL REFINERIES AND PORTS	UNIVERSITY OF CALIFORNIA-LOS ANGELES	\$0.00	6

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08	LEGAL	C11619	01	EMPLOYEE RELATIONS LITIGATION SERVICES	BEST BEST & KRIEGER	\$0.00	6
08	LEGAL	C11619	01	EMPLOYEE RELATIONS LITIGATION SERVICES	BEST BEST & KRIEGER	\$50,000.00	
35	LEGISLATIVE & PUBLIC AFFAIRS	C11738	01	IMPLEMENTATION OF THE AIR QUALITY INSTITUTE (AQI)	CORDOBA CORPORATION	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11739	01	CONDUCT PM NETWORK PERFORMANCE AND SYSTEM EVALUATION PROGRAM	TECHNICAL AND BUSINESS SYSTEMS	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11739	01	CONDUCT PM NETWORK PERFORMANCE AND SYSTEM EVALUATION PROGRAM	TECHNICAL AND BUSINESS SYSTEMS	\$40,366.00	
16	ADMINISTRATIVE & HUMAN RESOURCES	C11740	01	RESURFACING OF THE DIAMOND BAR HEADQUARTERS PARKING STRUCTURE DECK	CENTURY RESTORATION, INC	\$7,500.00	
04	FINANCE	C11744	01	AQMD INTERNAL AUDIT CONSULTING SERVICES	TEAMAN, RAMIREZ & SMITH, INC.	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12021	80	REPOWER AND RETROFIT 4 OFF-ROAD VEHICLES.	GEERLINGS EQUIPMENT RENTAL, INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12026	01	CONDUCT UPPER AIR NETWORK PERFORMANCE AND SYSTEM EVALUATION PROGRAM	TECHNICAL AND BUSINESS SYSTEMS	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12041	59	VIP PROGRAM APPROVED DEALER	KDH USED TRUCK SALES	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12042	59	VIP PROGRAM APPROVED DEALER	ARROW TRUCK SALES	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12043	59	VIP PROGRAM APPROVED DEALER	BIG T'S FREIGHTLINER	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12044	59	VOUCHER INCENTIVE PROGRAM	TRANSPORTATION COMMERCE INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12045	59	VIP PROGRAM APPROVED DEALER	BOYLE TRUCKS OF FONTANA, INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12046	59	VIP PROGRAM APPROVED DEALER	GIBBS INTERNATIONAL INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12047	59	VIP PROGRAM APPROVED DEALER	DYNAMIC TRUCK SALES, INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12049	01	AIR MONITORING STATION MECCA ELEM	COACHELLA VALLEY UNIFIED SCHOOL DISTRICT	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12050	59	VIP PROGRAM DISMANTLER	AMERICAN METAL RECYCLING	\$0.00	6



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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12051	59	VIP PROGRAM DISMANTLER	SOUTHLAND TRUCK & EQUIPMENT	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12053	59	VIP PROGRAM DISMANTLER	AADLEN BROS AUTO WRECKING	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12054	59	VIP PROGRAM DISMANTLER	LKQ AUTO PARTS OF CENTRAL CALIFORNIA	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12055	59	VIP PROGRAM INSTALLER	RINCON TRUCK CENTER INC.	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12056	59	VIP PROGRAM DISMANTLER	SAN CLEMENTE TRUCK & AUTO RECYCLING	\$0.00	6
08	LEGAL	C12075	01	ENVIRONMENTAL LAW	WOODRUFF SPRADLIN & SMART	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12107	32	REPOWER 6 OFF-ROAD VEHICLES (ON-RAIL)	J.A. PLACEK CONSTRUCTION CO.	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12109	27	INSTALLATION & DEMONSTRATION OF COMBINED DPF & SCR TECHNOLOGY ON A MARINE VESSEL	HUG ENGINEERING, INC	\$0.00	6
08	LEGAL	C12128	01	EMPLOYMENT & LABOR LAW	FISHER & PHILLIPS, LLP	\$15,000.00	
08	LEGAL	C12128	01	EMPLOYMENT & LABOR LAW	FISHER & PHILLIPS, LLP	\$15,000.00	
08	LEGAL	C12128	01	EMPLOYMENT & LABOR LAW	FISHER & PHILLIPS, LLP	\$20,000.00	
08	LEGAL	C12128	01	EMPLOYMENT & LABOR LAW	FISHER & PHILLIPS, LLP	\$25,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12150	31	COSPONSOR DEMOS OF NOX AND PM EMISSIONS CONTROL TECHNOLOGIES ON DIESEL-POWERED CONSTRUCTION EQUIPMENT	PURITECH GMBH & CO., KG	\$0.00	6
27	INFORMATION MANAGEMENT	C12151	01	CONTRACT FOR SYSTEMS DEVELOPMENT, MAINTENANCE AND SUPPORT SERVICES	SIERRA CYBERNETICS INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12154	31	IDENTIFY CELLULOSIC BIOFUEL FEEDSTOCKS & CONDUCT BIODIESEL & ETHANOL HEALTH EFFECTS STUDIES	UNIVERSITY OF CALIFORNIA, RIVERSIDE	\$0.00	6
27	INFORMATION MANAGEMENT	C12157	01	SHORT AND LONG-TERM SYSTEMS DEVELOPMENT, MAINTENANCE AND SUPPORT SERVICES	PRELUDE SYSTEMS, INC.	\$0.00	6
26	PLANNING RULE DEV & AREA SOURCES	C12164	36	NATURAL GAS HEARTH PRODUCT INCENTIVE PROGRAM	RASMUSSEN IRON WORKS, INC.	\$0.00	6
26	PLANNING RULE DEV & AREA SOURCES	C12165	36	NATURAL GAS HEARTH PRODUCT INCENTIVE PROGRAM	RH PETERSON CO	\$0.00	6
08	LEGAL	C12170	01	CEQA/ENVIRONMENTAL LAW	BEST BEST & KRIEGER	\$0.00	6
03	EXECUTIVE OFFICE	C12172	01	SIGNATURE AQMD FILM	CINEMA VERTIGE, LLC	\$0.00	6

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44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12174	48	CHARACTERIZATION OF THE PHYSICAL, CHEMICAL, AND BIOLOGICAL PROPERTIES OF PM EMISSIONS, VOCS AND CARBONYL GROUPS FROM UNDER-FIRED CHARBROILERS	UNIVERSITY OF CALIFORNIA, RIVERSIDE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12174	48	CHARACTERIZATION OF THE PHYSICAL, CHEMICAL, AND BIOLOGICAL PROPERTIES OF PM EMISSIONS, VOCS AND CARBONYL GROUPS FROM UNDER-FIRED CHARBROILERS	UNIVERSITY OF CALIFORNIA, RIVERSIDE	\$0.00	6
27	INFORMATION MANAGEMENT	C12188	01	SHORT AND LONG-TERM SYSTEMS DEVELOPMENT, MAINTENANCE & SUPPORT SERVICES	VARSUN ETECHNOLOGIES GROUP, INC	\$0.00	6
16	ADMINISTRATIVE & HUMAN RESOURCES	C12189	01	SERVICE AND MAINTENANCE FOR LEIBERT AIR CONDITIONING EQUIPMENT	KLM, INC	\$8,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12197	31	HEALTH EFFECTS OF PM PARTICLES EMITTED FROM HEAVY-DUTY VEHICLES--A COMPARISON BETWEEN DIFFERENT BIODIESEL FUELS	UNIVERSITY OF CALIFORNIA, RIVERSIDE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12202	60	CREATION OF A BAY AREA PEV INFRASTRUCTURE REGIONAL PLAN	BAY AREA AIR QUALITY MANAGEMENT DISTRICT	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12204	32	REPOWER OF 13 OFF-ROAD VEHICLES	SHARMA GENERAL ENGINEERING CONTRACTORS	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12208	31	DETERMINE THE PHYSICAL AND CHEMICAL COMPOSITION & ASSOCIATED HEALTH EFFECTS OF TAILPIPE PM EMISSIONS	UNIVERSITY OF CALIFORNIA, RIVERSIDE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12231	60	CREATION OF THE SOUTH COAST PEV INFRASTRUCTURE REGIONAL PLAN AND PROVIDE FUNDING TO SCCCC FOR OUTREACH	SOUTHERN CALIFORNIA ASSOCIATION OF GOVT	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12232	60	CREATION OF SOUTH COAST PEV INFRASTRUCTURE REGIONAL PLAN	CENTRAL COAST CLEAN CITIES COALITION	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12235	60	CREATION OF SACRAMENTO PEV INFRASTRUCTURE REGIONAL PLAN	SACRAMENTO AREA COUNCIL OF GOVERNMENTS	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12236	60	CREATION OF SAN DIEGO PEV INFRASTRUCTURE REGIONAL PLAN	CALIFORNIA CENTER FOR SUSTAINABLE ENERGY	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12240	60	CREATION OF SAN JOAQUIN VALLEY PEV INFRASTRUCTURE REGIONAL PLAN	SAN JOAQUIN VALLEY APCD	\$0.00	6

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16	ADMINISTRATIVE & HUMAN RESOURCES	C12272	01	PROVIDE ELEVATOR SERVICE AND PREVENTATIVE MAINTENANCE	THYSSENKRUPP ELEVATOR CORP	\$27,140.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12273	31	CONSTRUCT NEW LNG FUELING STATION IN PALM SPRINGS	BORDER VALLEY TRADING	\$0.00	11
35	LEGISLATIVE & PUBLIC AFFAIRS	C12284	01	SPANISH LANGUAGE SUPPORT FOR THE IPHONE/IPAD DEVELOPMENT	ZENITHECH LLC	\$0.00	6
27	INFORMATION MANAGEMENT	C12285	01	SHORT AND LONG-TERM SYSTEMS DEVELOPMENT, MAINTENANCE AND SUPPORT SERVICES	CMC AMERICAS INC	\$0.00	6
26	PLANNING RULE DEV & AREA SOURCES	C12296	01	PROVIDE SOCIOECONOMIC CONSULTING SERVICES	REGIONAL ECONOMIC MODELS INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12297	01	TECHNICAL ASSISTANCE WITH PROP 1B GOODS MOVEMENT PROGRAM	CLEAN FUEL CONNECTION INC	\$60,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12300	32	REPOWER 4 OFF-ROAD VEHICLES	EARTH TEK ENGINEERING CORP.	\$0.00	6
03	EXECUTIVE OFFICE	C12302	01	STATE BUDGETARY AND FUNDING ISSUES CONSULTING SERVICES	CREEKSIDE CONSULTING SERVICES	\$30,420.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12303	81	PURCHASE 9 CNG HEAVY DUTY TRUCKS TO REPLACE OLDER DIESEL MODELS - FUNDING FROM DOE GRANT	UPS	\$0.00	6
08	LEGAL	C12311	01	PROVIDE EXPERT TECHNICAL CONSULTING SERVICES IN SUPPORT OF PENDING ENFORCEMENT LITIGATION	ROBERT CARSON	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12314	17	DEMONSTRATION OF AMECS FOR OCEAN-GOING VESSELS WHILE BERTHED	ADVANCED CLEANUP TECHNOLOGIES INC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12454	36	INSTALLATION OF UP TO 1MW OF FLYWHEEL ENERGY STORAGE TO PROVIDE REGENERATIVE BRAKING TO TRAINS	KINETIC TRACTION SYSTEMS, INC	\$0.00	11
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12485	01	CO-SPONSOR CSULB CEERS STUDENT EDUCATIONAL PROJECT 2012	CALIFORNIA STATE UNIVERSITY-LONG BEACH	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12550	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EFREN ORELLANA	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12621	81	PROP 1B TRUCK REPLACEMENT PROGRAM	SALVADOR TABLAS CARDOZO	\$0.00	1
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12701	81	PROP 1B TRUCK REPLACEMENT PROGRAM	EVEL FLORES	\$0.00	11
08	LEGAL	C12702	01	LEGAL ADVICE FOR LAWSUITS AND ADMINISTRATIVE PROCEEDINGS	SHUTE MIHALY & WEINBERGER LLP	\$10,000.00	

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16	ADMINISTRATIVE & HUMAN RESOURCES	C12713	01	BOILERS AND ASSOCIATED EQUIPMENT REPLACEMENT	AUTOMATIC BOILER COMPANY	\$0.00	11
16	ADMINISTRATIVE & HUMAN RESOURCES	C12713	01	BOILERS AND ASSOCIATED EQUIPMENT REPLACEMENT	AUTOMATIC BOILER COMPANY	\$0.00	6
27	INFORMATION MANAGEMENT	C12734	01	WEB REDESIGN AND CONTENT MANAGEMENT SYSTEM	CIVIC RESOURCE GROUP LLC	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12820	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VAL PRO, INC.	\$0.00	11
26	PLANNING RULE DEV & AREA SOURCES	C12841	01	DEVELOPMENT OF A NEW ANNUAL EMISSIONS REPORTING SYSTEM	ECOTEK INC	\$0.00	6
26	PLANNING RULE DEV & AREA SOURCES	C12897	01	TECHNICAL SUPPORT FOR AQMD MEASUREMENTS IN THE COACHELLA VALLEY	TECHNICAL AND BUSINESS SYSTEMS	\$60,000.00	
02	GOVERNING BOARD	C13001	01	BOARD ASSISTANT SERVICES TO JAN PERRY	JEFF CATALANO	\$0.00	11
16	ADMINISTRATIVE & HUMAN RESOURCES	C13025	01	HUMAN RESOURCES WEB-BASED SOFTWARE (NEOGOV)	GOVERNMENTJOBS.COM INC	\$7,300.00	
03	EXECUTIVE OFFICE	C13036	01	KOREAN AMERICAN OUTREACH	NAKATOMI AND ASSOCIATES	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13041	01	TECHNICAL ASSISTANCE WITH EMISSION REDUCTION PROJECTS TO BE IMPLEMENTED UNDER AB 1318 MITIGATION	MELVIN D ZELDIN	\$15,000.00	
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13041	01	TECHNICAL ASSISTANCE WITH EMISSION REDUCTION PROJECTS TO BE IMPLEMENTED UNDER AB 1318 MITIGATION	MELVIN D ZELDIN	\$15,000.00	
08	LEGAL	C13057	01	PROVIDE INSURANCE COVERAGE COUNSEL TO AQMD	PERKINS COIE LLP	\$7,500.00	
08	LEGAL	C13188	01	LOCAL COUNSEL: ALASKA	BESSENEYEY & VAN TUYN, LLC	\$0.00	6
04	FINANCE	C13253	22,23	AUDIT OF AB 2766 FEE REVENUE RECIPIENTS FOR FISCAL YEARS 2009-10 AND 2010-11	SIMPSON & SIMPSON	\$0.00	6
35	LEGISLATIVE & PUBLIC AFFAIRS	C13262	01	WASHINGTON DC LEGISLATIVE REPRESENTATION	KADESH & ASSOCIATES LLC	\$22,515.48	
16	ADMINISTRATIVE & HUMAN RESOURCES	C13272	01	REPLACEMENT OF HVAC BLACK STEEL PIPING	CENTRAL PLUMBING CO, INC.	\$0.00	6

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44	MSRC	ML09013	23	SYNCHRONIZE SIGNALS WITH CITY OF MORENO VALLEY ON ALESSANDRO BOULEVARD.	CITY OF RIVERSIDE	\$0.00	6
44	MSRC	ML09014	23	CYNCHRONIZE SIGNALS WITH THE CITY OF CORONA ON MAGNOLIA AVENUE	CITY OF RIVERSIDE	\$0.00	6
44	MSRC	ML09015	23	SYNCHRONIZE SIGNALS WITH COUNTY OF RIVERSIDE ON VAN BUREN BLVD.	CITY OF RIVERSIDE	\$0.00	6
44	MSRC	ML09024	23	MODIFY VEHICLE MAINTENANCE FACILITY	COUNTY OF LOS ANGELES	\$0.00	6
44	MSRC	ML09025	23	PURCHASE 85 REMOTE DIAGNOSTIC SYSTEMS	COUNTY OF LOS ANGELES	\$0.00	6
44	MSRC	ML09033	23	BUY 10 HD CNG VEHICLES & INSTALL CNG STATION	CITY OF BEVERLY HILLS	\$0.00	11
44	MSRC	ML09035	23	PURCHASE 2 HEAVY-DUTY CNG VEHICLES AND INSTALL CNG STATION.	CITY OF FULLERTON	\$0.00	6
44	MSRC	ML11045	23	PURCHASE 1 HEAVY-DUTY CNG VEHICLE	CITY OF NEWPORT BEACH	\$0.00	6
44	MSRC	MS07080	23	DEMONSTRATE RETROFIT DEVICES ON THREE OFF-ROAD VEHICLES (SHOWCASE PROGRAM)	CITY OF LOS ANGELES-DEPT OF PUBLIC WORKS	\$0.00	6
44	MSRC	MS10006	23	PURCHASE 3 SWEEPERS EQUIPPED WITH ADVANCED NATURAL GAS ENGINES	NATIONWIDE ENVIRONMENTAL SERVICES	\$0.00	6
44	MSRC	MS10017	23	PURCHASE 19 TRUCKS EQUIPPED WITH ADVANCED NATURAL GAS ENGINES	RYDER TRUCK RENTAL, INC.	\$0.00	6
44	MSRC	MS10025	23	IMPLEMENT TELEWORK DEMONSTRATION PROGRAM	ELHAM SHIRAZI	\$0.00	6
44	MSRC	MS10025	23	IMPLEMENT TELEWORK DEMONSTRATION PROGRAM	ELHAM SHIRAZI	\$0.00	6
44	MSRC	MS11056	23	PROGRAMMATIC OUTREACH SERVICES	THE BETTER WORLD GROUP, INC	\$0.00	11
44	MSRC	MS11056	23	PROGRAMMATIC OUTREACH SERVICES	THE BETTER WORLD GROUP, INC	\$0.00	11
44	MSRC	MS11064	23	INSTALL CNG FUELING STATION	CITY OF HAWTHORNE	\$0.00	11
44	MSRC	MS11064	23	INSTALL CNG FUELING STATION	CITY OF HAWTHORNE	\$0.00	6
44	SCIENCE & TECHNOLOGY ADVANCEMENT	XC05128	31	PROVIDE TECHNICAL ASSISTANCE FOR DEVELOPMENT OUTREACH & COMMERCIALIZATION OF ADVANCED HEAVY-DUTY & OFF-ROAD TECHNOLOGIES	MID-ATLANTIC RESEARCH INSTITUTE LLC	\$0.00	6
08	LEGAL	XC12250	01	PROVIDE RAILROAD LITIGATION SERVICES	LIGHTFOOT STEINGARD & SADOWSKY, LLP	\$0.00	6
<b>Subtotal</b>						<b>\$631,551.48</b>	

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<b>V. TERMINATED CONTRACTS-PARTIAL/NO WORK PERFORMED</b>							
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09054	32	REPOWER 1 DIESEL SCRAPER, 2 DIESEL DOZERS, 3 DIESEL LOADERS AND 4 DIESEL TRACTORS	VARNER CONSTRUCTION INC	-\$146,779.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09258	32	REPOWER 7 DIESEL LOADERS	DAN COPP CRUSHING CORPORATION	-\$132,675.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09282	32	REPOWER 2 DIESEL DUAL-ENGINE SCRAPERS, 1 DIESEL OFF-ROAD TRUCK, AND 1 DIESEL ENGINE DOZER - SOON PROGRAM	POST COMPANY GRADING CONTRACTORS INC	-\$515,731.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09285	32	REPOWER 8 DIESEL CATERPILLAR SCRAPERS	JAGUR TRACTOR	-\$206,127.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09334	32	REPOWER OF HEAD END POWER (HEP) UNITS OF 11 LOCOMOTIVES	SO CALIFORNIA REGIONAL RAIL AUTHORITY	-\$166,693.20	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C09354	36	RESEARCH STUDY & DEMO FEASIBILITY OF CONTROL TECHNOLOGY TO REDUCE PM2.5 AND ULTRAFINE EMISSIONS	FOSSIL ENERGY RESEARCH CORPORATION	-\$2,540,781.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C10606	32	INSTALL A SHORE POWER SYSTEM AT THE LONG BEACH CRUISE SHIP AND RETROFIT 2 PASSENGER VESSELS	CARNIVAL CRUISE LINES	-\$71,225.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C11175	32	REPOWER AND RETROFIT ONE OFF-ROAD VEHICLE	WILLARD MARINE INC.	-\$22,240.00	7
26	PLANNING RULE DEV & AREA SOURCES	C12164	36	NATURAL GAS HEARTH PRODUCT INCENTIVE PROGRAM	RASMUSSEN IRON WORKS, INC.	-\$100,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12186	31	RETROFIT 25 HEAVY-DUTY DIESEL TRUCKS WITH DIESEL PARTICULATE FILTERS	PIPELINE CARRIERS, INC.	-\$75,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12205	80	REPLACEMENT OF 2 OFF-ROAD VEHICLES	CITY OF ANAHEIM	-\$26,596.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12211	32	REPOWER 1 MAIN AND 3 AUXILIARY ENGINES ON 1 MARINE VESSEL	SOUTHERN CALIFORNIA BAIT CO., INC.	-\$444,050.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12289	81	PROP 1B TRUCK REPLACEMENT PROGRAM	APEX BULK COMMODITIES, LLC.	-\$500,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12291	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOSE M. FLORES	-\$100,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12340	81	PROP 1B TRUCK REPLACEMENT PROGRAM	PARKHOUSE TIRE SERVICE INC.	-\$20,000.00	7

**South Coast Air Quality Management District**  
**Contract Activity Report**  
**July 1, 2012 - June 30, 2013**

<b>DEPT ID</b>	<b>DEPT NAME</b>	<b>CONTRACT NUMBER</b>	<b>FUND CODE</b>	<b>DESCRIPTION</b>	<b>VENDOR NAME</b>	<b>CONTRACT AMOUNT</b>	<b>FOOT NOTE</b>
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12342	81	PROP 1B TRUCK REPLACEMENT PROGRAM	RPM TRANSPORATION, INC.	-\$280,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12343	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TRANS PETRO OF CALIFORNIA, INC.	-\$108,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12351	81	PROP 1B TRUCK REPLACEMENT PROGRAM	ROUTE ONE TRANSPORT, INC.	-\$42,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12379	27	DEMONSTRATION OF ADVANCED CORDLESS ZERO-EMISSION COMMERCIAL LAWN AND GARDEN EQUIPMENT	UNIVERSITY OF CALIFORNIA RIVERSIDE	-\$45,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12489	81	PROP 1B TRUCK REPLACEMENT PROGRAM	STEPHEN C. BOREL	-\$10,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12490	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CERENZIA FOODS INC.	-\$50,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12494	81	PROP 1B TRUCK REPLACEMENT PROGRAM	CLASSIC DISTRIBUTING & BEVERAGE GROUP	-\$70,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12495	81	PROP 1B TRUCK REPLACEMENT PROGRAM	BEAUCHAMP DISTRIBUTING COMPANY	-\$60,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12496	81	PROP 1B TRUCK REPLACEMENT PROGRAM	TRIANGLE DISTRIBUTING COMPANY	-\$40,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12639	81	PROP 1B TRUCK RETROFIT PROGRAM	BEAR TRUCKING, INC	-\$20,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12646	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MOUNTAIN VALLEY EXPRESS CO INC	-\$75,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12657	81	PROP 1B TRUCK RETROFIT PROGRAM	A&A READY MIXED CONCRETE, INC.	-\$20,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12737	81	PROP 1B TRUCK REPLACEMENT PROGRAM	MARCO A. FLORES NIETO	-\$30,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12763	81	PROP 1B TRUCK REPLACEMENT PROGRAM	OSCAR SALCEDO	-\$30,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12838	81	PROP 1B TRUCK REPLACEMENT PROGRAM	DEMENNO KERDOON	-\$90,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12842	81	PROP 1B TRUCK REPLACEMENT PROGRAM	UPS	-\$1,320,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12844	81	PROP 1B TRUCK REPLACEMENT PROGRAM	METAL BARS, INC.	-\$20,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12855	81	PROP 1B TRUCK REPLACEMENT PROGRAM	KELLY FREIGHT SERVICES, INC.	-\$10,000.00	7

**South Coast Air Quality Management District**  
**Contract Activity Report**  
**July 1, 2012 - June 30, 2013**

DEPT ID	DEPT NAME	CONTRACT NUMBER	FUND CODE	DESCRIPTION	VENDOR NAME	CONTRACT AMOUNT	FOOT NOTE
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C12875	81	PROP 1B TRUCK REPLACEMENT PROGRAM	VICTOR JIMENEZ DBA LASER STAR ENTERPRISE	-\$40,000.00	7
02	GOVERNING BOARD	C13014	01	BOARD ASSISTANT SERVICES TO JOSIE GONZALES	COUNTY OF SAN BERNARDINO	-\$26,599.00	7
02	GOVERNING BOARD	C13019	01	BOARD ASSISTANT SERVICES TO C. PARKER	TRISTIE A. MILLER	-\$28,280.25	7
35	LEGISLATIVE & PUBLIC AFFAIRS	C13039	01	THINK CLEAN! GO CLEAN! OUTREACH EVENT CONSULTING SERVICES	JPY-LA	-\$2,500.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13127	81	PROP 1B TRUCK REPLACEMENT PROGRAM	WEST COAST LEASEWAYS , LLC	-\$40,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13129	81	PROP 1B TRUCK REPLACEMENT PROGRAM	JOHN ILEJAY III TRUCKING INC.	-\$118,000.00	7
02	GOVERNING BOARD	C13152	01	BOARD DISCRETIONARY FUNDS CONTRACT FOR JOSIE GONZALEZ	COUNTY OF SAN BERNARDINO	-\$15,000.00	7
44	SCIENCE & TECHNOLOGY ADVANCEMENT	C13157	81	PROP 1B TRUCK REPLACEMENT PROGRAM	FRANCISCO SANCHEZ JR.	-\$40,000.00	7
44	MSRC	ML09026	23	REPOWER FIVE OFF-ROAD VEHICLES.	COUNTY OF LOS ANGELES	-\$100,000.00	7
44	MSRC	MS08018	23	PURCHASE 3 TRUCKS EQUIPPED WITH ADVANCED NG ENGINES. □	COUNTY OF LOS ANGELES	-\$30,000.00	7
44	MSRC	MS11087	23	DEMONSTRATE RETROFIT DEVICES ON OFF-ROAD VEHICLES	CEMEX CONSTRUCTION MATERIAL PACIFIC, LLC	-\$39,762.00	7
<b>Subtotal</b>						<b>-\$7,868,038.45</b>	



**South Coast Air Quality Management District**  
**Contract Activity Report**  
**July 1, 2012 - June 30, 2013**

DEPT ID	DEPT NAME	CONTRACT NUMBER	FUND CODE	DESCRIPTION	VENDOR NAME	CONTRACT AMOUNT	FOOT NOTE
	<b><u>SPECIAL FUNDS</u></b>				<b><u>FOOTNOTES</u></b>		
17	ADV. TECH, OUTREACH & EDU FUND				1		NO FIXED VALUE
20	AIR QUALITY ASSISTANCE FUND				2		RATES VARY - NO FIXED VALUE
23	MSRC FUND				3		REVENUE CONTRACT - NO AMOUNT SHOWN
27	AIR QUALITY INVESTMENT FUND				4		NO COST - COST REALLOCATION
31	CLEAN FUELS FUND				5		CHANGED TO EMPLOYEE STATUS
32	CARL MOYER FUND - SB1107 ACCOUNT				6		NO COST- TIME EXTENSION
33	SCHOOL BUS REPLACEMENT PROGRAM				7		DE-OBLIGATION OF FUNDING
34	ZERO EMISSION VEHICLE INCENTIVE PROGRAM				8		COMPETITIVE SOLICITATION ISSUED BY ANOTHER GOVERNMENT AGENCY
35	AES SETTLEMENT PROJECTS FUND						
36	RULE 1309.1 PRIORITY RESERVE FUND				9		NO COST - AIR MONITORING/LICENSE AGR
37	CARB ERC BANK FUND				10		CNG VEHICLE PARTNERSHIP SELECTION
38	LADWP SETTLEMENT PROJECTS FUND				11		NO COST - CHANGE IN TERMS
39	STATE EMISSIONS MITIGATION FUND				12		FEDERAL GOVERNMENT PASS-THRU
40	NATURAL GAS VEHICLE PARTNERSHIP FUND				13		AT DIRECTION OF LEGISLATIVE COMMITTEE
41	STATE BUG FUND				14		OPTIONAL YEAR RENEWAL/MULTI-YR CONTRACT
45	CBE/CBO SETTLEMENT AGREEMENT FUND				15		TRUCK GRANT PAID TO CASCADE SIERRA SOLUTIONS THROUGH LEASE-TO-OWN PROGRAM. THIS CONTRACT IS FOR OPERATION AND REPORTING ONLY.
46	BP ARCO SETTLEMENT FUND						
48	HEALTH EFFECTS RESEARCH FUND						
50	DOE ARRA-PLUG-IN HYBRID ELECTRIC VEHICLES						
51	DOE ARRA-LNG CORRIDOR EXPANSION						
52	TRAPAC SCHOOL AIR FILTRATION						
53	EMISSION REDUCTION AND OUTREACH FUND						
56	HEROS II PROGRAM FUND						
59	CARL MOYER VOUCHER INCENTIVE FUND						
60	DOE PEV INFRASTRUCTURE PLANNING SPECIAL REVENUE FUND						
61	ADVANCED TECHNOLOGY GOODS MOVEMENT FUND						
71	CNG FUELING STATION ENTERPRISE FUND						
80	CARL MOYER FUND - AB923 ACCOUNT						
81	PROPOSITION 1B - GOODS MOVEMENT FUND						
82	PROPOSITION 1B - LOWER EMISSION SCHOOL BUS						

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 22

REPORT: Summary of Changes to FY 2012-13 General Fund Budget and Fund Balance

SYNOPSIS This is the annual report of General Fund budget and fund balance changes for FY 2012-13.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:  
Receive and file.

Barry R. Wallerstein, D.Env.  
Executive Officer

MBO:DRP:NCC:lg

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### **Background**

Revisions are made to the General Fund budget either through Board-approved changes or through organizational unit-requested budget changes which reallocate already-budgeted funds within a Major Object to meet operational needs, but do not increase the budget. Staff has prepared this report on budget revisions made during FY 2012-13. Organizational unit-requested budget changes have included such items as a transfer of budgeted funds from Planning, Rules and Area Sources to Information Management for transportation database maintenance on the R2202 computer system; from Engineering and Compliance to Information Management for task orders to update and enhance select permit processing programs; from District General to Information Management for PeopleSoft software enhancement projects; from Planning, Rules and Area Sources to Legal for a Rule 1304.1 consultant contract; and from Science and Technology Advancement to Legislative and Public Affairs for community outreach efforts. Expenditures relating to budget increases and/or transfers follow Board-established policy regarding purchasing and contracting.

In addition, the Board approved an upgrade of the audio/visual and phone systems and the early payoff of the Diamond Bar Headquarters Building through a transfer of General Fund Balance to the Infrastructure Improvement Fund and the Debt Service Fund, respectively.

The attached list reflects actions taken by the Board during the FY 2012-13 which have increased the operating budget.

**BOARD-APPROVED FY 2012-13 BUDGET CHANGES**

<u>Date of Board Action</u>	<u>Budget Increases</u>	<u>Description</u>
December 2011	\$ 634,820	From the Clean Fuels Program Fund – to support the MATES IV Study in FY 2012-13.
May 2012	\$ 450,000	From the Undesignated Fund Balance – for the Latino and Korean outreach initiative efforts in FY 2012-13.
June 2012	\$ 512,574	From the Undesignated Fund Balance – for costs associated with the fuel cell installation at the SCAQMD headquarters building.
June 2012	\$ 243,000	From the Clean Fuels Program Fund – for the purchase and lease of new vehicles with low and zero emission technologies under SCAQMD’s Alternative Fuel Vehicle Demonstration program.
June 2012	\$ 572,925	From the U.S. EPA – for the PM 2.5 Monitoring program (\$220,632); for the Near Road NO <sub>2</sub> Monitoring program (\$281,822); and for the NATTS program (\$70,471).
June 2012	\$ 549,214	From the U.S. DHS – for the Enhanced Particulate Monitoring program.
July 2012	\$ 230,034	From the U.S. EPA – for the NATTS program (\$57,734); and for the reallocation of funds from the 20 <sup>th</sup> year PAMS program (\$172,300);
June 2012	\$ 700,000	From the Clean Fuels Program Fund – for technical assistance, expert consultation, public outreach and technical conference sponsorship, and advanced technology vehicle leases.
June 2012	\$ 250,000	From the Carl Moyer Program AB 923 Fund – to support administrative, outreach, education and other directly related AB 923 activities.
June 2012	\$ 250,000	From the Prop 1B Goods Movement Fund – to support administrative and technical assistance and other directly related Prop 1B/Goods Movement activities.

**BOARD-APPROVED FY 2012-13 BUDGET CHANGES (Cont.)**

<u>Date of Board Action</u>	<u>Budget Increases</u>	<u>Description</u>
September 2012	\$ 145,000	From the Undesignated Fund Balance – for a one year media partnership with KABC-7.
September 2012	\$ 119,000	From the Clean Fuels Program Fund – for the lease of six new vehicles with low and zero emission technologies under SCAQMD’s Alternative Fuel Vehicle Demonstration program.
September 2012	\$ 63,360	From the Mobile Sources Air Pollution Reduction Fund – to facilitate reimbursement of administrative costs.
October 2012	\$ 3,300	From the U.S. EPA – for the PM2.5 Monitoring program.
November 2012	\$ 40,000	From the Air Quality Investment Fund – to assist in implementing SCAQMD’s “Mow Down Air Pollution 2013” program.
November 2012	\$ 596,100	From the U.S. EPA – for the Section 105, Year 21, PAMS program.
December 2012	\$ 211,000	From the U.S. EPA – for the Section 105, Year 21, PAMS program funds for air monitors and supporting equipment.
December 2012	\$ 215,112	From the Undesignated Fund Balance – for legislative representation in Washington, D.C.
January 2013	\$ 193,772	From the Undesignated Fund Balance – for the hydrogen sulfide monitoring network near the Salton Sea area.
February 2013	\$ 169,516	From the Undesignated Fund Balance – for a radio and internet campaign for the Air Alert and Check Before You Burn programs.
February 2013	\$ 48,750	From the U.S. EPA – for the PM2.5 Monitoring program.

**BOARD-APPROVED FY 2012-13 BUDGET CHANGES (Cont.)**

<u>Date of Board Action</u>	<u>Budget Increases</u>	<u>Description</u>
February 2013	\$ 115,000	From the Clean Fuels Program Fund – for the three-year lease of five low- and zero-emission vehicles under SCAQMD’s Alternative Fuel Vehicle Demonstration program.
February 2013	\$ 450,000	From the Clean Fuels Program Fund – for additional technical assistance, expert consultation, public outreach and technical conference sponsorship, and advanced technology vehicle leases.
February 2013	\$ 150,000	From the Carl Moyer Program AB 923 Fund – to support additional administrative, outreach, education and other directly related AB 923 activities.
February 2013	\$ 200,000	From the Prop 1B Goods Movement Fund – to support additional administrative and technical assistance and other directly related Prop 1B/Goods Movement activities.
March 2013	\$ 60,000	From the Undesignated Fund Balance – for a public opinion survey research contract.
March 2013	\$ 96,079	From the U.S. EPA Targeted Air Shed Grant – for the continued development of emissions reporting software.
April 2013	\$ 483,524	From the Undesignated Fund Balance – for the purchase of desktop operating systems and office suite upgrades.
April 2013	\$ 110,000	From the Undesignated Fund Balance – for software system development projects.
April 2013	\$ 17,000	From the Undesignated Fund Balance – for financial system software upgrades.

**BOARD-APPROVED FY 2012-13 BUDGET CHANGES (Cont.)**

<u>Date of Board Action</u>	<u>Budget Increases</u>	<u>Description</u>
June 2013	\$ (500,000)	From the Undesignated Fund Balance – for the replacement of two cooling towers to be funded out of the Infrastructure Improvement Fund.
	\$ 7,379,080	Total Board-approved FY 2012-13 Budget changes

**Sources of Funding:**

	\$3,215,180	<i>Interfund Transfers</i>
	\$2,307,402	<i>Grants/Contracts</i>
	\$ 0	<i>Budget Designations</i>
	\$1,856,498	<i>Undesignated Fund Balance</i>
	<u>\$133,446,202</u>	FY 2012-13 Adopted Budget
	<u>\$140,825,282</u>	FY 2012-13 Ending Budget

**BOARD-APPROVED FY 2012-13 GENERAL FUND BALANCE CHANGES**

<u>Date of Board Action</u>	<u>Fund Balance Changes</u>	<u>Description</u>
April 2013	\$ (1,200,000)	From the Undesignated Fund Balance to the Infrastructure Improvement Fund – for an upgrade of the phone system.
April 2013	\$ (6,415,014)	From the Undesignated Fund Balance to the Debt Service Fund – for the early payoff of the Diamond Bar Headquarters Building.
May 2013	\$ (1,196,952)	From the Undesignated Fund Balance to the Infrastructure Improvement fund – for an upgrade to the audio/visual system.
	\$ (8,811,966)	Total Board-approved FY 2012-13 Fund Balance changes

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 23

PROPOSAL: Status Report on Major Projects for Information Management  
Scheduled to Start During First Six Months of FY 2013-14

SYNOPSIS: Information Management is responsible for data systems management services in support of all SCAQMD operations. This action is to provide the monthly status report on major automation contracts and projects to be initiated by Information Management during the first six months of FY 2013-14.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:  
Receive and file.

Barry R. Wallerstein, D.Env.  
Executive Officer

JCM:MAH:OSM:nv

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### **Background**

Information Management (IM) provides a wide range of information systems and services in support of all SCAQMD 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.

### **Summary of Report**

The attached report identifies each of the major projects/contracts or purchases that are expected to come before the Board between July 1 and December 31, 2013. Information provided for each project includes a brief project description, FY 2013-14 Budget, and the schedule associated with known major milestones (issue RFP/RFQ, execute contract, etc.).

### **Attachment**

Information Management Major Projects for Period July 1 through December 31, 2013

**ATTACHMENT**  
**September 6, 2013 Board Meeting**  
**Information Management Major Projects**  
**for the Period of July 1 through December 31, 2013**

<b>Item</b>	<b>Brief Description</b>	<b>Budgeted Funds</b>	<b>Schedule of Board Actions</b>	<b>Status</b>
PeopleSoft and Oracle Software Support	Purchase PeopleSoft and Oracle software support maintenance for the integrated HR/Finance system.	\$238,800	Approve Sole Source Purchase July 5, 2013	Completed
OnBase Software Support	Authorize the sole source purchase of OnBase software subscription and support for one year.	\$115,660	Approve Purchase July 5, 2013	Completed
Phone System Replacement	Authorize release of RFP for phone system replacement (Headquarters and Long Beach).	\$1,200,000	RFP Release October 4, 2013; Contract Award March 7, 2014	On Schedule
Systems Development, Maintenance and Support	Provide Development, Maintenance and Support for: <ul style="list-style-type: none"> <li>• CLASS System(s)</li> <li>• eGovernment Applications &amp; Infrastructure</li> <li>• System Replacement RAD &amp; Technology Evaluation</li> <li>• Software Version Upgrades</li> </ul>	TBD	October 4, 2013	On Schedule
CLASS Database Software Support	Purchase Ingres database software support and maintenance for the CLASS system.	\$189,000	Approve Sole Source Purchase November 1, 2013	On Schedule
Prequalify Vendor List for PCs, Network Hardware, etc.	Establish list of prequalified vendors to provide customer, network, and printer hardware and software, and to purchase desktop computer hardware upgrades.	\$300,000	Release RFQQ November 1, 2013; Approve Vendors List and Award Purchase February 7, 2014	On Schedule
Network Server Upgrades	Replace obsolete Intel-based servers to increase performance based on requirements to support Network Server applications.	\$75,000	Authorize Purchase from Approved Vendors List December 6, 2013	On Schedule

Double-lined Rows - Board Agenda items current for this month

Shaded Rows - activities completed



 [Back to Agenda](#)

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 25

REPORT: Administrative Committee

SYNOPSIS: The Administrative Committee met on Friday, August 16, 2013. The Committee discussed various issues detailed in the Committee report. The next Administrative Committee meeting is scheduled for Friday, September 13, 2013 at 10:00 a.m.

RECOMMENDED ACTION:  
Receive and file.

Dr. William A. Burke, Chair  
Administrative Committee

gc

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**Attendance:** Attending the August 16, 2013 meeting were Committee Members Chairman William Burke and Dr. Clark E. Parker, Sr., via teleconference, and Mayor Dennis Yates at SCAQMD headquarters. Supervisor Josie Gonzales was unable to participate due to a previous commitment.

**ACTION/DISCUSSION ITEMS:**

1. **Board Members' Concerns:** None.
2. **Chairman's Report of Approved Travel:** Executive Officer Barry Wallerstein advised that this item was the standard monthly report of various Board Member trips that were approved by Chairman Burke.
3. **Approval of Compensation for Board Member Assistant(s)/Consultant(s):**  
None
4. **Report of Approved Out-of-Country Travel:** None to report.

## **SEPTEMBER AGENDA ITEMS**

5. **Issue RFP for a Document and Case Management System:** General Counsel Kurt Wiese reported that this item is to request the committee's authorization to issue an RFP for a computer program that will track cases in the Legal Department. The current budget includes \$250,000 for the computer software, training and implementation of the program. Currently, there are two different tracking programs in the Legal Department which reflect the division of the Legal Department prior to its recent unification. There is an enforcement tracking program in what formerly was the District Prosecutor's Office, and a tracking methodology in the District Counsel's Office. The new computer program will be a single unified management case tracking program to be used for the unified office. In addition, it would update the enforcement tracking program which is over 20 years old and in need of an update. The program would also tie into the District's enforcement and permitting databases, allowing the legal staff to access that information on its desktop computers as well as the legal databases they subscribe to. The program has a calendaring function that would provide reminders for court dates and filing dates and a form function that allows staff to create routine forms generated by the Legal Department.

Moved by Yates; seconded by Parker; unanimously approved.

6. **Execute Contract for Media, Advertising and Public Outreach Campaign for the Check Before You Burn Program 2013-14 Fall-Winter Season:** Media Relations Manager Sam Atwood reported that this item was to interview the top three firms to award a contract for the Check Before You Burn Outreach Campaign for the upcoming fall and winter seasons. The firms interviewed were ARK Media, O'Rorke Inc., and Sensis, also known as Quijote Corporation.

Mr. Atwood presented a comparison of the total number of impressions by type of paid media for each of the three firms that were interviewed. There was considerable variation not only in the total number of impressions, but also in the types of paid media that each firm was proposing. The comparison also showed the amount of the budgets by dollar amount and percentage that each firm proposed to spend on just the ad buy itself.

Following a brief discussion, the Committee recommended that Sensis be awarded the contract because of their ethnic diversity and ability to reach all groups in the basin. Dr. Wallerstein requested further guidance from the Committee regarding Sensis' proposed campaign message to "Do Nothing." Dr. Burke responded that he liked the creativity, but remarked it was not the

message we wanted to send. He instructed staff to have Sensis create a different message.

Moved by Yates; seconded by Parker; unanimously approved.

7. **Appoint Members to AQMD Hearing Board:** Clerk of Boards Sandra McDaniel reported that this item was to interview candidates to fill the new terms for the Hearing Board medical member and two public members, and their alternates. Terms expired on June 30, 2013, and the new terms began on July 1, 2013 and end on June 30, 2016. The Advisory Committee reviewed the resumes and letters of the qualified candidates, conducted interviews, and referred the top three ranked medical candidates to the Administrative Committee for interviews. The top eight ranked public member candidates were expected to be interviewed; however, one of the candidates did not appear, another candidate had to leave before the Committee could interview him, and one of the incumbent public member alternates, had become ill overnight. A total of eight candidates were interviewed, three medical candidates and five public member candidates.

Prior to conducting the interviews, Mayor Yates inquired about the attendance record of the current incumbent medical and public members and their alternates. Ms. McDaniel reported on their attendance for the last three-year term, July 1, 2010 through June 30, 2013.

The Committee members conducted the interviews for the medical members and recommended Dr. Clifton Lee be appointed as the medical member and Dr. Robert Wayner be reappointed as the alternate member.

Moved by Yates; seconded by Parker; unanimously approved.

The Committee members conducted the interviews for the two public members and their alternates. At the suggestion of Dr. Wallerstein, the Committee inquired of Mr. Wiese whether they could exclude the two candidates who were not able to be interviewed or whether they could interview them by phone and then make their selection. Mr. Wiese responded that it was within the discretion of the Committee.

Dr. Wallerstein suggested another option wherein, if the Committee felt they had enough candidates to select the two primary public members today, a conference call could be scheduled the following week, at the convenience of the Committee, to interview the other two candidates by telephone for selection of the alternates. Dr. Burke commented that this was an exceptional pool of candidates.

Following deliberation, the Committee recommended Patricia Byrd and David Holtzman for the two regular public members. For the two alternate public members, the Committee recommended Robert Copeland as alternate for Patricia Byrd and Tom Eichhorn as alternate for David Holtzman.

Moved by Yates; seconded by Parker; unanimously approved.

8. Recommend to Appoint Member to SCAQMD Environmental Justice Advisory Group.

Moved by Yates; seconded by Burke; unanimously approved.

9. **Review September 6, 2013 Governing Board Agenda:** The Committee waived a detailed review of the September Board Agenda.

10. **Other Business:** None

11. **Public Comment:** None.

Meeting adjourned at 1:45 p.m.

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 26

REPORT: Mobile Source Committee

SYNOPSIS: The Mobile Source Committee met Friday, July 19, 2013.  
Following is a summary of that meeting.

RECOMMENDED ACTION:  
Receive and file.

Dr. Clark E. Parker, Sr., Chair  
Mobile Source Committee

EC:fmt

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### **Attendance**

Dr. Parker (*via videoconference*) called the meeting to order at 9:00 a.m. Dr. Joseph Lyou was present, and Councilman Ben Benoit was present via videoconference. Supervisor Shawn Nelson and Councilwoman Jan Perry were absent.

The following items were presented:

### **ACTION ITEM:**

**1) Issue Program Announcements for Electric Lawn Mower Vendors, Licensed Scrappers and Support Service Providers**

Mr. Shashi Singeetham, Air Quality Specialist, provided a brief summary of the 2013 Lawn Mower Exchange events, including a summary of the Lawn Mower Program since its inception, a recap of the 2013 public outreach efforts, and the program approach. Mr. Singeetham presented the proposed events for 2014, and staff's proposal to issue Program Announcements to solicit competitive bids for 1) mower manufacturers/vendors, 2) licensed scrappers/recyclers, and 3) support service providers.

Councilmember Benoit asked whether a discount is given for the other electric devices that are being sold at these events. Mr. Singeetham stated that a variety of cordless electric tools are available, and that the manufacturer offers them at a substantial discount. Councilmember Benoit asked whether the discount for those

additional electric devices was also being subsidized through the exchange program. Mr. Singeetham responded that they are not subsidized.

Dr. Lyou asked whether Rule 2202 AQIP funds are used to cover the administrative costs for the program. Mr. Singeetham stated that the Carl Moyer Program provides all of the funds for the mowers and up to five percent is allowed to go towards administrative costs. He stated that the balance, which is only a small portion, comes from the Rule 2202 AQIP Program. Dr. Lyou noted that responses to Requests for Proposals (RFPs) cannot be submitted electronically and suggested that staff consider allowing the use of fax and email to submit proposals. Dr. Matt Miyasato, Deputy Executive Officer, stated that steps are being taken to allow for the electronic submittal of proposals in the future.

*Moved by Lyou; seconded by Benoit and unanimously approved.*

### **INFORMATIONAL ITEMS:**

#### **2) U.S. EPA Proposed 8-Hour Ozone Implementation Rule**

Dr. Elaine Chang, Deputy Executive Officer, provided an overview of U.S. EPA's proposed 8-hour ozone implementation rule and staff's initial comments. The proposed implementation rule was developed for the 2008 ozone standard of 75 ppb and was published in the Federal Register on June 25, 2013. U.S. EPA recently extended the comment period to September 4, 2013. Staff supports the flexibility U.S. EPA provided for various SIP elements. For example, the state is allowed to choose a different base year from 2011 with proper justification; 15 percent VOC reductions for the first six years after non-attainment designation and a subsequent three percent per year reductions can be substituted with NOx reductions to recognize that many areas rely on NOx-heavy strategy to reach attainment; and 182(e)(5) commitment for the extreme non-attainment areas can be used as contingency measures for the attainment year Reasonable Further Progress, etc. U.S. EPA also proposed to revoke the 1997 ozone standard of 80 ppb once the 2008 ozone standard implementation rule is in place, and there would be 15 "applicable requirements" as anti-backsliding measures. Based on staff's initial review, it appears that all previous SIP commitment would still be in place and staff will be seeking specificity and clarification regarding those requirements. U.S. EPA in its proposal allows two pathways to meet the SIP planning requirements: 1) a consolidated submittal that includes all SIP elements within 30 months from the designation (i.e., Jan 2015), or 2) submitting various SIP elements over a two- to four-year time period. Staff's initial thought is that it would be difficult to complete all the technical work for the SIP by January 2015, and therefore, would consider taking the second path with a commitment to develop policy paper(s) on 2032 attainment strategy and near-term measures for meeting the 1-hour ozone and 1997 8-hour ozone standards. Staff will be holding

an AQMP Advisory Group meeting on July 25, 2013 to discuss these comments, and are also coordinating comments with CARB, the San Joaquin Valley Air Pollution Control District (SJVAPCD) and other members of the National Association of Clean Air Agencies.

Dr. Lyou asked how using the 182(e)(5) commitment will provide a better assurance of attainment. Dr. Chang responded that this is probably the only practical way to meet the requirement, since all of the feasible measures will be part of the main strategy for attainment and none is held back for contingency purposes.

Mr. Lee Wallace, Southern California Gas Company, asked how this relates to the 2018 AQMP. Dr. Chang responded that the 2015 AQMP is primarily to address the ozone standards, and the applicable control measures will also be included in the 2018 AQMP for the 2012 annual PM<sub>2.5</sub> standard.

**3) Potential Delay of International Maritime Organization (IMO) Tier III Standard.**

Mr. Henry Hogo, Assistant Deputy Executive Officer, provided an overview of the International Maritime Organization (IMO) emissions standards and marine fuel sulfur content requirements for oceangoing vessels. In 2008, IMO adopted new regulations limiting emissions from oceangoing vessels and limiting the sulfur content of marine fuels. The IMO regulations set new global NO<sub>x</sub> emission standards for marine vessel builds beginning 2011 resulting in 20% reduction in NO<sub>x</sub> emissions. To reduce sulfur oxide and particulate matter emissions, the regulations set a limit on the sulfur content of marine fuels to 3.7% (37,000 ppm sulfur content) beginning in 2012 and 0.5% (5,000 ppm sulfur content) beginning in 2020 (implementation could be delayed to 2025 subject to availability review in 2018).

In addition to the global standards, IMO established a mechanism where a country or countries can designate an “emissions control area (ECA)” where more stringent control requirements could be implemented. Under an ECA, marine vessels would be required to use marine fuel with a sulfur content of 1.0% (10,000 ppm sulfur content) or less beginning 2010 to 2014 and marine fuel with a sulfur content of 0.1% (1,000 ppm sulfur content) or less beginning 2015. In addition, any vessels built after 2016 must meet more stringent NO<sub>x</sub> emissions standard that is 80% cleaner than the Tier 1 NO<sub>x</sub> emissions standard only if the vessel enters an ECA (known as Tier III NO<sub>x</sub> standard).

In addition to the IMO regulations, U.S. EPA adopted regulations in December 2009 on marine vessels applicable to U.S. flag vessels and referenced the IMO requirements for foreign flagged vessels. The U.S. and Canada applied for a

“North American ECA” and IMO adopted the U.S. and Canadian application on March 26, 2010.

As part of the ECA, a technology assessment review was conducted to determine if there are control technologies that will achieve the Tier III standards. The technology review provided to IMO in May 2013 indicated that there are several control technologies that can achieve the Tier III NOx emissions standard beginning in 2016. However, the Russian Federation petitioned IMO to delay the implementation of the Tier III standards until 2021. The amendment to delay implementation was approved in May 2013 for subsequent consideration. The amendment is scheduled to be considered for final action and ratification in 2014. The amendment applies only to the Tier III NOx standard and does not impact the implementation of the sulfur content requirements.

Staff indicated some of the potential impacts of the proposed delay including that there will be few if any Tier III vessels available until after 2021; significant emission reductions foregone in the 2022-23 timeframe; and the delay jeopardizes attainment of the 8-hour and 1-hour ozone air quality standards since the benefits of the Tier III standards are assumed in the baseline emissions inventories.

Staff provided a letter to U.S. EPA and the U.S. Coast Guard urging U.S. EPA and the Coast Guard to oppose the delay in implementation of the Tier III emissions standard at the next IMO meeting in 2014. In addition, staff will be reaching out to various legislative bodies regarding the delay. If the delay is finalized, there may be need to call for further federal actions to make up the emissions foregone and potential need to amend the AQMP.

A question was asked regarding the use of lower sulfur content fuel in marine vessels and whether there are any modifications needed in order to use the fuel. Staff indicated that there may be some minor engine tuning, but no major modifications. In addition, staff clarified that the IMO action was to delay the implementation of the Tier III NOx emissions standard and not delay implementation of the lower sulfur content fuel requirements. There were no other comments.

#### **WRITTEN REPORTS:**

- 4) **Rule 2202 Activity Report**  
Written report submitted. No comments.
- 5) **Monthly Report on Environmental Justice Initiatives – CEQA Document Commenting Update**  
Written report submitted. No comments.



## **OTHER BUSINESS:**

Councilmember Benoit commented on the SJVAPCD's findings regarding the spike in ozone levels around schools during the months of August and September, and asked whether ozone readings around schools in the Basin show the same pattern. He commented that he has observed vehicles idling at schools, and asked whether staff have done anything to inform the public about the health effects of emissions from idling vehicles. Dr. Chang responded that the Basin's ozone season is typically May through September, and that the readings do not show similar patterns to that of San Joaquin. Based on staff's analysis of emissions from idling vehicles, it has been concluded that a strategy to reduce idling emission is not critical for attainment. With every AQMP, staff analyzes the characteristics during the ozone season and have determined that NOx and goods movement-related emissions are the major contributors to the ozone problem in the Basin.

## **PUBLIC COMMENT:**

Dr. Parker opened the comment period and noted that the public comment period is intended to provide members of the public with the opportunity to comment on any subject that is within the authority of the Mobile Source Committee.

### **Los Angeles Remote Location**

Dr. James Enstrom, independent scientist and former researcher at the UCLA School of Public Health, expressed his concerns regarding the qualifications of two Committee members. Dr. Enstrom submitted for the record a copy of his doctoral degree, his original dissertation and a title page from his dissertation. Dr. Parker noted that the Mobile Source Committee has no authority to address the qualifications of Board members. However, he stated that he would submit Dr. Enstrom's documentation to staff.

Mr. Larry Greenfield, an attorney who is also with the American Freedom Alliance, noted that he would seek appropriate pathways to address his concerns as a public citizen regarding the qualifications of Board members. He also stated that he would send a letter to staff expressing his concerns.

Mr. Steve Twining, Chairman Emeritus of the Federation of Hillside and Canyon Associations, reiterated Dr. Enstrom's comments on the qualifications of Board members. He also commented on the Owens Lake fugitive dust issue and pollution transported from China and how it impacts the Basin.

Dr. Matt Malkan, a professor of physics and astronomy at UCLA, but speaking as a private citizen, stated that air quality regulators in California have attained the

power to make rules over a wide range of activities that affect almost anyone living and working in Southern California. In his opinion, these rules were originally concerned with public safety, but in recent years many of the newer rules have become less connected with actual, measurable effects on public health and more connected with economics and politics. Dr. Malkan believes that given the power that regulators have, the public has to ensure that regulators are following their own rules, and pay close attention to every individual who is appointed to these powers, including their background, qualifications and private motivations.

**Santa Ana Remote Location**

Mr. Thomas Sweatt and Ms. Judy Mullen, both representing the Friends of the Fire Rings-Newport Beach, expressed their concerns with the recent approval of amendments to Rule 444, which applies to beach fire rings.

The oral comments of Mr. Sweatt and Ms. Mullen were not clearly audible due to weak reception; therefore, Dr. Lyou recommended that they submit their written comments to staff. Subsequent to the meeting, the two speakers declined the request to submit their written comments.

The meeting was adjourned at 10:20 a.m.

**Attachment**

Attendance Roster

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE COMMITTEE MEETING  
Attendance Roster- July 19, 2013**

NAME	AFFILIATION
Chair Clark E. Parker, Sr.	AQMD Governing Board ( <i>via videoconference</i> )
Vice Chair Joseph Lyou	AQMD Governing Board
Committee Member Ben Benoit	AQMD Governing Board ( <i>via videoconference</i> )
Board Consultant Mark Abramowitz	AQMD Governing Board (Lyou)
Lee Wallace	SoCal Gas/SDG&E
Curtis Coleman	Southern California Air Quality Alliance
Susan Stark	Tesoro
James Enstrom	Independent Scientist ( <i>via videoconference</i> )
Larry Greenfield	Attorney/American Freedom Alliance ( <i>via videoconference</i> )
Steve Twinings	Federation of Hillside and Canyon Associations ( <i>via videoconference</i> )
Matt Malkan	Private Citizen ( <i>via videoconference</i> )
Thomas Sweatt	Friends of the Fire Rings-Newport Beach ( <i>via videoconference</i> )
Judy Mullen	Friends of the Fire Rings-Newport Beach ( <i>via videoconference</i> )
Elaine Chang	AQMD Staff
Laki Tisopulos	AQMD Staff
Bill Wong	AQMD Staff
Peter Greenwald	AQMD Staff
Matt Miyasato	AQMD Staff
Philip Fine	AQMD Staff
Henry Hogo	AQMD Staff
Jean Ospital	AQMD Staff
Fred Minassian	AQMD Staff
Susan Nakamura	AQMD Staff

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
MOBILE SOURCE COMMITTEE MEETING  
Attendance Roster- July 19, 2013**

Joe Cassmassi	AQMD Staff
Dean Saito	AQMD Staff
Randall Pasek	AQMD Staff
Shashi Singeetham	AQMD Staff
Phillip Crabbe	AQMD Staff
Lourdes Cordova Martinez	AQMD Staff
Sam Atwood	AQMD Staff
Patti Whiting	AQMD Staff

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BOARD MEETING DATE: September 6, 2013

AGENDA NO. 27

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee met Friday, August 16, 2013. Following is a summary of that meeting. The next meeting will be September 20, at 10:30 a.m., in Conference Room CC8.

RECOMMENDED ACTION:  
Receive and file.

Dennis Yates, Chair  
Stationary Source Committee

MN:am

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### **Attendance**

The meeting began at 9:00 a.m. Present were Mayor Dennis Yates, Dr. Joseph Lyou, Supervisor Shawn Nelson (VT, arrived 9:15), Councilman Ben Benoit (VT) and Mayor Pro Tem Judith Mitchell (VT, arrived 9:05).

### **ACTION ITEM**

#### **1. Execute Contract to Demonstrate Remote Sensing Technology for Fugitive Emissions from Refineries**

Dr. Philip Fine, Assistant Deputy Executive Officer of Science and Technology Advancement, provided a presentation on this action item. Dr. Lyou expressed support for the project. He also inquired about receptor based source apportionment techniques such as those employed for the LAX Air Quality Study, and whether such techniques would allow for real-time source identification. Dr. Fine responded that most receptor techniques require a large historical dataset, but there may be some that could provide some real-time information.

*Moved (Lyou) seconded (Mitchell), and unanimously recommended for approval.*

## **INFORMATIONAL ITEM**

### **2. Rule 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption**

Dr. Laki Tisopulos, Assistant Deputy Executive Officer for Planning, Rule Development and Area Sources, provided an overview of Proposed Rule 1304.1 that would assess a fee on electrical generating facilities that have been relying on SCAQMD's offset accounts at no cost for NSR permitting purposes. Dr. Tisopulos concluded that staff was able to resolve the vast majority of issues raised by the stakeholders and that staff is currently working to resolve the last remaining issue with two municipalities (Cities of Glendale and Burbank).

Chuck Timms, representing the cities of Burbank and Glendale recognized that staff and the municipalities were in the process of trying to reach an agreement, but expressed certain concerns about the fee structure, potential delay in repower projects that may result in increased emissions and impact power reliability, the lack of details on use of funds for air quality improvement projects and Proposition 26 compliance. George Piantka, NRG, provided support for the proposed rule. Dr. Barry Wallerstein, Executive Officer, informed the Committee that the CPV Sentinel project approach serves as a good template and proposed Rule 1304.1 followed that general approach, and further that staff will seek Governing Board approval on all expenditures. He further recommended that staff will work with stakeholders on a more detailed plan for expenditures.

In response to an inquiry by the Committee Members, Dr. Tisopulos explained that NSR requires that the offsets that may be needed must be set aside from SCAQMD internal offset accounts at the time the Permit to Construct is issued, and so the fee should be based on the amount of offsets encumbered. Mayor Pro Tem Mitchell inquired about the use of fees and wants to ensure that funds are used to benefit local areas. Further, she inquired about the use of peakers and baseload units. Dr. Tisopulos explained that with the state mandate to increase renewable power generation, use of peakers would be increasing and therefore, staff assumed that 50% of repower projects will be peakers. Mr. Mohsen Nazemi, Deputy Executive Officer for Engineering and Compliance, further explained that the most recent power plants such as CPV Sentinel and Walnut Creek operate like peaker units. Supervisor Nelson felt that the average rate payer monthly figures in the staff presentation were low. Dr. Tisopulos explained that the averages presented were published data, and likely included smaller multi-family housing units as well as larger single family residences. Councilmember Benoit stated that average electricity bills are likely lower in coastal communities, with concurrence from Mayor Pro Tem Mitchell. Dr. Lyou inquired about the history of the 1304(a)(2) exemption and why the two year average of ERC pricing, rather than the latest trades were used for setting offset fee rates. Dr. Wal-

lerstein explained that electricity generation market had changed dramatically since the pre-deregulation era. Dr. Tisopulos explained that because of the infrequent ERC trading in the open market with respect to certain pollutants, staff has used a two year timeframe to arrive at a more representative sales-weighted average cost. Longer averaging periods resulted in higher fees, similar to what was included in the original staff proposal. Mayor Yates stated that municipal generation provides general fund revenues and it is up to the city council whether or not costs are passed on to their rate payers. He emphasized that fees should also be spent in local and downwind communities that might be impacted and directed staff to continue working with the municipalities to further resolve any remaining differences. Mr. Nazemi forwarded a letter from the California Council for Environmental and Economic Balance supporting the proposed rule.

### **3. Rule 219 – UV-ED Technology Consideration**

Naveen Berry, Manager of Planning, Rule Development and Area Sources, presented a brief status update on ongoing discussions with UV/EB Industry concerning the Rule 219 exemption, with staff recommendations on potential future efforts with the UV/EB industry. Six representatives from the UV/EB industry supported Radtech International's proposal to further incentivize the UV/EB technology through changes in Rule 219 and asserted that amendments adopted by the Governing Board in 2007 have had negative job impacts on the low emitting technology, and that the initial significant investment for UV/EB curing technology further limits a level playing field from an economic perspective. Mayor Pro Tem Mitchell, Supervisor Nelson, Councilman Benoit, and Dr. Lyou supported the concept of revisiting the 2007 amendment to Rule 219 to determine if the benefits to the industry and local economy outweighed the driver for maintaining a level playing field with other low-VOC technologies.

### **4. Rule 314 – Fees of Architectural Coatings and Rule 1113 – Architectural Coatings**

Naveen Berry presented a summary of the staff proposal. Ms. Madelyn Harding, Sherwin Williams Company supported the staff proposal presented, including removal of Test Method 313 from the proposed amended rule. Mr. Douglas S. De-long, DDU Enterprises and Ms. Rita Loof, RadTech indicated that direct VOC testing methods are not appropriate for UV/EB products. Mr. Mark Frick, Rust-Oleum, acknowledged that his company may have misread the rule regarding the effective date for labeling and would comply with the labeling requirement beginning January 1, 2014, but requested an extension to sell through inventory of unlabeled small containers stocked on retail shelves by December 31, 2013. Mayor Pro Tem Mitchell inquired about Rust-Oleum's concerns regarding coatings that are already on the shelves of small stores and that do not comply with the upcoming labeling require-

ments. While acknowledging that the Committee was not making a formal recommendation, several Committee Members asked staff to evaluate the extension request. Supervisor Nelson expressed that the agency should not be concerned with how long ago a product was placed on a shelf, if it does not sell, then it is not contributing to emissions. Dr. Barry Wallerstein noted that the SCAQMD laboratory will continue to use Method 313 for VOC testing. Staff also clarified that Method 313 was not intended for UV/EB products and that the rule already included an ASTM-approved method for such products.

#### **5. NSR Status Update/Equivalency Determination**

Mohsen Nazemi gave a brief update. This item will be presented to the full Board at the September 6<sup>th</sup> Board Meeting. The report shows that SCAQMD is in compliance with the federal new source review program. Due to time constraints the presentation was waived.

#### **WRITTEN REPORTS**

All written reports were acknowledged by the Committee.

#### **PUBLIC COMMENTS**

There were no Public Comments.

#### **NEXT MEETING DATE**

It was announced that the next Stationary Source Committee meeting will be held on September 20, 2013. The meeting was adjourned at 10:40 a.m.

#### **Attachments**

Attendance Roster



**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
STATIONARY SOURCE COMMITTEE  
August 16, 2013  
ATTENDANCE ROSTER (Voluntary)**

NAME	AFFILIATION
Mayor Dennis Yates	AQMD Governing Board
Dr. Joseph Lyou	AQMD Governing Board
Councilman Ben Benoit (VT)	AQMD Governing Board
Supervisor Shawn Nelson (VT)	AQMD Governing Board
Mayor Pro Tem Judith Mitchell (VT)	AQMD Governing Board
Ron Ketcham	AQMD Governing Board (Cacciotti)
Mohsen Nazemi	AQMD Staff
Elaine Chang	AQMD Staff
Kurt Wiese	AQMD Staff
Laki Tisopulos	AQMD Staff
Patti Whiting	AQMD Staff
Kim White	AQMD Staff
Curtis Coleman	So Cal. AQ Alliance
David Rothbart	LA County Sanitation District
Chuck Timms	Broiles & Timms
Lincoln Bleveans	Burbank Water & Power
Mark Frick	Rust-Oleum
Mike Murphy	Rust-Oleum
Lee Wallace	So Cal Gas
Peter Whittingham	Curt Pringle & Assoc.
Bill Lamarr	California Small Business Alliance
Danielle Fasse	Southern California Edison
Tom Gross	Southern California Edison

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
STATIONARY SOURCE COMMITTEE  
August 16, 2013  
ATTENDANCE ROSTER (Voluntary)**

David Darling	ACA
Madelyn Harding	Sherwin Williams
Lesley Hendi	ITWPSNA
George Piantka	NRG Energy
John Lenorr	EPMAR/AL Products/Quiks
Rita Loof	RadTech
Douglas DeLong	DDU Enterprises
Susan Stark	Tesoro Consultant

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 28

REPORT: Technology Committee

SYNOPSIS: The Technology Committee met on July 19, 2013. Major topics included Technology Advancement items reflected in the regular Board Agenda for the July Board meeting. A summary of these topics with the Committee's comments is provided. The next Technology Committee meeting will be on September 20, 2013.

RECOMMENDED ACTION:

Receive and file.

John J. Benoit  
Technology Committee Chair

MMM:pmk

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**Attendance:** Mayor Pro Tem Judith Mitchell, Mayor Miguel Pulido and Mayor Dennis Yates were in attendance at SCAQMD headquarters. Supervisor John J. Benoit participated by videoconference. Board Member Jan Perry was absent due to a conflict with her schedule.

## SEPTEMBER BOARD AGENDA ITEMS

### 1. **Execute Contracts for Air Pollution Health Effects Studies**

This action is to fund two different health studies related to the elderly and in-utero exposures. The initial years of both projects were funded by the BP/AQMD Public Benefits Program, and this action is to cover the completion of the research. The first study will determine the effects of particulate pollutants in an elderly cohort at the University of California, Irvine for an amount not to exceed \$159,974, and the second study will determine the risks of asthma in children from traffic exposures during pregnancy at the Southern California Research Center/Allergy & Asthma Associates of Southern California in an amount not to exceed \$99,670. Both proposed studies will be funded by the Clean Fuels Fund (31).

*Mayor Yates asked about the increasing prevalence of asthma in children. Dr. Ospital concurred prevalence has been going up over the past three decades, and this has been observed in other developed countries as well as the United States.*

*Moved by Pulido; seconded by Yates; unanimously approved.*

**2. Issue Request for Information to Develop and Demonstrate Natural Gas Locomotives** 

Significant emissions reductions beyond those achieved from the cleanest locomotive technologies (Tier 4) will be needed to meet federal ozone and fine particulate air quality standards. The major locomotive manufacturers are currently developing natural gas locomotives based on interest expressed by Class I railroads. However, the expected emissions levels will be at Tier 3. In addition, Metrolink has expressed a desire to demonstrate natural gas passenger locomotives. This action is to release two separate Requests for Information to develop and demonstrate natural gas passenger and freight locomotives that exceed the Tier 4 emission standards.

*Mayor Pro Tem Mitchell asked if the Class 1 Railroads would be interested in natural gas locomotives. Staff explained that discussions with locomotive manufacturers and the Railroads showed that they are seriously considering natural gas locomotives. Staff mentioned that the OEMs are developing LNG-fueled prototypes for the Railroads to test; also, the Association of American Railroads has convened a committee to look at developing standards for LNG tender cars. Staff believes these actions indicate significant interest by the Railroads.*

*Mayor Pro Tem Mitchell also asked if natural gas locomotives would be able to meet lower emission levels. Staff stated that the engine manufacturers are confident that lower than Tier 4 emission levels could be achieved with natural gas-fueled locomotives, and because of this, the RFIs request that proposed strategies have as a goal at least 33% to 50% lower than the Tier 4 emission levels.*

*Supervisor Benoit asked if the LNG tender car fuel capacity was equivalent to the diesel fuel capacity for today's modern diesel engines. Staff responded that yes they were equivalent or greater allowing the same fueling frequency and operations.*

*Moved by Pulido; seconded by Mitchell; unanimously approved.*

**3. Issue RFP for Battery Electric Truck Replacement Projects and Provide Buy-Down Incentives for EV Chargers** 

The SCAQMD won an award of \$1,045,993 from the U.S. EPA under the Diesel Emissions Reduction Act program to provide funding for truck replacements. A previous RFP was released but there were inadequate qualified responses. Staff worked with EPA to increase the eligible vehicle model years. This action is to issue a new RFP to replace on-road medium heavy-duty diesel trucks with battery electric vehicles and provide buy-down incentives for EV chargers.

*Mayor Pulido asked why Chino is not a targeted community for truck deployments in the RFP. Staff answered that the focus of this program is to deploy trucks in regions most highly impacted with truck emissions, such as the ports and the Clean Communities Plan areas, as well as regions with large fleets, such as Ontario.*

*Moved by Pulido; seconded by Mitchell; unanimously approved.*

**4. Execute Contract for Development of Retrofit Technology for Natural Gas Engines and In-Use Emissions Testing of On-Road Heavy-Duty Trucks** 

The Board previously awarded a contract to West Virginia University (WVU) to conduct in-use emissions testing and evaluate retrofit technologies for heavy-duty on-road engines. Initial evaluations of technologies to reduce ammonia emissions from natural gas engines indicate that a selective catalytic reduction system is capable of reducing ammonia and further reducing NOx emissions. Additional work is required to develop, optimize, and enhance the system's performance and durability. In addition, staff is proposing to conduct in-use emissions measurement from heavy-duty trucks as the trucks are driven over a 1,600-mile route in Southern California. This action is to execute a contract with WVU to develop and optimize a NOx retrofit technology for heavy-duty natural gas engine and to conduct real-world in-use emissions testing of heavy-duty engines in an amount not to exceed \$340,000 from the Clean Fuels Fund (31).

*Supervisor Benoit asked why WVU was chosen over CECERT. Staff responded that WVU, unlike CECERT, has a mobile emissions testing laboratory which is essential to meeting the objectives of this project.*

*BM Mitchell stated that she had heard that natural gas engines run hotter than their diesel counterparts and asked staff to comment. Staff responded that natural gas engines by design operate at higher temperatures, and that earlier versions of the technology had temperature-related problem. The newer technology, however, has addressed these with better thermal management and cooling systems.*

*Moved by Mitchell; seconded by Pulido; unanimously approved.*

*Mayor Pulido left the meeting at 12:40 p.m.*

**5. California Fuel Cell Partnership Steering Team Meeting Summary and Quarterly Update** 

This report summarizes the California Fuel Cell Partnership Steering Team meeting held June 4, 2013 and provides quarterly updates for the period beginning January 2013.

*Mayor Pro Tem Mitchell asked if there is synergy in locating natural gas and hydrogen stations together. Staff mentioned that in some fleet operations this could be true, but one of the advantages of locating a hydrogen station with an existing non-hydrogen station is that it makes permitting, construction and other such issues easier.*

*This is a Receive and File item.*

**6. Authorize Expenditures and Execute Contract Amendment for Technical and Administrative Assistance from Administration Portion of AB 1318 Mitigation Fees Fund**

The implementation of AB 1318 emission reduction projects in the Coachella Valley necessitates additional technical and administrative assistance. Up to five percent of the AB 1318 Fund has been set aside for administrative costs. These actions are to authorize the Executive Officer to approve expenditures for technical and administrative assistance and execute a contract amendment with Clean Fuels Connection not to exceed \$50,000 from the administrative portion of the AB 1318 Mitigation Fees Fund (58).

*Moved by Yates; seconded by Mitchell; unanimously approved.*

**7. Execute Contract for Natural Gas Fueling Station and Remove Various Fixed Assets from SCAQMD Inventory** 

In 2010, the SCAQMD received a DOE award to upgrade an LNG station for \$150,000 at a United Parcel Service (UPS) Depot; however, the original contractor Applied LNG Technology (ALT) is unable to perform under the original intent of the award. SCAQMD and DOE have agreed to award directly to UPS for the station upgrade. This action is to recognize revenue and appropriate funds for upgrading the existing UPS LNG fueling station at the Ontario Airport and execute a contract with UPS in an amount not to exceed \$150,000. This action is also to approve removal of surplus equipment determined to be obsolete and non-operational as per SCAQMD's Administrative Policies.

*Moved by Yates; seconded by Mitchell; unanimously approved.*

**8. Recognize Revenue and Issue RFP for DC Fast Charging Network Provider and Education Outreach Consultant** 

SCAQMD was awarded a \$300,000 grant from CEC for installation of a DC fast charging network for plug-in electric vehicles (PEV) at grocery stores along major freeway corridors in the South Coast Air Basin. CEC's funding will go towards installation and networking costs in establishing the DC fast charging network. The DC fast chargers will be UL listed and include CHAdeMO and SAE Combo connectors, if both are commercially available. The total project cost is \$1.2 million,

with additional cost sharing by Nissan and the network provider for hardware, installation, networking, and education outreach costs. This action is to recognize funds from CEC and issue an RFP for a DC fast charging network provider and an education outreach consultant.

*BM Benoit mentioned that in this proposed project there are no stations east of Ontario. Staff stated that these locations were chosen by CEC, but staff will discuss with CEC having some locations east of Ontario along the 60 and 10 freeways.*

*Moved by Mitchell; seconded by Yates; unanimously approved.*

**9. Recognize Revenue, Issue RFP for Conference Organizer for an Alternative Fuel Conference, and Execute and Amend Contracts for Alternative Fuel Infrastructure Planning **

BAAQMD was awarded a \$1,000,000 grant from the U.S. Department of Energy (DOE) for alternative fuel infrastructure planning. Electric, hydrogen, and CNG/LNG infrastructure permitting and installation best practices guidelines, outreach workshops, and two alternative fuel outreach events are deliverables for this project. This action is to recognize funds in the amount of \$320,000 from BAAQMD and issue an RFP for a conference organizer for an alternative fuel conference. This action is also to execute and amend contracts with four entities to provide the deliverables for this project in an amount not to exceed \$240,000 from the Advanced Technology, Education, and Outreach Fund (17).

*BM Mitchell asked if there will be a conference in this program held in northern California. Staff stated that there is a similar conference that will be held in Sacramento through the Governor's office.*

*Moved by Mitchell; seconded by Yates; unanimously approved.*

**10. Other Business**

*There was no other business.*

**11. Public Comment Period**

*There was no public comment.*

**Next Meeting: September 20, 2013 at SCAQMD Headquarters in CC-8**

**Attachments**

Attendance

## Attachment A – Attendance

Supervisor John J. Benoit.....	SCAQMD Governing Board (via VT)
Mayor Pro Tem Judith Mitchell.....	SCAQMD Governing Board
Mayor Miguel Pulido .....	SCAQMD Governing Board
Mayor Dennis Yates.....	SCAQMD Governing Board
Mark Abramowitz .....	Board Assistant (Lyou)
Bob Ulloa .....	Board Assistant (Yates)
John Olvera, Principal Deputy District Counsel .....	SCAQMD
Jean Ospital, PRDAS .....	SCAQMD
Matt Miyasato, STA.....	SCAQMD
Phil Fine, STA.....	SCAQMD
Henry Hogo, STA.....	SCAQMD
Fred Minassian, STA.....	SCAQMD
Lourdes Cordova Martinez, STA.....	SCAQMD
Randall Pasek, STA.....	SCAQMD
Dean Saito, STA.....	SCAQMD
Dipankar Sarkar, STA .....	SCAQMD
Brian Choe, STA .....	SCAQMD
Connie Day, STA .....	SCAQMD
Patricia Kwon, STA .....	SCAQMD
Lisa Mirisola, STA.....	SCAQMD
Adewale Oshinuga, STA.....	SCAQMD
Larry Watkins, STA .....	SCAQMD
Nancy Cole, FIN.....	SCAQMD
Paul Wright, IM.....	SCAQMD
Penny Shaw Cedillo, STA.....	SCAQMD
Pat Krayser, STA.....	SCAQMD
Gavin Lee, STA.....	SCAQMD Student Intern
Danielle Robinson .....	ARB
Candice Gantt.....	SCE
Tom Gross .....	SCE
Susan Stark.....	Tesoro Consultant



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BOARD MEETING DATE: September 6, 2013

AGENDA NO. 29

REPORT: Mobile Source Air Pollution Reduction Review Committee

SYNOPSIS: Below is a summary of key issues addressed at the MSRC's meeting on August 15, 2013. The MSRC's next meeting is scheduled for Thursday, September 19, 2013, at 2:00 p.m. in Conference Room CC8.

RECOMMENDED ACTION:  
Receive and file.

Michael D. Antonovich  
SCAQMD Representative on MSRC

MM:HH:DAH

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### **Meeting Minutes Approved**

The MSRC unanimously approved the minutes from its June 20, 2013 meeting. Those approved minutes are attached for your information (*Attachment 1*).

### **Award to Implement Event Center Transportation Programs**

As part of their FYs 2012-14 Work Program, the MSRC allocated \$4 million towards the implementation of programs to provide transportation service for venues not currently served by sufficient transportation service. Four awards were previously approved under this program, which has an open application period from March 1, 2013 through September 30, 2014. In June 2013, the MSRC considered an application from Transit Systems Unlimited for \$1.4 million in MSRC funding to implement expanded transportation services between four existing shuttle lots and the Hollywood Bowl. Due to three significant areas of concern with the application, the MSRC took no action but instead referred the applicant back to staff for guidance and direction and suggested they submit a revised application. Subsequently, Transit Systems Unlimited submitted a revised application requesting \$515,200 to implement higher-frequency shuttle service

for the 2014 and 2015 Hollywood Bowl seasons, specifically expanding the service at four existing shuttle lots. At its August 15, 2013 meeting, the MSRC unanimously approved the application awarding \$515,200 to Transit Systems Unlimited, contingent upon 1) providing documentation that the CNG buses to be used for the service would have emission levels of less than or equal to 2006 Cummins LG-320 CNG engines; 2) submittal of a marketing and outreach plan, including ways to increase patron use of public transportation to access the shuttle service; 3) monitoring and reporting on the number of patrons using the service, including comparisons to previous years, and on patrons' origins and transportation mode used to access the service; and 4) a technology assessment after the 2014 season to determine whether MSRC funding would continue for the 2015 season. The SCAQMD Board will consider this award at its September 6, 2013 meeting.

### **Option Exercised to Extend Programmatic Outreach Contract**

The MSRC retains a contractor to continue and enhance public awareness of the MSRC by highlighting its mission, achievements, and the funding opportunities the MSRC has available. Following an open RFP process in 2011, The Better World Group was awarded \$98,418 for programmatic outreach services for two years. The contract included an option clause for another two-year contract term extension, which established a pre-set funding amount for the option at \$98,418, to be executed at the MSRC's discretion and subject to funding approval by the SCAQMD Board. The MSRC's Administrative Subcommittee evaluated the performance of The Better World Group and unanimously recommended exercising the option, including carrying over any unexpended funds remaining on the initial two-year contract. At its August 15, 2013 meeting, the MSRC unanimously approved exercising the option and adding an additional \$98,418 to fund the services for an additional two years as part of the FYs 2012-14 Work Program. The SCAQMD Board will consider this award at its September 6, 2013 meeting.

### **Issue Solicitations to Implement the FYs 2012-14 Work Program**

Earlier in the year the MSRC established categories and funding targets to implement a two-year work program for FYs 2012-14. At its August 15, 2013 meeting, the MSRC unanimously approved the release of three solicitations to begin implementing some of the categories of the FYs 2012-14 Work Program, as follows:

1. Local Government Match Program Announcement #PA2014-04 - provides \$11 million in funding for: a) installation of alternative fuel infrastructure, including both new and expanded stations as well as upgrades of existing vehicle maintenance facilities, up to a maximum amount per project of \$500,000; b) the purchase of medium- and heavy-duty alternative fuel vehicles up to \$10,000 per vehicle and \$30,000 per vehicle, respectively; c) installation of electric vehicle charging infrastructure up to a maximum of \$500,000 per entity; d) implementation of regional street sweeping programs in the Coachella Valley up

to a maximum of \$250,000 per entity; and e) bicycle infrastructure and related projects up to a maximum of \$500,000 per entity. The PA's open application period commences October 15, 2013 through February 28, 2014.

2. Alternative Fuel Infrastructure Program Announcement #PA2014-05 – provides \$7.5 million in funding on a first-come, first-served basis for new and expanded alternative fuel stations as well as the upgrade of existing vehicle maintenance facilities up to a 50 percent cost-share of eligible costs with a maximum per project ranging from \$100,000 to \$325,000 depending upon whether the applicant is a public or private entity, accessibility level of the proposed project, the number of fuels offered, and whether the natural gas used is produced from a renewable source. The PA's open application period commences with its release through September 26, 2014.
3. Alternative Fuel School Bus Program Request for Qualifications #Q2014-03 – seeks qualified vendors to offer a buydown incentive for qualifying natural gas or liquefied petroleum gas school buses with incentives ranging from \$9,000 to \$31,000 per bus depending on vehicle type. The RFQ's open application period commences with its release through November 8, 2013.

The SCAQMD Board will consider issuance of the above three solicitations at its September 6, 2013 meeting.

### **Contract Modification Requests**

The MSRC considered three contract modification requests and took the following actions:

1. For Nationwide Environmental Services Contract #MS10006, which provides \$94,887 towards the purchase of three CNG street sweepers, approval of a one-year, no-cost contract term extension;
2. For Ware Disposal Contract #MS12034, which provides \$195,000 towards the purchase of two medium-duty and seven medium-heavy duty Isuzu NPR gas trucks, approval to substitute two medium-duty vehicles originally awarded for one medium-heavy duty vehicle instead, including a corresponding reduction in the contract value; and
3. For (pending) City of La Puente Contract #ML12022, which currently would provide \$110,000 for the purchase of five medium-duty and two medium-heavy duty natural gas vehicles, approval to substitute three of the medium-duty vehicles originally awarded for one medium-heavy duty vehicle instead.

The SCAQMD Board will consider the above contract modifications for Ware Disposal and City of La Puente at its September 6, 2013 meeting.

## **Received and Approved Final Reports**

The MSRC received and approved four final report summaries this month, as follows:

1. Fox Transportation Contract #MS12032, which provided \$500,000 towards the purchase of 20 medium-heavy duty vehicles;
2. Krisda Inc. Contract #MS11052, which provided \$120,000 to repower heavy-duty on-road vehicles;
3. Krisda Inc. Contract #MS12058, which provided \$25,000 to repower one heavy-duty on-road vehicle; and
4. Community Action Partnership of Orange County Contract #MS12029, which provided \$25,000 towards the purchase of one medium-heavy duty on-road vehicle.

A two-page summary of each closed project can be viewed in the electronic library on the MSRC's website at [www.CleanTransportationFunding.org](http://www.CleanTransportationFunding.org).

## **Contracts Administrator's Report**

The MSRC's AB 2766 Contracts Administrator provides a written status report on all open contracts from FY 2004-05 through the present. The Contracts Administrator's Report for July 2013 is attached (*Attachment 2*) for your information.

## **Attachments**

Attachment 1 – Approved June 20, 2013 Meeting Minutes

Attachment 2 – July 2013 Contracts Administrator's Report



**MEETING OF THE  
MOBILE SOURCE AIR POLLUTION REDUCTION REVIEW COMMITTEE  
THURSDAY, JUNE 20, 2013 MEETING MINUTES  
21865 Copley Drive, Diamond, Bar, CA 91765- Conference Room CC-8**

**MEMBERS PRESENT:**

(Chair) Greg Pettis, rep. RCTC  
(Vice Chair) Steve Veres, rep. LA County MTA (via v/c)  
Michael Antonovich, representing SCAQMD (via v/c)  
Larry McCallon, representing SANBAG  
April McKay (Alt.), representing LA County MTA (via v/c)  
Ron Roberts, representing SCAG  
Tim Shaw (Alt.), representing OCTA  
Earl Withycombe, representing CARB (via v/c)

**MSRC MEMBERS ABSENT:**

Greg Winterbottom, representing OCTA  
Adam Rush (Alt.), representing RCTC

**MSRC-TAC MEMBERS PRESENT:**

None

**OTHERS PRESENT:**

Daniel Elliott, Transit Systems  
Krista Ocon, Transit Systems  
Ric Teano, OCTA  
Maurice Vanegas, Transit Systems  
Nicole Vanegas, Transit Systems

**SCAQMD Staff**

Ray Gorski, MSRC Technical Advisor  
Drue Hargis, MSRC Administrative Liaison  
Henry Hogo, Asst. DEO/Science and Technology Advancement  
Matt MacKenzie, MSRC Contracts Assistant  
Ana Ponce (Alt.), MSRC Administrative Liaison  
Cynthia Ravenstein, MSRC Contracts Administrator  
Veera Tyagi, Senior Deputy District Counsel  
Rachel Valenzuela, MSRC Contracts Assistant  
Paul Wright, Audio-Visual Specialist

**CALL TO ORDER**

- Opening Comments

MSRC 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.

**CONSENT CALENDAR (Items 1 through 6)****Receive and Approve Items****Agenda Item #1 – Minutes of the May 16, 2013 MSRC Meeting**

The minutes of the May 16, 2013 MSRC meeting were distributed at the meeting. Copies were made available to the public.

ON MOTION BY MSRC MEMBER LARRY MCCALLON , AND  
SECONDED BY MSRC MEMBER EARL WITHYCOMBE, UNDER  
APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 5,  
THE MSRC UNANIMOUSLY APPROVED THE MAY 16, 2013  
MEETING MINUTES. MSRC CHAIR GREG PETTIS ABSTAINED.

**ACTION:** Staff will place the minutes on the MSRC's website.

**Receive and File Items****Agenda Item #2 – MSRC Contracts Administrator's Report**

The MSRC AB 2766 Contracts Administrator's Report for June 2013 was included in the agenda package.

ON MOTION BY MSRC MEMBER LARRY MCCALLON , AND  
SECONDED BY MSRC MEMBER EARL WITHYCOMBE, UNDER  
APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 5,  
THE MSRC UNANIMOUSLY APPROVED THE CONTRACTS  
ADMINISTRATOR'S REPORT FOR JUNE 2013.

**ACTION:** SCAQMD staff will include the MSRC Contracts Administrator's Report in the MSRC Committee Report for the July 5, 2013 AQMD Board meeting.

**Agenda Item #3 – Financial Report on AB 2766 Discretionary Fund**

A financial report on the AB 2766 Discretionary Fund for the period ending May 31, 2013 was included in the agenda package.

ON MOTION BY MSRC MEMBER LARRY MCCALLON , AND SECONDED BY MSRC MEMBER EARL WITHYCOMBE, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 5, THE MSRC UNANIMOUSLY APPROVED THE FINANCIAL REPORT ABOVE.

No further action is required.

**Agenda Item #4 – Consider Ten-Week Term Extension by City of Covina for Contract #ML09043 (\$179,591 – Upgrade CNG Station)**

The City of Covina requests a ten-week contract term extension. The MSRC-TAC unanimously recommends approval of a six-month term extension.

ON MOTION BY MSRC MEMBER LARRY MCCALLON , AND SECONDED BY MSRC MEMBER EARL WITHYCOMBE, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 5, THE MSRC UNANIMOUSLY APPROVED A SIX-MONTH EXTENSION FOR CITY OF COVINA CONTRACT #ML09043.

**ACTION:** MSRC staff will amend the above contract accordingly.

**Agenda Item #5 – Consider 29-Month Term Extension by United Parcel Service for Contract #MS08013 (\$480,000 – Purchase 12 Natural Gas Yard Tractors)**

The United Parcel Service (UPS) requests a 29-month contract term extension. The MSRC-TAC unanimously recommends approval with the contingency that: 1) UPS notify MSRC when vehicle purchases have been initiated and 2) UPS place all vehicles into regular service within seven months from the MSRC's approval.

ON MOTION BY MSRC MEMBER LARRY MCCALLON , AND SECONDED BY MSRC MEMBER EARL WITHYCOMBE, UNDER APPROVAL OF THE CONSENT CALENDAR ITEMS 1 THROUGH 5, THE MSRC UNANIMOUSLY APPROVED A 29-MONTH EXTENSION FOR UPS CONTRACT #MS08013, CONTINGENT UPON THE ABOVE.

**ACTION:** MSRC staff will amend the above contract accordingly.

**Agenda Item #6 – Consider 29-Term Extension by United Parcel Service Contract #MS08007 (\$300,000 – Purchase 10 Heavy-Duty Natural Gas Vehicles)**

This item was pulled by staff from the Consent Calendar.

Cynthia Ravenstein, MSRC Contracts Administrator, reported that this request also comes from UPS. They were awarded \$300,000 to purchase 10 natural gas trucks as part of the MSRC's 2007-08 Alternative Fuel Engine Program for On-Road Vehicles. The original contract was to purchase Kenworth trucks with the ISX-G LNG engine, but it carried a significant price premium, which in retrospect couldn't be justified. They were waiting in the hopes that Freightliner would come out with a vehicle but that hasn't happened to date. However, they are now prepared to purchase either a Freightliner or Kenworth that is equipped with a 12-liter Cummins-Westport CNG engine, which carries a lower price premium. Therefore, they have requested a 29-month contract term extension to allow time to purchase the trucks and fulfill the contract operational requirements. The MSRC-TAC reviewed the request and recommended approval. At this time, UPS would like to present one slight addition to their request.

**PUBLIC COMMENT:** Dale Morin, Environmental Manager at UPS, explained UPS has a fleet of natural gas vehicles throughout California, as well as in other states, and has fueling stations in Ontario and Los Angeles. Currently, the contract specifically states the vehicles must be deployed out of Ontario. However, they would like the flexibility to operate the vehicles out of either location. Both stations are older and sometimes need repairs; during these instances, they reach a maximum capacity so they would like to operate the vehicles out of either station during those times. UPS has another contract for off-road vehicles and it provides this flexibility. There are no other changes being requested.

Cynthia Ravenstein indicated that originally this project was identified for Ontario and counted towards the San Bernardino County geographic minimum. However, there was another significant award under this program for San Bernardino County (specifically for the City of San Bernardino). Thus, even if UPS had proposed Los Angeles in its proposal, the San Bernardino County geographic minimum would still have been met and UPS would have been awarded funding.

ON MOTION BY MSRC MEMBER LARRY MCCALLON, AND  
SECONDED BY MSRC ALTERNATE TIM SHAW, THE MSRC  
UNANIMOUSLY APPROVED A 29-MONTH EXTENSION FOR UPS  
CONTRACT #MS08007 WITH A MODIFICATION TO CONTRACT  
LANGUAGE ALLOWING THE VEHICLES TO OPERATE AT  
EITHER THE LOS ANGELES OR ONTARIO LOCATIONS.

**ACTION:** MSRC staff will amend the above contract accordingly.

#### **ACTION CALENDAR (Items 7 and 8)**

#### **Agenda Item #7 – Consider FY 2013-14 Administrative Budget**

Henry Hogo, Assistant Deputy Executive Officer/Science and Technology Advancement, referred to Superpage #55 which includes a table reflecting the adopted administrative budget for the current fiscal year as well as estimated final expenditures and the proposed budget for the upcoming fiscal year. Based on the 5% administrative cap, \$740,000 is set



aside to administer the program. The budget is divided between labor, office expenses, administrative costs, travel, and funding for professional services, such as sponsorship of conferences, etc. This fiscal year the adopted budget was \$686,000, which is \$53,000 under the administrative cap of \$740,000. It is estimated, based on current expenditures and what is anticipated for the remaining few weeks of the fiscal year, that about \$614,000 will be spent. For the coming fiscal year, approximately \$666,000 in expenditures is estimated, broken down between labor hours and other administrative costs. He noted while estimated labor hours are the same, the overhead costs dropped due in part to SCAQMD's negotiations with unions and labor representatives. Some of the budget items, as listed under direct costs, have been re-evaluated, so some re-adjustments have been made that are more in line with actual expenditures. There is one significant expenditure coming up - the printing of the Clean Transportation decals that go on the vehicles. They were last printed five or six years ago and the stock is nearly depleted. The estimated budget for next fiscal year will be almost \$74,000 under the administrative cap, which leaves sufficient room in case something comes up. Also, the Technical Advisor position is up for renewal; at this point, without having a contract for next fiscal year, a 10% increase was simply budgeted reflecting the change in CPI over the last four years or so. That number will be finalized once the MSRC approves a new contract for the Technical Advisor position.

ON MOTION BY MSRC MEMBER RON ROBERTS, AND  
SECONDED BY MSRC MEMBER EARL WITHYCOMBE, THE  
MSRC UNANIMOUSLY APPROVED THE FY 2013-14  
ADMINISTRATIVE BUDGET AT \$666,098.

**ACTION:** Staff will include an item to transfer the funds associated with miscellaneous direct expenses to the STA budget in the Work Program item going to the July 5, 2013 SCAQMD Board meeting.

#### **FYs 2012-14 WORK PROGRAM**

#### **Agenda Item #8 – Consider Funding for Proposals Received under the Major Event Center Transportation Program**

Ray Gorski, MSRC Technical Advisor, advised the Subcommittee Chair, Kelly Lynn, is unable to attend today's meeting and asked that staff present this item on her behalf. Under the Major Transportation Event Center Transportation Programs, the MSRC has been asked to consider two new projects.

The first proposal was received from the Orange County Transportation Authority (OCTA) to implement express transportation services in support of the 2013 Solar Decathlon. The Solar Decathlon, an event sponsored by the U.S. Department of Energy, is held at the Great Park in Irvine. It is a competition of universities and colleges to create and construct extremely energy efficient housing units, and is expected to be a very popular event. OCTA has proposed to implement express transportation service to this event every 30 minutes on a route serving the University at California Irvine and the Irvine Spectrum shopping mall. This event is anticipated to produce a high level of

activity at this Great Park. The service has been designed by OCTA to have connectivity to other transit services such as rail and other existing bus services. It will also supplement the City of Irvine's iShuttle service from the Irvine Metrolink Station. The cost of the express bus service is approximately \$75,380, of which OCTA is requesting \$36,800 from the MSRC. The MSRC's co-funding would be matched by an equal or greater cost-share primarily from outreach for this new transportation service.

Mr. Gorski indicated that the TCM Subcommittee and the MSRC-TAC reviewed this request in detail and found it to be in compliance with the requirements stipulated in the Program Announcement. They are recommending OCTA receive an award in the amount of \$36,800 to provide additional clean fuel bus service for the 2013 Solar Decathlon.

ON MOTION BY MSRC MEMBER LARRY MCCALLON, AND  
SECONDED BY MSRC ALTERNATE TIM SHAW, THE MSRC  
UNANIMOUSLY APPROVED AN AWARD TO OCTA FOR \$36,800  
TO IMPLEMENT THE 2013 SOLAR DECATHLON EXPRESS AS  
PART OF THE FYS 2012-14 AB 2766 DISCRETIONARY FUND  
WORK PROGRAM.

Mr. Gorski indicated that a second proposal was received from Transit Systems Unlimited proposing to offer expanded shuttle service at the Hollywood Bowl for the 2013 Hollywood Bowl season which starts on June 22. It is anticipated that between 70 and 75 events will be held. The average attendance at an event is approximately 8,800 patrons; however, it has been noted that many of the events are, in fact, sell outs and they have 18,000 individuals in attendance. Transit Systems Unlimited does offer existing service, a circulator shuttle service which is used at four shuttle lots: 1) the Ventura Lot; 2) the Ventura Annex Lot, both of which are located on Ventura Boulevard; 3) the Zoo Lot; and 4) a Hollywood and Highland Lot. These are the primary locations at which patrons to the Hollywood Bowl can be picked up by a transportation service to get them to and from that venue. It has been noted by the applicant that this does have connectivity with existing service offered by Metro. The proposed service would expand the frequency of departure from these four existing shuttle points. On Superpage 59 there is a chart that shows the increase in departure frequency, with the before and after case. The wait time for the patrons is going to be reduced. According to the proposal, they expect that this reduction in wait time is going to generate approximately 10% increase in ridership. Based on the numbers presented by the applicant for the 2013 season, this equates to an approximate increase in overall ridership of 9,600 patrons, which divided by the anticipated number of events, would equate to an additional 137 additional riders per event.

There were three primary issues identified which resulted in the recommendation not to award funding to this project at this time. The first is the cost effectiveness of the expanded service. Specifically, the amount of MSRC funding which has been requested for this service expansion is \$1.4 million over a two-year period, or two seasons of the Hollywood Bowl. It has been estimated that approximately 9,600 additional riders would be served per season. Assuming the same for 2014, that equates to approximately 19,200

additional riders. Given a funding request of \$1.4 million, that equates to a per-rider subsidy of approximately \$73. It was the opinion of the TCM Subcommittee and MSRC-TAC that a \$73 subsidy per rider per trip was not cost effective.

The second issue was the buses that were recommended to implement this expanded service. The proposal stated that the buses would be model year 1996 to 1998 Neoplan buses which are equipped with the Cummins L10 engine. These are natural gas buses; however, given their age, which is between 15 and 18 years old, and what the emissions are today of automobiles as well as comparable heavy-duty standards, it is the opinion of the MSRC-TAC that these buses do not represent a low-emission transportation solution.

Third, there was a lack of clarity in the proposal as to what costs the MSRC would, in fact, be covering. Specifically, it was unclear whether or not this would be covering costs which are already borne by the Hollywood Bowl, or if the MSRC was being asked to pick up an element of the existing Hollywood Bowl transportation services.

Since the Program Announcement remains open, the applicant has the ability to revise its proposal and re-submit for consideration at a future date.

**PUBLIC COMMENT:** Maurice Vanegas, President of Transit Systems, said he would like to address the points mentioned. First, cost effectiveness. This is not just an expanded service. It would be taking all the diesel buses out and running the service with natural gas buses, as well as adding frequency. He stated that the number used of 9,600 is incorrect. On pages 59 and 63 of his proposal, it states that they had a total ridership of 90,131 in year 2011, plus 9,600 equals 99,731. With that figure, the cost is actually \$14.03 per rider. For the year 2012, it would be \$14.59, which would make this a very reasonable price per rider. In addition, he said that he was asked to review what the cost would be just on the frequency alone, assuming that it is not acceptable that the program has existed already. Mr. Vanegas indicated that he submitted a letter on May 24, and his price for that was \$257,600, which was not mentioned in this report to the MSRC. Using these figures and the 9,600, the price is actually \$26.83; however, it is his opinion that the complete attendance of the ridership should be used.

Second, Mr. Vanegas referred to the MSRC-TAC's finding that the proposed buses of 1996 to 1998 model years did not represent a low-emission solution. But looking at what the major event transportation program has asked for on page 5, it just says in bold letters: "Bus and shuttle vehicles equipped with engines older than model year 2010 must operate on a dedicated alternative fuel. Eligible alternative fuels include compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, or gasoline hybrid electric, and zero emission electric." Nowhere in this requirement, as far as the equipment, does it say that the bus has to have a specific year. Mr. Vanegas believes that should not have knocked them out of the running. He added that his fleet does have some diesel, equipped with Detroit Diesel Corporation Series 50 engines, which is a newer engine. It is a New Flyer bus, and in researching the existing service at the Dodger Stadium, these particular buses are the same Series 50 but natural gas operated. Thus, he believes his fleet has the same type of engines. While some of the buses he proposed were 1998s, the

MSRC made awards with projects using 2002 buses, and in his research he didn't find any quantitative emissions reduction advantages between the years 1998 to 2002.

Third, as to it being unclear as to whether the MSRC was being asked to cover the costs already borne by the Hollywood Bowl, Mr. Vanegas passed around an article by Metro.net, and read the first line of the news release from Metro for the record: "For the fourth year in a row, Metro will again offer Dodger Stadium Express bus service from Union Station in downtown Los Angeles to Dodger Stadium beginning on Friday, March 29..." He stated that for four years, the MSRC has given money to the Dodger shuttle funding their program. He asked why the Hollywood Bowl is not being held to the same standards, especially since they are taking the diesel buses out and putting natural gas in. Also, the article states that the Dodger Stadium Express bus service transported over 136,000 people. He believes that that number is an overstatement. For example, if there are 81 home games in a season, for those numbers to be accurate they would have to be transporting 280 people per bus per night at 40-passenger capacity, yet he observed only 6 buses in operation. That means they would have to make 7 full roundtrips at 40 passengers per bus and most of the buses they observed were not even half full. The maximum runs they observed were three.

Finally, Mr. Vanegas addressed what he believes is the unfairness with this particular grant. The Dodger Shuttle express buses are using E plates, as he pointed out in a blown up photo he brought to display, which means these buses are all subsidized equipment by the Federal Transportation Authority (FTA). They are receiving FTA money to compete against private enterprise, clearly violating the FTA rule, which is addressed in Section 49 USC 523 Part D to protect private charter operators from unauthorized competition. Metro is receiving subsidized fuel and equipment--from labor and parts to paint, everything becomes subsidized.

Mr. Vanegas believes his original proposal is a good proposal. Their service uses up to 26 buses in a single night and they are full of people. He stated that these are people that clearly go out of their way to use mass transportation. He asked the Board to reconsider and approve this. He indicated that he would accept, if they were not being held to the same standard as the Dodger shuttle, that they at least get funded for the equipment that would be used for the expanded frequency departures. That total is \$257,600 per season.

MSRC Member Larry McCallon said the staff report indicates that the Subcommittee convened multiple times and sought additional information relative to this application. He asked Mr. Vanegas if he had provided any of the material presented today to the MSRC-TAC and/or the Subcommittee; or if he had appeared before the MSRC-TAC or Subcommittee.

**PUBLIC COMMENT:** Mr. Vanegas replied that the MSRC-TAC and Subcommittee have not seen the blown up pictures he brought to the meeting today, but staff did receive a letter and he sent an email. He added that he did not know that he had an opportunity to appear before the MSRC-TAC or Subcommittee.

MSRC Vice-Chair Steve Veres said this conversation should focus solely on the Hollywood Bowl proposal as opposed to other proposals or awardees which go through their own bidding process with the MSRC-TAC and MSRC. It's highly unusual and disappointing to listen to criticism of other projects that have gone through the process. In fact, he heard from MSRC staff that a lot of information that was presented was requested but wasn't offered to the MSRC-TAC prior to this meeting. He knows the Hollywood Bowl area very well and traverses through that area to get home every day from work. It could certainly use as much transportation support as possible because it really does get gridlocked. In terms of the MSRC process, it might be better to have this vetted more clearly with the MSRC-TAC to get some of these questions or discrepancies handled before making any kind of specific decision here. The geographic minimum for the Los Angeles region hasn't been reached yet so there's time to fine tune the proposal to better fit it within the MSRC's requirements and re-submit. He is not saying this is or is not a potentially good project or proposal, but he is concerned about a number of issues that were raised. The MSRC takes such facts into account when trying to make its decision. For example, the MSRC just heard from the Solar Decathlon which met all the criteria very well. He believes it may be possible to get this proposal approved if revised within those same criteria.

MSRC Member Earl Withycombe concurred with Mr. Veres' comments. The MSRC is receiving, as a Board, new information that does not appear to be contained in the staff report. Based on the testimony, it sounds like the TAC did not receive all of the information that has just been presented by the applicant. Mr. Withycombe suggested that the MSRC refer the applicant back to the MSRC-TAC to submit an expanded application with all the detailed information that the applicant just presented and ask the MSRC-TAC to consider the application again before the MSRC takes any further action.

**A MOTION WAS INTRODUCED BY MSRC MEMBER EARL WITHYCOMBE, AND SECONDED BY MSRC MEMBER LARRY MCCALLON, TO REFER THE TRANSIT SYSTEMS UNLIMITED PROPOSAL BACK TO THE MSRC-TAC FOR FURTHER EVALUATION AND FOR STAFF TO WORK WITH THE PROPOSER TO RE-SUBMIT AN EXPANDED APPLICATION.**

MSRC Chair Greg Pettis asked if the applicant would be able to attend the meeting so that there can be a give-and-take. Ray Gorski replied that the applicant may attend the MSRC-TAC meeting but not the Subcommittee meeting, the latter of which is not open to the public. However, that shouldn't be a problem if they will timely provide additional information.

**PUBLIC COMMENT:** Mr. Vanegas stated, for the record, that he did not come here to criticize another project. He just wanted to be held to the same standard. He is a small business owner and has been involved in the bus business since 1986. When the newer emission rules came around, he finally had his fleet running on diesel. He knew everything - where to find the parts, for example, and he could diagnose his engines by just hearing them. When the rules came down that they needed to change, he wasn't

happy but now he is a believer. Not only did he put his own natural gas plant to run in his own lot, it took him two years and he went through a lot of emotional pain for that, but he is also a very active participant and participated in the low carbon fuel standards. He said that his is one of the very few companies that have actually submitted their emission numbers to get carbon credits. This is not criticism at all. It is a simply frustrating to read that the Dodger Stadium express bus service received \$1.1 million when he knows that their numbers are not what is on this paper. He says that he has been at the Hollywood Bowl since 1984 and it's just amazing how many people congregate in a small area to take buses to all the different places. He thinks the Hollywood Bowl would be a spotlight for the mission statement of the MSRC and there are a lot of other bus companies that would see it and the benefits and maybe they will also migrate to natural gas. However, he appreciates that the MSRC's direction today is to allow him the opportunity to meet with MSRC staff to receive guidance to submit a revised proposal.

THE ABOVE MOTION PASSED UNANIMOUSLY.

MSRC Vice-Chair Steve Veres said there appears to still be sufficient funding in the program to be able to fund something related to the Hollywood Bowl and he would like staff to verify and ensure that a common standard was applied in the application process.

Veera Tyagi, SCAQMD Senior Deputy District Counsel, commented that staff is very diligent in making sure that all proposals are treated equally, and she believes that this is the case with respect to the Dodger Express and the Transit Systems proposal. She is willing to elaborate more if Mr. Vanegas would like to talk with her afterwards so that he is assured that equity has been applied to every proposal.

MSRC Member Earl Withycombe commented that several of the projects that have come forward under this funding program have linked new transit trips to other trip links so that people can ride transit all the way from the far reaches of the air district to the event venue. For example, connections from Union Station to Dodger Station, or connections from rapid rail in Riverside to the racetrack. He asked if it might be feasible for Transit Systems to consider adding a stop at a rail station that would enable people not to have to use the car lots that they currently pick up from but instead make the whole trip by rail or bus.

PUBLIC COMMENT: Mr. Vanegas replied that two of the lots are already connected to the Red Line, but they might be able to easily make a right turn and come around to see if they can pick up people in front of the Red Line or in front of the Universal station.

MSRC Chair Greg Pettis noted this item will come back to the MSRC at its July meeting if the necessary information is provided timely. He encouraged Mr. Vanegas to speak to Mr. Gorski and Ms. Tyagi after the meeting.

[MSRC Member Michael Antonovich arrived at 2:35 p.m.; a quorum was already present.]

**Item #9 – Other Business**

No other business was introduced.

**ADJOURNMENT**

THERE BEING NO FURTHER BUSINESS, THE MSRC MEETING  
ADJOURNED AT 2:37 PM.

**NEXT MEETING:**

Thursday, July 18, 2013, 2:00 p.m., Conference Room CC-8

[Prepared by Drue A. Hargis and Ana Ponce]



MSRC Agenda Item No. 3

**DATE:** August 15, 2013

**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 July 4 through July 24, 2013.

**RECOMMENDATION:** Receive and file report

**WORK PROGRAM IMPACT:** None

**Contract Execution Status**

**2012-14 Work Program**

On April 5, 2013, the SCAQMD Governing Board approved three awards under the Event Center Transportation Program. These contracts are undergoing internal review or with the prospective contractor for signature.

On July 5, 2013, the SCAQMD Governing Board approved an additional award to Orange County Transportation Authority under the Event Center Transportation Program. This contract is undergoing internal review.

**2011-12 Work Program**

On April 6, 2012, the SCAQMD Governing Board approved an award to the Los Angeles County Metropolitan Transportation Authority under the Event Center Transportation Program and an award to Mansfield Gas Equipment Systems under the Home Refueling Apparatus Purchase Incentive Program. The Event Center contract is executed. The award to Mansfield has been combined with SCAQMD funding and included in SCAQMD's contract, which is now executed.

On May 4, 2012, the SCAQMD Governing Board approved two awards to Orange County Transportation Authority under the Event Center Transportation Program. Both contracts are executed.

On June 1, 2012, the SCAQMD Governing Board approved nine awards under the Alternative Fuel Infrastructure Program and eleven awards under the Local Government Match Program. These contracts are with the prospective contractor for signature, awaiting approval of modifications, or executed.



On July 13, 2012, the SCAQMD Governing Board approved an award under the Alternative Fuel Infrastructure Program and twelve awards under the Medium-Duty and Medium-Heavy-Duty Vehicles Program. These contracts are executed.

On September 7, 2012, the SCAQMD Governing Board approved 23 awards under the Local Government Match Program; one award under the Alternative Fuel Engines for On-Road Heavy-Duty Vehicles Program; one award under the Alternative Fuel Infrastructure Program; two awards under the Bikeshare Program; and one award to develop and implement a “Rideshare Thursday” public awareness campaign. These contracts are under development, with the prospective contractor for signature, or executed.

On October 5, 2012, the SCAQMD Governing Board approved one award under the Alternative Fuel Infrastructure Program and two awards under the Event Center Transportation Program. These contracts are with the SCAQMD Board Chair for signature or executed.

On November 2, 2012, the SCAQMD Governing Board approved one award under the Local Government Match Program. This contract is under development.

On December 7, 2012, the SCAQMD Governing Board approved one award under the “Showcase III” Off-Road Emission Reduction Technology Program; three awards under the Event Center Transportation Program; 15 awards under the Alternative Fuel Infrastructure Program and one award under the Medium-Duty and Medium-Heavy-Duty Vehicles Program. These contracts are undergoing internal review, with the prospective contractor for signature, or executed.

On February 1, 2013, the SCAQMD Governing Board approved three awards for the implementation of rideshare incentive programs to be implemented in conjunction with the Rideshare Thursday public awareness campaign. These contracts are undergoing internal review or with the prospective contractor for signature.

### **2010-11 Work Program**

On March 4, 2011, the SCAQMD Governing Board approved an award to the Los Angeles County Metropolitan Transportation Authority under the Event Center Transportation Program. This contract is executed.

On April 1, 2011, the SCAQMD Governing Board approved an award to the Orange County Transportation Authority for Orange County Fair service under the Event Center Transportation Program. This contract is executed.

On May 6, 2011, the SCAQMD Governing Board approved an award to the Orange County Transportation Authority for Angels game service under the Event Center Transportation Program, as well as two awards under the Alternative Fuel School Bus Incentive Program. These contracts are executed.

On June 3, 2011, the SCAQMD Governing Board approved 10 awards under the Alternative Fuel Infrastructure Program, as well as an award to Coachella Valley Association of Governments under the Local Government Match Program, as part of the MSRC’s FY 2010-11 Work Program. These contracts are negotiating terms or executed.

On September 9, 2011, the SCAQMD Governing Board approved: an award under the Alternative Fuel Infrastructure Program; 26 awards under the Local Government Match Program; 9 awards under the Alternative Fuel On-Road Engines Program; an award under the Off-Road Heavy-Duty Vehicles Program; an award to the Better World Group for programmatic outreach services; and two awards for development and implementation of 511 “smart phone” applications. Except as discussed below, these contracts are with the prospective contractor for signature, with the SCAQMD Board Chair for signature, or executed.

On October 7, 2011, the SCAQMD Governing Board approved two awards under the Alternative Fuel Infrastructure Program and three awards under the “Showcase II” Off-Road After-treatment Demonstration Program. These contracts are executed.

On November 4, 2011, the SCAQMD Governing Board approved one award under the Alternative Fuel Infrastructure Program and one award under the Major Event Center Transportation Program, as part of the MSRC’s FY 2010-11 Work Program. These contracts are executed.

On December 2, 2011, the SCAQMD Governing Board approved: 10 awards under the Alternative Fuel Infrastructure Program; one award under the Major Event Center Transportation Program; and three awards under the “Showcase II” Off-Road After-treatment Demonstration Program. These contracts are with the prospective contractor for signature or executed.

On April 6, 2012, the SCAQMD Governing Board approved: five awards under the “Showcase II” Off-Road After-treatment Demonstration Program. These contracts are executed.

On June 1, 2012, the SCAQMD Governing Board approved nine awards under the “Showcase II” Off-Road After-treatment Demonstration Program. These contracts are with the prospective contractor for signature or executed.

### **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 2004-05 Work Program Contracts***

All regular work program contracts are now closed. Two Local Match contracts from this work program year are open. All Diesel Exhaust After-treatment contracts are now closed.

#### ***FY 2004-05 Local Government Match Program Invoices Paid***

No invoices were paid during this period.

***FY 2005-06 Work Program Contracts***

One regular and 6 Local Match contracts from this work program year are open; and 6 regular and 14 Local Match contracts are in “Open/Complete” status, having completed all obligations save ongoing operation. One contract entered “Open/Complete” status during this period: Los Angeles Department of Water and Power, Contract #ML06020 – Purchase CNG Aerial Truck. All Diesel Exhaust After-treatment contracts are now closed.

***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 2006-07 Work Program Contracts***

7 regular and 3 Local Match contracts from this work program year are open; and 15 regular and 16 Local Match contracts are in “Open/Complete” status. One contract entered “Open/Complete” status during this period: City of Redondo Beach, Contract #ML07043 – Purchase 5 Heavy-Duty CNG Transit Vehicles.

***FY 2006-07 Regular Work Program Invoices Paid***

No invoices were 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***

13 regular and 6 Local Match contracts from this work program year are open; and 21 regular and 14 Local Match contracts are in “Open/Complete” status. One contract entered “Open/Complete” status during this period: Los Angeles Department of Water and Power, Contract #ML08038 – Purchase 42 Heavy-Duty CNG Vehicles. One contract was cancelled during this period: City of Los Angeles, Department of Transportation, Contract #ML08041 – Install Diagnostic Devices on 73 Vehicles.

***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***

One regular and 16 Local Match contracts from this work program year are open; and 11 Local Match contracts are in “Open/Complete” status. One contract entered “Open/Complete” status during this period: Los Angeles Department of Water and Power, Contract #ML09042 – Purchase 56 CNG Dump Trucks.

***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; and 7 regular contracts are in “Open/Complete” status.

***FY 2009-10 Regular Work Program Invoices Paid***

No invoices were paid during this period.

***FY 2010-11 Work Program Contracts***

30 regular and 19 Local Match contracts from this work program year are open; and one regular and 4 Local Match contracts are in “Open/Complete” status. One contract passed into “Open/Complete” status during this period: City of Glendale, Contract #ML11028 – Purchase 10 Heavy-Duty CNG Vehicles. Two contracts closed during this period: A-Z Bus Sales, Contract #MS11002 – Alternative Fuel School Bus Incentive Program; and Orange County Transportation Authority, Contract #MS11018 – Express Bus Service to Orange County Fair. One proposed contract with the County of Los Angeles Department of Public Works, for the purchase of 5 heavy-duty CNG vehicles, has been with the proposed contractor for signature for over a year. The County has been notified to return the contract or a recommendation to deobligate the award will be brought to the MSRC.

***FY 2010-11 Regular Work Program Invoices Paid***

Four invoices totaling \$102,600.00 were paid during this period.

***FY 2010-11 Local Government Match Program Invoices Paid***

No invoices were paid during this period.

***FY 2011-12 Work Program Contracts***

33 regular and 16 Local Match contracts from this work program year are open. One contract closed during this period: Orange County Transportation Authority, Contract #MS12003 – Implement Metrolink Service to Angel Stadium.

***FY 2011-12 Regular Work Program Invoices Paid***

Three invoices totaling \$83,406.45 were paid during this period.

***FY 2011-12 Local Government Match Program Invoices Paid***

One invoice in the amount of \$10,000.00 was paid during this period.

***Administrative Scope Changes***

Four administrative scope changes were initiated during the period of July 5 through July 24, 2013:

- ML11022 – City of Anaheim (Purchase 5 Heavy-Duty CNG Vehicles and Install Slow-Fill CNG Station) – Remove tasks and funding associated with station
- MS11056 – The Better World Group (Programmatic Outreach Services) – Reallocate costs between tasks
- MS11064 – City of Hawthorne (Install Limited-Access CNG Station) – City requests termination
- ML12054 (proposed) – City of Palm Desert (EV Charging Infrastructure) – Substitute station locations

### **Infrastructure Throughput Resolution**

Letters concerning the potential for negotiating alternative remedies were previously sent to all MSRC Infrastructure Program contractors who have open contracts and have received reimbursements for their projects (i.e. stations have commenced operation). During this reporting period:

- Contract modifications for previously negotiated tentative agreements are still undergoing internal review.

### **Attachments**

- FY 2004-05 through FY 2012-14 Contract Status Report



## AB2766 Discretionary Fund Program Invoices

July 4, 2013 to July 24, 2013

Contract Admin.	MSRC Chair	MSRC Liaison	Finance	Contract #	Contractor	Invoice #	Amount
<i>2010-2011 Work Program</i>							
7/11/2013	7/17/2013	7/18/2013	7/19/2013	MS11011	EDCO Disposal Corporation	1	\$90,000.00
7/9/2013	7/17/2013	7/18/2013	7/19/2013	MS11001	Mineral LLC	104754	\$300.00
7/23/2013	8/2/2013	8/2/2013	8/7/2013	MS11001	Mineral LLC	104816	\$300.00
7/11/2013	7/17/2013	7/18/2013	7/19/2013	MS11052	Krisda Inc	Final	\$12,000.00
<b>Total: \$102,600.00</b>							
<i>2011-2012 Work Program</i>							
7/11/2013	7/17/2013	7/18/2013	7/19/2013	ML12055	City of Manhattan Beach	001 Final	\$10,000.00
7/9/2013	7/17/2013	7/18/2013	7/19/2013	MS12062	Fraser Communications	013835-00	\$8,406.45
7/16/2013	8/2/2013	8/2/2013	8/7/2013	MS12058	Krisda Inc	1879 Final	\$25,000.00
7/11/2013	7/17/2013	7/18/2013	7/19/2013	MS12032	Fox Transportation	Final	\$50,000.00

**Total: \$93,406.45**

**Total This Period: \$196,006.45**

## FYs 2004-05 Through 2012-14 AB2766 Contract Status Report

8/7/2013

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
<b>FY 2004-2005 Contracts</b>									
<b>Open Contracts</b>									
ML05013	Los Angeles County Department of	1/5/2007	7/4/2008	1/4/2013	\$313,000.00	\$313,000.00	Traffic Signal Synchronization	\$0.00	No
ML05014	Los Angeles County Department of	5/21/2007	11/20/2008	12/30/2013	\$204,221.00	\$0.00	Traffic Signal Synchronization	\$204,221.00	No
<b>Total: 2</b>									
<b>Declined/Cancelled Contracts</b>									
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
<b>Total: 3</b>									
<b>Closed Contracts</b>									
ML05006	City of Colton Public Works	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
ML05072	Los Angeles County Department of	8/24/2009	5/23/2010	1/23/2011	\$349,000.00	\$349,000.00	Traffic Signal Synchronization (LADOT)	\$0.00	Yes
<b>Total: 18</b>									
<b>Closed/Incomplete Contracts</b>									

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
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
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
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: 4**

## FY 2005-2006 Contracts

### Open Contracts

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
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
ML06070	City of Colton	4/30/2008	2/28/2015	4/30/2015	\$50,000.00	\$0.00	Two CNG Pickups	\$50,000.00	No
MS06002	Orange County Transportation Autho	11/7/2007	11/6/2013		\$928,740.00	\$920,341.50	New Freeway Service Patrol	\$8,398.50	No

**Total: 7**

### 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
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
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
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: 14**

### Closed 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
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	8/28/2012	12/28/2012	\$50,000.00	\$50,000.00	2 CNG Heavy-Duty 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
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
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
ML06061	City of Chino Hills	4/30/2007	4/29/2013		\$25,000.00	\$25,000.00	One H.D. CNG Vehicle	\$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
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
ML06068	City of Claremont	8/28/2007	6/27/2013		\$60,000.00	\$60,000.00	Expand existing CNG infrastructure	\$0.00	Yes
MS06001	Riverside County Transportation Co	8/3/2007	9/2/2011		\$825,037.00	\$825,037.00	New Freeway Service Patrol	\$0.00	Yes
MS06003	San Bernardino Associated Govern	10/19/2006	6/18/2010		\$804,240.00	\$804,239.87	New Freeway Service Patrol	\$0.13	Yes
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	Yes
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
MS06042	Clean Energy Fuels Corp.	1/5/2007	1/4/2013		\$150,000.00	\$150,000.00	New CNG Station-Baldwin Park	\$0.00	Yes
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	Yes
MS06050	Rossmoor Pastries	1/24/2007	10/23/2012		\$18,750.00	\$14,910.50	CNG Fueling Station	\$3,839.50	Yes

**Total: 25**

**Open/Complete Contracts**

ML06020	Los Angeles Department of Water a	3/19/2007	9/18/2013	4/18/2014	\$25,000.00	\$25,000.00	CNG Aerial Truck	\$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
ML06028	City of Pasadena	9/29/2006	11/28/2012	3/28/2014	\$245,000.00	\$245,000.00	New CNG Station & Maint. Fac. Upgrades	\$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
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
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
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
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
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
MS06012	Consolidated Disposal Service	7/14/2006	9/13/2012	9/13/2013	\$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

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
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	11/30/2015	\$250,000.00	\$228,491.18	CNG Fueling Station - L.B.P.D.	\$21,508.82	Yes

**Total: 18**

## FY 2006-2007 Contracts

### Open Contracts

ML07033	City of La Habra	5/21/2008	6/20/2014	7/31/2017	\$75,000.00	\$25,000.00	One H.D. Nat Gas Vehicle/Expand Fueling S	\$50,000.00	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
MS07008	City of Los Angeles, Department of T	9/18/2009	5/17/2020		\$2,040,000.00	\$1,710,000.00	Purchase 102 Transit Buses	\$330,000.00	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
MS07061	City of Los Angeles, Department of	10/31/2008	8/30/2010	2/28/2013	\$40,626.00	\$40,626.00	Off-Road Diesel Equipment Retrofit Program	\$0.00	No
MS07070	Griffith Company	4/30/2008	2/28/2010	8/28/2012	\$168,434.00	\$125,504.00	Off-Road Diesel Equipment Retrofit Program	\$42,930.00	No
MS07071	Tiger 4 Equipment Leasing	9/19/2008	7/18/2010	1/18/2013	\$210,937.00	\$108,808.97	Off-Road Diesel Equipment Retrofit Program	\$102,128.03	No
MS07076	Reed Thomas Company, Inc.	8/15/2008	6/14/2010	3/14/2012	\$339,073.00	\$100,540.00	Off-Road Diesel Equipment Retrofit Program	\$238,533.00	No
MS07080	City of Los Angeles, Bureau of Sanit	10/31/2008	8/30/2010	2/28/2015	\$63,192.00	\$52,265.00	Off-Road Diesel Equipment Retrofit Program	\$10,927.00	No

**Total: 10**

### 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
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
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
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
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

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
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: 27**

#### 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
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
MS07011	Los Angeles Service Authority for Fr	3/12/2010	5/31/2011	9/30/2011	\$700,000.00	\$700,000.00	"511" Commuter Services Campaign	\$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
MS07058	The Better World Group	11/17/2007	11/16/2009	11/16/2011	\$247,690.00	\$201,946.21	MSRC Programmatic Outreach Services	\$45,743.79	Yes
MS07059	County Sanitation Districts of L.A. C	9/5/2008	9/4/2010	7/14/2012	\$231,500.00	\$231,500.00	Off-Road Diesel Equipment Retrofit Program	\$0.00	Yes
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	Yes
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	Yes
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	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
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
MS07079	Riverside County Transportation Co	1/30/2009	7/29/2013	12/31/2011	\$20,000.00	\$15,165.45	BikeMetro Website Migration	\$4,834.55	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
MS07092	Riverside County Transportation Co	9/1/2010	10/31/2011		\$350,000.00	\$350,000.00	"511" Commuter Services Campaign	\$0.00	Yes

**Total: 21**

#### 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

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
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**

ML07023	City of Riverside	6/20/2008	10/19/2014	7/19/2016	\$462,500.00	\$461,476.42	CNG Station Expansion/Purch. 14 H.D. Vehi	\$1,023.58	No
ML07024	City of Garden Grove	3/7/2008	9/6/2014	7/6/2016	\$75,000.00	\$75,000.00	Three H.D. CNG Vehicles	\$0.00	Yes
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
ML07028	City of Los Angeles, General Service	3/13/2009	3/12/2014		\$350,000.00	\$350,000.00	New CNG Refueling Station/Hollywood Yard	\$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
ML07036	City of Alhambra	1/23/2009	2/22/2015		\$50,000.00	\$50,000.00	2 H.D. CNG Vehicles	\$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
ML07039	City of Baldwin Park	6/6/2008	6/5/2014	8/5/2015	\$50,000.00	\$50,000.00	Two N.G. H.D. Vehicles	\$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
ML07043	City of Redondo Beach	9/28/2008	7/27/2014	10/27/2016	\$125,000.00	\$125,000.00	Five H.D. CNG Transit Vehicles	\$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
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
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
MS07049	Palm Springs Disposal Services	10/23/2008	11/22/2014	9/22/2016	\$96,000.00	\$96,000.00	Three Nat. Gas Refuse Trucks	\$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	Yes
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
MS07078	Waste Management Collection and	5/1/2009	12/31/2014	12/31/2015	\$256,000.00	\$256,000.00	Eight Nat. Gas Refuse Trucks (Dewey's)	\$0.00	Yes

**Total: 31**

**FY 2007-2008 Contracts**

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
<b>Open Contracts</b>									
ML08024	City of Anaheim	7/9/2010	7/8/2017	1/8/2018	\$425,000.00	\$225,000.00	9 LPG Buses and 8 CNG Buses	\$200,000.00	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
ML08040	City of Riverside	9/11/2009	9/10/2016		\$505,500.00	\$28,124.80	16 CNG Vehicles, Expand CNG Station & M	\$477,375.20	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
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
MS08001	Los Angeles County MTA	12/10/2010	6/9/2014		\$1,500,000.00	\$416,666.66	Big Rig Freeway Service Patrol	\$1,083,333.34	No
MS08007	United Parcel Service West Region	12/10/2008	10/9/2014	11/9/2016	\$300,000.00	\$0.00	10 H.D. Nat. Gas Vehicles	\$300,000.00	No
MS08013	United Parcel Service West Region	12/10/2008	10/9/2014	10/9/2016	\$480,000.00	\$216,000.00	12 H.D. Nat. Gas Yard Tractors	\$264,000.00	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
MS08018	Los Angeles County Department of	8/7/2009	10/6/2016	4/6/2018	\$60,000.00	\$0.00	3 CNG Vehicles	\$60,000.00	No
MS08056	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$320,000.00	New LNG Station - POLB-Anah. & I	\$80,000.00	No
MS08058	Clean Energy Fuels Corp.	11/26/2009	3/25/2016	3/25/2017	\$400,000.00	\$160,000.00	New CNG Station - Ontario Airport	\$240,000.00	No
MS08061	Clean Energy Fuels Corp.	12/4/2009	3/3/2015		\$400,000.00	\$320,000.00	New CNG Station - L.A.-La Cienega	\$80,000.00	No
MS08066	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$320,000.00	New CNG Station - Palm Spring Airport	\$80,000.00	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	\$320,000.00	New CNG Station - Paramount	\$80,000.00	No
MS08072	Clean Energy Fuels Corp.	12/4/2009	3/3/2015		\$400,000.00	\$301,571.52	New CNG Station - Burbank	\$98,428.48	No
MS08073	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		\$400,000.00	\$320,000.00	New CNG Station - Norwalk	\$80,000.00	No
<b>Total: 19</b>									
<b>Declined/Cancelled Contracts</b>									
ML08032	City of Irvine	5/1/2009	8/31/2010		\$9,000.00	\$0.00	36 Vehicles (Diagnostic)	\$9,000.00	No
ML08041	City of Los Angeles, Dept of Transpo	8/6/2010	7/5/2011	12/5/2011	\$8,800.00	\$0.00	73 Vehicles (Diagnostic)	\$8,800.00	No
ML08049	City of Cerritos	3/20/2009	1/19/2015	2/19/2017	\$25,000.00	\$0.00	1 CNG Heavy-Duty Vehicle	\$25,000.00	No
ML08051	City of Colton				\$75,000.00	\$0.00	3 CNG Heavy-Duty Vehicles	\$75,000.00	No
MS08002	Orange County Transportation Autho				\$1,500,000.00	\$0.00	Big Rig Freeway Service Patrol	\$1,500,000.00	No
MS08008	Diversified Truck Rental & Leasing				\$300,000.00	\$0.00	10 H.D. Nat. Gas Vehicles	\$300,000.00	No
MS08010	Orange County Transportation Autho				\$10,000.00	\$0.00	20 H.D. Nat. Gas Vehicles	\$10,000.00	No
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
MS08055	Clean Energy Fuels Corp.	11/26/2009	3/25/2016	3/25/2017	\$400,000.00	\$0.00	New LNG Station - Long Beach-Pier S	\$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
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
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

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS08077	Hythane Company, LLC				\$144,000.00	\$0.00	Upgrade Station to Hythane	\$144,000.00	No
<b>Total: 16</b>									
<b>Closed Contracts</b>									
ML08023	City of Villa Park	11/7/2008	10/6/2012		\$6,500.00	\$5,102.50	Upgrade of Existing Refueling Facility	\$1,397.50	Yes
ML08027	Los Angeles County Department of	7/20/2009	1/19/2011	1/19/2012	\$6,901.00	\$5,124.00	34 Vehicles (Diagnostic)	\$1,777.00	No
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
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
MS08016	TransVironmental Solutions, Inc.	1/23/2009	12/31/2010	9/30/2011	\$227,198.00	\$80,351.34	Rideshare 2 School Program	\$146,846.66	Yes
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
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	Yes
<b>Total: 11</b>									
<b>Closed/Incomplete Contracts</b>									
ML08025	Los Angeles County Department of	10/30/2009	3/29/2011		\$75,000.00	\$0.00	150 Vehicles (Diagnostic)	\$75,000.00	No
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
<b>Total: 2</b>									
<b>Open/Complete Contracts</b>									
ML08026	Los Angeles County Department of	7/20/2009	7/19/2016		\$250,000.00	\$250,000.00	10 LPG Heavy-Duty Vehicles	\$0.00	Yes
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
ML08034	County of San Bernardino Public Wo	3/27/2009	7/26/2015		\$150,000.00	\$150,000.00	8 CNG Heavy-Duty Vehicles	\$0.00	Yes
ML08036	City of South Pasadena	5/12/2009	7/11/2013		\$169,421.00	\$169,421.00	New CNG Station	\$0.00	Yes
ML08037	City of Glendale	5/20/2009	5/19/2015		\$325,000.00	\$325,000.00	13 CNG Heavy-Duty Vehicles	\$0.00	Yes
ML08038	Los Angeles Department of Water a	7/16/2010	7/15/2017		\$1,050,000.00	\$1,050,000.00	42 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
ML08050	City of Laguna Beach Public Works	8/12/2009	4/11/2016	10/11/2016	\$75,000.00	\$75,000.00	3 LPG Trolleys	\$0.00	Yes
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



Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS08012	California Cartage Company, LLC	12/21/2009	10/20/2015	4/20/2016	\$480,000.00	\$480,000.00	12 H.D. Nat. Gas Yard Tractors	\$0.00	Yes
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	Yes
MS08017	Omnitrans	12/13/2008	12/12/2015	12/12/2016	\$900,000.00	\$900,000.00	30 CNG Buses	\$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
MS08021	CalMet Services, Inc.	1/9/2009	1/8/2016	7/8/2016	\$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
MS08053	City of Los Angeles, Bureau of Sanit	2/18/2009	12/17/2015		\$400,000.00	\$400,000.00	New LNG/CNG Station	\$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
MS08063	Go Natural Gas	9/25/2009	1/24/2016	1/24/2017	\$400,000.00	\$400,000.00	New CNG Station - Moreno Valley	\$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
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	Yes
MS08078	SunLine Transit Agency	12/10/2008	6/9/2015	2/9/2016	\$189,000.00	\$189,000.00	CNG Station Upgrade	\$0.00	Yes

**Total: 35**

## FY 2008-2009 Contracts

### Open Contracts

ML09008	City of Culver City Transportation De	1/19/2010	7/18/2016	7/18/2017	\$200,000.00	\$175,000.00	8 Nat. Gas Heavy-Duty Vehicles	\$25,000.00	No
ML09009	City of South Pasadena	11/5/2010	12/4/2016	3/4/2019	\$137,500.00	\$0.00	CNG Station Expansion	\$137,500.00	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
ML09013	City of Riverside Public Works	9/10/2010	12/9/2011	7/31/2013	\$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	7/31/2013	\$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	7/31/2013	\$80,060.00	\$0.00	Traffic Signal Synchr./Co. of Riverside	\$80,060.00	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	6/14/2013	\$400,000.00	\$0.00	Maintenance Facility Modifications	\$400,000.00	No
ML09025	Los Angeles County Department of	10/15/2010	12/14/2012	6/14/2013	\$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	4/14/2019	\$150,000.00	\$0.00	3 Off-Road Vehicle Repowers	\$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
ML09032	Los Angeles World Airports	4/8/2011	4/7/2018		\$175,000.00	\$0.00	7 Nat. Gas Heavy-Duty Vehicles	\$175,000.00	No
ML09033	City of Beverly Hills	3/4/2011	5/3/2017	5/3/2018	\$550,000.00	\$100,000.00	10 Nat. Gas Heavy-Duty Vehicles & CNG St	\$450,000.00	No
ML09035	City of Fullerton	6/17/2010	6/16/2017	12/16/2018	\$450,000.00	\$50,000.00	2 Heavy-Duty CNG Vehicles & Install CNG	\$400,000.00	No
ML09036	City of Long Beach Fleet Services B	5/7/2010	5/6/2017	5/6/2018	\$875,000.00	\$525,000.00	Purchase 35 LNG Refuse Trucks	\$350,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML09043	City of Covina	10/8/2010	4/7/2017	4/7/2018	\$179,591.00	\$0.00	Upgrade Existing CNG Station	\$179,591.00	No
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

**Total: 17**

**Declined/Cancelled Contracts**

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
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
ML09028	Riverside County Waste Manageme				\$140,000.00	\$0.00	Retrofit 7 Off-Road Vehicles w/DECS	\$140,000.00	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
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
MS09003	FuelMaker Corporation				\$296,000.00	\$0.00	Home Refueling Apparatus Incentives	\$296,000.00	No

**Total: 10**

**Closed Contracts**

ML09007	City of Rancho Cucamonga	2/26/2010	4/25/2012		\$117,500.00	\$62,452.57	Maintenance Facility Modification	\$55,047.43	Yes
ML09020	County of San Bernardino	8/16/2010	2/15/2012		\$49,770.00	\$49,770.00	Remote Vehicle Diagnostics/252 Vehicles	\$0.00	Yes
ML09021	City of Palm Desert	7/9/2010	3/8/2012		\$39,450.00	\$38,248.87	Traffic Signal Synchr./Rancho Mirage	\$1,201.13	Yes
ML09027	Los Angeles County Department of	7/23/2010	3/22/2012	6/22/2012	\$150,000.00	\$150,000.00	Freeway Detector Map Interface	\$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: 5**

**Open/Complete Contracts**

ML09011	City of San Bernardino	2/19/2010	5/18/2016		\$250,000.00	\$250,000.00	10 Nat. Gas Heavy-Duty Vehicles	\$0.00	Yes
ML09012	City of Gardena	3/12/2010	11/11/2015		\$25,000.00	\$25,000.00	1 Nat. Gas Heavy-Duty Vehicle	\$0.00	Yes
ML09016	County of San Bernardino Public Wo	1/28/2010	3/27/2014		\$50,000.00	\$50,000.00	Install New CNG Station	\$0.00	Yes
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
ML09031	City of Los Angeles, Department of	10/29/2010	10/28/2017		\$825,000.00	\$825,000.00	33 Nat. Gas Heavy-Duty Vehicles	\$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
ML09038	City of Chino	9/27/2010	5/26/2017		\$250,000.00	\$250,000.00	Upgrade Existing CNG Station	\$0.00	Yes
ML09041	City of Los Angeles, Bureau of Sanit	10/1/2010	9/30/2017		\$875,000.00	\$875,000.00	Purchase 35 H.D. Nat. Gas Vehicles	\$0.00	Yes
ML09042	Los Angeles Department of Water a	12/10/2010	12/9/2017		\$1,400,000.00	\$1,400,000.00	Purchase 56 Dump Trucks	\$0.00	Yes
ML09046	City of Newport Beach	5/20/2010	5/19/2016		\$162,500.00	\$162,500.00	Upgrade Existing CNG Station, Maintenance	\$0.00	Yes

**Total: 11**

**FY 2010-2011 Contracts**



Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
<b>Open Contracts</b>									
ML11020	City of Indio	2/1/2013	3/31/2019		\$30,000.00	\$0.00	Retrofit one H.D. Vehicles w/DECS, repower	\$30,000.00	No
ML11021	City of Whittier	1/27/2012	9/26/2018		\$210,000.00	\$60,000.00	Purchase 7 Nat. Gas H.D. Vehicles	\$150,000.00	No
ML11022	City of Anaheim	3/16/2012	7/15/2018		\$175,000.00	\$0.00	Install CNG Fueling Station, purchase 5 H.D	\$175,000.00	No
ML11023	City of Rancho Cucamonga	4/20/2012	12/19/2018		\$260,000.00	\$60,000.00	Expand Existing CNG Station, 2 H.D. Vehicl	\$200,000.00	No
ML11026	City of Redlands	3/2/2012	10/1/2018		\$90,000.00	\$30,000.00	Purchase 3 Nat. Gas H.D. Vehicles	\$60,000.00	No
ML11027	City of Los Angeles, Dept. of Genera	5/4/2012	7/3/2015		\$300,000.00	\$0.00	Maintenance Facility Modifications	\$300,000.00	No
ML11029	City of Santa Ana	9/7/2012	3/6/2020		\$262,500.00	\$0.00	Expansion of Existing CNG Station, Install N	\$262,500.00	No
ML11032	City of Gardena	3/2/2012	9/1/2018		\$102,500.00	\$30,000.00	Modify Maint. Facility, Expand CNG station,	\$72,500.00	No
ML11033	City of Los Angeles, Bureau of Sanit	3/16/2012	1/15/2019		\$1,080,000.00	\$570,000.00	Purchase 36 LNG H.D. Vehicles	\$510,000.00	No
ML11034	City of Los Angeles, Department of	5/4/2012	1/3/2019		\$630,000.00	\$0.00	Purchase 21 H.D. CNG Vehicles	\$630,000.00	No
ML11036	City of Riverside	1/27/2012	1/26/2019		\$670,000.00	\$0.00	Install New CNG Station, Purchase 9 H.D. N	\$670,000.00	No
ML11037	City of Anaheim	12/22/2012	12/21/2019		\$300,000.00	\$0.00	Purchase 12 Nat. Gas H.D. Vehicles	\$300,000.00	No
ML11038	City of Santa Monica	5/18/2012	7/17/2018		\$400,000.00	\$0.00	Maintenance Facility Modifications	\$400,000.00	No
ML11040	City of South Pasadena	5/4/2012	1/3/2019		\$30,000.00	\$0.00	Purchase 1 Nat. Gas H.D. Vehicle	\$30,000.00	No
ML11041	City of Santa Ana	9/7/2012	11/6/2018		\$265,000.00	\$34,651.86	Purchase 7 LPG H.D. Vehicles, Retrofit 6 H.	\$230,348.14	No
ML11042	City of Chino	2/17/2012	4/16/2018		\$35,077.00	\$30,000.00	Purchase 1 Nat. Gas H.D. Vehicle, Repower	\$5,077.00	No
ML11043	City of Hemet Public Works	2/3/2012	2/2/2019		\$60,000.00	\$30,000.00	Purchase 2 H.D. Nat. Gas Vehicles	\$30,000.00	No
ML11044	City of Ontario	1/27/2012	6/26/2019		\$400,000.00	\$0.00	Expand Existing CNG Station	\$400,000.00	No
ML11045	City of Newport Beach	2/3/2012	8/2/2018	8/2/2019	\$30,000.00	\$0.00	Purchase 1 Nat. Gas H.D. Vehicle	\$30,000.00	No
MS11001	Mineral LLC	4/22/2011	4/30/2013	4/30/2015	\$111,827.00	\$88,186.83	Design, Develop, Host and Maintain MSRC	\$23,640.17	No
MS11004	Los Angeles County MTA	9/9/2011	2/29/2012		\$450,000.00	\$174,529.50	Clean Fuel Transit Service to Dodger Stadiu	\$275,470.50	No
MS11006	Orange County Transportation Autho	10/7/2011	2/29/2012	8/31/2012	\$268,207.00	\$160,713.00	Metrolink Service to Angel Stadium	\$107,494.00	No
MS11010	Border Valley Trading	8/26/2011	10/25/2017	10/25/2018	\$150,000.00	\$0.00	New LNG Station	\$150,000.00	No
MS11011	EDCO Disposal Corporation	12/30/2011	4/29/2019		\$100,000.00	\$90,000.00	New CNG Station - Signal Hill	\$10,000.00	No
MS11012	EDCO Disposal Corporation	12/30/2011	4/29/2019		\$100,000.00	\$0.00	New CNG Station - Buena Park	\$100,000.00	No
MS11016	CR&R Incorporated	4/12/2013	10/11/2019		\$100,000.00	\$0.00	New CNG Station - Perris	\$100,000.00	No
MS11019	City of Corona	11/29/2012	4/28/2020		\$225,000.00	\$0.00	Expansion of Existing CNG Station	\$225,000.00	No
MS11055	KEC Engineering	2/3/2012	8/2/2018		\$250,000.00	\$45,000.00	Repower 5 H.D. Off-Road Vehicles	\$205,000.00	No
MS11056	The Better World Group	12/30/2011	12/29/2013		\$98,418.00	\$85,637.00	Programmatic Outreach Services	\$12,781.00	No
MS11058	Los Angeles Service Authority for Fr	5/31/2013	4/30/2014		\$123,395.00	\$0.00	Develop and Implement 511 "Smart Phone"	\$123,395.00	No
MS11060	Rowland Unified School District	8/17/2012	1/16/2019		\$175,000.00	\$0.00	New Limited Access CNG Station	\$175,000.00	No
MS11061	Eastern Municipal Water District	3/29/2012	5/28/2015		\$11,659.00	\$1,450.00	Retrofit One Off-Road Vehicle under Showc	\$10,209.00	No
MS11062	Load Center	9/7/2012	1/6/2016		\$194,319.00	\$0.00	Retrofit Six Off-Road Vehicles under Showc	\$194,319.00	No
MS11064	City of Hawthorne	7/28/2012	8/27/2018	8/27/2019	\$175,000.00	\$0.00	New Limited Access CNG Station	\$175,000.00	No
MS11065	Temecula Valley Unified School Distr	8/11/2012	1/10/2019		\$50,000.00	\$0.00	Expansion of Existing CNG Station	\$50,000.00	No
MS11066	Torrance Unified School District	11/19/2012	9/18/2018		\$42,296.00	\$0.00	Expansion of Existing CNG Station	\$42,296.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS11067	City of Redlands	5/24/2012	11/23/2018		\$85,000.00	\$0.00	Expansion of Existing CNG Station	\$85,000.00	No
MS11068	Ryder System Inc.	7/28/2012	10/27/2018		\$175,000.00	\$0.00	New Public Access L/CNG Station (Fontana	\$175,000.00	No
MS11069	Ryder System Inc.	7/28/2012	8/27/2018		\$175,000.00	\$157,500.00	New Public Access L/CNG Station (Orange)	\$17,500.00	No
MS11071	City of Torrance Transit Department	12/22/2012	1/21/2019		\$175,000.00	\$0.00	New Limited Access CNG Station	\$175,000.00	No
MS11076	SA Recycling, LLC	5/24/2012	9/23/2015		\$424,801.00	\$0.00	Retrofit of 13 Off-Road Diesel Vehicles with	\$424,801.00	No
MS11079	Bear Valley Unified School District	2/5/2013	10/4/2019		\$175,000.00	\$0.00	New Limited Access CNG Station	\$175,000.00	No
MS11081	Metropolitan Stevedore Company	9/7/2012	1/6/2016		\$45,416.00	\$0.00	Install DECS on Two Off-Road Vehicles	\$45,416.00	No
MS11082	Baumot North America, LLC	8/2/2012	12/1/2015		\$65,958.00	\$0.00	Install DECS on Four Off-Road Vehicles	\$65,958.00	No
MS11086	DCL America Inc.	6/7/2013	10/6/2016		\$500,000.00	\$0.00	Retrofit Eight H.D. Off-Road Vehicles Under	\$500,000.00	No
MS11087	Cemex Construction Material Pacific,	10/16/2012	2/15/2016		\$448,766.00	\$0.00	Retrofit 13 H.D. Off-Road Vehicles Under Sh	\$448,766.00	No
MS11091	California Cartage Company, LLC	4/5/2013	8/4/2016		\$55,000.00	\$0.00	Retrofit Two H.D. Off-Road Vehicles Under	\$55,000.00	No
MS11092	Griffith Company	2/5/2013	6/4/2016		\$390,521.00	\$0.00	Retrofit 18 H.D. Off-Road Vehicles Under Sh	\$390,521.00	No

**Total: 48**

#### Pending Execution Contracts

ML11024	County of Los Angeles Department o				\$150,000.00	\$0.00	Purchase 5 Nat. Gas H.D. Vehicles	\$150,000.00	No
ML11025	County of Los Angeles Department o				\$150,000.00	\$0.00	Purchase 5 Nat. Gas H.D. Vehicles	\$150,000.00	No
MS11008	USA Waste of California, Inc.				\$125,000.00	\$0.00	Expansion of Existing LCNG Station	\$125,000.00	No
MS11009	Waste Management Collection and				\$125,000.00	\$0.00	Expansion of Existing LCNG Station	\$125,000.00	No
MS11073	Los Angeles Unified School District				\$175,000.00	\$0.00	Expansion of Existing CNG Station	\$175,000.00	No
MS11084	Ivanhoe Energy Services and Develo				\$66,750.00	\$0.00	Retrofit One H.D. Off-Road Vehicle Under S	\$66,750.00	No
MS11085	City of Long Beach Fleet Services B				\$159,012.00	\$0.00	Retrofit Seven H.D. Off-Road Vehicles Unde	\$159,012.00	No

**Total: 7**

#### Declined/Cancelled Contracts

MS11013	Go Natural Gas, Inc.				\$150,000.00	\$0.00	New CNG Station - Huntington Beach	\$150,000.00	No
MS11014	Go Natural Gas, Inc.				\$150,000.00	\$0.00	New CNG Station - Santa Ana	\$150,000.00	No
MS11015	Go Natural Gas, Inc.				\$150,000.00	\$0.00	New CNG Station - Inglewood	\$150,000.00	No
MS11046	Luis Castro				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11047	Ivan Borjas				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11048	Phase II Transportation				\$1,080,000.00	\$0.00	Repower 27 Heavy-Duty Vehicles	\$1,080,000.00	No
MS11049	Ruben Caceras				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11050	Carlos Arrue				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11051	Francisco Vargas				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11053	Jose Ivan Soltero				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11054	Albino Meza				\$40,000.00	\$0.00	Repower One Heavy-Duty Vehicle	\$40,000.00	No
MS11059	Go Natural Gas				\$150,000.00	\$0.00	New Public Access CNG Station - Paramou	\$150,000.00	No
MS11063	Standard Concrete Products				\$310,825.00	\$0.00	Retrofit Two Off-Road Vehicles under Show	\$310,825.00	No
MS11070	American Honda Motor Company				\$100,000.00	\$0.00	Expansion of Existing CNG Station	\$100,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS11072	Trillium USA Company DBA Californi				\$150,000.00	\$0.00	New Public Access CNG Station	\$150,000.00	No
MS11077	DCL America Inc.				\$263,107.00	\$0.00	Retrofit of 13 Off-Road Diesel Vehicles with	\$263,107.00	No
MS11083	Cattrac Construction, Inc.				\$500,000.00	\$0.00	Install DECS on Eight Off-Road Vehicles	\$500,000.00	No
MS11088	Diesel Emission Technologies				\$32,750.00	\$0.00	Retrofit Three H.D. Off-Road Vehicles Under	\$32,750.00	No
MS11089	Diesel Emission Technologies				\$9,750.00	\$0.00	Retrofit One H.D. Off-Road Vehicle Under S	\$9,750.00	No
MS11090	Diesel Emission Technologies				\$14,750.00	\$0.00	Retrofit One H.D. Off-Road Vehicle Under S	\$14,750.00	No

**Total: 20**

#### Closed Contracts

ML11007	Coachella Valley Association of Gov	7/29/2011	7/28/2012		\$250,000.00	\$249,999.96	Regional PM10 Street Sweeping Program	\$0.04	Yes
ML11035	City of La Quinta	11/18/2011	11/17/2012		\$25,368.00	\$25,368.00	Retrofit 3 On-Road Vehicles w/DECS	\$0.00	Yes
MS11002	A-Z Bus Sales, Inc.	7/15/2011	12/31/2011	6/30/2013	\$1,705,000.00	\$1,705,000.00	Alternative Fuel School Bus Incentive Progr	\$0.00	Yes
MS11003	BusWest	7/26/2011	12/31/2011	12/31/2012	\$1,305,000.00	\$1,305,000.00	Alternative Fuel School Bus Incentive Progr	\$0.00	No
MS11018	Orange County Transportation Autho	10/14/2011	1/31/2012		\$211,360.00	\$211,360.00	Express Bus Service to Orange County Fair	\$0.00	Yes
MS11052	Krisda Inc	9/27/2012	6/26/2013		\$120,000.00	\$120,000.00	Repower Three Heavy-Duty Vehicles	\$0.00	Yes
MS11057	Riverside County Transportation Co	7/28/2012	3/27/2013		\$100,000.00	\$89,159.40	Develop and Implement 511 "Smart Phone"	\$10,840.60	No
MS11074	SunLine Transit Agency	5/11/2012	7/31/2012		\$41,849.00	\$22,391.00	Transit Service for Coachella Valley Festival	\$19,458.00	Yes
MS11080	Southern California Regional Rail Au	4/6/2012	7/31/2012		\$26,000.00	\$26,000.00	MetroLink Service to Auto Club Speedway	\$0.00	Yes

**Total: 9**

#### Open/Complete Contracts

ML11028	City of Glendale	1/13/2012	5/12/2018		\$300,000.00	\$300,000.00	Purchase 10 H.D. CNG Vehicles	\$0.00	Yes
ML11030	City of Fullerton	2/3/2012	3/2/2018		\$109,200.00	\$109,200.00	Purchase 2 Nat. Gas H.D. Vehicles, Retrofit	\$0.00	No
ML11031	City of Culver City Transportation De	12/2/2011	12/1/2018		\$300,000.00	\$300,000.00	Purchase 10 H.D. Nat. Gas Vehicles	\$0.00	No
ML11039	City of Ontario	1/27/2012	9/26/2018		\$180,000.00	\$180,000.00	Purchase 6 Nat. Gas H.D. Vehicles	\$0.00	No
MS11017	CR&R, Inc.	3/2/2012	2/1/2018		\$100,000.00	\$100,000.00	Expansion of existing station - Garden Grov	\$0.00	Yes

**Total: 5**

## FY 2011-2012 Contracts

#### Open Contracts

ML12013	City of Pasadena	10/19/2012	3/18/2015		\$200,000.00	\$0.00	Electric Vehicle Charging Infrastructure	\$200,000.00	No
ML12015	City of Fullerton	4/25/2013	11/24/2020		\$40,000.00	\$0.00	HD CNG Vehicle, Expand CNG Station, & In	\$40,000.00	No
ML12016	City of Cathedral City	1/4/2013	10/3/2019		\$60,000.00	\$0.00	CNG Vehicle & Electric Vehicle Infrastructur	\$60,000.00	No
ML12017	City of Los Angeles, Bureau of Sanit	6/26/2013	5/25/2020		\$950,000.00	\$0.00	32 H.D. Nat. Gas Vehicles	\$950,000.00	No
ML12020	City of Los Angeles, Department of	9/27/2012	3/26/2019		\$450,000.00	\$0.00	15 H.D. Nat. Gas Vehicles	\$450,000.00	No
ML12021	City of Rancho Cucamonga	9/14/2012	1/13/2020		\$40,000.00	\$0.00	Four Medium-Duty Nat. Gas Vehicles	\$40,000.00	No
ML12037	Coachella Valley Association of Gov	3/14/2013	3/13/2014		\$250,000.00	\$250,000.00	Street Sweeping Operations	\$0.00	No
ML12039	City of Redlands	2/8/2013	10/7/2019		\$90,000.00	\$0.00	Three Heavy-Duty Nat. Gas Vehicles	\$90,000.00	No
ML12042	City of Chino Hills	1/18/2013	3/17/2017		\$87,500.00	\$0.00	Expansion of Existing CNG Station	\$87,500.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML12043	City of Hemet	6/24/2013	9/23/2019		\$60,000.00	\$0.00	Two Heavy-Duty Nat. Gas Vehicles	\$60,000.00	No
ML12047	City of Orange	2/1/2013	1/31/2019		\$30,000.00	\$0.00	One Heavy-Duty Nat. Gas Vehicle	\$30,000.00	No
ML12048	City of La Palma	1/4/2013	11/3/2018		\$20,000.00	\$0.00	Two Medium-Duty LPG Vehicles	\$20,000.00	No
ML12050	City of Baldwin Park	4/25/2013	4/24/2014		\$463,650.00	\$0.00	EV Charging Infrastructure	\$463,650.00	No
ML12052	City of Whittier	3/14/2013	7/13/2019		\$165,000.00	\$0.00	Expansion of Existing CNG Station	\$165,000.00	No
ML12056	City of Cathedral City	3/26/2013	5/25/2014		\$25,000.00	\$0.00	Regional Street Sweeping Program	\$25,000.00	No
MS12001	Los Angeles County MTA	7/1/2012	4/30/2013		\$300,000.00	\$0.00	Clean Fuel Transit Service to Dodger Stadium	\$300,000.00	No
MS12002	Orange County Transportation Authority	9/7/2012	4/30/2013		\$342,340.00	\$333,185.13	Express Bus Service to Orange County Fair	\$9,154.87	No
MS12005	USA Waste of California, Inc.	10/19/2012	8/18/2013		\$75,000.00	\$0.00	Vehicle Maintenance Facility Modifications	\$75,000.00	No
MS12006	Waste Management Collection and	10/19/2012	8/18/2013		\$75,000.00	\$0.00	Vehicle Maintenance Facility Modifications	\$75,000.00	No
MS12008	Bonita Unified School District	7/12/2013	12/11/2019		\$175,000.00	\$0.00	Construct New Limited-Access CNG Station	\$175,000.00	No
MS12010	Murrieta Valley Unified School District	4/5/2013	9/4/2019		\$244,000.00	\$0.00	Construct New Limited-Access CNG Station	\$244,000.00	No
MS12011	Southern California Gas Company	6/14/2013	6/13/2019		\$150,000.00	\$0.00	Construct New Public-Access CNG Station -	\$150,000.00	No
MS12012	Rim of the World Unified School District	12/20/2012	5/19/2014		\$75,000.00	\$0.00	Vehicle Maintenance Facility Modifications	\$75,000.00	No
MS12024	Southern California Gas Company	6/13/2013	12/12/2019		\$150,000.00	\$0.00	Construct New Public-Access CNG Station -	\$150,000.00	No
MS12025	Silverado Stages, Inc.	11/2/2012	7/1/2018		\$150,000.00	\$0.00	Purchase Six Medium-Heavy Duty Vehicles	\$150,000.00	No
MS12026	U-Haul Company of California	3/14/2013	3/13/2019		\$500,000.00	\$0.00	Purchase 15 Medium-Heavy Duty Vehicles	\$500,000.00	No
MS12027	C.V. Ice Company, Inc.	5/17/2013	11/16/2019		\$75,000.00	\$0.00	Purchase 3 Medium-Heavy Duty Vehicles	\$75,000.00	No
MS12028	Dy-Dee Service of Pasadena, Inc.	12/22/2012	1/21/2019		\$45,000.00	\$18,000.00	Purchase 2 Medium-Duty and 1 Medium-Heavy	\$27,000.00	No
MS12029	Community Action Partnership of Orange	11/2/2012	11/1/2018		\$25,000.00	\$14,850.00	Purchase 1 Medium-Heavy Duty Vehicle	\$10,150.00	No
MS12031	Final Assembly, Inc.	11/2/2012	11/1/2018		\$100,000.00	\$29,201.40	Purchase 4 Medium-Heavy Duty Vehicles	\$70,798.60	No
MS12032	Fox Transportation	12/14/2012	12/13/2018		\$500,000.00	\$500,000.00	Purchase 20 Medium-Heavy Duty Vehicles	\$0.00	No
MS12033	Mike Diamond/Phace Management	12/22/2012	12/21/2018		\$500,000.00	\$21,735.00	Purchase 20 Medium-Heavy Duty Vehicles	\$478,265.00	No
MS12034	Ware Disposal Company, Inc.	11/2/2012	11/1/2018		\$195,000.00	\$74,763.00	Purchase 2 Medium-Duty and 7 Medium-Heavy	\$120,237.00	No
MS12035	Disneyland Resort	1/4/2013	7/3/2019		\$25,000.00	\$17,010.00	Purchase 1 Medium-Heavy Duty Vehicle	\$7,990.00	No
MS12036	Jim & Doug Carter's Automotive/VS	1/4/2013	11/3/2018		\$50,000.00	\$45,000.00	Purchase 2 Medium-Heavy Duty Vehicles	\$5,000.00	No
MS12058	Krisda Inc	4/24/2013	1/23/2019		\$25,000.00	\$25,000.00	Repower One Heavy-Duty Off-Road Vehicle	\$0.00	No
MS12059	Orange County Transportation Authority	2/28/2013	12/27/2014		\$75,000.00	\$0.00	Maintenance Facility Modifications	\$75,000.00	No
MS12062	Fraser Communications	12/7/2012	5/31/2014		\$998,669.00	\$67,093.20	Develop & Implement "Rideshare Thursday"	\$931,575.80	No
MS12064	Anaheim Transportation Network	3/26/2013	12/31/2014		\$127,296.00	\$0.00	Implement Anaheim Circulator Service	\$127,296.00	No
MS12068	Southern California Regional Rail Authority	3/1/2013	9/30/2013		\$57,363.00	\$0.00	Implement Metrolink Service to Autoclub Sp	\$57,363.00	No
MS12071	Transit Systems Unlimited, Inc.	5/17/2013	12/16/2018		\$21,250.00	\$19,125.00	Expansion of Existing CNG Station	\$2,125.00	No
MS12072	99 Cents Only Stores	4/5/2013	9/4/2019		\$100,000.00	\$0.00	Construct New CNG Station	\$100,000.00	No
MS12074	Arcadia Unified School District	7/5/2013	9/4/2019		\$175,000.00	\$0.00	Expansion of Existing CNG Infrastructure	\$175,000.00	No
MS12076	City of Ontario	3/8/2013	4/7/2015		\$75,000.00	\$0.00	Maintenance Facilities Modification	\$75,000.00	No
MS12077	City of Coachella	6/14/2013	6/13/2020		\$225,000.00	\$0.00	Construct New CNG Station	\$225,000.00	No
MS12085	Bear Valley Unified School District	4/25/2013	6/24/2014		\$75,000.00	\$0.00	Maintenance Facility Modifications	\$75,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS12086	SuperShuttle International, Inc.	3/26/2013	3/25/2019		\$225,000.00	\$0.00	Purchase 23 Medium-Heavy Duty Vehicles	\$225,000.00	No
MS12Hom	Mansfield Gas Equipment Systems				\$296,000.00	\$0.00	Home Refueling Apparatus Incentive Progra	\$296,000.00	No
<b>Total: 48</b>									
<b>Pending Execution Contracts</b>									
ML12014	City of Santa Ana				\$384,000.00	\$0.00	9 H.D. Nat. Gas & LPG Trucks, EV Charging	\$384,000.00	No
ML12018	City of West Covina				\$300,000.00	\$0.00	Expansion of Existing CNG Station	\$300,000.00	No
ML12019	City of Palm Springs				\$38,000.00	\$0.00	EV Charging Infrastructure	\$38,000.00	No
ML12022	City of La Puente				\$80,000.00	\$0.00	7 Med. & Heavy-Duty Nat. Gas Vehicles	\$80,000.00	No
ML12023	County of Los Angeles Internal Servi				\$250,000.00	\$0.00	EV Charging Infrastructure	\$250,000.00	No
ML12041	City of Anaheim Public Utilities Depa				\$68,977.00	\$0.00	EV Charging Infrastructure	\$68,977.00	No
ML12044	County of San Bernardino Public Wo				\$250,000.00	\$0.00	Install New CNG Station	\$250,000.00	No
ML12045	City of Baldwin Park				\$400,000.00	\$0.00	Install New CNG Station	\$400,000.00	No
ML12046	City of Irvine				\$30,000.00	\$0.00	One Heavy-Duty Nat. Gas Vehicle	\$30,000.00	No
ML12049	City of Rialto Public Works				\$57,958.00	\$0.00	EV Charging Infrastructure	\$57,958.00	No
ML12051	City of Bellflower				\$270,000.00	\$0.00	EV Charging Infrastructure	\$270,000.00	No
ML12053	City of Mission Viejo				\$60,000.00	\$0.00	EV Charging Infrastructure	\$60,000.00	No
ML12054	City of Palm Desert				\$77,385.00	\$0.00	EV Charging Infrastructure	\$77,385.00	No
ML12057	City of Coachella				\$57,456.00	\$0.00	Purchase One Nat. Gas H.D. Vehicle/Street	\$57,456.00	No
ML12066	City of Manhattan Beach				\$15,202.00	\$0.00	Electric Vehicle Charging Infrastructure	\$15,202.00	No
MS12004	USA Waste of California, Inc.				\$175,000.00	\$0.00	Construct New Limited-Access CNG Station	\$175,000.00	No
MS12009	Sysco Food Services of Los Angeles				\$150,000.00	\$0.00	Construct New Public-Access CNG Station	\$150,000.00	No
MS12060	City of Santa Monica				\$500,000.00	\$0.00	Transit-Oriented Bicycle Sharing Program	\$500,000.00	No
MS12061	Orange County Transportation Autho				\$224,000.00	\$0.00	Transit-Oriented Bicycle Sharing Program	\$224,000.00	No
MS12063	Custom Alloy Light Metals, Inc.				\$100,000.00	\$0.00	Install New Limited Access CNG Staiton	\$100,000.00	No
MS12065	Orange County Transportation Autho				\$43,933.00	\$0.00	Ducks Express Service to Honda Center	\$43,933.00	No
MS12067	Leatherwood Construction, Inc.				\$122,719.00	\$0.00	Retrofit Six Vehicles w/DECS - Showcase III	\$122,719.00	No
MS12069	City of Irvine				\$45,000.00	\$0.00	Implement Shuttle Service to Orange Count	\$45,000.00	No
MS12070	Valley Music Travel				\$99,000.00	\$0.00	Implement Shuttle Service to Coachella Mus	\$99,000.00	No
MS12073	FirstCNG, LLC				\$150,000.00	\$0.00	Construct New CNG Station	\$150,000.00	No
MS12075	CR&R Incorporated				\$100,000.00	\$0.00	Expansion of Existing CNG Infrastructure	\$100,000.00	No
MS12078	Penske Truck Leasing Co., L.P.				\$75,000.00	\$0.00	Maintenance Facility Modifications - Vernon	\$75,000.00	No
MS12079	Penske Truck Leasing Co., L.P.				\$75,000.00	\$0.00	Maintenance Facility Modifications - Boyle H	\$75,000.00	No
MS12080	City of Pasadena				\$225,000.00	\$0.00	Expansion of Existing CNG Infrastructure	\$225,000.00	No
MS12081	Penske Truck Leasing Co., L.P.				\$75,000.00	\$0.00	Maintenance Facility Modifications - Santa A	\$75,000.00	No
MS12082	City of Los Angeles, Bureau of Sanit				\$175,000.00	\$0.00	Install New CNG Infrastructure	\$175,000.00	No
MS12083	Brea Olinda Unified School District				\$59,454.00	\$0.00	Install New CNG Infrastructure	\$59,454.00	No
MS12084	Airport Mobil Inc.				\$150,000.00	\$0.00	Install New CNG Infrastructure	\$150,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS12087	Los Angeles County MTA				\$125,000.00	\$0.00	Implement Rideshare Incentives Program	\$125,000.00	No
MS12088	Orange County Transportation Autho				\$125,000.00	\$0.00	Implement Rideshare Incentives Program	\$125,000.00	No
MS12089	Riverside County Transportation Co				\$250,000.00	\$0.00	Implement Rideshare Incentives Program	\$250,000.00	No

**Total: 36**

**Declined/Cancelled Contracts**

ML12038	City of Long Beach Public Works				\$26,000.00	\$0.00	Electric Vehicle Charging Infrastructure	\$26,000.00	No
ML12040	City of Duarte Transit				\$30,000.00	\$0.00	One Heavy-Duty Nat. Gas Vehicle	\$30,000.00	No
MS12007	WestAir Gases & Equipment				\$100,000.00	\$0.00	Construct New Limited-Access CNG Station	\$100,000.00	No
MS12030	Complete Landscape Care, Inc.				\$150,000.00	\$0.00	Purchase 6 Medium-Heavy Duty Vehicles	\$150,000.00	No

**Total: 4**

**Closed Contracts**

MS12003	Orange County Transportation Autho	7/20/2012	2/28/2013		\$234,669.00	\$167,665.12	Implement Metrolink Service to Angel Stadiu	\$67,003.88	Yes
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**Total: 1**

**Open/Complete Contracts**

ML12055	City of Manhattan Beach	3/1/2013	12/31/2018		\$10,000.00	\$10,000.00	One Medium-Duty Nat. Gas Vehicle	\$0.00	Yes
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**Total: 1**

**FY 2012-2014 Contracts**

**Pending Execution Contracts**

MS14001	Los Angeles County MTA				\$1,169,000.00	\$0.00	Clean Fuel Transit Service to Dodger Stadiu	\$1,169,000.00	No
MS14002	Orange County Transportation Autho				\$576,833.00	\$0.00	Clean Fuel Transit Service to Orange Count	\$576,833.00	No
MS14003	Orange County Transportation Autho				\$194,235.00	\$0.00	Implement Metrolink Service to Angel Stadiu	\$194,235.00	No
MS14004	Orange County Transportation Autho				\$36,800.00	\$0.00	Implement Express Bus Service to Solar De	\$36,800.00	No

**Total: 4**

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 30

REPORT: California Air Resources Board Monthly Meeting

SYNOPSIS: The California Air Resources Board met on July 25, 2013 in Sacramento. The following is a summary of this meeting.

RECOMMENDED ACTION:  
Receive and file.

Judith Mitchell, Member  
SCAQMD Governing Board

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The Air Resources Board's (ARB or Board) July meeting was held on July 25 in Sacramento, at the California Environmental Protection Agency Headquarters Building. Key items presented are summarized below.

**1. Public Hearing to Consider Amendments to Certification and Test Procedures for Vapor Recovery Systems at Gasoline Dispensing Facilities and Cargo Tanks**

The Board approved amendments to certification and test procedures for vapor recovery equipment used on cargo tanks and at gasoline dispensing facilities. The amendments address technical deficiencies with current test procedures and reduce the regulatory burden on cargo tank operators but do not impose new performance standards or specifications.

**SCAQMD Staff Comments/Testimony:** SCAQMD staff provided written comments and oral testimony expressing concerns regarding the application of the proposed test procedures when applied to single-walled aboveground storage tanks and requested that this element of the proposed amendments be delayed to develop an alternative testing protocol. CARB staff indicated that they will work with the SCAQMD staff and other air districts to address this issue. SCAQMD staff urged the adoption of the remainder of the proposed amendments. The Amendments were adopted.

## **2. Public Hearing to Consider the Adoption of the Regulatory Proposal to Determine and Control Evaporative Emissions from Off-Highway Recreational Vehicles**

The Board approved a proposal for controlling evaporative emissions from off-highway recreational vehicles, including off-road motorcycles, all-terrain vehicles, sand cars, and specialty vehicles. The new standard will significantly reduce evaporative emissions from these vehicles, especially during storage periods.

**SCAQMD Staff Comments/Testimony:** Off-highway recreational vehicles include off-road motorcycles, all-terrain vehicles, sand cars, and specialty vehicles. The proposed regulation sets a 1.0 gram/day total organic gas diurnal emissions standard that will significantly reduce evaporative emissions from these vehicles, especially during periods when the vehicles are stored. CARB estimates that 72% of the hydrocarbon emissions associated with these vehicles is from storage of the vehicles. The estimated VOC reductions for the South Coast Air Basin are around 1.0 ton/day.

Currently, off-highway recreational vehicles can be issued a red or green sticker from the DMV. Red sticker vehicles do not meet as stringent exhaust emission requirements and can only be used during special events, the non-ozone seasons (fall, winter, and spring) or in parts of the state where ozone is not a problem. The regulation as originally proposed in June 2013 would apply to all vehicles independent of red or green sticker designation. However, at the Board meeting, CARB staff recommended to exclude “red-stickered” off-road recreational vehicles from the proposed regulation. The vehicles would be considered in a future rulemaking.

Staff provided comments in support of the original proposal and expressed concerns with the proposed exclusion of the “red-stickered” vehicles. Staff indicated that if the “red-stickered” vehicles are excluded, there is a need to include provisions to ensure that this category will be covered in a future rulemaking or a commitment that this category will be revisited as part of the Adoption Resolution. A commitment was made through the Adoption Resolution with an addition that the category of vehicles will be brought back to the Board by the end of 2015.

## **3. Public Meeting to Consider the Approval of the Proposed Assembly Bill 118 Air Quality Improvement Program Funding Plan for Fiscal Year 2013-14**

The Board approved the proposed Air Quality Improvement Program Funding Plan for Fiscal Year 2013-14. The Plan allocates most of the \$35 million identified in the State budget for the program to continue incentives for the purchase of zero-emission passenger cars and new hybrid and zero-emission trucks and buses. A portion of funding is also allocated to advanced technology demonstration projects and a loan guarantee



program for on-road trucks.

**SCAQMD Staff Comments/Testimony:** CARB staff proposed a funding plan for Fiscal Year 2013-14 Air Quality Improvement Program (AQIP). AQIP, created under Assembly Bill 118 (2007), provides incentive funding through 2015 for clean vehicle and equipment projects. The funding plan provides recommendations for allocating up to \$25 million identified in the Governor’s proposed Budget for AQIP. The recommended allocation of the \$25 million was directed to incentives for the purchase of zero-emission passenger cars (\$10 million) and new hybrid and zero-emission trucks and buses (\$5 million). A portion of funding was proposed for advanced technology demonstration projects (\$3 million) and a loan guarantee program for on-road trucks (\$2 million) with \$5 million in reserves. To provide greater flexibility, a small portion of funding will not be initially allocated so that funding can be assigned to projects as important needs are identified.

Staff provided testimony in support of the proposed allocations and requested that projects listed as a second tier from the priority projects proposed under the “Advanced Technology Demonstration/Testing” category be considered along with the priority projects. CARB staff proposed that priority be placed on demonstration projects related to locomotives and marine vessels. If additional funds become available, CARB staff proposed that other advanced technology projects be considered through a public process. These categories include Advanced Freight Transport, Hybrid and Other Advanced Locomotive Technologies, Advanced Ferries, Ground Support Equipment, Advanced Distribution Center Equipment, Advanced Off-Road Equipment Demonstration, Advanced Agricultural Equipment, and School Buses. Staff indicated that the SCAQMD have several zero-emission truck demonstrations and will be seeking information on advanced LNG locomotive technologies that are cleaner than the Tier 4 locomotive emissions standards. By including all of the topics for consideration, there will be an opportunity for various technology providers to propose projects earlier in the process rather than later. The CARB Board requested that all of the technology areas be included for consideration in this category. Boardmember Mitchell mentioned the overhead catenary truck project that the SCAQMD is cosponsoring.

#### **4. Public Meeting to Consider Adoption of Proposition 1B Program Funding Awards From Fiscal Year 2013-14 (Year 4) Funds to Reduce Emissions From Goods Movement and Updates to the Program Guidelines for Implementation**

The Board approved a list of grant awards for local agency projects based on funds received from the Spring 2013 Proposition 1B bond sale to reduce freight-related emissions in four priority trade corridors.

**SCAQMD Staff Comments/Testimony:** Staff made oral comments in support of the approval of the proposed funding awards and guidelines update to the Proposition 1B-Goods Movement Program. SCAQMD urged CARB to seek additional incentive funding, including for small and minority businesses through any available funding opportunities.

SCAQMD supported the proposed funding distribution among the participating air districts as it brings each air district's total share of funding in line with the overall allocations adopted by your Board at the commencement of this program.

SCAQMD also supported CARB staff's acceptance of CAPCOA's proposal related to the funding of small fleets of two and three trucks, where the second truck in fleets of two, and the second and third trucks in fleets of three can be replaced with Proposition 1B funds so long as the first truck is retrofitted by January 1, 2014.

Finally, SCAQMD urged the expedited issuance of the truck replacement solicitation for the timely implementation of the program through the awarded funds.

**Attachment**

CARB July 25, 2013 Meeting Agenda

**LOCATION:**

Air Resources Board  
Byron Sher Auditorium, Second Floor  
1001 I Street  
Sacramento, California 95814  
<http://www.calepa.ca.gov/EPAbldg/location.htm>

**PUBLIC MEETING AGENDA**

**July 25, 2013**

[Webcast](#)  
[Board Book](#)

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>

**July 25, 2013**  
**9:00 a.m.**

**DISCUSSION ITEMS:**

**Note:** The following agenda items may be heard in a different order at the Board meeting.

**Agenda Item #**

**13-7-2: Public Hearing to Consider Amendments to Certification and Test Procedures for Vapor Recovery Systems at Gasoline Dispensing Facilities and Cargo Tanks**

*Staff will present to the Board proposed amendments to certification and test procedures for vapor recovery equipment used on cargo tanks and at gasoline dispensing facilities. The proposed amendments will address technical deficiencies with current test procedures and will reduce the regulatory burden on cargo tank operators but will not impose any new performance standards or specifications. In addition, the presentation will provide an overview of the scope of benefits of the current vapor recovery program, as well as describe potential improvements to the program and additional rulemaking under consideration.*

[More Information](#)

[Staff Presentation](#)

**13-7-3: Public Hearing to Consider the Adoption of the Regulatory Proposal to Determine and Control Evaporative Emissions From Off-Highway Recreational Vehicles**

*Staff will present to the Board a proposal for controlling evaporative emissions from off-highway recreational vehicles. Off-highway recreational vehicles include off-road motorcycles, all-terrain vehicles, sand cars, and specialty vehicles. The proposal sets a 1 gram/day total organic gas diurnal emissions standard that will significantly reduce evaporative emissions from these vehicles, especially during storing periods.*

[More Information](#)

[Staff Presentation](#)

**13-7-5: Public Meeting to Consider the Approval of the Proposed Assembly Bill 118 Air Quality Improvement Program Funding Plan for Fiscal Year 2013-14**

*Staff will present to the Board the Proposed Air Quality Improvement Program (AQIP) Funding Plan for Fiscal Year 2013-14, which provides staff's recommendations for allocating up to*

\$35 million identified in the Governor's proposed Budget for AQIP. AQIP, created under Assembly Bill 118 (2007), provides incentive funding through 2015 for clean vehicle and equipment projects. Staff recommends directing most of the AQIP funding to continue incentives for the purchase of zero-emission passenger cars and new hybrid and zero-emission trucks and buses. A portion of funding would also be allocated to advanced technology demonstration projects and a loan guarantee program for on-road trucks. To provide greater flexibility, a small portion of funding will not be initially allocated so that funding can be assigned to projects as important needs are identified.

[More Information](#)

[Staff Presentation](#)

**13-7-6: Public Meeting to Consider Adoption of Proposition 1B Program Funding Awards From Fiscal Year 2013-14 (Year 4) Funds to Reduce Emissions From Goods Movement and Updates to the Program Guidelines for Implementation**

Staff will present to the Board for consideration a list of grant awards for local agency projects based on monies received from the Spring 2013 bond sale and any additional funds received in 2013 to reduce freight-related emissions in the four priority trade corridors.

[More Information](#)

[Staff Presentation](#)

**CLOSED SESSION**

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, and as authorized by Government Code section 11126(a):

*POET, LLC, et al. v. Goldstene, et al., Superior Court of California (Fresno County), Case No. 09CECG04850; plaintiffs' appeal, California Court of Appeal, Fifth District No. F064045.*

*Rocky Mountain Farmers Union, et al. v. Goldstene, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; interlocutory appeal, U.S. Court of Appeal, Ninth Circuit Nos. 09-CV-02234 and 10-CV-00163.*

*American Fuels and Petrochemical Manufacturing Associations, et al. v. Goldstene, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; interlocutory appeal, U.S. Court of Appeal, Ninth Circuit, Case Nos. 09-CV-02234 and 10-CV-00163.*

*Association of Irrigated Residents, et al. v. United States Environmental Protection Agency, 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; plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 13-15175.*

*California Construction Trucking Association v. United States Environmental Protection Agency, U.S. Court of Appeals, Ninth Circuit, Case No. 13-70562.*

*Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774.*

*Citizens Climate Lobby and Our Children's Earth Foundation v. California Air Resources Board, San Francisco Superior Court, Case No. CGC-12-519554, plaintiffs' appeal, California Court of Appeal, First District, No. A138830.*

*California Chamber of Commerce et al. v. California Air Resources Board, Sacramento Superior Court, Case 34-2012-80001313.*

*Morning Star Packing Company, et al. v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2013-800001464.*

*Delta Construction Company, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 11-1428.*

*City of Los Angeles through Department of Water and Power v. California Air Resources Board, et al., Los Angeles Superior Court, Case No. BS140620.*

#### **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 that 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 ELECTRONICALLY SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:**

<http://www.arb.ca.gov/lispub/comm/bclist.php>

(Note: not all agenda items are available for electronic submittals of written comments.)

#### **ONLINE SIGN-UP:**

**You can 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>

(Note: not all agenda items are available for online sign-up.)

#### **IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERK OF THE BOARD:**

**1001 I Street, 23<sup>rd</sup> Floor, Sacramento, California 95814  
(916) 322-5594**

**ARB Homepage: [www.arb.ca.gov](http://www.arb.ca.gov)**

### **SPECIAL ACCOMMODATION REQUEST**

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, 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 7 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alterno u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de 7 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

[↑ Back to Agenda](#)

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 31

PROPOSAL: California Fuel Cell Partnership Steering Team Meeting Summary and Quarterly Update 

SYNOPSIS: This report summarizes the California Fuel Cell Partnership Steering Team meeting held June 4, 2013 and provides quarterly update for the period beginning January 2013.

COMMITTEE: Technology, July 19, 2013; Reviewed

RECOMMENDED ACTIONS:

Receive and file the attached Steering Team meeting summary and quarterly update.

Clark E. Parker, Ph.D.  
SCAQMD Representative to CaFCP





on private investment. Catherine Dunwoody (CaFCP) noted that this analysis shows why private investment in early market needs greater support than other fuels. CaFCP staff has presented targeted material to potential stakeholders. CEC staff representative neither accepts nor rejects the draft report and his comments are only observational. EIN will hold a workshop to get stakeholder feedback, finalize the report, and determine next steps to implement such as CaFCP and others may publish follow-on pieces.

- During member updates, Clark Parker (SCAQMD) announced that CEC has proposed \$6.7 million funding to support hydrogen fueling station operation in southern California ( this was approved at the June 12, 2013 CEC business meeting), and the SCAQMD Technology Committee unanimously supported this effort.
- Morry Markowitz (FCHEA) provided an update about H2USA goals and activities. FCHEA is working with CaFCP and applying but optimizing activities nationally to support hydrogen infrastructure, fuel cell vehicles, identify financing, and document location characteristics.
- Ben Rubin (CA Office of Planning & Research) provided an update on tasks related to the Governor's ZEV Executive Order; the CA ZEV Action Plan and the Readiness Guidebook. The hydrogen and fuel cell vehicle information is being developed by stakeholders separately from the electricity and plug-in vehicle information, but both will be combined in the ZEV Readiness Guidebook, which is intended to be updated as a living document. CaFCP members were asked to review and provide feedback by June 14, 2013
- Catherine reviewed potential new members with the Steering Team and will continue mutually beneficial discussions and collaborations. CaFCP will continue to assess and consider optimum ways to increase public access.
- CaFCP members approved the February Decisions & Assignment, Progress to Goals report, and Budget to date.
- Bill Elrick (CaFCP) provided updates about projects to improve station performance, initiate the national Emergency Responders training plan, emphasized the need for funding for hydrogen station testing, and initial response to outreach about the Fuel Cell Bus Roadmap. Chris White (CaFCP) reviewed the new 2013 milestone chart used to track progress implementing Roadmap action items and mentioned that new staff member Elan Shore, based in Southern California, will be meeting with local elected officials to educate and inform them regarding community hydrogen readiness and update members regularly about planned contacts and results.
- Mike Kashuba (CARB), and Ron Nies (CDFR/DMS), presented a proposal to support hydrogen station type certification testing with potential funding in phases. A more detailed plan with more defined milestones will be developed and reviewed by the Executive committee.

- Mike Eaves (CleanEnergy) provided his perspective working for a natural gas retailer. He previously spoke about the possibility of co-developing natural gas (CNG) and hydrogen (H2) stations. Retailers might spend capital for H2 stations but offset H2 operating cost using revenue from CNG. A natural gas retailer like CleanEnergy would be looking for an anchor H2 tenant to provide about 75% of the load demand within one year and then look at the growth potential. CleanEnergy has 350 CNG stations in US. To add a new CNG station, CleanEnergy looks for return on investment in a maximum of two years. CleanEnergy built 70 LNG stations for \$110 million last year and plans to build 80 stations this year. Unfortunately, half of the LNG stations recently built are mothballed due to engine deployment delays. CleanEnergy isn't interested in clusters and they typically prefer to expand an existing site. Clean Energy doesn't currently look for and market fuel to retail natural gas vehicle customers; they focus on fleet marketing in industrial settings which is not a priority for early fuel cell passenger vehicle sales. Transportation is now part of most fleet/company sustainability plans. CNG stations are becoming more like retail gasoline stations, so station cost is not coming down.

The next CaFCP Steering Team meeting is scheduled for October 8-9, 2013 in Sacramento.

Additional information about the California Fuel Cell Partnership can be found at <http://www.fuelcellpartnership.org>.

### **Attachments**

CaFCP Quarterly Activity Report: January – March 2013

CaFCP Quarterly Activity Report: April – June 2013

**CaFCP Quarterly Update**  
January-March 2013

**Background**

The California Fuel Cell Partnership is a unique collaborative of auto manufacturers, energy companies, fuel cell technology companies, and government agencies, including SCAQMD. This report summarizes CaFCP activity in or related to Southern California, for January to March 2013.

In its fourth phase, 2013-2016, CaFCP members, individually or in groups, will focus on meeting these goals to achieve market launch:

- Prepare for larger-scale manufacturing, which encompasses cost reduction, supply chain and production.
- Work on the customer channel, including identifying and training dealers and service technicians.
- Reduce costs of station equipment, increase supply of renewable hydrogen at lower cost, and develop new retail station approaches.
- Support cost reduction through incentives and targeted RD&D projects
- Continue research, development and demonstration of advanced concepts in renewable and other low-carbon hydrogen.
- Provide education and outreach to the public and community stakeholders on the role of FCVs and hydrogen in the evolution to electric drive.

CaFCP and members' activities fall within three main strategic directions:

1. Proving that hydrogen and fuel cell vehicles are undeniable and necessary
2. Convincing the public
3. Adapting to new realities

To successfully implement the vision, CaFCP activities must focus on technical, communications and business operations/strategies that require collaboration and coordination. A detailed CaFCP implementation plan is available as a separate document.

**2013 CaFCP Program Plan**

Goal	Description	Milestones
<b>1. Facilitate member collaboration</b>		
The California Fuel Cell Partnership (CaFCP) facilitates members and stakeholder coordination on projects and activities of common interest in order to leverage resources, communicate progress, bring together new players, and overcome challenges more quickly than could be accomplished by individual action.		
1a. Operate and decommission WSS	Operate the WSS to support Sacramento area FCEVs and decommission after nine months	Q3: Develop decommissioning plan Q4: Finalize contract for decommissioning Q4: Station closed (Nov 30) Q4: Facilities restored to original
1c. Gain support for California fuel cell bus roadmap	Complete the California fuel cell bus roll out plan through 2017 and in 2013 will work to gain support for implementing the plan.	Q1: Present draft "FCEB in CA" to ST for review & approval Q1: Support execution of National FCEB workshop Q2: Execute Spring Bus Team meeting Q4: Support execution of International FCEB workshop Q4: Execute Fall Bus Team meeting
1d. Support Gov's ZEV Action plan	Support implementation by providing a forum and pathway for coordinated action among H2 FCV stakeholders	tbd (based on action plan)
1e. Develop innovative funding mechanisms for H2 infrastructure	Raise \$65M in additional incentive support for stations, and develop and analyze innovative funding mechanisms that may be more effective and efficient than current grant process	Q1: Phase II analysis by EIN Q2: Steering Team approves option(s) 2014: implement new mechanism(s)
<b>2. Support Station implementation</b>		
<i>CaFCP will monitor, coordinate and execute the activities to deploy stations for commercialization as outlined in the roadmap document.</i>		
2a. Transition ER training to a national program	Begin implementation of the national program to extend the reach of CaFCP's approach. The new focus will include as much on stations as on vehicles.	Q1: Execute/participate in Firehouse World Q2: National ER program plan complete Q2: Participate in DOE AMR Q3: Implementation of plan begins
2b. Improve station performance	To improve station performance, CaFCP conducts projects related to fill performance (e.g. to SAE J2601 and J2601/2), metering and dispenser certification, H2 quality, HVAAS and station commissioning. In 2013, member teams will continue to work towards specific tasks in these areas.	Q1: Engage contractor to do fuel modeling Q1: Present HVAAS nozzle design to SAE project team Q2: J2601 published as a standard Q2: J2601/2 final draft guidelines available Q4: J2601/2 publish draft guideline for FCEB Q4: DMS finalizes their method for dispenser validation

<p>2c. Integrate hydrogen into existing retail fuel market</p>	<p>Continue building relationships with fuel retailers and further reaching out into this supply chain and insurance companies to ensure that they are engaged and involved and hydrogen stations are deployed in early market communities.</p>	<p>Q1: Participate in WMPA National conference                  Q2: Complete and publish "Guide to Building Hydrogen Station"                  Q2: Conduct 1st Fueling the Future workgroup meeting; Q2: Participate in SIGMA Spring Convention                  Q3: Develop outreach materials &amp; participate in POC Annual conference                  Q4: Develop outreach materials &amp; participate in SIGMA Annual conference                  Q4: Conduct 2nd Fueling the Future workgroup meeting</p>
<p>2d. Accelerate station implementation</p>	<p>Identify and address key barriers and prepare recommendations to improve timeline to 68 stations.</p>	<p>Q1: Complete stakeholder meetings on SI Lessons Learned                  Q2: Develop draft Station Implementation Lessons Learned                  Q3: Develop draft Station Implementation improvements doc                  Q4: Implement identified actions</p>
<p><b>3. Implement hydrogen readiness</b>  <i>CaFCP will focus outreach in early market communities with a goal of easing station implementation, including community acceptance and accessibility of funding. The ultimate goal is to increase awareness and understanding of hydrogen and fuel cells, especially regarding progress and next steps in California, with government officials in Sacramento and Washington, D.C.</i></p>		
<p>3a. Conduct focused outreach in early market communities to prepare them for coming hydrogen stations</p>	<p>Build community readiness programs, deliver ER training and Permit workshops in early market communities, strengthen relationships with Clean Cities Coordinators, identify influencers and enroll them in Vehicle Loan Program (VLP).</p>	<p>Q2: Have 50 participants in the vehicle loan program                  Q2: First H2 readiness council in place                  Q1-Q4: Conduct 10 ER training and permitting workshops; begin transition to train the trainer                  Q1-Q4: Participate in 60 community events and meetings</p>
<p>3b. Create Road Map follow-up on materials (parallel white papers)</p>	<p>Working with project teams, write, publish and disseminate materials that support the messages of the road map.</p>	<p>Create and publish one Road Map related document per quarter</p>
<p>3c. Expand and extend CaFCP applications</p>	<p>In 2013 we will further expand the capabilities improving the functionality and usability of the station map, SOSS and CRM capabilities</p>	<p>Q2: Expand functionality of CRM                  Q3: Improve interactive map applications on CaFCP website                  Q4: Extend capabilities of SOSS to support station performance and implementation projects</p>

3d. Build support in Sacramento and Washington DC	Continue working with a consultant, Political Solutions, at the state level and with FCHEA in Washington DC to provide education and information at state and federal level to elected officials represent early market areas.	Q1: Complete strategy for reaching all newly elected officials Q2: Provide education and information to targeted officials Q2: Host or participate in two briefing sessions Q3: Revise legislative outreach plan
3e. Conduct high-value marketing and outreach	Participate in and sponsor conferences and expos primarily in California that reach our target audiences and further the message of the roadmap. Conduct a marketing campaign using social media to continue to build interest in FCVs and hydrogen	Q1-Q3: Speaking opportunities at 3-4 transportation conferences in US and overseas Q1-Q4: Conduct one social media campaign per quarter; post weekly blogs Q1-Q4: Participate in 10 targeted outreach events

## Q1 Progress and Milestones

Q1 Project Milestones	Start	End	Actual Start	Actual End	Done	Progress	Challenges	Metrics
<b>1a - WSS (Project Lead: Brandi Carranza)</b>								
Develop decommissioning plan	1/1	8/15				New rider for lease of Prax LH2 tank, effective Jan 2013. Upon WSS closure, CaFCP will pay for removal and return of LH2 tank, per original agreement.		
Operate station and stay within proposed budget for 9 months of operation	1/1	9/30				New station equipment status panel installed; DMS completed test sample collection; replacing burnt out fuses for compressor; 4/1 replacing 3rd stage suction and discharge pressure valves	Amount of station down time due to mechanical issues. Unscheduled maintenance for the year already over budget.	
<b>1b - Maintain Organization (Project Lead: Brandi Carranza)</b>								
EC Meeting	1/3	1/3	1/3	1/3	✓	Complete. Proton OnSite processed as an associate member and Cal State LA processed as an affiliate member.		1/3 complete
ST Meeting	2/12	2/13	2/12	2/13	✓			1/3 complete
Phase 4 SOI completely executed	1/1	3/31				EPA letter of agreement approved by ST and signed by CaFCP. CEC has proposed letter of agreement.	DOT still not confirmed.	32/34 received
Maintain and support members	Q1	Q1				Met with BMW executives 3/13	CSULA will be providing web information after WG meeting. BMW not interested in joining CaFCP at this time	
March member newsletter out	3/1	3/31	3/1	3/25	✓	Changed to Executive Director's blog. Sent out March member newsletter.		
WG Meeting	3/6	3/7	3/6	3/7	✓	Mar WG Complete. Planning for May WG initiated.		

1c - Gain support for FCEB Roadmap (Project Lead: Nico Bouwkamp)							
Present draft for ST review and approval	2/12	2/13			✓	Presented to ST and approved with minor edits.	
Publish "FCEBs in CA" white paper	1/1	3/18		3/29	✓	Road Map FCEBs in CA and FCEB web page published. Submitted document to CEC IP '13-'14 docket. Created draft outreach plan. Preliminary outreach to stakeholders has begun (including legislators with transit-dependent constituencies who may not respond readily to the road map for light-duty vehicles). Finalizing Infographic to serve as handout to legislators. Messaging is being finalized for use in Q2.	Outreach has to be coordinated, so not to confuse audiences. In addition, make clear there is not a second "ask" from legislature, but that FCEBs for public transit is a different purpose. Possibility that legislators will view this as another ask for H2 vehicles.
Support execution of National FCEB workshop	1/1	3/31			✓	Supported FTA & CTE in organizing March 5 NFCBP in-person workshop in Oakland. Event was cancelled. Instead CTE organized NFCBP webinar with CaFCP support on March 18, over 100 attendees. Nico presented FCEB Roadmap.	March 5 workshop cancelled due to delayed Zbus regulatory workshop and non-commitment of speakers.
Support execution of International FCEB workshop	9/1	11/30	2/1	11/30		Supporting execution of Int'l FCEB workshop, Oct 15-17, Hamburg, Germany.	
1d - Support Gov's ZEV Action Plan (Project Lead: Catherine Dunwoody)							
H2 funding in 2013/14 AB118 Inv. Plan	1/1	2/1	1/1	6/1		\$20M H2 funding supported at 2/28 advisory committee mtg. Actual end date will be date CEC adopts 2013/14 investment plan.	
1e - Develop H2 infra funding mechanism (Project Lead: Catherine Dunwoody)							



Ground truth low volume cash flow, incentive structure, and network level funding analysis with Advisory Teams.	1/1	2/4	1/1	3/31	✓	Advisory committee meeting 3/27. Reviewed Market Assurance Grants (MAG) concept and received member input.	Initially EIN thought the low volume station and network funding would be near term stepping stones. It became evident these items do not need to be solved up front. While they are core to the analysis, getting the incentives structure right proved to be far more important (and challenging).	
Progress report and gain ST input	2/12	2/13			✓	Complete.		
Review final draft H2NIP	4/30	5/15						
Prep for and establish WG Agenda draft H2NIP Review	4/30	5/8						
Conduct stakeholder meetings	4/30	10/31						

**2a - ER national program (Project Lead: Jennifer Hamilton)**

Development of SAE J2990/1 (ID technical committee)	1/1	12/31	1/9	12/31		Have had three monthly meetings: working to collaborate a single vehicle labeling requirement between J2578, J2990 and J2990/1	Meetings are monthly due to workloads from other SAE docs (at least through Q2).	3/12 complete
First Council meetings (stakeholders confirmed, committed)	1/1	3/31	1/7	5/31		Confirmed DOE support (not as project lead) for ntl template and discussed a path forward; in person meeting planned for AMR in May (5/13 evening)	Funding for stakeholders.	
Participate in Firehouse World	2/13	2/15	2/19	2/21	✓	Successful event with booth displays supported by Hyundai (FC Stack) and Daimler (F-Cell); spoke with some key individuals about ER training, National Plan and SAE doc	General attendance lower than in past years.	
Participate in AMR	5/13	5/17				scheduling side meetings and have review assignments in the Safety C&S		

2b - Improve station performance (Project Lead: Jennifer Hamilton)							
Engage contractor to do fuel modeling	1/1	3/31	1/8	??		4-hour workshop held on 1/24 - group agreed to a 'fall back' fueling method for over-temp on communication fills (Japanese OEMs and fuel providers); agreed to Alt Fueling Methods Appendix to include MC Method (Honda) and Cold Dispenser proposal (Daimler); continue with weekly meetings for the group; a document writing sub-group has been developed in parallel	A lot of parallel work being done: validation testing, table generation and document writing. Have not identified site yet, cannot send contractor until then.
Attend regular SAE meetings (FC Safety and FC Interface Working Groups)	1/1	12/31				attended March in-person meetings; potential extra in person meeting for J2601 draft document review in Apr; J2799 (vehicle to station communications) document under revision-will be written in 'code' language ; J2579 published; sub-team working on the J2601 document wording	US station (Emeryville) will test the new lookup tables TBD; still trying to reach the 3 min fueling (brainstorming and discussion within the FC Interface WG)
Present HVAS antenna design to project team	1/1	2/28	1/8	4/30		Ordered nozzle, which arrived at Thinkify on 1/18. Thinkify's schedule for execution of 2012 contracted work on HVAS antenna design for nozzle delayed project end. Thinkify provided progress report late Feb. Project team met Mar 11. Anticipated test site for Thinkify deliverables is Torrance pipeline station.	Due to delays with securing nozzle, new deadline for deliverables project is 4/30/13. Thinkify delays in delivering on dates indicated
Develop & publish SAE J2601/2 guideline for FCEB fueling	1/1	12/31				Draft J2601-2 bus fueling protocol posted on SAE web site for review. Completed meetings on Feb 19 and March 13. Next meeting Apr 10	

NREL delivers report to DMS on methods of dispenser validation	1/1	3/31	1/9	Q2		Getting hydrogen from the wind site, scale has been calibrated, started 35MPa fills with gravimetric test system – conducted some validation with 35MPa, are close to being able to use 70MPa to carry out all of the procedures.	
<b>2c - Fuel Retailers (Project Lead: Joe Gagliano)</b>							
Develop “Guide to Building Hydrogen Station”	3/15	5/15	-			Currently under review.	Will review and refine based on feedback from select stakeholders before making publicly available.
Engage workgroup around low-volume station topic	3/18	6/28	-			Initial conversations wk of 3/18 with attendees of FTF meeting. Engaged in initial industry analysis/overview. Developing summary overviews of existing H2 stations in CA.	May still not wish to have retailers meet until CFO, AB11/SB8 activity concludes.
Participate in WPMA (Q1) and POC (Q3) national conference	2/19	2/21		9/5		Participated in WPMA Feb 18-21. Complete. POC (Sept 3) approved the idea of a panel session, Ride&Drive and station tour. Staff must evaluate and finalize our presence at POC	1/2 complete
<b>2d - Accelerate station implementation (Project Lead: Nico Bouwkamp)</b>							
Complete stakeholder meetings on station implementation Lessons Learned	1/1	3/15		4/30		Developed questionnaire. First interviews completed.	Coordinate similar activities and interests from ARB and CEC.
Establish station timeline	1/1	3/31		4/30		Regularly updating timelines with funder/builder info. Will seek to add up/down time of open stations.	Difficult to obtain data from station developers & funders. Challenging to present diverse info in simple & useful format
Create status reports for ST and WG	1/1	3/31			✓	Provided update to Feb ST and March WG.	Limited information availability.
<b>3a - Early market comm. Outreach (Project Lead: Elan Shore)</b>							

H2 Readiness Plan completed	1/1	1/31	1/1	3/8	✓	Presented at Working Group		
Initial meetings with three stakeholder groups	1/1	2/28	1/1	3/1	✓	Completed: LAEDC, South Bay Cities COG, Torrance Chamber of Commerce Tech Pros	With meetings, events and legislative outreach and the Toyota vehicle in the VLP, having FCEVs available for outreach is an ongoing challenge.	3/3 complete
Present 8 ER training workshops	1/1	12/31				Possible LACounty Alt Fuel workshop (for CSU LA station); Corona Auto-X confirmed April 12		0/8 complete
Obtain one additional FCEV for VLP	1/1	3/31				Hyundai vehicle coming in May.	1) Working with Mercedes to identify way to work around once-a-year aspect of lease. 2) West Sac station problems delayed loan to next Sacramento participant.	
Celebrate first six drivers in VLP	1/1	3/31		Q2		Five drivers as of 3/31.		5/6 drivers
Establish one H2 Readiness Council	1/1	3/31	3/31	12/31		Initial outreach to community leaders started and will continue into Q2	Expected funding for H2 Readiness is now for "Centers for Alternative Fuels"	

**3b - Roadmap follow-up materials (Project Lead: Keith Malone)**

Publish Fuel Cell Bus Roadmap and condensed outreach piece	1/1	3/30			✓	Road map published, along with webpage, and preliminary outreach has begun.		
Gain agreement on next paper (envrionment) at Working Group		3/7			✓	Complete		
Create outline/wireframe for next piece	3/15	3/30			✓	Draft outline complete		
Final completed & ready for distribution	3/1	3/31			✓	Fuel cell bus road map, web page, infographic		
Promotion to stakeholders launched	3/14	3/31			✓	Complete		

3c - Expand and extend CaFCP applications (Project Lead: Ben Xiong)							
Approve CRM project	1/1	1/31	1/1	2/21	✓	Building internally with support from ImageXMedia	Considering ACT instead of CiviCRM.
Survey project teams for ArcGIS needs	1/1	1/31		Q3			Moved to Q3 because of staff change
Install CRM application	2/1	2/28	2/21	4/30		Building internally with support from ImageXMedia	
OEM survey completed for SOSS	2/1	2/28		Q2			Moved to Q2 because of staff shortage
Add more stations to SOSS			3/15	12/31			Test data is coming in from Harbor City. Need to confirm when we can set Harbor City live. Data isn't coming in from Emeryville. Linde working with IT to make it work.
Conduct usability & needs study of CaFCP station map	3/1	3/31		Q2			Moved to Q2 because of staff shortage
Rec's for Q2/Q3 ARCGis & station map projects and presented to team leads	3/1	3/31		Q2			Moved to Q2 because of staff shortage
SOSS Member survey completed	3/1	3/31		Q2			Moved to Q2 because of staff shortage
Future use of SOSS finalized	3/1	3/31		Q2			Moved to Q2 because of staff shortage
Audience and goals for SOSS finalized	3/1	3/31		Q2			Moved to Q2 because of staff shortage
Create CRM database and train staff	3/1	3/31		Q2			Moved to Q2 because of staff shortage
3d - Build support in Sac and Washington, DC (Project Lead: Keith Malone)							
Identify Q1 & Q2 DC events & activities	1/1	1/31		Q2	✓	Will present and participate at FCHEA briefing April 24 and at HTAC	SB 11 and AB 8 in Sacramento shifted attention away from DC activities.

Conduct legislative meetings DC in conjunction with ACORE	2/1	2/28			✓	Attended ACORE meeting in San Diego and participating on ACORE transportation committee	
Conduct Q1 briefing and ride & drive in Sacramento	2/1	2/28	12/1	2/14	✓	3 legislators and 29 legislative staff attended briefing and/or ride & drive, including representatives from the Governor's office and state and local agencies.	31 ppl
Conduct 1:1 meetings in Sacramento and districts	3/1	3/31	12/1	12/31		Continuous updating and expansion of tracking database to target for educational outreach.	40+
Submit quarterly review and Q2 plan	3/1	3/31			✓	Will continue Q1 outreach plan	

**3e - Conduct high value marketing & outreach (Project Lead: Juan Contreras)**

Speak 2-4 national/international conferences	1/31	12/31				TRB: Complete FC Expo: complete. Catherine to speak at CHFCA in Vancouver in June.	2/4 complete
Have a presence at major industry/non-industry conference and talk about CaFCP projects	1/2	6/12				Complete: SAE 2013 Hybrid & Electric Vehicle Technologies Symposium (Dan Sperling, Bill), VerdeExchange (Catherine)	2 complete
Exhibit at 2-4 major conferences	1/12	12/31		Q2		Confirmed SEMICON West and Alt Car Expo. Developing plan for Solar Decathlon	2/4 confirmed

Maintain website	1/1	12/31				Link fixes and other maintenance items ongoing. A Bus RM page online.	Files listed under "Learn more" aren't being counted. As a solution, documents are being moved to body of text, only external links are listed in Learn More.
Conduct high value marketing campaign (social media)	1/2	3/31	1/9			Moved to multi-blog format with good results	

**Other updates**

Ben Xiong	Trained new staff (Joe G. & Lun So) on MR, Citrix, computer uses. Trained Lun how to post on Public website and MR, setup email blasts on MyEmma and use Flickr. Emeryville station is online; working with Linde to get SOSS data transmitted properly. Second server crash this year; working on determining cause. 2 of 4 broken laptops fixed.						
Bill Elrick	Attended invitation-only DOE/ANL CSD workshop at Argonne. Arranging next OEM meeting.						
Brandi Carranza	Created and implemented new accounting system based on projects and new milestone tracking system (this document) for review on MR. Prepared for and commenced 2012 financial review. Completed 2012 financial review.						
Catherine Dunwoody	Working with CEC and CARB on open meetings issue. 2013 ZEV action plan released 2/5. DMS consortium starting to consider bill language to provide regulatory authority to DMS for alternative fuels, and potential funding sources for alt fuels.						
Chris White	Attended ACORE conference and participating in ACORE Transportation Committee. Brought Lun on board.						
Elan Shore	Initial meetings with several LA City officials.						
Jennifer Hamilton	Participated in SAE FC Interface WG in person meeting; J 2601-3 completed (to the 14d affirmation ballot); presented to the Sacramento Valley Building Officials; developing paper for ICHS 2013 (abstract accepted); confirmed vehicle support of Corona Auto-X (Apr. 12) with Daimler and Honda; participated in/gave updates to the NHFCCSCC and DOE CSTT meetings; supported Toyota TMC visitors and discussed a potential CaFCP project for repair facilities; updating the instructor slide presentation of the OSFM F-STEP Alt. Fuel Vehicle course;						

Juan Contreras                      Attended Congressman Garamendi's Transportation Committee Meeting and took part in the Mori Siski facility tour in Davis, CA. Participated in the Outreach Team Meeting and discussed upcoming events. Must create a project plan for Santa Monica Alt Car Expo and DOE Solar Decathlon and share with members by the next in-person WG Meeting in Southern California. The OT also agreed to meeting monthly to bring everyone up to speed on ALL current projects.

Keith Malone



Lun So                                      Started as the new Communication Specialist on March 11, 2013 and is currently working on the FCEBs Road Map Infographic design.

Nico Bouwkamp                      Supported DOE with CSD workshop organization at Argonne (March 20-21). Support planning dept outreach for San Juan Capistrano H2 station.



## Outreach Activities

During the quarter, CaFCP conducted the following activities in SCAQMD's region

Activity	Description	Picture
Christine Kehoe, PEV Collaborative, Jan. 9, 2013, Sacramento, CA	Catherine Dunwoody spoke about Roadmap	
The Think Clean, Go Clean! Festival Jan. 12, 2013, Torrance Cultural Art Center, Torrance, CA	CaFCP exhibited on the show floor. Reached 25 people	
Climate Palooza, Jan. 24, 2013, USC. Annenberg School for Comm. Los Angeles, CA	CaFCP displayed a Toyota FCHV-adv. Reached 100 people	
Verde Xchange, Feb. 4, 2013, Omni Hotel, Los Angeles, CA	Catherine Dunwoody spoke about Roadmap to 40 people in attendance	
CUPA Training, Feb. 7, 2013, Garden Grove Hyatt, Garden Grove CA	Jennifer Hamilton, Jay Keller and Carl Rivkin spoke about hydrogen safety and fueling to 100 local safety officials	
Legislative Briefing & Ride&Drive event, Feb. 14, 2013, State Capitol, Sacramento, CA	CaFCP members spoke about the Roadmap. Gave test drives 52 people.	
Western Petroleum Marketers Association Conf&Expo, Feb. 19-21, 2013, Las Vegas, NV	CaFCP exhibited on the show floor. Reached 150 people in attendance	
Firehouse World, Feb. 19-21, 2013, San Diego, CA	CaFCP exhibited on the show floor. Reached 168 first responders	

<p>TechPros Luncheon Torrance Chamber of Commerce Event, Feb. 27, 2013, Torrance, CA</p>	<p>Elan Shore spoke about H2 Readiness to 40 people in attendance</p>	
<p>CleanTech OC 3rd Anniversary, Feb. 27, 2013, Costa Mesa, CA</p>	<p>CaFCP exhibited at the event for 30 local business leaders</p>	
<p>ACORE Transportation and National Defense Forum, March 12, 2013, San Diego, CA</p>	<p>Dan Sperling, CaFCP Steering Team chair, spoke about FCEV's and H2 Infrastructure and its future</p>	
<p>LAEDC E-Mobility Task Force, March 12, Los Angeles, CA</p>	<p>CaFCP exhibited on the show Elan Shore spoke about H2 Readiness to 30 LAEDC Ecnobilities task force</p>	
<p>SCAQMD "A World We Can Change", March 13, 2013 Long Beach Convention Center, Long Beach, CA</p>	<p>CaFCP exhibited on the show floor. Reached 1,000 high school students</p>	
<p>Rolling Hills Kiwanis Club, March 28, 2013, Rolling Hills, CA</p>	<p>Keith Malone spoke about Roadmap to 20 Kiwanis Club members</p>	

District meeting	1/7/2013	Keith Malone	Tina McKinnor, Deputy Chief of Staff to Assembly Member Bradford
District meeting	1/7/2013	Keith Malone	Jennifer Zivkovic, District Director to State Senator Ted Lieu
Capitol meeting	1/8/2013	Catherine Dunwoody	Arnie Sowell, Panama Bartholomew, Office of Assembly Speaker John Perez office
Capitol meeting	1/8/2013	Catherine Dunwoody, Jen Gress and Erik White (CARB), Rob Oglesby and Randy Roesser (CEC), staff of SCAQMD, OEMs represented by	Senator Pavley, Senator Rubio

		Alliance and Global Autos	
Capitol meeting	1/11/2013	Dan Sperling	Matt Nelson, office of U.S. Senator Dianne Feinstein
Capitol meeting	1/11/2013	Dan Sperling	Grant Cope, office of U.S. Senator Barbara Boxer and Environment and Public Works Committee
Community meeting	1/19/2013	Keith Malone	Janet Chin, director of communications to Senator Ed Hernandez (SD 22)
Community meeting	1/19/2013	Keith Malone	Henry Lo, senior field representative to Assembly Member Ed Chau
District meeting	1/25/2013	Keith Malone, Catherine Dunwoody, Elan Shore	Los Angeles Council Member Paul Koretz and David Herch, legislative director
District meeting	1/25/2013	Keith Malone, Catherine Dunwoody, Elan Shore	Varun Sivaram, water and environmental policy advisor, Office of Mayor Antonio Villaraigosa
District meeting	1/25/2013	Keith Malone, Catherine Dunwoody, Elan Shore	Paul Backstrom, transportation and planning deputy, Office of Councilman Bill Rosendahl
District meeting	1/25/2013	Keith Malone, Catherine Dunwoody, Elan Shore	Adrian Garcia, policy director, and Doug Mensman, chief planning deputy, Office of Councilman Dennis Zine
District meeting	1/25/2013	Keith Malone, Catherine Dunwoody	Aaron Navarez , Office of Supervisor Don Knabe
District meeting	1/25/2013	Keith Malone, Catherine Dunwoody	Supervisor Michael Antonovich, Debra Mendelsohn, AQMD staff rep (by phone) and Edel Vizcarra, Planning Deputy
District meeting	1/29/2013	Keith Malone	Olivia Lee and Henry Lo, office of Assembly Member Ed Chau (D-Alhambra)
District meeting	1/30/2013	Keith Malone	Janet Chin, director of communications and Laura Jimenez, energy issues, office of Senator Ed Hernandez (SD 22).
Capitol meeting	1/30/2013	Catherine Dunwoody, Barry Wallerstein (SCAQMD), Jen Gress (CARB), Rob Oglesby and Jim Bartridge (CEC)	Senate staff: Kip Lipper, chief policy advisor on energy and environment for Senate pro Tem; Carrie Cornwell, chief consultant, Senate Transportation committee; Rebecca Newhouse, Consultant, Senate Environmental Quality committee; Henry Stern, office of Senator Pavley; Jessica Golly, office of Senator Rubio; Catherine Freeman, Senate Budget committee; Marie Liu, Senate Appropriations committee

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Community Outreach	2/1/2013	Elan Shore Keith Malone	Attended Move LA Transportation Conference in Los Angeles, CA
District meeting	2/5/2013	Keith Malone	Fredy Ceja, deputy to President pro temp Darrell Steinberg
Advocacy group meeting	2/6/2013	C. Dunwoody, Steve Eckhardt (Linde)	Silicon Valley Leadership group Transportation Policy committee
District meeting	2/7/2013	Keith Malone	Cesar Huerta, Assembly Member Bocanegra
District meeting	2/7/2013	Keith Malone	Vickere Murphy, State Senator Carol Liu
District meeting	2/11/2013	Keith Malone	Eric Menjivar, Assembly Member Gatto
District meeting	2/11/2013	Keith Malone	Bill Hackett, district director, Assembly Member Nazarian
District meeting	2/12/2013	Keith Malone	Sydney Kamlager and Charles Stewart, Assembly Member Mitchell
District meeting	2/12/2013	Keith Malone	Derrick Mims, district director, Assembly Member Jones-Sawyer
District meeting	2/12/2013	Keith Malone	Adrian Vazquez, field representative, State Senator Kevin de Leon
District meeting	2/15/2013	Keith Malone	Stephanie Wong, field representative, Asm. Jimmie Gomez
District meeting	2/19/2013	Keith Malone	Raul Alvarez, district director, and Ronald Gonzales-Lawrence, field representative, Assembly Member Anthony Rendon
District meeting	2/19/2013	Keith Malone	Bob Johnson, district director, Assembly Member Chris Holden
District meeting	2/19/2013	Keith Malone	Nikki Tennant, district director, Tim Patton, senior field representative and Marisol Barajas, field representative.
Community Outreach	2/20/2013	Elan Shore	Attended LAEDC Economic Forecast
District meeting	2/20/2013	Keith Malone	Ivan Carrillo, field representative, State Senator Ricardo Lara.
Community Outreach	2/22/2013	Elan Shore	Attended South Bay Cities COG General Assembly in Torrance. Met with various local and state-level community leaders
District meeting	2/25/2013	Keith Malone	Timothy Lippman, district director, MyLoc Dihn, consultant, and Kevin Hefner, office assistant
District meeting	2/28/2013	Keith Malone	Open House for Assembly Member Jimmie Gomez
Senator Carol Liu's Green21	3/3/2013	Keith Malone	Senator Liu, staff and stakeholders

## Committee

SCAQMD "A World We Can Change" Community event	3/13/2013	Keith Malone	Julia Juarez, office of State Senator Ricardo Lara
	3/16/2013	Keith Malone	Assembly Member Jimmie Gomez and staff Stephanie Wong; Adam Carter, representative to State Senator Carol Liu; Assembly Member Chris Holden and staff Lizette Henderson; Teresa Lamb Simpson, representative to Congressman Adam Schiff.
Hearing	3/19/2013	Catherine Dunwoody	Informational Hearing (AB 32 Implementation: Light Duty Vehicles and Their Fuels) by Senate Committee on Transportation and Housing chaired by Sen. De Saulnier
Community meeting	3/22/2013	Catherine Dunwoody	Cleaner Air Partnership quarterly meeting with special guest Congressman John Garamendi
Organization meeting	3/29/2013	Catherine Dunwoody	CHBC VIP lunch with Cliff Rechtschaffen

## Website and social media metrics

www.cafcp.org	Jan-13	Feb-13	Mar-13
<b>Number of visits</b>	3,482	3,412	2,759
<b>Average time spent on site</b>	2:24	2:07	1:48
<b>Most visited pages</b>	Home page FAQ Station map A California Road Map Employment	Home page FAQ Station map A California Road Map Blog	Home page FAQ Station map A California Road Map 10 facts about hydrogen
<b>Most searched keywords on Google to land on CaFCP website</b>	where does hydrogen come from california fuel cell partnership cafcp difference between fuel cell and battery c afcp.org	where does hydrogen come from california fuel cell partnership cafcp difference between fuel cell and battery difference between battery and fuel cell	where does hydrogen come from california fuel cell partnership difference between fuel cell and battery cafcp facts about hydrogen
<b>Most searched keywords on cafcp.org search engine</b>	hydrogen Search the site biodiesel jobs	roadmap biogas 180 fuel cell electric vehicles	2016 a roadmap bus ab188 Agenda

	roadmap	20120720 A Roadmap for FCEBs in California	board
<b>Most referred websites</b>	google.com arb.ca.gov facebook.com bing.com fuelcells.org	google.com arb.ca.gov facebook.com bing linkedin.com	google.com arb.ca.gov facebook.com bing t.co

### Facebook

FACEBOOK	Jan-13	Feb-13	Mar-13
<b>New likes</b>	29	69	26
<b>Lifetime likes</b>	2,141	2,196	2,224
<b>Post Views*</b>	5,225	17,420	13,161
<b>Page Posts*</b>	Congratulations to AC Transit... (1992) We're out today showing a new... (307) Get a free download of Pike... (299) This is our second couple to.... (257)	This week's blog: Journey of a... (4012) The second blog from our new... (2307) New CaFCP staffer - Elan Shore... (2011) Hyundai rolled off its first ix35... (951)	Join Elan Shore as he goes on a... (5435) How willing would you be to pur... (3962) Our blog this week from CaFCP's... (2834) On display at FC Expo is the Honda... (541)

### Twitter

TWITTER	Jan-13	Feb-13	Mar-13
<b>Followers</b>	880	904	937
<b>Tweets</b>	5600	5703	6032

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**CaFCP Quarterly Update**  
April-June 2013

**Background**

The California Fuel Cell Partnership is a unique collaborative of auto manufacturers, energy companies, fuel cell technology companies, and government agencies, including SCAQMD. This report summarizes CaFCP activity in or related to Southern California, for January to March 2013.

In its fourth phase, 2013-2016, CaFCP members, individually or in groups, will focus on meeting these goals to achieve market launch:

- Prepare for larger-scale manufacturing, which encompasses cost reduction, supply chain and production.
- Work on the customer channel, including identifying and training dealers and service technicians.
- Reduce costs of station equipment, increase supply of renewable hydrogen at lower cost, and develop new retail station approaches.
- Support cost reduction through incentives and targeted RD&D projects
- Continue research, development and demonstration of advanced concepts in renewable and other low-carbon hydrogen.
- Provide education and outreach to the public and community stakeholders on the role of FCVs and hydrogen in the evolution to electric drive.

CaFCP and members' activities fall within three main strategic directions:

1. Proving that hydrogen and fuel cell vehicles are undeniable and necessary
2. Convincing the public
3. Adapting to new realities

To successfully implement the vision, CaFCP activities must focus on technical, communications and business operations/strategies that require collaboration and coordination. A detailed CaFCP implementation plan is available as a separate document.

**2013 CaFCP Program Plan**

Goal	Description	Milestones	Q2 Status
<b>1. Facilitate member collaboration</b>			
The California Fuel Cell Partnership (CaFCP) facilitates members and stakeholder coordination on projects and activities of common interest in order to leverage resources, communicate progress, bring together new players, and overcome challenges more quickly than could be accomplished by individual action.			
1a. Operate and decommission WSS	Operate the WSS to support Sacramento area FCEVs and decommission after nine months	Q3: Develop decommissioning plan Q4: Finalize contract for decommissioning Q4: Station closed (Nov 30) Q4: Facilities restored to original	Document completed. Bus Team meeting on July 11 at SunLine Transit in Palm Springs
1c. Gain support for California fuel cell bus roadmap	Complete the California fuel cell bus roll out plan through 2017 and in 2013 will work to gain support for implementing the plan.	Q1: Present draft "FCEB in CA" to ST for review & approval Q1: Support execution of National FCEB workshop Q2: Execute Spring Bus Team meeting Q4: Support execution of International FCEB workshop Q4: Execute Fall Bus Team meeting	Comments submitted to ZEV Guidebook
1d. Support Gov's ZEV Action plan	Support implementation by providing a forum and pathway for coordinated action among H2 FCV stakeholders	tbd (based on action plan)	Steering Team approved in June
1e. Develop innovative funding mechanisms for H2 infrastructure	Raise \$65M in additional incentive support for stations, and develop and analyze innovative funding mechanisms that may be more effective and efficient than current grant process	Q1: Phase II analysis by EIN Q2: Steering Team approves option(s) 2014: implement new mechanism(s)	



**2. Support Station implementation**

*CaFCP will monitor, coordinate and execute the activities to deploy stations for commercialization as outlined in the roadmap document.*

2a. Transition ER training to a national program	Begin implementation of the national program to extend the reach of CaFCP's approach. The new focus will include as much on stations as on vehicles.	Q1: Execute/participate in Firehouse World Q2: National ER program plan complete Q2: Participate in DOE AMR Q3: Implementation of plan begins	First meeting at AMR in May. Plan to be completed by Q4.
2b. Improve station performance	To improve station performance, CaFCP conducts projects related to fill performance (e.g. to SAE J2601 and J2601/2), metering and dispenser certification, H2 quality, HVAS and station commissioning. In 2013, member teams will continue to work towards specific tasks in these areas.	Q1: Engage contractor to do fuel modeling Q1: Present HVAS nozzle design to SAE project team Q2: J2601 published as a standard Q2: J2601/2 final draft guidelines available Q4: J2601/2 publish draft guideline for FCEB Q4: DMS finalizes their method for dispenser validation	Sent letter in support of adoption J2719 H2 Quality by CDFA DMS J2601 to be balloted with J2579 as they reference each other Draft v3 J2601-2 posted on SAE web site for review.
2c. Integrate hydrogen into existing retail fuel market	Continue building relationships with fuel retailers and further reaching out into this supply chain and insurance companies to ensure that they are engaged and involved and hydrogen stations are deployed in early market communities.	Q1: Participate in WMPA National conference Q2: Complete and publish "Guide to Building Hydrogen Station" Q2: Conduct 1st Fueling the Future workgroup meeting; Q2: Participate in SIGMA Spring Convention Q3: Develop outreach materials & participate in POC Annual conference Q4: Develop outreach materials & participate in SIGMA Annual conference Q4: Conduct 2nd Fueling the Future workgroup meeting	Created fact sheets and station summaries. Conducted initial meetings with retailers. Planning workshop at Pacific Oil Conference in September in Los Angeles

<p>2d. Accelerate station implementation</p>	<p>Identify and address key barriers and prepare recommendations to improve timeline to 68 stations.</p>	<p>Q1: Complete stakeholder meetings on SI Lessons Learned                  Q2: Develop draft Station Implementation Lessons Learned                  Q3: Develop draft Station Implementation improvements doc                  Q4: Implement identified actions</p>	<p>Thirteen interviews completed out of 20+ candidates; several more pending                  Regularly updating timelines with funder/builder info. Seeking to implement Station Progress Reporting Form for CEC funded stations</p>
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**3. Implement hydrogen readiness**  
*CaFCP will focus outreach in early market communities with a goal of easing station implementation, including community acceptance and accessibility of funding. The ultimate goal is to increase awareness and understanding of hydrogen and fuel cells, especially regarding progress and next steps in California, with government officials in Sacramento and Washington, D.C.*

<p>3a. Conduct focused outreach in early market communities to prepare them for coming hydrogen stations</p>	<p>Build community readiness programs, deliver ER training and Permit workshops in early market communities, strengthen relationships with Clean Cities Coordinators, identify influencers and enroll them in Vehicle Loan Program (VLP).</p>	<p>Q2: Have 50 participants in the vehicle loan program                  Q2: First H2 readiness council in place                  Q1-Q4: Conduct 10 ER training and permitting workshops; begin transition to train the trainer                  Q1-Q4: Participate in 60 community events and meetings</p>	<p>Completed two task force calls. Working with one early market community. Worked with members on reports and updates to keep everyone in the loop.                  Participated in 15 events in Q2 (11 in So Cal)</p>
<p>3b. Create Road Map follow-up on materials (parallel white papers)</p>	<p>Working with project teams, write, publish and disseminate materials that support the messages of the road map.</p>	<p>Create and publish one Road Map related document per quarter</p>	<p>Bus Roadmap complete in Q1                  Q2 environmental piece moved to Q3.</p>
<p>3c. Expand and extend CaFCP applications</p>	<p>In 2013 we will further expand the capabilities improving the functionality and usability of the station map, SOSS and CRM capabilities</p>	<p>Q2: Expand functionality of CRM                  Q3: Improve interactive map applications on CaFCP website                  Q4: Extend capabilities of SOSS to support station performance and implementation projects</p>	<p>CRM implemented and in use                  Updated online station map</p>


<p>3d. Build support in Sacramento and Washington DC</p>	<p>Continue working with a consultant, Political Solutions, at the state level and with FCHEA in Washington DC to provide education and information at state and federal level to elected officials represent early market areas.</p>	<p>Q1: Complete strategy for reaching all newly elected officials                  Q2: Provide education and information to targeted officials                  Q2: Host or participate in two briefing sessions                  Q3: Revise legislative outreach plan</p>	<p>Continuing (see list)</p>
<p>3e. Conduct high-value marketing and outreach</p>	<p>Participate in and sponsor conferences and expos primarily in California that reach our target audiences and further the message of the roadmap. Conduct a marketing campaign using social media to continue to build interest in FCVs and hydrogen</p>	<p>Q1-Q3: Speaking opportunities at 3-4 transportation conferences in US and overseas                  Q1-Q4: Conduct one social media campaign per quarter; post weekly blogs                  Q1-Q4: Participate in 10 targeted outreach events</p>	<p>New "Good for California" page and four new microsites to be completed by July 30. Continuing to expand social media with memes, video and pictures. Spoke at two conferences (a total of five by end of Q2) Participated in 4 of 10 targeted events; other planned in Q3 &amp; 4</p>

## Outreach Activities

During the quarter, CaFCP conducted the following activities in SCAQMD's region

Activity	Description	Picture
Theodore Payne Foundation Native Plant Tour, LA Area, April 6-7	Displayed FCEV to crowds of people touring a local garden	
Corona AutoX, Corona, April 12-13	Participated in annual fire training event	
STEM Academy, Hollywood, April 14	Presentation to high school science students as part of career day	
Orange Coast College Green Coast, Costa Mesa, April 16	Displayed FCEV at Earth Day event	
Santa Barbara Earth Day, April 20-21	Displayed FCEV at Earth Day event	

<p>2013 California Green Summit, April 19</p>	<p>Spoke on panel session about Governor’s ZEV Action Plan</p>	
<p>Los Angeles Public Works “Road to a Waste-free Future”, Alhambra, April 22</p>	<p>Displayed FCEV at Earth Day event</p>	
<p>JPL Earth Day event, Pasadena, April 23</p>	<p>Displayed FCEV at Earth Day event</p>	
<p>Zero-Emission Day, State Capitol, Sacramento, April 29</p>	<p>Ride &amp; Drive of FCEV and battery electric vehicles as outreach to elected officials</p>	
<p>2013 SCAG conference, Palm Desert</p>	<p>Displayed FCEV</p>	
<p>Orange County Alt Fuels Odyssey Day, Cypress, May 24</p>	<p>Displayed FCEV</p>	
<p>California Energy Commission outreach event, Sacramento, June 12</p>	<p>Ride &amp; drive for energy commissioners and staff</p>	

<p>2013 Hydrogen Fuel Cell Conference &amp; Expo, Vancouver, Canada, June 17-19</p>	<p>Catherine Dunwoody moderated keynote panel and spoke on two additional panels. CaFCP ran the ride &amp; drive.</p>	
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<p>Capitol meeting</p>	<p>4/2/2013</p>	<p>Catherine Dunwoody</p>	<p>Rebecca Newhouse, Senate EQ committee consultant Henry Stern, legislative aide to Senator Fran Pavley Celia Mata, legislative director to Assm Henry Perea</p>
<p>Capitol meeting</p>	<p>4/2/2013</p>	<p>Catherine Dunwoody</p>	<p>Daniel Ballon, Principal Consultant to the Assm Republican Caucus Tyler Madary, field representative to State Senator Richard Roth</p>
<p>District meeting</p>	<p>4/1/2013</p>	<p>Keith Malone</p>	<p>Sabrina Cervantes and Juan Lopez, district off manager and district director to Assembly Member Jose Medina Kara Seward (transportation), district director, and Max Reyes (environmental), field representative to State Senator Fran Pavley</p>
<p>District meeting</p>	<p>4/2/2013</p>	<p>Keith Malone</p>	<p>Mario Beltran, consultant to State Senator Ron Calderon</p>
<p>District meeting</p>	<p>4/2/2013</p>	<p>Keith Malone</p>	<p>Brian Mineghino, senior field representative, Tige Richardson and Calvin Sung, field representatives to Assembly Member Sharon Quirk-Silva</p>
<p>District meeting</p>	<p>4/4/2013</p>	<p>Keith Malone</p>	<p>Nadia Villafana and Jessica Gutierrez, field representatives to Assembly Member Tom Daly</p>
<p>District meeting</p>	<p>4/4/2013</p>	<p>Keith Malone</p>	<p>Kasey O'Connor, Legislative Aide to Assm. Quirk-Silva Jordan Branman, district director, and Danny Fierro, senior field representative, Assm Ian Calderon</p>
<p>Capitol meeting</p>	<p>4/5/2013</p>	<p>Catherine Dunwoody</p>	<p>John Popich, senior field representative, Assembly Member Bob Blumenfield</p>
<p>District meeting</p>	<p>4/10/2013</p>	<p>Keith Malone</p>	
<p>District meeting</p>	<p>4/10/2013</p>	<p>Keith Malone</p>	



District meeting	4/16/2013	Keith Malone	Martin Paine, district director to State Senator Mimi Walters Liz Saldivar, office of Congressman Xavier Becerra; Teresa Lamb Simpson, office of Congressman Adam Schiff; office of Congresswoman Doris Matsui; Ben Cardenas, office of Congresswoman Grace Napolitano, and Monica Loera-Martinez, office of Congresswoman Lucille Roybal-Allard
Outreach	4/17/2013	Keith Malone, Chris White	Assembly Member Anthony Rendon, Assembly Member Ed Chau, Assembly Speaker John Perez, Bell City Council Members Alia Saleh, Ana Maria Quintana and Nestor Valencia; Mario Beltran and Luis Gonzalez, office of Sen. Calderon; Sonia Lopez, office of Asm. Mitchell; Mike Fong, office of Mayor Villaraigosa.
Community event	4/17/2013	Keith Malone	Hillary Blackerby, Senior Field Representative
District meeting	4/22/2013	Keith Malone	James Joyce, Deputy District Director
District meeting	4/22/2013	Keith Malone	Assembly Member Sharon Quirk-Silva
Outreach event	4/29/2013	Chris White	Miguel Martinez, senior field representative to Assembly Speaker John Perez
District meeting	5/2/2013	Keith Malone	Ed Graham, Chino Hills city council member and senior field representative to Assembly Member Curt Hagman
District meeting	5/16/2013	Keith Malone, CaFCP and Gil Castillo, Hyundai	David Taylor, field representative to Assembly Member Allan Mansoor
District meeting	5/16/2013	Keith Malone, CaFCP and Gil Castillo, Hyundai	State Senate President Pro Tempore Darrell Steinberg, Yolo County Supervisor Mike McGowan and Karen Ziebron, field representative to Senator Steinberg.
Community event	5/17/2013	Chris White	Assembly Member Richard Bloom, Assembly Member Diane Waldron, Sana Ouji, legislative aide to Assembly Member Bloom, Henry Sterner, legislative aide to Senator Fran Pavley
Community event- Automakers Lobby Day	5/21/2013	Juan Contreras Keith Malone and Gil	Samuel Han, district director to Assembly Member Donald Wagner
District meeting	5/23/2013	Castillo, Hyundai	Brittanny Freibot and Becca Boydston, field representatives to Assembly Member Mike Morell. Intern also attended.
District meeting	5/23/2013	Keith Malone and Gil Castillo, Hyundai	

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District meeting	5/24/2013	Keith Malone	Meet with David Monroy (meeting) and Leia Hernandez (R&D), field representatives to State Senator Bob Huff (R-Brea) and intern Jeffrey Licano (R&D).
District meeting	5/29/2013	Keith Malone	Jenniffer Rodriguez, district director and Whitney Hua (R&D) to Assembly Member Eric Linder
District meeting	5/30/2013	Keith Malone	Vickere Murphy, State Senator Carol Liu, and members of Senator Liu's Green21 zero-emission transportation subcommittee
District meeting	6/4/2013	Keith Malone	Andre Hollings, field representative to Assembly Member Scott Wilk
JCCNC/JBA Reception	6/12/2013	Catherine Dunwoody	Senator Hannah Beth Jackson, Assemblymember Carol Liu, Assemblymember Diane Harkey, Assemblymember Mariko Yamada, Assemblymember Marc Levine
District meeting	6/12/2013	Keith Malone	Greg Cervantes, district director to Assembly Member Manuel Perez
District meeting	6/12/2013	Keith Malone	Greg Rodriguez, district director to Congressman Raul Ruiz
District meeting	6/12/2013	Keith Malone	Daniel Sanchez, district representative to State Senator Bill Emmerson
District meeting	6/14/2013	Keith Malone	Ernie Villegas, district director, and Amanda Broggy, field representative
District meeting	6/14/2013	Keith Malone	Carina Armenta, district director to Congresswoman Julia Brownley
District meeting	6/14/2013	Keith Malone	Sarah Tyndall and Christine Ward, district representatives to State Senator Steven Knight
District meeting	6/14/2013	Keith Malone	Kristina Zahn, secretary to Assembly Member Stephen Fox
District meeting	6/27/2013	Keith Malone	Daniel Enz, district director, Josue Castillo and Jon Gaede, field representatives and volunteer, office of Assembly Member Cheryl Brown



**Website and social media metrics**

www.cafcp.org	Apr-13	May-13	June-13
<b>Number of visits</b>	4,153	4,244	3612
<b>Average time spent on site</b>	2:15	1:54	1:59
<b>Most visited pages</b>	Home page FAQ Station map Bus Road Map A California Road Map	Home page FAQ Station map A California Road Map 10 facts about hydrogen	Home page Station map FAQ When can I (featured content) A California Road Map
<b>Most searched keywords on Google to land on CaFCP website</b>	where does hydrogen come from california fuel cell partnership www.cafcp.org fuel cell vs battery cafcp	where does hydrogen come from california fuel cell partnership difference between fuel cell and battery ca fuel cell	california fuel cell partnership where does hydrogen come from cafcp <a href="http://www.cafcp.org">www.cafcp.org</a> fuel cell vs battery
<b>Most searched keywords on cafcp.org search engine</b>	astm jobs bill Elrick price Search the site	hydrogen ASTM chris white Search the site Elan Shore	job chris white cost of hydrogen employment hydrogen
<b>Most referred websites</b>	google.com arb.ca.gov fuelcelltoday.com bing.com driveclean.ca.gov	google.com newsletter bing fuelcells.org arb.ca.gov	google.com newsletter arb.ca.gov bing t.co

**Facebook**

FACEBOOK	Apr-13	May-13	June-13
<b>New likes</b>	29	25	36
<b>Lifetime likes</b>	2,258	2,269	2,295
<b>Post Views*</b>	9,966	4,055	27,475
<b>Page Posts*</b>	Lun started with us a couple of... (3027) "Children are dreamers by nature... (2831) The California Fuel Cell Partnership (430) Honda brought you new tech... (419)	The Hyundai ix35 fuel cell... (594) In an update from Ballard today... (374) Here are 11 things you may not... (326) Part of the California Energy... (277)	Last week, we received the... (8320) Our featured story this week... (5904) Our new top story for the week... (4518) Our newest content on our web... (4392)

**Twitter**

<b>TWITTER</b>	<b>Jan-13</b>	<b>Feb-13</b>	<b>Mar-13</b>
<b>Followers</b>	988	1012	1046
<b>Tweets</b>	6221	6401	6622

[↑ Back to Agenda](#)

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 32

REPORT: Status Report on Regulation XIII – New Source Review

SYNOPSIS: This report presents the federal final determination of equivalency for January 2011 through December 2011. As such, it provides information regarding the status of Regulation XIII – New Source Review in meeting federal NSR requirements and shows that SCAQMD’s NSR program is in final compliance with applicable federal requirements from January 2011 through December 2011.

COMMITTEE: Stationary Source, August 16, 2013, Reviewed

RECOMMENDED ACTION:  
Receive and file the attached report.

Barry R. Wallerstein, D.Env.  
Executive Officer

MN:WCT:GT:GEI

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## SUMMARY

SCAQMD’s NSR Rules and Regulations are designed to comply with federal and state Clean Air Act requirements and to ensure that emission increases from new and modified sources do not interfere with efforts to attain and maintain the federal and state air quality standards, while economic growth in the South Coast region is not unnecessarily impeded. Regulation XIII - New Source Review regulates and accounts for all emission changes (both increases and decreases) from the permitting of new, modified, and relocated stationary sources within SCAQMD, excluding NO<sub>x</sub> and SO<sub>x</sub> sources that are subject to Regulation XX – Regional Clean Air Incentives Market (RECLAIM)<sup>1</sup>.

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<sup>1</sup> While the RECLAIM program is different than command and control rules for NO<sub>x</sub> and SO<sub>x</sub> and it provides greater regulatory flexibility to businesses, its NSR requirements, as specified in Rule 2005, are designed to comply with the governing principles of NSR contained in the federal Clean Air Act (CAA) and the California State Health and Safety Code.

Rule 1315 – Federal New Source Review Tracking System, was most recently adopted by the Governing Board on February 4, 2011 to maintain SCAQMD’s ability to issue permits to major sources that require offsets, but obtain offset credits from the SCAQMD’s Priority Reserve under Rule 1309.1, and/or that are exempt from offsets under SCAQMD Rule 1304. In addition, Rule 1315 requires that, commencing with calendar year 2010, and for each calendar year thereafter, the Executive Officer prepare a Preliminary Determination of Equivalency (PDE) and Final Determination of Equivalency (FDE) which cover NSR activities for twelve-month periods. The calendar year 2011 FDE is required to be reported to the SCAQMD Governing Board at the September 2013 Governing Board meeting. In addition, Rule 1315 requires the Executive Officer to aggregate and track offsets debited from and deposited to SCAQMD’s offset accounts for specified periods between October 1, 1990 and December 31, 2005 and each calendar year from 2006 through 2030 for purpose of making periodic determinations of compliance. The last annual report submitted to the SCAQMD Governing Board on February 1, 2013 presented the PDE for calendar year 2011 and demonstrated that SCAQMD’s NSR program continues to meet the federal offset requirements for calendar year 2011. Rule 1315 also requires that, commencing with calendar year 2011, and for each calendar year thereafter, the Executive Officer include in each FDE the cumulative net emission increase of each nonattainment air contaminant that occurred at major and minor facilities from February 4, 2011, the date of adoption of Rule 1315, through the end of the calendar year 2011 reporting period and through the end of each subsequent reporting period.

This report, which presents the FDE covering the calendar year 2011 reporting period, and includes the cumulative net emission increase of each nonattainment air contaminant, demonstrates compliance with federal NSR requirements by establishing aggregate equivalence with federal offset requirements for sources that were not exempt from federal offset requirements, but were either exempt from offsets under Rule 1304 or obtained their offsets from SCAQMD pursuant to Rule 1309.1 of Regulation XIII.

The FDE for calendar year 2011 is summarized in Table 1. Additionally, the projections of SCAQMD’s federal offset account balances for January 2012 through December 2012 and January 2013 through December 2013, as specified and required pursuant to Rule 1315(e), are presented in Table 2. These results demonstrate that there were, and project that there will be, adequate offsets available to mitigate all applicable emission increases during these reporting periods. This report, therefore, demonstrates that, for calendar years 2011 through 2013, SCAQMD’s NSR program continues to meet and is projected to meet federal offset requirements and is equivalent to those requirements on an aggregate basis<sup>2</sup>. Although U.S. EPA designated the SCAQMD as attainment with the federal CO standard effective June 11, 2007, SCAQMD will

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<sup>2</sup> SCAQMD’s NSR program is deemed to be equivalent to federal and state offset requirements because SCAQMD’s ending offset account balances remained positive, indicating there were adequate offsets during this reporting period.

continue to track and report CO accumulated credits and account balances for informational purposes only.

This report also presents in Table 3 the cumulative net emission increase of each nonattainment air contaminant that occurred at major and minor facilities that were issued permits pursuant to Rule 1304 exemptions or Rule 1309.1 Priority Reserve from February 4, 2011, the date of adoption of Rule 1315, through the end of the calendar year 2011 reporting period, as required under Rule 1315(g). These results demonstrate that the cumulative net emission increase of each nonattainment air contaminant remained below the thresholds identified in Table B of Rule 1315(g)(4), and therefore the Executive Officer can continue to issue permits to construct and permits to operate that rely on further use of Rule 1304 exemptions or Rule 1309.1 Priority Reserve offsets to major and minor sources.

**Table 1  
Federal Offset Accounts FDE for January 2011 through December 2011**

<b>DESCRIPTION</b>	<b>VOC</b>	<b>NO<sub>x</sub></b>	<b>SO<sub>x</sub></b>	<b>CO</b>	<b>PM10</b>
<b>2010 Actual Ending Balance<sup>a</sup> (ton/day)</b>	<b>80.02</b>	<b>25.90</b>	<b>2.98</b>	<b>21.92</b>	<b>13.50</b>
2011 Discount of Credits for Surplus Adjustment <sup>b</sup> (ton/day)	0.00	0.00	0.00	0.00	0.00
Corrections to previous Credits/Debits <sup>c</sup> (ton/day)	-0.51	0.02	-0.30	-6.07	-1.25
<b>Corrected 2011 Starting Balance (ton/day)</b>	<b>79.51</b>	<b>25.92</b>	<b>2.68</b>	<b>15.85</b>	<b>12.25</b>
2011 Actual Total Credits <sup>d</sup> (lb/day)	9,633	1,915	398	3,772	1,815
2011 Actual Total Debits <sup>d</sup> (lb/day)	-529	-151	0	0	-432
<b>Sum of Actual Credits/Debits<sup>d</sup> (lb/day)</b>	<b>9,104</b>	<b>1,764</b>	<b>398</b>	<b>3,772</b>	<b>1,383</b>
<b>Sum of Actual Credits/Debits<sup>d</sup> (ton/day)</b>	<b>4.55</b>	<b>0.88</b>	<b>0.20</b>	<b>1.89</b>	<b>0.69</b>
<b>2011 Ending Balance<sup>e</sup> (ton/day)</b>	<b>84.06</b>	<b>26.80</b>	<b>2.88</b>	<b>17.74</b>	<b>12.94</b>

<sup>a</sup> “2010 Actual Ending Balance” is from Table 1 of the 2011 PDE Report dated February 1, 2013.

<sup>b</sup> This adjustment is surplus at the time of use discount, which is also discussed in Rule 1315(c)(4).

<sup>c</sup> Corrections include credits for minor source creditable ERC use for 2009/2010 and pre-2011 Rule 1304 debits that were incorrectly identified previously.

<sup>d</sup> For an explanation of the sources of credits and debits please refer to pages 8 and 9 of this report, as well as Rule 1315(c) and the February 4, 2011 Rule 1315 staff report. Credits are shown as positive and debits as negative, while sum of credits/debits are shown as positive or negative, as appropriate.

<sup>e</sup> “2011 Ending Balance” equals the “2010 Actual Ending Balance” plus any surplus adjustments, corrections, and the sum of actual credits and actual debits.

**Table 2**  
**Projections of SCAQMD’s Federal Offset Account Balances for**  
**January 2012 through December 2012, and**  
**January 2013 through December 2013**

DESCRIPTION	VOC	NO <sub>x</sub>	SO <sub>x</sub>	CO	PM10
<b>2011 Ending Balance<sup>a</sup> (ton/day)</b>	<b>84.06</b>	<b>26.80</b>	<b>2.88</b>	<b>17.74</b>	<b>12.94</b>
2012 Projected Discount of Credits for Surplus Adjustment <sup>b</sup> (ton/day)	-2.91	-1.03	0.00	-0.03	-0.09
<b>2012 Projected Starting Balance (ton/day)</b>	<b>81.15</b>	<b>25.77</b>	<b>2.88</b>	<b>17.71</b>	<b>12.85</b>
2012 Total Projected Credits <sup>c</sup> (lb/day)	12,260	3,940	440	4,480	1,560
2012 Total Projected Debits <sup>c</sup> (lb/day)	-580	-540	-20	-1200	-400
<b>2012 Sum of Projected Credits/Debits<sup>c</sup> (lb/day)</b>	<b>11,680</b>	<b>3,400</b>	<b>420</b>	<b>3,280</b>	<b>1,160</b>
<b>2012 Sum of Projected Credits/Debits<sup>c</sup> (ton/day)</b>	<b>5.84</b>	<b>1.70</b>	<b>0.21</b>	<b>1.64</b>	<b>0.58</b>
<b>2012 Projected Ending Balance<sup>d</sup> (ton/day)</b>	<b>86.99</b>	<b>27.47</b>	<b>3.09</b>	<b>19.35</b>	<b>13.43</b>
2013 Projected Discount of Credits for Surplus Adjustment <sup>b</sup> (ton/day)	-3.01	-1.05	0.00	-0.03	-0.10
<b>2013 Projected Starting Balance (ton/day)</b>	<b>83.98</b>	<b>26.42</b>	<b>3.09</b>	<b>19.32</b>	<b>13.33</b>
2013 Total Projected Credits <sup>c</sup> (lb/day)	12,260	3,940	440	4,480	1,560
2013 Total Projected Debits <sup>c</sup> (lb/day)	-580	-540	-20	-1200	-400
<b>2013 Sum of Projected Credits/Debits<sup>c</sup> (lb/day)</b>	<b>11,680</b>	<b>3,400</b>	<b>420</b>	<b>3,280</b>	<b>1,160</b>
<b>2013 Sum of Projected Credits/Debits<sup>c</sup> (ton/day)</b>	<b>5.84</b>	<b>1.70</b>	<b>0.21</b>	<b>1.64</b>	<b>0.58</b>
<b>2013 Projected Ending Balance<sup>e</sup> (ton/day)</b>	<b>89.82</b>	<b>28.12</b>	<b>3.30</b>	<b>20.96</b>	<b>13.91</b>

<sup>a</sup> “2011 Ending Balance” is as shown in Table 1.

<sup>b</sup> This adjustment is surplus at the time of use discount, which is also discussed in Rule 1315(c)(4).

<sup>c</sup> For an explanation of the sources of credits and debits please refer to pages 8 and 9 of this report, as well as Rule 1315(c) and the Rule 1315 staff report. Credits are shown as positive and debits as negative, while sum of credits/debits are shown as positive or negative, as appropriate.

<sup>d</sup> “2012 Projected Ending Balance” equals the “2011 Ending Balance” plus any projected surplus adjustments and the sum of projected credits and projected debits.

<sup>e</sup> “2013 Projected Ending Balance” equals the “2012 Projected Ending Balance” plus any projected surplus adjustments and the sum of projected credits and projected debits.

**Table 3**  
**Cumulative Net Emission Increase**  
**(February 4, 2011 – December 31, 2011)**

DESCRIPTION	VOC	NO <sub>x</sub>	SO <sub>x</sub>	CO	PM <sub>10</sub>
Increases in Potential to Emit <sup>a</sup> (ton/day)	3.38	1.06	0.18	NA	1.18
Decreases in Potential to Emit <sup>b</sup> (ton/day)	-5.14	-1.00	-0.15	NA	-1.01
<b>Cumulative Net Emission Increase<sup>c</sup> (ton/day)</b>	<b>-1.76</b>	<b>0.06</b>	<b>0.03</b>	<b>NA</b>	<b>0.17</b>
Rule 1315(g) Table B Threshold <sup>d</sup> (through December of 2011 - ton/day)	1.68	0.15	0.04	NA	0.24

- <sup>a</sup> Increases in potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1.
- <sup>b</sup> Decreases in potential to emit that occur at major and minor facilities pursuant to Rule 1304 or Rule 1309.1.
- <sup>c</sup> “Cumulative Net Emission Increase” is the sum of the increases and decreases in the potential to emit that occur at major and minor facilities pursuant to Rule 1304 exemptions or Rule 1309.1 Priority Reserve.

**BACKGROUND**

SCAQMD originally adopted its New Source Review Rules and Regulations (NSR program) in 1976. U.S. EPA approved SCAQMD’s NSR program into California’s State Implementation Plan (SIP) initially on January 21, 1981 (46FR5965) and again on December 4, 1996 (61FR64291). Most recently, U.S. EPA approved SCAQMD’s May 3, 2002 Rule 1309.1 amendments into the SIP on June 19, 2006. The original program has evolved into the current version of the Regulation XIII rules in response to federal and state legal requirements and the changing needs of the local environment and economy. Specific amendments to the NSR rules were adopted by SCAQMD’s Governing Board on December 6, 2002 to facilitate and provide additional options for credit generation and use. Rule 1315 was adopted and re-adopted on September 8, 2006 and August 3, 2007, respectively. Rule 1309.1 was amended and replaced on September 8, 2006 and August 3, 2007, respectively. On November 3, 2008, in response to a law suit filed by a group of environmental organizations, a California State Superior Court Judge in the County of Los Angeles invalidated the August 3, 2007 adopted Rule 1315 and amendments to Rule 1309.1, and prohibited SCAQMD from taking any action to implement Rule 1315 or the amendments to Rule 1309.1 until it had prepared a new environmental assessment under the California Environmental Quality Act (CEQA). On February 4, 2011 SCAQMD adopted a revised and enhanced version of Rule 1315, which included a new CEQA assessment. The Governing Board decided not to readopt the Rule 1309.1 amendments allowing power plants to access credits from the Priority Reserve.



One element of SCAQMD's NSR program design is to offset emission increases in a manner at least equivalent to federal and state statutory NSR requirements. To this end, SCAQMD's NSR program implements the federal and state statutory requirements for NSR and ensures that construction and operation of new, relocated and modified stationary sources does not interfere with progress towards attainment of the National and State Ambient Air Quality Standards. SCAQMD's computerized emission tracking system is utilized to demonstrate equivalence with federal and state offset requirements on an aggregate basis. Specific NSR requirements of federal law are presented below.

### Federal Law

The NSR requirements of federal law vary with respect to the area's attainment status and classification. Based on their classification, the South Coast Air Basin (SOCAB) and Salton Sea Air Basin (SSAB) must comply with the requirements for extreme and severe non-attainment areas, respectively, for ozone precursors (*i.e.*, VOC and NO<sub>x</sub>). Both the SOCAB and the SSAB must at this time comply with the requirements for serious non-attainment areas for PM<sub>10</sub> and its precursors (*i.e.*, VOC, NO<sub>x</sub>, and SO<sub>x</sub>). SSAB is considered attainment for CO. Although effective June 11, 2007, U.S. EPA designated the SOCAB as attainment with federal CO standards, SCAQMD will continue to track and report CO accumulated credits and account balances for informational purposes only. Both SOCAB and SSAB are considered attainment for SO<sub>2</sub> and NO<sub>2</sub>; however, SO<sub>x</sub> and NO<sub>x</sub> are precursors to pollutants for which both SOCAB and SSAB are designated as non-attainment<sup>3</sup>. The Mojave Desert Air Basin (MDAB) is currently classified as moderate non-attainment for ozone precursors (*i.e.*, VOC and NO<sub>x</sub>) and as attainment for NO<sub>x</sub>, SO<sub>x</sub>, and CO. Federal law requires the use of LAER and offsets for emissions of nonattainment pollutants (or their precursors) for new, modified, and relocated stationary sources, when the source is considered a major stationary source<sup>4</sup> for the nonattainment pollutants (or their precursors). Federal law requires the use of Lowest Achievable Emission Rate (LAER) and offsets for new, modified, and relocated major stationary sources. This report demonstrates compliance with the federal NSR offsets requirements.

### OVERVIEW OF ANALYSIS METHODOLOGY

The two most important elements of federal non-attainment NSR requirements are LAER and emission offsetting for major sources. As set forth in SCAQMD's *Best*

<sup>3</sup> SO<sub>x</sub> is a precursor to PM<sub>10</sub> and NO<sub>x</sub> is a precursor to both PM<sub>10</sub> and ozone.

<sup>4</sup> The major source thresholds for SOCAB, SSAB and MDAB, based on their attainment status during the calendar year 2007 through 2010 reporting periods are summarized below:

Pollutant	SOCAB	SSAB	MDAB
VOC	10 tons/year	25 tons/year	100 tons/year
NO <sub>x</sub>	10 tons/year	25 tons/year	100 tons/year
SO <sub>x</sub>	100 tons/year	100 tons/year	100 tons/year
PM <sub>10</sub>	70 tons/year	70 tons/year	100 tons/year
CO	50 tons/year	100 tons/year	100 tons/year

*Available Control Technology (BACT) Guidelines*, SCAQMD's BACT requirements are at least as stringent as federal LAER for major sources. Furthermore, the NSR emission offset requirements that SCAQMD implements through its permitting process ensure that sources provide emission reduction credits (ERCs) to offset their emission increases in compliance with federal requirements. As a result, these sources each comply with federal offset requirements by providing their own ERCs. However, certain sources are exempt from SCAQMD's offset requirements pursuant to Rule 1304 or qualify for offsets from SCAQMD's Community Bank (applications received between October 1, 1990 and February 1, 1996 only) or Priority Reserve, both pursuant to Rule 1309.1. SCAQMD has determined that providing offset exemptions and the Priority Reserve (as well as the previously-administered Community Bank) is important to the NSR program and the local economy while encouraging installation of BACT. Therefore, SCAQMD has assumed the responsibility of providing the necessary offsets for exempt sources, the Priority Reserve, and the Community Bank. This report examines deposits to and withdrawals from SCAQMD's emission offset accounts during calendar year 2011 and demonstrates programmatic equivalence on an aggregate basis with federal emission offset requirements for the sources exempt from providing offsets and the sources that receive offsets from the Priority Reserve or the Community Bank.

### **SCAQMD's Offset Accounts**

For the purposes of this report, federal debit and credit accounting for SCAQMD's offset accounts was conducted pursuant to the same procedures previously agreed to by U.S. EPA and as delineated in Rule 1315 and described in the staff report. Each of the pollutants subject to offset requirements has its own federal offset account. SCAQMD's NSR program is considered to provide equivalent or greater offsets of emissions as required by federal requirements for each subject pollutant provided the balance of offsets left in SCAQMD's federal offset account for each pollutant remains positive, indicating that there were adequate offsets available.

### *Debit Accounting*

SCAQMD tracks all emission increases that are offset through the Priority Reserve or the Community Bank, as well as all increases that are exempt from offset requirements pursuant to Rule 1304 – Exemptions. These increases are all debited from SCAQMD's federal offset accounts when they occur at federal major sources. For federal equivalency demonstrations, SCAQMD uses an offset ratio of 1.2-to-1.0 for extreme non-attainment pollutants (ozone and ozone precursors, *i.e.*, VOC and NO<sub>x</sub>) and uses 1.0-to-1.0 for all other non-attainment pollutants (non-ozone precursors, *i.e.*, SO<sub>x</sub>, CO, and PM<sub>10</sub>) to offset any such increases. That is, 1.2 pounds are deducted from SCAQMD's offset accounts for each pound of maximum allowable permitted potential to emit VOC or NO<sub>x</sub> increase at a federal source and 1.0 pound is deducted for each pound of maximum allowable permitted potential to emit SO<sub>x</sub>, CO, or PM<sub>10</sub> at a federal source. A more detailed description of federal debit accounting is provided in the Rule 1315 staff report and Rule 1315(c)(2).

### *Credit Accounting*

When emissions from a permitted source are permanently reduced (*e.g.*, installation of control equipment, removal of the source) and the emission reduction is not required by rule or law and is not called for by an AQMP control measure that has been assigned a target implementation date<sup>5</sup>, the permit holder may apply for ERCs for the pollutants reduced. If the permit holder for the source generating the emission reduction had previously received offsets from SCAQMD or has a “positive NSR balance” (*i.e.*, pre-1990 net emission increase), the quantity of SCAQMD offsets used or the amount of the positive NSR balance is subtracted from the reduction and “paid back” to SCAQMD’s accounts prior to issuance of an ERC pursuant to Rule 1306. In certain other cases, permit holders do not always submit applications to claim ERCs or do not qualify to obtain ERCs for their equipment shutdowns or other eligible emission reductions. These unclaimed reductions are referred to as “orphan shutdowns” and are deposited in SCAQMD’s offset accounts. ERCs provided as offsets by major sources in excess of the applicable federally-required offset ratio and all ERCs provided as offsets by minor sources not subject to federal offset requirements are also deposited in SCAQMD’s federal offset accounts. A more detailed description of federal credit accounting is provided in Rule 1315(c)(3)(A) and its staff report.

### **DETERMINATION OF EQUIVALENCY WITH FEDERAL OFFSET REQUIREMENTS**

The federal offset requirements FDE for calendar year 2011 and the projections for calendar years 2012 and 2013 are summarized in Tables 1 and 2, respectively. The detailed listing of actual final withdrawals, deposits and sum of withdrawals and deposits are shown in Attachment I to this letter. Table A of Attachment I presents the final total emission increases withdrawn from SCAQMD’s offset accounts from January 2011 through December 2011. Final deposits to SCAQMD’s offset accounts during the same period are further summarized in Table B. The sums of final withdrawal and deposit activities are subsequently presented in Table C. Tables A through C present the results of the federal FDE for the calendar year 2011 reporting period.

These account balances, shown in Tables A through C reflect the tracking sequence described under Rule 1315(c)(5).

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT CUMULATIVE NET EMISSION INCREASES**

Pursuant to Rule 1315(g), cumulative net emission increases of nonattainment air contaminants at major and minor facilities are based on the sum of increases and decreases in potential to emit at major and minor facilities pursuant to Rule 1304 exemptions or Rule 1309.1 Priority Reserve.

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<sup>5</sup> Refer to Rule 1309(b) for a complete explanation of eligibility requirements.

Increases in potential to emit for major and minor sources include potential to emit increases from the Priority Reserve or Community Bank pursuant to Rule 1309.1 and exemptions from the offset requirements of Rule 1303 – Requirements pursuant to Rule 1304 – Exemptions.

Decreases to potential to emit for major and minor sources include, but are not limited to, potential to emit reductions as a result of orphan shutdowns and/or orphan reductions.

Net emission increases must remain below the thresholds shown in Table B of Rule 1315 in order for the Executive Officer to be able to continue to issue permits to exempt sources pursuant to Rule 1304 or subject to Rule 1309.1 Priority Reserve.

## **CONCLUSIONS**

The analysis presented in this report demonstrates the following:

- For calendar year 2011, SCAQMD's NSR program provides equivalent offsets to those required by federal NSR requirements and is at least equivalent to the federal requirements on an aggregate basis. This conclusion is based on the fact that the final ending offset account balances for this calendar year reporting period, as shown in Table 1, remained positive for all pollutants.
- SCAQMD's final offset account balances for 2012 and 2013 are projected to remain positive. This means that the sum of actual deposits to and actual withdrawals from SCAQMD's offset accounts during the 2011 reporting period was positive and, therefore, it demonstrates that SCAQMD's NSR program is equivalent to federal NSR requirements.
- From the date of adoption of Rule 1315 (February 4, 2011) to the end of calendar year 2011, the cumulative net emission increase of each nonattainment air contaminant at major and minor facilities remained below the thresholds identified in Table B of Rule 1315, and therefore the Executive Officer can continue to issue permits to construct and permits to operate that rely on further use of Rule 1304 exemptions or Rule 1309.1 Priority Reserve offsets to major and minor sources.

## **ATTACHMENTS**

Attachment I – Detailed listing of actual final debits and credits, and sum of debits and credits

## ATTACHMENT I

Detailed listing of actual final debits and credits, and sum of debits and credits

**Table A**  
**Total Actual Debits from SCAQMD's Federal Offset Accounts**  
**(January 2011 through December 2011)**

<b>SCAQMD OFFSETS USED</b>	<b>VOC</b>	<b>NO<sub>x</sub></b>	<b>SO<sub>x</sub></b>	<b>CO</b>	<b>PM10</b>
Priority Reserve (lb/day)	-16	-16	0	0	0
Community Bank (lb/day)	0	0	0	0	0
Rule 1304 Exemptions (lb/day)	-425	-110	0	0	-432
Sum Total of SCAQMD Offsets (lb/day)	-441	-126	0	0	-432
1.2-to-1.0 Offset Ratio (lb/day)	-88	-25	N/A	N/A	N/A
<b>Total Actual Debits to SCAQMD Account (lb/day)</b>	<b>-529</b>	<b>-151</b>	<b>0</b>	<b>0</b>	<b>-432</b>
<b>Total Actual Debits to SCAQMD Account (ton/day)</b>	<b>-0.26</b>	<b>-0.08</b>	<b>0</b>	<b>0</b>	<b>-0.22</b>

**Table B**  
**Total Actual Credits to SCAQMD's Federal Offset Accounts**  
**(January 2011 through December 2011)**

<b>CREDITS RECEIVED</b>	<b>VOC</b>	<b>NO<sub>x</sub></b>	<b>SO<sub>x</sub></b>	<b>CO</b>	<b>PM10</b>
Major Source Orphan Credits (lb/day)	1,209	470	0	777	32
Minor Source Orphan Credits (lb/day)	10,211	1,921	320	3,936	2,153
Total Orphan Credits (lb/day)	11,420	2,391	320	4,713	2,185
Adjustment to Actual Emissions* (lb/day)	-2,284	-478	-64	-943	-437
Discount of ERCs** (lb/day)	1	1	0	2	2
Creditable Minor Source ERC Use (lb/day)	496	1	142	0	65
Creditable Major Source ERC Use (lb/day)	0	0	0	0	0
<b>Total Actual Credits to SCAQMD Account (lb/day)</b>	9,633	1,915	398	3,772	1,815
<b>Total Actual Credits to SCAQMD Account (ton/day)</b>	<b>4.82</b>	<b>0.96</b>	<b>0.20</b>	<b>1.89</b>	<b>0.91</b>

\* Adjustment of orphan shutdown and orphan reduction offset credits deposited in SCAQMD offset accounts to correct from potential emissions to actual emissions as discussed in Rule 1315(c)(3)(B)(i).

\*\* Prior to issuance of ERCs, they are discounted for NSR "Payback," which includes payback of NSR balance, Community Bank and Priority Reserve allocations, and offset exemptions, as discussed in Rule 1315(c)(3)(A)(v) and Rule 1306(c).

**Table C**  
**Sum of Final Credits/Debits Activities in SCAQMD's Federal Offset Accounts**  
**(January 2011 through December 2011)**

	<b>VOC</b>	<b>NO<sub>x</sub></b>	<b>SO<sub>x</sub></b>	<b>CO</b>	<b>PM10</b>
Total Actual Debits* (lb/day)	-529	-151	0	0	-432
Total Actual Credits* (lb/day)	9,633	1,915	398	3,772	1,815
<b>Sum of Actual Debits(-)/Credits(+)* (lb/day)</b>	<b>9,104</b>	<b>1,764</b>	<b>398</b>	<b>3,772</b>	<b>1,383</b>
<b>Sum of Actual Debits(-)/Credits(+)* (ton/day)</b>	<b>4.55</b>	<b>0.88</b>	<b>0.20</b>	<b>1.89</b>	<b>0.69</b>

\* Debits are shown as negative and Credits as positive, while their sum is shown as negative or positive, as appropriate.



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BOARD MEETING DATE: September 6, 2013

AGENDA NO. 33

**PROPOSAL:** Adopt Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemptions and Certify the Final Environmental Assessment

**SYNOPSIS:** Proposed Rule 1304.1 sets a fee for Electric Generating Facilities electing to meet their emissions offset obligations for boiler replacement projects by using offsets provided by the District pursuant to Rule 1304(a)(2). The fee proceeds will be invested in air pollution improvement strategies consistent with the Air Quality Management Plan goals. The Proposed Rule does not apply to facilities that meet their emissions offset obligations through privately held Emission Reduction Credits. (Reviewed: Stationary Source Committee, August 16, 2013)

**COMMITTEE:** Stationary Source, August 16, 2013, Reviewed

**RECOMMENDED ACTION:**

Adopt the attached resolution:

- 1) Certifying the Final Environmental Assessment for Proposed Rule 1304.1 - Electrical Generating Facility Fee For Use Of Offset Exemptions, and
- 2) Adopting Proposed Rule 1304.1 - Electrical Generating Facility Fee For Use Of Offset Exemptions.

Barry R. Wallerstein, D.Env.  
Executive Officer

## **Background**

The SCAQMD's New Source Review Program requires the offsetting of all emission increases from new and modified sources. Facility operators have the option to either procure offset credits in the open market or rely on accessing SCAQMD's internal offset accounts to the extent such access is allowed. Specifically, eligible operators can use the offset exemption in Rule 1304(a)(2). One such sector that can access the SCAQMD internal offset accounts to meet its offset obligation is Electrical Generating Facilities (EGFs) that are replacing existing utility steam boilers with new modern turbines. This access is currently provided at no cost to the facilities.

EGFs utilizing the current Rule 1304(a)(2) exemption from PM10 and VOC offsets historically represent the largest draw on the SCAQMD internal offset accounts. Within the next 10 to 15 years it is anticipated that many existing steam boilers will be replaced due to the State Water Resources Control Board Once-Through-Cooling (OTC) requirements or due to their age, further drawing down on the SCAQMD internal offset accounts.

Evaluation of the availability and price trends of offsets in the open market indicates a limited market with respect to certain pollutants. Therefore, offsets in SCAQMD internal accounts are finite, valuable public goods.

The purpose of the Proposed Rule is to recover the fair market value of offsets debited from the SCAQMD internal offset accounts by assessing eligible EGFs that elect to access the SCAQMD internal offset accounts an equitable and reasonable fee for the use of such offsets. The fee proceeds will be invested in air pollution improvement strategies consistent with the Air Quality Management Plan (AQMP) needs.

Fees would be based on the pollutant type and quantity of offsets required, for all eligible EGFs that elect to use the offset exemptions described in Rule 1304(a)(2), but not those facilities that have already been issued a final Permit to Construct by the SCAQMD prior to the date of rule adoption, or meet their emissions offset obligations through providing privately held Emission Reduction Credits (ERCs).

In an effort to thoroughly evaluate the potential impact of the proposed fee and rule structure, with a specific focus on grid reliability, staff retained the services of an outside expert in electrical energy consulting, Dr. Frank Wolak, Director of the Program on Energy and Sustainable Development and Professor, Department of Economics at Stanford University.

In his report, Dr. Wolak concluded that the rule would have no significant impact on the power generation market. His findings, included as Appendix A of the Staff Report, demonstrate that charging a fee for offsets will not affect reliability of the grid system, and actually remove a current economic disadvantage to Greenfield energy production.

## **Proposal**

The Proposed Rule can be summarized as follows:

- The rule would apply only to EGFs repowering and electing to use the SCAQMD offset exemption in Rule 1304(a)(2), which currently allows free access to the SCAQMD internal offset accounts;
- EGFs electing to access the SCAQMD internal offset accounts would be required to pay an Offset Fee for offsets debited from the offset accounts (specifically PM10, NOx, SOx and/or VOC). The Offset Fee is computed based on the total pounds per year of offsets procured and the fee rates as set forth in the Proposed Rule. Offset fee rates are based on the average price of the most recent two years of ERC transactions by pollutant;
- EGFs are provided with the option to remit the offset fee either as a single upfront payment or alternatively as an annualized payment;
- The offset fee formula provides a credit for the historical use of utility boilers during the prior 24 month period; and
- A 75% discount from the computed fee rates is provided for the first 100MW (in accordance with SCAQMD Governing Board Resolution No. 11-22, September 9, 2011 intended to encourage (smaller unit) distributed generation.
- The refunding of the fees remitted or a portion thereof is allowed in the event the project does not get constructed or is scaled down prior to construction, respectively.

Subsequent to the release of the draft proposed rule and staff report on August 7, 2013, staff has continued to work with the municipalities on the offset fee rates for smaller repower projects and has accordingly revised the proposed offset fee rates for the first 100 MWs of any project by providing an overall 75% discount compared to the fees applicable to larger projects. The revised fee rates reflect an additional 50% discount from the August 7, 2013 staff proposal. These revisions are included in the proposed rule summary above and indicated as ~~strikeout~~/underline in the revised proposed rule included as Attachment E.

## **Public Process**

In an effort to develop a workable rule, staff actively engaged all stakeholders that included publicly and privately held EGFs, utilities, state agencies in the power planning, permitting and distribution areas, environmental organizations and others. In addition, since initiation of the rule development effort in October 2012, staff has met with the stakeholders numerous times. Both a Public Consultation Meeting (held on 1/10/2013) and Public Workshop/ CEQA Scoping Session (held on 6/18/2013) were conducted. Between January 22, 2013 and July 26, 2013 five working group meetings were held. State agencies attending and participating at these meetings included the

California Independent Systems Operator (CAISO), California Public Utilities Commission (CPUC), California Air Resources Board (CARB), and the California Energy Commission (CEC). Staff also held detailed discussions with these same regulatory bodies prior to the Public Consultation meeting, including a detailed presentation to AQMD staff by CAISO on February 22, 2013 and additional telephone and email discussion with the Division of Ratepayer Advocates of the CPUC (January 17, 2013). Other key stakeholders that participated in the rule development process include AES Southland, Southern California Edison, NRG Energy Inc., LADWP, City of Burbank Water and Power, City of Glendale Water and Power, and the City of Pasadena, California Council for Environmental and Economic Balance, Independent Energy Producers Association, environmental organizations and others.

Through the extensive public process described above, staff received valuable feedback from all stakeholders, and made several improvements to the original staff proposal released to the public on January 4, 2013. Staff believes that these improvements yielded the resolutions of all issues presented as part of the rule development process.

### **CEQA**

Pursuant to the California Environmental Quality Act (CEQA), SCAQMD staff has analyzed the proposed project for any potential adverse environmental impacts. A Notice of Preparation and Initial Study (NOP/IS) was prepared for the proposed project and circulated for 30 days, from April 9, to May 8, 2013. Based on the comments received, staff prepared a draft environmental assessment document and circulated it for public comment for 45 days, from July 9 through August 22, 2013. The Final Subsequent EA is attached to this Board agenda item as Attachment I.

### **Socioeconomic Analysis**

SCAQMD has conducted a socioeconomic analysis to assess the impacts of the Proposed Rule. This analysis, "Draft Socioeconomic Report for Proposed Rule 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption" was released on August 2, 2013 for a 30 day review and comment period. The purpose of the analysis is to evaluate the cost of the Proposed Rule to both EGFs and ratepayers, in addition to job and other socioeconomic impacts as the fees from the Proposed Rule are invested in air quality projects. PR 1304.1 does not require emission reductions and is not a control measure; therefore, pursuant to Health & Safety Code section 40922, a cost-effectiveness assessment is not required. The Final Socioeconomic Report for Proposed Rule 1304.1 is attached to this Board agenda item as Attachment H.

### **Implementation and Resources**

Fee proceeds paid pursuant to this rule shall be deposited in an SCAQMD restricted fund account and shall be used to obtain emission reductions consistent with the needs of the Air Quality Management Plan, with up to 8% of such funds allowed for

use by the Executive Officer to cover certain costs associated with implementing Rule 1304.1, including administering the investment of the fees collected on air quality improvement projects.

## **Appendix A – Stakeholder Issues and Resolutions**

### **Attachments**

- A. Summary of Proposed Amendments
- B. Rule Development Process Flow Chart
- C. Key Contacts
- D. Resolution with Attachment 1 - Statement of Findings
- E. Proposed Rule 1304.1
- F. Final Staff Report
- G. Appendix B to the Final Staff Report - Response to Comments
- H. Final Socioeconomic Analysis Report
- I. CEQA – Final Subsequent Environmental Assessment (EA)

## Appendix A – Main Stakeholder Issues and Resolutions

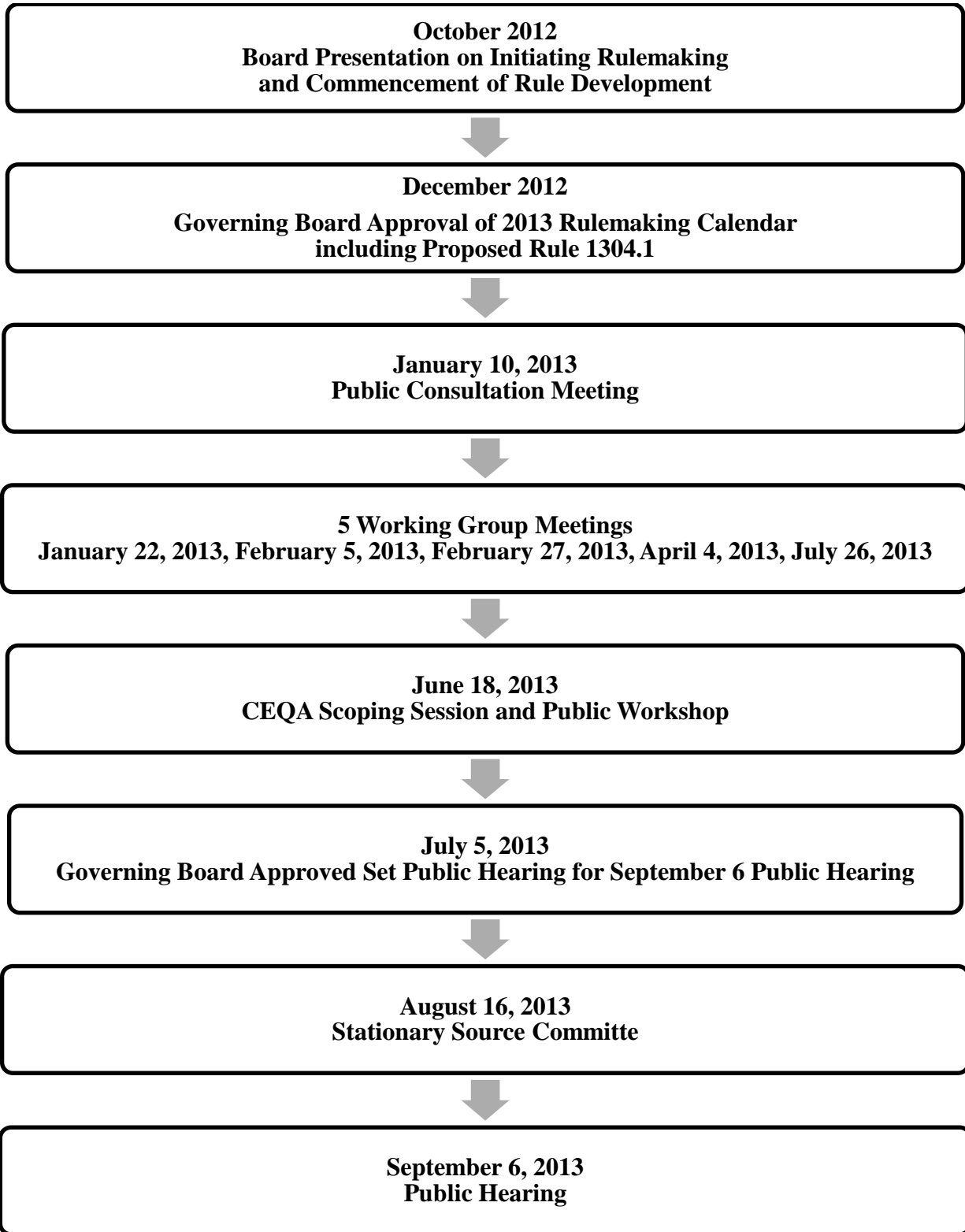
Issue	Resolution
Implementation date should be delayed	✓ <b>Extended from March 2013 to [Date of Adoption]</b>
Conduct CEQA analysis	✓ <b>Full Draft Environmental Assessment circulated</b>
Conduct socioeconomic analysis	✓ <b>Socioeconomic Report circulated</b>
Fees too high - lower fees especially for smaller EGFS	<ul style="list-style-type: none"> <li>✓ <b>Initial Fee - Discounted 50% by using average two years' ERC market prices</b></li> <li>✓ <b>Additional 75% reduction for first 100 MW to encourage distributed generation</b></li> </ul>
Payment options need to be more flexible	<ul style="list-style-type: none"> <li>✓ <b>Two Options Provided: Annual, Single</b></li> <li>✓ <b>5 Year Initial Payment reduced to 1 year Initial Payment</b></li> <li>✓ <b>Allow switch from Annual to Single Payment</b></li> <li>✓ <b>2nd Year payments only for operational units</b></li> </ul>
Refund schedule is too punitive (Initial draft)	<ul style="list-style-type: none"> <li>✓ <b>Initial proposal revised</b></li> <li>✓ <b>Full refund allowed, if project cancelled</b></li> <li>✓ <b>Full refund for reduction in permitted generation capacity</b></li> </ul>
Offset fee should not apply to full permitted capacity for Multi-Phase/Block projects	<ul style="list-style-type: none"> <li>✓ <b>Total offsets debited from SCAQMD internal offset accounts for Permit to Construct</b></li> <li>✓ <b>First payment applicable to full permitted capacity</b></li> <li>✓ <b>Subsequent payments only for operational units</b></li> <li>✓ <b>Limits unfair competition in bid process</b></li> </ul>
Further reduce fees for smaller repower projects	✓ <b>Revised proposal provides a 75% reduction in fee for the 1st 100 MW</b>

## **ATTACHMENT A**

### **SUMMARY OF PROPOSED RULE 1304.1**

- Establishes that procuring offsets from the SCAQMD internal accounts pursuant to the provisions Rule 1304(a)(2), is optional. Eligible sources may alternatively procure EGFs in the open market or other alternative processes.
- Establishes that offsets in the SCAQMD internal offset accounts are a valuable public good and sets a fair market value for such offsets based on discounted historical ERC prices (PM10, VOC, SO<sub>x</sub> and non-RECLAIM NO<sub>x</sub>).
- Provides for additional fee discount of 75% for cumulative repowering at a site of 100MW or less to encourage smaller distributed generation pursuant to Governing Board Resolution No. 11-22.
- Provides for an up-front single payment of fees due prior to the issuance of the Permit to Construct, or optional annual payments, with the first year pre-paid prior to the issuance of the Permit to Construct.
- Establishes that for the annual payment option subsequent payments are made commencing with the 2<sup>nd</sup> year, on or prior to, the date corresponding to the date of the commencement of operation.
- Establishes that a written request may be submitted for a full refund of all fees remitted prior to the commencement of operation. For multi-phase/block projects or a reduction in MW generation, permit amendment applications must be submitted prior to construction, with a refund of the fees commensurate with the portion of repowering forgone.
- Establishes that fees are to be placed in an AQMD restricted fund and used to meet the objectives of the Air Quality Management Plan, with up to 8% of such fees to be used to cover administrative costs associated with rule implementation.

**ATTACHMENT B**  
**RULE DEVELOPMENT PROCESS**



Rule Development – 11 Months



## **ATTACHMENT C**

### **KEY CONTACTS**

- AES
- AFS
- American Lung Association of California
- Boeing
- BP
- Broiles & Timms
- California Air Resources Board
- California Energy Commission
- California Environmental Rights Alliance
- California Independent System Operators
- California Public Utilities Commission
- CCEEB
- Center for Community Action and Environmental Justice
- City of Burbank Water and Power
- City of Glendale Water and Power
- City of Los Angeles Department of Water and Power
- City of Pasadena Water and Power
- City of Redondo Beach
- Clean Air NOW
- Coalition for Clean Air
- Communities for a Better Environment
- Curt Pringle and Associates
- Earth Day LA
- Edison Mission Energy
- Environmental Management Professionals, LLC
- Environmental Resources Management
- Evolution Markets
- Latham & Watkins
- Los Angeles County Sanitation District
- Metropolitan Water District
- Natural Resource Group
- Natural Resources Defense Council
- NRG
- Orange County Sanitation District
- SCE
- SCPPA

- SoCalGas
- Terra-Gen Power
- Tesoro
- Watson Cogeneration Company

**ATTACHMENT D**  
**RESOLUTION NO.**

**A Resolution of the South Coast Air Quality Management District (AQMD) Governing Board certifying the Final Environmental Assessment (EA) for Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption.**

**A Resolution of the AQMD Governing Board adopting Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption.**

**WHEREAS**, the AQMD Governing Board finds and determines that Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption, is considered a "project" pursuant to the California Environmental Quality Act (CEQA); and

**WHEREAS**, the AQMD Governing Board 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 Final EA pursuant to its certified regulatory program and CEQA Guidelines §15161 and §15252, setting forth the potential environmental consequences of Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption; and

**WHEREAS**, it was determined the proposed project has the potential to generate significant adverse air quality impacts; and

**WHEREAS**, it is necessary that the AQMD prepare Findings and a Statement of Overriding Considerations pursuant to CEQA Guidelines §15091 and §15093, respectively, regarding potentially significant adverse environmental impacts that cannot be mitigated to insignificance; and

**WHEREAS**, no feasible mitigation measures were identified to reduce or eliminate significant adverse operational air quality impacts to less than significant and, as such, a Mitigation Monitoring Plan pursuant to Public Resources Code §21081.6 was not required; and

**WHEREAS**, the Draft EA was circulated for 45-day public review and comment period, and the Draft EA has been revised such that it is now a Final EA, and comments received are responded to in the Final EA; and

**WHEREAS**, it is necessary that the adequacy of the Final EA be determined by the AQMD Governing Board prior to its certification; and

**WHEREAS**, the AQMD Governing Board prior to voting on Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption, has reviewed and considered the Final EA; and

**WHEREAS**, the AQMD staff report, the CEQA Final EA, this September 6, 2013 Board letter, and other supporting documentation was presented to the AQMD Governing Board and that the AQMD Governing Board has reviewed and considered the entirety of this information prior to approving the project; and

**WHEREAS**, the AQMD Governing Board has determined that emissions offsets in the SCAQMD internal offset accounts are a public good; and

**WHEREAS**, the AQMD Governing Board has determined that eligible EGFs repowering are not mandated to use the Rule 1304(a)(2) provision allowing debiting of the SCAQMD internal offset accounts, but have the option of procuring ERCs in the open market; and

**WHEREAS**, the AQMD Governing Board has determined that it is necessary and equitable to assess a fee for offsets procured from the SCAQMD internal offset accounts by eligible EGFs repowering utility steam boilers pursuant to the Rule 1304(a)(2) exemption that represents a fair return for such offsets; and

**WHEREAS**, the AQMD Governing Board has determined that such offset fees be used to invest in air pollution control strategies consistent with the Air Quality Management Plan needs; and

**WHEREAS**, it is the intent of the AQMD Governing Board to not expand the scope of Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption to industry sectors other than the power generation sector; and

**WHEREAS**, the AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 39002, 40000, 40001, 40440, 40702, 40725 through 40728, 41508 and 42300 et. seq. of the California Health and Safety Code; and Sections 110, 172 and 173 of the Federal Clean Air Act; and

**WHEREAS**, The AQMD Governing Board has determined that Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption 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 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption, 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 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption, 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 references the following statutes which the AQMD Governing Board 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), Health and Safety Code §§42300 et seq. (permit system); and Sections 110 (state implementation plan), 17(d) (non-attainment planning) and 173 (permit system) of the Clean Air Act; and

**WHEREAS**, the AQMD Governing Board has determined that the socioeconomic impact assessment of Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption is consistent with the March 17, 1989 Board Socioeconomic Resolution for rule adoption and California Health and Safety Code § 40440.8(a) and (b) and 40728.5; and

**WHEREAS**, the AQMD Governing Board has reviewed and considered the Socioeconomic Report for Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption and has made a good faith effort to minimize adverse socioeconomic impacts; and

**WHEREAS**, the AQMD Governing Board directs staff to work closely with stakeholders including the California Public Utilities Commission (CPUC), the California Independent System Operators (CAISO), California Energy Commission (CEC), California Resources Board (CARB) and other interested stakeholders on a plan outlining how any future fee revenues generated from Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption will be utilized to obtain emission reductions consistent with the needs of the AQMP, and to report back to Stationary Source Committee and Governing Board outlining the plan within 120 days from the [date of adoption]

**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 adoption of Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption since the notice of public hearing was published do not significantly change the meaning of the proposed 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 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of this proposed amended 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 AQMD Governing Board does hereby certify that the Final EA for Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption including responses to comments was prepared in compliance with the California Environmental Quality Act statutes and CEQA Guidelines and that the Final

EA represents its independent judgment and analysis. This information was presented to the AQMD Governing Board, whose members reviewed, considered, and approved the information therein prior to acting on Proposed Rule 1304.1; and

**BE IT FURTHER RESOLVED**, that the AQMD Governing Board adopts the Findings and Statement of Overriding Considerations pursuant to CEQA guidelines §15091 and 15093, respectively, which are included as Attachment 1 to this resolution and incorporated herein by reference; and

**BE IT FURTHER RESOLVED**, that the AQMD Governing Board does hereby adopt, pursuant to the authority granted by law, Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption, as set forth in the attached, and incorporated herein by this reference.

Attachment

DATE: \_\_\_\_\_

\_\_\_\_\_  
CLERK OF THE BOARD



**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
GOVERNING BOARD**

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Speaker of the Assembly Appointee

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**EXECUTIVE OFFICER:**  
BARRY R. WALLERSTEIN, D.Env.



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## **INTRODUCTION**

Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use of Offset Exemption, is considered a “project” as defined by the California Environmental Quality Act (CEQA) (California Public Resources Code §§21000 et seq.). The South Coast Air Quality Management District (SCAQMD) as Lead Agency for the proposed project, prepared a Notice of Preparation/Initial Study (NOP/IS) which identified environmental topics to be analyzed in a Draft Environmental Assessment (EA). The NOP/IS provided information about the proposed project to other public agencies and interested parties prior to the release of the Draft EA. The initial evaluation in the NOP/IS identified the topics of air quality and energy as potentially being adversely affected by the proposed project. The NOP/IS was distributed to responsible agencies and interested parties for a 30-day review and comment period from April 9, 2013, to May 8, 2013. During that public comment period, the SCAQMD received two comment letters.

The Draft EA was prepared as a public disclosure document intended to: (a) provide the lead agency, responsible agencies, decision makers and the general public with information on the environmental impacts of the proposed project; and, (b) be used as a tool by decision makers to facilitate decision making on the proposed project. The Draft EA was released for a 45-day public review and comment period from July 9, 2013 to August 22, 2013. The Draft EA, was prepared pursuant to CEQA Guidelines §15161, and evaluated the topics of air quality and GHG emissions as areas that may be adversely affected by the proposed project. The Draft EA concluded that only the topic of operational air quality/GHG emission impacts would have significant adverse impacts.

One comment letter was received during the public comment period on the analysis presented in the Draft EA. No comments in this letter identified other potentially significant adverse impacts from the proposed project. Responses to this comment letter have been prepared. The comment letter and responses to the comments are included in Appendix F of the Final EA.

## **CERTIFICATION OF THE FINAL EA**

The SCAQMD Governing Board certifies that it has been presented with the Final EA for Proposed Rule (PR) 1304.1 and that it has reviewed and considered the information contained in the Final EA prior to making the following certifications and findings. Pursuant to CEQA Guidelines §15090 (Title 14 of the California Code of Regulations, §15090), the SCAQMD Governing Board certifies that the Final EA, including responses to comments, has been completed in compliance with the CEQA statutes and the CEQA Guidelines. The SCAQMD Governing Board certifies the Final EA for the actions described in these findings and in the Final EA, i.e., the proposed project. The SCAQMD Governing Board further certifies that the Final EA reflects its independent judgment and analysis. The Governing Board Resolution includes the certification of the Final EA.

## **SUMMARY OF THE PROPOSED PROJECT**

The SCAQMD is proposing to adopt a new rule, PR 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption. If adopted, PR 1304.1 would require any electrical generating facility (EGF) that elects to use the specific offset exemption described in SCAQMD Rule 1304 (a)(2) - Electric Utility Steam Boiler Replacement, to pay fees for up to the full amount of offsets provided by the SCAQMD. Offsets in SCAQMD internal accounts are valuable public goods and are a specific benefit conferred to the eligible EGFs. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets pursuant to

the requirements in Rule 1304 (a)(2). Because the fee is based on historical values of the emission reduction credits in the market, it is a reasonable cost of conferring the benefit.

### Project Objectives

- Recoup the fair market value of offsets provided to eligible EGFs from SCAQMD's internal offset bank pursuant to offset exemption Rule 1304 (a)(2);
- Facilitate the continued development of a reliable electric grid within the SCAQMD's jurisdiction while discouraging electric generation not necessary to serve native load or reliability needs.
- Reduce the depletion rate of offsets from SCAQMD's internal offset bank to ensure the continued availability of offsets for essential public services; and,
- Maximize the availability of funds for investment in air pollution reduction projects that further the goals outlined in the 2012 AQMP.

### **SIGNIFICANT ADVERSE IMPACTS WHICH CAN BE REDUCED BELOW A SIGNIFICANT LEVEL OR WERE CONCLUDED TO BE INSIGNIFICANT**

The Final EA identified air quality as an area that may be adversely affected by the proposed project. The proposed project was evaluated according to the CEQA environmental checklist of approximately 17 environmental topics for potential adverse impacts from a proposed project. The screening analysis concluded that the following environmental areas would not be significantly adversely affected by the proposed project:

- aesthetics
- agriculture and forestry resources
- biological resources
- cultural resources
- energy
- geology and soils
- hazards and hazardous materials
- hydrology and water quality
- land use and planning
- mineral resources
- noise
- population and housing
- public services
- recreation
- solid/hazardous waste
- transportation/traffic

## **POTENTIAL SIGNIFICANT ADVERSE IMPACTS THAT CANNOT BE REDUCED BELOW A SIGNIFICANT LEVEL**

The Final EA identified the topic of operational air quality/GHG as the only area that may be significantly adversely affected by the proposed project and could not identify and quantify enough feasible mitigation measures to adequately reduce potential impacts to less than significant. It should be noted, however, that since the EA was prepared, the proposed project has been modified such that a lower fee (75 percent fee reduction) is charged for the first 100 MW of generation at a site. This modification is expected to further reduce the likelihood that the proposed project will result in the delay of any repowering activities and hence, the likelihood of a significant adverse air quality impact.

### Operational Air Quality/GHG Impacts

The proposed project would require any EGF that uses the specific offset exemption in Rule 1304(a)(2) to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. The proposed project is, therefore, consistent with the existing purposes of Regulation XIII to ensure that there are no net increases in emissions from new or modified permitted sources. However, the SCAQMD received comments from stakeholders asserting that implementing fees pursuant to PR 1304.1 may deter investment in replacing 50+ year-old boilers with new more efficient gas turbines. As a result, a repowering project could be delayed, downsized or abandoned. To ensure the analysis examined a “worst cast” scenario, it assumed that an EGF delaying a repowering project would be replacing the steam boiler with either a simple cycle or a combined cycle gas turbine. To respond to the concern that the steam boilers could be operated at an increased load to handle future increased energy need, the boilers were assumed to be operating at 100 percent capacity on a peak daily basis. However, in reality, it is infeasible for boilers to operate at 100% capacity all the time. As shown in Table 4-4 of the Final EA, PM10, VOC and NOx emissions exceed the daily significance threshold as a result of a “worst case” scenario in which municipal utilities delay repowering projects and increase load from the boilers to 100%.

Additionally, as shown in Table 4-10 of the Final EA, the potential delay in GHG emission reductions could also exceed the annual GHG significance threshold. However, it is unlikely that all projects will be delayed at the same time and it is anticipated that the delay will be temporary as there are short-term RA requirements and long-term municipal planning processes in place to ensure that failing older equipment will not lead to electricity shortfalls. Also, fees collected from other EGFs electing to use the 1304(a)(2) exemption will fund air quality improvement projects that will, in turn, create emissions reductions and will have co-benefits in reducing GHG emissions.

Even though the proposed project could result in emission reductions foregone during operation that exceeds the applicable operational air quality/GHG significance thresholds, for the following reasons they are not expected to interfere with the air quality progress and attainment demonstration projected in the AQMP. Based on regional modeling analyses performed for the 2012 AQMP, implementing control measures contained in the 2012 AQMP, in addition to the air quality benefits of the existing rules, is anticipated to bring the SCAQMD into attainment with all national and most state ambient air quality standards by the year 2023. Therefore, when cumulative operational air quality/GHG impacts from the proposed project, previous amendments, and all other AQMP control measures are considered together, cumulative impacts are not expected to be significant because implementation of all AQMP control measures is expected to result in net emission reductions and overall air quality improvement. This

determination is consistent with the conclusion in the 2012 AQMP Final Program EIR that direct cumulative air quality impacts from implementing all AQMP control measures are not expected to be significant (SCAQMD, 2012). For these aforementioned reasons, the proposed project would not result in irreversible environmental changes or an irretrievable commitment of resources.

## **STATEMENT OF FINDINGS**

Public Resources Code §21081 and CEQA Guidelines §15091(a) state that no public agency shall approve or carry out a project for which a CEQA document has been completed which identifies one or more significant adverse environmental effects of the project unless the public agency makes one or more written findings for each of those significant effects, accompanied by a brief explanation of the rationale for each finding. Additionally, the findings must be supported by substantial evidence in the record (CEQA Guidelines §15091(b)). As identified in the Final EA and summarized above, the proposed project has the potential to create significant adverse operational air quality/GHG impacts. The SCAQMD Governing Board, therefore, makes the following findings regarding the proposed project. The findings are supported by substantial evidence in the record as explained in each finding. This Statement of Findings will be included in the record of project approval and will also be noted in the Notice of Decision. The Findings made by the SCAQMD Governing Board are based on the following significant adverse impact identified in the Final EA.

**PM10, VOC, NO<sub>x</sub> and GHG emissions exceed the CEQA significance thresholds as a result of an extreme “worst case” scenario in which municipal utilities delay repowering projects and increase load from the boilers to 100% and cannot be mitigated to insignificance. However, as noted previously, the modification to the proposed project which provides a 75 percent reduction in fees for the first 100 MW makes this scenario more unlikely.**

### Finding and Explanation:

PR 1304.1 is concluded to result in adverse significant operational PM10, VOC, NO<sub>x</sub> and GHG air quality impacts as a result of an extreme “worst case” scenario analysis. If significant adverse environmental impacts are identified in a CEQA document, the CEQA document shall describe feasible measures that could minimize the impacts of the proposed project. PR 1304.1 is a fee rule and alternatives to the project are adjustments to the fee, which are addressed in the alternatives analysis found in Chapter 5 of the Final EA. The potential adverse air quality and GHG emissions impacts from the proposed project will be the result of those EGFs deciding to delay projects that would repower to cleaner, more efficient equipment because of the fee. Aside from the existing regulatory framework, such as deadlines to cease using once-through-cooling, or pre-arranged agreements, there is no requirement regarding the timing of these facilities to repower. In addition, the SCAQMD cannot regulate when and how the projects are built. However, the proposed project charges a fee to those facilities that are conferred the benefit of obtaining offsets from the SCAQMD internal bank pursuant to Rule 1304 ( a)(2) offset exemption. This fee will fund air quality improvement projects, such as those found in the 2012 AQMP.

The significance determination is not due to an *increase* in emissions, but rather a potential delay in emission reductions, if and when a utility delays in repowering existing steam boilers with more efficient equipment. If the delay occurs, it is anticipated that the length of the delay to repower old equipment will be temporary because there are short term reliability requirements and long term municipal planning processes to ensure older equipment will not cause an

inadequate supply of electricity. Further, there will be an additional cost of natural gas to operate boilers at 100 percent capacity which could result in higher operating costs if not repowered, further incentivizing municipal utilities to repower. According to Dr. Frank Wolak, an economics professor and Director of the Program on Energy and Sustainable Development at Stanford University, the proposed fee would not change the economics of a utilities' decision to repower an existing steam boiler because EGFs within California are subject to reliability planning requirements. The significance determination in the Draft EA was based on an extreme "worst case" analysis scenario which relies on the following assumptions:

- The analysis assumes the delay in repowering projects occurs at the same time, which is highly unlikely;
- The analysis assumes existing boilers will operate at maximum capacity (100 percent) that is not expected to realistically occur;
- The analysis chooses a steam boiler with the highest emission rate (lbs/day per MW) and compares to a turbine with the lowest emission rate that may not be reflective of all individual repower projects;
- The analysis does not consider substitution of a steam boiler for a renewable cleaner source of energy such as solar, wind, geothermal, etc.;
- The analysis does not take credit for the emission reductions achieved through the air quality improvement project funded by the proposed fee;
- The analysis includes a "real world" scenario that determines significance for one criteria pollutant (NO<sub>x</sub>) as opposed to the extreme "worst case" scenario which determines significance for three criteria pollutants (PM<sub>10</sub>, VOC, NO<sub>x</sub>).

The Governing Board finds that no feasible mitigation measures have been identified that would mitigate the potentially significant adverse impacts to operational air quality/GHG to less than significant levels. CEQA defines "feasible" as "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors" (Public Resources Code §21061.1).

The Governing Board finds further that the Final EA considered alternatives, including adjustments lowering the fee, pursuant to CEQA Guidelines §15126.6, and the final rule proposal incorporates a version of the lower fee alternative, but in an abundance of caution, does not find that the proposal would necessarily reduce potential impacts to insignificance. The administrative record for the CEQA document and adoption of the rule amendments is maintained by the SCAQMD Office of Planning, Rule Development and Area Sources.

### Conclusion

The Governing Board finds that the findings required by CEQA Guidelines §15091(a) are supported by substantial evidence in the record. The record of approval for this project may be found in the SCAQMD's Clerk of the Board's Office located at SCAQMD headquarters in Diamond Bar, California.

### **STATEMENT OF OVERRIDING CONSIDERATIONS**

If significant adverse impacts of a proposed project remain after incorporating mitigation measures, or no measures or alternatives to mitigate the adverse impacts are identified, the lead

agency must make a determination that the benefits of the project outweigh the unavoidable adverse environmental effects if it is to approve the project. CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project against its unavoidable environmental risks when determining whether to approve the project [CEQA Guidelines §15093(a)]. If the specific economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered “acceptable” [CEQA Guidelines §15093 ( a)]. Accordingly, a Statement of Overriding Considerations regarding potentially significant adverse operational PM10, VOC, NOx and GHG air quality impacts resulting from the extreme “worst case” analysis of the proposed project has been prepared. This Statement of Overriding Considerations is included as part of the record of the project approval for the proposed project. Pursuant to CEQA Guidelines §15093(c), the Statement of Overriding Considerations will also be noted in the Notice of Decision for the proposed project.

Despite the inability to incorporate changes into the proposed project that will mitigate potentially significant adverse operational air quality/GHG impacts to a level of insignificance, the SCAQMD's Governing Board finds that the following benefits and considerations outweigh the potentially significant unavoidable adverse environmental impacts:

1. The analysis of potential adverse environmental impacts incorporates an extreme “worst-case” approach. This entails the premise that whenever the analysis requires that assumptions be made, those assumptions that result in the greatest adverse impacts are typically chosen. This method likely overestimates the actual emission reductions delayed from the proposed project.
2. SCAQMD staff’s analysis indicates that Proposed Rule 1304.1 does not present a significant obstacle to the permitting of new replacement generation at the cities, and therefore, does not create an electricity system reliability concern.
3. Funds generated from the payment of the proposed fees will be used to maximize investment in air quality improvement projects consistent with the 2012 AQMP and in the areas impacted by the repowering projects, but the analysis did not take credit for these emission reductions.
4. Supplemental projects funded by the proposed fee that the SCAQMD will undertake will reduce emissions from the proposed project and will aid the advancement of technology, which will facilitate compliance with the 8-hour ozone standard and the new PM2.5 standard.
5. By maximizing funding for air quality improvement programs with the fee from the proposed project, emission reductions will be generated that provide local and regional air quality benefits to reduce the impact of the potential delay in emission reductions from those limited facilities choosing to delay their repower projects because of the fee.
6. The proposed project would allow the SCAQMD to recoup the fair market value of offsets.
7. The proposed project would reduce the depletion rate of offsets from SCAQMD’s internal offset bank.

The SCAQMD's Governing Board finds that the aforementioned considerations outweigh the unavoidable significant effects to the environment as a result of the proposed project.

## **MITIGATION**

CEQA requires an agency to prepare a plan for reporting and monitoring compliance with the implementation of measures to mitigate significant adverse environmental impacts. Mitigation monitoring requirements are included in CEQA Guidelines §15097 and Public Resources Code §21081.6, which specifically state:

When making findings as required by subdivision (a) of Public Resources Code §21081 or when adopting a negative declaration pursuant to paragraph (2) of subdivision (c) of Public Resources Code §21080, the public agency shall adopt a reporting or monitoring program for the changes to the project which it has adopted or made a condition of project approval in order to mitigate or avoid significant effects on the environment (Public Resources Code §21081.6). The reporting or monitoring program shall be designed to ensure compliance during project implementation. For those changes which have been required or incorporated into the project at the request of an agency having jurisdiction by law over natural resources affected by the project, that agency shall, if so requested by the lead or responsible agency, prepare and submit a proposed reporting or monitoring program.

The provisions of CEQA Guidelines §15097 and Public Resources Code §21081.6 are triggered when the lead agency certifies a CEQA document in which mitigation measures, changes, or alterations have been required or incorporated into the project to avoid or lessen the significance of adverse impacts identified in the CEQA document. However, since no mitigation measures to reduce significant adverse operational PM10, VOC, NOx and GHG air quality impacts were identified, a mitigation monitoring and reporting plan for operations is not required.

## **CONCLUSION**

Based on a “worst-case” analysis, the potential adverse operational air quality/GHG impacts from the adoption and implementation of the proposed project are considered significant and unavoidable.

The proposed fee would make potential boiler replacement projects more expensive and thus could potentially lead to the delay, downsizing, or abandonment of these types of projects, at least for municipalities. If boiler projects are delayed, downsized, or abandoned, EGFs may have to continue operating their aging, less efficient boilers for some additional amount of time which could result in forgoing a reduction in emissions from not repowering at an earlier date. By comparing the emissions from the replacement equipment with boilers operating at maximum capacity on a daily basis, the analysis includes impacts from boilers increasing their load in a “worst case” daily scenario. Under this scenario, PM10, VOC, NOx and GHG emissions would exceed the daily CEQA significance threshold because it is assumed that municipal utilities would delay repowering projects and increase loads from the existing boilers. However, it is unlikely that all projects will be delayed at the same time and that loads will increase to 100 percent capacity. Additionally, the funding from other repowering projects will have co-benefits in reducing GHG emissions. Also, the anticipated delay will be temporary as backstop measures and the existing regulatory and planning framework will ensure that older equipment will be replaced so as not to cause an inadequate supply of electricity.



By funding air quality improvement programs with the fee from the proposed project, emission reductions will be generated that provide local and regional air quality benefits to reduce the impact of the potential delay in emission reductions from those limited facilities choosing to delay their repower projects because of the fee. Further, no additional feasible mitigation measures or project alternatives have been identified that would reduce these impacts to insignificance.

**ATTACHMENT E**

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**RULE LANGUAGE FOR**

**PROPOSED AMENDED RULE 1304.1 – ELECTRICAL GENERATING  
FACILITY FEE FOR USE OF OFFSET EXEMPTION**

Single underline text shows new language added subsequent to the release of the Set Hearing Package.

~~Strikeout~~ text shows new deletions from the rule subsequent to the Set Hearing.

|

**PROPOSED RULE 1304.1. ELECTRICAL GENERATING FACILITY FEE FOR USE OF OFFSET EXEMPTION**

(a) Purpose and Applicability

The purpose of this rule is to require Electrical Generating Facilities (EGFs) which use the specific offset exemption described in Rule 1304(a)(2) [Electric Utility Steam Boiler Replacement] to pay fees for up to the full amount of offsets provided by the SCAQMD. Offsets in SCAQMD internal accounts are valuable public goods. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304(a)(2). The fees will be invested in air pollution improvement strategies for the pollutants for which the fee is paid, or their precursors or criteria pollutants to which they contribute, consistent with the needs of the Air Quality Management Plan. This rule applies to all EGFs that use the offset exemptions described in Rule 1304(a)(2). Notwithstanding Rule 1301(c)(1), this rule applies to all permits issued to EGFs electing to use Rule 1304(a)(2) and receiving the applicable permit to construct on or after [Date of Adoption].

(b) Definitions

- (1) ELECTRICAL GENERATING FACILITY (EGF) means a facility that generates electricity for distribution in the state or local grid system, regardless of whether it also generates electricity for its own use or for use pursuant to a contract.
- (2) COMMENCEMENT OF OPERATION means to have begun the first fire of the unit(s), or to generate electricity for sale, including the sale of test generation.
- (3) CONSTRUCTION means to build, erect, or alter any structure, plot of land, site or piece of equipment or to replace any piece of equipment.

(c) Requirements

- (1) Any EGF operator electing to use the offset exemptions provided by Rule 1304(a)(2) shall pay a fee, the Offset Fee ( $F_i$ ), calculated pursuant to paragraph (c)(2), for each pound per day of each pollutant (i), for which the SCAQMD provides offsets. This fee may be paid on an annual basis or as a single payment or a combination of both at the election of the applicant.
- (2) The Offset Fee ( $F_i$ ), for a specific pollutant (i), shall be calculated by multiplying the applicable pollutant specific Annual Offset Fee Rate ( $R_i$ ) or Single Payment Offset Fee Rate ( $L_i$ ) and Offset Factor in Table A1 or A2, as applicable, by the fraction of the potential to emit level(s) of the new replacement unit(s). This fraction is calculated as the product of the potential

to emit of the new replacement unit ( $PT_{Erep_i}$ ) multiplied by the new replacement to existing unit generation annual capacity ratio. This annual capacity ratio which is defined as the maximum permitted annual megawatt hour (MWh) generation of the new replacement unit(s) ( $C_{rep}$ ) minus the most recent twenty-four (24) months average of the megawatt hour (MWh) generation (megawatt utilization) of the unit(s) to be replaced ( $C_{2YRAvgExisting}$ ) divided by the maximum permitted annual megawatt hour (MWh) generation of the new replacement unit(s) ( $C_{rep}$ ).

The offset fee calculation described above is governed by equations in subparagraphs A and B:

(A) **Annual** Payment Option

- (i) Repowering **100MW or less cumulatively** at a facility subsequent to [Date of Adoption] with offsets debited from the SCAQMD internal offset accounts:

$$\text{Annual Offset Fee } (F_i) = R_{iA1} \times OF_i \times PT_{Erep_i} \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right)$$

- (ii) Repowering **more than 100MW cumulatively** at a facility subsequent to [Date of Adoption] with offsets debited from the SCAQMD internal offset accounts:

$$\text{Annual Offset Fee } (F_i) = \left( \left[ R_{iA1} \times \left( \frac{100}{MW} \right) \right] + \left[ R_{iA2} \times \left( \frac{MW - 100}{MW} \right) \right] \right) \times OF_i \times PT_{Erep_i} \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right)$$

(B) **Single** Payment Option

- (i) Repowering **100MW or less cumulatively** at a facility subsequent to [Date of Adoption] with offsets debited from the SCAQMD internal offset accounts:

$$\text{Single Payment Offset Fee } (F_i) = L_{iA1} \times OF_i \times PT_{Erep_i} \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right)$$

- (ii) Repowering **more than 100MW cumulatively** at a facility subsequent to [Date of Adoption] with offsets debited from the SCAQMD internal offset accounts:

$$\begin{aligned} & \text{Single Payment Offset Fee } (F_i) = \\ & \left( \left[ L_{iA1} \times \left( \frac{100}{MW} \right) \right] + \left[ L_{iA2} \times \left( \frac{MW - 100}{MW} \right) \right] \right) \times \\ & OF_i \times PTE_{rep_i} \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right) \end{aligned}$$

Where;

$F_i$	=	Offset Fee for pollutant (i).
$R_{iA1}$	=	Table A1, Annual Offset Fee Rate for pollutant (i), in terms of dollars per pound per day, annually.
$R_{iA2}$	=	Table A2, Annual Offset Fee Rate for pollutant (i), in terms of dollars per pound per day, annually.
$L_{iA1}$	=	Table A1, Single Payment Offset Fee Rate for pollutant (i), in terms of dollars per pound per day.
$L_{iA2}$	=	Table A2, Single Payment Offset Fee Rate for pollutant (i), in terms of dollars per pound per day.
MW	=	MW rating of new replacement unit(s).
$OF_i$	=	offset factor pursuant to Rule 1315(c)(2) for extreme non-attainment pollutants and their precursors, (see Table A1 or A2, as applicable, for factors).
$PTE_{rep}$	=	permitted potential to emit of new replacement unit(s) for pollutant i, in pounds per day. (Maximum permitted monthly emissions $\div$ 30 days).
$C_{rep}$	=	maximum permitted annual megawatt hour (MWh) generation of the new replacement unit(s). (Maximum rated capacity (MW) x Maximum permitted annual operating hours (h)).
$C_{2YRAvgExisting}$	=	the average annual megawatt-hour (MWh) generation of the existing unit(s) to be replaced using the last twenty-four (24)

month period immediately prior to issuance of the permit to construct.

Table A1: Pollutant Specific Offset Fee Rates & Offset Factors applicable to the **first 100MWs cumulatively** repowered at an EGF after [Date of Adoption] with offsets debited from the SCAQMD internal accounts

Pollutant (i)	<b>Annual</b> Offset Fee Rate <b>(R<sub>iA1</sub>)</b> (\$per lb/day)*	<b>Single Payment</b> Offset Fee Rate <b>(L<sub>iA1</sub>)</b> (\$ per lb/day)*	Offset Factor (OF <sub>i</sub> )
PM	<del>\$1,993</del> -997	<del>\$49,822</del> -24,911	1.0
NOx**	<del>\$1,332</del> -666	<del>\$33,286</del> -16,643	1.2
SOx	<del>\$1,585</del> -793	<del>\$39,631</del> -19,816	1.0
VOC	<del>\$93</del> -47	<del>\$2,318</del> -1,159	1.2

\*Offset Fees paid annually and adjusted annually by the CPI.

\*\*For non-RECLAIM sources only.

Table A2: Pollutant Specific Offset Fee Rates & Offset Factors applicable to the **cumulative MW capacity in excess of 100 MW** repowered at an EGF after [Date of Adoption] with offsets debited from the SCAQMD internal offset accounts

Pollutant (i)	<b>Annual</b> Offset Fee Rate <b>(R<sub>iA2</sub>)</b> (\$per lb/day)*	<b>Single Payment</b> Offset Fee Rate <b>(L<sub>iA2</sub>)</b> (\$ per lb/day)*	Offset Factor (OF <sub>i</sub> )
PM	\$3,986	\$99,643	1.0
NOx**	\$2,663	\$66,571	1.2
SOx	\$3,170	\$79,262	1.0
VOC	\$185	\$4,635	1.2

\*Offset Fees paid annually and adjusted annually by the CPI.

\*\*For non-RECLAIM sources only.

- (3) The owner/operator of an EGF electing to use the offset fee exemption of Rule 1304(a)(2) shall remit the offset fees as follows:
  - (A) For the annual payment option:
    - (i) The owner/operator must remit the first year annual offset fee payment prior to the issuance of the permit to construct and such fees shall be based on the total amount of the repowered MW

capacity for which a permit to construct is being issued by SCAQMD for the facility. Subsequent payments shall be remitted annually based on the cumulative total of MW capacity that commenced operation, on or before the anniversary date of the original commencement of operation of such MW capacity at the fee rates in effect at the time the fee is due.

- (ii) If the owner/operator of an EGF fails to pay the applicable Annual Offset Fee ( $F_i$ ) amount, for each applicable pollutant (i), within thirty (30) days after the due date, the associated permit(s) will expire and no longer be valid. Such permit may be reinstated within sixty (60) days with an additional penalty of 50%.
  - (iii) The owner/operator of an EGF that has elected the annual fee payment option may switch to the single payment option upon submittal of a written request to the Executive Officer for such a change in payment method. The amount of the single payment offset fee due shall be based on offset fee rates applicable at the time the written request for the change in payment method is submitted to the Executive Officer. The sum of the annual offset fees remitted prior to the submittal of a request for change to a single payment option shall be credited towards the single payment offset fee due.
- (B) For the single payment option, the owner/operator must remit the entire fee prior to issuance of the permit to construct.
- (4) Offsets provided pursuant to this rule to a facility are not any form of property, and may not be sold, leased, transferred, or subject to any lien, pledge, or voluntary or involuntary hypothecation or transfer, and shall not be assets in bankruptcy, for purposes of taxation, or in any other legal proceeding.
- (5) Refunds of First Year of Annual Payment or Single Payment
- (A) The full amount of any payments made in satisfaction of the requirements of the rule shall be refunded if a written request by the facility owner/operator is received prior to the commencement of operation. Such a request for refund shall automatically trigger cancellation of the Permit to Construct and/or Operate.
  - (B) Prior to the commencement of construction of each new electrical generating unit, an owner/operator can request the Executive Officer to have their permit amended to limit the permitted maximum monthly and/or annual generation capacity and can seek a refund for the fee adjustment corresponding to the requested reduction in capacity.

(d) Use of Offset Fee Proceeds

- (1) Except as provided in Paragraph (d)(2), the Offset Fee proceeds paid pursuant to this rule shall be deposited in an SCAQMD restricted fund account and shall be used to obtain emission reductions consistent with the needs of the Air Quality Management Plan.
- (2) Up to 8% of the Offset Fee proceeds, deposited in a restricted fund account, may be used by the Executive Officer to cover administrative costs related to implementation of this rule.

(e) Severability

If any provision of this rule is held by judicial order to be invalid, or invalid or inapplicable to any person or circumstance, such order shall not affect the validity of the remainder of this rule, or the validity or applicability of such provision to other persons or circumstances. In the event any of the exceptions to this rule is held by judicial order to be invalid, the persons or circumstances covered by the exception shall instead be required to comply with the remainder of this rule.



## ATTACHMENT F

### SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

#### FINAL STAFF REPORT

#### PROPOSED RULE 1304.1 – ELECTRICAL GENERATING FACILITY FEE FOR USE OF OFFSET EXEMPTION

September 6, 2013

##### **Deputy Executive Officer**

Planning, Rule Development, and Area Sources  
Elaine Chang, DrPH

##### **Assistant Deputy Executive Officer**

Planning, Rule Development, and Area Sources  
Laki Tisopulos, Ph.D., P.E.

##### **Manager**

Planning, Rule Development, and Area Sources  
Naveen Berry

Authors:      Robert Pease, P.E.      Program Supervisor  
                 Henry Pourzand      Air Quality Specialist

Reviewed by:

Barbara Baird	Chief Deputy Counsel
Mohsen Nazemi, P.E.	Deputy Executive Officer, E&C
Jill Whynot	Assistant Deputy Executive Officer, E&C
Lauren Nevitt	Senior Deputy District Counsel

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
GOVERNING BOARD**

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Speaker of the Assembly Appointee

Vice Chairman: DENNIS YATES  
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Cities of Riverside County

JOHN J. BENOIT  
Supervisor, Fourth District  
County of Riverside

JOE BUSCAINO  
Councilmember, 15<sup>th</sup> District  
City of Los Angeles Representative

MICHAEL A. CACCIOTTI  
Councilmember, South Pasadena  
Cities of Los Angeles County/Eastern Region

JOSIE GONZALES  
Supervisor, Fifth District  
County of San Bernardino

JOSEPH K. LYOU, Ph. D.  
Governor's Appointee

JUDITH MITCHELL  
Mayor Pro Tem, Rolling Hills Estates  
Cities of Los Angeles County/Western Region

SHAWN NELSON  
Supervisor, Fourth District  
County of Orange

DR. CLARK E. PARKER, SR.  
Senate Rules Appointee

MIGUEL A. PULIDO  
Mayor, Santa Ana  
Cities of Orange County

**EXECUTIVE OFFICER:**

BARRY R. WALLERSTEIN, D.Env.

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Appendix B – Response to Comments

## EXECUTIVE SUMMARY

Staff is proposing to charge Electric Generating Facilities (EGFs) electing to use the offset exemption in Rule 1304(a)(2) a fee for up to the full amount of offsets used and debited from the SCAQMD's internal offset accounts ("offset accounts") for permitting Electrical Utility Steam Boiler replacement projects. Fees would be based on the pollutant type and quantity of offsets required.

The SCAQMD's New Source Review Program requires the offsetting of all emission increases from new and modified sources. Facility operators have the option to either procure offset credits in the open market or rely on accessing SCAQMD's internal accounts to the extent such access is allowed. Evaluation of the availability of offsets in the open market indicates a limited market with respect to certain pollutants. Offsets in SCAQMD internal accounts are finite, valuable public goods. The proposed fees are designed to recoup the fair market value of offsets debited from SCAQMD's internal accounts and procured by eligible EGFs electing to use such offsets to comply with their New Source Review offset obligations. The fee proceeds will be invested in air pollution improvement strategies consistent with the Air Quality Management Plan (AQMP) needs.

The proposed rule affects all eligible EGFs that elect to use the offset exemptions described in Rule 1304(a)(2) but not those facilities that have already been issued a final Permit to Construct by the SCAQMD prior to the date of rule adoption, or meet their emissions offset obligations through providing privately held Emission Reduction Credits (ERCs).

The Proposed Rule includes the following provisions:

- EGFs using the offset exemptions of Rule 1304(a)(2) encumbering/obtaining offsets from and causing the SCAQMD to debit the offset accounts shall pay an Offset Fee for each pollutant, (specifically PM10, NOx, SOx and/or VOC) as applicable and as specified in PR 1304.1;
- The applicant, when obtaining offsets from the SCAQMD, may choose to pay the offset fee either on an annual basis or optionally as a single payment. These fees will be based on the total amount of the repowered MW capacity (and adjusted downwards based on the prior 24 months of historical generation at the existing unit) being permitted at the facility. For the annual payment option, subsequent payments may be made annually based on the repowered equipment that has commenced operation. These annual payments will be due on or before the anniversary date of the commencement of operation of the repowered capacity at the fee rates in effect at the time the fee is due;
- The Offset Fee ( $F_i$ ), for a specific pollutant, is calculated by multiplying the applicable pollutant specific Annual Offset Fee Rate or Single Payment Offset Fee Rate and NSR pollutant Offset Factor ratio as provided in the rule, and as applicable, by the fraction of the potential to emit level(s) of the new replacement unit(s);
- The fee rate for each pollutant is derived based on the sales weighted average Emission Reduction Credit cost in the open market corresponding to the most recent consecutive two years where there have been trades, adjusted annually by the Consumer Price Index. Pollutant single fee rates for each of the four potential pollutant offsets (NOx, PM10, VOC and SOx) were computed using historical pricing data over a variety of time ranges, but in each case the most recent two years in which there were trades. Using a shorter more representative 2 year (as opposed to 5 year) averaging time period the fair

market value thus derived yielded an approximately 50% discount from the originally proposed fee rates (proposed at the January 10, 2013 Public Consultation meeting) for all pollutants across the board. Furthermore, an additional ~~50.75~~ % discount is proposed to be applied to the first 100 MW repowered cumulatively at the EGF, applicable to all sources including smaller sources, to address concerns regarding reliability and the ability to obtain financing for projects, and to encourage smaller distributed generation<sup>1</sup>. This results in an approximately ~~87.575~~ % cumulative reduction, from the originally proposed computed fair market value based on ERC trades as a proxy, for the first 100 MW cumulatively being repowered at a facility;

- For the annual payment option, the first year annual payment corresponding to the first year of operation must be remitted prior to the issuance of the permit to construct. Subsequent payments shall be remitted annually, on or before the anniversary date of the commencement of operation, beginning with the second year of operation based on the total amount of the repower MW capacity coming online for that given year;
- For the single payment option, the entire fee must be paid prior to issuance of the permit to construct;
- An owner/operator of an EGF that previously elected the annual payment option may choose to switch to the single payment option. The amount of the single payment offset fee due shall be based on offset fee rates applicable at the time the application for change in payment method is approved by the Executive Officer. The sum of annual offset fees remitted prior to the approval of the application for change to a single payment option shall be credited towards the single payment offset fee due;
- If the owner/operator of an EGF fails to pay the applicable Offset Fee ( $F_i$ ) amount, for each applicable pollutant (i), within thirty (30) days after the due date, the associated permit(s) will expire and no longer be valid;
- Provisions governing the refunding of remitted offset fees are as follows:
  - The full amount of any payments made are fully refundable if a written request by the facility owner/operator is received prior to the commencement of operation. Such a request for refund would automatically trigger the cancellation of the Permit to Construct and/or Operate.
  - After a Permit to Construct has been issued for a certain generation capacity and prior to commencement of construction, if an owner/operator wishes to amend the permit to reduce the permitted generation capacity, the owner/operator can seek a refund for the fee corresponding to the requested reduction in capacity. This refund request must be in writing and will be issued after the revised Permit to Construct reflecting the revised lower capacity is issued.
- Offsets provided pursuant to this rule to a facility are not any form of property, and may not be sold, leased, transferred, or subject to any lien, pledge, or voluntary or involuntary hypothecation or transfer, and shall not be assets in bankruptcy, for purposes of taxation, or in any other legal proceeding;

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<sup>1</sup> On September 9, 2011 the Governing Board adopted Resolution No. 11-22 supporting distributed generation. Policy5 resolves to “Promote in-Basin distributed electricity generation, with an emphasis on distributed renewable electricity generation, to reduce reliance on energy imports or central power plants, and to minimize the air quality, climate and cross media environmental impacts of traditional power generation.”

- Fee proceeds paid pursuant to this rule shall be deposited in an SCAQMD restricted fund account and shall be used to obtain emission reductions consistent with the needs of the Air Quality Management Plan with up to 8% of such funds allowed for use by the Executive Officer to cover certain costs associated with implementing Rule 1304.1, including administering the investment of the fees collected on air quality improvement projects. The estimated percentage needed to cover certain administrative costs associated with fee investment is comparable to the percentage set aside to implement other similar programs that include the collection of fees, development of Requests for Proposals, selection of air quality improvement projects, and subsequent contracts issuance and monitoring. Moreover, only the actual costs associated with implementing the investment of the fees will be deducted.

The proposed rule has been significantly revised from the initial version of the rule made available to the public prior to the Public Consultation meeting held on January 10, 2013, mostly in response to comments over the numerous working group meetings and public workshop held over the past seven months.

## **BACKGROUND**

In California, a combination of the age of current power generation units and new regulatory policies are leading to changes in the mix of power generation units providing power to the Basin, including more efficient thermal and renewable generation. On May 4, 2010, the California State Water Resources Control Board (SWRCB) voted in favor of adopting the Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling. This policy became effective on October 1, 2010 when the California Environmental Quality Act Notice of Decision was submitted to the Secretary of Resources. The policy, also known as Once Through Cooling (OTC), applies to 19 existing power plants or EGFs in the state, including Pacific Gas & Electric's (PG&E's) Diablo Canyon and Southern California Edison's (SCE's) San Onofre (SONGS) nuclear power plants. However, on June 6, 2013, SCE announced that it is permanently shutting down SONGS; therefore, it is no longer required to comply with OTC requirements.

These existing power plants subject to OTC currently withdraw over 15 billion gallons per day from the state's coastal and estuarine waters to cool their turbines and then return the water at higher temperatures. The new regulations require EGFs with OTC to implement federal Clean Water Act section 316(b) which states:

COOLING WATER INTAKE STRUCTURES—Any standard established pursuant to section 1311 [Effluent Limitations] of this title or section 1316 [National Standards of Performance] of this title and applicable to a point source shall require that the location, design, construction, and capacity of cooling water intake structures reflect the best technology available for minimizing adverse environmental impact.

EGFs can choose between implementing a closed-cycle wet cooling system, such as a cooling tower (which has been designated as Best Technology Available (BTA) that reduces the harmful effects associated with cooling water intake structures on marine and estuarine life), or other operational or structural changes that achieve the same effect, such as, dry cooling. Cooling towers are heat removal devices used to transfer process waste heat to the atmosphere. Cooling towers may either use the evaporation of water to remove process heat and cool the working fluid to near the wet-bulb air temperature or, in the case of closed circuit dry cooling towers, rely solely on air to cool the working fluid to near the dry-bulb air temperature. Plants in the Los

Angeles area generally have until 2020 to comply, unless otherwise indicated in the SWRCB policy, as is the case with the Los Angeles Department of Water and Power (LADWP) plants. The SWRCB estimates that the upgrades will cost on average about 1 cent per kilowatt-hour, excluding lost revenue while the plants are offline for the modifications.

Currently, the SCE and LADWP territory in the Los Angeles Basin has approximately 7,646 MW of electrical generation capacity subject to OTC that must comply with the new regulation no later than the end of 2029 as shown in Table 1:

**Table 1 - Gas-Fired Generating Units Compliance with OTC Policy ISO<sup>2</sup> and LA Basin Local Capacity Area (assumes that SONGS will not be operating)<sup>3</sup>**

<b>Plant (Unit)</b>	<b>Owner</b>	<b>Final Compliance Date</b>	<b>Capacity (MW)</b>	<b>Status</b>
El Segundo Units 3 and 4	NRG	31-Dec-15	670 MW	Unit 3 scheduled to retire after 550 MW repowering project at El Segundo facility using air cooled condensers reaches commercial operation in summer of 2013.  NRG has requested an extension until December 31, 2017 to repower Unit 4 with air cooled combined cycle facility.
Huntington Beach Units 1-4	AES	31-Dec-20	880 MW	Units 3 and 4 - in compliance. Units 3 and 4 were retired in 2012, but are currently serving as synchronous condensers – a non-emitting source.  AES has requested an extension until December 2022 to bring Units 1 and 2 into compliance as part of a proposed repowering program for its generation assets in the Los Angeles Basin. AES has a permit application for a 939 MW air-cooled combined cycle facility at the Huntington Beach facility site pending before the CEC.

<sup>2</sup> The California Independent System Operator (ISO) manages the flow of electricity across the high-voltage, long distance power lines that make up 80 percent of California’s power grid. As the main grid operator for California, the ISO grants equal access to 25,865 circuit-miles of power lines and reduces barriers to diverse resources competing to bring power to customers. It also facilitates a competitive wholesale power market designed to diversify resources and lower prices. Every five minutes, the ISO forecasts electrical demand, accounts for operating reserves and dispatches the lowest cost power plant unit to meet demand while ensuring enough transmission capacity is available to deliver the power. The ISO opened its Northern and Southern California control centers in 1998 when the state restructured its wholesale electricity industry. While utilities still own transmission assets, the ISO acts as a traffic controller by routing electrons, maximizing the use of the transmission system and its generation resources, and supervising maintenance of the lines. As the nerve center for the California power grid, the ISO matches buyers and sellers of electricity, facilitating nearly 27,000 market transactions every day to ensure enough power is on hand to meet demand.

<sup>3</sup> Presentation by Dennis Peters, CAISO, 2/22/2013, “South Coast Air Quality Management District Staff Electric Reliability & Proposed Rule 1304.1”, page 4. Non-LADWP power plants only.



<b>Plant (Unit)</b>	<b>Owner</b>	<b>Final Compliance Date</b>	<b>Capacity (MW)</b>	<b>Status</b>
Redondo Beach Units 5-8	AES	31-Dec-20	1,310 MW	AES has requested to extend compliance for units 5 and 6 until 2022 as part of a proposed repowering program for its generation assets in the Los Angeles basin. AES has a permit application for a 496 MW air-cooled combined cycle facility pending before the CEC.
Alamitos Units 1-6	AES	31-Dec-20	1,950 MW	AES has requested an extension to extend compliance for units 1-3 until 2022 and unit 4 until 2024 as part of a proposed repowering program for its generation assets in the Los Angeles basin. AES does not have a permit application pending before the CEC to repower the Alamitos facility but has stated its intent to explore repowering the Alamitos units on a MW per MW basis.
Haynes Units 1, 2, 5, 6, 9 and 10	LADWP	31-Dec-29	1,654 MW	Boiler Units 5&6 to be re-powered with Turbines 11-16; Repower permits issued by SCAQMD on 12/29/2010. No open applications on the Boiler Units 1, 2, 9, and 10
Harbor Units 1 and 2	LADWP	31-Dec-29	364 MW	No open applications.
Scattergood Units 1-3	LADWP	31-Dec-24	818 MW	Repower permit issued by SCAQMD on 4/4/2013.

It is possible that not all of the existing generation in the Basin will be repowered.<sup>4</sup> The amount of new/replacement generation needed in the Los Angeles Basin region of the SCE service territory may be between 1,000 MW and 4,600 MW depending on the demand, transmission lines, growth, and renewable supplies assumed. The California Independent System Operator (CAISO), the agency responsible for ensuring electrical grid system integrity, has projected new generation needs between 2,900 – 4,615 MW.<sup>5</sup> The California Public Utilities Commission, the public agency responsible for regulating utilities, has only authorized 1,000 – 1,200 MW of new conventional gas-fired resources.<sup>6</sup> The projection by CAISO and the authorization from the CPUC included in this report does not consider the permanent shutdown of the San Onofre Nuclear Generating System (SONGS) and both entities may revise the need for gas-fired generation in the South Coast. Furthermore, state Renewable Power Standards (RPS) requirements may also impact the decision to repower existing fossil fueled power generation and instead replace units with alternative renewable power generation<sup>7</sup>. Note that the City of Glendale is considering repowering currently operating, landfill gas fueled, Rankine cycle, peaker units, which are considered to be renewable energy sources.<sup>8</sup>

<sup>4</sup> Based on comments made in Working Group meetings and also see Appendix A (Wolak, page 2, paragraph 6)

<sup>5</sup> 2013-2013 Transmission Plan, California Independent Operator, February 1, 2013

<sup>6</sup> Decision 13-02-015 February 13, 2013, Public Utilities Commission of the State of California

<sup>7</sup> SB X1-2

<sup>8</sup> Letters from Chuck Timms of Broiles and Timms representing the city of Glendale dated 2/19/13 and July 11, 2013.

## **RULE 1304.1 STAFF REPORT REGULATORY BACKGROUND**

To understand the issues that proposed Rule 1304.1 would address, the history of the SCAQMD's regulation of electric power generating steam boilers must be set forth.

### **ADOPTION OF RULE 1135**

Rule 1135 was adopted on August 4, 1989 to control NO<sub>x</sub> emissions from electric power generating steam boilers. The goal was to reduce basin-wide emissions of NO<sub>x</sub> from about 25.6 tons per day in 1989 to about 6.7 tons per day by 1996. The rule affected 60 rankine cycle units (steam boilers) from five utility systems (SCE; LADWP; and the cities of Glendale, Pasadena, and Burbank)<sup>9</sup>. With the exception of SCE, the other systems are municipal.

At the time of the adoption, these utilities operated as monopolies for their respective designated areas. SCE had the bulk of the generating capacity and served the majority of the territory within the South Coast Air Basin. SCE was a regulated utility, and its operations were overseen by the CPUC, which had the power to set rates and authorize the construction of new generating facilities. Although not overseen by the CPUC, the other utilities were overseen by a public board and were operated by their city.

### **ADOPTION OF THE 1990 NSR AMENDMENTS**

The SCAQMD amended its NSR regulation in 1990 in part to comport with the provisions of the California Clean Air Act (AB 2595, Sher, Chapter 1568, Statutes of 1988), which required a "no net emission increase" from new or modified stationary sources. The amendments implemented this requirement through (1) the institution of a facility-wide threshold above which external offsets are required, and (2) the establishment of a SCAQMD internal offset account. This account could be used to provide offsets from smaller facilities and for facilities or projects which are specifically exempt from offsets under Rule 1304.

Federal law does not recognize an exemption from offsets for any source. Accordingly, to demonstrate equivalency with the requirements of federal law, the AQMD instituted a tracking mechanism to account for all emission increases and associated offsets. This tracking mechanism is also used to satisfy the requirements of the no net emission increase provisions of the California Clean Air Act.

As part of the 1990 amendments, Rule 1304(a)(2) was modified to allow for the replacement of conventional steam electric generating facilities with advanced combined cycle gas turbines and other advanced gas turbines on a megawatt for megawatt basis. Under the system wide scenario implicit in Rule 1135, a MW of repowered electrical capacity is a fungible commodity, that is a MW of electricity is a generic product that serves the same purpose, namely electrical power supply, regardless of how it is produced or where it is sourced from. The purpose of this provision was to facilitate compliance with Rule 1135, considering that newer, advanced technology gas turbines and combined cycles can generate electricity much more efficiently and at lower NO<sub>x</sub> on a per MW basis than the conventional generation they replace.

Under New Source Review regulations in place prior to the amendment, a facility converting from a steam boiler to an advanced or combined cycle gas turbine would likely trigger an offset requirement. The reason was that the regulations determined whether there was a net emission increase from the conversion by calculating the difference between (1) the actual emissions of the old unit and (2) the new potential to emit of the new unit. Because this difference between

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<sup>9</sup> Rule 1135 Board Package, SCAQMD, December 1990

actual emissions of the existing electrical generating units and the potential to emit of the new generating units could be a significant increase, a substantial offset could be required.

The amendment to Rule 1304(a)(2), however, eliminated the need for such repowered facilities to acquire privately held offsets for the calculated emission increase. Instead, such facilities could use the AQMD's internal offset account. The Rule 1304(a)(2) exemption, is implemented by debiting the AQMD's internal offset account for the emission increase of the new replacement units. No credit is taken for the units that were shutdown, and the facilities do not pay for using the emissions from the internal offset account. Because the new repowered units at EGFs are typically permitted at 100% capacity, all of the emissions are being offset by the AQMD through its internal offset account. Notably, the exemption in 1304(a)(2) is distinct from other offset exemptions in Rule 1304, such as 1304(a)(1), which provides an exemption from offsets for functionally identical replacement projects. When a facility accesses the SCAQMD's internal offset accounts via the Rule 1304(a)(2) exemption, the internal accounts are actually being debited because emissions are likely to increase as old utility boilers with low capacity factors are being replaced by more efficient natural gas turbines with higher capacity factors. This is less likely to occur when a facility implements a simple, functionally-identical replacement, using the 1304(a)(1) exemption because pre-project emissions are likely to be nearly identical to post-project emissions, and so the AQMD does not debit its internal account.

### **RECLAIM (1993)**

RECLAIM was adopted by the AQMD in October 1993 with the onset of the program beginning in January 1994. The goal of the program was to create a market-based incentive program to reduce emissions of NOx and SOx from the largest stationary sources in the basin. The bulk of the emissions and the sources were from NOx sources. Sources subject to the RECLAIM program had current and future projected command and control rules replaced with a declining cap on all emissions from the RECLAIM universe. One of the rules subsumed by RECLAIM was Rule 1135. Electrical utilities now had the opportunity to buy and sell RECLAIM credits to satisfy their NOx and SOx emission needs.

### **AB 1890 – DEREGULATION OF ELECTRICITY**

On the last day of the 1996 California state legislative session, AB 1890 was adopted. AB 1890 was the start of a process to deregulate electricity generation in California. As part of the deregulation process, the investor owned utilities (the three major utilities being San Diego Gas and Electric, Pacific Gas and Electric (PG&E), and SCE) were required to divest much of their conventional generation, amounting to over 20 gigawatts. In the South Coast Air Basin, several major generating stations previously operated by SCE were sold, including Los Alamitos, Huntington Beach, Redondo Beach, and El Segundo.

Deregulation transferred the responsibility of planning and dispatching load, previously carried out by the regulated utilities, to a "day ahead" pricing model using the California Power Exchange. The lack of regulatory controls, planning oversight, and fractured generation led to the California electricity crisis of 2001. That crisis not only resulted in severe overcharges for California consumers, but also in the bankruptcy filing of PG & E and the layoff of over 1,300 utility workers. In contrast, in the areas serviced by the Los Angeles Department of Water and Power (a municipal utility and not subject to the deregulation legislation), prices remained stable, and there was no electricity crisis.

## **CURRENT ELECTRICAL ENVIRONMENT**

Today, the electricity market in California remains deregulated. Independent generators are responsible for supplying much of the electricity required by the state. Ensuring an adequate and reliable supply of electricity is the responsibility of the joint California Independent System Operator and the CPUC resource adequacy process<sup>10</sup>. The planning and forward-looking features of that process are more fully explained in the “Wolak” paper, prepared by Dr. Frank Wolak of Stanford University and included as an Appendix to this report.<sup>11</sup>

## **CURRENT PERMITTING ENVIRONMENT**

As explained above, Electrical Generating Facilities (EGFs) that are repowering can elect to utilize the exemption found in Rule 1304 (a)(2) to access the SCAQMD internal offset accounts to offset the emission increase from the repowered facility. Such repowered facilities pay no fee to use the SCAQMD internal offset accounts.

By contrast, so-called “Greenfield EGF projects”—new EGFs rather than repowered, existing EGFs—cannot access the SCAQMD internal offset accounts to offset their new emissions. Instead, these facilities must either buy offsets on the open market, use Regulation XIII to generate new offsets by paying another source to create an emission reduction or shutdown and create ERCs, or go through another regulatory process, such as legislative action as exemplified by AB 1318. Although ERCs are available on the open market to provide those offsets, the ERCs are generally available only in smaller increments. These increments must be aggregated in order to obtain a sufficient quantity to offset the emission increase from a Greenfield EGF. This process can be cumbersome and very expensive. And, at the very least, the process creates an uneven “playing field” for electrical generation in the South Coast Air Basin, as repowering EGFs currently have access to offsets from the SCAQMD internal offset accounts at no cost and Greenfield EGFs must procure or generate expensive privately-held ERCs to offset their emissions.

Some Greenfield EGF projects, which otherwise would have to procure offsets in the open market, have secured special legislation to aid their permitting. AB 1318 (2009) was enacted to provide access to the SCAQMD internal offset accounts for specified EGF facilities. As these were not repowering facilities, they otherwise would not have been allowed to use the SCAQMD internal offset accounts.

AB 1318 (2009) provided that if an EGF located outside the South Coast Air Basin but within the SCAQMD had a purchase agreement executed on or before December 31, 2008 for use within the Los Angeles Basin, the EGF could access the SCAQMD internal offset accounts. The EGF was required to pay a fee for the use of credits from the SCAQMD internal offset accounts. Thereafter, and pursuant to the legislation, CPV Sentinel transferred over \$53 million to the SCAQMD for access to offsets set aside from the SCAQMD internal offset accounts into a special AB 1318 Tracking System for use exclusively by CPV Sentinel. All of that money was used to fund air quality improvement projects in the area adjacent to the project in the Coachella Valley.

Additionally, Staff is aware of one private transaction between an existing EGF and a new Greenfield EGF that implicated the SCAQMD internal offset accounts. In that transaction, an

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<sup>10</sup> Wolak, F., “An Economic and Reliability Analysis of the Proposal to Assess a Fee to Access the South Coast Air Quality Management District’s Offset Bank”, July 5, 2013

<sup>11</sup> IBID

existing EGF agreed to sell existing boilers at one of its plants to the owner of the proposed Greenfield EGF which would then retire the boilers. The existing EGF received a substantial payment for transferring several hundred megawatts from the existing EGF to the new Greenfield EGF. Under the SCAQMD's rules, the purchase allowed the new Greenfield EGF to repower the now-retired boiler that it had purchased by relocating and building a new Greenfield EGF. Because the Greenfield EGF now qualified as a repowering facility under the same ownership as the retired boilers, it was allowed to access the SCAQMD's internal offset accounts under Rule 1304(a)(2).

To summarize, the new Greenfield EGF paid nothing to the SCAQMD for access to the SCAQMD internal offset accounts. Instead, to engineer access to the SCAMD internal offset accounts, it paid the existing EGF. Unlike the payment from CPV Sentinel to the SCAQMD for access to the SCAQMD internal offset accounts pursuant to AB 1318, in which the money was used for emission reductions, here the SCAQMD received no such payment, and no money was used for air quality improvement. While staff does not know what the price for these boilers were, the purchaser (Edison Mission Energy) previously advised staff it had up to \$50 million available for offsets.

In short, Greenfield EGFs must acquire offsets in the open market (or, in the case just mentioned, qualify as a repowering facility by purchasing an existing boiler). By contrast, plants that simply repower pay nothing for access to the SCAQMD internal offset accounts. Consequently, because of the fee required for new Greenfield EGFs that is not required for repowerings, the current permitting environment provides a competitive advantage for existing EGFs in repowering (which are exempt from offsets and pay no fee) over new Greenfield EGFs (which must purchase offsets). The proposed amendments to Rule 1304.1 address that disparity in advantage.

Finally, it should be noted that smaller, peaker type gas turbines can be permitted under Rule 1304(d). This provision gives new, smaller emitting facilities an exemption from offsets (for facilities with annual emissions <4 tons per year of the non attainment air contaminants). SCE used this exemption to permit four peaker gas turbines which came on-line in 2007. The units were each rated at less than 50MW, and the emissions of PM-10, VOC, NOx, and SOx were all less than 4 tons per year. Because the units were rated at less than 50MW, no separate permitting process was required before the CEC. This exemption is still available to new, smaller emitting peaker type gas turbines at Greenfield locations today.

### **EXISTING DISTRICT PROGRAM AND RULE 1304(a)(2) EXEMPTION**

Currently, pursuant to Rule 1304(a)(2), replacement of an electrical utility steam boiler at an EGF that does not increase basin wide MW capacity at that utility (now interpreted as owner) is exempt from the modeling and offset requirements of Rule 1303(b)(2). The exemption is specifically limited to an electrical utility steam boiler that is replaced by a unit that utilizes a combined cycle gas turbine(s), intercooled, chemically-recuperated gas turbine(s), other advanced gas turbine(s), solar, geothermal, or wind energy or other equipment to the extent that such equipment will allow compliance with Rule 1135 (Emissions of Oxides of Nitrogen from Electric Power Generating Systems) or Regulation XX (RECLAIM).

In order to demonstrate compliance with the federal New Source Review (NSR) program, which does not provide for an exemption from offsets as contained in Rule 1304(a)(2) for electrical utility steam boiler replacement projects, the SCAQMD utilizes offsets from its offset accounts, as described in Rule 1315. Furthermore, SCAQMD Rule 1313 – Permits to Operate requires that air permit pollutant permit limits be issued with a maximum averaged monthly limit, in contrast

to an annual timeframe. Offsets are required to be sufficient to cover maximum monthly emissions. This means that sources must factor in potential generation spikes in certain (typically summer) months where there may be a significantly increased demand for electrical power.

## **THE PROPOSED RULE AMENDMENT**

As discussed above, no fee is currently being charged for the utilization of offsets from the SCAQMD's internal offset accounts by EGFs. Staff is now proposing to assess a fee based on up to the full amount of offsets used and debited from the SCAQMD's internal offset accounts. Such fees will be invested in air pollution improvement strategies to achieve emissions reductions, consistent with the Air Quality Management Plan (AQMP).

## **CAPACITY FACTORS, REPOWERING, AND EMISSIONS**

Rule 1304 provides for an exemption from offset purchase requirements when electrical generation steam boilers are replaced with a combined cycle gas turbine or other advanced gas turbine technology. Heretofore, most of the replacement generation under Rule 1304(a)(2) has been with combined cycle systems and some with simple cycle advanced gas turbine systems. The Rule 1304(a)(2) exemption can be used on a "megawatt for megawatt" basis, which assumes that the megawatt production from the old EGF and the new EGF are the same.

However, the reality is that older generation is based on Rankine cycle technology that is not as efficient as newer combined or simple cycle technologies. Older power plants have an average heat rate of about 11,269 btu/kw-hr, or a thermal efficiency of about 30%. By contrast, new combined cycle units have a heat rate on the order of 7,176 btu/kw-hr; or a thermal efficiency of around 48%. Even the new simple cycle advanced gas turbine technology has a heat rate of about 7,695 Btu/kw-hr and a thermal efficiency of around 44.3%.

As Dr. Wolak explains in his report, because these new combined or simple cycle units are more efficient, they are potentially run more often.<sup>12</sup> Data from the California Energy Commission for power plant utilization for calendar year 2010 show that older power plants have a utilization or capacity factor of about 4%, while newer combined cycle power plants have a capacity factor of over 50%<sup>13</sup>. In other words, if an existing power plant rated at 500 megawatts is replaced with a newer combined cycle power plant of the same rating, on the average the *actual* annual output of the plant may potentially increase from about 21 megawatts (4% utilization) to over 251 megawatts (50% utilization); an increase of about 12 fold. Thus, although the newer combined or simple cycle gas turbines are equipped with the Best Available Control Technology (BACT) and state of the art controls, they are also typically operated at a much higher rate. Accordingly, the repowered plants could potentially result in an increase in emissions from the power plant, compared to the power plant which was replaced.

Moreover, the statewide disparity in utilization rates observed between old and new plants may actually be even starker in the South Coast Air Basin. A review of existing operations located in the South Coast Air Basin indicates that the statewide values for capacity factors included in the California Energy Commission data may not be representative of the units in the South Coast. For example, electrical generation data for 2011 for the South Coast shows that several older plants have capacity factors less than 4%, even though most are permitted to operate up to 100%

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<sup>12</sup> Appendix A - Wolak, page 11, paragraph 3, section 5

<sup>13</sup> Nyberg, Michael. 2011. *Thermal Efficiency of Gas-Fired Generation in California*. California Energy Commission. CEC-200-2011-008.

of the time. In comparison, the data shows that newer combined cycle power plants are operated at greater than 60%<sup>14</sup>. One reason for the lower level of operation of the existing boilers may be their lower efficiency and correspondingly higher cost of operation in comparison to the newer, more efficient turbines. Given this data, the increase in generation from repowering through use of the 1304(a)(2) exemption, and the corresponding increased emissions, may be even greater in the South Coast Air Basin.

These increases mean that the offset exemption for electric utility steam boiler replacements differs from the typical equipment replacement exemption of Rule 1304(a)(1). Section 1304(a)(1), like 1304(a)(2), exempts certain equipment replacement, again relying on the SCAQMD internal offset accounts for offsets. When equipment is replaced using Section 1304(a)(1), the staff expects that the utilization rate of the equipment being replaced will be close to the utilization rate of the new replacement equipment and the new equipment will use BACT, so that there are few, if any, offsets actually debited from the SCAQMD's internal offset accounts. However, under Rule 1304(a)(2), which applies to EGFs being repowered, it cannot be assumed that the emissions reductions from the equipment being shut down would typically be greater than or approximately equal the emissions from the new equipment. That assumption cannot be made even though the new equipment utilizes BACT for emission control.

The proposed Offset Fee Calculation takes these issues into consideration. The offset fee is charged for the *potential* increase in emissions from the newly repowered EGF, because that new facility has the capability of producing more megawatt generation than the plant it replaced .

## SUMMARY OF PROPOSED RULE 1304.1

Since initiation of the rule development effort in December 2012, staff has met with the public numerous times, with the key meetings summarized in the Table 2 below. In addition to other major stakeholders, these working group meetings held as part of the rule proposal process included the California Independent Systems Operator (CAISO), California Public Utilities Commission (CPUC), California Air Resources Board (CARB), and the California Energy Commission (CEC) as participants. Staff also held detailed discussions with these same regulatory bodies prior to the Public Consultation meeting, including a detailed presentation to AQMD staff by CAISO on February 22, 2013 and additional telephone and email discussion with the Division of Ratepayer Advocates of the CPUC (January 17, 2013). Other stakeholders at both the Working Group meetings and public meetings have included AES Southland, Southern California Edison, NRG Energy Inc., LADWP, City of Burbank Water and Power, City of Glendale Water and Power, and the City of Pasadena, California Council for Environmental and Economic Balance, Independent Energy Producers Association, amongst others.

**Table 2 – Summary of Rule Development Schedule**

<b>Meeting</b>	<b>Date</b>
Public Consultation Meeting	January 10, 2013
Working Group Meeting #1	January 22, 2013
Working Group Meeting #2	February 5, 2013
Working Group Meeting #3	February 27, 2013
Working Group Meeting #4	April 4, 2013
Public Workshop/CEQA Scoping Session	June 18, 2013
Working Group Meeting #5	July 26, 2013

<sup>14</sup> Telephone communication, Matt Layton, CEC, December 2012

Over the course of the rule development schedule, based on comments received from the stakeholders, staff has made numerous revisions to the proposed rule language, including reductions in fee rates, options for fee payments, and other key changes. Table 4 below summarizes the most important of the numerous revisions to the rule.

**Table 3 – Key Revisions to Initial Draft of Proposed Rule dated January 2013**

Comment	Rule Revision
Implementation date should be delayed	<ul style="list-style-type: none"> <li>• Extended from March 2013 to date of rule adoption</li> </ul>
Conduct CEQA analysis	<ul style="list-style-type: none"> <li>• Full Draft Environmental Assessment (DEA) circulated</li> </ul>
Conduct economic analysis	<ul style="list-style-type: none"> <li>• Socioeconomic report circulated</li> <li>• Wolak report (See Appendix A)</li> </ul>
Fees too high – lower fees especially for smaller EGFs	<ul style="list-style-type: none"> <li>• Initial fee – reduced approximately 50% by using two years’ market prices</li> <li>• Additional <del>50</del>75% reduction for small repower projects and first 100 MW cumulatively of all projects to encourage distributed generation</li> </ul>
Payment options need to be more flexible	<ul style="list-style-type: none"> <li>• Several options: Annual or single lump-sum and hybrid initial payment</li> <li>• 5 Year initial payment reduced to 1 year payment</li> <li>• Allow switch from annual to single payment</li> <li>• 2nd year payments for operational units only</li> </ul>
Refund schedule is too punitive	<ul style="list-style-type: none"> <li>• Full refund allowed prior to operation</li> <li>• Partial refund for permitted reduction in generation prior to construction</li> </ul>

The following section provides a more detailed summary of each section of the latest version of the proposed rule:

**PURPOSE AND APPLICABILITY**

The offsets held in SCAQMD’s internal offset accounts are finite public goods that have significant value. They serve the same function as ERCs, which command substantial prices on the open market. Furthermore, once offsets from the SCAQMD’s internal offset accounts are allocated to a source pursuant to Rule 1304(a)(2), those offsets are no longer available for use, as they cannot be used for any other reason. Nonetheless, under the exemption in Rule 1304(a)(2), projects currently seeking to repower EGFs use credits from the SCAQMD internal offset accounts but do not pay for them.

The primary purpose of this rule is to establish a fee that will recoup the value of the use of offsets from the SCAQMD’s internal offset accounts. The rule proposes to use the fees to invest in air pollution improvement strategies for the pollutants for which the fee is paid, or their



precursors or criteria pollutants to which they contribute. Those investments will be consistent with the needs of the Air Quality Management Plan.

By doing so, the fee will also serve another objective. As discussed above, the current rule economically disfavors new Greenfield EGF projects. As Dr. Wolak concludes in his report, those projects currently must pay the cost of furnishing offsets for new, more efficient and cheaper retail priced generation.<sup>15</sup> Repowerings of existing units, by contrast, do not incur this cost because they currently can access the SCAQMD internal offset accounts without payment. This rule will “level the playing field” between repowerings of existing EGFs and new Greenfield EGFs because both will now have to pay for offsets. In doing so, the fee will help increase the reliability of the grid by encouraging generation in less congested areas of the transmission grid because a new, more efficient Greenfield EGF could be constructed in a new location, rather than simply repowering an existing EGF which may be transmission constrained.<sup>16</sup>

Finally, the fee could play a role in reducing the depletion of offsets from the SCAQMD internal offset accounts because facilities will have an incentive to take a realistic cap on emissions to reduce the need for offsets. Historically, PR 1304(a)(2) exemption eligible projects have been the single largest draw on the SCAQMD PM10 and VOC internal offset accounts and the second largest for SOx as shown in Table 4:

**Table 4 – Historical Draw on SCAQMD Internal Offset Accounts (CYs 2002 -2011)**

<b>Pollutant (lb/day)</b>	<b>Rule 1304(a)(2)</b>	<b>Essential Public Services</b>	<b>All Others</b>	<b>Total</b>	<b>Rule 1304(a)(2) ÷ Total</b>
PM10	3,634	730	663	5,027	72%
VOC	2,513	1,770	4,743	9,026	28%
SOx	126	135	17	278	45%
NOx	0	4,937	5,035	9,972	0%

## **DEFINITIONS**

The following 3 terms have been defined for clarifying the provisions of PR 1304.1:

- (1) ELECTRICAL GENERATING FACILITY (EGF) means a facility that generates electricity for distribution in the state or local grid system, regardless of whether it also generates electricity for its own use or for use pursuant to a contract.
- (2) COMMENCEMENT OF OPERATION means to have begun the first fire of the unit(s), or to generate electricity for sale, including the sale of test generation.
- (3) CONSTRUCTION means to build, erect, or alter any structure, plot of land, site or piece of equipment or to replace any piece of equipment.

## **REQUIREMENTS**

### *Effective Date*

Effective on the date of adoption of this rule, any qualifying EGF electing to procure offsets from SCAQMD accounts shall pay a fee for use of such offsets. The fee must be paid either

<sup>15</sup> Wolak, page1, paragraph 4

<sup>16</sup> Wolak , page 2, paragraph 5

annually or optionally as a one-time lump-sum single payment prior to the issuance of the Permit to Construct. Annual payment, must be remitted each year on or before the anniversary date of the commencement of operation for the operational units in that given year, beginning with the second year of operation at the fee rates in effect at the time the fee is due.

#### *Fee Computation*

The amount of the fee is computed based on the formulas as set forth in subparagraphs (c)(2)(A) for annual payments and (c)(2)(B) for the single lump-sum payment. Each subparagraph contains two clauses. Clause (i) formulae are used to compute fees for projects that are in total 100 MW or less, which provide for a ~~50~~75% discount for fee rates. Clause (ii) formulae are to be used for projects that are in total greater than 100 MW. Note that for the same project, either a clause (i) or clause (ii) formula is used, but never both.

For each pollutant for which offsets may be needed (PM10, VOC, SO<sub>x</sub> and NO<sub>x</sub>), both offset fee rates and offset factors for both the annual and single payment based on the total project MW rating are set forth in Tables A1 and A2. The NO<sub>x</sub> fee is only applicable to sources not in the NO<sub>x</sub> RECLAIM program. RECLAIM sources will have to offset their NO<sub>x</sub> emissions using RECLAIM Trading Credits (RTCs). Fee rates will be adjusted by the change in the Consumer Price Index (CPI), annually.

Subsequently in this staff report, staff details this calculation methodology and provides sample scenarios for calculating the annual or single lump-sum fees.

#### *Single vs. Annual Fee Payment*

For the single payment option, the owner/operator must remit the entire fee prior to issuance of the permit to construct, while for the annual option only the initial year offset fees are required to be remitted prior to the issuance of the permit to construct. A source that is making annual payments, may at any time prior to the final year of such payments for the electricity generation project for which such offsets are procured, switch over to the single lump sum payment. A source that initially elected the single upfront lump sum payment option may not switch over to the annual payment option after the commencement of operation. Any switching from the annual payment option to the single payment option must be submitted as a written request. The amount of the single payment offset fee due will be based on offset fee rates applicable at the time the application for the change in payment method is requested and any prior offset fee payments made up to this time shall be credited back to the source.

#### *Overdue Fees*

If an annual payment is more than 30 days late the associated permit(s) will expire and no longer be valid. The permit may be reinstated within sixty (60) days by remitting 1.5 times the fee originally due which includes an additional late payment penalty of 50% of the original fee due.

Rule 1304.1 (c)(3) would require that fees be paid timely when due. Specifically that:

“If the owner/operator of an EGF fails to pay the Annual Offset Fee ( $F_i$ ) amount, for each applicable pollutant (i), within thirty (30) days after the due date, the associated permit(s) will expire and no longer be valid.” This provision in Rule 1304.1 is consistent with policy as set forth in Rule 301 – Fees as follows:

“Rule 301(c)(1)(B) - Notice of Amount Due and Effect of Nonpayment (Permit Fees): For fees due upon notification, such notice may be given by personal service or by deposit, postpaid, in the United States mail and shall be due thirty (30) days from the date of personal service or mailing. For the purpose of this subparagraph, the fee payment will be considered to be received

by the District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the expiration date. Nonpayment of the fee within this period of time will result in expiration of the application and voiding of the Permit to Construct or Permit to Operate. No further applications will be accepted from the applicant until such time as overdue permit processing fees have been fully paid. If an application is canceled, a permit processing fee will be charged if evaluation of the application has been initiated.”

“Rule 301(j) - Special Permit Processing Fees - California Environmental Quality Act (CEQA) Assistance, Air Quality Analysis, Health Risk Assessment, and Public Notice on Significant Projects: Failure to pay the fees described in this subdivision within thirty (30) days after their due date(s) shall result in expiration of pending applications, and no further applications will be accepted from the applicant until the fees have been paid in full.”

### **NATURE OF DISTRICT OFFSETS**

The offsets provided under the provisions of this rule, are not any form of property, and may not be sold, leased, transferred, or subject to any lien, pledge, or voluntary or involuntary hypothecation or transfer, and shall not be assets in bankruptcy, for purposes of taxation, or in any other legal proceeding. Ownership of the offsets, procured at a discount to prevailing comparable ERCs in the open market, while serving the same purpose of offsetting EGF emissions, will not actually be transferred to the owner/operator of the EGF. The owner/operator of the EGF is paying an offset fee for the use of such offsets and will receive the benefit of thereby having their emissions offset and receiving a permit to construct and/or operate; however, ownership of the actual credits will remain with the SCAQMD, and these offsets may not be sold to another party.

### **REFUNDS**

An owner/operator may request a refund for the full amount of any payments remitted by submitting a written request, as long as the request is received prior to the commencement of operation of the project. Such a request for a full refund would automatically trigger the cancellation of the permit to construct and/or operate

However, after a Permit to Construct has been issued for a certain generation capacity and prior to commencement of construction, an owner/operator can request, in writing, a reduction in the permitted generation capacity and seek a refund for the fee corresponding to the requested reduction in capacity. Such a refund will be issued after the revised Permit to Construct reflecting the revised lower capacity is issued.

The refund may be for either the forgone generation from the single generation unit that will not come online, reduction in generation capacity of a single unit that has not come online, or for the portion of the repower project that will either have its generation capacity reduced prior to the commencement of operation or will not be coming online at all.

Later in this staff report, staff details a sample scenario for calculating the annual fees for a multi-phase/block project with construction and generation over multiple years, as well as potential refunds and fees that may apply.

## USE OF OFFSET FEES

Offset fee proceeds will be deposited into an AQMD restricted fund account and shall be used to obtain emission reductions consistent with the needs of the Air Quality Management Plan<sup>17</sup>. Up to 8% of such proceeds may be used by the Executive Officer to cover administrative implementation costs related to this rule.

## SEVERABILITY

If any provision of this rule is held by judicial order to be invalid, or invalid or inapplicable to any person or circumstance, such order shall not affect the validity of the remainder of this rule, or the validity or applicability of such provision to other persons or circumstances. In the event any of the exceptions to this rule is held by judicial order to be invalid, the persons or circumstances covered by the exception shall instead be required to comply with the remainder of this rule.

## OFFSET FEE CALCULATION METHODOLOGY AND EXAMPLES

The initial proposed fee calculation and refund schedule approaches have been revised, primarily in response to concerns expressed by certain stakeholders about the potential impact of the fees on financing and reliability of the electric grid. The revised proposed rule provides an option for an annual or single payment of the total offset fee, an initial discount of approximately 50% across the board for all pollutant fee rates, and a further additional 50.75% discount for the first 100 MW for all pollutant fee rates repowered cumulatively at an EGF. The proposal also provides for a refund of the full initial payment if operation does not commence and the permit is surrendered or cancelled. The proposed rule includes a methodology to calculate the fee that will be charged to an EGF using offsets from and causing the SCAQMD to debit its offset accounts in order to comply with NSR requirements, based on the type of pollutant and the portion of the additional offsets needed for compliance as follows:

### ANNUAL PAYMENT OPTION

Repowering **100MW or less cumulatively** at a facility subsequent to [the date of adoption] with offsets debited from the SCAQMD internal offset accounts:

$$\text{Annual Payment Offset Fee } (F_i) = OF_i \times PTE_{rep} \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right) \quad [ \text{PR 1304.1 (A)(i)} ]$$

Repowering **more than 100MW cumulatively** at a facility subsequent to [the date of adoption] with offsets debited from the SCAQMD internal offset accounts:

$$\text{Annual Payment Offset Fee } (F_i) = \left( \left[ R_{iA1} \times \left( \frac{100}{MW} \right) \right] + \left[ R_{iA2} \times \left( \frac{MW - 100}{MW} \right) \right] \right) \times OF_i \times PTE_{rep} \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right) \quad [ \text{PR 1304.1 (A)(ii)} ]$$

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<sup>17</sup> Table 6-5, Final 2012 AQMP, February 2013; see also, Draft Socioeconomic Report “Investment Assumptions” which lists the following projects: “It is assumed that 20% of the total annual revenue would be invested in photovoltaic projects that are evenly split between commercial and residential properties and the remaining 80% would be invested in projects similar to mobile source control measures in the 2012 AQMP (these percentages reflect the divide of emissions between stationary and mobile sources in the AQMP emissions inventory). Control measures are: OFFRD-1 Extension of the SOON Provision for Construction/Industrial Equipment [NOx]; ONRD-03 Accelerated Penetration of Partial Zero-Emission and Zero-Emission Light-Heavy- and Medium-Heavy-Duty Vehicles [NOx, PM]; ONRD-04 Accelerated Retirement of Older On-Road Heavy-Duty Vehicles [NOx, PM]; OFFRD-04 Further Emission Reductions from Ocean-Going Marine Vessels While at Berth [NOx, PM]; OFFRD-05 Emission Reductions from Ocean-Going Marine Vessels [NOx].

## SINGLE PAYMENT OPTION

Repowering **100MW or less cumulatively** at a facility subsequent to [the date of adoption] with offsets debited from the SCAQMD internal offset accounts:

$$\text{Single Payment Offset Fee } (F_i) = L_{iA1} \times OF_i \times PTE_{rep_i} \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right) \quad [ \text{PR 1304.1 (B)(i)} ]$$

Repowering **more than 100MW cumulatively** at a facility subsequent to [the date of adoption] with offsets debited from the SCAQMD internal offset accounts:

$$\text{Annual Payment Offset Fee } (F_i) = \left( \left[ L_{iA1} \times \left( \frac{100}{MW} \right) \right] + \left[ L_{iA2} \times \left( \frac{MW - 100}{MW} \right) \right] \right) \times OF_i \times PTE_{rep} \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right) \quad [ \text{PR 1304.1 (B)(ii)} ]$$

Where;

$F_i$	=	Offset Fee for pollutant (i).
$R_{iA1}$	=	Table A1, Annual Offset Fee Rate for pollutant (i), in terms of dollars per pound per day, annually.
$R_{iA2}$	=	Table A2, Annual Offset Fee Rate for pollutant (i), in terms of dollars per pound per day, annually.
$L_{iA1}$	=	Table A1, Single Payment Offset Fee Rate for pollutant (i), in terms of dollars per pound per day.
$L_{iA2}$	=	Table A2, Single Payment Offset Fee Rate for pollutant (i), in terms of dollars per pound per day.
MW	=	MW rating of new replacement unit(s).
$OF_i$	=	offset factor pursuant to Rule 1315(c)(2) for extreme non-attainment pollutants and their precursors, (see Table A1 or A2, as applicable, for factors).
$PTE_{rep}$	=	permitted potential to emit of new replacement unit(s) for pollutant i, in pounds per day. (Maximum permitted monthly emissions $\div$ 30 days).
$C_{rep}$	=	maximum permitted annual megawatt hour (MWh) generation of the new replacement unit(s). (Maximum rated capacity (MW) x Maximum permitted annual operating hours (h)).
$C_{2YRAvgExisting}$	=	the average annual megawatt-hour (MWh) generation of the existing unit(s) to be replaced using the last twenty-four (24) month period immediately prior to issuance of the permit to construct.

Note that for the above formulas either one or the other of the two shown for each option (annual or single fee payment) should be used to compute the offset fee obligation. If the cumulative sum of the unit(s) being repowered at a facility is 100MW or less then formula [ PR 1304.1 (A)(i) ] should be used to calculate the applicable annual offset fee payment and formula [ PR 1304.1 (B)(i) ] the applicable single offset fee payment. However, if the cumulative sum of the unit(s) being repowered at a facility greater than 100MW then formula [ PR 1304.1 (A)(ii) ] should be used to calculate the applicable annual offset fee payment and formula [ PR 1304.1 (B)(ii) ] the

applicable single offset fee payment. Formulas [ PR 1304.1 (A)(i) ] and [ PR 1304.1 (A)(ii) ] are mutually exclusive and either one or other should be used to compute fees, but not both. Similarly, formulas [ PR 1304.1 (B)(i) ] and [ PR 1304.1 (B)(ii) ] are mutually exclusive and either one or other should be used to compute fees, but not both

**Table A1 - Pollutant Specific Offset Fee Rates & Offset Factors applicable to the first 100MWs repowered at an EGF after [the date of adoption] with offsets debited from the SCAQMD internal offset accounts**

Pollutant (i)	Annual Offset Fee Rate ( $R_{iA1}$ ) (\$per lb/day)*	Single Payment Offset Fee Rate ( $L_{iA1}$ ) (\$ per lb/day)	Offset Factor ( $OF_i$ )
PM	\$ <u>1,993,997</u>	\$ <u>49,822,24,911</u>	1.0
NOx**	\$ <u>1,332,666</u>	\$ <u>33,286,16,643</u>	1.2
SOx	\$ <u>1,585,793</u>	\$ <u>39,631,19,816</u>	1.0
VOC	\$ <u>93,47</u>	\$ <u>2,318,1,159</u>	1.2

\* Offset Fees paid annually and adjusted annually by the Consumer Price Index (CPI)

\*\* For non-RECLAIM sources only

**Table A2 - Pollutant Specific Offset Fee Rates & Offset Factors applicable to the MW capacity repowered at an EGF in excess of 100 MW after [date of adoption] with offsets debited from the AQMD internal offset accounts**

Pollutant (i)	Annual Offset Fee Rate ( $R_{iA2}$ ) (\$per lb/day)*	Single Payment Offset Fee Rate ( $L_{iA2}$ ) (\$ per lb/day)	Offset Factor ( $OF_i$ )
PM	\$3,986	\$99,643	1.0
NOx**	\$2,663	\$66,571	1.2
SOx	\$3,170	\$79,262	1.0
VOC	\$185	\$4,635	1.2

\* Offset Fees paid annually and adjusted annually by the Consumer Price Index (CPI)

\*\* For non-RECLAIM sources only

#### **DETERMINING POLLUTANT FEE RATES ( $R_{iA1}$ , $L_{iA1}$ , $R_{iA2}$ and $L_{iA2}$ )**

Pollutant fee rates for each of the four potential pollutants requiring offsets (i = NOx, PM10, VOC and SOx) were computed using historical pricing data over a variety of time ranges, including the most recent two years in which there were offset transactions. For each pollutant and time frame, various statistics (averaging over 5, 4, 3, 2, and 1 year time frames) were computed and analyzed to determine the most appropriate pricing for an offset unit in dollars per pound per day (\$/lb/day). Because of the limited volume of ERCs traded with respect to some pollutants, staff is proposing to utilize sales weighted average cost figures corresponding to the most recent consecutive two years where there have been trades, in deriving annualized offset fee rates for each pollutant, as summarized in Table 4. Note that in order to get the most statistically relevant consecutive year data set for PM10 and VOC CY 2012 and partial CY 2013 data was used since this reflected the most relevant time period. For SOx and NOx an absence of recent trades required the use of the 2009 through 2010 averaging time period.

**Table 5 – ERC Transaction Pricing (\$/lb/day) Consecutive 2 Year Averages<sup>18</sup>; CY 2008 thru CY 2013<sup>19</sup>**

Pollutant (i)	PM10		NOx		VOC		SOx	
	Trades	\$/lb/day	Trades	\$/lb/day	Trades	\$/lb/day	Trades	\$/lb/day
CY 2012-2013	3	<b>99,643</b>	0	N/A	18	<b>4,635</b>	0	N/A
CY 2009-2010	41	209,104	19	<b>66,571</b>	101	8,028	7	<b>79,262</b>

The offset fee rate for each pollutant reflects the annualized cost of an ERC traded in the open market. Therefore, this offset fee rate represents a stream of offset credits over an (n) year time period. The stream of credits is divided into a stream of (n) annual credits with an annualized cost amortized over (n) years at a rate of return (r) and computed as follows:

$$\text{Annual Fee Rate } (R_i) = E_i \times \frac{r \times (1+r)^n}{(1+r)^n - 1}$$

Where:

$E_i$  = Unamortized annual base offset fee by pollutant in dollars per pounds per day (\$/lb/day) computed as the weighted average price of ERC credits in the open market in the preceding five years

$r$  = modest annual rate of return (%)

$n$  = term of the annual credit stream (years)

Note that if n is a very large number such that the difference between the terms  $(1+r)^n$  and  $(1+r)^n - 1$  becomes numerically insignificant (it is assumed that the EGF essentially will hold on to the ERC(s) then the amortized annual fee computation simplifies to:

$$\text{Annual Offset Fee Rate } (R_i) = E_i \times r$$

While an Annual Offset Fee Rate ( $R_i$ ) so derived results in an Annual Offset Fee ( $F_i$ ) payment that will be made annually for the foreseeable future, this also represents the lowest type of annual payment. All other finite term options will result in a higher annual payment. In addition, while this option assumes the annual offset payment will be paid forever, in reality once the source no longer requires the credits, the payments would cease. Staff uses a value of  $r = 4\%$  which is the interest rate the SCAQMD has used for over 15 years and is the basis for the AQMP control measure and rule development cost effectiveness. Note that while  $E_i$  is equivalent to either,  $L_{iA1}$  (100MW or less) or  $L_{iA2}$  (> 100MW), based on the cumulative EGF repower,  $r (= 4\%)$  is the same in both cases.

<sup>18</sup> Excludes transactions where no fee was assessed such as conversion of ERC to STERCs and internal accounting transactions. Also excludes STERC (finite time period) transactions which have finite credit streams of varying duration. Only infinite credit stream ERCs are used for computational purposes.

<sup>19</sup> Through January, 2013.

**Table 6 – Annual Fee rates Derived from Single Fee rates by MW of cumulative EGF repowering<sup>20</sup>**

Pollutant (i)	PM10	NOx <sup>21</sup>	SOx	VOC
Initial 100MW [ $R_{iA1} = L_{iA1} \times r$ ] (\$) <sup>22</sup>	<del>1,993,997</del>	<del>1,332,666</del>	<del>1,585,793</del>	<del>9347</del>
> 100MW [ $R_{iA2} = L_{iA2} \times r$ ] (\$)	3,986	2,663	3,170	185

### SAMPLE FEE CALCULATIONS

Staff has developed a simple fee calculator on the District’s website (located at: <http://www.aqmd.gov/rules/proposed.html#1304.1>) that can be used to calculate the annual or single payment offset fees. The following hypothetical sample calculations show how the PM10 annual and single fee payments are computed for three examples. The methodology for computing the annual and single fee payments for the other pollutants is the same. These examples are designed to show the computational methodology for estimating offset fees and not the specific or estimated fee paid by any particular owner/operator, since that will depend on the specific permit and operating profile for that unit(s).

A screen shot of the calculator is shown below with annual and single fees computed for all pollutants and the total source offset fee obligation for the source. Example 1 is a 520 MW repower project with a capacity factor of 46%, representative of recently permitted, larger-scale repower projects. Example 2A is for a smaller repower with a 100 MW turbine with a capacity factor of 60% with historical usage assumed to be 7%, fairly representative of boiler usage for power plants located in the South Coast Air Basin and derived based on the definition of a peaking unit. Example 2B is for the same repower as in Example 2A except that it is a purely hypothetical worst possible case scenario utilizing a capacity factor of 100% for repowered unit and capacity utilization rate of 0% for the units (boilers) being replaced. This example is designed purely to demonstrate the calculation methodology and the parameters of this example would not occur in real life.

<sup>20</sup> Adjusted by CPI Annually

<sup>21</sup> For Non-RECLAIM sources only

<sup>22</sup>  $L_{iA1} = 5025\% \times L_{iA2}$ ; a ~~5075~~ % discount for the first 100MW of cumulative EGF repowering



**EXAMPLE 1 – COMPUTATION OF PM10 OFFSET FEE FOR 520 MW; 46% PERMITTED CAPACITY FACTOR; 5% CURRENT BOILER USAGE**

{Representative scenario for a larger Baseload unit}

Given the following,

$$R_{iA1} = R_{PM10A1} = \$1,993,997 \text{ per lb/day annually}; \quad R_{iA2} = R_{PM10A2} = \$3,986 \text{ per lb/day annually}$$

$$L_{iA1} = L_{PM10A1} = \$49,822,224,911 \text{ per lb/day}; \quad L_{iA2} = L_{PM10A2} = \$99,643 \text{ per lb/day}$$

$$PTE_{rep} = 432 \text{ lbs/day}$$

$$C_{rep} = 2,095,392 \text{ MWh}$$

$$C_{2YRAvgExisting} = 227,760 \text{ MWh}$$

$$OF_i = OF_{PM10} = 1.0$$

The ANNUAL Offset Fee Payment for PM ( $F_{PM10}$ ) is computed as follows:

$$\begin{aligned} (F_{PM10}) &= \left( \left[ \frac{\$1,993,997}{\text{lb/day}} \times \left( \frac{100 \text{ MW}}{520 \text{ MW}} \right) \right] + \left[ \frac{\$3,986}{\text{lb/day}} \times \left( \frac{520 \text{ MW} - 100 \text{ MW}}{520 \text{ MW}} \right) \right] \right) \times 432 \text{ lb/day} \times 1.0 \times \left( \frac{2,095,392 \text{ MWh} - 227,760 \text{ MWh}}{2,095,392 \text{ MWh}} \right) \\ &= \underline{\underline{\$1,387,2081,313,457 / year}} \end{aligned}$$

The SINGLE (up front lump sum) Offset Fee Payment for PM ( $F_{PM10}$ ) is computed as follows:

$$\begin{aligned} (F_{PM10}) &= \left( \left[ \frac{\$49,822,224,911}{\text{lb/day}} \times \left( \frac{100 \text{ MW}}{520 \text{ MW}} \right) \right] + \left[ \frac{\$99,643}{\text{lb/day}} \times \left( \frac{520 \text{ MW} - 100 \text{ MW}}{520 \text{ MW}} \right) \right] \right) \times 432 \text{ lb/day} \times 1.0 \times \left( \frac{2,095,392 \text{ MWh} - 227,760 \text{ MWh}}{2,095,392 \text{ MWh}} \right) \\ &= \underline{\underline{\$38,071,25732,833,220}} \end{aligned}$$

Offset fees for other 1304.1 pollutants (VOC, SOX and if applicable NOx) are computed using the same steps as laid out above

PR 1304.1 Fee Calculator ANNUAL and SINGLE FEE PAYMENT for Example 1 – 520 MW

The following tables reflect the revised values based on the revisions in the September 6, 2013 version of the proposed rule and do not highlight as underline/strikeout any changes in the values as included in the August 7, 2013 version of the staff report.

\* ESTIMATED PR 1304.1 2-TIER ANNUAL FEES

PR1304.1 Fee Calculator      Enter Values In These Marked Cells Only =

Gross Rating of New Replacement Unit (MW)	520
Maximum Fraction of Time Allowed to Operate (%)	46
Hours in a Year (hr/yr)	8,760
Max Allowable Operating Hours Annually (hr/yr)	4,030
Max Allowable Generation of New Replacement Unit Annually (MWh/yr)	2,095,392 = $C_{rep}$ = 46%
Average of Last 2 Years of Existing Unit Actual Generation (MWh/yr)	227,760 = $C_{2YRAvgExisting}$ = 5%

ANNUAL FEE PAYMENT

	$PTE_{PM10}$ (lbs/day)	$R_{PM10-A1}$ (\$ per lb/day)	$R_{PM10-A2}$ (\$ per lb/day)	$R_{PM10}$ Blended (\$ per lb/day)	$OF_{PM10}$ -	$C_{rep}$ (MWh/yr)	$C_{2YRAvgExisting}$ (MWh/yr)	Ratio	$F_{PM10}$ (\$)
i=PM10	432.00	997	3,986	3,411	1.00	2,095,392	227,760	0.891	1,313,457

	$PTE_{SOx}$ (lbs/day)	$R_{SOx-A1}$ (\$ per lb/day)	$R_{SOx-A2}$ (\$ per lb/day)	$R_{SOx}$ Blended (\$ per lb/day)	$OF_{SOx}$ -	$C_{rep}$ (MWh/yr)	$C_{2YRAvgExisting}$ (MWh/yr)	Ratio	$F_{SOx}$ (\$)
i=SOx	41.04	793	3,170	2,713	1.00	2,095,392	227,760	0.891	99,235

	$PTE_{VOC}$ (lbs/day)	$R_{VOC-A1}$ (\$ per lb/day)	$R_{VOC-A2}$ (\$ per lb/day)	$R_{VOC}$ Blended (\$ per lb/day)	$OF_{VOC}$ -	$C_{rep}$ (MWh/yr)	$C_{2YRAvgExisting}$ (MWh/yr)	Ratio	$F_{SOx}$ (\$)
i=VOC	172.49	47	185	158	1.20	2,095,392	227,760	0.891	29,234

<b>TOTAL (\$/yr)</b>	<b>1,441,927</b>
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**SINGLE FEE PAYMENT**

	$PTER_{PM10}$ (lbs/day)	$R_{PM10-A1}$ (\$ per lb/day)	$R_{PM10-A2}$ (\$ per lb/day)	$R_{PM10}$ Blended (\$ per lb/day)	$OF_{PM10}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio	$F_{PM10}$ (\$)
i=PM10	432.00	24,911	99,643	85,271	1.00	2,095,392	227,760	0.891	32,833,220
	$PTER_{SOx}$ (lbs/day)	$R_{SOx-A1}$ (\$ per lb/day)	$R_{SOx-A2}$ (\$ per lb/day)	$R_{SOx}$ Blended (\$ per lb/day)	$OF_{SOx}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio	$F_{SOx}$ (\$)
i=SOx	41.04	19,816	79,262	67,830	1.00	2,095,392	227,760	0.891	2,481,165
	$PTER_{VOC}$ (lbs/day)	$R_{VOC-A1}$ (\$ per lb/day)	$R_{VOC-A2}$ (\$ per lb/day)	$R_{VOC}$ Blended (\$ per lb/day)	$OF_{VOC}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio	$F_{VOC}$ (\$)
i=VOC	172.49	1,159	4,635	3,967	1.20	2,095,392	227,760	0.891	731,784

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**TOTAL (\$/yr) 36,046,169**

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**EXAMPLE 2A – COMPUTATION OF PM10 OFFSET FEE FOR 100MW; 60% PERMITTED CAPACITY FACTOR; 7% CURRENT BOILER USAGE**

{Representative scenario for a Peaker repower}

Note: Rule 2012 - Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions; Rule 2012 Protocol – Attachment F – Definitions (37) defines a Peaker as: (37) PEAKING UNIT means a turbine used intermittently to produce energy on a demand basis and does not operate more than 1,300 hours per year. 1,300/8,760 hours = 15% capacity factor. Assuming an average historical usage of 7% yields a value of 113,880 MWh (note the lower the historical MWh generation the higher the fee, so that this is a more conservative estimate than assuming a 15% capacity factor). It is further assumed that the new replacement unit is permitted at 60% capacity factor, even though actual usage is likely less.

Given the following,

$$R_{iA1} = R_{PM10A1} = \$1,993,997 \text{ per lb/day annually; } R_{iA2} = R_{PM10A2} = \$3,986 \text{ per lb/day annually}$$

$$L_{iA1} = L_{PM10A1} = \$49,822,224,911 \text{ per lb/day; } L_{iA2} = L_{PM10A2} = \$99,643 \text{ per lb/day}$$

$$PTE_{rep} = 86 \text{ lbs/day of additional offsets needed}$$

$$C_{rep} = 525,600 \text{ MWh}$$

$$C_{2YRAvgExisting} = 113,880 \text{ MWh}$$

$$OF_i = OF_{PM10} = 1.0$$

The **ANNUAL** Offset Fee Payment for PM ( $F_{PM10}$ ) is computed as follows:

$$F_{PM10} = \frac{\$1,993,997}{\text{lb/day}} \times 100 \text{ MW} \times 86.4 \text{ lb/day} \times 1.0 \times \left( \frac{525,600 \text{ MWh} - 113,880 \text{ MWh}}{525,600 \text{ MWh}} \right)$$

$$\equiv \underline{\underline{\$134,886,67,477 / \text{year}}}$$

The **SINGLE** (up front lump sum) Offset Fee Payment for PM ( $F_{PM10}$ ) is computed as follows:

$$F_{PM10} = \frac{\$49,822,224,911}{\text{lb/day}} \times 100 \text{ MW} \times 86.4 \text{ lb/day} \times 1.0 \times \left( \frac{525,600 \text{ MWh} - 113,880 \text{ MWh}}{525,600 \text{ MWh}} \right)$$

$$\equiv \underline{\underline{\$3,371,9531,685,976}}$$

Offset fees for other 1304.1 pollutants (VOC, SOX and if applicable NOx) are computed using the same method as demonstrated in this example for PM10

PR 1304.1 Fee Calculator ANNUAL and SINGLE FEE PAYMENT for Example 2A

The following tables reflect the revised values based on the revisions in the September 6, 2013 version of the proposed rule and do not highlight as underline/strikeout any changes in the values as included in the August 7, 2013 version of the staff report.

PR1304.1 Fee Calculator

Enter Values In These Marked Cells Only

Gross Rating of New Replacement Unit (MW)	100		
Maximum Fraction of Time Allowed to Operate (%)	60		
Hours in a Year (hr/yr)	8,760		
Max Allowable Operating Hours Annually (hr/yr)	5,256		
Max Allowable Generation of New Replacement Unit Annually (MWhr/yr)	525,600	= C <sub>rep</sub>	= 60%
Average of Last 2 Years of Existing Unit Actual Generation (MWhr/yr)	113,880	= C <sub>2YRAvgExisting</sub>	= 7%

ANNUAL FEE PAYMENT

	PTE <sub>PM10</sub> (lbs/day)	R <sub>PM10-A1</sub> \$ per lb/day	R <sub>PM10-A2</sub> \$ per lb/day	R <sub>PM10</sub> Blended (\$ per lb/day)	OF <sub>PM10</sub>	C <sub>rep</sub> (MWhr/yr)	C <sub>2YRAvgExisting</sub> (MWhr/yr)	Ratio	F <sub>PM10</sub> (\$)
i=PM10	86.40	997	3,986	997	1.00	525,600	113,880	0.783	67,477
	PTE <sub>SOx</sub> (lbs/day)	R <sub>SOx-A1</sub> \$ per lb/day	R <sub>SOx-A2</sub> \$ per lb/day	R <sub>SOx</sub> Blended (\$ per lb/day)	OF <sub>SOx</sub>	C <sub>rep</sub> (MWhr/yr)	C <sub>2YRAvgExisting</sub> (MWhr/yr)	Ratio	F <sub>SOx</sub> (\$)
i=SOx	8.20	793	3,170	793	1.00	525,600	113,880	0.783	5,094
	PTE <sub>VOC</sub> (lbs/day)	R <sub>VOC-A1</sub> \$ per lb/day	R <sub>VOC-A2</sub> \$ per lb/day	R <sub>VOC</sub> Blended (\$ per lb/day)	OF <sub>VOC</sub>	C <sub>rep</sub> (MWhr/yr)	C <sub>2YRAvgExisting</sub> (MWhr/yr)	Ratio	F <sub>SOx</sub> (\$)
i=VOC	34.80	47	185	47	1.20	525,600	113,880	0.783	1,537
<b>TOTAL (\$/yr)</b>									<b>74,108</b>

**SINGLE FEE PAYMENT**

	$PTE_{PM10}$ (lbs/day)	$R_{PM10-A1}$ \$ per lb/day	$R_{PM10-A2}$ \$ per lb/day	$R_{PM10}$ Blended (\$ per lb/day)	$OF_{PM10}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio -	$F_{PM10}$ (\$)
i=PM10	86.40	24,911	99,643	24,911	1.00	525,600	113,880	0.783	1,685,976
	$PTE_{SOx}$ (lbs/day)	$R_{SOx-A1}$ \$ per lb/day	$R_{SOx-A2}$ \$ per lb/day	$R_{SOx}$ Blended (\$ per lb/day)	$OF_{SOx}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio -	$F_{SOx}$ (\$)
i=SOx	8.20	19,816	79,262	19,816	1.00	525,600	113,880	0.783	127,285
	$PTE_{VOC}$ (lbs/day)	$R_{VOC-A1}$ \$ per lb/day	$R_{VOC-A2}$ \$ per lb/day	$R_{VOC}$ Blended (\$ per lb/day)	$OF_{VOC}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio -	$F_{SOx}$ (\$)
i=VOC	34.80	1,159	4,635	1,159	1.20	525,600	113,880	0.783	37,913
<b>TOTAL (\$)</b>									<b>1,851,174</b>

Offset fees for other 1304.1 pollutants (VOC, SOX and if applicable NOx) are computed using the same steps as laid out above.

**EXAMPLE 2B -- COMPUTATION OF PM10 OFFSET FEE FOR 100MW; 100% PERMITTED CAPACITY FACTOR; 0% CURRENT BOILER USAGE**

{Hypothetical Worse Case Scenario for a Peaker repower}

Given the following,

$$R_{iA1} = R_{PM10A1} = \$1,993,997 \text{ per lb/day annually}; \quad R_{iA2} = R_{PM10A2} = \$3,986 \text{ per lb/day annually}$$

$$L_{iA1} = L_{PM10A1} = \$49,822,24,911 \text{ per lb/day}; \quad L_{iA2} = L_{PM10A2} = \$99,643 \text{ per lb/day}$$

$$PTE_{rep} = 144 \text{ lbs/day of additional offsets needed}$$

$$C_{rep} = 876,000 \text{ MWh}$$

$$C_{2YRAvgExisting} = 0 \text{ MWh}$$

$$OF_i = OF_{PM10} = 1.0$$

The ANNUAL Offset Fee Payment for PM ( $F_{PM10}$ ) is computed as follows:

$$F_{PM10} = \frac{\$1,993,997}{\text{lb/day}} \times 100 \text{ MW} \times 144 \text{ lb/day} \times 1.0 \times \left( \frac{876,000 \text{ MWh} - 0 \text{ MWh}}{876,000 \text{ MWh}} \right)$$

$$\equiv \underline{\underline{\$286,992,143,568 / \text{year}}}$$

The SINGLE (up front lump sum) Offset Fee Payment for PM ( $F_{PM10}$ ) is computed as follows:

$$F_{PM10} = \frac{\$49,822,24,911}{\text{lb/day}} \times 100 \text{ MW} \times 144 \text{ lb/day} \times 1.0 \times \left( \frac{876,000 \text{ MWh} - 0 \text{ MWh}}{876,000 \text{ MWh}} \right)$$

$$\equiv \underline{\underline{\$7,174,3683,587,184}}$$

Offset fees for other 1304.1 pollutants (VOC, SOX and if applicable NO<sub>x</sub>) are computed using the same method as demonstrated in this example for PM10.

PR 1304.1 Fee Calculator ANNUAL and SINGLE FEE PAYMENT for Example 2B

The following tables reflect the revised values based on the revisions in the September 6, 2013 version of the proposed rule and do not highlight as underline/strikeout any changes in the values as included in the August 7, 2013 version of the staff report.

PR1304.1 Fee Calculator	Enter Values In These Marked Cells Only	=	
Gross Rating of New Replacement Unit (MW)			100
Maximum Fraction of Time Allowed to Operate (%)			100
Hours in a Year (hr/yr)			8,760
Max Allowable Operating Hours Annually (hr/yr)			8,760
Max Allowable Generation of New Replacement Unit Annually (MWhr/yr)			876,000 = C <sub>rep</sub> = 100%
Average of Last 2 Years of Existing Unit Actual Generation (MWhr/yr)			- = C <sub>2YRAvgExisting</sub> = 0%

**ANNUAL FEE PAYMENT**

	PTER <sub>PM10</sub> (lbs/day)	R <sub>PM10-A1</sub> \$ per lb/day	R <sub>PM10-A2</sub> \$ per lb/day	R <sub>PM10</sub> Blended (\$ per lb/day)	OF <sub>PM10</sub> -	C <sub>rep</sub> (MWhr/yr)	C <sub>2YRAvgExisting</sub> (MWhr/yr)	Ratio -	F <sub>PM10</sub> (\$)
i=PM10	144.00	997	3,986	997	1.00	876,000	-	1.000	143,568
	PTER <sub>SOx</sub> (lbs/day)	R <sub>SOx-A1</sub> \$ per lb/day	R <sub>SOx-A2</sub> \$ per lb/day	R <sub>SOx</sub> Blended (\$ per lb/day)	OF <sub>SOx</sub> -	C <sub>rep</sub> (MWhr/yr)	C <sub>2YRAvgExisting</sub> (MWhr/yr)	Ratio -	F <sub>SOx</sub> (\$)
i=SOx	13.70	793	3,170	793	1.00	876,000	-	1.000	10,864
	PTER <sub>VOC</sub> (lbs/day)	R <sub>VOC-A1</sub> \$ per lb/day	R <sub>VOC-A2</sub> \$ per lb/day	R <sub>VOC</sub> Blended (\$ per lb/day)	OF <sub>VOC</sub> -	C <sub>rep</sub> (MWhr/yr)	C <sub>2YRAvgExisting</sub> (MWhr/yr)	Ratio -	F <sub>SOx</sub> (\$)
i=VOC	58.00	47	185	47	1.20	876,000	-	1.000	3,271
<b>TOTAL (\$/yr)</b>									<b>157,703</b>



**SINGLE FEE PAYMENT**

	$PTE_{PM10}$ (lbs/day)	$R_{PM10-A1}$ (\$ per lb/day)	$R_{PM10-A2}$ (\$ per lb/day)	$R_{PM10}$ Blended (\$ per lb/day)	$OF_{PM10}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio	$F_{PM10}$ (\$)
i=PM10	144.00	24,911	99,643	24,911	1.00	87,600,000	-	1.000	3,587,184
	$PTE_{SOx}$ (lbs/day)	$R_{SOx-A1}$ (\$ per lb/day)	$R_{SOx-A2}$ (\$ per lb/day)	$R_{SOx}$ Blended (\$ per lb/day)	$OF_{SOx}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio	$F_{SOx}$ (\$)
i=SOx	13.70	19,816	79,262	19,816	1.00	87,600,000	-	1.000	271,479
	$PTE_{VOC}$ (lbs/day)	$R_{VOC-A1}$ (\$ per lb/day)	$R_{VOC-A2}$ (\$ per lb/day)	$R_{VOC}$ Blended (\$ per lb/day)	$OF_{VOC}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio	$F_{SOx}$ (\$)
i=VOC	58.00	1,159	4,635	1,159	1.20	87,600,000	-	1.000	80,666
<b>TOTAL (\$)</b>									<b>3,939,330</b>

Offset fees for other 1304.1 pollutants (VOC, SOX and if applicable NOx) are computed using the same steps as laid out above.

Table 7 below summarizes the annual and single, lump-sum fee estimates for the three scenarios above:

**Table 7 – Summary of Annual and Single, Lump-Sum Fees for Three Scenarios**

Payment Type	Example 1	Example 2A	Example 2B
Unit Description	520 MW Baseload 46% Capacity Factor 5% Current Boiler Usage	100 MW Peaker 60% Capacity Factor 7% Current Boiler Usage	100 MW Peaker 100% Capacity Factor 0% Current Boiler Usage
Annual (\$/year)	<del>1,522,881</del> <u>1,441,927</u>	<del>148,109</del> <u>74,108</u>	<del>315,179</del> <u>157,703</u>
Single Lump-Sum (\$)	<del>38,071,257</del> <u>36,046,169</u>	<del>3,702,342</del> <u>1,851,174</u>	<del>7,878,646</del> <u>3,939,330</u>

As indicated in the detailed calculations, Example 2B is included as the absolute worst case scenario for a smaller EGF, and as illustrated in the sample scenarios, the offset fees are significantly reduced, commensurate with the permitted capacity factor. Therefore, staff advises that EGFs need to carefully consider historical usage of current boilers, and seek permits for a realistic usage of the repowered units.

### EFFECT OF OFFSET FEES ON THE COST OF GENERATION

Using a 46% capacity factor for South Coast Air Basin generation (based on a recently permitted similar unit), a 520 MW EGF would produce annually 2,095,392,000 kWh of electricity (520 MW X 8,760 hour s/year x 46% x 1,000 KW/MW). Dividing the annualized total cost for all (PM10, VOC and SOx) offset credits (~~\$1,522,881~~1,441,927) by the annual generation, the incremental cost of generation for the total cost of offsets would be ~~0.07270~~0.0688 ¢/kWh. (This calculation assumes source is in NOx RECLAIM and so does not need PR 1304.1 NOx offset credits.)

Relative to a wholesale cost of electrical generation of 4¢ per kWh, this fee for PM10 represents about a ~~1.821~~1.72% increase. However, these costs for this individual plant are expected to be distributed amongst all rate payers, whose rates reflect all sources of generation, not just this individual plant. Accordingly, the actual rate increase that a rate payer would experience is expected to be significantly lower than the one computed above.

For example, the impact of the offset fee overall rate payers in a region can be estimated as follows: Assume that an estimated 2,800 MW is repowered in the SCE Planning Area (which excludes the cities of Los Angeles, Burbank, Pasadena, Glendale, the Imperial Irrigation District and portions of Orange County served by PG&E). Assume also an estimated 50/50 split between base load and peaking units under the provisions of PR 1304.1. Under these assumptions, the estimated annual offset fee from proposed Rule 1304.1 is computed as ~~\$12.9.3~~ million. This fee would then be distributed over all rate payers based on the following data:

Annual consumption <sup>23</sup> .....	97,290,000 MWh
Repowered generation cost <sup>24</sup> .....	\$30 per MWh (3¢/KWh)
EGFs repowering <sup>25</sup> .....	100%
Cost of Offsets <sup>26</sup> .....	<del>\$12,000,000</del> <u>\$9,300,000</u> per year

Then the incremental cost of offsets is estimated as:

$$\frac{\$12,000,000 - \underline{\$9,300,000}}{(97,290,000 \text{ MWh/year} \times \$30/\text{MWh})}$$

which yields an ~~0.41~~0.32% incremental cost ratio of offset fees to generation revenue and an incremental cost of ~~0.012~~0.01¢/kWh. Note that no discount for the initial 100MW of generation is given in computing the annual offset fee for this example, so that the estimated impact is slightly lower than computed in this example.

The City of Pasadena, for 2012, had total revenues of \$185,951,000 from power generation.<sup>27</sup> These revenues yield an anticipated incremental cost ratio of offset fees compared to generation revenue of ~~\$148,10974,108~~\$148,10974,108/\$185,951,000 = ~~0.0804~~0.0804% for Example 2A and ~~\$157,703315,179~~\$157,703315,179/\$185,951,000 = ~~0.170085~~0.170085% for Example 2B.

Burbank Water and Power, with generation operating revenues of \$202,268,000,<sup>28</sup> would yield an anticipated incremental cost ratio of offset fees compared to generation revenue of ~~\$148,10974,108~~\$148,10974,108/\$202,268,000 = ~~0.07320~~0.07320% for Example 2A and ~~\$157,703315,179~~\$157,703315,179/\$202,268,000 = ~~0.1560~~0.1560% for Example 2B.

Repowering projects by LADWP and other municipalities relying on offsets from SCAQMD accounts are expected to encounter similar rate impacts to the ones estimated above.

## STAGGERED CONSTRUCTION SCENARIO

Offset fee payments are required prior to the issuance of the Permit to Construct for those eligible facilities electing to use the 1304(a)(2) offset exemption. Such fee payments remitted prior to the commencement of operation will be applied to the offset fee

<sup>23</sup> CEC Report: CEC-200-2012-201-SD-V2, page 32). Figure used is the lowest annual energy consumption during last several years. Note that the lower the annual energy consumption, the lower the per capita cost of electricity for all rate payers and therefore the greater the incremental cost of offset fees.

<sup>24</sup> Attachment A, Wolak, page 11. Paragraph 4

<sup>25</sup> Assuming that all EGFs repower is the worst case scenario since it implies that all EGFs will be paying offset fees. Furthermore, the lower the generation cost, the higher the incremental cost of offsets, since the cost of offsets is fixed at the permitted PTE requested by the source, a lower value in the ratio denominator (generation cost) will result in a higher incremental cost.

<sup>26</sup> Assumes the 520 MW EGF with 46% capacity factor in Example 1.

<sup>27</sup> Pasadena Water and Power Annual Report 2012, Page 15.

<sup>28</sup> City of Burbank Proposed Annual Budget 2013-2014. Burbank Water and Power, Electric Fund (496), Statement of Changes in Net Assets, Fiscal Year 2013-14 Proposed Budget, ”, page 4, Column “Actual FY 11-12.

obligations as they are incurred after the commencement of operation beginning with the initial year of operation. In the case of the single offset fee payment option, since all offset fees are paid upfront prior to the issuance of the Permit to Construct, no further payments are necessary. If a facility chooses the annual payment option, the first year's payment will be due prior to the issuance of the Permit to Construct. Annual offset fees for the second and subsequent years will be due and payable prior to the second and subsequent years.

For sources that plan to construct a repower project over multiple years, the initial year of the annual offset fee computed for all phases of the project would be due prior to the issuance of the Permit to Construct. Subsequent year payments will be based on the portion of the permitted capacity that goes on line for that given year. Prior to the commencement of any phase of construction, the owner/operator may submit a written request to amend the Permit to Construct to lower the permitted generation capacity and to also receive a refund proportional to the reduced capacity. The following example demonstrates a hypothetical scenario for a 5 phase peaker project which is later reduced to 2 phases in total.

**EXAMPLE 3 – LOWERING THE PERMITTED GENERATION CAPACITY OF A MULTI-PHASE REPOWER PROJECT**

This project consists of 5 identical Peaking units, to be constructed and commence operation in 5 consecutive yearly phases. Under the Annual Payment Option, the total fee due prior to issuance of the permit to construction is ~~\$1,522,881~~ \$1,432,209 (see below) which is equivalent to the first year of total offset fees for the total of the permitted MW generation anticipated to have commenced operation after 5 years.

The following tables reflect the revised values based on the revisions in the September 6, 2013 version of the proposed rule and do not highlight as underline/strikeout any changes in the values as included in the August 7, 2013 version of the staff report.

PR1304.1 Fee Calculator	Enter Values In These Marked Cells Only =	
Gross Rating of New Replacement Unit (MW)	500	
Maximum Fraction of Time Allowed to Operate (%)	46	
Hours in a Year (hr/yr)	8,760	
Max Allowable Operating Hours Annually (hr/yr)	4,030	
Max Allowable Generation of New Replacement Unit Annually (MWhr/yr)	2,014,800	= $C_{rep}$ = 46%
Average of Last 2 Years of Existing Unit Actual Generation (MWh/yr)	219,000	= $C_{2YRAvgExisting}$ = 5%

**ANNUAL FEE PAYMENT**

	$PTE_{PM10}$ (lbs/day)	$R_{PM10-A1}$ (\$ per lb/day)	$R_{PM10-A2}$ (\$ per lb/day)	$R_{PM10}$ Blended (\$ per lb/day)	$OF_{PM10}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio	$F_{PM10}$ (\$)
i=PM10	432.00	997	3,986	3,388	1.00	2,014,800	219,000	0.891	1,304,604
	$PTE_{SOx}$ (lbs/day)	$R_{SOx-A1}$ (\$ per lb/day)	$R_{SOx-A2}$ (\$ per lb/day)	$R_{SOx}$ Blended (\$ per lb/day)	$OF_{SOx}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio	$F_{SOx}$ (\$)
i=SOx	41.04	793	3,170	2,695	1.00	2,014,800	219,000	0.891	98,566
	$PTE_{VOC}$ (lbs/day)	$R_{VOC-A1}$ (\$ per lb/day)	$R_{VOC-A2}$ (\$ per lb/day)	$R_{VOC}$ Blended (\$ per lb/day)	$OF_{VOC}$ -	$C_{rep}$ (MWhr/yr)	$C_{2YRAvgExisting}$ (MWhr/yr)	Ratio	$F_{SOx}$ (\$)
i=VOC	172.49	47	185	157	1.20	2,014,800	219,000	0.891	29,039
<b>TOTAL (\$/yr)</b>									<b>1,432,209</b>

The following is the anticipated facility payment schedule if the source forgoes/abandons both the construction and operation of units 3, 4 and 5 (note that this simple example is purely for the purposes of illustrating the computational methodology):

- 2/1/14 Application is submitted for a repowering project consisting of 5 identical peaking units, to be constructed and commence operation in 5 consecutive yearly phases along with the annual offset fee for the initial year of operation of all 5 phases in the sum of ~~\$1,522,881~~1,432,209.
- 7/1/14 Offset fee rate increase of 2%<sup>29</sup>.
- 8/1/14 Permit to Construct/Operate is issued for all five units and construction on unit 1 of 5 begins.
- 7/1/15 CPI fee rate increase of 3%<sup>30</sup>.
- 8/1/15 Unit 1 of 5 commences operation. The offset fee for the initial year of operation based on the cumulative CPI fee rate increase for operating unit 1 of 5 for the next 12 months is:  
~~(\$1,522,881~~1,432,209 ÷ 5) x 1.02 x 1.03 = ~~\$319,988~~300,936  
 However, the owner/operator is not billed for this amount but is instead issued a statement showing that they have already covered this amount by the payment of the initial 5 years of operation for all 5 phases and a net remaining credit balance of:  
~~\$1,522,881~~1,432,209 - ~~\$319,988~~300,936 = ~~\$1,202,893~~1,131,273  
 Construction of unit 2 of 5 begins.
- 7/1/16 CPI fee rate increase of 3%<sup>31</sup>.
- 8/1/16 Unit 2 of 5 commences operation. The offset fee for the initial year of operation based on the cumulative CPI fee rate increase for operating unit 2 of 5 for the next 12 months is:  
~~\$300,936~~319,988 x 1.03 = ~~\$329,588~~309,964  
 In addition, the fee for the second year of operation of unit 1 of 5 for the next 12 months is ~~\$329,588~~309,964.  
 However, the owner/operator is not billed for this amount but is instead issued a statement showing a remaining credit balance of:  
~~\$1,202,893~~1,131,273 - (~~\$329,588~~309,964 x 2) = ~~\$1,202,893~~1,131,273 - ~~659,176~~619,928 = ~~\$543,717~~511,346.  
 The owner/operator decides not to begin construction of the remaining units in the project (units 3, 4 and 5) and may elect to submit an application for the refund of the remaining ~~\$543,717~~511,346 balance of

<sup>29</sup> Corresponding, for computational demonstration purposes only, to an assumed increase in the CPI rate of 2% for the example year. No attempt is made herein to imply foreknowledge of future CPI rates.

<sup>30</sup> Corresponding, for computational demonstration purposes only, to an assumed increase in the CPI rate of 3%, for the example year. No attempt is made herein to imply foreknowledge of future CPI rates.

<sup>31</sup> Corresponding for computational demonstration purposes only, to an assumed increase in the CPI rate of 3%, for the example year. No attempt is made herein to imply foreknowledge of future CPI rates.

offset fees initially remitted on 2/1/14, or use the remainder balance for future year offset fees for the two operational units.

7/1/17 CPI fee rate increase of 4%.<sup>32</sup>

8/1/17 On or before this due date the owner/operator must remit the following amount for the 8/1/17 through 7/30/18 operating period for the annual offset fee for units 1 and 2 (for the next 12 months of operation):  
| (\$~~659,176,309,964~~ x 1.04) x 2 = \$~~1,371,086,644,725~~.

## PROPOSITION 26

Proposed Rule 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption does not violate Proposition 26. Cal. Const. art. XIII C § 1. As a threshold matter, the Proposed Rule does not “impose” a fee upon EGFs. If an EGF has an eligible repowering project, it may choose to use the Rule 1304(a)(2) exemption to access the SCAQMD’s internal offset accounts or, alternatively, it could purchase offsets in the form of ERCs from the private market or use Regulation XIII to generate new offsets by paying another source to create an emission reduction or shutdown and create ERCs. Because the use of the 1304(a)(2) offset exemption is voluntary, the corresponding payment of fees under the Proposed Rule is voluntary, and the proposed fees are not a “tax” within the meaning of Proposition 26.

Even if Rule 1304(a)(2) did require EGFs to access the SCAQMD’s internal offset accounts such that the fees included in Proposed Rule 1304.1 were “imposed” and therefore subject to Proposition 26, the fees would fall within several of the constitutional exceptions, including the exceptions described in the following paragraphs.

The proposed fee qualifies under the exception for a “specific benefit conferred or privilege granted.” Cal. Const. art. XIII C, § 1 (e)(1). Payment of the fee confers upon a “payor” (an eligible EGF) a “specific benefit” or “privilege,” namely access to and use of offsets maintained in the SCAQMD’s internal accounts. Use of offsets from the SCAQMD’s internal accounts allow an EGF to avoid purchasing ERCs from the private market or generating ERCs under Regulation XIII, thereby enabling an EGF to fulfill its offset requirement, receive a permit under the SCAQMD’s federally-approved NSR program, and construct its repowering project. Moreover, offsets from the SCAQMD’s internal accounts are public goods that are owned by the SCAQMD and possess a high monetary value; the SCAQMD is entitled to reimbursement for their use. In determining the price of the offset fee, the SCAQMD has derived the fee from the value of privately

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<sup>32</sup> Corresponding for computational demonstration purposes only, to an assumed increase in the CPI rate of 4%, for the example year. No attempt is made herein to imply foreknowledge of future CPI rates. Also, note the following historical annual CPI rate increases: 3.3% - March 2008; -1.0% for March 2009; 1.9% for March 2010; 3.0% for March 2011; 2.0% for March 2012 and 1.3% for March 2013 (US Department of Labor website at: <http://www.bls.gov/ro9/cpilosa.htm>)



held ERCs so that the fee does not exceed the reasonable cost of the offsets (including the administrative costs of the fee program).

The proposed fee would also fit within the “regulatory costs” exception to Proposition 26. Cal. Const. art. XIII C, § 1 (e)(3). The federal and state Clean Air Acts and other legal provisions, including the SCAQMD’s NSR regulations, require an EGF to obtain offsets as a condition precedent to obtaining a permit. Therefore, the “regulatory costs” to the SCAQMD for issuing a permit to an EGF for a repowering project include the costs of the offsets that the EGF receives from the SCAQMD’s internal offset accounts.

Additionally, the proposed fee qualifies for the exception for “local government property.” Cal. Const. art. XIII C, § 1 (e)(4). Although both the business community and regulatory agencies agree that ERCs (and, likewise, offsets in the SCAQMD’s internal accounts) are not “property” within the legal definition thereof, these offsets have significant monetary value and are analogous to property. The SCAQMD owns the offsets in its internal accounts and is entitled to reimbursement for full value of these offsets they are made available for use by an EGF. This exemption applies both to the use and leasing of local government property. Therefore, even though SCAQMD internal offset accounts offsets are essentially returned to the SCAQMD accounts when the source shuts down, this exception still applies.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT**

Pursuant to the California Environmental Quality Act (CEQA), SCAQMD staff has analyzed the proposed project for any potential adverse environmental impacts. A Notice of Preparation and Initial Study (NOP/IS) was prepared for the proposed project and circulated for 30 days. Based on the comments received, staff has prepared a draft environmental assessment document and circulated it for public comment. The draft environmental assessment document can be obtained at the Public Information Center located at SCAQMD Headquarters: 21865 Copley Drive, Diamond Bar, CA 91765 or by calling (909) 396-2039 or accessing the SCAQMD's CEQA website at <http://www.aqmd.gov/ceqa/aqmd.html>

## **SOCIOECONOMIC ANALYSIS**

SCAQMD has conducted a socioeconomic analysis to assess the impacts of the Proposed Rule. This analysis report “Draft Socioeconomic Report for Proposed Rule 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption” is being released concurrently with this staff report. The purpose of the analysis is to evaluate the cost of the Proposed Rule to both EGFs and ratepayers, in addition to job and other socioeconomic impacts as the fees from the Proposed Rule are invested in air quality projects. PR 1304.1 does not require emission reductions and is not a control measure; therefore, pursuant to Health & Safety Code section 40922, a cost-effectiveness assessment is not required

## **DRAFT FINDINGS**

Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the SCAQMD 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 SCAQMD Governing Board has determined that a need exists to adopt Rule 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption to assess a fee for up to the full amount of offsets used and debited from SCAQMD internal offset accounts for permitting Electrical Utility Steam Boiler replacement projects that elect to use the offset exemption in Rule 1304(a)(2), to recover the value of these assets, and to invest the fees in air pollution improvement strategies consistent with Air Quality Management Plan goals.

### **AUTHORITY**

The SCAQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Health and Safety Code Sections 39002, 40000, 40001, 40440, 40702, 41508, and 42300 et seq., and Sections 110, 172, and 173 of the Federal Clean Air Act.

### **CLARITY**

The SCAQMD Governing Board has determined that Rule 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption is written and displayed so that the meaning can be easily understood by persons directly affected.

### **CONSISTENCY**

The SCAQMD Governing Board has determined that the adoption of Rule 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, federal or state regulations.

### **NON-DUPLICATION**

The SCAQMD Governing Board has determined that the adoption of Rule 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption does 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 SCAQMD.

### **REFERENCE**

In adopting the Rule, the SCAQMD Governing Board references the following statutes which the SCAQMD 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), 42300 et seq. (permit system) and Sections

110 (state implementation plan), 172 (nonattainment planning), and 173 (permit system) of the Federal Clean Air Act.

## **APPENDIX A**

### **An Economic and Reliability Analysis of the Proposal to Assess a Fee to Access the South Coast Air Quality Management District's Offset Bank<sup>33</sup>**

**by**

**Frank A. Wolak  
Director, Program on Energy and Sustainable Development  
Professor, Department of Economics  
Stanford University  
Stanford, CA 94305-6072**

**July 5, 2013**

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<sup>33</sup> Note that where the term District Bank is used in this report it is interchangeable with and has the same meaning as "SCAQMD internal offset accounts" as used in this staff report. While offsets are "banked" by the SCAQMD the use of SCAQMD internal offset accounts in this staff report avoids confusion with the Community Bank that was the repository of SCAQMD held offsets until the term was rescinded in December 1995.

## 1. Introduction

This report assesses the economic and electricity supply reliability consequences of the South Coast Air Quality Management District's (the District) proposal to assess a fee for existing owners of steam boilers in the District to access its offset bank for particulate matter (PM), nitrogen oxides (NO<sub>x</sub>), sulfur oxides, (SO<sub>x</sub>) and Volatile Organic Compounds (VOCs). Proposed Rule 1304.1 will require that all generation projects that replace an existing steam boiler in the District permitted subsequent to July 1, 2013 that elect to access the District's offset bank via the exemption in Rule 1304(a)(2) make a lump sum up-front payment or an annual payment based on the type of offset purchased and amount of offsets purchased.

The District has asked me to address three questions related to this proposed rule. First, to what extent, if any, will the proposed fees adversely impact the reliability of supply of electricity in the District and Southern California? Second, to what extent, if any, will the proposed fees deter the repowering of existing generation units using steam turbine technology with newer more energy-efficient units using combined cycle gas-turbine technology? Third, how are the costs of these fees paid by generation unit owners likely to be recovered from generation units and electricity consumers? The Appendix to this document provides a summary of my qualifications for making this assessment.

The remainder of this report proceeds as follows. Section 2 summarizes Proposed Rule 1304.1. Section 3 discusses the joint California Public Utilities Commission (CPUC) and California Independent System Operator's (ISO) Resource Adequacy (RA) program and the CPUC's Long-Term Procurement Plan (LTPP) process. The RA program ensures a reliable supply of electricity within the state during all hours of the coming year given the existing fleet of generation units and configuration of the transmission network. The LTPP process ensures that there is sufficient new generation capacity to meet the future demand for electricity in the state. This section discusses how the imposition of a fee for accessing the District's offset bank will interact with the local RA requirements and LTPP process in Southern California. Section 4 discusses the extent to which reliability is likely to be degraded as a result of the adoption of Proposed Rule 1304.1. This section concludes that because of the combined CPUC and California ISO RA process, the CPUC LTPP process, and several other state and local policies, Proposed Rule 1304.1 is unlikely to have any discernible impact on the reliability of the supply of electricity within the state. Section 5 analyzes how the amount of repowering of generation units in the District is likely to be impacted by the proposed rule. This section analyzes several hypothetical generation unit repowering investment decisions designed to be representative of conditions facing existing generation unit owners in the District in order to assess the impact of these proposed fees on their repowering decision-making process. Section 6 discusses how the combined California ISO market and CPUC regulatory process is likely to allocate the cost of these fees among participants in the California market. Section 7 closes with a summary of my answers to the three questions posed.

## 2. Proposed Rule 1304.1

This section first describes the existing procedure for gaining access to the District's offset bank as well how to obtain functionally equivalent emissions reductions credits (ERCs). The process used to fill the District's offset bank is then described and compared to the process of obtaining ERCs. ERCs, particularly those for PM<sub>10</sub>, have become increasingly expensive to obtain and provide an equivalent service to offsets from District's offset bank. Consequently, from the perspective of economic efficiency, requiring new units to purchase the costly ERCs necessary to build and operate a new facility in the District, but providing free access to the District's offset bank to existing steam boilers that repower may bias new investment decisions in favor of repowering existing steam boilers rather than constructing a lower cost new generation unit that may reduce the cost of serving load in the Southern California and increase the overall reliability of supply of electricity more than repowering an existing unit. Proposed rule 1304.1 aims to correct this potential bias by requiring entities eligible to obtain offsets from the District's bank to pay for them.

Rule 1304(a)(2) allows an existing generation unit owner in the District that replaced a steam boiler with a more efficient electricity generation technology with free access to the district's offset bank, even if the project entailed more offsets than the existing generation unit at that site required. Proposed

Rule 1304.1 will require repowering projects that access the offset bank for additional emissions beyond those associated with their most recent two years of annual average hourly output to pay an annual or up-front fixed fee for these offsets. This fee is based on positive difference between the maximum rated capacity of the replacement units and the most recent 24-month average amount of generation capacity used by the existing units.

ERCs are typically obtained from existing emitters in the District investing in new technologies that can reduce their emissions in quantifiable ways or by simply ceasing their operations in the district. Both of these actions are likely to be costly. Moreover, data on recent transactions of ERCs also demonstrates that ERC prices have been volatile because of the uncertain supply of emissions reductions. Emissions offsets typically enter the District's offset bank through what are called orphan shutdowns. According to Rule 1315, an orphan shutdown "means any reduction in actual emissions from a permitted source within the District resulting from removal of the source from service and inactivation of the permit without subsequent reinstatement of such permit provided such reduction is not otherwise required by rule, regulation, law, approved Air Quality Management Plan Control Measure, or the State Implementation Plan and does not result in issuance of an ERC." The last clause of the sentence is noteworthy because it indicates that the same set of actions could result in the creation of an ERC. For this reason, pricing ERCs to new entrants, but not pricing access to the District's offset bank to existing steam boilers that repower could unnecessarily increase in the cost of producing electricity in the District.

Proposed Rule 1304.1 will put repowering projects in the District in a similar economic position to new generation units built in the District. In general, new generation unit entrants must purchase ERCs on the open market to offset their emissions of PM<sub>10</sub>, NO<sub>x</sub>, SO<sub>x</sub> and VOCs. The recent Sentinel natural gas-fired plant built by Competitive Power Ventures is one exception to this rule. Through a special provision in Assembly Bill 1318 this plant was able to obtain access to the District's offset bank for a fee. This appears to be a one-off event, and future new generation capacity entrants will need to purchase the necessary ERCs on the open market.

The following example illustrates how continuing to provide free access to the District's offset bank to existing steam boilers that repower and requiring new units to purchase expensive ERCs could lead to inefficient new generation investment and operating decisions in the District. Suppose that a new combined cycle natural gas turbine (CCGT) facility can be built in the District and connect to the bulk transmission network at location where there sufficient transmission capacity for it to run at an 85 percent annual capacity factor. This plant may not be built because of the cost of purchasing ERCs, but instead an existing unit in the District may be repowered because it has free access to the District's offset bank, but because of where it is connected to transmission network there is only sufficient available transmissions capacity at that location for the repowered unit run at an annual capacity factor of 40 percent. If both units had to purchase the offsets needed to operate, the relative profitability of the two projects would imply that the existing unit would not repower, and instead the new unit would be built because of its much higher capacity factor. Moreover, the existing unit might even remain in operation to supply energy during the small number of hours of the year that it is needed because of a high demand for energy near its location.

Because, as shown in Section 5, the cost of acquiring the necessary ERCs to build a new generation unit is typically a small fraction of the fixed costs of the project, in most cases not requiring repowered units to pay for access to the district's offset bank and requiring new generation units to purchase ERCs may not result in the more expensive sources of electricity being built in the District. Nevertheless, this example illustrates several potential implications of proposed Rule 1304.1. First, it can lead to an overall lower cost and more reliable supply of electricity within the District because it reduces the up-front cost asymmetry between repowered and new generation projects. Second, it will discourage some generation units from repowering. Third, the decision not to repower the existing unit may both reduce the annual cost of serving load in the District and increase the reliability of the grid because a new more efficient generation unit is constructed in a less congested area of the transmission grid within the District.

Although the basic economic logic that charging existing generation units for access to the District's offset bank will cause some units not to repower cannot be denied, the next section explains that

there are many more than adequate safeguards in place to ensure that grid reliability will not be adversely impacted by this decision. This section summarizes the important features of the joint California Independent System Operator (ISO) and California Public Utilities Commission (CPUC) resource adequacy process and the CPUC's long-term procurement policy. Section 4 then describes how Proposed Rule 1304.1 will be dealt with in the context of the resource adequacy process and why it will have no discernible adverse impact on system reliability in the District.

### **3. Ensuring a Reliable Supply of Electricity in California**

The section summarizes important features of the joint California ISO and CPUC resource adequacy (RA) process, the CPUC LTPP process, and other state and local policies that ensure a reliable supply of electricity. Both the RA process and LTPP process are forward-looking in the sense that load-serving entities must contract in advance with generation unit owners to ensure there is adequate generation capacity within the state to meet future electricity demand. The RA process focuses on the year-ahead time horizon and specifies both local and system-wide generation capacity requirements. The LTPP focuses on ensuring that the utilities can meet their future demand for electricity by requiring the retailers to maintain a reserve margin of generation capacity above their anticipated demand and implement a long-term (ten-year) integrated transmission and generation planning process. The CPUC allows all approved of the costs of procuring RA capacity and new generation capacity built and long-term contracts signed through the LTPP process to be passed on in retail electricity prices to final consumers.

#### *3.1. Resource Adequacy Process*

The CPUC adopted a resource adequacy (RA) framework in response to California Public Utility Code Section 380 (which was added by Assembly Bill 380) to formalize a regulatory mechanism to ensure the reliability of supply of electricity in California. The CPUC established RA capacity requirements for all Load Serving Entities (LSEs) within the CPUC's jurisdiction, including investor owned utilities (IOUs), energy service providers (ESPs), and community choice aggregators (CCAs). Section 380 is reproduced in the Appendix to this report.

Section 380(c) states "Each load-serving entity shall maintain physical generating capacity adequate to meet its load requirements, including, but not limited to, peak demand and planning and operating reserves. The generating capacity shall be deliverable to locations and at times as may be necessary to provide reliable electric service." It is important to note that Section 380 does not suggest a trade-off between cost and reliability. Maintaining a reliable supply electricity is the primary goal of Section 380.

Section 380 also ensures that all load-serving entities within the state satisfy these RA requirements. Section 380(e) states that, "The commission shall implement and enforce the resource adequacy requirements established in accordance with this section in a nondiscriminatory manner. Each load-serving entity shall be subject to the same requirements for resource adequacy and the renewables portfolio standard program that are applicable to electrical corporations pursuant to this section, or otherwise required by law, or by order or decision of the commission. The commission shall exercise its enforcement powers to ensure compliance by all load-serving entities." The provision ensures that all load-serving entities serving a given geographic area, such as the District, must comply with the same RA requirements.

In discussing how the cost of meeting these RA requirements will be met, Section 380(g) states

An electrical corporation's costs of meeting resource adequacy requirements, including, but not limited to, the costs associated with system reliability and local area reliability, that are determined to be reasonable by the commission, or are otherwise recoverable under a procurement plan approved by the commission pursuant to Section 454.5, shall be fully recoverable from those customers on whose behalf the costs are incurred, as determined by the commission, at the time the commitment to incur the cost is made, on a fully non-bypassable basis, as determined by the commission. The commission shall exclude any amounts authorized to be recovered pursuant to Section 366.2 when authorizing the amount of costs to be recovered from customers of a

community choice aggregator or from customers that purchase electricity through a direct transaction pursuant to this subdivision.

This section clearly states that if the costs of the RA procurement are deemed prudent by the CPUC, then the LSE is entitled for full cost recovery in the retail prices it charges.

The RA program has two distinct requirements: System RA and Local RA. LSEs are required to make System RA Filings both annually and monthly, whereas they must only make Local RA Filings annually. Each LSE's System RA requirement is 115 percent of its total forecast load. Each LSE must also file information with the CPUC demonstrating procurement of sufficient Local RA resources to meet their RA obligations in transmission constrained Local Reliability Areas. These Local Reliability Areas are determined by the California ISO based on its assessment of the major transmission constraints in its control area.

Each year, the RA program requires LSEs to submit a Year-Ahead filing due two months before the start of the compliance year and twelve Month-Ahead filings during the compliance year. The RA procurement targets are based on demand forecasts submitted by the LSE and validated by the California Energy Commission (CEC). The CEC can make what are called "plausibility adjustments" to the LSE's annual and monthly load forecasts based on information it has at its disposal to ensure that system demand for that LSE will be met throughout the compliance year.

LSEs that do not fully comply with the RA program requirements can be issued citations or are subject to enforcement actions by the CPUC. The CPUC has issued some citations in the past for violations, but to date these have been modest because of the high level of compliance with the RA requirements.

Key to this high level of compliance is the significant involvement of the California ISO technical staff and its stakeholder process in the design and specification of System and Local RA requirements. Each year the California ISO takes the CEC-validated demand forecasts provided by each LSE and performs a Local Capacity Technical Study which forms the basis for the CPUC's System and Local RA procurement requirements for each Local Reliability Area, which are then apportioned to each LSE in California.

Because both the generation technology employed and where the unit is located impacts its ability to deliver a reliable supply of electricity to a given location in the grid, the RA process has developed a concept called the Net Qualifying Capacity (NQC) of a generation unit, which is the amount of a resource's capacity that can be counted for RA compliance filings. For example, because the typical wind generation unit in California is typically able to produce at an annual capacity factor in the range of 0.25, but a number of natural gas-fired units in the state produce at annual capacity factors greater than 0.80, the Qualifying Capacity (QC) of a wind unit is a significantly smaller fraction of the nameplate capacity than the QC of a natural gas-fired generation unit. Because deliverability of the energy produced by a generation resource to final electricity consumers is also an important factor determining a reliable supply of electricity, the QC of a given generation unit is further adjusted downward to reflect the deliverability of the energy produced. The California ISO adjusts the QC of a resource for its deliverability to obtain the NQC for the resource that is eligible to sell RA capacity. The CPUC then posts on its website the NQC for each resource that is eligible to sell RA capacity to CPUC jurisdictional LSEs.

The CAISO allocates transmission capacity for imports to CPUC jurisdictional and non-CPUC jurisdictional LSEs annually for the RA process. The California ISO follows a 13-step process to perform this allocation. Historically, California obtains approximately a one-quarter of its energy from imports, so this aspect of the RA process is crucial to maintaining a reliable supply of energy in California.

Historically, California met a portion of its local reliability generation needs with reliability must-run (RMR) contracts. Units with RMR contracts received this designation because they were required to operate at times when the market prices did not provide sufficient compensation for them to operate. Specifically, an RMR unit might have a variable cost of \$60/MWh but relevant short-term market price was only \$50/MWh, yet the unit was still needed to operate to maintain a reliable supply of electricity. An RMR



contract was provided to the generation unit to provide sufficient revenue to remain available to supply energy when local reliability constraints require it.

RMR generation resources fell into two classes: Condition 1 contracts where the generation unit is only guaranteed partial annual cost recovery and was therefore allowed to sell into ISO markets if the unit was not dispatched by the California ISO to meet a reliability need, and Condition 2 units that were guaranteed full cost recovery but are not allowed sell into ISO markets even the unit was not dispatched for reliability purposes. The full cost of both types of RMR contracts were paid for by all final electricity consumers in the transmission area.

Consistent with CPUC policy, Local RA began to replace RMR contracts for the 2007 compliance year. There has been a decline in RMR designations since that time. However, the recent shutdown and planned retirement of the San Onofre Nuclear Generating Station (SONGS) has caused the California ISO to enter into an RMR contract with the Huntington Beach Units 3 and 4 owned by AES Corporation. These units had not operated since October of 2012 because the emissions permits required by the District to operate them were transferred to Edison Mission as part of a separate sale and leaseback transaction. To address reliability concerns caused by the shutdown of SONGS, the California ISO designated Units 3 and 4 as RMR units, and entered into an RMR agreement with the owner of the units under which they will provide reactive power and voltage support for the 2013 contract year. Like other RMR contracts, the cost of this contract will be recovered from customers in the local area that benefits from the services they provide. This recent RMR designation of the two formerly closed Huntington Beach units by the California ISO demonstrates the wide-ranging discretion the current joint California ISO and CPUC RA process has to ensure a reliable supply of energy.

A final compliance issue with the RA process is the price paid by LSEs for RA capacity. Each year, the CPUC sets a waiver price for purchases of RA capacity. RA capacity purchased below this \$/KW-year price follows an expedited process for being passed on to final electricity consumers. However, if a load-serving entity is unable to purchase capacity at or below this price, it can file for waiver with the CPUC to either not purchase the capacity or purchase the capacity at a higher price. The process for filing a waiver proceeds as follows. An LSE requesting a waiver must make such request at the time it files its Local RA compliance showing. According to CPUC decision, Decision 06-06-064 June 29, 2006, the waiver request must include both of the following:

- (1) a demonstration that the LSE reasonably and in good faith solicited bids for its RA capacity needs along with accompanying information about the terms and conditions of the Request for Offer or other form of solicitation, and
- (2) a demonstration that despite having actively pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation, it either (a) received no bids, or (b) received no bids for an unbundled RA capacity contract of under the dollar per kW-year waiver price or for a bundled capacity and energy product of under dollar per kW-year waiver price, or (c) received bids below these thresholds but such bids included what the LSE believes are unreasonable terms and/or conditions, in which case the waiver request must demonstrate why such terms and/or conditions are unreasonable.

An LSE's waiver request that meets these requirements is a necessary but not a sufficient condition for the grant of such waiver. The Commission will also consider other information brought to its attention regarding the reasonableness of the waiver request. We find that administration of the ministerial aspects of this process may be delegated to our staff. For example, whether an LSE received any bids is an objective standard. On the other hand, whether proposed terms and conditions of a contract are reasonable is a question of judgment that must be reserved to the Commission. For such waiver requests, Energy Division should prepare a resolution for our consideration with its recommendations on whether the request should be approved or denied.

The final option available to meeting the joint CPUC and California ISO RA requirements is the California ISO's backstop provisions, which allows the California ISO to purchase RA capacity that it deems necessary under its Capacity Procurement Mechanism (CPM). Besides backstopping the RA program, the CPM also allows the California ISO to respond to a so-called significant reliability event. For

example, the CPM sets a Federal Energy Regulatory Commission (FERC) regulated price for capacity for a pre-specified minimum duration of 30 days. In this way, reliability is maintained in the event that a load-serving entity receives a waiver to purchase local RA capacity from the CPUC. If the ISO believes this capacity is needed to meet its RA requirements, it can issue a CPM designation for the generation unit and purchase its capacity at the FERC-regulated dollar per KW-year price for at least a 30-day period.

A significant event could also trigger a CPM designation for a generation unit or set of generation units.<sup>34</sup> In this case, the California ISO would determine that the significant event rendered its current RA procurement inadequate and it could issue a CPM designation for additional capacity to ensure that it has adequate RA capacity available to ensure a reliable supply of energy.

The availability of the CPM designation also serves as an effective price cap on what load-serving entities must pay for System and Local RA capacity. Because the California ISO has the option to issue a CPM designation and purchase the capacity on any generation in the control area at a FERC-regulated price for RA capacity for 30-days, this capacity price serves as an effective price cap on the willingness of load-serving entities to sign RA contracts with generation units and in this way solves the final challenge of ensuring that the necessary RA capacity to ensure a reliable supply of electricity at all locations in California can be purchased at a reasonable price.

### *3.2. Long-Term Procurement Plan*

Assembly Bill 57, passed in 2002, established Section 454.5 of the Public Utilities Code which requires the CPUC to hold a long-term procurement plan (LTPP) proceeding to review and approve the ten-year procurement plans of the three IOUs every two years. The LTPP proceeding evaluates the need of each of the three IOU's for new fossil fuel generation units, ensures that each IOU maintains an adequate generation reserve margin relative to their demand, and establishes rules for the recovery of long-term procurement costs from bundled and direct access customers in the IOU's service territory.<sup>35</sup> Section 454.5 of the Public Utilities Code is reproduced in the Appendix. The remainder of this section outlines the basic features of the LTPP process.

The LTPP process begins with each IOU formulating a forecast of its demand over the next ten years. The California Energy Commission's Integrated Energy Policy Reporting (IEPR) process produces the demand forecasts that form the basis for the demand forecasts used in the LTPP process. Each IOU then formulates resource plans for meeting these demand forecasts under a variety of transmission, generation retirement, energy efficiency, demand response, and renewable energy supply scenarios. Each IOU produces a recommended planning reserve margin (PRM) as part of its LTPP. Based on the results of these scenario analyses and the IOU's recommended PRM, each IOU proposes its new fossil fuel generation capacity needs for approval by the CPUC. The biannual LTPP process concludes with the CPUC approving plans for new fossil fuel capacity additions for each of the IOUs. The CPUC has also developed a cost allocation mechanism (CAM) as part of its LTPP process to allocate the cost of these new capacity additions that benefit both bundled and direct access customers located in the IOU's service territory. Essentially, the CAM ensures that direct access customers pay their share of the capacity cost associated with the capacity additions procured for system reliability.<sup>36</sup>

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<sup>34</sup> Examples of significant events are given in the document, "Revised Draft Final Proposal: Capacity Procurement Mechanism, and Compensation and Bid Mitigation for Exceptional Dispatch," September 15, 2010, available at <http://www.caiso.com/Documents/RevisedDraftFinalProposal15-Sep-2010.pdf>

<sup>35</sup> Bundled customers are those that received electricity supply and transmission and distribution service from the IOU. Direct Access customers receive transmission and distribution service, but electricity supply from an alternative load-serving (LSE) entity.

<sup>36</sup> The Cost Allocation Mechanism (CAM) was adopted by the CPUC in Decision 06-07-029.

The CPUC LTPP process also established Procurement Review Groups (PRGs) to serve as an advisory group to review and assess the details of the IOU's overall procurement strategy as it is implemented. Activities overseen by the PRGs include: (1) the development of request for offers (RFOs) for new resources (generation capacity or long-term supply contracts), bid evaluation and ranking of the offers received from an RFO, (3) natural gas supply plans, (4) electricity and natural gas hedging strategies, (5) congestion hedging strategies, (6) nuclear fuel purchase plans, and (7) energy and ancillary procurement portfolio positions and transactions.

The CPUC LTPP also authorizes the IOUs to employ an Independent Evaluator (IE) to monitor competitive solicitations (RFOs) that involve affiliate transactions, IOU-built or IOU-turnkey bidders. "The purpose of an IE in the RFO solicitation is to ensure a fair, competitive procurement process free of real or perceived conflicts of interest."<sup>37</sup> The CPUC also requires that an IE be used for all competitive RFOs that seek products of more than three months in duration. The IE submits a report to the CPUC in support of applications for capacity, energy and ancillary services purchased in competitive RFOs which the CPUC then uses to decide whether to allow the associated costs to be passed on to final electricity consumers.

Section 454.5 states that the IOU's procurement plan eliminates the need for after-the-fact reasonableness reviews of actions in compliance with an approved procurement plan. In addition, the procurement plan will also ensure timely recovery of procurement costs incurred pursuant to an approved procurement plan. Section 454.5 also states that the IOU's rates will be set based on forecasts of procurement costs adopted by the commission, actual procurement costs incurred, or combination thereof, as determined by the commission. These features of Section 454.5 ensure that costs incurred according to an approved LTPP will be recovered from electricity consumers.

### *3.3. Other State and Local Policies*

There are other state and local policies that are relevant to ensuring a reliable supply of electricity in California. One of these state policies specifically addresses cost recovery for repowering of existing generation units needed for local reliability. Local policies include the local reliability and long-term resource planning requirements set by municipal utilities to ensure they have adequate resources to meet current and future demand.

Assembly Bill 1576 specifies criteria under which the CPUC would approve a cost-of-service contract with an IOU that supports the repowering of an existing generation facility. Section 454.6, reproduced in the Appendix codifies these criteria, one of which is that the California ISO or local system operator certifies the project is needed for local reliability. Another criterion is that the repowering project complies with all applicable federal, state and local laws.

Although municipal utilities, such as the Los Angeles Department of Water and Power (LADWP), City of Glendale Water and Power (GWP), and Burbank Water and Power (BWP) are not subject to CPUC oversight, these utilities also have similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA process and LTPP process. Each of these municipal utilities produces an Integrated Resource Plan (IRP) to meet future electricity demand in their service territory with a high level of reliability and while minimizing ratepayer impacts. Copies of these documents are available on the web-sites of each of these municipal utilities.

LADWP prepares an IRP annually with a 20-year timeframe to ensure that current and future energy needs of the City of Los Angeles are met. Similar to the CPUC LTPP, LADWP's IRP process lays out alternative strategies for meeting LADWP's energy supply and environmental policy goals, while

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<sup>37</sup> CPUC Decision 07-12-052, page 140.

maintaining a reliable supply of energy and minimizing the financial impact on their ratepayers.<sup>38</sup> In its 2007 IRP, the City of Glendale considered at 10-year planning horizon and concluded that “GWP Has Sufficient Resources to Meet Expected Peak Loads Through the Period Covered by this IRP.”<sup>39</sup> In its 2006 IRP, BWP considered a 20-year planning horizon and concluded that “BWP plans to meet substantially all of its load growth requirements over the next 20 years with a combination of energy efficiency measures and renewable energy supplies.”<sup>40</sup>

#### **4. Impacts of Proposed Rule 1304.1 Reliability of Electricity Supply in California**

The Local and System RA process and the ISO’s CPM backstop to purchase additional capacity to meet the California ISO control area’s RA needs or to respond to a significant event will ensure that there are no discernible short-term reliability consequences associated with the imposition of Proposed Rule 1304.1. The CPUC’s LTPP process ensures that adequate generation capacity will be available and paid for to avoid any long-term reliability consequences associated with Proposed Rule 1304.1. This does not mean that some existing generation unit owners might decide not to repower their units because of the additional cost of accessing the District’s offset bank and instead new units are built within the District in order to ensure a reliable supply of electricity or upgrades of transmission paths into the District preclude the need to build new generation capacity into the District.

Several recent events illustrate the ability of the RA and LTPP processes to ensure a reliable supply of electricity in the District. The decision of the California ISO to designate the recently retired Huntington Beach Units 3 and 4 as RMR units illustrates the flexibility of the existing CPUC and California ISO resource adequacy process in ensuring that grid reliability will not be adversely impacted by the imposition of Proposed Rule 1304.1. Southern California Edison’s 2014 Local Capacity Requirement study included scenarios that assumed the two SONGS generation units would be offline for 2014, anticipating the June 7, 2013 announcement that units would be retired.<sup>41</sup>

It is important to recognize that there are many factors that enter into the decision of an existing generation unit owner with steam boiler to repower the facility besides the cost of Proposed Rule 1304.1. California’s 33% Renewables Portfolio Standard (RPS) implies that thermal generation units throughout the state are likely to produce less electricity annually and instead serve to provide energy when intermittent renewable resources are unable to supply energy to the grid. The fact that a number of plants in the District have already repowered or are in the process of repowering significantly reduces the economic viability of additional units to repowering, even in the absence of Proposed Rule 1304.1. The existence of these more efficient units in the District implies that these lower operating cost units will be competing to set the price of wholesale electricity in Southern California a larger fraction of the hours of the year, which reduces the profitability of repowering an existing unit.

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<sup>38</sup> The 2012 version of LADWP’s IRP is available at [https://www.ladwp.com/ladwp/faces/ladwp/aboutus/a-power/a-p-integratedresourceplanning/a-p-irp-documents?\\_adf.ctrl-state=u59zy2c2b\\_4&\\_afrcLoop=273413983643000](https://www.ladwp.com/ladwp/faces/ladwp/aboutus/a-power/a-p-integratedresourceplanning/a-p-irp-documents?_adf.ctrl-state=u59zy2c2b_4&_afrcLoop=273413983643000).

<sup>39</sup> Page ES-1 of “City of Glendale Water and Power Department 2007 Integrated Resource Plan,” available at [http://www.glendalewaterandpower.com/pdf/rpt\\_IRP\\_2007.pdf](http://www.glendalewaterandpower.com/pdf/rpt_IRP_2007.pdf).

<sup>40</sup> Page b of “2006 Integrated Resource Plan, Electric System, Burbank Water and Power, available <http://www.burbankwaterandpower.com/download/2006-IRP-for-BWP-Final-Report.pdf>.

<sup>41</sup> See Proposed Decision of ALJ Gamson (Mailed 5/28/2013), “Decision Adopting Local Procurement Obligations for 2014, A Flexible Capacity Framework, and Further Refining the Resource Adequacy Program.

There are also reasons why an existing unit owner with a steam boiler might decide to repower the unit in spite of the cost of Proposed Rule 1304.1. The California State Water Board requires that all generation units in California comply with the United States Clean Water Act Section 316(b), which states that the location, design, construction and capacity of cooling water intake structures must reflect the best technology available to protect aquatic life. Most of the existing plants in the District use seawater and once-through cooling technology. The Clean Water Act requires a 93 percent reduction in the use of seawater by these generation units. Most of the plants are planning to modernize their equipment and will switch to air cooling systems. Some have chosen to use evaporative cooling towers. There are clear cost synergies associated with repowering a generation unit at the time the cooling tower is modernized, that may improve the economic case for repowering. However, it is important to emphasize that maintaining a reliable supply of electricity to California consumers is a major challenge to achieving these goals of the Clean Water Act. Early in the policy formulation process, the State Water Resources Control Board (SWRCB) commissioned a study of the reliability impacts of once-through-cooling mitigation. Finally, the policy ultimately adopted by the SWRCB states that these water use standards should be achieved without “disrupting the critical needs of the State’s generation and transmission system.”<sup>42</sup>

The recent decision of Southern California Edison to close SONGS will also likely improve the economic case for repowering because of the increased demand for energy in the LA Basin Local Reliability Area and the loss of 2,200 MW of installed nuclear capacity that typically ran at an annual capacity factor close to 0.90. However, a number of existing units may need to remain in service longer because of the retirement of the two SONGS units to facilitate the repowering and once-through-cooling mitigation at other generation units in the District.

Consequently, it is important to recognize the many factors that go into the decision to repower a generation unit. Nevertheless, it cannot be denied that charging existing units that repower steam boilers for accessing the District’s offset bank may cause some unit owners to decide against repowering. However, because of the structure of the joint CPUC and California RA process, the CPUC LTPP process, and other state and local policies, this is extremely unlikely to reduce the reliability of supply of electricity in Southern California or the entire state. The next section presents some hypothetical calculations based on realistic market prices and production technologies to assess the sensitivity of an existing steam boiler unit owner’s repowering decision to the cost of accessing the District’s offset bank.

## **5. Economics of Repowering Generation Units and Proposed Rule 1304.1**

This section considers several hypothetical repowering decisions to assess the extent to which the imposition of this fee to access the District’s offset bank is likely to deter these investments. The variable profit stream of the repowered unit, including the cost of repowering, is compared to the variable profit-stream of maintaining the existing unit, including any annual fixed payments to keep the existing unit in operation. The unit owner can be expected to take whatever action yields the highest variable profits, assuming at least one of the actions yields positive variable profits. Otherwise, the unit owner can be expected to shut the unit down.

We consider a simple model of this decision-making to process to illustrate the sensitivity of this decision to the cost of accessing the District’s offset bank. Let  $c_B$  equal the variable cost in dollars per MWh of producing electricity from the existing unit before it repowers. Let  $c_A$  equal the variable cost in dollars per of MWh of producing electricity from the unit after it repowers. The major cost component of  $c_A$  and  $c_B$  is the variable fuel cost which is equal to the heat rate (HR) of the generation unit in million BTU (MMBTU) per MWh times the price of the input fossil fuel (PF) in dollars per MMBTU. According to data provided to me by the District, the annual average heat rate of most of the existing steam boilers in the District is between 10 to 12 MMBTU per MWh. At a price of natural gas equal to \$4/MMBTU (which is at the high end of recent delivered prices to Southern California), the variable fuel cost of a unit with a heat rate of 10 MMBTU/MWh is \$40/MWh. Other components of the variable cost of production are the

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<sup>42</sup> [http://www.waterboards.ca.gov/water\\_issues/programs/ocean/cwa316/](http://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/)

variable operating and maintenance (VOM) cost in the range of \$2 to \$4 per MWh and the variable cost of NO<sub>x</sub> and CO<sub>2</sub> mitigation.<sup>43</sup> The contribution of each of these factors to the variable cost of producing electricity is equal to the emissions rate of the pollutant in tons per MWh times the price of an emissions allowance for that pollutant in dollars per ton. Summing up all of these components yields the variable cost of the generation unit in state of the world j which is equal to:

$$c_j = \text{VOM}_j + \text{HR}_j * \text{Fuel\_PF} + \text{NOXR}_j * \text{PNOX} + \text{CO2R}_j * \text{PCO2} \text{ for } j = \text{A and B}$$

where NOXR<sub>j</sub> is equal to the NO<sub>x</sub> emissions rate for state of the world j, PNOX is the price of NO<sub>x</sub> emissions allowances, CO2R<sub>j</sub> is equal to the emission for the unit in state of the world j, and PCO2 is the price of CO<sub>2</sub> emissions allowances.<sup>44</sup> If the generation unit is not a participant in the District's REgional CLean Air Incentives Market (RECLAIM) market for NO<sub>x</sub> emissions, then this component of the variable cost of producing electricity is zero.

The major rationale for repowering an existing unit is to reduce the variable cost of producing energy by employing a more efficient technology. Employing a more energy-efficient technology for producing electricity also reduces the emission rates for NO<sub>x</sub> and CO<sub>2</sub> mitigation per MWh of energy produced. Specifically, HR<sub>A</sub> < HR<sub>B</sub> typically implies that NOXR<sub>A</sub> < NOXR<sub>B</sub> and CO2R<sub>A</sub> < CO2R<sub>B</sub> which implies that for a same price of an emissions allowance, the contribution of emissions allowance purchases to the variable cost of producing electricity is smaller for the more efficient unit. For example, according to information provided to me by the District, using modern combustion turbine technology can reduce the heat rate of a natural gas-fired generation unit to 8.5 MMBTU/MWh. According to information provided to me by the District, repowering the facility to employ combined-cycle gas turbine (CCGT) technology can reduce the average heat rate of the facility into the range of 6.5 to 7.2 MMBTU per MWh. Average NO<sub>x</sub> and CO<sub>2</sub> emissions rates in tons per MWh are generally lower for the facilities with the lower heat rates.

Let F<sub>A</sub> equal the fixed cost of repowering the generation unit and F<sub>B</sub> the fixed cost of keeping the existing unit in working order. For simplicity let p equal the price paid for wholesale power. Let r equal the firm's annual opportunity cost of capital. The annual profit of the existing unit is equal to:

$$\text{VP}_B = (p - c_B)q_B - rF_B,$$

where q<sub>B</sub> is equal to the firm's annual output if it does not repower. The first term is the variable profit earned by from selling wholesale electricity. It is equal to the price of wholesale power less the unit's marginal cost of production times the amount of output it produces. The second term is the unit's annual capital cost. The variable profit is the difference between these two terms. The variable profit of the repowered unit is equal to:

$$\text{VP}_A = (p - c_A)q_A - rF_A,$$

where q<sub>B</sub> is equal to the firm's annual output before repowering. It is composed of the same two terms under the state of the world that the unit has repowered. Assuming both VP<sub>A</sub> and VP<sub>B</sub> are positive, the firm will repower the unit if VP<sub>A</sub> - AC is greater than VP<sub>B</sub>, where AC is the annual cost of accessing the District's offset bank. This inequality implies that

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<sup>43</sup> The California ISO's Department of Market Monitoring using values variable operating and maintenance costs in this range to set the variable cost of natural gas-fired generation units in its local market power mitigation mechanism.

<sup>44</sup> Recall that since January 1, 2013 California has a cap and trade program for greenhouse gas (GHG) emissions for electricity consumed in the state. Allowance prices for CO<sub>2</sub> emission are currently trading in the range of \$10/Ton.

$$(p - c_A)(q_A - q_B) + (c_B - c_A)q_B - r(F_A - F_B) - AC \text{ is positive.}$$

Dividing both sides, by  $q_A$  yields following expression for the decision to repower the boiler.

$$(p - c_A)[(q_A - q_B)/q_A] + (c_B - c_A)[q_B/q_A] - [r(F_A - F_B) + AC]/q_A > 0. \quad (1)$$

As discussed above, the major motivation for repowering is to lower variable operating costs, so that we assume  $c_A < c_B$ . The lower variable cost of the repowered unit implies that it is also likely to produce more energy on annual basis because it will be dispatched more frequently produce energy.

Substituting realistic numbers for the parameters in equation (1) can allow an assessment of the impact of AC, the annual cost a repowered unit must pay for access to the District's offset bank. Based on current natural gas prices and the assumed emissions rates for  $\text{NO}_x$  and  $\text{CO}_2$  emissions allowances a value of  $c_B$  equal to \$45/MWh is credible. Assuming that the unit is repowered to be a CCGT unit, these same prices of natural gas, and  $\text{NO}_x$  and  $\text{CO}_2$  emissions allowances implies a value of  $c_A$  equal to \$30/MWh is credible. Suppose that as a result of repowering, the new unit produces twice as much per MW of capacity on an annual basis. This implies that  $q_A = 2q_B$ . This could occur because the unit's capacity factor increases from 0.20 to 0.40 or 0.40 to 0.80. According to recent data, the cost of repowering a generation unit in the District is in the range of \$1,000,000 per MW.<sup>45</sup>

Suppose that repowering the facility increases the capacity factor from 0.40 to 0.80, which implies that a 1 MW facility would produce  $0.8 \times (8760 \text{ hours}) \times (1 \text{ MW}) = 7,008 \text{ MWh}$  per year. Assume that the real cost of capital to the firm is 10 percent, so that  $r = 0.1$  and that the price the unit is able to sell its output at,  $p$ , is equal to \$55/MWh. For simplicity, assume that the going forward fixed cost of maintaining the existing unit is \$300,000. Inserting this information into equation (1) and assuming  $AC = 0$  yields:

$$(55 - 30)[0.5] + (45 - 30)[0.5] - [0.1(1,000,000 - 300,000)/7,008] = 20 - 10 = 10 > 0.$$

Therefore, if the cost of accessing the District's offset bank was zero,  $AC = 0$ , then repowering would maximize the profits of the unit owner.

This decision to repower would be largely unaffected by the presence of a substantial cost to access the District's offset bank. For example, in its January 22, 2013 Working Group Meeting #1 presentation entitled, "Proposed Rule 1304.1: Electrical Generation Facility Annual Fee for Use of Offset Exemption," the District estimates the annual dollar cost on a per MW of installed capacity for the 520 MW peaker facility considered in their example is approximately \$5,000 per year.<sup>46</sup> Incorporating this annual cost, AC, into equation (1) yields

$$(55 - 30)[0.5] + (45 - 30)[0.5] - [0.1(1,000,000 - 300,000) + 5,000]/7,008 = 9.29 > 0.$$

Even tripling this annual fee to \$15,000 does not impact the decision to repower the unit. The efficiency gain in terms of switching from a heat rate of around 10 MMBTU/MWh to 7 MMBTU/MWh yields such a large increase in variable profits in spite of having to pay for the up-front cost of repowering the unit and annual fee to access the District's offset bank. Assuming that the annual fixed cost of continuing to operating the existing unit is zero, not \$300,000, does not change any of the above three decisions to repower the unit.

<sup>45</sup> The City of Pasadena Glenarm Generation Station repower project has an estimated cost \$115 million to repower a 71 MW facility. The Los Angeles Department of Water and Power repower of the Haynes Generation Station has an estimated cost of \$782 million to repower a 600 MW facility.

<sup>46</sup> Current fee in the June 18, 2013 version of Proposed Rule 1304.1 represents about a 50% reduction in this value, with a current annual dollar cost per MW of \$2,900 ([http://www.aqmd.gov/rules/proposed/1304-1/DR1304\\_1.pdf](http://www.aqmd.gov/rules/proposed/1304-1/DR1304_1.pdf))

Changing the firm's real cost of capital to 0.15 does not impact the firm's repower decisions at a zero or a \$300,000 annual fixed cost of the existing unit at the estimated \$5,000 annual cost of accessing the District's offset bank. Changing the capacity factor of the existing unit to 0.3 and the capacity factor of the new unit to 0.6 does not change either of these two repower decisions.

Where the annual fee to access the District's offset bank may have an impact on the decision to repower is when the economics of the repower project are barely in the money without the fee to access the District's offset bank. Specifically, if the efficiency of the new unit is close to the efficiency of the existing unit and the repowered unit is expected to operate with a similar capacity factor to the existing unit, repowering may not be profitable for the unit owner. However, these are simply the conditions which make the economics of repowering the unit challenging in the absence of a non-zero value for AC. A n annual fee in the neighborhood of \$5,000 per MW of installed capacity is unlikely to impact the economics of projects that are clearly in the money without the cost to access the District's offset bank.

This simple model of an existing unit owner's decision to repower a steam boiler can be enhanced in a number of dimensions, but the basic conclusion is unlikely to change. For example, the average price paid for energy to the repowered unit could be assumed to be smaller than the average price paid to the existing unit because the repowered unit operates more hours of the year. Average prices during the high demand hours of the day, when existing unit is likely to operate, are higher than average prices for the larger number of hours of the day that the repowered unit is likely to operate. However, based on current California ISO day-ahead price data, the ratio of average prices during the peak hours of the day (when the existing unit is likely to operate) to average prices across all hours of the day (when the new more efficient unit is likely to operate) is not nearly as large as the ratio of the anticipated total annual output of the repowered unit divided by the actual total annual output of the existing unit. Therefore, the existing unit is likely to sell at a higher quantity-weighted average price relative to the repowered unit, but the repowered unit is likely to sell a much larger amount of output annually that more than makes up for selling at a slightly lower average price.

The basic conclusion of this modeling analysis is that for a wide range of repowering scenarios, charging a fee to access the District's offset bank at the level envisioned by the District in the most recent version of Proposed Rule 1304.1 is extremely unlikely to change the decision of an existing unit owner that had decided to repower the unit in the absence of Proposed Rule 1304.1. Consequently, the only remaining issue associated with assessing the economic and environmental impact of this rule change is how the fees to access the District's offset bank will be recovered by generation unit owners.

## **6. How Will Cost of Fees Be Recovered by Generation Unit Owners**

This annual or up-front fee will be recovered the same way other up-front and annual fees are recovered by generation unit owners in the California ISO market. Because of the closing of SONGS, according to the California ISO's 2014 Local Capacity Technical Analysis, virtually all of the generation capacity in the LA Basin Local Reliability Area will be required to meet the joint CPUC and California local RA requirements for this region.<sup>47</sup> Consequently, a portion of the cost of the fee to access the District's offset bank will likely be recovered from the prices load-serving entities in Southern California pay for local RA capacity.

Generation unit owners typically sign fixed-price forward contracts for the vast majority of their expected energy output. As discussed in Section 3, if these contracts are consistent with the IOU's LTPP procurement strategy, then the revenue stream from these contracts can be used to recover both the up-front and annual fixed-costs and the variable cost of procuring this energy. Generation unit owners can also receive revenues from selling ancillary services such as regulation reserve, spinning reserve, and non-

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<sup>47</sup> 2014 Local Capacity Technical Analysis, Final Report and Study Results, April 30, 2013, available at [http://www.caiso.com/Documents/Final2014LocalCapacityTechnicalStudyReportApr30\\_2013.pdf](http://www.caiso.com/Documents/Final2014LocalCapacityTechnicalStudyReportApr30_2013.pdf)



spinning reserve. Particularly, generation unit owners located near major load centers, such as many of the existing units in the District, can earn significant annual revenues from selling ancillary services. Under the terms of the California ISO tariff, the total cost of procuring the ancillary services needed to maintain a reliable supply of electricity in California are charged to all load-serving entities in proportion to the amount of energy they withdraw from the California ISO control area.

All these costs are passed on to retail electricity consumers in their retail prices. The cost of local RA capacity is passed on through the CPUC-regulated prices set for the retail electricity sales of CPUC-jurisdictional utilities. A similar process exists for other load-serving entities in the California ISO control area. As discussed in Section 3, the Cost Allocation Mechanism ensures that Direct Access load pays for the capacity cost associated new generation capacity built under the IOU's LTPP to meet a system reliability need. The fixed price forward contracts signed by generation unit owners and retailers hedge the risk of short-term wholesale price fluctuations that are consistent with the IOU's LTPP are also passed through in the retail prices paid by consumers. Other retailers must recover the costs of purchasing the capacity, energy and ancillary services necessary to serve their customers through the prices they charge.

Finally, to the extent that a generation unit is required to remain in the District and operate because of the ISO's local reliability requirements (not because it can earn sufficient revenues from selling its output at market-based prices), there is a provision in the California ISO tariff to allow it to pay the unit owner's annual total cost of operating and pass these costs on to electricity consumers through an uplift payment charged to all loads that benefit from the services this unit provides. This mechanism applies to the case of the RMR status designated for the Huntington Beach 3 and 4 units described earlier. The total cost of these units will be allocated to all loads in the California ISO control area. Finally, if new generation capacity is must be built to meet an anticipated local reliability need contained in the LTPP of an IOU, then this cost of this capacity will be recovered in the prices charged to both bundled and Direct Access customers.

In summary, the cost of this fee will be recovered from the market-based payments that the unit owner receives or through a cost-of-service base charge if it is providing these services through a RMR or other regulated energy or capacity service set through the ISO's tariff. These charges can also be recovered through a long-term contract for energy or new generation capacity procurement if the purchase is consistent with an IOU's LTPP.

## **7. Conclusion**

Based on the above analysis, the District's Proposed Rule 1304.1 is highly unlikely to adversely impact the reliability of the electricity supply in Southern California or in the California ISO control area. The joint CPUC and California ISO resource adequacy process will ensure that the generation units needed to maintain a reliable supply of energy in the state are available. In addition, for virtually all of the cases that generation unit owner would decide to repower an existing steam boiler without having to pay for the access to the District's offset bank, the cost assessed to access the District's bank would not change the economics of this decision. Finally, the cost of this fee will be recovered from both the market-based and regulated services that suppliers in the District provide including local RA capacity, long-term contracts for energy, ancillary services, and regulated reliability services such as an RMR unit status or a CPM payment.

## **Appendix: Bio and Relevant Experience of Frank A. Wolak**

Wolak is the Holbrook Working Professor of Commodity Price Studies in the Economics Department and the Director of the Program on Energy and Sustainable Development at Stanford University. He received his undergraduate degree from Rice University, and an S.M. in Applied Mathematics and Ph.D. in Economics from Harvard University. He specializes in the study of privatization, competition and regulation in network industries such as electricity, telecommunications, water supply, natural gas, and postal delivery services. Wolak's recent research has focused on design and monitoring of energy and environmental markets.

From April 1998 to April 2011, he was Chair of the Market Surveillance Committee (MSC) of the California Independent System Operator. In this capacity, he has testified numerous times at the Federal Energy Regulatory Commission (FERC), and at various Committees of the US Senate and House of Representatives on issues relating to market monitoring and market power in electricity markets. Topics addressed in this testimony include: FERC's role in the design of the California electricity market, the factors leading to the California electricity crisis, the role of the Enron trading strategies in the California electricity crisis, and lessons from the California electricity crisis and Enron bankruptcy for the design of effective regulatory oversight of wholesale energy markets.

Wolak has worked on the design and regulatory oversight of the electricity markets internationally in Europe in England and Wales, Italy, Norway and Sweden, and Spain; in Australia/Asia in New Zealand, Australia, Indonesia, Korea, and Philippines; in Latin American in Brazil, Chile, Colombia, El Salvador, Honduras, Peru, and Mexico; and the US in California, New York, Texas, PJM, and New England. He has contributed to the design of market monitoring protocols in a number of electricity markets. He was commissioned by the Colombian government to design an independent market monitoring committee for the Colombian electricity supply industry. He was commissioned by the Inter-American Development Bank to develop market monitoring protocols for the Central American electricity market. The Swedish competition authority commissioned him write a research report on the co-ordination of competition policy and electricity market monitoring in European countries. He worked on the design of market monitoring protocols for the Philippines electricity market. He was commissioned by the Brazilian electricity market operator to assess the performance of the short-term price determination process. He has recently completed a study commissioned by the New Zealand Commerce Commission on the state of competition in the New Zealand wholesale electricity market.

Wolak has worked on the design of transmission planning, expansion, and pricing protocols to enhance wholesale electricity competition and support the expansion of renewable energy resources in the United States and in the Australia, Canada, Chile, Peru, and the United Kingdom. He was involved in the development of the California ISO's Transmission Economic Assessment Methodology (TEAM) and recently completed a study for the Office of Gas and Electricity Markets (Ofgem) on the re-design of the transmission protocols for the United Kingdom electricity supply industry.

Wolak is currently a member of the Emissions Market Advisory Committee (EMAC) for California's Market for Greenhouse Gas Emissions allowances. This committee advises the California Air Resources Board on the design and monitoring of the state's cap-and-trade market for Greenhouse Gas Emissions allowances.

### **Section 380 of California Public Utility Code**

380. (a) The commission, in consultation with the Independent System Operator, shall establish resource adequacy requirements for all load-serving entities.

(b) In establishing resource adequacy requirements, the commission shall achieve all of the following objectives:

(1) Facilitate development of new generating capacity and retention of existing generating capacity that is economic and needed.

- (2) Equitably allocate the cost of generating capacity and prevent shifting of costs between customer classes.
- (3) Minimize enforcement requirements and costs.
- (4) Maximize the ability of community choice aggregators to determine the generation resources used to serve their customers.
- (c) Each load-serving entity shall maintain physical generating capacity adequate to meet its load requirements, including, but not limited to, peak demand and planning and operating reserves. The generating capacity shall be deliverable to locations and at times as may be necessary to provide reliable electric service.
- (d) Each load-serving entity shall, at a minimum, meet the most recent minimum planning reserve and reliability criteria approved by the Board of Trustees of the Western Systems Coordinating Council or the Western Electricity Coordinating Council.
- (e) The commission shall implement and enforce the resource adequacy requirements established in accordance with this section in a nondiscriminatory manner. Each load-serving entity shall be subject to the same requirements for resource adequacy and the renewables portfolio standard program that are applicable to electrical corporations pursuant to this section, or otherwise required by law, or by order or decision of the commission. The commission shall exercise its enforcement powers to ensure compliance by all load-serving entities.
- (f) The commission shall require sufficient information, including, but not limited to, anticipated load, actual load, and measures undertaken by a load-serving entity to ensure resource adequacy, to be reported to enable the commission to determine compliance with the resource adequacy requirements established by the commission.
- (g) An electrical corporation's costs of meeting resource adequacy requirements, including, but not limited to, the costs associated with system reliability and local area reliability, that are determined to be reasonable by the commission, or are otherwise recoverable under a procurement plan approved by the commission pursuant to Section 454.5, shall be fully recoverable from those customers on whose behalf the costs are incurred, as determined by the commission, at the time the commitment to incur the cost is made, on a fully non-bypassable basis, as determined by the commission. The commission shall exclude any amounts authorized to be recovered pursuant to Section 366.2 when authorizing the amount of costs to be recovered from customers of a community choice aggregator or from customers that purchase electricity through a direct transaction pursuant to this subdivision.
- (h) The commission shall determine and authorize the most efficient and equitable means for achieving all of the following:
  - (1) Meeting the objectives of this section.
  - (2) Ensuring that investment is made in new generating capacity.
  - (3) Ensuring that existing generating capacity that is economic is retained.
  - (4) Ensuring that the cost of generating capacity is allocated equitably.
  - (5) Ensuring that community choice aggregators can determine the generation resources used to serve their customers.
- (i) In making the determination pursuant to subdivision
- (h), the commission may consider a centralized resource adequacy mechanism among other options.
- (j) For purposes of this section, "load-serving entity" means an electrical corporation, electric service provider, or community choice aggregator. "Load serving entity" does not include any of the following:
  - (1) A local publicly owned electric utility.
  - (2) The State Water Resources Development System commonly known as the State Water Project.

(3) Customer generation located on the customer's site or providing electric service through arrangements authorized by Section 218, if the customer generation, or the load it serves, meets one of the following criteria:

(A) It takes standby service from the electrical corporation on a commission approved rate schedule that provides for adequate backup planning and operating reserves for the standby customer class.

(B) It is not physically interconnected to the electric transmission or distribution grid, so that, if the customer generation fails, backup electricity is not supplied from the electricity grid.

(C) There is physical assurance that the load served by the customer generation will be curtailed concurrently and commensurately with an outage of the customer generation

#### **Section 454.5 of California Public Utility Code**

(a) The commission shall specify the allocation of electricity, including quantity, characteristics, and duration of electricity delivery, that the Department of Water Resources shall provide under its power purchase agreements to the customers of each electrical corporation, which shall be reflected in the electrical corporation's proposed procurement plan. Each electrical corporation shall file a proposed procurement plan with the commission not later than 60 days after the commission specifies the allocation of electricity. The proposed procurement plan shall specify the date that the electrical corporation intends to resume procurement of electricity for its retail customers, consistent with its obligation to serve. After the commission's adoption of a procurement plan, the commission shall allow not less than 60 days before the electrical corporation resumes procurement pursuant to this section.

(b) An electrical corporation's proposed procurement plan shall include, but not be limited to, all of the following:

(1) An assessment of the price risk associated with the electrical corporation's portfolio, including any utility-retained generation, existing power purchase and exchange contracts, and proposed contracts or purchases under which an electrical corporation will procure electricity, electricity demand reductions, and electricity-related products and the remaining open position to be served by spot market transactions.

(2) A definition of each electricity product, electricity-related product, and procurement related financial product, including support and justification for the product type and amount to be procured under the plan.

(3) The duration of the plan.

(4) The duration, timing, and range of quantities of each product to be procured.

(5) A competitive procurement process under which the electrical corporation may request bids for procurement-related services, including the format and criteria of that procurement process.

(6) An incentive mechanism, if any incentive mechanism is proposed, including the type of transactions to be covered by that mechanism, their respective procurement benchmarks, and other parameters needed to determine the sharing of risks and benefits.

(7) The upfront standards and criteria by which the acceptability and eligibility for rate recovery of a proposed procurement transaction will be known by the electrical corporation prior to execution of the transaction. This shall include an expedited approval process for the commission's review of proposed contracts and subsequent approval or rejection thereof. The electrical corporation shall propose alternative procurement choices in the event a contract is rejected.

(8) Procedures for updating the procurement plan.

(9) A showing that the procurement plan will achieve the following:

(A) The electrical corporation will, in order to fulfill its unmet resource needs and in furtherance of Section 701.3, until a 20 percent renewable resources portfolio is achieved, procure renewable energy resources with the goal of ensuring that at least an additional 1 percent per year of the electricity sold by the electrical corporation is generated from renewable energy resources, provided sufficient funds are made available pursuant to Sections 399.6 and 399.15, to cover the above-market costs for new renewable energy resources.

(B) The electrical corporation will create or maintain a diversified procurement portfolio consisting of both short-term and long-term electricity and electricity-related and demand reduction products.

(C) The electrical corporation will first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.

(10) The electrical corporation's risk management policy, strategy, and practices, including specific measures of price stability.

(11) A plan to achieve appropriate increases in diversity of ownership and diversity of fuel supply of nonutility electrical generation.

(12) A mechanism for recovery of reasonable administrative costs related to procurement in the generation component of rates.

(c) The commission shall review and accept, modify, or reject each electrical corporation's procurement plan. The commission's review shall consider each electrical corporation's individual procurement situation, and shall give strong consideration to that situation in determining which one or more of the features set forth in this subdivision shall apply to that electrical corporation. A procurement plan approved by the commission shall contain one or more of the following features, provided that the commission may not approve a feature or mechanism for an electrical corporation if it finds that the feature or mechanism would impair the restoration of an electrical corporation's creditworthiness or would lead to a deterioration of an electrical corporation's creditworthiness:

(1) A competitive procurement process under which the electrical corporation may request bids for procurement-related services. The commission shall specify the format of that procurement process, as well as criteria to ensure that the auction process is open and adequately subscribed. Any purchases made in compliance with the commission-authorized process shall be recovered in the generation component of rates.

(2) An incentive mechanism that establishes a procurement benchmark or benchmarks and authorizes the electrical corporation to procure from the market, subject to comparing the electrical corporation's performance to the commission-authorized benchmark or benchmarks. The incentive mechanism shall be clear, achievable, and contain quantifiable objectives and standards. The incentive mechanism shall contain balanced risk and reward incentives that limit the risk and reward of an electrical corporation.

(3) Upfront achievable standards and criteria by which the acceptability and eligibility for rate recovery of a proposed procurement transaction will be known by the electrical corporation prior to the execution of the bilateral contract for the transaction. The commission shall provide for expedited review and either approve or reject the individual contracts submitted by the electrical corporation to ensure compliance with its procurement plan. To the extent the commission rejects a proposed contract pursuant to this criteria, the commission shall designate alternative procurement choices obtained in the procurement plan that will be recoverable for ratemaking purposes.

(d) A procurement plan approved by the commission shall accomplish each of the following objectives:

(1) Enable the electrical corporation to fulfill its obligation to serve its customers at just and reasonable rates.

(2) Eliminate the need for after-the-fact reasonableness reviews of an electrical corporation's actions in compliance with an approved procurement plan, including resulting electricity procurement contracts, practices, and related expenses. However, the commission may establish a regulatory process to verify and assure that each contract was administered in accordance with the terms of the contract, and contract disputes which may arise are reasonably resolved.

(3) Ensure timely recovery of prospective procurement costs incurred pursuant to an approved procurement plan. The commission shall establish rates based on forecasts of procurement costs adopted by the commission, actual procurement costs incurred, or combination thereof, as determined by the commission. The commission shall establish power procurement balancing accounts to track the differences between recorded revenues and costs incurred pursuant to an approved procurement plan. The commission shall review the power procurement balancing accounts, not less than semiannually, and shall adjust rates or order refunds, as necessary, to promptly amortize a balancing account, according to a schedule determined by the commission. Until January 1, 2006, the commission shall ensure that any over-collection or under-collection in the power procurement balancing account does not exceed 5 percent of the electrical corporation's actual recorded generation revenues for the prior calendar year excluding revenues collected for the Department of Water Resources. The commission shall determine the schedule for amortizing the over-collection or under-collection in the balancing account to ensure that the 5 percent threshold is not exceeded. After January 1, 2006, this adjustment shall occur when deemed appropriate by the commission consistent with the objectives of this section.

(4) Moderate the price risk associated with serving its retail customers, including the price risk embedded in its long-term supply contracts, by authorizing an electrical corporation to enter into financial and other electricity-related product contracts.

(5) Provide for just and reasonable rates, with an appropriate balancing of price stability and price level in the electrical corporation's procurement plan.

(e) The commission shall provide for the periodic review and prospective modification of an electrical corporation's procurement plan.

(f) The commission may engage an independent consultant or advisory service to evaluate risk management and strategy. The reasonable costs of any consultant or advisory service is a reimbursable expense and eligible for funding pursuant to Section 631.

(g) The commission shall adopt appropriate procedures to ensure the confidentiality of any market sensitive information submitted in an electrical corporation's proposed procurement plan or resulting from or related to its approved procurement plan, including, but not limited to, proposed or executed power purchase agreements, data request responses, or consultant reports, or any combination, provided that the Office of Ratepayer Advocates and other consumer groups that are nonmarket participants shall be provided access to this information under confidentiality procedures authorized by the commission.

(h) Nothing in this section alters, modifies, or amends the commission's oversight of affiliate transactions under its rules and decisions or the commission's existing authority to investigate and penalize an electrical corporation's alleged fraudulent activities, or to disallow costs incurred as a result of gross incompetence, fraud, abuse, or similar grounds. Nothing in this section expands, modifies, or limits the State Energy Resources Conservation and Development Commission's existing authority and responsibilities as set forth in Sections 25216, 25216.5, and 25323 of the Public Resources Code.

(i) An electrical corporation that serves less than 500,000 electric retail customers within the state may file with the commission a request for exemption from this section, which the commission shall grant upon a showing of good cause.

(j)(1) Prior to its approval pursuant to Section 851 of any divestiture of generation assets owned by an electrical corporation on or after the date of enactment of the act adding this section, the commission shall determine the impact of the proposed divestiture on the electrical corporation's procurement rates and shall

approve a divestiture only to the extent it finds, taking into account the effect of the divestiture on procurement rates, that the divestiture is in the public interest and will result in net ratepayer benefits.

(2) Any electrical corporation's procurement necessitated as a result of the divestiture of generation assets on or after the effective date of the act adding this subdivision shall be subject to the mechanisms and procedures set forth in this section only if its actual cost is less than the recent historical cost of the divested generation assets.

(3) Notwithstanding paragraph (2), the commission may deem proposed procurement eligible to use the procedures in this section upon its approval of asset divestiture pursuant to Section 851.

#### **Section 454.6 of California Public Utility Code**

454.6. (a) A contract entered into pursuant to Section 454.5 by an electrical corporation for the electricity generated by a replacement or repowering project that meets the criteria specified in subdivision (b) shall be recoverable in rates, taking into account any collateral requirements and debt equivalence associated with the contract, in a manner determined by the commission to provide the best value to ratepayers.

(b) To be eligible for rate treatment in accordance with subdivision (a), a contract shall be for a project which meets all of the following criteria:

(1) The project is a replacement or repowering of an existing generation unit of a thermal power plant.

(2) The project complies with all applicable requirements of federal, state, and local laws.

(3) The project will not require significant additional rights-of-way for electrical or fuel-related transmission facilities.

(4) The project will result in significant and substantial increases in the efficiency of the production of electricity.

(5) The Independent System Operator or local system operator certifies that the project is needed for local area reliability.

(6) The project provides electricity to consumers of this state at the cost of generating that electricity, including a reasonable return on the investment and the costs of financing the project.

**A T T A C H M E N T G**

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**APPENDIX B TO THE FINAL STAFF REPORT – RESPONSE TO COMMENTS**

**PROPOSED RULE 1304.1 – ELECTRICAL GENERATING FACILITY FEE FOR USE  
OF OFFSET EXEMPTION**



## APPENDIX B

### RESPONSE TO COMMENTS

#### **Public Comments and Responses**

*This section shows the comment letters which have the paragraphs numbered to reference staff responses. On January 4, 2013, the Preliminary Draft of Proposed Amended Rule 1304.1 was publicly released. The public comments were received during the commenting period beginning January 4, 2013 up to the deadline of August 1, 2013. During this time the following meetings and discussions were held with stakeholders:*

*Working Group Meeting 1 – January 22, 2013*

*Working Group Meeting 2 – February 5, 2013*

*Working Group Meeting 3 – February 27, 2013*

*Working Group Meeting 4 – April 4, 2013*

*CEQA Scoping Meeting and Public Workshop – June 18, 2013*

*Working Group Meeting 5 – July 26, 2013*

Note:

- (1) In compliance with CEQA, a “Draft Environmental Assessment for Proposed Rule 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption” has been prepared and was released on July 5, 2013, for a 45 day public review and commenting period beginning July 9, 2013 and ending on August 22, 2013. In the responses to comments, in this section of the staff report, it is referenced as “DEA”
- (2) An analysis of the economic impacts of Proposed Rule 1304.1 entitled, “An Economic and Reliability Analysis of the Proposal to Assess a Fee to Access the SCAQMDs Offset Bank” has been prepared by Stanford economics professor Dr. Frank Wolak, and is included as Appendix B of this staff report. In the responses to comments in this section of the staff report it is referenced as “Wolak.”
- (3) Staff has prepared and is making available with this staff report an additional, separate “Socioeconomic Report for Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use of Offset Exemption” which is referred to in this staff report as “Draft Socioeconomic Report”. This report presents the results of further analysis of the cost and revenue impacts of PR 1304.1. It is being released along with this staff report for a 30 day review and comment period and any revisions will be part of the final report which will be available as part of the Public Hearing package.

Department of Water and Power  the City of Los Angeles

ANTONIO R. VILLARAIGOSA  
Mayor

Commission  
THOMAS S. SAYLES, *President*  
ERIC HOLOMAN, *Vice President*  
RICHARD F. MOSS  
CHRISTINA E. NOONAN  
JONATHAN PARFREY  
BARBARA E. MOSCHOS, *Secretary*

RONALD O. NICHOLS  
General Manager

January 9, 2013

Mr. Henry Pourzand  
Planning, Rule Development and Area Sources  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

Subject: Request of the Los Angeles Department of Water and Power (LADWP) for an Extension of the Public Comment Period of the South Coast Air Quality Management District (AQMD) Proposed Rule 1304.1 - Electrical Generating Facility Annual Fee for Use of Offset exemption (PR 1304.1)

Dear Mr. Pourzand:

*LA's the Place*

The LADWP intends to file comments on the above-referenced rulemaking as released for public review on January 4, 2013. AQMD, in its Public Consultation Meeting notice, states that it requests comments relevant to PR 1304.1 by January 17, 2013 which provides a public comment period of less than two weeks. LADWP requests that AQMD extend the public comment period to forty five days given the proposed rule's complexity and its potential financial impacts upon electrical generating facilities that intend to use the offset exemption.

1-1

Thank you in advance for your consideration of this request. Please contact me at (213) 367-0403 if you would like to discuss this request. LADWP looks forward to hearing from you soon and participating in this important rulemaking.

Sincerely,



MARK J. SEDLACEK  
Director of Environmental Affairs

MJS:mt  
c: Mark J. Sedlacek  
By e-mail

**Water and Power Conservation ... a way of life**

111 North Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles 90051-5700  
Telephone: (213) 367-4211 Cable address: DEWAPOLA



*Response to Comment #1-1*

The deadline for comments was extended to forty-five (45) days, as requested, from the date of public dissemination of the preliminary draft rule language on January 4, 2013. Initially the close of comments was scheduled for January 17, 2013, but the deadline was extended to February 18, 2013. Subsequent commenters stated that February 18, 2013 fell on an official holiday and so the deadline was extended again to February 19, 2013. Also, when the Board Hearing was rescheduled to September 6, 2013, the deadline for comments was further extended.

# INDEPENDENT ENERGY PRODUCERS

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*Comment Letter #2*

January 17, 2013

Henry Pourzand  
Planning, Rule Development and Areas Sources  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

Dear Mr. Pourzand:

The Independent Energy Producers Association (IEP) submits these initial comments on the District's Proposed Rule 1304.1- "Electric Generating Facility Annual Fee For Use of Offset Exemption" [Proposed Rule] released January 2013. It is our understanding that the District Executive Officer has authorized an additional 45 day comment period. IEP reserves the right to provide further comments, if appropriate at a later date.

IEP has several concerns regarding the Proposed Rule. First, the Proposed Rule fails to address and explain the nature of the offsets subject to the "offset exemption." Currently, Rule 1304(a) (2) has been in place since 1979 with modifications made in 1996. Under the current Rule, the District holds Emission Reduction Credit (ERCs) offsets that result from investments and operational changes the owners of Electric Generating Facilities (EGF) have made over the years. These investments include incorporating air pollution control equipment (SCR, etc.), changing combustion fuel from oil to gas, as well as other infrastructure modifications. Capital investments such as these by the generators have enabled the continued operation of EGFs necessary to maintain grid reliability in Southern California, particularly in the Los Angeles Basin, while addressing air emissions associated with the electricity sector overall. Collectively, EGFs have invested billions in these infrastructure investments. These actions and investments were taken with the understanding among all parties (generators, regulators, policymakers) that these offsets would be available when it was time to modernize these facilities. This is why they were "exempted." The Proposed Rule simply seeks to fundamentally undermine this understanding.

2-1

Second, the Proposed Rule would essentially require these exempted EGFs to pay again through new "Fees" for offsets they have already banked, irrespective of the fact that they are eligible for an exemption. This new Fee does not appear to be compensating the District for managing the offset accounts. Rather, the Fees will be "...invested in air pollution improvement strategies..." (Preliminary Draft Staff Report, pg.2). No matter how noble these "strategies" may be, as a result of funding their implementation through the new Fees, the District is essentially creating a new, additive offset requirement on facilities that have essentially prepaid and banked offsets through earlier investments. In other words, under the Proposed Rule, in order to access the offsets created by the exempt EGF, the exempt EGF has to "pay again." This stands the entire purpose of the Rule 1304 exemption on its head and creates serious legal challenges including: 1) a taking, 2) double taxation, and/or 3) violating Proposition 26.

2-2

Third, the Proposed Rule requires a prepayment of 5 years of Annual Fees prior to the issuance of a Permit to Operate. This prepayment is not subject to full refund should the facility fail to move forward, which renders the treatment of the prepayment confiscatory. There is no explanation as to why any prepayment is necessary. By definition, prior to operation there is nothing to offset. Therefore, the "Fees" are providing a revenue stream to the District for something that is not an offset or tied to the administration of the offset accounts.

2-3

Finally, the timing of the rule change suggests the District's intent to capture a new revenue stream for its purposes in light of the policy initiative, and reliability need, to modernize the electrical infrastructure of Southern California. According to the CAISO, the Los Angeles Basin requires 8000-10,000MWs of generation for local reliability needs, transmission support and renewable integration requirements. Meeting this requirement involves repowering or replacing "Eisenhower Era" generation with new modern, clean and efficient generation. The State Water Quality Control Board has put into place regulations which will close down or significantly reduce output from older coastal generation units by 2020. EGFs owning these coastal facilities are currently weighing their options and in some cases seeking to repower their units. In addition, the uncertainty involving the San Onofre Nuclear Generating Station (SONGS) may accelerate the need for adding generation needed for local operating requirements in Southern California.

2-4

Accordingly, while the current Rule has been successful incentivizing investments in existing generation over the past several decades, the Proposed Rule creates a barrier to the efficient use of offsets. The offsets in the offset accounts are the result of these investments. The EGF eligible for the offset exemption should be able to access these offsets without paying for them again. The Proposed Rule unnecessarily creates a significant amount of uncertainty during a period where time is of the essence.

Given the gravity of the reliability problem in Southern California, rather than creating barriers to the reliable operation of needed generation in Southern California, the District would be better off addressing the need for new Emissions Reduction Credits for new generation not currently Rule 1304 eligible yet needed to help maintain overall grid reliability and meet consumer demand. The last major procurement conducted by Southern California Edison resulted in projects that found it necessary to obtain new ERCs. Given the limited availability of ERCs for these generators, this became a significant problem for electric consumers and unless the District acts quickly this problem will continue to grow in importance.

2-5

IEP appreciates the opportunity to comment on the Draft Rule and may have additional comments in the near future. Thank you for your consideration.

Respectfully submitted,



Jan Smutny-Jones  
Executive Director

*Response to Comment 2-1*

The emission offsets that the SCAQMD maintains in its internal account which are used for offsetting the repowered units using the Rule 1304 (a)(2) exemption and other sources exempt from offsets under Rules 1304 and 1309.1 were not created directly from any actions taken or investments made by the Electrical Generating Facilities (EGFs). The EGFs in SCAQMD which installed air pollution control equipment or replaced their old utility equipment with newer units specifically did that to comply with SCAQMD command and control rules and regulations or to comply with RECLAIM requirements. Any potential emission reductions associated with such modifications were not deposited as offset credits in SCAQMD's internal bank. The credits that the SCAQMD uses for offsets were almost exclusively captured from "orphan shutdowns"; permit units that were shut down and the credits not claimed. If there were any offsets in the SCAQMDs internal offset accounts from EGF shutdowns it would be because the facility either was not eligible for or did not claim such ERCs (see Rule 1315 - Federal New Source Tracking System, subparagraph (c)(5) and also Wolak). Offsets did not result from EGFs installing air pollution control equipment such as an SCR, changing from oil to gas, or making other infrastructure improvements. Consequently, there has never been, nor is there any "understanding" among all parties that offsets in SCAQMD's internal offset accounts were as a result of EGF's "investments and operational changes" made over the years, and that as a result the offsets in SCAQMD's internal offset accounts would be provided for free.

*Response to Comment 2-2*

As noted in the response to comment 2-1, these offsets have not been "banked" by the EGFs. Accordingly, the premise that EGFs have "prepaid and banked offsets through earlier investments" is incorrect because the internal bank offsets were created almost exclusively from "orphan shutdowns" by facilities throughout the SCAQMD (see Rule 1315). The proposal does not require facilities to pay again but rather to pay for their offsets for the first time. In contrast, EGFs with existing boiler capacity that are eligible for offsets under Rule 1304(a)(2) from the SCAQMD internal accounts have had an economic advantage over EGFs (both existing and Greenfield projects) without boiler capacity for almost two decades. Any potential new EGF must obtain and pay for ERCs typically on the open market, while EGFs currently repowering under the provisions of 1304(a)(2) are receiving such offsets at no cost. The Proposed Rule simply aims to correct this potential bias by requiring utilities eligible to obtain offsets from the SCAQMDs internal accounts to pay for them (Wolak, p. 2, para. 1). Regardless, EGFs that are shutting down existing units still have the ability to generate ERCs and apply such ERCs towards repowering if they so choose. Also see response to comment 2-1.

*Response to Comment 2-3*

Based on comments received, the Proposed Rule has been revised and a five-year prepayment is no longer required. The current proposal requires a one year prepayment for the permitted MW capacity with the ability to seek a full refund in the event that the repowering project does not go through, provided that the refund is sought prior to operation.

*Response to Comment 2-4*

The CPUC has authorized SCE to issue an RFO for between 1,000 and 1,200 MW by 2022. However with the announced decommissioning of the San Onofre Nuclear Generating Station (SONGS), in June 2013, it is anticipated that an additional 1,600 MW of generation may be needed by 2022. Los Angeles Department of Water and Power projections are that repowering projects potentially subject to this Proposed Rule will be on the order of 800 MW by 2029. Furthermore, Once Through Cooling (OTC)



requirements that allow up to 2029 for LADWP compliance provide cost synergies for repowering a generation unit at the time the cooling tower is modernized. Staff is aware of at least two Greenfield EGFs that have been built in the last 5 years and that we believe each paid offset fees estimated in the vicinity of \$50 million (or the equivalent to obtain access to Rule 1304(a)(2)) to fulfill their offset obligations. (Sentinel and Walnut Creek) It is the opinion of staff that the Proposed Rule will neither deter repowering nor be an obstacle to the permitting of new EGFs. The staff report and Wolak paper provide additional detailed discussion of the OTC requirements, as well as CAISO and CPUC process and generation projections including the shutdown of SONGS.

*Response to Comment 2-5*

As noted in the response to comment 2-1, the EGFs have not generated the credits in the AQMD internal accounts used to offset the air quality emissions due to repowering. Please refer to responses to comments 2-1 and 2-2. As noted in those responses, offsets in SCAQMD's internal accounts were the result of orphan shutdowns. Such offsets, were not generated by reductions at existing EGFs that may now be seeking to repower. Again this creates a bias towards EGFs repowering pursuant to Rule 1304(a)(2), in that they currently have free of charge access to offsets in the SCAQMDs accounts but have not contributed any offsets to those accounts. Furthermore, staff estimates that a significant amount (approximately 9,500 lbs/day annually based on CY10-11 average) of all pollutant type offsets will be requested by sources with access to the SCAQMDs internal offset accounts, currently valued at an estimated total of \$12,000,000 annually. This occurs while such sources currently make no contributions to the SCAQMDs offset accounts. This is a significant drain on the SCAQMDs resources. Analysis show that both currently and historically, the largest draw on the SCAQMDs offset account has consistently been by qualified EGFs repowering. As a single category, EGFs repowering, have accounted for about 72% of all PM10, 28% of all VOC, and 45% of all SOx offsets debited from the SCAQMDs offset accounts, from 2002 through to 2011.)

These offsets are valuable public goods and available to a variety of different projects, not just repowering projects. Significantly, PR1304.1 does not intend to remove that availability of offsets for repowering. The Proposed Rule is simply intended to establish a fee for the purpose of recouping the fair market value of offsets provided to eligible EGFs, facilitate the continued development of a reliable electric grid, reduce the depletion rate of offsets from the SCAQMDs internal offset accounts, and utilize remitted funds for investment in air pollution projects (see DEA p. 1-3, para. 2). Such fee would expand the longevity of SCAQMD's offset accounts for their intended use and to some extent, reduce the economic disadvantage green field projects have, maximize competition and value back to the rate payer and other users of such offsets. The

SCAQMD has sought to make offset prices fair by pricing offsets obtained from SCAQMD accounts based on the most apt proxy; the price at which such offsets are transacted at in the open market. Specifically, a two year weighted average is used. Note that for the last 3 years (2009 through 2012), the price of PM and VOC ERCs has consistently declined, so that using the weighted average from the most recent 2 years of complete data for each pollutant in this time period yields the lowest total offset pricing of any averaging scenario as compared to other less comparable proxies considered such as Carl Moyer and Prop 1B (note that the PM10 offset fee typically comprises over 80% of the total fee in modeled scenarios and so is the driver for the total fee.) Averaging also recognizes that using a weighed distribution of ERC prices is more realistic than choosing a single ERC transaction price as the proxy. Staff has determined that a minimum of two years averaging time period is necessary to adequately



model offset pricing. Furthermore, other proxies such as Carl Moyer and Prop 1B funding values result in a higher fee for SCAQMD offsets, therefore using the 2 year averaging approach is not only the apt proxy but results in the lowest fee for EGFs repowering. Finally, the fact that there are still so many 40 or more year old boilers illustrates that the exemption has not successfully incentivized modernization, so the adoption of Rule 1304.1 will not impact a “successful incentive”. So the addition of Rule 1304.1 will not impact a “successful” incentive.

**BROILES & TIMMS, LLP**

445 SOUTH FIGUEROA STREET, 27<sup>TH</sup> FLOOR  
LOS ANGELES, CA 90071-1630

TELEPHONE: 213-489-6868

FACSIMILE: 213-489-6828

STEVEN A. BROILES  
CHARLES F. TIMMS, JR.

January 17, 2013

**VIA EMAIL (HPOURZAND@AQMD.GOV) AND U.S. MAIL**

Henry Pourzand  
Planning, Rule Development and Area Sources  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Proposed Rule 1304.1; Initial Comment Letter  
Cities of Burbank, Glendale and Pasadena**

Dear Mr. Pourzand:

On behalf of the Cities of Burbank, Glendale and Pasadena ("the Cities"), we are forwarding you this summary of the oral comments we made on Proposed Rule 1304.1 at the public consultation meeting the District held on January 10, 2013. We hope this summary will help the District staff review our preliminary comments and respond to them.

The District's notice for the January 10 meeting requested written comments on the proposed rule by January 17. As you know, at the meeting we and others requested an extended comment period to provide us with more time to analyze the potential impacts of the proposed rule. In response to our request, the District has provided the parties with an extended comment deadline of February 18, 2013, and has formed a working group to discuss the proposed rule for the purpose of achieving consensus on acceptable rule provisions. The Cities intend to participate in the working group and to submit additional and more detailed comments by February 18.

**Background**

Proposed Rule 1304.1 would for the first time impose a mitigation fee on electrical generating facilities that use the offset exemption in Rule 1304(a)(2) for boiler replacements.

The Rule 1304(a) (2) exemption was initially adopted 20 years ago to complement a boiler retrofit requirement. It gives utilities an incentive to replace boilers with new, more efficient and lower-emitting equipment. The proposed fee would undermine, and potentially eliminate, that incentive.

The Cities all operate small municipal boilers and now are either pursuing boiler replacement projects or have such projects under consideration. Each City's boiler capacity is less than 110 MW. None of these boilers is required to meet the State Water Resources Control Board's cooling water policy. The implementation of that policy appears to have been a factor in the District's proposal to impose a mitigation fee. It is not clear that the District's Governing Board was aware of the Cities' position at its October Board meeting when the Board was initially briefed on this matter.

**Proposed Fee May Have Adverse Impacts on the Cities**

The proposed fee may result in the delay or abandonment of the Cities' boiler replacement projects. This could have the following impacts:

- **More emissions from the boilers**

A relatively small increase in boiler capacity factor could cause boiler emissions to exceed emissions from more efficient replacement equipment under consideration. Although they are expensive to operate, the boilers may need to operate more in the future due to transmission constraints and local reliability needs.

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- **Less reliable electricity supply system**

The boilers are generally 50+ years old and less reliable than replacement equipment would be. Local reliability demands in southern California are highlighted by the current extended outage at the San Onofre Nuclear Generating Station and the transmission outage that spanned from Arizona across southern California and into Baja California, Mexico, including the entire San Diego area, in September 2011. We do not know if the District has consulted with the appropriate energy regulatory agencies, such as the California Energy Commission, the North American Electric Reliability Corporation or the Western Electricity Coordinating Council regarding potential local reliability impacts of the proposed fee.

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- **Higher local costs and fewer local jobs**

If there are fewer boiler replacement projects, local utilities will have to pay out-of-state suppliers to integrate the output of variable and intermittent renewable resources, such as wind and solar. Existing, older boilers were not designed for this type of service, and either cannot physically provide the service or could do so only at considerable cost. The foregone replacement projects also will mean a loss of jobs and economic development in southern California.

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**Proposed Fee May Have Other Adverse Impacts in the LA Basin**

If the overall generation capacity in the Los Angeles basin is considerably reduced due to the proposed rule, the shortfall will have to be met with electricity generators located outside of the Los Angeles area. This would increase the likelihood of electricity outages and result in higher electricity costs due to transmission costs and losses. This also would result in higher greenhouse gas emissions because, in addition to transmission losses, older, less efficient and higher-emitting power plants (likely a mix of natural gas and coal-fired power plants) would provide needed electricity.

3-4

These potential impacts also underscore the conclusion that the proposed fee is a simplistic solution to a complex problem that requires substantial consultation with other agencies, whose expertise would complement that of the District in analyzing the effects of the proposed rule.

**Proposed Fee May Not Be Most Appropriate Exercise of District's Authority**

The purpose of the proposed fee is unclear, and there may be a more appropriate exercise of the District's authority in finding a solution. For example:

- Is the purpose to discourage access to the District's internal bank, preventing it from becoming depleted and making it easier for the District to show equivalency for its New Source Review program? If so, perhaps the burden should be more widely shared by all facilities that may rely on the internal bank when they utilize an exemption or an allocation under the Priority Reserve.

For example, there is no good reason why a Rule 1304(a)(2) replacement should pay a fee, while a Rule 1304(a)(1) replacement would not. Both types of replacement could result in lower or higher emissions, depending on how they operate. The main difference is that the 1304(a)(1) exemption is capped by the "potential to emit" of the equipment being replaced, while the 1304(a)(2) exemption is capped by the megawatt capacity of the equipment being replaced.

- Is the purpose to give the District funding to look for additional emissions reductions in addition what is in the internal bank? The District suggests in its draft staff report that this in fact is the real purpose of the fee. This raises many questions, such as how the fees will be used, whether any emissions reductions will be cost-effective, whether additional emissions reductions will be required if boilers are not retired, and whether the District should rely on its normal funding sources for these efforts.
- Is the purpose to respond to the unique situation in which the District's internal bank may be depleted to provide offsets for projects required to comply with the State Water Resources Control Board's cooling water policy? If so, perhaps a better approach is to focus on those projects alone.

3-5

**Suggested Correction to Fee Calculation Equation**

The formula for calculating "Annual Offset Fee" pursuant to Proposed Rule 1304.1 section (c)(2) should be clarified regarding maximum permitted annual electricity generation as suggested below (changes indicated in blue font).

$$\text{Annual Offset Fee (Fi)} = R_i \times PTE_{rep} \times OF_i \times \left[ \frac{(\text{Crep} \times H_{rep}) - (\text{C2YRAvgExisting})}{(\text{Crep} \times H_{rep})} \right]$$

$H_{rep}$  = Permitted annual operating hours of the new replacement unit(s)

$C2YRAvgExisting$  = the annual megawatt hour generation of the existing unit(s) to be replaced averaged over the twenty-four (24) month period immediately prior to submittal of the complete applications for permit to construct.

3-6

The District should consider all reasonable alternatives to the proposed fee that would accomplish its objectives and those of other agencies, such as the State Water Resources Control Board and the California Energy Commission.

All of the potential adverse impacts we have identified here need to be examined in both an environmental assessment and a socio-economic impact analysis. In general, the District should be careful to identify potential unintended consequences of the proposed rule, including those noted above.

Please let us know if you have any questions. We appreciate the opportunity to provide these preliminary comments, and look forward to participating in the working group and providing additional comments by February 18.

Sincerely,



Charles F. Timms, Jr.

cc: Steve Smith ([ssmith@aqmd.gov](mailto:ssmith@aqmd.gov))  
Planning, Rule Development & Area Sources, CEQA Section  
Gurcharan Bawa ([gbawa@cityofpasadena.net](mailto:gbawa@cityofpasadena.net))  
Lon Peters ([lpeters@ci.glendale.ca.us](mailto:lpeters@ci.glendale.ca.us))  
Kim Yapp ([kyapp@burbankca.gov](mailto:kyapp@burbankca.gov))

*Response to Comment 3-1*

Staff has structured the rule to provide a 50/75% discount for the first 100 MW that are repowered at a facility to encourage more distributed generation. This provision would be applicable to the Cities. Furthermore, the DEA has analyzed a potential worst case increase in emissions of criteria and pollutants and greenhouse gases if boiler replacement projects are delayed.

*Response to Comment 3-2*

In addition to the initial (Public Consultation) meeting held on January 10, 2013 and the CEQA Scoping and Public Workshop public meeting held on June 18, 2013 staff has held the following working group meetings:

- Working Group Meeting #1 – January 22, 2013
- Working Group Meeting #2 – February 5, 2013
- Working Group Meeting #3 – February 27, 2013
- Working Group Meeting #4 – April 4, 2013
- Working Group Meeting #5 – July 26, 2013

In addition to other major stakeholders, these working group meetings held as part of the rule amendment process included the California Independent Systems Operator (CAISO), California Public Utilities Commission (CPUC), California Air Resources Board (CARB), and the California Energy Commission (CEC) as participants. Staff also held detailed discussions with these same regulatory bodies prior to the Public Consultation meeting, including a detailed presentation to AQMD staff by CAISO on February 22, 2013 and additional telephone and email discussion with the Division of Ratepayer Advocates of the CPUC (January 17, 2013). Other stakeholders at both the Working Group meetings and public meetings have included: AES, SCE, NRG, LADWP, City of Burbank Water and Power, City of Glendale Water and Power, and the City of Pasadena among others. Staff has had positive feedback regarding changes made to the original rule language. Specifically CAISO provided positive feedback on the change from a 5 to a 1 year initial annual fee payment and the liberalization of the refund rules so that all fees could be refunded prior to the commencement of construction.

Furthermore, the fee structure considers and credits current use of existing boilers. Lastly, based on feedback from the agencies listed and analysis conducted by the SCAQMD's energy expert, the proposed fee, even with the shutdown of SONGS, is not expected to impact reliability (see Wolak, p. 1, para. 3)

*Response to Comment 3-3*

Wind and solar projects are already part of the electrical mix in Southern California. The state's Renewable Portfolio Standards (RPS) calls for 33% of the electricity mix to come from alternatives and renewables by 2020. Based on historical MW generation from existing boilers, staff does not believe that the boilers will be used at such a high rate in the future, but nevertheless, the DEA analyzes the worst case scenario to assess this issue. Proposed Rule 1304.1 is not anticipated to impact the mix of electricity being used in Southern California, including the shutdown of SONGS. As shown in the Wolak report, the rule is not expected to have a discernable impact on reliability and thus should not require an increased reliance on out-of-state power generation.

*Response to Comment 3-4*

Staff is working closely with CAISO, CEC, and CPUC to ensure that the Proposed Rule does not impact generation within and reliability of the electrical generation system in Southern California. Also, it is not anticipated that the offset fee as structured will have any significant impact on reliability (see Wolak). The DEA addresses potential impacts including greenhouse gas emissions.

*Response to Comment 3-5*

Please refer to response to comment 2-5. Please also note that use of the SCAQMD's internal offset accounts is optional. An applicant may procure ERCs from any other legitimate source (such as private market ERCs) or generate ERCs pursuant to Regulation XIII. For those applicants electing to use the SCAQMD's internal offset account pursuant to the provision of Rule 1304(a)(2), the purpose of the fee is to charge an equitable amount for the use of a valuable public good. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304(a)(2). The fees will be invested in air pollution improvement strategies for the pollutants for which the fee is paid, or their precursors or criteria pollutants to which they contribute, consistent with the needs of the Air Quality Management Plan. It is also intended to remove the current bias against new, Greenfield EGFs that must provide ERCs to offset emissions. - Fees are based on the type and quantity of offsets encumbered (i.e. the offsets in the SCAQMDs internal accounts) using a 2 year ERC price weighted average (see also response to comment 2-5).

The comment suggests that the offset exemption in 1304(a)(1) is similar to 1304(a)(2). However, the exemption in 1304(a)(2) is distinct from other offset exemptions in Rule 1304, including 1304(a)(1), which provides an exemption from offsets for functionally identical replacement projects. When a facility accesses the SCAQMD's internal offset accounts via the Rule 1304(a)(2) exemption, the internal accounts are actually being debited because emissions are likely to increase as old utility boilers with low capacity factors are being replaced by more efficient natural gas turbines with higher capacity factors. This is less likely to occur when a facility implements a simple, functionally-identical replacement, using the 1304(a)(1) exemption because pre-project emissions are likely to be nearly identical to post-project emissions, and so the AQMD does not debit its internal account. Therefore, the policy reasons supporting the collection of a fee for EGFs electing to use the 1304(a)(2) exemption do not apply to the 1304(a)(1) exemption.

*Response to Comment 3-6*

Based on comments received, the formula has been revised to clarify the terms.

BROILES & TIMMS, LLP

445 SOUTH FIGUEROA STREET, 27<sup>TH</sup> FLOOR  
LOS ANGELES, CA 90071-1630

TELEPHONE: 213-489-6868  
FACSIMILE: 213-489-6828

STEVEN A. BROILES  
CHARLES F. TIMMS, JR.

February 19, 2013

VIA EMAIL (HPOURZAND@AQMD.GOV) AND U.S. MAIL

Henry Pourzand  
Planning, Rule Development and Area Sources  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Proposed Rule 1304.1; Second Comment Letter  
Cities of Burbank, Glendale and Pasadena**

Dear Mr. Pourzand:

The Cities of Burbank, Glendale and Pasadena ("the Cities") hereby submit this comment letter on Proposed Rule ("PR") 1304.1, which would impose fees amounting to millions of dollars on necessary utility boiler replacement projects. These proposed fees are without apparent justification. They could result in the delay, reduction in permitted capacity, or abandonment of these replacement projects and thereby result in potentially significant adverse impacts on emissions, electric system reliability, and the local economy. Because of these deep flaws in the proposed rule, the Cities urge the District to withdraw it.

The potential adverse air quality impacts of PR 1304.1 must be examined in detail under the California Environmental Quality Act ("CEQA").<sup>1</sup> In addition, the socioeconomic impacts

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<sup>1</sup> The District's rulemaking program has been certified by the Resources Agency as equivalent to the environmental review procedures of CEQA. (Title 14, Code of California Regulations, Section 15251(I).) The program therefore is exempt from the requirement to prepare an Environmental Impact Report ("EIR") for proposed rules that may have significant environmental impacts. However, the program as certified by the Resources Agency, including specifically District Rule 110 and the District's CEQA Implementation Guidelines, requires that the staff report on a proposed rule must contain information equivalent to an EIR and must be made available for public review and comment for no less than 30 days prior to the adoption of the proposed rule. (Resources Agency, Statement of Findings, January 31, 1989 at 2, 5-6.)



of the proposed rule are required to be assessed as well. As part of the socioeconomic analysis, the District is required to consider and make available to the public its findings related to the cost-effectiveness of the proposed fees, which constitute a control measure under federal and state law. The Cities look forward to the opportunity to comment on these important documents when the District makes them available for public review.

The proposed rule appears to be a radical change in District policy regarding how utility boiler replacement projects should be regulated under its new source review (“NSR”) program. The proposed fees were clearly not considered as a potential control measure in the 2012 Air Quality Management Plan (“AQMP”). The AQMP appears to assume that boiler replacement projects, like other projects that are exempt from offset requirements under Rule 1304, would be allocated any needed emissions offsets from the District’s internal bank, without payment of any fees. These allocations are made pursuant to the District’s NSR tracking system, now codified in Rule 1315, which enables the District to show that its NSR program is equivalent to the EPA’s NSR program. Indeed, as recently as 2011, during the rulemaking to amend Rule 1315, the District rejected the alternative of requiring businesses seeking Rule 1304 exemptions to pay offset user fees on the basis that such fees would not accomplish the District’s objective of “allow[ing] facility modernization which will increase efficiency and reduce air pollution” and “accommodating population growth” through implementation of Rule 1304. The District stated that “[o]ffset user fees would increase the cost of developing a new or modified source and would restrain the rate of growth in commercial and industrial sources that would otherwise qualify for the Rule 1304 exemption.” (See Governing Board Resolution at p. C-2 and Attachment 1 to the Resolution, Discussion of Findings Relating to the Alternatives Evaluated in the Final PEA, pp. 16-17). The District has not explained what has happened since these two rulemakings that would justify taking the extraordinary step of singling out boiler replacement projects to pay offset user fees. Absent some explanation or related evidence and support, this radical change would appear to be an arbitrary and capricious action.

In addition to these air quality issues, the fees that the District seeks to impose via PR 1304.1 may constitute a prohibited tax under Proposition 26.

**I. Background**

PR 1304.1 would for the first time impose an annual “mitigation” fee on electrical generating facilities that use the offset exemption in Rule 1304(a)(2) for boiler replacements. The Rule 1304(a) (2) offset exemption was initially adopted about 20 years ago to complement a utility boiler retrofit requirement. The exemption removes any emissions-related disincentive for utilities to replace boilers with new, more efficient and lower-emitting equipment. In contrast, the proposed fee would create a clear disincentive for such replacements, particularly in cases where replacements are driven by economic and reliability objectives.

The proposed annual fee would be based in part on the market prices of Emission Reduction Credits (“ERCs”) in 2008 through 2012, converted to an annual price, and based in part on the potential to emit (“PTE”) of the boiler replacement, expressed as pounds per day of

4-0 cont.

the relevant air contaminant. The PTE calculation is apparently intended to reflect the quantity of emissions offsets in the District's internal bank that must be debited, pursuant to Rule 1315, to enable the District to demonstrate equivalency with the federal NSR program. The annual fee effectively acts as a "lease" payment for the quantity of emissions offsets that must be debited from the account.

The Cities all operate small municipal boilers that are 50+ years old and now are either pursuing boiler replacement projects or have such projects under consideration. Each City's total boiler capacity is less than 110 MW. Each City's replacement project would be intended to satisfy the City's need for reserve capacity as well as to operate as a "peaking" facility to provide electric energy during periods of peak demand. In the case of Glendale, replacing the aging boilers would also increase the generation of renewable energy from landfill gas produced at the Scholl Canyon site inside the City of Glendale by as much as 50 percent over current levels, due to the superior efficiency of replacement units. Renewable energy produced within the state of California is the most valuable type of energy that can be used to comply with the Renewable Portfolio Standards ("RPS") set forth in SBX1-2, enacted in 2011; it was the clear intent of the state legislature to encourage such production in California by requiring increasing reliance on in-state renewable energy over time. Discouraging the replacement of Glendale's boilers would reduce the production of renewable energy in the state of California, and would thus interfere with the intent of California's RPS requirements.

While the District has held several working group meetings to explain the proposed rule and discuss issues raised by affected parties, in fact each meeting has raised more questions than it has answered.

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## **2. The District Has Not Clearly Stated the Purpose of the Proposed Fee**

An initial issue is that the District staff has not yet adequately explained the purpose of the proposed fee. Absent a clear statement of the purpose, it is difficult if not impossible to analyze potential alternatives that would more effectively accomplish the fee's purposes.

The Preliminary Draft Staff Report ("Staff Report") states that the purpose of the proposed fee is to require boiler replacement projects to pay annual fees for accessing the District's internal bank. (See Staff Report at page 1.) The Staff Report also suggests that the reason fees are needed is that boiler replacement projects will likely operate at a higher capacity factor than the boilers they replace, resulting in an increase in potential emissions over recent actual emissions from the boilers. (See Staff Report at pages 2-4.) Presumably, however, *any* project that seeks access to the District's internal bank, and not merely a boiler replacement project, will show an increase in future potential over recent actual emissions, because otherwise it would not need to access the internal bank. Thus, the statements in the Staff Report do not explain why fees are needed from boiler replacements as distinguished from any other facility that seeks to access the internal bank pursuant to a Rule 1304 exemption or the Rule 1309.1 priority reserve.

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Moreover, the Staff Report also states that the fee proceeds will be “invested in air pollution improvement strategies” consistent with AQMD goals. (See Staff Report at p. 1.) During the working group meetings, District staff has confirmed that the fees will not be used to replenish the internal bank, because the projects on which the fee proceeds would be spent cannot meet the criteria for achieving creditable emissions reductions and thus deposits to the internal bank. Thus the proposed fee apparently bears no relationship to the internal bank and to the equivalency issue generally, because that already is addressed by rule 1315, which was amended in 2011 and has been approved by US EPA.

At another point, it was suggested that the purpose of the proposed fee is to reduce the size of boiler replacements. In that regard, the Cities are aware that District staff is concerned about an expected surge in boiler replacement projects from certain applicants who must comply with new requirements of the State Water Resources Control Board (“Water Board”) to implement federal policy on cooling water intake structures. The apparent fear is that the District’s internal bank may become depleted or overdrawn. To the extent that this fear explains the proposed fee, the District should understand that none of these Cities’ boilers is required to meet the Water Board’s cooling water intake structure requirements, but all of them would be subject to the proposed fee under PR 1304.1.

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**3. The Proposed Fee May Result in Delay, Reduction in Permitted Capacity or Abandonment of Needed Boiler Replacement Projects**

The proposed fees under PR 1304.1 would raise the cost of the Cities’ boiler replacements by tens of millions of dollars over the life of the projects. This substantial additional cost may result in the delay, reduction in permitted capacity or abandonment of these needed replacements.

The District staff appear to be under the impression that a typical boiler replacement project would not trigger a high mitigation fee because the Cities would only seek permits to operate at the expected average annual capacity factor, which the Cities anticipate will be modest. In fact, however, the boiler replacements planned by the Cities typically would seek permits to operate at a fairly high capacity factor, much higher than their expected average. Their existing boilers in many cases are already permitted for similar operation. While the Cities would expect to actually operate their boiler replacements relatively infrequently, possibly as little as 15% of the time, they need these units to be authorized to operate at much higher levels, in order to serve as reserve units in the event that other units are unexpectedly not available and to avoid reserve capacity payments to Balancing Area Authorities—Los Angeles Department of Water and Power (“LADWP”) and California Independent System Operator (“CAISO”).

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The following two examples illustrate that the proposed fees on the Cities’ boiler replacement projects may be quite high, and in fact high enough to discourage boiler replacement projects.

*Example 1.* City of Burbank Water and Power (“BWP”) staff have done preliminary calculations for a hypothetical replacement of its 109 MW of old boilers with an LMS100, rated and permitted at 100 MW. The calculations are for operating under two different scenarios, one with no monthly limit on operating hours, and another with a limit of 270 hours per month. These calculations show that the proposed fees for the “no monthly limit” case, consistent with the permitted operation of the existing boilers, may reach \$20 million, or more than 20% of the cost of the project, and may tip the scales in favor of continuing to run the existing boilers instead of replacing them. If the boiler replacement project is limited to no more than 270 hours/month of operation, then the proposed fee may increase the cost of the project by only 7%. While a mitigation fee of this magnitude might not be high enough to cause the utility to abandon the boiler replacement project, the reduction in monthly permitted capacity would have serious implications for system reliability, as will be discussed below. The calculations for these two scenarios are set forth in Attachment 1 to this letter.

When the calculations for the “no monthly limit” scenario were shared with District staff at one of the working group meetings, District staff claimed that they did not represent “reasonable” expectations because such high capacity factors are not really needed. However, limiting monthly operating hours reduces the unit’s capacity to provide required reserves, because, for example, the plant might be shut down completely following a heat wave for the rest of the month. The lack of availability of the plant in these circumstances could cause reliability problems. District staff admittedly have not coordinated this proposal with technical experts at LADWP, the CAISO, North American Electric Reliability Corporation (“NERC”) and Western Electricity Coordinating Council (“WECC”) and so are unable to predict the impact of the proposed fee on the sizes or capacity factors of new generators that would replace the aging boilers.

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*Example 2.* City of Glendale Water and Power (“GWP”) staff have done similar calculations for a hypothetical replacement of its 108 MW of old boilers with a new combined cycle combustion turbine rated and permitted at 75 MW. The calculations show that the proposed fee would add about \$6 million dollars to the up-front financing of the new plant, and would be expected to cost over \$36 million over the life of the new plant, assuming that the new permit is based on a 100 percent capacity factor for reliability purposes. These additional costs could jeopardize the new construction. The calculations, which are based on Glendale’s current understanding of the proposed fee, are set forth at Attachment 2 to this letter.

**4. If Replacement Projects Are Not Built, Or If Their Permitted Capacity Is Reduced, There Will Be Potentially Significant Adverse Impacts on Emissions, Electric System Reliability, and the Local Economy**

**a. More Emissions From the Old Boilers**

A relatively small increase in boiler operations could cause boiler emissions to exceed emissions from more efficient replacement equipment under consideration. Although they are

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expensive to operate, the boilers may need to operate more frequently in the future due to transmission constraints and local reliability needs.

The following two examples illustrate this point.

*Example 1.* BWP staff have done calculations comparing the operation of existing boilers with the operation of a boiler replacement unit to provide power during typical southern California summer peak demand, which was assumed to be 6 hours/day 4 days/week. In order for the boilers to provide power during these peaks, they would have to be put online at the beginning of the summer and operate 24 hours/day 7 days/week, operating at minimum load off peak and maximum load during the peak hours. During non-peak hours the operating boilers would provide needed spinning reserve, the reserve being difference in output between minimum operating load and the maximum load that could be achieved within 10 minutes. The replacement unit (assumed to be an LMS100), by contrast, can be started up and placed on line within minutes, only operating during the peak times and then switching off overnight. As an additional benefit, because of its quick-start capabilities, the LMS100 can provide these same non-spinning reserves while switched off, avoiding the need to consume expensive fuel and produce emissions off-peak when the energy it creates is not needed. This example shows that the pollutants emitted by the boilers operated to provide power for peak summer demand is *several times* the emissions of an LMS100. The calculations for this emissions comparison are set forth in Attachment 3 to this letter.

*Example 2.* GWP staff also have done calculations comparing the operation of existing boilers with the operation of the hypothetical replacement unit discussed above. GWP's boilers are currently constrained by a NO<sub>x</sub> limit of 35 tons/year (70,000 pounds/year), pursuant to Rule 1135. In 2012, GWP's boilers' combustion of landfill gas (LFG) and natural gas (NG) actually emitted about 60,000 pounds of NO<sub>x</sub>. Thus, GWP could burn additional natural gas in these boilers, for economic or reliability purposes, up to the 70,000 pound/year NO<sub>x</sub> limit. As discussed above, GWP may seek to construct a new combined cycle combustion turbine rated and permitted at 75 MW and operating at an expected 60 percent annual capacity factor. With the new combustion turbine, GWP concludes that expected NO<sub>x</sub> emissions would fall by about 48,000 pounds/year, VOC emissions would fall by about 19,000 pounds/year, CO emissions would fall by about 113,000 pounds/year, SO<sub>2</sub> emissions would fall by almost 4,000 pounds/year, and PM<sub>10</sub> emissions would increase by about 15,000 pounds/year. Annual generation would increase in this example from about 150,000 MWh historically to over 650,000 MWh due to new uses for the new generation. In addition, the new generation would be more reliable, more flexible, and more efficient. But these emissions reductions will be jeopardized if the replacement project is not built because of the high mitigation fee. The calculations for this emissions comparison are set forth in Attachment 4 to this letter.

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**b. Less Reliable Electricity Supply System**

The boilers are generally 50+ years old and are less reliable than replacement equipment would be. Local reliability demands in southern California are highlighted by the current

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extended outage at the San Onofre Nuclear Generating Station and the transmission outage that spanned from Arizona across southern California and into Baja California, Mexico, including the entire San Diego area, in September 2011.

Note that there also would be adverse impacts on system reliability if the proposed fee results in replacement projects with reduced permitted capacity because of the proposed fee. In that case, there will be a reduction in the total available capacity from the Cities' units, meaning less reserve capacity in the L.A. Basin.

The District must consult with the appropriate energy regulatory agencies and Balancing Area Authorities—the CEC, LADWP, the CAISO, NERC and WECC—regarding potential local reliability impacts of the proposed fee, whether those impacts result from the continued operation of the existing boilers or from the reduction in total capacity if replacement projects have reduced permitted capacity due to the proposed fee.

Furthermore, the CEC has just issued the “2012 Integrated Energy Policy Report Update”, January 2013, CEC-100-2012-001-LCF (“CEC Report”), which raises significant issues regarding the adequacy of electricity supply in the LA Basin generally, and urges inter-agency coordination to ensure a reliable and economic supply of energy. A combination of pressures is likely to drive toward retirement of old boilers and replacement with new flexible gas-fired combustion turbines, if economic: the continued SONGs outage, the retirement/repowering of once-through cooling facilities, the shift toward electric vehicles, an increasing demand for coastal air-conditioning due to climate change, and the integration of intermittent renewable resources. (See Chapter 4 of the Update, generally.) Financing these investments will be a challenge under the best of conditions. The District should not erect additional economic impediments to replacing old boilers.

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**c. Higher Local Costs and Fewer Local Jobs**

If there are fewer boiler replacement projects, local utilities will have to pay out-of-state suppliers to integrate the output of variable and intermittent renewable resources, such as wind and solar. Existing, older boilers were not designed for this type of service, and either cannot physically provide the service or could do so only at considerable cost. The foregone replacement projects also will mean a loss of jobs and economic development in southern California. The District must discuss this potential loss of economic activity in the socioeconomic impact analysis.

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**d. Adverse Impacts on Retail Customers in the LA Basin**

If the overall generation capacity in the Los Angeles basin that serves electricity demands is considerably reduced, the shortfall will have to be met with electricity generators located outside of the Los Angeles area. This would increase the likelihood of electricity outages and result in higher electricity costs due to transmission costs and losses. This also would result in higher greenhouse gas emissions because, in addition to transmission losses, less efficient and

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higher-emitting power plants (likely a mix of natural gas and coal-fired power plants) would provide needed electricity.

Again, these are topics that should be taken up in the socioeconomic impact analysis. The District must consult with the appropriate energy regulatory agencies--LADWP, the CAISO, NERC and WECC—and also take into account the conclusion in the CEC Report cited above.

These potential impacts also underscore that the proposed fee is a simplistic solution to a complex problem that requires substantial consultation with other agencies, whose expertise would complement that of the District in analyzing the effects of the proposed rule.

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5. **These Potential Impacts Compel the District to Prepare the Equivalent of an Environmental Impact Report (“EIR”) and a Socio-Economic Analysis Prior to Adopting PR 1304.1.**

a. **PR 1304.1 Is a Project Subject to CEQA**

PR 1304.1 is a “project” subject to CEQA. A “project” is defined by statute in part as “an activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect change in the environment.” Cal. Pub. Res. Code § 21065. The CEQA Guidelines further define a “project” as “the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or reasonably foreseeable indirect physical change in the environment.” 14 CCR § 15378.

As explained above, the mitigation fees imposed by PR 1304.1 may result in the delay or abandonment of the Cities’ boiler replacement projects. As a result, the Cities’ existing boilers would operate more of the time and for more years, resulting in potentially significant adverse impacts on emissions, electric system reliability, and the local economy. Accordingly, PR 1304.1 is a project subject to CEQA.

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Under cases interpreting CEQA, if an activity may have reasonably foreseeable environmental effects, it will qualify as a “project” despite claims that these effects are speculative or remote because they occur in the future or result from actions of third parties in response to the activity instead of from the activity itself. See, for example, *Plastic Pipe Fittings Assn. v. California Building Standards Commission* (2004) 124 Cal. App.4<sup>th</sup> 1390, 1399, 1412-13 (proposed building standard allowing the use of a specific type of plastic was a CEQA “project” because evidence in the record indicated that chemicals leaching from the plastic could contaminate potable water and cause the pipes to be subject to mechanical failure; court rejected contention that the causal link between the regulation allowing its use and the alleged impacts was too remote and held that the alleged impacts were a “reasonably foreseeable indirect impact.”); and *Fullerton Joint High School District v. State Board of Education* (1982) 32 Cal. 779, 794-797 (the Supreme Court held that a proposed reconfiguration of school districts was a “project” because the action would likely cause the construction of a new high school, might cause the abandonment of other facilities, and would affect bus routes and traffic patterns).

Two additional cases involving air districts support the conclusion that CEQA review is required here. They are exemption cases, but their conclusions are relevant to the question of whether the activities involved here would qualify as CEQA “projects.” See *Dunn-Edwards Corp. v. Bay Area AQMD* (1992) 9 Cal.App.4<sup>th</sup> 644 (court held that a regulation limiting the solvent in architectural coatings was not categorically exempt from CEQA because there was evidence in the record that the regulation may have adverse emissions impacts due to the fact that the regulation would require lower quality products, resulting in the use of more product—more frequent application and more coats); and *California Unions for Reliable Energy (CURE) v. Mojave Desert Air Quality Management District* 178 Cal.App.4<sup>th</sup> 1225, 1240-46 (court held that a regulation allowing the use of road paving to offset increases in airborne dust was not categorically exempt from CEQA because there was evidence in the record that road paving would tend to have adverse emissions impacts in that it would involve trading road dust for combustion emissions, which would stay in the air longer, spread more widely, and be more likely to cause disease; court stated that the focus should not be on the regulation alone, but rather on its reasonably foreseeable direct and indirect physical effects and noted that while the adoption of the regulation did not cause any road paving by itself, it certainly encouraged third parties to pave roads).

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It is clear from these cases that courts are not at all reluctant to consider potential environmental effects resulting from foreseeable conduct by third parties in response to the adoption of a rule in determining whether adoption of the rule may be a CEQA “project.” They reject claims that such effects are too remote or speculative to warrant CEQA review. The reasonably foreseeable effects involved in these cases are just the types of effects the Cities have suggested may result from adoption of PR 1304.1.

**b. PR 1304.1 Is Not Exempt from CEQA by Statute or Regulation**

PR 1304.1 is not exempt from CEQA by statute or regulation. The most likely exemption claim for PR 1304.1 would be that it is covered by a Class 8 categorical exemption as an action taken by a regulatory agency for protection of the environment. 14 CCR § 15308. This was the exemption claimed by the air districts in the *Dunn-Edwards* and *CURE* cases cited above. But in both cases the reviewing court held this exemption did not apply because the record showed that there may be adverse impacts. The same result should be reached here.



c. **An EIR Is Required Because There is a “Fair Argument” that PR 1304.1 May Have a Significant Effect on the Environment**

An agency is required to prepare an EIR if a project it proposes to carry out or approve may have a “significant” effect on the environment. Cal. Pub. Res. Code § 21100. The CEQA Guidelines elaborate on this requirement. See 14 CCR § 15064. If there is substantial evidence, in light of the whole record before the agency, that a project may have a significant effect on the environment, the agency shall prepare a draft EIR. 14 CCR § 15064(a). In evaluating the significance of the environmental effect of a project, the agency shall consider both direct physical changes, and reasonably foreseeable indirect physical changes, in the environment which may be caused by the project. 14 CCR § 15064(d). If the agency is presented with a “fair argument” that a project may have a significant effect on the environment, the agency shall prepare an EIR even if it may also be presented with other substantial evidence that the project will not have a significant effect. 14 CCR § 15064(f)(1).

In this case, as the Cities have alleged and have demonstrated with evidence (see above discussion and attachments), there is a fair argument that the proposed fees may have a significant effect on the environment. The significant effects include potential increased emissions resulting from the increased operation of the Cities’ existing boilers and the potential effects of a less reliable electricity supply system. Therefore, the District must prepare an EIR.

Interestingly, courts have held that adoption of a mitigation fee program requires preparation of an EIR. See, for example, *Center for Sierra Nevada Conservation v. County of El Dorado* (2012) 202 Cal.App.4<sup>th</sup> 1156 (court held that county was required to prepare an EIR before its adoption of an oak woodland management plan, which included a mitigation fee option, where the earlier program EIR for the county’s general plan anticipated the mitigation fee option but did not set the fee rate, how the acreage subject to the fee rate should be measured, or how the off-site oak woodland losses would be mitigated by the fees). The *Center for Sierra Nevada Conservation* court based its decision in part on *California Native Plant Society v. County of El Dorado* (2009) 170 Cal.App.4<sup>th</sup> 1026 (court held that county was required to prepare an EIR for a development project despite developer’s payment of a rare plant impact fee through the county’s ecological preserve fee because the fee program did not receive CEQA review when it was adopted).

In a case involving a challenge to the District’s failure to prepare an EIR for a permit to allow a refinery modification, the Supreme Court held that the physical conditions actually existing at the time of analysis should be used as the baseline, rather than the maximum permitted capacity, in determining whether the modification would have a significant effect on the environment. *Communities for a Better Environment v. South Coast AQMD* (2010) 48 Cal.4<sup>th</sup> 310, 316, 326-27. This means that in describing the emissions impacts of increased use of the boilers resulting from delay or abandonment of boiler replacements, any increase above actual levels is relevant.

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d. **The District Has Acknowledged the Need to Prepare a Socioeconomic Analysis of PR 1304.1: That Analysis Must Address the Cost-Effectiveness of the Proposed Fees**

In its preliminary staff report, the District staff claims that a socioeconomic analysis is not legally required for PR 1304.1 because it “merely charges a fee and does not significantly affect air quality or emissions limitations.” On the contrary, the proposed fees may adversely affect air quality, and therefore an assessment of the socioeconomic impact of the proposed rule is required by law.

As the Cities have alleged, and as they have demonstrated with evidence (see above discussion and attachments), the proposed mitigation fee may result in the abandonment of boiler replacement projects and the continued operation of their existing boilers. The continued operation of the existing boilers is likely to cause adverse impacts on emissions, electric system reliability, and the local economy. The District therefore is required to prepare an assessment of the socioeconomic impacts of the proposed rule, including a report on the availability and cost-effectiveness of alternatives. Cal. Health & Saf. Code § 40440.8.

The socioeconomic assessment under Section 40440.8 must identify (i) the types of industries affected by the proposed rule, (ii) the impacts of the proposed rule on employment and the economy in the South Coast Basin, (iii) the probable costs of the proposed rule, (iv) the cost-effectiveness of alternatives to the proposed rule, (v) the potential of the proposed rule to reduce emissions, and (vi) the necessity of adopting the proposed rule in order to attain ambient air standards.

We assume that the District will use input-output models as it has in the past to identify affected industries and impacts on overall employment and the economy in the South Coast Basin. In these comments, the Cities provide information to the District on the probable costs of the proposed rule, based on information and analyses available at this time. If future opportunities arise to modify or add to this information, or if the Cities’ understanding of the proposed rule changes, the Cities reserve the right to provide additional comments and information to the District.

*Probable costs.* As noted above, the proposed fee will add millions of dollars per year to the combined revenue requirements of the Cities, costs which will be passed along to retail ratepayers.

*Cost-effectiveness.* Given that the proposed fee will most likely increase air emissions, both by causing the delay or abandonment of replacements and by altering the incentive to operate new units if they are installed, the fee would appear to fail a cost-effectiveness test. The District’s cost-effectiveness rankings address the relative costs of *reducing* emissions, not the costs of *increasing* emissions.

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Potential emissions reductions. As noted above, the Cities have concluded that a delay in, or abandonment of, boiler replacements would cause air emissions to be higher than they would be without the delay or abandonment. The proposed fee is thus detrimental to the environment, unless the District can demonstrate that additional, cost-effective control measures can be undertaken that will offset the emissions from continued and increased operation of the old boilers.

Necessity of adoption. In view of the fact that the 2012 AQMP projected attainment without the payment of the proposed fees for boiler replacement projects, then it would appear that the proposed fees are not necessary in order to attain the standards.

For another reason, the socioeconomic assessment also must include a detailed assessment of the cost-effectiveness of the proposed fees. District staff have acknowledged that one purpose of the proposed rule is to reduce the size of boiler replacement projects, which also would reduce emissions from these projects. Accordingly, the proposed fees constitute a control measure under state and federal law. Under state law, the required socioeconomic impact assessment must include the District's findings related to the cost-effectiveness of the proposed rule, as well as the basis for the findings and the considerations involved. Cal. Health & Saf. Code §§ 40703, 40922.

The cost-effectiveness findings will necessarily be complex. First, these findings must address the emissions reductions claimed to be achievable from the disposition of the proposed fees. In addition, these findings must address emissions changes that may occur if the fees result in the delay or abandonment of the boiler replacement projects. Relevant emissions changes would include emissions reductions if the boiler replacement projects are indeed reduced in size, as well as emissions increases from other generating facilities, such as the existing boilers, that would need to operate if the boiler replacement projects are reduced in size.

6. **If PR 1304.1 Is Adopted, It Should be Modified in the Following Respects to Make the Mitigation Fee More Appropriate and Fair**

a. **Any Fee Should Not Be Based on ERC Prices**

There is no compelling reason to base the formula for the proposed fee on the simple average of historical market prices of ERCs, plus a built-in inflation adjustment. According to the District's calculations, the recent market price of one pound per day of PM<sub>10</sub> ERCs is on the order of \$185,000, which reflects a highly illiquid market, and apparently excludes transactions that were priced at zero due to being labeled as "barter" or "subsidiary" transactions. Using the simple average of reported non-zero prices is not an accurate indicator of historical market conditions, and thus is an unreasonable basis for fees that the Cities would pay for boiler replacement projects in future. As the District staff have conceded, the proposed mitigation fee bears no relation to either the external ERC market or the District's internal bank. Boiler replacements are exempt from offset requirements, and thus ERCs are not required. Instead, per District Rule 1315, the District's internal bank is used to show equivalency with the federal NSR

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program. The proposed mitigation fee would not be used to replenish the internal bank, because reductions achieved with fee proceeds cannot meet the criteria for emissions credits. Thus, a proposed fee can be based on anything that is reasonable. There are many options available.

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**b. Any Fee Should Be Based on Actual Emissions Instead of PTE**

The proposed fee formula requires that the mitigation fee must be based on the maximum permitted operation of the boiler replacement project. This fee formula is not reasonable. The Cities' anticipated projects would be authorized to operate at a fairly high capacity factor, for multiple reasons. In fact, however, these projects, which are peaking facilities, most likely would operate at relatively low capacity factors. Thus the Cities would be required pay to reserve emissions rights that would never or seldom be used.

The fee proposal should be modified, if adopted at all, to require that a fee is required for the total MWh that the boiler replacement project actually operates, instead of the maximum permitted MWh. Thus, the more MWh the project actually operates, the higher the annual payments to AQMD. This type of formula would avoid an inherent defect in the currently proposed formula, which discourages boiler replacement operations from considering environmental impacts, because the annual fee would be based on maximum permitted operation and therefore would be a sunk cost. Once the proposed fee is paid, the Cities would not have to take into account environmental costs in their scheduling and dispatch decisions, which is simply the wrong result from an air quality perspective. The marginal cost of a MWh from a boiler replacement project would not incorporate the cost of emissions, and so all else equal, the boiler replacement would operate more than it would if fees were paid on a per MWh basis. This reinforces the conclusion that the District needs to consider the environmental impacts of the proposed rule.

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**c. Covered Facilities Should Be Credited with Emissions Based on Boiler Operations**

Under PR 1304.1, a boiler replacement project would pay a fee for "leasing" emissions credits from the District's internal bank. The fee payments would be potentially reduced based on the historical operation of the replaced boilers. But once the proposed fee is in place, the emissions credits corresponding to the historical boiler operation would be lost to the project owner forever. These credits could have significant value in the future, and PR 1304.1 should include a mechanism for that value to be preserved for the benefit of the owner.

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**d. Proposed Fee Should Allow for Contingent Payments In Lieu of Required 5-Year Upfront Payments**

PR 1304.1 would require upfront payment of the mitigation fee for the first five years of operation of the boiler replacement project. The fee would be payable prior to the issuance of the permit to construct. This is a substantial upfront fee, which is at risk depending on whether the project is successfully completed. The District should allow project applicants to mitigate

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this risk by entering into a “contingent contract” with the District, under which either the fee would be paid if the new project is completed, or a lower, contingency fee would be forfeited if the project is not completed. } 4-14  
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e. **Proposed Fee Should Be Applied More Broadly to Other Categories of Facilities that Are Exempt from Offsets**

Any fee that is adopted should apply to all categories of facilities that have offset exemptions, with exceptions where appropriate. All categories of facilities that have offset exemptions require the District to set aside emissions credits from its internal bank, and all of them should be subject to any fee imposed to prevent the District’s internal bank from being too rapidly depleted. There does not appear to be any justification for limiting such a fee to boiler replacement projects alone.

To cite a simple example, there is no good reason why a boiler replacement project should pay a fee, while a functionally identical replacement project, which is exempt from offsets pursuant to Rule 1304(a)(1), should not. Both types of replacement projects could result in lower or higher emissions, depending on how they operate. The main difference is that the functionally identical replacement exemption is capped by the PTE of the equipment being replaced, while the boiler replacement exemption is capped by the megawatt capacity of the equipment being replaced. } 4-15

Applying the proposed fee to all categories still allows for the District to grant exceptions where appropriate, whether based on the size of the facility or other considerations.

f. **Proposed Fee Should Be Adjusted When Attainment Is Achieved**

When the District attains the PM<sub>10</sub> standard, the market price for PM<sub>10</sub> ERCs may fall dramatically. The proposed fee for boiler replacements, however, would continue to escalate at an inflation index rate. The proposed fee should be adjusted to reflect changes in ERC market conditions as they change over time. } 4-16

g. **Proposed Fee Should Be Adjusted if Permittee Provides Partial Amounts of ERCs or Seeks Change in Operating Hours During the Term of the Permit**

The Proposed Rule should provide for adjustment of the fee amount if the permit applicant or permittee provides ERCs for pollutant(s) listed in PR 1304.1, Table A, or seeks a change in operating hours during the term of the permit that reduces the PTE for pollutants listed in Table A. } 4-17

**7. Proposed Fee May Constitute a Prohibited Tax**

Proposition 26, enacted in 2010, is intended in part to stop state and local governments from funding their operations with fees rather than new or increased taxes, thereby avoiding the requirement that approval be obtained from two thirds of the voting public. The proposition includes a new definition of "tax" to include all charges imposed by local government, including regional governmental entities, with certain limited exceptions. Cal. Const., Art. XIII C, § 1(e).

The most likely exception that may apply to the proposed fees under PR 1304.1 is for a specific benefit conferred or privilege granted by the District to the payer. § 1(e)(1). The benefit or privilege would be allowing the boiler replacement projects to avoid having to obtain ERCs and instead obtain emission offset allocations from the District's internal bank.

This exception, however, is limited to charges that do not exceed the reasonable costs to the local government entity of conferring the benefit or granting the privilege. *Id.* This raises several problems for the proposed fee. First, the District has not yet indicated the magnitude of fees it expects to collect annually from boiler replacement projects under the fee formula in PR 1304.1. Given the magnitude of fees that the Cities estimate may apply to their relatively small projects, the District-wide fees collected from all boiler replacement projects may amount to tens of millions of dollars annually. If so, then it is necessary and reasonable to ask whether tens of millions of dollars annually exceed the reasonable costs to the District of granting access to the internal offset bank.

Second, District staff have indicated that the purpose of the fees is not to replenish the internal bank, because the actions or activities to be undertaken by the District would not yield emissions reductions that would qualify for the internal bank. Instead, the fee proceeds would be used to obtain other kinds of emissions reductions, which cannot meet the rigorous criteria for offsets (either ERCs or credits in the internal bank). There is thus no logical connection between the proposed fees and the internal bank: emission credits in the bank will not be affected by the proposed fee unless the District is successful in discouraging access to the bank, in which case no revenues will be collected from the proposed fee. Absent some explanation of how the proposed fees are logically connected to access to the internal bank and furthermore do not exceed the reasonable costs to the District of allowing access to the internal bank, the fee proposal appears to constitute an unconstitutional "tax" on the ratepayers of the Cities. This tax would be paid by the Cities' ratepayers because there is no other source of funds to pay for such fees.

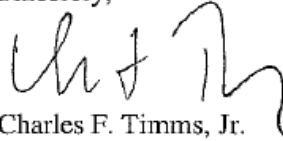
As these comments amply illustrate, absent further explanation and justification from District staff, it would appear that the Governing Board will not be able to make the findings of necessity, authority, clarity, consistency, nonduplication, and reference, that are required by statute before the Board adopts this proposed rule. Cal. Health & Saf. Code § 40727.

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Henry Pourzand  
February 19, 2013  
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Please let us know if you have any questions. We appreciate the opportunity to provide these comments and look forward to continuing to participate in the working group and to help the District Governing Board make an informed decision on PR 1304.1.

Sincerely,



Charles F. Timms, Jr.

cc: Steve Smith ([ssmith@aqmd.gov](mailto:ssmith@aqmd.gov))  
Planning, Rule Development & Area Sources, CEQA Section  
Gurcharan Bawa ([gbawa@cityofpasadena.net](mailto:gbawa@cityofpasadena.net))  
Lon Peters ([lpeters@ci.glendale.ca.us](mailto:lpeters@ci.glendale.ca.us))  
Kim Yapp ([kyapp@burbankca.gov](mailto:kyapp@burbankca.gov))

Attachment 1

Example 1. BWP calculations for replacing Olive 1 & 2 boilers with and LMS 100 permitted for 1300 hours/year annual operations (<15% capacity factor)  
 Annual offset fee calculated per proposed AQMD Rule 1304.1

The table below compares the proposed Offset fees for an LMS100 replacement unit with a PTE based on a peak month of 270 or 720 operating hours.

	$F_i$ for 270 hour/month	$F_i$ for 720 hour/month	$R_f$	$PTE_{rep}$ for 270 hr/month	$PTE_{rep}$ for 720 hour/month	$OF_i$	$C_{rep}^{**}$	$C_{270replacing}^{***}$	$C_{rep} / C_{270replacing} / C_{rep}$
PM10	\$344,353	\$918,275	\$7,245	50	133	1.0	130,000	6165	95.26%
SOx	\$10,016	\$26,710	\$2,434	4	12	1.0	130,000	6165	95.26%
VOC	\$9,655	\$25,747	\$436	19	52	1.2	130,000	6165	95.26%
Total Annual Offset fees	\$364,024	\$970,732							
Initial 5-year payment	\$1,820,122	\$4,853,660							
Net present value of fees for 30 year project with a 3% CPI increase	\$7,288,038	\$19,434,767							



# ATTACHMENT 2

## Attachment 2

### Proposed Rule 1304.1 - Cost to Glendale Water & Power of Boiler Replacement Fee

#### Inputs

<b>R(i)</b>	Annual fee for pollutant (i), in dollars per pound per day	FM	Nox	Sox	VOC	Sources
<b>PTE(rep)</b>	Permitted PTE of new unit, in pounds per day	\$	2,445	\$ 2,434	\$	436 AQMD
<b>OF(i)</b>	Offset factor, scalar	235.62	101.37	235.62	6.83	Report on LM6000 (adjusted to 100% capacity factor for permit)
	MWh ratio	1.00	1.20	1.00	1.20	AQMD formula for proposed fee
<b>C(rep)</b>	Maximum MWh of permitted new generation per year	0.77	0.77	0.77	0.77	Calculated below
<b>C(boiler)</b>	Average annual MWh generated by boilers in last two years	657,000				75 MW at 100% capacity factor
		152,337				Grayson historical data
<b>PTE(rep)</b>	LM6000PF (DLE with chiller, combined cycle)	PM	Nox	Sox	VOC	Units
		43.00	18.50	43.00	1.23	tons/year
		0.12	0.05	0.12	0.09	tons/day
		235.62	101.37	235.62	6.83	pounds/day

#### Formula for Annual Fee

$$F(i) = R(i) * PTE(rep) * OF(i) * C(rep) * C(boiler) / C(rep)$$

#### Calculation of Annual Fee

PM	\$ 1,310,714
Nox	\$ 247,794
Sox	\$ 440,342
VOC	\$ 2,752
	\$ 2,001,602 per year

#### Calculation of Total Life-of-Project Fees

Upfront	\$ 10,008,009
NPV	\$ 51,287,074
<b>Total</b>	<b>\$ 61,295,083</b>

# ATTACHMENT 3

## Attachment 3

Example 1. BWP calculation of the difference in pollutant emissions between operating Olive 1 & 2 and an LMS 100 to provide power during peak times for a typical summer Peaks assumed to last 6 hours/day 4 days/week. Page 2 summarizes the difference in pollutant emissions in pounds and tons.

Parameter	Olive 1		Olive 2		Olive 1 + 2		Olive Notes	LMS100 (Lake 2)		LMS100 Notes
	BWP/BWP	1958	BWP/BWP	1963				BWP/BWP	Future	
Owner/Operator										
Year Placed In Service		1958		1963					Future	
Unit Type		Steam		Steam					Simple Cycle Intercooled	
Manufacturer		Riley Stoker		Riley Stoker					General Electric	
Fuel		Natural Gas		Natural Gas					Natural Gas	
Running Hours		2,208		2,208			92 days (Jul, Aug, Sep)		312	peaking only
Maximum Load, MW		50		50			assumed		100	assumed
Heat Rate, BTU/kw-hr		13,500		13,500			assumed as typical		8,400	base load spec
mmBTU/hr		675		675					840	
Weeks		13		13					13	
Days/week		4		4					4	
Hours/day		6		6					6	
MAX Load Hours		312		312					312	
Minimum Load, MW		20		20			assumed as typical		0	
Heat Rate, BTU/kw-hr		13,500		13,500			assumed as typical		8,400	base load spec
mmBTU/hr		270		270					0	
MIN Load Hours		1,896		1,896			balance		0	
TOTAL MW-hrs		53,520		53,520		107,040			31,200	
TOTAL mmBTU		722,520		722,520		1,445,040			262,080	
HHV, BTU/cf		1,050		1,050		1,050	SCAQMD default		1,050	SCAQMD default
TOTAL mmcf		688		688		1,376			250	
ROG, lb/mmcf		5.5		5.5			AP-42 Table 1.4-2		2.69	BACT is 2 ppmv @ 15% O <sub>2</sub>
SO <sub>x</sub> , lb/mmcf		0.6		0.6			AP-42 Table 1.4-2		0.6	AP-42 Table 1.4-2
PM <sub>10</sub> , lb/mmcf		7.6		7.6			AP-42 Table 1.4-2		6.93	AP-42 Table 3.1-2a
CO, lb/mmcf		84.0		84.0			AP-42 Table 1.4-1		9.42	BACT is 4 ppmv @ 15% O <sub>2</sub>
NO <sub>x</sub> , lb/mmcf		6.37		6.37			BACT is 5 ppmv @ 3% O <sub>2</sub>		9.67	BACT is 2.5 ppmv @ 15% O <sub>2</sub>
CO <sub>2</sub> e, lb/mmcf		120,247		120,247			AP-42 Table 1.4-2		121,166	AP-42 Table 3.1-2a

Attachment 3

Parameter	Olive 1	Olive 2	Olive 1 + 2	Olive Notes	LMS100 (Lake 2)	LMS100 Notes
ROG, lbs	3,785	3,785	7,569		672	
SO <sub>x</sub> , lbs	413	413	826		150	
PM <sub>10</sub> , lbs	5,230	5,230	10,459		1,730	
CO, lbs	57,802	57,802	115,603		2,351	
NO <sub>x</sub> , lbs	4,386	4,386	8,772		2,413	
CO <sub>2</sub> e, lbs	82,743,472	82,743,472	165,486,944		30,243,066	
ROG, tons	1.89	1.89	3.78		0.34	
SO <sub>x</sub> , tons	0.21	0.21	0.41		0.07	
PM <sub>10</sub> , tons	2.61	2.61	5.23		0.86	
CO, tons	28.90	28.90	57.80		1.18	
NO <sub>x</sub> , tons	2.19	2.19	4.39		1.21	
CO <sub>2</sub> e, tons	41,372	41,372	82,743		15,122	
GHG Rate, lbs/MW-hr	1,546	1,546	1,546	standard is 1,100 lbs/MW-hr	969	standard is 1,100 lbs/MW-hr
CO <sub>2</sub> e, metric tonnes	37,532	37,532	75,064		13,718	

# ATTACHMENT 4

Attachment 4  
**Proposed Rule 1304.1 - Emissions Increases Due to Proposed Fee**

	Hypothetical Annual Boiler Emissions (lbs) if NOX Limits Output				
	NOX	CO	SO <sub>2</sub>	VOC	PM
LFG	33,316	24,213	4,945	13,641	27,283
NG	36,684	105,054	750	6,879	9,505
<b>Total</b>	<b>70,000</b>	<b>129,267</b>	<b>5,695</b>	<b>20,520</b>	<b>36,788</b>

Pro Forma Annual Emissions for LM6000 @ 60% Capacity Factor (lbs/year)					
	NOX	CO	SO <sub>2</sub>	VOC	PM
	22,200	15,900	1,892	1,500	51,600

Emissions Changes due to Replacement of Old Boilers (pounds/year)					
	NOX	CO	SO <sub>2</sub>	VOC	PM
	-47,800	-113,367	-3,803	-19,020	14,812

#### *Response to Comment 4-0*

The issues raised appear to be an overview of issues that are expanded upon further on in the letter. Similarly, this response summarizes the responses to these issues which are expanded upon in the response to comments 4-1 and on. With regard to CEQA, a DEA was released on July 5, 2013, for a 45 day public review and commenting period beginning July 9, 2013 and ending on August 22, 2013. The Wolak document included as Appendix B of this staff report (and attached to the DEA) assesses grid reliability and economic factors, and concludes that neither are significantly impacted by the adoption of the Proposed Rule. In addition, a socioeconomic analysis report was made available 30 days prior to the date of the Public Hearing, on August 7, 2013.

Staff has conducted analysis that indicates that at least since 2002, and possibly earlier, the single largest draw on SCAQMD offsets, for all pollutant categories (PM10, VOC, SO<sub>x</sub>, NO<sub>x</sub> and CO) has been from EGFs repowering pursuant to the current exemption provided by Rule 1304(a)(2). Staff seeks a fair return on this finite, valuable public good, which will then be invested in emission reduction projects consistent with the Air Quality Management Plan. Offsets procured by EGFs under both the current exemption for repowering and in PR 1304.1, confer a benefit to the source procuring them, namely the ability to comply with federal and state Clean Air Act requirements, the District's NSR program, and receive a permit to construct. Once offsets are set aside for a particular EGF, such offsets cannot be used by any other facility for any other purpose, or benefit any other air pollution reduction project. Furthermore, offsets procured by EGFs will likely be held for considerably long time periods. The average life of a power generation unit can be 50 or more years, during which time the offsets cannot be used for any other purpose.

The SCAQMD has commissioned a study by an independent expert, Dr. Frank Wolak, who is a consultant in the field of power generation. Dr. Wolak is the Holbrook Working Professor of Commodity Price Studies in the Economics Department and the Director of the Program on Energy and Sustainable Development at Stanford University. He received his undergraduate degree from Rice University, and a M.S. in Applied Mathematics and Ph.D. in Economics from Harvard University. He specializes in the study of privatization, competition and regulation in network industries such as electricity, telecommunications, water supply, natural gas, and postal delivery services. Wolak's recent research has focused on design and monitoring of energy and environmental markets. See "Wolak" for further details.

The DEA has assessed the impact of both a typical repowering scenario and a hypothetical (though unrealistic) worst case scenario. Dr. Wolak has also concluded that reliability will not be impacted by the adoption of PR 1304.1 and that, in fact, economically it may remove a current bias in favor of existing EGFs repowering, by making start ups of new, high-efficiency, cheaper power producing units more competitive. Currently new start ups (Greenfield EGFs) must procure ERCs in the open market, regardless of how much cheaper and more efficiently they can produce power, while repowering projects obtain offsets for free.

Additionally, using an ERC proxy pricing model is not only the most apt method of determining pricing for offsets, since both ERCs and offsets perform fundamentally the same function, but also results in the lowest pricing for offsets. Pricing so computed has been further discounted by 50% (compared to the original rule proposal) and in recognition of the operating profile of smaller unit, which are typically operated as peakers with lower capacity factors (prevalent with the city-owned utilities), a further

additional ~~5075~~75% discount was applied to pricing for units rated 100MW or less. This amounts to about a ~~7587.5~~75% discount to offset fees already determined to not affect reliability (Wolak Report), in recognition of the unique profile of units rated 100MW or less.

The comment also suggests that PR 1304.1 may constitute a prohibited tax under Proposition 26. The SCAQMD disagrees that the fee included in PR 1304.1 is a violation of Proposition 26. Please refer to the discussion of Proposition 26 in the staff report, and response to comment 4-18.

*Response to Comment 4-1*

See response to comments 3-5. As noted in response to comment 3-5, unlike other exemptions in Rule 1304, when utility boilers with low capacity factors are being replaced by more efficient natural gas turbines with higher capacity factors, emissions are likely to increase. Also, the objective of the Proposed Rule is to establish a fee for the purpose of recouping the fair market value of offsets provided to eligible EGFs electing to use the 1304(a)(2) offset exemption, facilitate the continued development of a reliable electric grid, reduce the depletion rate of offsets from the SCAQMDs internal offset accounts, and utilize remitted funds for investment in air pollution projects (see DEA p. 1-3, para. 2). Such fee would expand the longevity of SCAQMD's offset accounts for their intended use and to some extent, reduce the economic disadvantage of Greenfield projects, as well as maximize competition and value back to the rate payer and other users of such offsets. Also, Rule 1304(a)(2) replacement projects are considered modifications or new sources by USEPA, depending on whether the replacement new gas turbines are installed at the same facility or at another facility that is owned and operated by the same owner, and thus must offset their entire potential to emit (PTE), not just any increase in actual emissions. So when they elect to access the offset exemption under Rule 1304(a)(2), the SCAQMD must debit large amounts of offsets, equal to the potential to emit levels of the new gas turbines, from its internal bank. While these replacement projects may reduce actual emissions in terms of pollutant concentrations for some pollutants because of the imposition of Best Available Control Technology (BACT), they are actually very likely to result in substantially greater use because of their efficiency causing potentially greater actual mass emissions.

*Response to Comment 4-2*

The fees received under Rule 1304.1 will be invested in air quality improvement projects with a focus on the communities impacted by the repowered unit in a fashion similar to what was done for the CPV Sentinel Greenfield project. Additional details pertaining to this project are included in the staff report. For that project, staff solicited proposals for air quality improvement projects, evaluated and ranked the proposals, and funded the highest ranking projects up to the amount of the fees received. CPV Sentinel was permitted under the aegis of AB 1318 (2009) which provided for projects un SCAQMD but outside the South Coast Air Basin that had a power purchase agreement prior to December 31, 2008 to provide electricity to a public utility, the ability to purchase credits from the SCAQMD offset account. AB 1318 specified that at least 30% of the fees are used for emission reductions in areas with close proximity to the EGF. SCAQMD staff does not recall suggesting that the rule would reduce the size of replacement projects, but it may reduce the draw on the SCAQMD offset accounts if facilities take a reasonable limit on their potential to emit, which they currently have no incentive to do because offsets are provided free of charge.

*Response to Comment 4-3*

Offsets in AQMD internal accounts are valuable public goods. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such internal bank offsets pursuant to Rule 1304(a)(2). The SCAQMD has sought to make offset prices fair by pricing offsets obtained from SCAQMD accounts based on the most apt proxy; the price at which such offsets are transacted at in the open market. Specifically, a two year weighted average is used. Note that for the last 3 years (2009 through 2012) the price of PM and VOC ERCs has consistently declined, so that using the weighted average from the most recent 2 years of complete data for each pollutant in this time period yields the lowest total offset pricing of any averaging scenario (note that the PM10 offset fee typically comprises over 80% of the total fee in modeled scenarios and so is the driver for the total fee.) Averaging also recognizes that using a weighed distribution of ERC prices is more realistic than choosing a single ERC transaction price as the proxy. Furthermore, other proxies such as Carl Moyer and Prop 1B funding values result in a higher fee for SCAQMD offsets, therefore using the 2 year averaging approach is not only the apt proxy but results in the lowest fee for EGFs repowering .

In regard to reserve obligations, if a contractual agreement exists such that the repowered unit(s) would be obligated to perform at a higher than typical capacity factor (or in the case of the cities 100%), then the corresponding offset fee (computed at the higher capacity factor) must also be paid or else the contract would have to be renegotiated to a lower (typical) capacity factor. Otherwise the EGF would be getting both the benefit of being able to generate at higher capacity, at will, and also being reimbursed under the terms of the contractual agreement, without any corresponding return to the SCAQMD on the incremental difference of offsets above the typical operating capacity factor so provided, which would not result in the fair market value of all offsets provided to the EGF being recouped.

Additionally, a discount beyond the value obtained by using market ERCs is provided for units rated 100 MW or less as well as the first 100 MW of larger units. Based on comments received, the revised Proposed Rule released subsequent to the initial version released for the Public Consultation meeting reduced offset fee rates by approximately 50% for repower projects, with an additional ~~50~~75% discount in the fee for the first 100 MW repowered at a facility. Both of the projects identified would be subject to that ~~50~~75% discount for the first 100 MW, resulting in an overall reduction of almost ~~75~~87.5% in fees for the identified projects, as compared to the original proposed fee. Although not inconsequential, the proposed fee has not been demonstrated to be a barrier to the repowering of these projects, as discussed in the Wolak paper (p. 1, para. 4). Based on additional analysis, the fees would represent ~~31.5~~% to ~~43~~% of the actual costs of repowering and the fee impact would be at a significantly lower rate to the rate payer considering the cost of the repower project would be spread over the full generation capacity of the city. Lastly, considering the limited operation of existing boilers for peaker generation, even though they may be permitted at 100%, staff is uncertain as to the cities' need to obtain a permitted capacity for turbines at a 100% level. A lower permitted capacity could significantly further reduce the offset fees resulting from the Proposed Rule, considering the amount of offsets are based on a 30 day average. For example, a repowered turbine permitted at a 50% capacity factor could be run at 100% for 15 days and be dormant for the next 15 days. A 100% capacity factor assumes that the turbine will be run 24 hours per day, every single day in any given 30 day period(s) – which does not seem to be a plausible scenario. Moreover, staff has discussed the rule with CAISO, CEC and CPUC. See Example 2A and 2B of this staff report for a comparison of anticipated fees based on different capacity factors for a 100MW unit.

#### *Response to Comment 4-4*

See responses to comments 3-1 and 3-4. Additionally, note that in separate meetings held in July with both the City of Burbank and Glendale, staff further confirmed reliability would not be affected due to the proposed offset fees. The City of Burbank has a current annual net electrical load of about 1,240,000 MWh, ~~which would yield and~~ a total annual offset fee of ~~\$315,179~~57,703 using the operating profile of a 100MW unit as shown in Example 2B of the staff report (100% capacity factor and no credit for historical generation). This equates to a ~~0.02513~~0.02513¢ per kWh incremental increase in the cost of electricity, which is not considered significant enough to be a factor in the repowering decision. The City of Glendale has a current annual net electrical load of about 1,150,000 MWh, ~~which would again yield and~~ an annual offset fee of ~~\$315,179~~223,065 ~~for a 75MW unit~~ using ~~the same 100MW unit profile as shown in Example 2B of the staff report (a 100% capacity factor and no credit for historical generation, and including offsets for NOx, since Glendale is not in the NOx RECLAIM program)~~. For the City of Glendale, this equates to a ~~0.027019~~0.027019¢ per kWh incremental increase in the cost of electricity, again not considered significant in affecting the repowering decision and hence not a factor that would affect reliability. Please note that these rate payer impacts listed above do not include any offset fees associated with NOx emissions, considering nearly all EGFs are under the RECLAIM program. Furthermore, while a worst case scenario with boilers operating at 100% capacity is practically impossible, the DEA has analyzed a potential worst case increase in emissions of criteria and pollutants and greenhouse gases using data provided by the Cities of Glendale and Burbank if boiler replacement projects are delayed. The Wolak paper further supports the conclusion that the offset fees under PR1304.1 will not affect local reliability. Please note that as a result of extending the effective date of the Proposed Rule to the date of adoption, which is anticipated to be on September 6, 2013, the City of Pasadena has not participated in rule development activities, anticipating receipt of their Permit to Construct for their repower projects prior to the date of adoption/date rule is effective.

#### *Response to Comment 4-5*

The AQMD is coordinating with the relevant regulatory agencies to ensure the Proposed Rule does not impact reliability. See response to comment 3-2 for additional details. See response to comment 4-4 which includes discussion regarding the shutdown of SONGS. In addition, see Wolak (p. 3, para. 3) for a discussion of how reliability is not anticipated to be impacted by the adoption of the Proposed Rule.

#### *Response to Comment 4-6*

Economic activity is analyzed in the draft socioeconomic impact analysis that is available for comment. See response to comment 4-3 and 3-3.

#### *Response to Comment 4-7*

The reliability issue has been analyzed (see Wolak paper, page 1, paragraph 3). Also, see the response to comment 3-4. Please also note that the purpose of this rulemaking is not to remove availability of offsets from the SCAQMD's internal account for repowering projects, but rather to establish a fee to start recovering the value of this public good that was available for free to EGF operators for repowering for more than 20 years. Also see response to comment 4-4.

#### *Response to Comment 4-8*

The SCAQMD has undertaken an environmental analysis of this project. The NOP/IS was circulated for a 30-day comment period (April 9 – May 8, 2013). Subsequently, air quality and energy impacts were



identified as potentially significant and were thoroughly analyzed in the DEA that is being circulated for a 45-day comment period (July 9 – August 22, 2013).

*Response to Comment 4-9*

See response to comment 4-8.

*Response to Comment 4-10*

A socioeconomic impact assessment report was prepared and made available 30 days prior to the Public Hearing (see Draft Socioeconomic Report). However, PR 1304.1 merely establishes a fee – it does not require emission reductions and is not a control measure; therefore, pursuant to Health & Safety Code section 40922, a cost-effectiveness assessment is not required. The reliability issue has been thoroughly analyzed (see Wolak paper and DEA). The proposed offset fee is not anticipated to impact reliability of electricity supply in the South Coast. Also see response to comment 4-4. Also, although the 2012 AQMP demonstrated attainment with the 2006 PM 2.5 standards, in December 2012 EPA promulgated a new PM 2.5 standard which will likely require the same NO<sub>x</sub> reductions as the ozone plan, including the “Black Box”. Clean Air Act §182(c)(5).

*Response to Comment 4-11*

ERCs traded in the open market represent the best proxy for modeling the pricing of offsets, since they serve the same purpose. Specifically, to offset emissions to demonstrate compliance with New Source Review requirements. Furthermore, staff has analyzed data for both the ERC transaction market and the cost of generating PM 10 credits through programs such as Carl Moyer and has found that the ERC market has lower costs. Staff has refined the model used to look at ERC pricing and this new pricing is included in the Proposed Rule. The value for PM 10 credits, the major component of the total offset fee payment, is about one half of the original proposal and one-fourth of the original proposal for projects less than 100 MWs. Staff believes the ERC market is the most relevant benchmark of the value of the SCAQMDs internal offset holdings and thus disagrees the fee is unrelated to either. Also, see response to comment 4-3.

*Response to Comment 4-12*

SCAQMD’s New Source Review program both under federal and state requirements, requires offsetting the full potential to emit (PTE), therefore the fee is based on the amount of offsets required to be debited from the SCAQMD internal accounts to permit the repowering project. The fee does provide a discount based on the difference between the capacity factors between the existing and repowered units. Thus, the permitted capacity factors can drastically impact the PTE and corresponding offset fee obligation, and a realistic capacity factor should be considered in a permit application. Finally, the fee provides for a 5075% discount for the first 100MW to encourage distributed generation.

*Response to Comment 4-13*

The operator of the EGF that is being replaced always has the option of permitting a new unit by using privately held ERCs or ERCs generated through Regulation XIII rather than opting to use the offset exemption of Rule 1304 (a)(2). By electing not to use the exemption in 1304(a)(2), the emissions from the old unit corresponding to historical boiler operation could potentially be used to generate ERCs in the future. However, staff notes that the proposed offset fee for those facilities electing to use the 1304(a)(2) exemption considers and credits the two year historical use of existing boilers, thus the value

is not “lost” to the operator. The comment seeks to get the value of the historical use twice – once as an offset and once as a credit on fees paid for offsets.

*Response to Comment 4-14*

Based on comments received, the previously released version of the Proposed Rule has been significantly revised to provide an annual payment or a single lump sum payment option. The annual payment option requires only a one year payment for the offsets required for the issuance of a permit to construct, and that initial one-year payment is necessary as prepayment for the offsets allocated for the first year of operation of the repowered equipment and fully refundable in the event the project does not go through.

*Response to Comment 4-15*

The purpose of the fee is to charge a reasonable amount for those EGFs electing to use the 1304(a)(2) exemption allowing them the benefit of using of valuable public goods – internal bank offsets – to permit their repowering project. The use of the exemption is optional and, only those sources utilizing the provisions of Rule 1304 (a)(2) are subject to the proposed fee. Both currently and historically, the largest draw on the SCAQMDs offset account has consistently been by qualified EGFs repowering. As a single category, EGFs repowering, have accounted for about 72% of all PM10, 28% of all VOC, and 45% of all SOx offsets debited from the SCAQMDs offset accounts, from 2002 through to 2011. See response to comment 4-11 for a discussion of 1304(a)(1) replacement projects.

*Response to Comment 4-16*

Offsets are required at the time a permit is issued and are based on the facts at the time. Projects that are not subject to any Rule 1304 exemption must provide offsets for federal and state non-attainment pollutants even though attainment may be projected to be only years away. Since the rule was first proposed, EPA has redesignated the SCAQMD as in attainment for PM10 (on June 26, 2013).

However, the SCAQMD’s New Source Review rules incorporate state standards as well as federal standards. Currently, the SCAQMD is not in attainment for the state standards for PM10 and therefore, offsets are still required. Furthermore, several years of supporting data showing no exceedence of threshold standards must be submitted along with a request for redesignation, resulting in a lengthy process until official redesignation.

Offset pricing has been modeled using the most apt proxy, ERCs (see response to comment 4-3 for a more detailed explanation). Note that offset fee rates are subject to change annually based on the Consumer Price Index (CPI). The SCAQMD Governing Board can consider changing this fee in the future if conditions warrant.

*Response to Comment 4-17*

The proposed fee is based on the amount of offset credits required at the time the permit to construct is issued, since the initial year payment for the annual fee or the single payment fee must be remitted prior to the issuance of the permit to construct. The revised rule does include provisions to request a lower permitted capacity factor prior to commencement of construction. Any change in operating conditions prior to construction of each generating unit, such as a decrease in the hours of operation, may also result in a reduction of the amount of credits needed and the corresponding offset fee payment. Any such reduction and a refund/credit of any fees already paid must be requested in writing. Under current rules there is no ability to obtain any refund of offsets provided after the commencement of operation, as

this comment suggests. Any amount of ERCs provided by the project proponent prior to the issuance of the permit to construct are creditable towards the applicant's offset obligation.

*Response to Comment 4-18*

The commenter alleges that the Proposed Rule amounts to an illegal tax under Proposition 26. However, the Proposed Rule does not impose a fee upon EGFs. If an EGF has an eligible repowering project, it may choose to use the Rule 1304(a)(2) exemption to access the SCAQMDs internal offset accounts or, alternatively, it may choose to secure credits from the private market or use Regulation XIII to generate new offsets. The Proposed Rule assesses a fee corresponding to the value of the offsets debited from the SCAQMDs internal offset accounts when an eligible EGF elects to use the 1304(a)(2) exemption. The use of the 1304(a)(2) offset exemption is voluntary and the Proposed Rule does not "impose" a fee upon EGFs.

Even if the Proposed Rule were considered a tax within the meaning of Proposition 26, the fees would fall within several of the constitutional exceptions. The commenter notes that the "specific benefit conferred or privilege granted" may likely apply to the Proposed Rule. The SCAQMD agrees that this exception does apply. Payment of the proposed fee does confer upon an eligible EGF a "specific benefit" or "privilege", namely access to and use of the offsets maintained in the SCAQMD's internal offset accounts. These offsets are necessary for permitting under the SCAQMD's New Source Review program and are public goods with a monetary value. In determining the price of the offset fee, the SCAQMD has derived the fee from the value of privately held ERCs and discounted that value. Note that the revised Proposed Rule discounts by almost 50% the offset fees that were initially proposed. Further, based on the existing boilers that may be repowered by the cities represented in the letter, the revised Proposed Rule discounts the offset fee by an additional ~~50.75~~ 75.875% resulting in overall nearly ~~31.5~~ 53% reduction in potential offset fees. Staff estimates that this fee would be ~~31.5~~ 53% of the overall capital costs of the repower projects, which would amount to a negligible increase in electricity rates that will be paid by the rate payers. The fee does not exceed the reasonable costs of the offsets received by an EGF from the SCAQMD's internal accounts. For a further discussion of Proposition 26 please refer to the staff report.



AES Southland  
690 North Studebaker Road  
Long Beach, CA 90803  
tel 562 493 7891  
fax 562 493 7320

January 18, 2012

Henry Pourzand  
Planning, Rule Development and Area Sources  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

RE: PROPOSED RULE 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption

Dear Mr. Pourzand,:

AES Southland (AES-SL) appreciates the opportunity to provide comments to the South Coast Air Quality Management District (SCAQMD) on the proposed Rule 1304.1 and the potential impacts the implementation of this rule would have on the residents of southern California.

**Background**

AES-SL is the owner of the largest fleet of once-through-cooled (OTC) generating facilities in California, all of which are Rule 1304(a)(2) qualifying, natural gas fired electric utility steam boilers (EUSB) located within the South Coast Air Basin (SCAB). Our portfolio is comprised of the Redondo Beach, Alamitos and Huntington Beach generating stations, which together represent over 3,800 MWs of installed capacity and 12 EUSBs in the most transmission constrained load center of southern California. The facilities are located in the western Los Angeles basin Local Capacity Requirement (LCR) area and represent approximately 17 percent of Southern California Edison's peak demand<sup>1</sup>, 30 percent of the total installed capacity in the LA Basin LCR area and 36 percent of the California Independent System Operator's (CAISO's) projected LCR need in 2011<sup>2</sup>. SCAQMD's proposed Rule 1304.1, as currently written, will directly affect the modernization of the AES-SL fleet and threatens to increase emissions from the electric generating sector within the SCAB.

The adoption of the State Water Resources Control Board's (SWRCB's) Resolution No. 2010-0020 (Resolution) and adoption of a Policy for the Use of Coastal and Estuarine Waters for Power Plant Cooling will require AES-SL to either retrofit all of our aging

<sup>1</sup> Southern California Edison's all-time peak demand of 22,889 MWs was set on July 25, 2006. AES-SL's total rated capacity of 3,817 MWs represents 16.7% of SCE's all-time peak.

<sup>2</sup> According to the CAISO's 2011 draft LCR study results, the Total Qualifying Capacity of available generation in the LA Basin LCR is 12,977 MWs and the LCR need for the region is 10,589 MWs.

generating units with closed cycle cooling systems or redevelop our fleet with new combustion technology and cooling systems by December 31, 2020. At this point in time, AES-SL plans to comply with the Resolution by modernizing its existing generating facilities with new state-of-the-art, efficient combined cycle units that utilize dry closed-cycle cooling systems. The redevelopment of AES-SL's facilities and the replacement of our generating units, are critical to maintaining the electrical system reliability and stability within the SCAB and LA Basin LCR area, and is the most practical, environmentally, and economically sound option for southern California.

The Renewable Portfolio Standard (RPS) and lower carbon and criteria pollutant intensity electrical power cannot be achieved without the modernization of the LA Basin electrical fleet. With more efficient generating units located in the most transmission constrained area of the SCAB it will be possible to burn 30 to 50% less natural gas to meet the same local demand that the existing generating units do today. And with ever increasing amounts of intermittent renewable energy being introduced to the system, modern fast start, fast ramping combined cycle generating units will not only enable the electric system to integrate renewable energy but will actually be able to shut down completely during periods of low electric demand whereas the existing EUSBs would have to remain on-line and continue to produce emissions due to their very long start-up times. A deterrent to the investment in the modernization of these EUSBs is a significant impediment to progress towards California's Clean Energy goals and the SCAQMD's own Air Quality Energy Policy and Air Quality Management Plan. Rule 1304.1 represents a tax and deterrent on the development of Clean Energy and air quality projects and undeniably forces companies like ours to look at alternatives to comply with the SWRCB's Resolution such as retrofitting and continuing to operate old, inefficient EUSBs.

5-1

**The Financial Analysis is Flawed and Understates the Financial Impact to Projects**

AES-SL does not agree with the cursory financial analysis that the SCAQMD presented in the Preliminary Draft Staff Report for proposed Rule 1304.1. Using data we have already submitted to the SCAQMD in our applications for a Permit to Construct and revised Title V permit for the Huntington Beach Generating Station and the Redondo Beach Generating Station, the proposed annual fee required to utilize Rule 1304(a)(2) would be in excess of \$8,200,000 and \$4,100,000 respectively. Furthermore, with five years of annual fees due before a Permit to Construct could be issued, this amounts to a lump sum payment of over \$41,000,000 for Huntington Beach and over \$20,000,000 for Redondo Beach years before any return on investment could be realized for these projects. This tax would be the single greatest tax the SCAQMD has levied on a project, far in excess of fees charged to power plant development projects that have accessed the Priority Reserve through Rule 1309.1 and have increased the generating capacity in the SCAB, instead of replacing inefficient EUSBs and limiting total installed capacity as Rule 1304(a)(2) requires. The SCAQMD's presentation of the cost of this tax does not take into account any of the fundamental financial concepts of the time value of money or the unlimited financial liability this project-life tax represents and thus the analysis of the potential cost to wholesale energy presented is wholly lacking. The SCAQMD must complete a project specific financial analysis for all remaining 1304(a)(2) eligible EUSBs to determine the true financial impact

5-2

to electric rate payers. This is entirely feasible and not burdensome since the entire universe of Rule 1304(a)(2) eligible EUSBs is limited to only a few facilities. } 5-2  
con't

**The Proposed Rule Eliminates the Incentive to Modernize and Instead Penalizes Projects**

Proposed Rule 1304.1 is also inconsistent with the SCAQMD's own Air Quality Related Energy Policy which endorses in-basin power generation replacement projects which use more efficient technology. The policy states that the SCAQMD "*recognizes that fossil fuel electricity generation will still be needed in the Basin to complement projected increased use of renewable energy sources.*" At the same time the SCAQMD is encouraging increased reliance on electricity as an energy source through the electrification of the transportation fleet with specific reference to the electrification of goods movement and encouragement of the use of electric vehicles for personal and business use. The SCAQMD must explain how a tax that will deter investment to further its own Air Quality Related Energy Policy provides an environmental benefit. } 5-3

Imposing a tax on EUSB replacement projects with the intention of funding air quality projects for the mitigation of impacts from these projects, in addition to the requirements for retiring offsets is double mitigation for the same potential impacts. Per the requirements of New Source Review (NSR), all Rule 1304(a)(2) projects must demonstrate that the potential emissions associated with the replacement project are fully offset. The SCAQMD has recently defended their offset tracking system (Rule 1315) and both the US EPA and courts have agreed that the offsets tracked and retired by the SCAQMD are real, verifiable and surplus and meet all the requirements for the mitigation of emissions under NSR and the Clean Air Act. By requiring fees as "mitigation" for Rule 1304(a)(2) replacement projects in addition to the retirement of emission offsets, amounts to double mitigation of the same potential impact. In addition, local emission increases would be mitigated through the shutdown of existing sources since the shutdown of Rule 1304(a)(2) EUSBs are not accounted for in the offset calculation for NSR. } 5-4

**The Proposed Rule Potentially Violates Proposition 26**

The SCAQMD must describe exactly how the 1304.1 tax will be used to fund air quality projects, If funds are to be used for air quality projects not specifically related to the regulation of the subject EUSB replacement projects, this tax would not meet the intent or letter of the law of Proposition 26 unless passed by a two thirds majority of the California State Legislature. } 5-5

**The Proposed Rule Must Undergo a Thorough CEQA Analysis**

The adoption of the Proposed Rule will deter investment in the modernization of a 50-60 year old generation fleet and the electrical system will collapse unless another viable path to compliance with the federal Clean Air Act and NSR is identified. Inadequate analysis of the socio-economic and environmental impact of the proposed tax has been presented and we urge the SCAQMD to prepare a thorough CEQA analysis of proposed Rule 1304.1. } 5-6

**The Data Does not Support the Operating Assumptions of Combined Cycle Gas Turbine Projects**

AES-SL also does not agree with the assertion that replacement combined cycle generation plants alone will result in more power generated in the SCAB than today simply because they are more efficient. Today there are utility scale combined cycle projects operating in the SCAB that are not utilized to the amount the SCAQMD have suggested in the Staff Report. The suggestion that replacement generation projects would be operated at greater than 60% capacity is refuted simply by examining the operating statistics of the Inland Empire Energy Center, arguably the most thermally efficient combined cycle plant in the entire country, and located here within the SCAB. In 2012, in a year the Inland Empire Energy Center received a Capacity Procurement Mechanism Designation by the California Independent System Operator as a result of a transmission outage on the Devers-Valley 500kV transmission line, the plant only achieved an annual capacity factor of 40%. Furthermore, as illustrated by the applications submitted by AES-SL for the modernization of the Huntington Beach and Redondo Beach Generating Stations, the projected operating profile of the new units are expected to be much lower than the SCAQMD asserts, and in fact have been specifically designed to serve an intermittent and low annual capacity operating profile. This is also consistent with the replacement generation that is currently being constructed for the 1304(a)(2) eligible projects at the NRG El Segundo, Los Angeles Water and Power Haynes and Edison Mission Energy Walnut Creek generating plants.

5-7

**Conclusion**

The redevelopment of the AES-SL fleet with modern, efficient and operationally flexible generating equipment will insure southern California has continued access to secure, affordable, low emission power while integrating ever increasing amounts of renewable energy into the electrical transmission and distribution system. AES-SL has already begun the long process to redevelop our OTC generating facilities and will be a continued part of California's future.

We would be happy to meet with the SCAQMD at their earliest convenience so we may fully articulate our future plans for our facilities and the potential impact proposed Rule 1304.1 may have on southern California.

AES-SL appreciates the opportunity to provide these comments. If you have any questions, please do not hesitate to contact me at (562) 493-7840 or Julie Gill at (916) 509-0598.

Kindest regards,



Stephen O'Kane  
Vice-President  
AES Southland Development, LLC



*Response to Comment 5 –1*

The offset fee proposed in Rule 1304.1 is not a tax. See Response to Comment 4-18 and Proposition 26 discussion in the Staff Report.

The SCAQMD has analyzed whether the proposed fee would deter investment in the modernization of EGFs and whether it would be an impediment to progress towards clean energy goals, the RPS, and reliability in California and has concluded that the proposed fee would not. Please see Wolak Paper for a detailed analysis. Also see response to comment 4-4 and analysis for the SCE Planning Area in the staff report.

*Response to Comment 5-2*

The proposed offset fees are not a tax – please refer to responses to comment 4-18 and Proposition 26 discussion in the Staff Report. Further, the revised proposal eliminates the initial five year prepayment language from the proposal, and therefore the potential monetary impacts detailed in the comment are no longer accurate. The latest, current version of the revised Proposed Rule discounts by almost 50% the offset fee as initially proposed and provides for an additional ~~50~~75% discount for the initial 100MW of repowering as compared to the initially proposed fee rates. Proposed Rule

Further, Dr. Wolak has examined the implication of Proposed Rule 1304.1 and has found that the fee should not be an obstacle, detriment, or deterrent to the repowering of EGFs. Dr. Wolak notes “. . . from the perspective of economic efficiency, requiring new units to purchase the costly ERCs necessary to build and operate a new facility in the SCAQMD, but providing free access to the SCAQMD’s offset bank to existing steam boilers that repower may bias new investment decisions in favor of repowering existing steam boilers rather than constructing a lower cost new generation unit that may reduce the cost of serving load in the Southern California and increase the overall reliability of supply of electricity more than repowering an existing unit”. See “Wolak” for a detailed analysis.

Please see the staff report and full Wolak paper for additional discussions about fee calculations.

*Response to Comment 5-3*

See “Wolak” for a detailed analysis on why the proposed fee is not an obstacle to permitting electrical generating facilities and would actually facilitate economic efficiency in power generation. On page 1, paragraph 4, Dr. Wolak states that “Consequently, from the perspective of economic efficiency, requiring new units to purchase costly ERCs necessary to build and operate a new facility in the SCAQMD, but providing free access to the SCAQMDs offset bank to existing steam boilers that repower may bias new investment decisions in favor of repowering existing steam boilers rather than constructing a lower cost new generation unit that may reduce the cost of serving load in Southern California and increase the overall reliability of supply of electricity more than repowering an existing unit.”. Staff is aware of at least two electrical generating facilities that were permitted recently after paying more than \$50 million to meet their offset obligation. The proposed fee is on the order of what those two projects have paid. Please see the Staff Report for a detailed discussion of these Greenfield projects.



*Response to Comment 5-4*

The purpose of this rule is to require Electrical Generating Facilities (EGFs) which elect to use the specific offset exemption described in Rule 1304(a)(2) to pay fees for up to the full amount of offsets provided by the SCAQMD in order to recoup the value of the offsets which are valuable public goods. The commenter alleges that the fees amount to “double mitigation;” however, the purpose of the fees is not to offset emissions caused by the EGF, it is to recoup the value of the internal bank offsets. The fact that most of these fees will be used to provide additional emission reductions instead of funding SCAQMD operations merely provides added environmental benefit.

*Response to Comment 5-5*

The offset fee proposed under Rule 1304.1 is not a tax as defined by Proposition 26. See response to comment 4-18 and the Staff Report for a discussion of Proposition 26. The offset fee is intended to recover the value of offsets provided to the end users, a valuable public resource. All revenue from the Proposed Rule will be used to fund air quality improvement projects consistent with the 2012 Air Quality Management Plan.

*Response to Comment 5-6*

See “Wolak” for a detailed analysis of why the proposed fee will not be a deterrent to more efficient, cleaner generation in the SCAQMD (p. 1, para. 4 and p. 2, para. 2). Furthermore, a NOP/IS was circulated for 30 days and, subsequently, a Draft Environmental Assessment was released on July 5 and is currently being circulated for a 45-day public comment period beginning July 9, 2013 and ending on August 22, 2013. Also, a separate, additional, socioeconomic impact analysis will be available for review on August 7<sup>th</sup>, 30 days prior to the Public Hearing. —See Dr. Wolak’s conclusion as quoted in response to comment 5-3.

*Response to Comment 5-7*

See “Wolak” on “Economics of Repowering Generation Units and Proposed Rule 1304.1” (page 9). A pivotal conclusion that Dr. Wolak states is: “As discussed above, the major motivation for repowering is to lower variable operating costs, so that we assume  $c_A < c_B$  [where  $c_A$  is the variable cost of generation AFTER repowering and  $c_B$  is the variable cost of generation BEFORE repowering]. The lower variable cost of the repowered unit implies that it is also likely to produce more energy on an annual basis because it will be dispatched more frequently to produce energy (p. 11, para. 2)”. Data from the CEC shows that many of the legacy Rankine cycle power plants typically have annual capacity factors of less than 10%. Also, empirical data based on SCAQMD records supports Dr. Wolak’s conclusion. The Inland Empire Energy Center was permitted at a 60% capacity factor. Actual capacity factors of EGFs in operation may vary. For CY 2010, one of the newer combined cycle power plants operated at over a 60% capacity factor (Mountain View).



AES Southland Development  
690 North Studebaker Road  
Long Beach, CA 90803  
tel 562 493 7891  
fax 562 493 7320

February 19, 2013

Henry Pourzand  
Planning, Rule Development and Area Sources  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

RE: PROPOSED RULE 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption

Dear Mr. Pourzand:

AES Southland (AES-SL) appreciates the opportunity to provide additional comments to the South Coast Air Quality Management District (SCAQMD) on proposed Rule 1304.1 and the impacts the implementation of this rule would have on the residents and economy of southern California. For your reference attached is a copy of our previously submitted comments from January 18, 2013.

AES-SL has participated in one informational meeting and two working group meetings on proposed Rule 1304.1 since the submission of our initial comments. Unfortunately, SCAQMD staff has yet to provide answers to a number of questions posed by the working group and AES-SL, or to propose any alternate policy or rule language that would lessen the environmental and economic impacts the proposed fee will create.

Outstanding questions that have yet to be adequately addressed in the working group meetings or through any material provided by the SCAQMD include:

**1. What are the unmitigated air quality impacts that result from Electric Utility Steam Boiler (EUSB) replacement projects?**

**All emissions resulting from EUSB replacement projects will be fully offset. There are no additional significant air quality impacts which would require mitigation.**

The stated purpose of the proposed fee Rule 1304.1 is to generate funds for air quality improvement projects to mitigate local impacts from Electric Utility Steam Boiler (EUSB) replacement projects. During the working group meetings, SCAQMD staff confirmed that the retirement of emission offsets as required by Rule 1303 and tracked and retired under Rule 1315 fully mitigate emissions from new sources, consistent with New Source Review (NSR) and the Clean Air Act. Furthermore, SCAQMD staff confirmed that emissions from retired and shutdown EUSBs are not counted against the requirements to offset emissions and therefore are considered local emission reductions that result from the replacement generation project and are in addition to the emission offsets that are

6-1

tracked and retired under Rule 1315. Considering the fact that maximum predicted ground level concentrations of pollutants resulting from new, efficient qualifying replacement generation technology are a fraction of applicable state and federal standards for air quality; that the entire electric generating fleet within the South Coast air basin result in approximately 0.5% of the basin's emission inventory; that every EUSB replacement project requires the installation of Best Available Control Technology and will result in more efficient generating capacity; and that emissions from each EUSB replacement project will be fully offset *and* will result in local emission reductions, the SCAQMD has not been able to identify a quantifiable and significant air quality impact that could result from an EUSB replacement project which utilize Rule 1304(a)(2) to demonstrate compliance with the requirements for emission offsets.

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Analysis presented by SCAQMD staff projecting higher emission rates for new replacement generation projects is not supported by project specific data and can only be described as a speculative analysis. The most recent CAISO analysis of the need for replacement generation in the Los Angeles Basin local reliability area, and the most recent results of the Long Term Procurement Planning process of the CPUC all indicate that installed generating capacity within the Los Angeles Basin will decrease in future years. Thus, the SCAQMD assertion that new replacement generation will become an increased contributor to basin wide emissions is not supported by the agencies mandated with electric transmission system planning and reliability.

**2. What is the anticipated revenue from proposed Rule 1304.1 fees?**

**The projected revenue resulting from proposed Rule 1304.1 fees must be determined now during the rule making process.**

The SCAQMD must complete a project specific financial analysis for all remaining 1304(a)(2) eligible EUSBs to determine the true financial impact to electric rate payers and to provide transparency into their own revenue generation. This is entirely feasible and not overly burdensome since the entire universe of Rule 1304(a)(2) eligible EUSBs is limited to only a few facilities, and there are currently pending applications with the SCAQMD to replace some of the subject facilities, which provides the SCAQMD with the project specific data to produce a very clear analysis of the actual fee cost and revenue potential. Such an analysis would bring much greater transparency to the SCAQMD rule making process.

6-2

**3. How is proposed Rule 1304.1 consistent with the recently adopted Air Quality Related Energy Policy?**

**The recently adopted Air Quality Related Energy Policy specifically references the need for in-basin thermal generation and emphasizes a greater reliance on in-basin wide electricity use.**

The policy states that the SCAQMD "*recognizes that fossil fuel electricity generation will still be needed in the Basin to complement projected increased use of renewable energy sources.*" The same policy endorses and encourages increased reliance on electricity as an energy source through the electrification of the transportation fleet with specific reference to the electrification of goods movement and encouragement of the use of electric vehicles

6-3

for personal and business use. The SCAQMD must explain how a tax on replacement generation capacity would not deter investment and delay modernization of the electrical infrastructure of the Los Angeles Basin and undermine its own Air Quality Related Energy Policy.

6-3  
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**4. What is the legal basis for asserting that proposed Rule 1304.1 is in compliance with Proposition 26?**

**Implementing proposed Rule 1304.1 fee without a taxpayer vote seems to be at odds with Proposition 26.**

Proposition 26 states that *“The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.”* Thus, the SCAQMD bears the burden of proving that the proposed fees imposed by Rule 1304.1 are not taxes that go beyond the reasonable regulatory cost of the agency to provide the service or benefit received by an owner of an EUSB replacement project utilizing Rule 1304(a)(2)

6-4

**5. Are there alternative payment schedules and fee calculation methods that would make the economic impact of the proposed Rule 1304.1 fee manageable while remaining consistent with Proposition 26 and the stated purpose of funding air pollution strategies to achieve emissions reductions, consistent with the Air Quality Management Plan?**

**Fees based on the actual emissions from a project would bear a closer relationship to the entities being regulated and would represent policy closer to the intent of the voters of California and the SCAQMD's own policies.**

Proposition 26 clearly limits the amount of fees a local agency can impose to provide a service or benefit to a payor and how those fees may be used. A fee must bear a reasonable relationship to the burden imposed on society by those charged and to the cost to an agency for providing a benefit or service. Thus a fee imposed on EUSB replacement projects cannot exceed the regulatory cost to the SCAQMD of providing emission offsets and the fees collected must bear a relationship to the actual emissions an EUSB replacement project releases. By basing the fee calculation method of Rule 1304.1 on the potential to emit of an EUSB project, and the public market price of an Emission Reduction Credit, the proposed fee bears no relationship to the actual emissions and burden an EUSB has on society or to the regulatory cost to the SCAQMD. A fee based on the actual operations and emissions from an EUSB, due after those emissions actually occurred, would bear a greater relationship to the emission sources upon which the fee is levied. Furthermore, the economic impact to the payor would be less burdensome since the fees would be directly related to the actual power generated from the EUSB replacement project and a secure revenue stream would exist to pay for the proposed fee. By basing the fee on the potential to emit of a project, the payor is forced to pay a mitigation fee for emissions that *could* occur as opposed to emissions that actually occur.

6-5

The fee rate must also be linked directly to the cost of implementing an air quality project as opposed to a market price derived from an extremely limited and illiquid market.

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**Further Environmental and Economic Analysis is Needed**

In addition to the specific questions still outstanding, AES-SL believes further analysis and assessment of proposed Rule 1304.1 is warranted. AES-SL believes proposed Rule 1304.1 is contradictory to the SCAQMD's 2012 Air Quality Management Plan, the Air Quality Related Energy Policy and will be a deterrent to reducing emissions from the electric generating sector in the Los Angeles Basin. For these reasons a CEQA analysis is not only warranted but required. In addition, considering the scale of the fees being considered; the significant impact the proposed fee rule will have on already burdened electricity rate payers of southern California; and the impact such a hastily contrived and implemented policy will have on the investment and business community, a thorough socio-economic assessment of proposed Rule 1304.1 is needed. Furthermore, the public should be afforded the opportunity to comment on the scope and methodology of the socio-economic analysis as well as the results before any recommendation by staff is made to the SCAQMD Board of Governors.

The California Energy Commission, CAISO, CPUC and even the SCAQMD understand and have publicly stated that a "transmission only" system in the Los Angeles Basin is not physically possible. The electrical system of the Los Angeles basin must be supported by in-basin thermal generation for the system to function. And with the adoption of the State Water Resources Control Board's (SWRCB's) Resolution No. 2010-0020 (Resolution) and adoption of their *Policy for the Use of Coastal and Estuarine Waters for Power Plant Cooling*, either all of the aging once-through-cooling (OTC) generating units in the basin must be retrofit with alternative cooling systems or redeveloped with new combustion technology and cooling systems. The CEC, CAISO, SWRCB, Air Resources Board, industry, the general public and the SCAQMD have all had the opportunity to participate in the regulatory planning process for the modernization of the electrical system in the Los Angeles basin. It has been clearly articulated by entities such as and including AES-SL, Los Angeles Department of Water and Power and Southern California Edison that Rule 1304(a)(2) presents the only viable path toward regulatory compliance for new replacement generation projects and the modernizing of the generation fleet.

6-6

The sudden policy change and exorbitant fees that proposed Rule 1304.1 represent is the now the single greatest obstacle facing the electric generating industry in southern California in advancing toward a lower carbon, more efficient and cleaner air energy future. Proposed Rule 1304.1 represents a tax and deterrent on the development of Clean Energy and air quality projects that undeniably forces companies like AES-SL to stop and reevaluate their business plans and investment risk. Proposed Rule 1304.1 imposes a comparable cost on new replacement generation as the recently adopted cap-and-trade system under AB 32, and since the proposed rule has such a significant economic impact, the impacted rate payers and residents of southern California deserve a comparable planning and adaptation period. To impose a new fee on projects already in the application process creates additional risk and cost for replacement generation projects and leaves business, and consequently residents and electricity rate payers, with limited options and time to react. AES-SL believes that the proposed Rule 1304.1 should only apply to any new EUSB project after a suitably long

adjustment period, in the order of three to five years after the rule is finalized and promulgated. This adjustment period will provide enough time for business and industry to react and plan for new projects in the very long and arduous development cycle in California.

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**Conclusion**

California is on the brink of a transformation of its economy, energy resources and electrical infrastructure . The implementation of AB-32, Renewable Portfolio Standards, new efficiency standards, electrification of the transportation sector and the modernization of the electrical system will result in a cleaner, lower carbon and more sustainable economy and environment. State and local governments and agencies have embraced the ideas that will advance our economy towards these goals. That the SCAQMD would propose environmental policy that presents a deterrent towards progress with these goals is the fundamental aspect of proposed Rule 1304.1 which cannot be justified. The CPUC, CEC, investor owned and municipal utilities have literally spent years planning for the replacement of OTC EUSBs in the Los Angeles basin and have now put in place the procurement process to proceed with the replacement of these generators with technology specifically designed to be able to match demand almost instantaneously and hence minimize local thermal generation. Proposed Rule 1304.1 is a deterrent to these plans and process.

The redevelopment of the AES-SL's EUSB with modern, efficient and operationally flexible generating equipment will insure southern California has continued access to secure, affordable, low emission power while integrating ever increasing amounts of renewable energy into the electrical transmission and distribution system. AES-SL has already begun the long process to redevelop our OTC generating facilities and will continue to advance our Huntington Beach and Redondo Beach Energy Project applications while proposed Rule 1304.1 is debated and assessed. Our hope is that the final staff assessment of proposed Rule 1304.1 considers our concerns and the final recommendation to the Board of Governors recognizes all of the risk and potential impacts the proposed fees may have and that further progress is not impeded.

AES-SL appreciates the opportunity to provide these comments. If you have any questions, please do not hesitate to contact me at (562) 493-7840 or Julie Gill at (916) 509-0598.

Kindest regards,



Stephen O'Kane  
Vice-President  
AES Southland Development, LLC

*Response to Comment 6-1*

The purpose of this rule is to require Electrical Generating Facilities (EGFs) which elect to use the specific offset exemption described in Rule 1304(a)(2) to pay fees for up to the full amount of offsets provided by the SCAQMD. Offsets in SCAQMD internal accounts are valuable public goods. Therefore, this Proposed Rule is designed to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304(a)(2).

There is a potential for increased emissions, especially of PM 2.5, with repower projects, due to higher capacity factor utilization. Staff has suggested that newer, more efficient units may have higher capacity factors than the units they replace. The amount of new generation in the South Coast Air Basin has been estimated to be between 1,200 and 5,400 MW (considering the shutdown of SONGS) based on a recent CPUC order and a planning document prepared by CAISO. Please see Wolak Paper for additional discussion.

*Response to Comment 6-2*

Staff is has conducted a socioeconomic analysis of the Proposed Rule which includes estimates on fee costs and fees generated (see Draft Socioeconomic Report).

Further, Dr. Wolak has examined the implication of Proposed Rule 1304.1 and has found that the fee should not be an obstacle, detriment, or deterrent to the repowering of EGFs. Professor Wolak notes “. . . from the perspective of economic efficiency, requiring new units to purchase the costly ERCs necessary to build and operate a new facility in the SCAQMD, but providing free access to the SCAQMD’s offset bank to existing steam boilers that repower may bias new investment decisions in favor of repowering existing steam boilers rather than constructing a lower cost new generation unit that may reduce the cost of serving load in the Southern California and increase the overall reliability of supply of electricity more than repowering an existing unit”. Additionally, Dr. Wolak states on page 1, paragraph 3, that “This section concludes that because of the combined CPUC and California ISO RA process, the CPUC LTPP process, and several other state and local policies, Proposed Rule 1304.1 is unlikely to have any discernable impact on the reliability of the supply of electricity within the state.” See “Wolak” for a detailed analysis.

Also, see response to comment 4-4 and analysis for the SCE Planning Area in the staff report.

*Response to Comment 6-3*

PR 1304.1 does not negatively impact any of the goals of the Air Quality Related Energy Policy adopted by the Governing Board in September 2011. The Proposed Rule does not hamper the Energy Policy’s goals of promoting reliable, safe, cost effective, and clean energy (see also response to comment 4-4). Furthermore, the proposal does not contradict any of the 10 policies established by the Governing Board. It is not a deterrent to zero- or near-zero technologies, energy efficiency or demand side reductions (the efficiency of new units and potentially lower emissions are anticipated to be illusory because new more efficient units are expected to be dispatched more and warranted emissions ratings for new units not are significantly lower). It does promote distributed energy generation by providing for a substantially reduced fee for sources rated 100 MW or less. The Wolak paper further details the efficiencies gained in the local and regional power supply through repowers, even with consideration for the offset fees proposed.

Additionally, the proposed fee is not an obstacle to permitting electrical generating facilities. Staff is aware of at least two electrical generating facilities that were recently permitted after paying in the vicinity of \$50 million to meet their offset obligation. The proposed fee is on the order of what those two projects have paid. Also see the staff report and “Wolak” for additional details about how the proposed fee is highly unlikely to deter repowering projects.

*Response to Comment 6-4*

See response to Comment 4-18 for a discussion about Proposition 26. The commenter alleges that the purpose of the fee is to mitigate emissions from EGFs. However, as previously stated, the purpose of the Proposed Rule is to recoup the fair market value of the offsets provided by the SCAQMD, a valuable public resource. The price of the fee does not exceed the reasonable cost of the offsets. The cost is proportional to the need for offsets to account for the full potential to emit of the facility, not just actual emissions, which corresponds to the amount of offsets actually debited from the SCAQMD’s internal offset accounts.

*Response to Comment 6-5*

The fee proposed in rule 1304.1 is based on the market value of the credits being obtained from the SCAQMD. This proposal takes steps towards leveling the playing field being repowered EGFs and other EGFs. See response to comment 6-4.

*Response to Comment 6-6*

The CEQA process includes a NOP/IS that identified air quality and energy as impact areas that were potentially significant, and subsequently, a DEA was prepared which analyzed the project, and was released for a 45 day comment period on July 5, 2013 beginning July 9, 2013 and ending on August 22, 2013. Also note that the socioeconomic impact analysis has been released, which provides for 30 days of review and comment prior to scheduled actual Public Hearing on September 6, 2013. Also see “Wolak” for a discussion of why there are no impacts on reliability, and why the fee is highly unlikely to deter repowering projects. Further, Dr. Wolak notes “. . . because of the structure of the joint CPUC and California RA process, the CPUC LTPP process, and other state and local policies, this [Rule 1304.1] is extremely unlikely to reduce the reliability of supply of electricity in Southern California or the entire state.” See “Wolak” for a detailed analysis. Also, see response to comment 4-4, 6-2, and analysis for the SCE Planning Area in the staff report..





**NRG Energy, Inc.**  
West Region  
5790 Fleet Street, Suite 200  
Carlsbad, CA 92008  
Phone: 760.710.2156  
Fax: 760.710.2158

February 19, 2013

Mr. Henry Pourzand  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

**RE: Proposed Rule 1304.1: Electrical Generating Facility Annual Fee for Use of Offset Exemption**

Dear Mr. Pourzand:

NRG Energy, Inc. ("NRG") appreciates the opportunity to submit comments on the South Coast Air Quality Management District's ("District") Proposed Rule 1304.1 ("1304.1"). NRG, through wholly-owned subsidiaries, owns and operates two facilities<sup>1</sup> in the District that have existing steam boiler units that would qualify for the Rule 1304(a)(2) exemption ("1304") and would be subject to 1304.1 if adopted:

- Etiwanda Generating Station: 640 megawatts (" MW") net = two 320 MW units
- El Segundo Generating Station ("ESGS"): approx 477 MW = balance of original 1020 MW net/approx 1050 MW gross plant that has not been accounted for in the 1304 offset exemption for El Segundo Energy Center (*in construction*)
  - o El Segundo Energy Center ("ESEC") is a 573 MW gross combined-cycle, fast-start air-cooled plant consisting of two 1x1 trains (Units 5 and 6; and Units 7 and 8) currently under construction and scheduled to commence commercial operation summer 2013. On a megawatt-for-megawatt basis, ESEC is offset by retirement and removal of Units 1 and 2 (175 MW net each) and the shutdown of Unit 3 (335 MW net) to achieve the 223 MW of additional offsets on a net basis. NRG elected to shutdown Unit 3 and therefore discontinue cooling water intake in advance of the once through cooling policy deadline of December 31, 2015, rather than merely derate Unit 3 by 223 MW.

NRG plans to continue its repowering of ESGS to replace steam boiler Unit 3 and 4 with a combination of efficient, fast start air-cooled generation that would qualify for the 1304 exemption. NRG is in the process of preparing documentation for the District and the California Energy Commission ("CEC") to permit the replacement of Units 3 and 4. Proposed Rule 1304.1 therefore has immediate implications for NRG that need to be priced into the project's development costs.

NRG supports the comments submitted by the California Council for Environmental and Economic Balance (CCEEB) on 1304.1. NRG submits these additional comments and suggestions for how some specific areas of concern to NRG in the proposed rule could be modified:

---

<sup>1</sup> NRG also owns one other facility in the District, the Long Beach Generating Station, which already replaced its original steam boiler units.

(1) Timing and Magnitude of Payment

One critical area of concern to NRG is the timing and magnitude of the upfront fee payment for the initial 5 years of emissions. Based on the rule as currently drafted, we would anticipate that the upfront fee for the replacement of El Segundo Units 3 and 4 could be in excess of \$15 million. (This is a very rough estimate without a precise calculation of the emissions profile or the capacity factor of the approximately 447 MW eligible on a net basis for offsets through the 1304 exemption). This would represent a significant development cost that, as the rule is proposed, would be assessed prior to obtaining financing for the proposed project. Financing is typically predicated on obtaining all final, unappealable regulatory approvals (e.g., CEC and Permit to Construct (“PTC”)), but a fee payment that occurs before or even upon issuance of the PTC would necessarily occur before we would expect to be able to close on project financing. Prevention of Significant Deterioration (“PSD”) and other permits (e.g., National Pollutant Discharge Elimination System permit, “NPDES”) may also follow the issuance of CEC license and the PTC, and the timeline for such permits to be issued and clear appeals may be another two years. Assuming that CEQA has been satisfied enabling a PTC to be issued and a contract is also tendered or secured, additional permits like PSD that are necessary prior to start of construction will potentially delay close of financing. Accordingly, the upfront fee payment would be a significant, and potentially unmanageable, out-of-pocket cost. We suggest a few possible alternatives, and we would appreciate the opportunity to discuss these with District staff:

- Payment of the 5-year upfront fee upon a later, objective trigger event, such as:
  - prior to “commencement of operation” as it is defined in the Proposed Rule 1304.1, *i.e.*, “to have begun the first fire of the unit(s), or to generate electricity for sale, including the sale of test generation.” This trigger seems logical, as it represents the first time at which emissions from a replacement project would actually occur; or
  - prior to when the replacement project “begins actual construction,” another objective standard that is defined in the Clean Air Act regulations. This is considerably earlier than first fire but similarly represents a more concrete development milestone.

7-1

From a development cost and cash flow perspective, either of these alternatives would presumably follow project financing and therefore be considerably more manageable than a pre-financing requirement that occurs before all final regulatory approvals have been obtained.

- An additional suggestion to make the payment less onerous would be to phase the 5-year upfront payment over the various permitting and project milestones leading up to commercial operation, *e.g.*, a certain upfront payment upon issuance of the PTC; a second installment prior to “beginning actual construction;” a third payment at “commencement of operation,” and so on. Given that development through achievement of commercial operation typically takes several years from the time of permit issuance, this seems like a practical approach to easing the cash flow burden of the upfront payment.

(2) Refund Provisions

We are very concerned about the magnitude of the refund provisions given the uncertainty associated with the timelines and numerous hurdles of power plant development. Taking the assumed \$15 million example for the replacement of El Segundo Units 3 and 4, the fee rule as written would make \$7.5 million non-refundable before final authorizations and financing have even been obtained. This would

present a substantial financial risk for project developers. At the very least, it would create a significant disincentive to complete permitting (thereby triggering the non-refundable fee payment) until after a power purchase agreement ("PPA") has been completed given that a PPA is essential to financing a project. Proposed Rule 1304.1 could therefore have the unintended consequence of extending the project development timeline, as developers would be forced to hold off on permitting efforts until the PPA is complete to avoid taking on the financial exposure to the upfront fee payment. This concern would be greatly mitigated by delaying or modifying the payment trigger as suggested above, as there would be substantially more project certainty by the time any of those development milestones are achieved.

7-1  
con't

We appreciate your consideration of these comments and would welcome the opportunity to discuss these with you. If you have any questions, please contact George Piantka at (760) 710-2156 or at [George.Piantka@nrgenergy.com](mailto:George.Piantka@nrgenergy.com), or Peter Landreth at (925) 427-3567 or at [Peter.Landreth@nrgenergy.com](mailto:Peter.Landreth@nrgenergy.com).

Sincerely,



George L. Piantka, PE  
Director of Environmental Business  
NRG Energy, Inc., West Region

cc: John Chillemi, NRG West Region  
Peter Landreth, NRG West Region

*Response to Comment 7-1*

Staff appreciates the comments and concerns relative to the magnitude and timing of the proposed fee. Based on the comments received, staff has eliminated the 5 year pre-pay requirement and has re-evaluated the cost of the credits being obtained from the SCAQMD's internal account which resulted in reducing the proposed fee by more than 50 percent. Staff has also proposed both an annual payment as well as a one-time payment option for the cost of the credits. The refund provision has also been modified to address the concern about the non-refundability of the payments. Under the revised proposal, fees are fully refundable in the event the project does not go through, thus eliminating the potential financial risk for the project developers mentioned in this comment.



California Council for Environmental and Economic Balance

100 Spear Street, Suite 805, San Francisco, California 94105  
415-512-7890 phone, 415-512-7897 fax, www.cceeb.org

February 19, 2013

Mr. Henry Pourzand  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

RE: Proposed Rule 1304.1: Electrical Generating Facility Annual Fee for Use of  
Offset Exemption

Dear Mr. Pourzand,

The California Council for Environmental and Economic Balance (CCEEB) is a coalition of California business, labor and public leaders that work together to advance strategies to achieve a sound economy and a healthy environment. Founded in 1973, CCEEB is a non-profit and non-partisan organization.

We have several members who own or operate power generators in the South Coast Air Basin. We also have members who are publically-owned or investor-owned utilities that distribute electricity to most areas of the SCAQMD. All of our members are keenly interested in the price and availability of Emission Reduction Credits (ERCs). We believe this rule, as currently proposed, will have consequences to our membership that range from moderate to severe. Further, we fear the rule, as currently proposed, would increase electricity rates to most homes and businesses in Southern California. And perhaps most significantly, we believe the rule, as currently proposed, could lead to generation capacity shortfalls, which in turn would leave Southern California vulnerable to blackouts. Without significant changes to the proposal, we must express our strongest opposition.

Just last December, CCEEB was proud to demonstrate its leadership in the business sector by supporting the District's Air Quality Management Plan (or "Plan"). We recognized that the Plan came with a heavy economic price tag, but it was needed, it was balanced, and staff was able to present a Plan for Board approval that addressed most of our concerns. While the Plan relies on a variety of energy supplies, it clearly moves the basin to rely more heavily on electrification. Coupled with the expected electricity rate increases coming from implementation of the State's Renewables Portfolio Standard, it is perplexing to see a proposal now such as 1304.1 that could further and significantly increase the cost of electricity. Equally important, CCEEB believes 1304.1 could limit new power generation in the basin, thereby making it more difficult to implement electrification as outlined in the Plan.

CCEEB recognizes the desire by some to "fast track" this proposal. Yet the significance of the fee and the potential impact to the region's energy supply gives reason to ensure that the rule is written carefully and provides fairness and clarity to all stakeholders. The following enumerates our concerns with the current proposal:

1. Potential Impact to the Power Generation Capacity in Southern California

Our key concern is not knowing what impact this proposal will have on the ability to meet short- and long-term power generation needs in Southern California. The CAISO has stated that the western Los Angeles Basin will need an additional 2370 – 3741 MW of installed capacity by 2020 with the retirement of the once-through-cooling (OTC) plants. Should SONGS remain offline, as much as another 2200 MW of capacity could be needed. CCEEB is concerned that a fee such as proposed, would make it more difficult to achieve the needed generation capacity and to provide adequate resources to the region.

8-1

2. Business Risk and the Deterrent to Investment

For years now, several companies have articulated their plans to use access to the District's internal credits without cost for the repowering of their once-through-cooling plants. There have been submissions to the State Water Board explaining the permitting path, submissions and testimony to the CEC's Integrated Energy Policy Report, direct meetings with District staff, testimony to the CPUC in the Long Term Procurement Process, and numerous public presentations where the District has been present. Now that facilities have actually submitted applications, we learn that the District is considering a fee that, if adopted as proposed, would significantly alter the economics of these projects. (For example, the fees are greater than and in addition to those associated with AB 32.) The OTC implementation plan took years to develop in a way that allowed businesses to carefully plan for generation repowering and retirement while assuring resource adequacy for the region. The same can be said for the AB 32 climate change program. The current path for this proposal allows no such time for business planning purposes. If approved, CCEEB believes that it will prove to be a strong deterrent to much needed investment.

8-2

3. Need for Larger Look at the ERC Issue

The shortage of ERCs has been an on-going problem in the SCAQMD. CCEEB has worked with staff for many years in an effort to find solutions to this problem. CCEEB does not support a significant change to one aspect of the New Source Review (NSR) program that we believe will compound the problems associated with ERCs, without looking at the wider NSR issue. We have requested numerous times to re-start the NSR Working Group to help address this concern. The District's own web page clearly lays out the need for this group:

"The South Coast Air Quality Management District (SCAQMD) staff will be hosting a series of New Source Review (NSR) Working Group Meetings to discuss the availability and price of offsets that are needed for permitting new and modified stationary sources under the SCAQMD's NSR program. The purpose of the NSR Working Group Meetings is for the SCAQMD staff to work with businesses, environmental groups, community representatives, and agencies to develop near- and long-term solutions to address the availability of NSR offsets, as well as other NSR implementation issues. These issues surrounding implementation of NSR, including recent litigation, need to be resolved to ensure businesses in our basin can modernize and to ensure that NSR-related issues do

8-3



not further impact our local economy. The SCAQMD staff has formed a Working Group of interested partners to work with SCAQMD staff and other stakeholders to develop solutions. The NSR Working Group meetings will be open to the public for those wishing to attend.”

8-3  
con't

The group last met on May 12, 2009.

4. Environmental Analysis Needed

The proposed fee is significant and could dramatically impact the timing or even the ability of operators to build needed facilities. If projects are postponed or altogether canceled, the Basin could face extreme electricity shortfalls. At a minimum, older, more polluting plants would need to come online to cover shortfalls. Thus, the cumulative emissions from all in-basin power generation would increase. We strongly encourage the District to fully analyze the environmental consequences of the proposal by performing a full environmental analysis.

8-4

5. Socio-Economic Analysis Needed

We have yet to be told what staff estimates the total fee could generate. Based on the examples, we believe the fee could generate tens of millions of dollars on an annual basis. The money will need to come from somewhere. We believe it is appropriate to request a full analysis of the impact of the proposal on the ratepayers and the overall southern California economy.

8-5

6. Potential Violation of Proposition 26

We have yet to see anything from the staff that would show compliance of the proposed fee with the California Constitution, specifically Section 1 of Article XIII C, as amended by Proposition 26:

*“The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.”*

8-6

Further, Section 2 of Article XIII C includes the following language:

*“No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote.”*

7. Fee Determination Method

The current market for particulate matter (PM) ERCs is dysfunctional. Basing the fee on this system makes no sense. If the price of access to the District’s internal bank is equivalent or even close to equivalent to the purchase of ERCs on the open market, we fear that additional and significant new demand will be placed on an already extremely costly commodity. A spike in the price of ERCs would hurt all businesses relying on the

8-7

ERC market, potentially challenging the progress of Southern California's economic recovery.

Power generators are unique in that their operations vary widely and depend on fluctuating power demand and supplies at any particular time. If such a fee was to move forward, it should be based on actual emissions, not projected emissions, and certainly not emissions projected years ahead of commercial operations.

Requiring a facility to pre-pay the fee (either for five years or the life of the project) prior to its operational start-up is very challenging. For independent power producers, it will cause significant hardship to secure the needed financing. Should any fee go forward, it must be assessed to the facility in a manner that is consistent with its actual operations.

8-7  
con't

8. CCEEB opposes the refund mechanism.

There are many reasons why a proposed project may stall or be cancelled completely. The proposal provides a strong disincentive for any applicant to even consider moving forward with a new project.

8-8

CCEEB recognizes that issues associated with new power generation are complex and very challenging. We are committed to work with the District and all stakeholders to find reasonable approaches to address these challenges.

We would like to meet with you and your colleagues at the earliest opportunity to begin a dialogue on alternate approaches to address this problematic issue.

Thank you.



Bill Quinn  
CCEEB Vice President

cc: Elaine Chang, DrPH  
Mohsen Nazemi, P.E.  
Gerald D. Secundy  
Laki Tisopoulos, Ph.D., P.E.  
Barry Wallerstein, D. Env.



### *Response to Comment 8-1*

The AQMD has conducted a full environmental and socioeconomic impact analysis on the proposal, which includes examining the impact of a fee rate increase that the Proposed Rule will have on ratepayers. Included in that analysis was an economic and reliability report (appendix D of the draft environmental assessment) (see “Wolak”). Staff’s initial rough estimates indicate that the impact will be less than a fraction of one percentage point increase in the bill of the average ratepayer (<1%). Also see this staff report for a more detailed analysis on impacts to ratepayers. In addition, staff’s analysis is that the proposed fee is not an obstacle to repowering or permitting of electrical generating facilities. Staff is aware of at least two electrical generating facilities that were permitted recently after paying an estimated \$50 million to meet their offsets obligation. The proposed fee is on the order of what those two projects have paid.

To specifically address the reliability issues brought up the stakeholders, staff contracted with Dr. Wolak. In his report, Dr. Wolak notes “. . . because of the structure of the joint CPUC and California RA process, the CPUC LTPP process, and other state and local policies, this [Rule 1304.1] is extremely unlikely to reduce the reliability of supply of electricity in Southern California or the entire state.” See Attachment A, “Wolak”, page 9, paragraph 3 and earlier) for a detailed analysis.

### *Response to Comment 8-2*

See response to comment 8-1. Please also note that the proposed fee, subsequent to the release of the initial rule to the public, was significantly revised, reducing the proposed fee by more than 50 percent and significantly revising the fee payment structure.

### *Response to Comment 8-3*

Staff does not anticipate that Proposed Rule 1304.1 will impact the ERC market. The use of the SCAQMD’s internal account for projects utilizing Rule 1304 exemptions is separate from the external market for ERCs. Nevertheless, staff does not object to taking a broader look at NSR and the ERC issue as a separate undertaking to this rule making.

### *Response to Comment 8-4*

A 30 day NOP/IS was initially prepared and circulated and subsequent to this a 45 day DEA was released for review and comment by the public. The SCAQMD has thoroughly analyzed the environmental impacts of the Proposed Rule.

### *Response to Comment 8-5*

A socioeconomic report was prepared and was made available to the public 30 days prior to the public hearing for comment.

### *Response to Comment 8-6*

The Proposed Rule does not violate Proposition 26. See Response to Comment 4-18 and the staff report for additional discussion of Proposition 26.

### *Response to Comment 8-7*

Staff has analyzed the transaction pricing for ERCs as well as the cost of emission reductions generated through the Moyer program. Current ERC pricing is at or below the cost to generate emission

reductions through the Moyer program. There are currently 901 lb/day of PM-10 ERCs (as of March 1, 2013). That amount is sufficient to permit several baseload or peaker type electrical generating facilities.

The five-year prepayment provision has been eliminated and the proposed fee rates have been re-evaluated and are now about 50% of the original proposal, with an additional ~~50~~75% discount for the first cumulative 100 MW of a repower project.

*Response to Comment 8-8*

Based on comments received, the refund language has been revised to provide for a full refund if the project is cancelled prior to the start of construction.



Michael M. Hertel, PhD  
Director, Corporate Environmental Policy  
michael.hertel@sce.com

February 19, 2013

Mr. Henry Pouzand  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

RE: Proposed Rule 1304.1 – Annual Fee For Use Of Offset Exemption

Dear Mr. Pouzand:

Southern California Edison (SCE) appreciates the opportunity to provide initial comment on the South Coast Air Quality Management District’s (District) proposed Rule 1304.1 (Rule). SCE opposes the adoption of the Rule because the additional fees it contemplates will increase the electricity rates paid by SCE’s customers. SCE is also concerned that the proposed Rule could raise greater barriers for market participants in a competitive process that is required of the Company when it is authorized by the state to add new generation resources, potentially increasing customer costs and impairing system reliability. To mitigate the increased costs and risks identified above, SCE proposes the following modifications to the Rule that should both provide the air quality benefits sought by the District and preserve SCE’s ability to provide our customers with reliable and cost-effective electricity in a safe manner.

**I. The District should allow access to the internal bank regardless of current ownership of utility steam boilers.**

Existing Rule 1304 limits access to the District’s internal “bank” of Emission Reduction Credits (ERCs) to only those parties who currently own steam utility boilers that could be shut down and replaced with state-of-the-art generation. One reason for Rule 1304 is that power generation is critical to the functioning of modern society. Additionally, as the District recognized in recent actions charting its future course toward meeting clean air standards, electricity can play a critical role in replacing the combustion of fossil fuels, particularly in transportation and the movement of public goods. We believe these are sound public policy reasons to allow broader access to the internal bank on a fee-only basis for those who might develop new electric generation projects that state determines are needed. As long as the District’s internal bank can be replenished through the establishment of reasonable fees so that a project’s emission can be offset, an applicant should have access to the bank regardless of whether it owns and can shut down existing generating units. Those who do have such assets should be allowed to discount the fee paid to access the credits, as provided in the Proposed Rule.

} 9-1

In addition, the District has long recognized that its rules should not unnecessarily increase the cost of electricity to the public. Requiring the shutdown of existing steam boilers in order to access the internal bank creates an inherent advantage to owners of existing plants in the competitive new generation procurement process, which leads to increased electricity cost to SCE's customers with no corollary air quality benefit. Increasing the cost of electric power makes it more difficult to achieve widespread use of electricity as an alternative to combustion of fossil fuels. By allowing those generating companies who do not own existing generation to pay a reasonable fee in lieu of shutting down generation, the District will achieve its goal of encouraging new, cleaner generation and mitigate some of the competitive advantage that current Rule 1304 grants to owners of existing generation.

District staff states that one intention of Rule 1304 is to create an incentive to replace old steam utility boiler units with new, cleaner generation. Staff might reasonably argue that providing "fee only" option to exercise the rule without providing shutdown of existing units runs counter to that intent. However, due to regulatory actions by the state water board the District need not be concerned that existing generation will not be phased out and replaced by cleaner technology. The State Water Resources Control Board adopted the so-called "once-through cooling" (OTC) policy. Over the next decade the OTC policy will force the retirement and/or repowering of approximately 4,900 megawatts of existing ocean water cooled generating capacity in SCE's service territory in the South Coast Basin. Therefore, offering a "fee only" option under Rule 1304.1 will not affect the pace of replacement of existing high-emission-rate generation with new, cleaner equipment.

9-2

## II. Timing of the Fee Payment

Instead of requiring an up-front payment of five years' worth of fees, the Rule should require payment in annual installments, with the first payment due immediately prior to the start of commercial operation. This is consistent with how the District's RECLAIM program works and would greatly reduce the financial risk to project developers involved in permitting.

9-3

## III. Calculation of Fees for New Generation Units

The current proposal relies on the cost of emissions trades in a highly dysfunctional market as a basis for setting the fee. This is not a reasonable foundation. The fee should be based either on the cost to replenish the District's internal bank or on a reasonable cost-effective approach which uses past Board-adopted air quality improvement measures as reference points.

9-4

**IV. Proposition 26**

Because there is no discussion in the draft staff report of how the new fee amount relates to the District's costs to administer the Rule, it appears to be vulnerable to litigation alleging a violation of Proposition 26. SCE recommends that the District provide such an explanation in order to ward off a potential legal challenge.

} 9-5

Respectfully,



Michael M. Hertel, Ph.D.  
Director, Corporate Environmental Policy

*Response to Comment 9-1*

The structure of Proposed Rule 1304.1 is in harmony with the exemption provided under Rule 1304 (a)(2). When implemented, requiring existing EGFs to pay fees provides a more equitable regulatory permitting environment between repower projects and Greenfield projects. ~~Proposed Rule.~~

The proposal to allow broader access to the SCAQMD's internal offset account would require an amendment to Rule 1304 (a)(2) which is not within the scope of the proposal. However, staff is open to considering any reasonable proposals that are fair and equitable and could be pursued subsequent to this rulemaking.

*Response to Comment 9-2*

Staff has analyzed the cost to the ratepayer for the Proposed Rule and that information has been included in the socioeconomic report as well as the staff report. Staff projects a marginal increase in the cost of electricity, if any, to the rate payer. See Wolak Paper. Also, see response to comment 4-4 and analysis for the SCE Planning Area in the staff report. See also response 9-1.

*Response to Comment 9-3*

See Response to Comments 4-14. The requirement for a five year pre-pay of fees has been eliminated. The proposed payment mechanism was significantly revised providing flexibility and different payment options. Further, the proposed fee, under the revised proposal is now fully refundable, eliminating the financial risk to project developers.

*Response to Comment 9-4*

See response 8-7.

*Response to Comment 9-5*

Please refer to the staff report and response to comment 4-18 for a discussion of Proposition 26. .

BROILES & TIMMS, LLP

445 SOUTH FIGUEROA STREET, 27<sup>TH</sup> FLOOR  
LOS ANGELES, CA 90071-1630

TELEPHONE: 213-489-6868

FACSIMILE: 213-489-6828

STEVEN A. BROILES  
CHARLES F. TIMMS, JR.

February 22, 2013

VIA EMAIL (HPOURZAND@AQMD.GOV) AND U.S. MAIL

Henry Pourzand  
Planning, Rule Development and Area Sources  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Proposed Rule 1304.1; Correction to Second Comment Letter  
Cities of Burbank, Glendale and Pasadena**

Dear Mr. Pourzand:

The purpose of this letter is to correct some erroneous emissions calculations made in support of the second comment letter from the Cities of Burbank, Glendale and Pasadena, which was submitted to the District earlier this week. The emissions calculations were used to estimate mitigation fees due for a hypothetical boiler replacement project for the City of Glendale. The calculations also were used to estimate the change in annual emissions by operating the replacement project in lieu of the existing boilers.

The corrected emissions calculations result in the following changes in the comment letter:

1. The proposed fee for the replacement project would be lower than originally estimated: about \$4.7 million would be added to the upfront financing of the replacement project and \$24.1 million over the life of the new plant, instead of \$6 million and \$36 million, respectively, as indicated in the letter. (See page 5, Example 2.)
2. Emissions of PM<sub>10</sub> from operating the replacement project in lieu of the existing boilers would *decrease*, instead of *increase*, as originally estimated. Specifically,

10-1

Henry Pourzand  
February 22, 2013  
Page 2

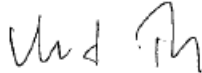
emissions of PM<sub>10</sub> would *decrease* by 14,611 lbs/year, instead of *increase* by 14,812 lbs/year. In addition, emissions of other air contaminants also would decrease, although by less than originally estimated. Specifically, emissions of NO<sub>x</sub> would decrease by 39,056 lbs/year, instead of by 47,800 lbs/year; emissions of CO would decrease by 99,131 lbs/year, instead of by 113,367 lbs/year; emissions of SO<sub>2</sub> would decrease by 3,775 lbs/year, instead of by 3,803 lbs/year; and emissions of VOC would decrease by 11,910 lbs/year, instead of by 19,020 lbs/year. (See page 6, Example 2.)

10-1 cont.

Attached to this letter are corrected Attachments 2 and 4 to the original letter. Please keep this letter and the corrected attachments along with the original comment letter.

Please let us know if you have any questions or need any additional information. Thank you.

Sincerely,



Charles F. Timms, Jr.

cc: Steve Smith ([ssmith@aqmd.gov](mailto:ssmith@aqmd.gov))  
Planning, Rule Development & Area Sources, CEQA Section  
Gurcharan Bawa ([gbawa@cityofpasadena.net](mailto:gbawa@cityofpasadena.net))  
Lon Peters ([lpeters@ci.glendale.ca.us](mailto:lpeters@ci.glendale.ca.us))  
Kim Yapp ([kyapp@burbankca.gov](mailto:kyapp@burbankca.gov))

*Response to Comment 10- 1*  
The SCAQMD appreciates the clarification.



**From:** Bemis, Gerry@Energy [<mailto:Gerry.Bemis@energy.ca.gov>]  
**Sent:** Monday, January 07, 2013 11:29 AM  
**To:** Henry Pourzand  
**Cc:** Hughes, Joseph@Energy; Layton, Matthew@Energy  
**Subject:** Proposed Rule 1304.1 Preliminary Staff Report

**Mr. Pourzand:**

I supervise the air quality analysis of large (>50 MW) thermal power plants in California for the California Energy Commission, under the supervision of Matt Layton. I am reviewing the Preliminary Staff Report for the Proposed Rule 1304.1 and I have a question regarding the equation on page 4, and sample calculation on page 7. In summary, I think you folks confuse the terms “capacity” and “energy” as I attempt to explain below:

1. The term “Crep” is defined on page 4 as “annual megawatt capacity”. The capacity does not vary from year-to-year, although I suppose that the electrical output could degrade slowly over time as parts wear. I think you probably meant to use the term “annual megawatt hours” associated with “PTE rep”.
2. The term “C2YRAvgExisting” is defined on page 4 as “annual megawatt generation” over the previous 24 months prior to submittal of an application for a permit to construct. I think you should use the term “annual megawatt hours”.

In essence, the term in brackets on page 4 is meant to scale annual electricity production from the new facility relative to that for the existing boiler which is being replaced by the new system, and you want to take into consideration the change in equivalent full-load capacity factor, based on the narrative on page 3.

Also, to facilitate understanding of what you mean, you should show how you computed the “200 Mw” value in the example on page 7 rather than just stating it.

If I am misunderstanding the intent of the Proposed Rule (i.e., scaling the annual energy production), please contact me at the number below to discuss this matter.

**Gerry Bemis**  
Air Resources Supervisor  
California Energy Commission  
916-654-4960

*Response to Comment #11-1*

The AQMD appreciates the input. Those terms have been clarified and are now expressed in megawatt hours.

**From:** Kato, Stephanie@ARB [mailto:skato@arb.ca.gov]  
**Sent:** Monday, January 14, 2013 2:36 PM  
**To:** Henry Pourzand  
**Subject:** Proposed Rule 1304.1 Follow-up question

Henry,

I was sitting on the conference call brief the District provided to Mike Tollstrup/ARB last Wednesday on the proposed rule. I just had a quick follow-up question re: the annual offset fee equation and how it will be applied.

Under the current Rule 1304 offset exemption for repowers, no offsets are triggered as long as basinwide capacity remains the same per owner/operator. Will the permitted vs. actual net MW difference adjustment in Rule 1304.1 apply this same capacity exchange? For example, the AFC for the Huntington Beach repower indicates the desire for a 939 MW post-project facility using capacity from Redondo Beach 6 and 8 (since HB Units 3 and 4 are being used for Walnut Creek). For Rule 1304.1, would the 2-yr average annual MW include the generation from Redondo Beach 6 and 8 along with existing HB Units 1 and 2, or are only HB 1 and 2 used in the calculation?

Thanks,

Stephanie Kato  
Staff Air Pollution Specialist  
California Air Resources Board  
Stationary Source Division/Regulatory Assistance Section  
Mail: P.O. Box 2815, Sacramento, CA 95812  
Phone: 916-324-1840

*Response to Comment #12-1*

The SCAQMD has previously allowed for transfer of MW's between generating stations and the current proposal does not prohibit such transfer. Staff has analyzed, however, a CEQA alternative (Alternative C in Chapter 5 of the draft environmental assessment) that seeks to establish a higher fee for such relocations, which will be made available to the Governing Board for their consideration.



**NRG Energy, Inc.**  
West Region  
5790 Fleet Street, Suite 200  
Carlsbad, CA 92008  
Phone: 760.710.2156  
Fax: 760.710.2158

April 22, 2013

Mr. Henry Pourzand  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

**RE: Proposed Rule 1304.1: Electrical Generating Facility Annual Fee for Use of Offset Exemption**

Dear Mr. Pourzand:

NRG Energy, Inc. ("NRG") appreciates the opportunity to submit this second comment letter on the South Coast Air Quality Management District's ("District") Proposed Rule 1304.1 ("1304.1") following the 4<sup>th</sup> Working Group meeting. As noted in our comment letter of February 19, 2013, NRG owns the El Segundo Generating Station ("El Segundo") and Etiwanda Generating Station in the South Coast air basin, which operate steam boiler units that would be subject to the Proposed Rule if they were proposed to be replaced under Rule 1304(a)(2).

NRG is currently commissioning the El Segundo Energy Center ("ESEC") - a 573 MW gross / 560 MW net fast-start, air-cooled plant consisting of two 1x1 combined-cycle trains (Units 5 through 8); ESEC is slated to commence commercial operation summer 2013. ESEC is offset by Rule 1304 through the retirement and removal of Units 1 and 2 (175 MW net each) and the shutdown of Unit 3 (335 MW net) to achieve the needed offsets for the 573 MW gross output of ESEC. The retirement of Unit 3 results in a surplus retirement of approximately 112 MW for the current phase of repowering of El Segundo. NRG pursued the shutdown of Unit 3 and thereby discontinued cooling water intake for this steam boiler unit in advance of the State Water Resources Control Board's once-through cooling policy deadline of December 31, 2015.

In our February 19 comment letter, we also noted that we were preparing to submit permit applications for a project to replace Units 3 and 4 at our El Segundo facility. On March 15, NRG filed an application with the SCAQMD for a Permit to Construct new advanced gas turbines, including combined cycle generation to replace Units 3 and 4. The proposed project will utilize the MW capacity of Unit 4 (335 MW) as well as the surplus MW shutdown for the current phase of repowering the El Segundo Generating Station. The proposed project will achieve the retirement of the remaining once-through cooled capacity at the El Segundo facility while continuing to meet local reliability needs. The project intends to utilize Rule 1304(a)(2) to provide the necessary emission reduction credits ("ERCs") to satisfy applicable New Source Review requirements.

NRG supports the goals of the SCAQMD to reduce air pollution, and repowering the El Segundo facility furthers those goals by replacing aging, relatively inefficient generation with new, state-of-the-art technology that is cleaner, more efficient, and better matched to today's electricity needs. Nonetheless, the Proposed Rule would unquestionably increase the cost of NRG's proposed additional new

13-1

generation at El Segundo , which would in turn increase the cost of electricity to ratepayers. Numerous stakeholders have raised concerns regarding the potential impacts of the Proposed Rule to ratepayers, and NRG shares those concerns. NRG appreciates that the SCAQMD is conducting a full review of the potential impacts of the Proposed Rule pursuant to the California Environmental Quality Act (“CEQA”).

13-1  
con't

NRG’s February comment letter focused on two specific concerns that would affect the viability of NRG’s proposed project and similar projects by imposing unacceptable financial risks: (1) the substantial, upfront five-year payment that would necessarily precede critical project financing, coupled with (2) a refund mechanism that would make a significant amount of the fee non-refundable, again, before project financing. The revisions to the Proposed Rule have assuaged these concerns to a considerable extent. NRG is pleased to see that the upfront payment has been reduced from five years to one year, that the fee amount itself has been reduced, and that the fee is fully refundable if requested prior to the commencement of operation. These are significant improvements to the Proposed Rule and demonstrate that SCAQMD has been receptive to stakeholder comments and concerns. NRG believes that with the revisions, the Proposed Rule would no longer, by itself, threaten the viability of NRG’s continued plans to repower El Segundo. That said, there remain several important policy questions related to the potential impacts on ratepayers, implications for ERC markets, potential delays to replacing existing once-through cooling generation due to escalating costs for new generation, and SCAQMD’s use of the proposed fees, among other policy considerations, that demand further discussion.

13-2

NRG looks forward to continued participation in the 1304.1 Working Groups. If you have any questions, please contact George Piantka at (760) 710-2156 or at [George.Piantka@nrgenergy.com](mailto:George.Piantka@nrgenergy.com), or Peter Landreth at (925) 427-3567 or at [Peter.Landreth@nrgenergy.com](mailto:Peter.Landreth@nrgenergy.com).

Sincerely,



George L. Piantka, PE  
Director of Environmental Business  
NRG Energy, Inc., West Region

cc: John Chillemi, NRG West Region  
Peter Landreth, NRG West Region

*Response to Comment #13-1*

The AQMD has conducted a full environmental analysis (see DEA) and socioeconomic impact assessment (see draft Socioeconomic Report) on the proposal, which includes examining the affect that the Proposed Rule will have on ratepayers. Furthermore, see Appendix A of this staff report for a detailed discussion by Dr. Wolak of the economic and reliability aspects of the Proposed Rule . Staff has also computed some rough estimates in this staff report indicating that the impact will be less than a fraction of one percentage point increase in the bill of the average ratepayer (<1%).

*Response to Comment #13-2*

Staff appreciates the comment about responding to input and that the proposed rule would not itself threaten NRG's repowering plans. Staff has held numerous working group meetings, with the most recent meeting held on July 26, 2013. Staff has also met with interested stakeholders outside of the working group process and will continue to do so as required. A Draft Socioeconomic Report has been released in conjunction with this report.. The potential delays in repowering and environmental impacts of the Proposed Rule are also addressed in detail in the DEA and Appendix A of this report (Wolak).

# BROILES & TIMMS, LLP

445 SOUTH FIGUEROA STREET, 27<sup>TH</sup> FLOOR  
LOS ANGELES, CA 90071-1630

TELEPHONE: 213-489-6868

FACSIMILE: 213-489-6828

STEVEN A. BROILES  
CHARLES F. TIMMS, JR.

April 22, 2013

**VIA EMAIL (HPOURZAND@AQMD.GOV) AND U.S. MAIL**

Henry Pourzand  
Planning, Rule Development and Area Sources  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Comment Letter on Proposed Rule 1304.1 (4/11/13 Draft)  
Cities of Burbank, Glendale and Pasadena**

Dear Mr. Pourzand:

The Cities of Burbank, Glendale and Pasadena (“the Cities”) hereby submit this comment letter on Proposed Rule (“PR”) 1304.1 (revised drafts of 3/28/13 and 4/11/13). While the revised draft of PR 1304.1 is a major improvement over earlier drafts, it still contains significant flaws that disfavor the construction of utility boiler replacement projects that may operate as peaking units. Because the Cities’ replacement projects typically would operate as peaking units, the Cities therefore are uniquely disadvantaged by PR 1304.1 and continue to oppose its adoption in its current form.

Below we provide a brief discussion of the Cities’ primary concerns with the revised version of PR 1304.1. The Cities reserve the right to make additional comments as circumstances warrant.

**1. Fee Formula Remains Unfair to Peaking Units**

The revised version of PR 1304.1 provides that the first 100 megawatts (“MW”) repowered at an electrical generating facility shall be assessed a mitigation fee at a 50% discount from fees charged for MW above that level. District staff indicated that the discounted fee } 14-1

represents the District's preference for smaller projects that are dispersed throughout the LA Basin.

While the 50% fee discount for the first 100 MW is a step in the right direction, it still does not negate the disadvantage that peaking units will suffer under the proposed fee. Projects smaller than 100 MW normally operate as peaking units because they lack the economies of scale enjoyed by larger projects. Under the proposed fee formula, these smaller peaking units would be required to pay fees equivalent to larger baseload units for equivalent daily potential to emit, expressed as pounds of emissions per day, even though the peaking units operate much less of the time. For example, the Cities estimate that peaking units operate from 5-20% of the time. By contrast, larger baseload units are estimated to operate at least 60% of the time. Yet the proposed fees would be the same for an equivalent MW of capacity. In order for the fee formula to be fair and reflect potential environmental consequences, it must account for this difference in expected operating time.

14-1  
con't

The Cities previously provided the District staff with calculations for the expected mitigation fees for replacement projects typical of those that may be undertaken by Burbank and Glendale (all 100 MW or less). Under the 50% fee discount in the revised version of PR 1304.1, the Cities still would pay fees ranging from \$7 million to \$14 million for a typical project. The reduced fees simply reflect the change in the offset fee rate. The reduced fees would continue to constitute a significant financial burden on any peaking unit the Cities may undertake. These fees therefore would continue to discourage such projects, or to delay them, resulting in the continued operation of the Cities' old, inefficient boilers when needed.

14-2

The Cities therefore urge the District to completely exempt from the fee the first 100 MW repowered at an EGF. Please note that under the proposed fee formula, larger baseload units would also benefit from an exemption for the first 100 MW of capacity. This result flows from the District staff's preference to allow larger units to have the benefit of any discounted or exempted fees for the first 100 MW of new capacity.

14-3

## 2. Effective Date Still Improperly Retroactive

The revised version of PR 1304.1 (3-28-13 draft) provided that the fee would apply to a replacement project that receives its permit to construct on or after March 1, 2013. The most recent version of the proposed rule (4-11-13 draft) changes the March 1, 2013 effective date to July 1, 2013. Again, the Cities view this change as a step in the right direction. But the Cities still view the July 1, 2013 effective date as unfair and improper.

Due to no fault of their own, projects that had filed complete applications for permits to construct before the District first issued its proposed rule may not receive their permits to construct prior to July 1. It is unfair to penalize these projects. One solution to this problem would be to provide that PR 1304.1 applies only to projects for which complete permit applications were filed after January 4, 2013, when the District first issued its proposed rule. An alternative solution would be to provide that PR 1304.1 applies only to projects that receive their

14-4

permits to construct after the adoption date for the proposed rule, now scheduled for September 6, 2013. If that adoption date is delayed, then the effective date of the proposed rule also should be delayed. Projects that had complete applications on file prior to the initial proposal will most likely be issued permits to construct by the adoption date.

14-4  
con't

### 3. Inadequate Opportunity to Switch from Annual to Lump Sum Payment

The current version of the proposed rule (4-11-13 draft) provides that the replacement project applicant has the option to pay the applicable mitigation fees in a lump sum prior to the issuance of the permit to construct or in annualized payments. If the applicant initially elects to make annual payments, it may switch from annual to lump sum payment only during the first year of operation of the replacement project. See provision (c)(3)(B). There is no reason why the opportunity to switch from the annual to the lump sum payment should not be extended to the entire life of the replacement project. For any number of reasons, a project applicant may want to make that switch later than the first year of operation. The Cities therefore urge the District to remove this limitation on the opportunity to switch payment options.

14-5

### 4. Fees Will Not Lead to Cost-Effective Emissions Reductions

During the working group meeting on April 4, District staff acknowledged that the reductions in PM<sub>10</sub> that the District will attempt to achieve with mitigation fee proceeds will cost more than the market cost of PM<sub>10</sub> ERCs. In fact, they suggested that these emissions reductions may cost as much as \$1 million for each pound/day of PM<sub>10</sub>. Such high prices are inconsistent with cost-effectiveness criteria the District has used in the past to guide its control of PM<sub>10</sub> emissions sources. If the proposed District actions are not cost-effective, then the proposed fee is unnecessary and potentially harmful.

The following simple calculation illustrates that the District staff's proposed emissions reductions do not meet the District's own cost-effectiveness criteria. At \$1 million for each pound/day, the cost-effectiveness could range from \$219,000/ton to \$542,000/ton of emissions reductions, depending on how many years the reductions are assumed to occur. The lower estimate is based on emissions reductions with a 25-year life (the assumption used in PR 1304.1 to set fees for boiler replacement projects). The higher estimate is based on emissions reductions with a 10-year life (the assumption used in the District's BACT Guidelines Document for the life of control equipment). By contrast, cost-effectiveness criteria in the BACT Guidelines Document, and cost-effectiveness data cited in the District's most recent Air Quality Management Plan for proposed control measures, appear to peak at about \$20,000/ton. See BACT Guidelines Document at pp. 28-29 and Revised Draft 2012 AQMP Tables 6-3 and 6-4. The District staff should not propose that replacement project applicants pay fees to achieve emissions reductions that are an order of magnitude or more higher than any emissions reduction costs that the District has recently considered as cost-effective.

14-6

In addition, such high costs to achieve PM<sub>10</sub> emissions reductions (PM<sub>10</sub> accounts for most of the proposed fee) seem inappropriate considering that the US EPA recently proposed to

14-7



redesignate the South Coast Air Basin to attainment for PM<sub>10</sub> partly on the ground that the Basin meets the federal PM<sub>10</sub> standard and will continue to meet the standard under existing rules for 10 years after redesignation. See 78 Fed. Reg. at 20868 et seq. (April 8, 2013).

According to US EPA's recent proposal, the area has been attaining the standard since 2008. Id at 20872. EPA's proposal also points out that the District also has fully-approved attainment and maintenance plans for PM<sub>10</sub>. The District's approved attainment plan includes its new source review rules, among them Rule 1304, which includes the steam boiler replacement exemption, without any mitigation fees such as those proposed in PR 1304.1. Furthermore, EPA states that the District's maintenance demonstration showing how the area will continue to attain the 24-hour PM<sub>10</sub> standard for 10 years beyond redesignation meets Clean Air Act requirements. Id at 20881. It is poor public policy to charge punitive mitigation fees that are not cost-effective to solve a problem that US EPA does not believe exists.

14-7  
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We understand that the state's PM<sub>10</sub> standard is more stringent than the federal standard and that the Basin does not yet attain the state standard, but that does not justify the punitive mitigation fees proposed in PR 1304.1 that do not meet any cost-effectiveness criteria that the District has previously proposed.

#### **5. Socioeconomic Report Must Be Comprehensive**

In earlier correspondence, the Cities suggested appropriate topics that the District should address in its socioeconomic analysis of PR 1304.1. See February 19, 2013 letter to Mr. Pourzand at pp. 11-12. The Cities would like to amplify on those suggestions, apart from the above discussion of cost-effectiveness for emissions reductions.

The socio-economic impact analysis should address the following issues; this is not intended to be an exhaustive list:

1. What annual revenues does the District expect over the next 20 years from the proposed fee?
2. How does the District propose to spend such revenues?
3. How much of the proposed revenues would be spent on District administration and how much would be spent on specific programs or actions to reduce air pollution?
4. How many jobs would be lost due to increased electricity rates required to pay the proposed fees?
5. How many jobs would be created due to District expenditure of revenues on programs or actions to reduce air pollution?
6. In which communities would jobs be lost and gained?
7. What are the expected increases in forced outage rates, and resulting decline in reliability, if old boilers are not repowered or if repowering is delayed due to the proposed fees?
8. What is the cost to the public of such forced outages, including both repairs to equipment and lost income and productivity due to lower reliability?

14-8

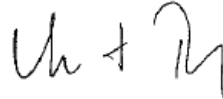
Henry Pourzand  
April 22, 2013  
Page 5

9. If air pollution increases as a result of delayed repowering of old boilers, what are the economic effects of increases in morbidity and mortality associated with higher levels of air pollution?
10. If air pollution increases as a result of delayed repower of old boilers, what are the economic costs to society of any additional required environmental mitigation?

14-8  
con't

Please let us know if you have any questions. We appreciate the opportunity to provide these comments, and look forward to continuing to participate in the working group and help the District Governing Board make an informed decision on PR 1304.1.

Sincerely,



Charles F. Timms, Jr.

cc: Gurcharan Bawa ([gbawa@cityofpasadena.net](mailto:gbawa@cityofpasadena.net))  
Lon Peters ([lpeters@ci.glendale.ca.us](mailto:lpeters@ci.glendale.ca.us))  
Kim Yapp ([kyapp@burbankca.gov](mailto:kyapp@burbankca.gov))

*Response to Comment #14-1*

Peaker units typically have lower capacity factors than base load units and, therefore, should have a lower fee burden on a per MW basis assuming their permitted levels reflect those lower capacity utilization rates. The fee does take into consideration the difference in operating time between a peaker and a base load unit because the offsets debited from the SCAQMD's account are based on the permitted potential to emit of the new replacement unit. Using the fee calculator staff has prepared, a 100 MW peaker unit permitted at a 20% capacity factor replacing a boiler with a 10% capacity factor ([similar to example 2B of the staff report](#)) would have a total annual offset fee of \$32,790,313,383. For a similar 100 MW unit but permitted at a 60% capacity factor replacing a boiler with a 10% capacity factor the annual fee would be \$157,377,944,464. The fee would not be discriminatory against smaller peaker plants.

The 50.75% discount for the first 100 MW is designed to encourage smaller, more localized generation.

*Response to Comment #14-2*

The DEA specifically addressed the calculations included in the previous letter (Comment Letter #4) from this commenter and used the calculations as the basis for its worst case scenario. Additionally, Professor Wolak notes “Although municipal utilities, such as the Los Angeles Department of Water and Power (LADWP), City of Glendale Water and Power (GWP), and Burbank Water and Power (BWP) are not subject to CPUC oversight, these utilities also have similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA process and LTPP process. Each of these municipal utilities produces an Integrated Resource Plan (IRP) to meet future electricity demand in their service territory with a high level of reliability and while minimizing ratepayer impacts. In its 2007 IRP, the City of Glendale considered at 10-year planning horizon and concluded that “GWP Has Sufficient Resources to Meet Expected Peak Loads Through the Period Covered by this IRP.”<sup>1</sup> In its 2006 IRP, the City of Burbank Department of Water and Power (BWP) considered a 20-year planning horizon and concluded that “BWP plans to meet substantially all of its load growth requirements over the next 20 years with a combination of energy efficiency measures and renewable energy supplies.”(See Wolak pages 9 & 10) . Also, see response to comment 4-4 and analysis for the SCE Planning Area in the staff report.

*Response to Comment #14-3*

Staff does not support the position to eliminate the fee for the first 100 MW of repowering. While the proposed 50.75% percent discount for the first 100 MW of repowering is included to encourage more distributed generation, a complete elimination of the fee would be inequitable. Emissions from less than 100 MW projects would still need to be accounted for in the required annual emission report on New Source Review and would utilize a valuable public good without any payment.

*Response to Comment #14-4*

The effective date of the rule has been revised to the date of adoption in the revised Proposed Rule.

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<sup>1</sup> Page ES-1 of “City of Glendale Water and Power Department 2007 Integrated Resource Plan,” available at [http://www.glendalewaterandpower.com/pdf/rpt\\_IRP\\_2007.pdf](http://www.glendalewaterandpower.com/pdf/rpt_IRP_2007.pdf).

*Response to Comment #14-5*

Staff appreciates this comment and has revised the rule accordingly.

*Response to Comment #14-6*

Pricing for offsets obtained from SCAQMD accounts is based on the most appropriate proxy; the price at which such offsets are transacted at in the open market. Note that other proxies such as Carl Moyer and Prop 1B funding values result in a higher fee for SCAQMD offsets. The purpose of the rule is to recoup the fair market value of the offsets in the SCAQMD's internal accounts, not to mitigate or offset emissions from the repowering projects. The offsets provided from the internal accounts serve that purpose. Accordingly, using the open market as a proxy for the price for internal bank offsets is reasonable and appropriate. Additionally, consistent with the SCAQMD's policy of encouraging smaller, distributed generation, an additional discount beyond the value obtained by using market ERCs is provided for units rated 100MW or less. Cost-effectiveness is not an issue in this proposal, since the goal is to recover the fair market value of public goods that are currently being provided at no-cost and not to determine the cost impact of a new control measure designed to reduce emissions. Furthermore, ERC prices are the most apt proxy for determining SCAQMD internal accounts offset pricing as procuring or generating ERCs are an alternative compliance option to the use of internal bank offsets. However, for reference purposes, cost-effectiveness numbers for a recently evaluated sample of twenty Carl Moyer projects were computed and found to range from a median of about \$39,000/lb/day to a high of \$407,215/lb/day and for a set of 2,582 Proposition 1B projects range from a median of about \$38,000/lb/day annually to a high of \$1,852,342/lb/day annually (these are primarily PM10 and NOx reduction projects and the PM10 fee component is typically over 90% of the total fee. Compare this to the current proposed fee (without a [5075%](#) discount for the first 100MW) of \$3,986/lb/day for PM annually, \$2,663/lb/day for NOx annually, \$3,170/lb/day for SOx annually and \$185/lb/day for VOC annually.

*Response to Comment #14-7*

The revised rule language provides a discount up to [7587.5%](#) for the smaller EGFs from the initial proposal and the anticipated offset fees are not expected to deter repower decisions.

The AQMD's federally approved NSR rule requires offsets for any non-attainment air contaminant. Non-attainment air contaminant means any air contaminant for which there is a national or state ambient air quality standard. Although the South Coast Air Basin was designated attainment for the federal PM 10 standard on June 25, 2013, the Basin is non-attainment for the California PM 10 standard. As such, the basin is still considered non-attainment for PM-10 and any permit issued must be in compliance with all applicable rules and regulations including NSR (and offsets). See also Response to Comment 4-18.

*Response to Comment #14-8*

Staff appreciates the suggestions. A Draft Socioeconomic Report has been prepared assessing the standard accepted models and released in conjunction with this staff report to the public for comment 30 days prior to the public hearing.



**California Council for Environmental and Economic Balance**

100 Spear Street, Suite 805, San Francisco, California 94105  
415-512-7890 phone, 415-512-7897 fax, www.cceeb.org

April 23, 2013

Mr. Henry Pouzand  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

RE: Proposed Rule 1304.1 – Electrical Generating Facility Annual Fee for Use of  
Offset Exemption – Second Comment Letter

Dear Mr. Pouzand,

The California Council for Environmental and Economic Balance (CCEEB) is a coalition of California business, labor and public leaders that works to advance strategies to achieve a sound economy and a healthy environment. Founded in 1973, CCEEB is a non-profit and non-partisan organization.

This is CCEEB’s second comment letter on the proposed rule. While CCEEB appreciates the many changes staff has made to the proposal, including agreement to perform an environmental assessment and improvements to the refund policy, we continue to have a fundamental concern with the fee and its potential impact on grid reliability. Moreover, our members fear that the proposed fee is the start of a slippery slope with this proposal being followed by others that would charge new fees for other types of facilities to access the District's banks. 15-1

In addition to our overall concerns stated above, we are restating the following concerns from our earlier letter that we believe staff has yet to address:

1. Potential Impact to the Power Generation Needs of Southern California 15-2  
Our key concern is not knowing what impact this proposal will have on the ability to meet short and longer term power generation needs in southern California. We understand from statements made by representatives of the CAISO that they are encouraged by changes found in the latest proposal, but they continue to have concerns about future unintended consequences and making sure that the permitting process is aligned with planning for power generation needs.

2. Cost of Program 15-3  
During Working Group meetings, staff has indicated that the total fee collected from this proposal, once fully implemented, would be about \$15 million annually using the annual payment option. While we recognize that this is lower than earlier estimates, it would still amount to one of the largest fee programs ever adopted by the District. As previously stated, if approved, CCEEB believes that it will prove to be a strong deterrent to investment.

3. Need for Larger Look at ERC Issue

The shortage of ERCs has been an on-going problem in the SCAQMD. CCEEB has worked with staff for many years in an effort to find solutions to this problem. CCEEB does not support a significant change to one aspect of the NSR program that we believe will compound the problems associated with ERCs, without looking at the wider NSR issue. We have requested numerous times to re-start the NSR Working Group to help address this concern.

15-4

4. Potential Violation of Proposition 26

We have yet to see anything from the staff that would show the compliance of the proposed fee under the California Constitution, specifically Section 1 of Article XIII C, as amended by Proposition 26:

“The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.”

15-5

CCEEB recognizes that issues associated with new power generation are complex and very challenging. We are committed to working with the District and all stakeholders to find reasonable approaches to address these challenges.

We would like to meet with you and your colleagues at the earliest opportunity to begin a dialogue on alternate approaches to address this challenging issue.

Thank you.



William J. Quinn  
Vice President

cc: Elaine Chang, DrPH  
Mohsen Nazemi, P.E.  
Gerald D. Secundy  
Laki Tisopoulos, Ph.D, P.E.  
Barry Wallerstein, D. Env.

*Response to Comment #15-1*

Dr. Wolak’s findings regarding Proposed Rule 1304.1 are “. . . the SCAQMD’s Proposed Rule 1304.1 is highly unlikely to adversely impact the reliability of the electricity supply in Southern California or in the California ISO control area.. See “Wolak” for a detailed analysis.

*Response to Comment #15-2*

See response to comment #15-1.

*Response to Comment #15-3*

In his analysis of the proposed effects of PR 1304.1, Dr. Wolak found, “This decision to repower would be largely unaffected by the presence of a substantial cost to access the SCAQMD’s offset bank.” See Wolak for complete analysis. It is staff’s opinion that the proposed fee will not be a strong deterrent to investment. .

*Response to Comment #15-4*

The credits obtained through Rule 1304 (a)(2) are separate and distinct from open market ERCs. As such, the Proposed Rule does not exacerbate the ERC market, but serves to level the playing field between new EGFs and repowered EGFs. However, staff is open to taking a broader look at the NSR and ERC issue with all stakeholders as a separate undertaking to this rulemaking.

*Response to Comment #15-5*

See response to comment 4-18 and the staff report for a discussion of Proposition 26.



AES Southland Development  
690 North Studebaker Road  
Long Beach, CA 90803  
tel 562 493 7891  
fax 562 493 7320

April 26, 2013

Henry Pourzand  
Planning, Rule Development and Area Sources  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

RE: PROPOSED RULE 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption

Dear Mr. Pourzand:

AES Southland (AES-SL) appreciates the opportunity to provide our third set of comments to the South Coast Air Quality Management District (SCAQMD) on proposed Rule 1304.1 and the negative impacts the implementation of this rule would have on the residents and economy of Southern California. AES-SL previously submitted comments on January 18 and February 19, 2013.

AES-SL has participated in four working group meetings on proposed Rule 1304.1 since the submission of our initial comments. While the SCAQMD has revised the rule in response to comments received, the rule remains significantly flawed and will potentially cause negative environmental and economic impacts to the residents of Southern California should it be adopted as proposed. Our comments on the revised rule are presented below. We are also deeply concerned that the SCAQMD has still not responded to previously posed questions regarding the proposed rule and we have reiterated some of those questions and comments below.

16-1

**1. The newly revised rule is both technically and conceptually flawed in its purpose and fee rate justification.**

The most recent version of proposed Rule 1304.1 states that *“The purposed of this rule is to recoup the fair market value of offsets procured by eligible Electrical Generating Facilities (EGF) electing to use such offset to comply with Rule 1304(a)(2).”*

First it should be noted that the rule language is technically incorrect. An EFG does not procure any offsets under Rule 1304. An EGF replacement project that relies on Rule 1304(a)(2) to demonstrate compliance with the requirements of the SCAQMD’s New Source Review (NSR) program is in fact exempt from the offset requirements of Rule 1303 to procure offsets for the demonstration of compliance. Offsets that are retired from the SCAQMD’s internal accounts are never held or owned by an owner of a qualifying EGF. While this rule language is technically incorrect, the more significant and disturbing

16-2



language of the revised rule is the intent of the SCAQMD to collect as much revenue as possible from EGF replacement projects, far above a “fair market value.”

Rule 1304.1 sets the single payment offset fee rate ( $L_i$ ) at \$99,643 per lb/day of PM. The justification for this fee rate, (as stated during the April 4, 2013 rule making working group meeting), is that this fee rate reflects the weighted average value of PM Emission Reduction Credit (ERC) trades that have occurred on the open public market during the past two years. The extremely high price paid for PM ERCs reflects a very limited supply of publicly traded ERCs and an even smaller amount of actual ERC transactions. For PM, there has been less than 50 lb/day of PM traded on the public market in 2011 and 2012. As the principle of supply and demand would predict, the weighted average value of these trades was subsequently very high. The SCAQMD estimates that it will have 13.47 tons/day of PM offsets in its internal bank by the end of 2013, well over 500 times the amount of PM ERCs that have been traded on the public open market and approximately 35 times more than the total amount of ERCs that currently exist for trade or sale. Per the principle of supply and demand, a fair market value of the SCAQMD’s PM offsets would be the expected price of the offsets if they were available on the open public market. By controlling the available offsets and then charging fees for the use of these same offsets based on a market price that is not reflective of the true supply, the SCAQMD is engaged in profiteering and can not assert that the offset fee rate proposed in Rule 1304.1 is “fair market value.”

16-2  
con't

- 2. The effective date of the proposed rule is improperly retroactive and punitive to permit applications that have considerable and unrecoverable sunk costs based on business plans that rely on financial and regulatory analyses which don't contemplate a significant policy change such as Rule 1304.1.**

The effective date of the revised rule for replacement generation projects receiving the applicable permit to construct has been revised to July 1, 2013. Since the average processing time for a major Prevention of Significant Deterioration (PSD) and NSR permit for a generating facility greater than 50 MW is in excess of 18 months, plus the excessive amount of time the SCAQMD requires for multiple data requests before an application can be deemed data adequate (6 months or more), applications for replacement generation projects submitted as far back as the beginning of 2011 could be impacted by the rule. Since the rule would impose such significant up front costs on a project, it would require a significant delay and complete reanalysis of the project business plan before proceeding. The added cost of the fee, plus the additional costs associated with project delay could render some projects economically unviable, which could lead to extended operations of older, less efficient generating facilities. Thus the effective date in and of itself has the potential to cause both significant negative economical and environmental impacts.

16-3

In addition, before an application for replacement generation is submitted to any agency, considerable effort, time and costs are incurred to design the project and prepare the requisite environmental analyses. For major generation projects, significant expense is incurred two or three years before an application is ever submitted to a regulatory agency. To avoid the significant impact the effective date of the proposed rule will have on replacement generation projects currently under development, it should be changed to a date far past the date of approval by the SCAQMD. The rule effective date should be a minimum of three years past the date of approval to allow replacement generation project developers enough time to

adjust their business plans to such a significant policy change. This would be consistent with other major policy changes in California such as AB 32 and the State Water Resources Control Board's Resolution No. 2010-0020 (Resolution) and adoption of a Policy for the Use of Coastal and Estuarine Waters for Power Plant Cooling. Both of these regulations provided a reasonable amount of time for industry and business to adjust to the impact of the rules.

16-3  
con't

**3. Fees collected through proposed Rule 1304.1 for air quality projects will not lead to cost-effective emission reductions**

At the April 4, 2013 working group meeting SCAQMD staff stated that the PM emission reductions that they hoped to achieve with the proceeds from Rule 1304.1 fees would cost an order of magnitude greater than the market cost of PM ERCs. It was stated that PM emission reductions in the SCAQMD are approximately \$1 million per lb/day of PM. Unless the SCAQMD has revised its past policy and guidance on cost-effectiveness criteria for the control of PM emission sources, then the proposed projects the fees would fund are not cost-effective making the proposed fees unnecessary, and by definition would have a negative economic impact.

16-4

In addition to the comments above, AES-SL has still not heard or read a response from the SCAQMD to previously posed questions. AES-SL has reiterated below our outstanding issues and questions on proposed Rule 1304.1

**4. What are the unmitigated air quality impacts that result from Electric Utility Steam Boiler (EUSB) replacement projects?**

During the January 10, 2013 consultation meeting, SCAQMD staff stated the purpose of the proposed fee Rule 1304.1 is to generate funds for air quality improvement projects to mitigate local impacts from Electric Utility Steam Boiler (EUSB) replacement projects. During the working group meetings, SCAQMD staff confirmed that the retirement of emission offsets as required by Rule 1303 and tracked and retired under Rule 1315 fully mitigate emissions from new sources, consistent with New Source Review (NSR) and the Clean Air Act. Furthermore, SCAQMD staff confirmed that emissions from retired and shutdown EUSBs are not counted against the requirements to offset emissions and therefore are considered local emission reductions that result from the replacement generation project and are in addition to the emission offsets that are tracked and retired under Rule 1315. Considering the fact that maximum predicted ground level concentrations of pollutants resulting from new, efficient, qualifying replacement generation technology are a fraction of applicable state and federal standards for air quality; that the entire electric generating fleet within the South Coast air basin result in approximately 0.5% of the basin's emission inventory; that every EUSB replacement project requires the installation of Best Available Control Technology and will result in more efficient generating capacity; and that emissions from each EUSB replacement project will be fully offset *and* will result in local emission reductions, the SCAQMD has not identified a quantifiable and significant air quality impact that could result from an EUSB replacement project which utilize Rule 1304(a)(2) to demonstrate compliance with NSR requirements for emission offsets. Thus, the proposed fee is to fund air quality mitigation projects that bear no relation to the regulated source.

16-5

Analysis presented by SCAQMD staff projecting higher emission rates for new replacement generation projects is not supported by project specific data and can only be described as a

speculative analysis. The most recent CAISO analysis of the need for replacement generation in the Los Angeles Basin local reliability area, and the most recent results of the Long Term Procurement Planning process of the CPUC all indicate that installed generating capacity within the Los Angeles Basin will decrease in future years. Thus, the SCAQMD assertion that new replacement generation will become an increased contributor to basin wide emissions is not supported by the agencies mandated with electric transmission system planning and reliability.

16-5  
con't

**5. What is the anticipated revenue from proposed Rule 1304.1 fees?**

The SCAQMD must complete a project specific financial analysis for all remaining 1304(a)(2) eligible EUSBs to determine the true financial impact to electric rate payers and to provide transparency into their own revenue generation. This is entirely feasible and not overly burdensome since the entire universe of Rule 1304(a)(2) eligible EUSBs is limited to only nine facilities, and there are currently pending applications with the SCAQMD to replace some of the subject facilities. The existing applications that the SCAQMD is currently assessing provide staff with the project specific data to produce a very clear analysis of the actual fee cost and revenue potential. Such an analysis would bring much greater transparency to the SCAQMD rule making process.

16-6

**6. How is proposed Rule 1304.1 consistent with the recently adopted Air Quality Related Energy Policy?**

The policy states that the SCAQMD “recognizes that fossil fuel electricity generation will still be needed in the Basin to complement projected increased use of renewable energy sources.” The same policy endorses and encourages increased reliance on electricity as an energy source through the electrification of the transportation fleet with specific reference to the electrification of goods movement and encouragement of the use of electric vehicles for personal and business use. The SCAQMD must explain how a tax on replacement generation projects would not deter investment and delay modernization of the electrical infrastructure of the Los Angeles Basin and undermine its own Air Quality Related Energy Policy.

16-7

**7. What is the legal basis for asserting that proposed Rule 1304.1 is in compliance with Proposition 26?**

Proposition 26 states that “The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.” Thus, the SCAQMD bears the burden of proving that the proposed fees imposed by Rule 1304.1 are not taxes that go beyond the reasonable regulatory cost of the agency to provide the service or benefit received by an owner of an EUSB replacement project utilizing Rule 1304(a)(2)

16-8

**Further Environmental and Economic Analysis is Needed**

In addition to the specific questions still outstanding, AES-SL believes further analysis and assessment of proposed Rule 1304.1 is warranted. AES-SL believes proposed Rule 1304.1 is

16-9

contradictory to the SCAQMD's 2012 Air Quality Management Plan, the Air Quality Related Energy Policy and will be a deterrent to reducing emissions from the electric generating sector in the Los Angeles Basin. The fee will tax generation projects that will replace existing inefficient electric utility steam generators with state of the art, highly efficient combined cycle gas turbine generators fitted with the Best Available Control Technology. By taxing these essential projects the AQMD will negatively impact the electricity rate payers of Southern California by adding 15 to 20% to the capital cost of new projects. For these reasons AES-SL is pleased that the SCAQMD has committed to conducting a thorough CEQA and socioeconomic analysis that will examine the direct impacts the proposed rule will have on EGF replacement projects as well as the indirect impacts the rule will have on electricity rates and the economy of southern California. Considering the scale of the fees being considered; the negative and significant impact the proposed fee rule will have on the already burdened electricity rate payers of southern California; and the impact such a hastily contrived and implemented policy will have on the investment and business community, a thorough socio-economic assessment of proposed Rule 1304.1 is warranted.

16-9  
con't

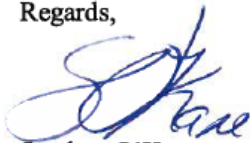
### **Conclusion**

California is on the brink of a transformation of its economy, energy resources and electrical infrastructure to a cleaner more sustainable future. The implementation of AB-32, Renewable Portfolio Standards, efficiency standards, electrification of the transportation sector and the modernization of the electrical system will result in a cleaner, lower carbon and more sustainable economy and environment. After four working group meetings and one public notification meeting on proposed Rule 1304.1, the SCAQMD has been unable to provide a credible justification for an environmental policy that presents a deterrent towards progress with these goals. The CPUC, CEC, ARB. investor owned and municipal utilities have literally spent years planning for the replacement of OTC EUSBs in the Los Angeles basin and have now put in place the procurement process to proceed with the replacement of these generators with technology specifically designed to be able to match demand almost instantaneously and hence minimize local thermal generation. Proposed Rule 1304.1 is a deterrent to these plans and the progress that has already been achieved..

AES-SL is still hopeful that the SCAQMD's CEQA and socioeconomic analysis will provide staff with the information needed to prepare a final staff assessment of proposed Rule 1304.1 for the Board of Governors that recognizes all of the risk and potential negative impacts the proposed fees may have and that the adoption of Rule 1304.1 is ultimately rejected.

AES-SL appreciates the opportunity to provide these comments. If you have any questions, please do not hesitate to contact me at (562) 493-7840 or Julie Gill at (916) 509-0598.

Regards,



Stephen O'Kane  
Vice-President  
AES Southland Development, LLC

*Response to Comment #16-1*

The SCAQMD has conducted a detailed environmental analysis of this project. The NOP/IS was circulated for a 30-day comment period (April 9 – May 8, 2013). Subsequently, air quality and energy impacts were identified as potentially significant and were thoroughly analyzed in the DEA that was circulated for a 45-day comment period commencing (July 9 – August 22, 2013).

Proposed Rule. Also, see response to comment 4-4 and analysis for the SCE Planning Area in the staff report.

*Response to Comment #16-2*

ERC prices per pound of pollutant (on an annualized weighted average basis) for PM10 and VOC have actually been declining over the last four years, with the steepest declines, especially for the fee driver pollutant PM10, most recently. The 2 year average utilizes sufficient significant data while at the same time resulting in significantly lower fee pricing than longer averaging time periods. Furthermore, the use of ERCs as a proxy for offset pricing results in the lowest fee pricing. All other proxies such as Carl Moyer cost-effectiveness and Prop 1B cost-effectiveness yield higher fee pricing.

The Proposed Rule does not constitute “profiteering”. The offsets in the SCAQMD’s internal accounts are public goods that are owned by the SCAQMD and possess a high monetary value. In determining the price of the offset fee, the SCAQMD has derived the fee from the value of privately held ERCs so that the fee does not exceed the reasonable cost of the offsets. Further, the fees being charged are consistent with what a newly constructed EGF would be paying and as such, can be considered to be leveling the playing field (see “Wolak”). The fees received under the rule would be used for air quality improvement projects consistent with the AQMP.

*Response to Comment #16-3*

In response to comments, the effective date of the rule has been changed to the date of rule adoption.

*Response to Comment #16-4*

Fees will be spent to obtain emission reductions consistent with the Air Quality Management plan. The proposed fee will further reduce the air quality impacts by local communities impacted by the projects by investing a portion of the fee revenues in the area adjacent to the repower project. The most apt proxy for pricing offsets fairly is the price at which such offsets are transacted at in the open market. Note that other proxies such as Carl Moyer and Prop 1B funding values result in a higher fee for SCAQMD offsets. Furthermore, an additional discount beyond the value obtained by using market ERCs is provided for units rated 100MW or less. Also, see response to comment [4514-6](#).

*Response to Comment #16-5*

The commenter alleges that the purpose for the Proposed Rule is to generate funds to mitigate impacts from EUSB replacement projects; however, staff has consistently explained that the purpose of the Proposed Rule is to recoup the fair market value of internal bank offsets which are provided to EGFs electing to use the 1304(a)(2) exemption for repowering projects.

Additionally, it is anticipated that replacement units will have a higher capacity factor due to their increased fuel efficiency and hence a greater emissions potential. See “Wolak” for additional information regarding dispatch and operation of generation.

*Response to Comment #16-6*

A socioeconomic impact assessment report has been prepared and released in conjunction with this staff report, taking into consideration the industry impacts, including potential fee revenue (see Draft Socioeconomic Report). Furthermore, an online calculator is available for analyzing and determining the offset fee(s) for a specific project(s) at <http://www.aqmd.gov/rules/proposed.html#1304.1>. The anticipated fee revenue and the assumptions in estimating these revenues are included in the socioeconomic impact analysis .

*Response to Comment #16-7*

The goal of the agency is to reduce emissions of air contaminants. As such it promulgates standards that must be met, however the SCAQMD is fuel neutral. While the energy policy does recognize the need for fossil fuel electricity generation to complement increased penetration of renewable energy sources, it does not ignore the air quality impacts associated with fossil fuel plants, which must be addressed. Therefore, it is staff’s opinion that there is no conflict between the energy policy and the Proposed Rule.

Dr. Wolak notes “. . . because of the structure of the joint CPUC and California RA process, the CPUC LTPP process, and other state and local policies, this [Rule 1304.1] is extremely unlikely to reduce the reliability of supply of electricity in Southern California or the entire state”. Based on Dr. Wolak’s analysis, staff does not anticipate a conflict with further electrification. See “Wolak” for a detailed analysis.

Also, see response to comment 4-4 and analysis for the SCE Planning Area in the staff report.

*Response to Comment #16-8*

See response to comment 4-18 and the staff report for a discussion of Proposition 26.

*Response to Comment #16-9*

The SCAQMD has undertaken a detailed environmental and socioeconomic analysis of this project. The NOP/IS was circulated for a 30-day comment period (April 9 – May 8, 2013). Subsequently, air quality and energy impacts were identified as potentially significant and were thoroughly analyzed in the DEA that was circulated for a 45-day comment period commencing (July 9 – August 22, 2013). Also, SCAQMD has conducted a full environmental and socioeconomic impact analysis on the proposal that was released in conjunction with this staff report (see Draft Socioeconomic Report). Furthermore, an outside energy expert conducted a detailed analysis of potential economic impacts and reliability issues (see Appendix A of this staff report; “Wolak”). See also Response 17-1.





**California Council for Environmental and Economic Balance**

100 Spear Street, Suite 805, San Francisco, California 94105  
415-512-7890 phone, 415-512-7897 fax, www.cceeb.org

May 30, 2013

Mr. Henry Pouzand  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

RE: Proposed Rule 1304.1 – Electrical Generating Facility Annual Fee for Use of  
Offset Exemption – Third Comment Letter

Dear Mr. Pouzand,

The California Council for Environmental and Economic Balance (CCEEB) is a coalition of California business, labor and public leaders that works together to advance strategies to achieve a sound economy and a healthy environment. Founded in 1973, CCEEB is a non-profit and non-partisan organization. Founded in 1973, CCEEB is a non-profit and non-partisan organization.

This is CCEEB’s third comment letter on the proposed rule. CCEEB continues to have concerns with the proposal, but we have seen much progress from earlier proposals and have now narrowed our concerns to the following specific points:

1. Fee Should not Apply to Other Types of Projects

The CCEEB membership is composed of various types of businesses, many of which rely upon directly, or through their customer base, access to the District’s internal bank of credits. A key reason so many of our members have followed development of this program is fear that it could expand to other types of projects. CCEEB recommends that the District make clear that electrical generation brings unique issues to the table and that it is not the District’s intention to broaden the application of this fee to other types of projects.

17-1

2. Timing of Payments

As we understand the current proposal, and for either the annual payment option or the single payment option, the owner/operator must remit the fee prior to issuance of the permit to construct. This creates the potential for putting private capital at risk, and in turn, places additional restraints in the planning process for re-powering. Further, it causes additional challenges for single permit re-powering projects that are developed in phases. CCEEB recommends that the

17-2

District require that the owner/operator pay the bulk of the fee, using either the annual payment option or the single payment option, when the generating unit becomes operational. We believe this would coincide with the timing for the actual retirement of the offsets, as required by EPA. It would also address the uncertainties associated with phased projects, as under this approach, the fee would be paid as each unit came online. } 17-2 con't

3. Retroactive Effective Date

Until the release of this proposal, CCEEB is unaware of any significant District proposal that became effective on a date prior to Board approval. We believe it is unreasonable to add a new and unexpected significant fee to a project that has been in the planning process for years. While not fully addressing this concern, we recommend that the rule become effective upon approval by the Board. } 17-3

4. Compliance with Proposition 26

We ask staff to include language in the final staff report to show how the rule will comply with the provisions of Proposition 26. } 17-4

We look forward to working with you to resolve these remaining issues.

Thank you.

Sincerely,



Bill Quinn  
Vice President

cc: Elaine Chang, DrPH  
Mohsen Nazemi, P.E.  
Gerald D. Secundy  
Laki Tisopoulos, Ph.D, P.E.  
Barry Wallerstein, D. Env.



*Response to Comment #17-1*

There is currently no proposal to extend the provisions of PR1304.1 to industries other than EGFs.

*Response to Comment #17-2*

| The proposal is consistent with current SCAQMD permitting rules, policies, and procedures that require offsets be submitted prior to the issuance of the application for the Permit to Construct. When the offset fee is paid, offsets are set aside and debited from the SCAQMD's internal accounts, as required by the New Source Review program..

Based on the comment, with the annual payment option, staff has revised the proposal to require a fee for the total offsets required for the issuance of a Permit to Construct, which is then credited for the first year of the operation for that unit's commenced operation. Second year fees are only due for the cumulative total of MW capacity that has commenced operation.

*Response to Comment #17-3*

Staff concurs and has revised the Proposed Rule, as suggested..

*Response to Comment #17-4*

See response to comment 4-18 and the staff report for a discussion of Proposition 26.

AES Southland, LLC  
690 North Studebaker Road  
Long Beach, CA 90803  
tel 562 493 7891  
fax 562 493 7320

July 2, 2013

Henry Pourzand  
Planning, Rule Development and Area Sources  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

**RE: PROPOSED RULE 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption**

Dear Mr. Pourzand:

AES Southland (AES-SL) appreciates the opportunity to provide our fourth set of comments to the South Coast Air Quality Management District (SCAQMD) on proposed Rule 1304.1. Significant progress has been made in developing and assessing a fee based rule for accessing the SCAQMD’s internal bank of offsets and we believe there are workable solutions to insure a fair and balanced rule is developed that doesn’t overly burden the electricity rate payer while insuring continued progress towards the SCAQMD’s goals for cleaner air and a healthy environment for all residents of the Los Angeles basin.

AES-SL has participated in four working group meetings on proposed Rule 1304.1 since the submission of our initial comments. The SCAQMD has revised the rule in response to comments received, however, as a result of further analysis of the financial implications caused by the structure of the fee rule payment schedule, AES-SL believes further revisions are required. .

**1. Timing of Payments.**

The most recent version of proposed Rule 1304.1 requires that *“the first year annual payment corresponding to the first year of operation must be remitted prior to the issuance of the permit to construct,”* and that the amount of the fee is to be based on the total amount of offsets required for the new replacement unit(s). This rule language contemplates a simple replacement generation project where all of the new generation units that comprise the entire replacement project begin operating within the same year. Large utility scale projects in excess of 500 MW will require multiple years to be constructed and brought on line. Subsequently, the generating units within the EGFs which will be retired to accommodate the new replacement generating units will be retired over multiple years. As written, Rule 1304.1 will require EGFs to pay a fee for offsets that are not actually used for many years, even while the old generating units are still operating.

The Annual Payment Offset Fee (F<sub>i</sub>) should apply only to the Potential to Emit (PTE) of the generating units that actually begin operating in any given year and not to the entire PTE of

18-1

the replacement project itself. In the case of AES-SL's largest facility - the Alamos Generating Station - due to its size, limited available space and the need to maintain the station's generating capacity during the entire construction and development period, our planned 2,000 MW replacement project would require AES-SL to pay fees for generating units that could not physically begin operating for up to 10 years after the first payment is due. The cost of carrying such a significant annualized payment, currently estimated at over \$5 million per year, over many years when no revenue potential could be realized, will cause the actual costs to the electricity rate payer resulting from Rule 1304.1 to increase substantially.

AES-SL recommends that the first Annual Payment Offset Fee ( $F_1$ ), to be remitted prior to the issuance of the permit to construct, be calculated based on the PTE of the replacement generation units which become operational within 12 months of the first fire of the first replacement generating units to be constructed. Subsequent Annual Payment Offset Fees, beginning with the second payment due on or before the anniversary date of the commencement of operation of the first replacement generating unit, would be based on the PTE of the following 12 month period. Such a fee schedule would insure permitted facilities paid fees for offsets as they are used and retired and insures that no excess payments are incurred should an EGF amend their construction plans and not proceed with the construction of some of their generating units.

18-1  
con't

### 2. Annual Fee Payment Option Versus a Single Offset Fee Payment.

Proposed Rule 1304.1 states that "*The owner/operator of an EGF that elects the annual fee payment option has the right to switch to the single payment prior to the commencement of the second year of operation.*" AES-SL believes that a fair option for EGF's would be to allow the option to switch to a single payment at any time after the first Annual Fee Payment has been remitted. In addition, the rule must clarify that at any time an EGF elects to switch to the single payment option, only the balance of the Single Payment Offset Fee less any Annual Payment Offset Fee paid, would be due. This will insure an EGF never pays more than the Single Payment Offset Fee for the operating life of the facility.

An operator of an EGF will elect to pay the Annual Payment Offset Fee versus the Single Payment Offset Fee based on their analysis and projection of the increase in Annual Fee Payments based on the Consumer Price Index (CPI). Since replacement generation projects will have an operating life of 40 or more years, and will be developed contingent upon long term, fixed price power purchase agreements, it is impossible to predict if and when an Annual Payment Fee will become more expensive to pay versus a Single Payment Fee made before the end of the first year of operation of the replacement generation units. The option of paying an annual payment versus the single payment option would be evaluated based on the long term revenue potential of the facility versus the projected inflation rate. Since this is impossible to predict over the operating life of the facility, the requirement to select a payment option before the end of the first year of operation is a speculative gamble.

18-2

### 3. Refunds of Offset Fees

There should be no time limit by which an EGF can seek a refund of offset fees for any offsets not used. The PTE of an EGF is based on the assumed operating profile that results in the maximum month emissions. The operating profile that an EGF seeks to permit will

18-3

depend on the contractual obligations the facility enters into with an off-taker. These long term power purchase contracts are often finalized after Permits to Construct are issued and an EGF may elect to revise their permit condition, thereby reducing their PTE. Generating units that are scheduled to begin operating after the first year of operation of the first generating units in a replacement generation project could well have lower PTE than what was originally envisioned. Refunds of fees for offsets which are assumed to occur years before any potential emissions could be generated and are subsequently revised downward should be eligible for a refund at any time after the fees are originally paid.

18-3  
con't

Conclusion

AES-SL appreciates the opportunity to provide these comments. The SCAQMD has recognized that electricity generation is an essential public service and that thermal replacement projects will still be needed in the Los Angeles Basin to complement even the most ambitious projected increases in renewable energy sources. The replacement of Rule 1304 eligible generating units will be critical to the SCAQMD's own air quality related energy goals as well as to the State of California's green energy goals. With the recommended changes to the Rule 1304.1 AES-SL believes this rule will become a beneficial tool for both the SCAQMD in developing air quality related projects and for the electrical utilities as they continue to modernize California's critical infrastructure. If you have any questions, please do not hesitate to contact me at (562) 493-7840 or Julie Gill at (916) 509-0598.

Regards,



Stephen O'Kane  
Manager  
Sustainability, Environmental Management and Regulatory Compliance  
AES Southland, LLC

*Response to Comment #18-1*

Thank you for your comment regarding projects that may be constructed over multiple years. Staff has revised the Proposed Rule to clarify the intent. Because the Permit to Construct for a project is issued for the total amount of MW power generation, regardless of the time period anticipated for actually bringing the total MWs of power generation on line, the first year annual payment is based on the total MW capacity permitted. This is fair and equitable since the project receives the total of the offsets required from SCAQMD offset accounts upfront. Subsequent year payments however, will be based on the portion of the PTE that comes online for the given year. An example is provided in the staff report.

*Response to Comment #18-2*

The Proposed Rule has been modified to address your concerns. Under the revised proposal, an operator can request a change from the annual payment option to the single payment option at any time. Such a request must be made in writing to the Executive Officer. The amount of the single payment offset fee shall be based on the offset fee rates in effect at the time the application submittal requesting the change of payment method is made, and less the amount of any prior annual fee payments made.

*Response to Comment #18-3*

Staff has broadened the refund schedule in the Proposed Rule, providing an avenue for an EGF to lower the permitted capacity after receiving the permit to construct but before construction.

July 2, 2013

**VIA EMAIL (HPOURZAND@AQMD.GOV) AND U.S. MAIL**

Henry Pourzand  
Planning, Rule Development and Area Sources  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Comment Letter on Proposed Rule 1304.1 (6/14/13 Draft)  
Cities of Burbank and Glendale**

Dear Mr. Pourzand:

Pursuant to the Notice of Public Workshop and CEQA Scoping Meeting ("Notice") published on June 17, 2013, the Cities of Burbank and Glendale ("the Cities") hereby submit this comment letter on Proposed Rule ("PR") 1304.1 (revised draft 6/14/13). This letter provides general comments on issues raised by the most recent draft of the proposed rule and the accompanying Revised Preliminary Draft Staff Report as well as comments for consideration in the environmental assessment that is under preparation. Therefore a copy of this comment letter is being forwarded to Jeffrey Inabinet, who is designated to receive comments regarding the environmental assessment.

The Cities have submitted several comment letters on prior drafts of the proposed rule, and also on the Initial Study, regarding a number of issues. Some of these issues remain unresolved, and the District staff has not yet responded to a number of our comments. We will not repeat comments we have made before, although we will refer back to comments we have made earlier, as needed. All previous comment letters are incorporated herein by reference.

1. **Fee Formula Remains Unfair to Peaking Units and the Cities that Depend on Them**

In our April 22, 2013, letter, we reiterated our view that PR 1304.1 contains significant flaws that disfavor the construction of utility boiler replacement projects that are intended to operate primarily as peaking units, and not as baseload units. These flaws have not been corrected in later drafts of the proposed rule. Because the Cities' replacement projects typically would operate primarily as peaking units, the Cities therefore are uniquely disadvantaged by PR 1304.1 and continue to oppose its adoption in its current form.

As we stated in our April 22 letter, units smaller than 100 MW normally operate as peaking units because they have higher heat rates than larger units. Their use will normally be minimized. Under the District staff's proposed fee formula, these smaller peaking units would be required to pay fees equivalent to the first 100 MW of much larger units, which typically operate as baseload units, for equivalent daily potential to emit, expressed as pounds of emissions per day. Because peaking units operate much less of the time than baseload units, however, the proposed fee would have a disproportionate impact on the peaking units and on the rates that need to be collected from customers to pay the fee. For example, the Cities estimate that the proposed fee would have a rate impact for peak load power that is three or four times the impact the fee would have on rates for power produced by baseload units, measured in dollars per megawatt-hour.

In certain unusual circumstances, a smaller unit may be operated for other purposes than for peak load power. For example, the City of Glendale's aging boilers are used to combust landfill gas from the Scholl Canyon Landfill. Replacement units would need to continue to perform this valuable function of combusting a renewable resource. In addition, the replacement unit or units, like any replacement unit, may also be used to integrate intermittent renewable resources into the power grid, including local solar generation. But by and large, the replacement units contemplated by the Cities would operate primarily as peaking units, as well as to provide needed local reserve capacity, as we have previously discussed with District staff.

Accordingly, it would be appropriate to impose a lower fee on units no larger than 100 MW, with a maximum of 100 MW at any given facility being eligible for the lower fee. A fee in the range of 10% of the fee on larger units may be appropriate, in order to achieve rough equity between baseload and peaking units, measured on a dollars per megawatt-hour basis. There does not appear to be any justification for extending this lower fee to the first 100 MW of larger units, although District staff currently proposes to extend a lower fee to such larger units. A lower fee as outlined here would be facially neutral as regards all facilities, large or small. Because larger facilities are designed to operate as baseload facilities, they will typically not include the smaller units that would benefit from the lower fee. However, operators of larger facilities would still be free to develop different configurations of new units at each facility, both large baseload generators and small peakers.

19-1

**2. The Air Quality Objective of the Rule Remains Unclear**

The Notice requests suggestions for achieving the air quality objective of PR 1304.1. But it is not clear that the proposed rule has an air quality objective, as opposed to the objective of raising revenues. Boiler replacement projects are exempt from an offset requirement pursuant to Rule 1304(a)(2), based on the reasonable expectation that replacing old boilers would have a beneficial impact on air quality. The District's system for tracking emissions offsets to show equivalency with federal new source review requirements, Rule 1315, has been approved by US EPA. So even without the proposed fee, the replacement projects do not impede the LA Basin's progress toward attainment of the ambient standards. It is not clear what the fee accomplishes, other than to raise revenues to fund unspecified air pollution improvement strategies, without any disclosure of whether those strategies will achieve cost-effective emissions reductions.

19-2

**3. The District's Analysis Must Address Local Reliability Impacts**

In our May 7 letter commenting on the Initial Study for PR 1304.1, we outlined the issues that the environmental assessment must address. One of those issues is the adverse impacts the proposed rule may have on local reliability for the Cities if they delay, downsize or abandon their planned boiler replacement projects because of the magnitude of the proposed fee.

During the District's presentation at the CEQA scoping meeting on June 18, it became apparent that the District did not plan to address impacts on local reliability. Instead, District staff indicated that they planned to address impacts on "system reliability." They described "system reliability" via reference to the entire Los Angeles Basin. Any focus in the environmental assessment on "system reliability" so defined will not address the concerns the Cities have repeatedly raised about "local reliability". As the Cities have explained to District staff on several occasions, the Cities' reliability issues stem from their relative isolation from remote resources because of limited points of interconnection with the regional electric grid. Therefore, it is essential that the Cities not be impeded in their plans to replace their aging boilers with new turbines that will improve their local, intra-City reliability.

19-3

The Cities made this comment at the CEQA scoping meeting. We reiterate the comment here to ensure that it is reflected in the formal record of this rulemaking and is addressed in the environmental assessment, the socio-economic analysis or some other staff report prior to rule adoption.

**4. The Socio-Economic Analysis Must Be Robust**

In our February 19, 2013, and April 22, 2013, comment letters, we have suggested appropriate topics that the District should address in its socio-economic analysis of PR 1304.1, including cost-effectiveness of emissions reductions. See February 19 letter at pp. 11-12 and April 22 letter at pp. 3-5.

19-4

In addition to our prior comments, we have the following recommendations:



- The analysis should include a discussion of the disproportionate impact that the proposed fee will have on retail rates for power generated by peaking facilities as compared with the impact on retail rates for power generated by baseload facilities.
- The reduction in basin-wide capacity resulting from the permanent retirement of SONGS should be factored into the analysis. Southern California Edison, the operator of SONGS, has announced that the nuclear plant will not be restarted, but instead will be decommissioned. This changes the load-resource balance in the LA Basin dramatically, and makes new generation even more valuable and critical for reliability; how will this reduction in capacity be reflected in the analysis? This is an important development because the marginal value of replacement capacity in the LA Basin has now increased, and thus the lost value of not having this replacement capacity has also increased.
- Local and regional reliability should be factored into the analysis. An increase in frequency and duration of brown-outs and black-outs will reduce incomes, jobs and Gross Regional Product (“GRP”). These brown-outs and black-outs could occur at both the local (intra-City) and system (LA Basin) levels as the old boilers continue to age.
- The reduction in incomes, jobs and GRP resulting from delays in replacement projects should be factored into the analysis.
- The cost-effectiveness discussion should include (a) emissions increases from the boilers if replacement projects are delayed and (b) emissions decreases both from reductions in the size of replacement projects and from reductions obtained elsewhere with the fees.
- The cost-effectiveness discussion should compare the proposed fee with “no fee” and “low fee” alternatives that would not cause delays in replacement projects.
- The socio-economic impact analysis must recognize the difference between for-profit and non-profit owners and operators of generation. For example, all fees for municipal replacement boilers will be paid by local ratepayers, thus reducing local incomes. In contrast, fees paid by for-profit corporations are normally treated as an operating expense, thus reducing net income reported to the federal government for corporate income tax calculations. This reduction in income reported at the federal level reduces federal income taxes paid by the corporations. All else equal, this means that federal taxpayers effectively would absorb some of the fee through higher taxes. The socio-economic impact analysis must address changes in GRP taking into account the effective payment of the fee. Furthermore, the fact that federal taxpayers

19-4 con't

will pay some of the fee further exacerbates the inequities associated with the proposed fee structure, as described herein.

- The socio-economic impact analysis must also recognize the different timing of replacement projects. For example, according to Table 1 of the June 2013 Revised Preliminary Draft Staff Report, almost 5,000 MW of OTC capacity must be replaced by the end of 2020 (NRG and AES), whereas the remaining OTC capacity (over 2,800 MW) must be replaced by LADWP by the end of 2014 or the end of 2029. The Cities are working on plans to repower local boiler capacity within the earlier time frame, not the later. Thus, the impact of the proposed fee, measured on a present value basis, will generally be highest on the Cities (non-profit, repowering sooner, no federal tax benefits), second highest on AES and NRG (for-profit, repowering sooner, federal tax benefits), and perhaps lowest on LADWP (non-profit, repowering later, no federal tax benefits). The exact differentials in impacts across these three groups will depend on the interactions among the proposed fee, the timing of replacement projects, and the availability of federal tax reductions. The socio-economic impact analysis must examine carefully the net impact of these interactions, including the time value of money (i.e., net present value analysis).

19-4 con't

5. **The Rulemaking Should be Postponed Until CARB's Final Report on AB 1318 Is Completed**

In July 2010, CARB published its interim report evaluating the electrical system reliability needs of the South Coast Air Basin, as required by AB 1318. See Interim (Phase I) Report: AB 1318 South Coast Air Basin Electricity Needs Assessment and Permitting Recommendations. This report does not include any conclusions or recommendations. Instead, it provides information that will be used as a starting point in conducting the more detailed assessment, required by AB 1318, to understand the long-term need for fossil fuel-fired power plant additions to ensure that reliability and operational needs are satisfied.

CARB has not published its final report on this important subject, and the Cities are unaware of any analysis conducted since 2010. Without the final report, the District cannot achieve the understanding needed to determine whether access to the District's internal bank by boiler replacement projects should be limited, and, if so, how that should be accomplished. Among other things, the interim report called attention to the need to determine how many emissions will be associated with capacity additions required for local and regional reliability. The interim report also recognized that different capacity additions (peaking vs. baseload) will have different operating profiles; i.e., a baseload facility will have more total emissions than a peaking facility.

19-5

These are the types of emissions distinctions that we have been urging the District to acknowledge and respect in its formulation of its proposed fee. Absent CARB's final report, the District cannot fully understand the impact that its proposed fee, and its permitting program in

general, will have on facilities needed to maintain regional reliability. The result is likely to be a fee schedule that will discourage needed capacity and run an unreasonable risk of electric outages.

**6. The Example Fee Calculation in the Staff Report for a 100 MW Peaking Unit Should be Corrected**

The Revised Preliminary Draft Staff Report contains an example calculation of the proposed fee for a 100 MW unit at 100% permitted capacity factor. Such a unit would fairly approximate the type of unit that the Cities would propose as a boiler replacement. After discussions with District staff, it appears that there is agreement that the emissions rate used for this example is based on recently permitted equipment that has a maximum rated capacity of 60%, rather than 100%. Thus, this example understates the fee that would apply to a peaking unit of this size under PR 1304.1. In fact, the fee would actually be some 40% higher than the example indicates. We trust that the next version of the Staff Report will include this correction.

19-6

**7. The Proposed Rule Should be Scheduled for Stationary Source Committee Review at the July 19 Meeting**

Just yesterday we received a copy of Agenda Item 2 for the Governing Board meeting for this Friday, July 5. It sets a public hearing for September 6 to consider the adoption of PR 1304.1. The description of PR 1304.1 mistakenly indicates that the proposed rule was reviewed by the Stationary Source Committee on March 15.

As everyone involved in the rulemaking is aware, the March 15 Committee agenda did not include PR 1304.1, and we otherwise received no notice that the Committee would review PR 1304.1 at that meeting. Moreover, the minutes of the March 15 Committee meeting do not reference PR 1304.1. Most importantly, several times in recent months we have discussed with District staff the Committee's anticipated review of PR 1304.1. We understood that District staff would present the proposed rule for Committee consideration at either the June or July meeting, and most likely at the July meeting, after as many issues were resolved as possible.

19-7

We assume that the reference to the March 15 Committee meeting in Agenda Item 2 is an inadvertent error, and we look forward to its being corrected prior to or at the Governing Board meeting on July 5. We also urge the District staff to present PR 1304.1 at the Committee's next meeting scheduled for July 19. At that meeting, we would like to bring to the Committee's attention the many flaws in PR 1304.1 that remain to be resolved before we can support the proposed rule.

**8. The Effective Date Is Still Improperly Retroactive**

The most recent version of PR 1304.1 provides that the effective date of the rule is July 1, 2013. As we have commented before, this effective date is unfair and improper.

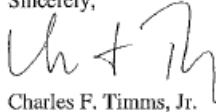
19-8

Due to no fault of their own, projects that had filed complete applications for permits to construct before the District first issued its proposed rule may not receive their permits to construct prior to July 1. It is unfair to penalize these projects. One solution to this problem would be to provide that PR 1304.1 applies only to projects for which complete permit applications were filed after January 4, 2013, when the District first issued its proposed rule. An alternative solution would be to provide that PR 1304.1 applies only to projects that receive their permits to construct after the adoption date for the proposed rule, now scheduled for September 6, 2013. If that adoption date is delayed, then the effective date of the proposed rule also should be delayed. Projects that had complete applications on file prior to the initial proposal will most likely be issued permits to construct by the adoption date.

19-8  
con't

Please let us know if you have any questions. We appreciate the opportunity to provide these comments, and look forward to continuing to participate in the rulemaking process and help the District Governing Board make an informed decision on PR 1304.1.

Sincerely,



Charles F. Timms, Jr.

cc: Jeffrey Inabinet (jinabinet@aqmd.gov)

*Response to Comment #19-1*

Professor Wolak has examined the issue of whether or not the Proposed Rule represents a significant impediment to the repowering of EGFs and has concluded that it does not. Staff's own calculation on the amount of fees required to permit a 100 MW unit under the Proposed Rule do not indicate a substantial impediment to repowering. See response to Comment # 15-1 and 15-2 and "Wolak". Though no explicit definition for a peaking unit exists, using Rule 2012 and Rule 1134 as guidance, a peaking unit should not operate at more than about 15% capacity factor as it would only be needed to pick up a shortage in generation and not as mentioned in the comment letter be operated as a base load unit. The cities, however, are requesting a permitted capacity factor of 100%. There would be a significant offset fee cost difference when permitting at a capacity factor of even 30% which is double the typical capacity of a peaking unit in contrast to 100%. See examples 2A and 2B of this staff report. Professor Wolak notes "Although municipal utilities, such as the Los Angeles Department of Water and Power (LADWP), City of Glendale Water and Power (GWP), and Burbank Water and Power (BWP) are not subject to CPUC oversight, these utilities also have similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA process and LTPP process. Each of these municipal utilities produces an Integrated Resource Plan (IRP) to meet future electricity demand in their service territory with a high level of reliability and while minimizing ratepayer impacts. In its 2007 IRP, the City of Glendale considered at 10-year planning horizon and concluded that "GWP Has Sufficient Resources to Meet Expected Peak Loads Through the Period Covered by this IRP."<sup>2</sup> In its 2006 IRP, BWP considered a 20-year planning horizon and concluded that "BWP plans to meet substantially all of its load growth requirements over the next 20 years with a combination of energy efficiency measures and renewable energy supplies." (See Wolak pages 9 & 10) Moreover, some large power plants may be operated as peakers, and will pay similarly to what the cities will pay per megawatt.

*Response to Comment #19-2*

As previously stated, the purpose of the fee is to charge an equitable amount for the use of a public good, as discussed in more detail in the Staff Report. Staff has made a diligent effort to find a suitable proxy for fairly pricing offsets (ERCs) and has also used methodologies yielding some of the lowest offset fees (2 year weighted averaging of ERC prices) and furthermore has provided for an additional 50% discount in the fees so computed, compared to the original proposed fee rates. Furthermore, for units of 100 MW or less, the revised Proposed Rule includes an additional ~~50~~<sup>75</sup>% reduction in applicable fee rates, resulting in an approximate ~~75~~<sup>87.5</sup>% overall reduction in offset fees. Any revenues resulting from the offset fees will provide a benefit, especially in the local areas, whereas emissions may increase as a result of a repower. Also, see response to comment 4-4 and analysis for the SCE Planning Area in the staff report.

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<sup>2</sup> Page ES-1 of "City of Glendale Water and Power Department 2007 Integrated Resource Plan," available at [http://www.glendalewaterandpower.com/pdf/rpt\\_IRP\\_2007.pdf](http://www.glendalewaterandpower.com/pdf/rpt_IRP_2007.pdf).

*Response to Comment #19-3*

Professor Wolak notes “Consequently, it is important to recognize the many factors that go into the decision to repower a generation unit. Nevertheless, it cannot be denied that charging existing units that repower steam boilers for accessing the SCAQMD’s offset bank may cause some unit owners to decide against repowering. However, because of the structure of the joint CPUC and California RA process, the CPUC LTPP process, and other state and local policies, this is extremely unlikely to reduce the reliability of supply of electricity in Southern California or the entire state. (see Wolak page 11). As such, staff does not anticipate that the Proposed Rule will impact reliability. See also response 20-1.

*Response to Comment #19-4*

The socioeconomic impact analysis follows the normal established protocols for such analysis. In addition, further detailed analysis is provided by the Wolak report. Also the final Wolak paper concludes that the proposed offset fee structure will not have any impacts on local or regional reliability.

The offset fee formula as proposed takes into account both the capacity factor of a unit and provides a credit for historical usage. The proposal is not biased against peaking units. As such, a true peaking unit with a low capacity factor (typically less than 15%) will pay a lower fee as compared to a baseload unit that may typically operate at a capacity factor of up to 60%. Rule 2012 - Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions; Rule 2012 Protocol – Attachment F – Definitions (37) defines a Peaker as: (37) PEAKING UNIT means a turbine used intermittently to produce energy on a demand basis and does not operate more than 1,300 hours per year.  $1,300/8,760$  hours = 15% capacity factor. If however, a peaking unit is permitted as a baseload unit by requesting a higher capacity factor or a capacity factor equal to the full MW generation capacity of the unit (the cities are requesting 100% permitted capacity factor for their peaking units) then such a unit will be subject to offset fees similar to a baseload unit(see Example 2B in this staff report).

Since the permanent shutdown of SONGs was announced in June, staff has updated all analysis to include the impacts of lost generation.

Dr. Wolak has analyzed both the impact on regional and local reliability of the proposal and concluded that in each case there will be little or no impact. In actuality, by leveling the economic playing field with regard to Greenfield projects, Dr. Wolak has demonstrated that the proposal may encourage new more efficient and cheaper retail priced power projects to be sited in the South Coast Air Basin, which may also have a positive impact on income and jobs (see “Wolak”).

The socioeconomic report examines project categories that may be funded as identified by the AQMP. However, cost-effectiveness is not the criteria by which this proposal is being evaluated – this fee rule is not a control measure. The Proposed Rule lessens the biasfavoring repowering existing units over developing Greenfield EGFs and would allow more efficient and cheaper retail priced power projects to be sited in the basin. It recoups the value of a finite, public asset that is currently being given away for free. Such fees will be used to obtain emission reductions. The emission reductions are benefits that accrue to residents of the basin (and ratepayers) that would otherwise not have been obtained in the case of a no fee alternative.

With regards to the impact on rate payers , see response to comment 4-4 which provides an analysis of fee impacts on rate payers in both the SCE Planning Area and municipalities. The socioeconomic report

assumes costs will be passed through to rate payers. If instead some of the costs are written off as tax deductions, the impact on taxpayers will likely be tiny as it would be divided over the entire federal tax base – a much larger base than the local rate base. In actuality, the overall worse case scenario impact on municipal ratepayers (0.17% of generation revenue) is projected to be less than on rate payers in the SCE Planning Area (0.41% of generation revenue). Note that even an offset fee cost of 0.41% of generation revenue, corresponds to a cost increase in generation of only 0.012 cents per kilowatt hour per rate payer. Much of the reduced impact of proposed fee on municipalities is due to the ~~50~~75% reduction from the computed fair market value (~~7587.5~~% compared to the original proposed rule which was based on a longer term evaluation of market value) in pricing of units 100MW or less, as these are the unit profiles that municipalities would be considering repowering. Therefore, this analysis does not support the contention that municipal ratepayers are more impacted by the proposed fee structure or that fee rates are biased in favor of non-municipal (for profit) rate payers. Please note that these rate payer impacts do not include any offset fees associated with NOx emissions, considering most EGFs are under the RECLAIM program.

*Response to Comment #19-5*

Reliability is not anticipated to be impacted by the adoption of the Proposed Rule (see Wolak). Also see responses to comments 20-1 and 20-3.

*Response to Comment #19-6*

Published examples are intended to demonstrate the methodology for calculating a fee based on certain inputs. They are purely examples for demonstration purposes only. An online calculator is also available for calculating source specific fee obligations. However, staff has expanded the number of examples in the staff report, specifically for the smaller (approximately 100 MW or lower) turbines with varying capacity factors and commensurate potential to emit levels. Please refer to examples 2A and 2B in this staff report. The DEA also analyzes the calculations and scenarios submitted by Glendale and Burbank as a worst case scenario for air quality impacts.

*Response to Comment #19-7*

The reference to the March 9, 2013 Stationary Source Committee meeting at the July Governing Board agenda was made in error. Staff intends to bring this item to the Stationary Source Committee on August 16, 2013.

*Response to Comment #19-8*

Based on the comment, the effective date of the rule has been changed to the date of adoption.

BROILES & TIMMS, LLP

445 SOUTH FIGUEROA STREET, 27<sup>TH</sup> FLOOR  
LOS ANGELES, CA 90071-1630

TELEPHONE: 213-489-6868  
FACSIMILE: 213-489-6828

STEVEN A. BROILES  
CHARLES F. TIMMS, JR.

July 11, 2013

VIA EMAIL AND U.S. MAIL

Members of the Governing Board  
South Coast Air Quality Management District  
Distribution List Attached

**Re: Proposed Rule 1304.1;  
Cities of Burbank and Glendale**

Ladies and Gentlemen:

We are writing on behalf of the Cities of Burbank and Glendale ("the Cities") to inform you about the harmful impacts that Proposed Rule (PR) 1304.1 will have on the Cities' electric utility systems if it is adopted in its current form, and to request your consideration of rule amendments that would lessen or remove these impacts.

PR 1304.1 would impose a fee amounting to millions of dollars on the Cities for replacing their aging boilers with more efficient equipment. The proposed fee would have uniquely harmful impacts on the Cities because they operate their equipment for peak loads and for reliability purposes. The Cities have significantly different power supply options compared with other affected parties, such as the City of Los Angeles and owners of private, merchant power plants, and these differences should be fully taken into account in any fee structure. As currently proposed, the economic impacts of the fee on the Cities would be disproportionate, and the fee could delay the construction of replacement projects, thereby causing increased emissions and local reliability impacts.

20-1

Although the proposed rule is not scheduled for Governing Board adoption until September 6, 2013, the District staff's failure to adequately respond to the Cities' concerns, along with possible summer vacation schedules of Board Members, have prompted us to communicate directly with you at this early date. The Cities will be requesting meetings with individual Board Members or their staffs to elaborate on their concerns and answer any questions you may have.



We have prepared the following summary of the Cities' concerns, and the status of the rulemaking, in a Question and Answer format to facilitate your understanding.

**What prompted the proposal to impose a fee on boiler replacement facilities?**

The District has exempted boiler replacement facilities from offset requirements for over 20 years, in order to encourage utilities to modernize their aging boilers by replacing them with more efficient and less polluting equipment. Proposed Rule 1304.1 would impose a fee, amounting to tens of millions of dollars, on each boiler replacement facility for the transfer of emissions credits from the District's internal bank.

It appears that the proposed fee has been prompted by two concerns: (1) a surge of applications is expected for boiler replacement facilities (comprising 7,000 MW or more) because of a change in state policy effectively requiring that boilers with once-through cooling systems be repowered, and (2) the replacement applications will come mostly from private companies that currently operate most of the boilers in the LA Basin and who were not the intended beneficiaries of the offset exemption when it was first adopted.

20-2

**Why should this fee not apply to the Cities' boiler replacement projects?**

The Cities operate small municipal boilers that are 50+ years old. The total capacity of these boilers does not exceed about 220 MW. These boilers are used primarily as peaking facilities to provide electric energy during periods of peak demand (meaning they are seldom actually operated), to satisfy needed local reserve capacity, and in the case of Glendale, to combust landfill gas to help meet renewable portfolio standards.

The proposed fee should not apply to the Cities' boiler replacement projects for the following reasons, most of which are unique to the Cities:

- The Cities are not involved in the concerns that prompted the fee proposal. The Cities do not have once-through cooling systems, and are not private companies.
- The fee would be punitive and unfair as applied to the Cities' peaking facilities (as much as \$15 million per facility) because the fee would be just as high as a fee on a baseload facility of the same size.
- The fee may result in the delay or abandonment of boiler replacement projects, which would have several adverse impacts: more emissions from the existing boilers, less reliable electrical supply system, higher local costs and fewer local jobs.
- The District can substantially accomplish its fee objectives without applying the fee to the Cities' small boiler replacement projects.

20-3

**Why would delay or abandonment have the adverse impacts specified above?**

**Emissions:** The aging boilers are much less efficient than replacement equipment, and therefore they emit air contaminants at a much higher rate. Keeping them in operation, as opposed to retiring them, even for just a few years, would not be good for air quality.

**System Reliability:** The aging boilers are much less reliable than replacement equipment. The boilers, or their replacements, are needed for reliability purposes because the Cities have limited ability to import energy from outside their boundaries. Without the local excess capacity providing needed reserves, there would be occasional brown-outs, or even black-outs. This potential reliability issue will only be exacerbated as the boilers continue to age and are subject to more frequent forced outages.

In addition, the continued operation of the boilers would hamper the Cities' ability to optimally integrate increasing amounts of renewable power sources into their power grids. These renewable power sources typically are intermittent and require local resources that can cycle on and off as needed. Newer equipment is much preferred because it is more flexible than the aging boilers.

**Higher local costs and fewer local jobs:** If there were fewer boiler replacement projects, local utilities would have to pay out-of-state suppliers to integrate the output of variable and intermittent renewable resources. In addition, the foregone replacement projects would represent a loss of jobs and economic development in the region.

20-4

**What other issues does the proposed fee raise?**

The fee proceeds would be used to achieve unspecified emissions reductions that may cost as much as \$1 million for each pound/day of the air contaminant, a higher cost than any cost-effectiveness benchmark the District has ever articulated.

The proposed fee also may constitute a prohibited tax under Proposition 26, enacted by the voters in 2010.

20-5

**Have the Cities participated in the rulemaking? What is the current status?**

The Cities have participated in a series of working group meetings to discuss the proposed fee, have submitted several comment letters, and have met privately with District staff. While District staff was willing to lower the proposed fee somewhat, the fee applicable to each City still could be as high as \$15 million.

At this time, an Environmental Assessment has been prepared, and a socio-economic report is scheduled for completion by early August, 2013. The proposed rule has not yet been presented to the Stationary Source Committee for its consideration. The proposed rule is scheduled for Governing Board adoption on September 6, 2013.

20-6

**What changes are needed to PR 1304.1 to reduce the fee on the Cities' boiler replacement projects?**

The most recent version of PR 1304.1 provides for a specified fee for the first 100 MW of capacity in any boiler replacement project, and a higher fee for additional MW of capacity. Each of the Cities' anticipated boiler replacement projects would have a capacity of no greater than 100 MW.

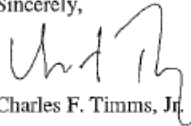
The Cities request that Board Members support a relatively simple change in the proposed rule language that would specify a substantially lower fee on generating units 100 MW or smaller, with a maximum of 100 MW at any given facility. The Cities suggest a fee in the range of 10% of the fee that would apply to the larger, baseload units that are the apparent target of the proposed fee.

There is ample justification for a lower fee on smaller generating units. These smaller units have higher heat rates, are more expensive to operate, and therefore would be used sparingly, such as to meet peak loads, as compared with larger units. These smaller units would produce fewer MW hours, and therefore a lower fee is appropriate. There does not appear to be a rationale for extending the lower fee to the first 100 MW of larger units, but that is a matter we would leave to District staff. Attached is suggested rule language.

20-7

Please let us know if you have any questions. We appreciate the opportunity to provide you with this summary of the Cities' concerns. We look forward to the opportunity to discuss these concerns with you, answer any questions you may have, and enable the Governing Board make a fully-informed decision on PR 1304.1.

Sincerely,



Charles F. Timms, Jr.

cc: Barry Wallerstein, Executive Officer

### *Response to Comment #20-1*

In Appendix A of this staff report, energy expert Dr. Frank Wolak has provided a detailed analysis of both economic impact and reliability issues for both smaller municipal units and larger regional power generation. Dr. Wolak's conclusions as presented on page 13, paragraph 5 are that "Based on the above analysis, the District's Proposed Rule 1304.1 is highly unlikely to adversely impact the reliability of the electricity supply in Southern California..." and furthermore that "In addition, for virtually all of the cases that [a] generation unit owner would decide to repower an existing steam boiler without having to pay for access to the District's offset bank, the cost assessed to access the District's offset bank would not change the decision." Because of forward contracts, generators are mandated to provide power and any cost is passed on to the consumer. Staff has also demonstrated that the incremental cost to ratepayers is anticipated to typically be less than one tenth of one percent of a penny per kilowatt hour (< 0.1¢ per kWh). Also, it is estimated that the incremental cost of the current proposal as compared to annual revenue for the typical power generator will be less than one half of one percent (< 0.5%) and in the case of municipalities less than one twentieth of one percent (< 0.2%). Also, impact to the rate payers in the municipalities would be very small, as discussed in the Staff Report and Socioeconomic Report.

### *Response to Comment #20-2*

The current exemption under Rule 1304(a)(2) was adopted in 1990 in response to changes to federal New Source Review that required all net emissions increases be fully offset. At the time, utilities operated as monopolies for their respective designated areas. SCE was a regulated utility, and its operations were overseen by the CPUC, which had the power to set rates and authorize the construction of new generating facilities. The Rule 1304(a)(2) provision eliminated the need for utilities to procure expensive privately held Emission Reduction Credits (ERCs) from the marketplace. Although not overseen by the CPUC, the other utilities were overseen by a public board and were operated by their city. When deregulation and privatization of the electricity industry occurred in 1996, independent generators became responsible for supplying much of the electricity required by the state. Ensuring an adequate and reliable supply of electricity is the responsibility of the joint California Independent System Operator and the CPUC resource adequacy process which includes binding forward contracts for power ensuring reliability and supply.

The SCAQMD seeks to obtain the fair market value of offsets procured by generators from District internal offset accounts. Such offsets are a public good and fees remitted for these offsets would be used to further emission reduction goals as set forth in the 2012 AQMP. Generators are not mandated to obtain offsets from the District but have the option of procuring ERCs in the open market or creating ERCs through Regulation XIII. In addition, this exemption has for a long time provided a benefit for a small niche of power generation equipment, namely the retrofitting of steam utility boiler generators, in favor of a bias to brand new highly efficient Greenfield power generation, regardless of the Once-Through-Cooling (OTC) requirements.

### *Response to Comment #20-3*

OTC requirements are not a consideration in this proposal except to the extent they drive repowering decisions. The SCAQMD simply seeks to recover the fair market value of offsets currently being furnished to generators repowering at no cost. It should be noted that EGFs as a category currently have the largest draw on the Districts internal offset accounts. Among other amendments to the rule staff has

proposed a ~~50~~75% across the board reduction in offset fee rates for the first 100MW of cumulative generation at a facility. This proposal is especially relevant for the smaller city owned units that will be repowered. Furthermore, staff has structured the fee based on the capacity factor or usage of units. A capacity factor of 20% should typically be amply sufficient for a peaker unit, which would result in a corresponding reduction in the actual offset fee in contrast to a 100% capacity factor for these units as is currently being requested. Credit is also being given in the fee rate structure for historical usage of existing units that are being replaced. As demonstrated in Example 2A of this staff report the annual total offset fee for a 100MW unit (the largest rating typically repowered at a municipality), operated at a capacity factor of 60% (well above the capacity factor used in the definition of a peaker unit) and with a historical usage of 7%, would be about ~~\$148,000~~74,000 annually. Even at 100% capacity factor (which would exceed even the capacity factor of a base load unit) and no credit for historical usage (as modeled in example 2B of the staff report), such a unit would incur a fee of about ~~\$315,000~~158,000 annually. See response to comment 20-1 regarding the issue of reliability.

#### *Response to Comment #20-4*

See response to comment 20-1 regarding the issue of reliability. New units will also be more efficient and therefore cost less to operate. Coupled with the high capacity factor of 100% being requested for these units it is likely that there will not be significant emissions reductions from the new unit whereas existing less reliable, higher maintenance equipment is historically being run at below 5% capacity factor currently, emissions from the new unit(s) may actually be higher. As Dr. Wolak has stated and the economics of repowering show (see response to comment 20-1) there is not anticipated to be any significant economic impact from the proposal. Furthermore, aged equipment will likely require more worker-hours of maintenance and monitoring and on a n ongoing basis than highly efficient new replacement equipment.

#### *Response to Comment #20-5*

As previously stated the goal of the proposal to obtain a fair market value for offsets that are currently being provided to eligible EGFs for free. Fees remitted for the use of offsets will be invested in emission reductions projects that will advance the goals of the 2012 AQMP. The fee is not a tax as defined pursuant to Proposition 26. See the Staff Report and response to comment 4-18 for a detailed response.

#### *Response to Comment #20-6*

As the commenter states, SCAQMD staff has had multiple meetings with cities staff and have made substantial revisions to the original proposal based on input received. Also, see response to comment 20-3.

#### *Response to Comment #20-7*

The request to permit peaker units at 100% capacity factor (but pay only for a much smaller capacity factor), coupled with the higher efficiency, lower operating cost and cheaper electricity production cost of newer units does not imply that replacement units will be run substantially less than existing units. The SCAQMD is seeking to recover the fair market value of offsets currently being provided at no cost. The cost of the offsets is tied directly to PTE of the permit being requested. If contractual agreements require higher capacity factors on peaking units, then either the contracts must be amended or the cities

must pay the reasonable cost of offsets for the offsets required for the ability to produce more power.  
Also see response to comments 20-4.



**CALPINE CORPORATION**

4160 Dublin Boulevard  
Suite 100  
Dublin CA 94568  
925.557.2238

August 13, 2013

**VIA E-MAIL**

Mohsen Nazemi, P.E., Deputy Executive Officer  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

Laki T. Tisopoulos, Ph.D., P.E., Assistant Deputy Executive Officer  
Planning, Rule Development & Area Sources  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

Andrew Lee, P.E., Senior A.Q. Engineering Manager  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

Re: Application of PM<sub>10</sub> Offsets Requirement to New Generating Facilities

Dear Messrs. Nazemi and Lee and Dr. Tisopoulos:

In light of the unprecedented need for new natural gas-fired electric generating facilities within the Los Angeles Basin occasioned by the planned retirement of coastal power plants, including the San Onofre Nuclear Generating Station ("SONGS"), Calpine Corporation ("Calpine") is writing to encourage the South Coast Air Quality Management District ("District") to craft proposed amendments to its rules that would allow *all* developers of new electric generating facilities with a utility power sales contract to access the District's internal bank of offsets for particulate matter (less than 10 microns in diameter ("PM<sub>10</sub>")) upon payment of mitigation fees.

**I. BACKGROUND AND INTRODUCTION**

Calpine is one of the largest power producers and renewable energy generators in the State of California. We operate the largest fleet of highly efficient combined heat and power facilities, both in California and the U.S. Our fleet of highly efficient gas-fired and geothermal power plants places us perennially among the ranks of the cleanest power generators in the nation, as reported by the annual benchmarking report prepared on behalf of a coalition of entities



Mohsen Nazemi, P.E., Deputy Executive Officer  
Laki T. Tisopoulos, Ph.D., P.E. Assistant Deputy Executive Officer  
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consisting of the Natural Resources Defense Council, Ceres, leading banks and utilities.<sup>1</sup> Our Russell City Energy Center, a highly efficient 619-megawatt (“MW”) combined-cycle power plant, which is currently undergoing commissioning in Hayward, California, was the first power plant to include best available control technology (“BACT”) limits on its emissions of greenhouse gases (“GHGs”) in its federal air permit.<sup>2</sup> We agreed to include those BACT limits in the prevention of significant deterioration (“PSD”) permit issued by the Bay Area Air Quality Management District on behalf of the U.S. Environmental Protection Agency (“EPA”), even before EPA began requiring such limits under the Clean Air Act (“CAA”). Our most recent project developed in Southern California, Otay Mesa Energy Center, a 600-MW air-cooled, combined-cycle plant located in San Diego County, came online in 2009, making it possible for older, inefficient once-through cooled (“OTC”) units in the region to be retired.<sup>3</sup>

Calpine looks forward to carrying on its tradition of environmental leadership in helping meet the need identified by the California Independent System Operator (“CAISO”) for new generating capacity in the Los Angeles Basin. This includes the 1,000 to 1,200 MW of new capacity that the California Public Utilities Commission (“CPUC’s”) has already authorized Southern California Edison (“SCE”) to procure from highly efficient gas-fired resources,<sup>4</sup> as well as the additional need the CAISO has projected for the Los Angeles Basin.<sup>5</sup> Since these

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<sup>1</sup> See M.J. Bradley & Associates, *Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States*; available at: <http://www.nrdc.org/air/pollution/benchmarking/files/benchmarking-2013.pdf> (listing Calpine as the tenth largest generator and the fifth largest fossil fueled generator in the U.S., but with among the lowest rates of emissions of both criteria pollutants and greenhouse gases).

<sup>2</sup> Congressional Research Service, L. Parker and J. E. McCarthy, *EPA’s BACT Guidance for Greenhouse Gases from Stationary Sources*, CRS Report R41505 (Nov. 22, 2010) available at: <http://www.fas.org/sgp/crs/misc/R41505.pdf>, at 17; (“In February 2010, California’s Bay Area Air Quality Management District (BAAQMD) finalized the nation’s first PSD permit that includes GHGs in its BACT analysis.”).

<sup>3</sup> See O. R. Soto, “Renewables need helping hand from gas”, San Diego Union-Tribune (May 23, 2010), available at: <http://www.utsandiego.com/news/2010/May/23/renewables-need-helping-hand-from-gas/> (“The 600-megawatt Otay Mesa Energy Center near the U.S.-Mexico border is the county’s newest power plant. It led to the retirement of half of the capacity at the aging South Bay Power Plant.”).

<sup>4</sup> See CPUC, Decision Authorizing Long-Term Procurement for Local Capacity Requirements, Decision 13-02-015 (Feb. 13, 2013), Rulemaking 12-03-014; available at: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M050/K374/50374520.PDF>.

<sup>5</sup> See 2012-2013 ISO Transmission Plan (Mar. 20, 2013); available at: <http://www.caiso.com/Documents/BoardApproved2012-2013TransmissionPlan.pdf>, at 185, Table 3.5-



Mohsen Nazemi, P.E., Deputy Executive Officer  
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Andrew Lee, P.E., Senior A.Q. Engineering Manager  
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procurements were authorized and projections made, SCE has announced that it will be permanently retiring SONGS. As a consequence, it is now beyond dispute that additional gas-fired generating capacity is needed in the South Coast Air Basin ("SCAB"). Assuring that this need is met, without giving up any of the advances made in air quality in recent years, will require regulatory agencies, including the District, to reexamine their respective regulatory programs and think more creatively than perhaps at any time since the energy crisis.

Calpine owns none of the aging coastal boiler units which are exempt from the District's offsets requirements upon repowering. While the cost advantage enjoyed by the owners of those units is a significant concern, the more fundamental problem is that developers who do not qualify for the exemption have no access to PM<sub>10</sub> offsets at this time, irrespective of cost.

EPA's redesignation of the South Coast Air Basin ("SCAB") as attainment for the national ambient air quality standard ("NAAQS") for PM<sub>10</sub> presents a significant and unprecedented opportunity for the District. Although the District remains nonattainment for the California ambient air quality standard ("CAAQS") for PM<sub>10</sub>, so too does nearly every other county in the State and every major urban area. Yet no other jurisdiction has experienced anything like what the District has gone through in recent years due to scarcity in the market for PM<sub>10</sub> emission reduction credits ("ERCs") and legal challenges to its funding of the Priority Reserve. Nor does any other district face a need for new generating capacity as acute as now identified for the Los Angeles Basin, due in large part to the unexpected retirement of SONGS. Against this backdrop, we believe it is time to reconsider whether continued implementation of the PM<sub>10</sub> offsetting requirements in exactly the same fashion as required by the District's current rules makes sense from either a legal or policy perspective. We submit that it does not.

Rather, now that PM<sub>10</sub> offsets are no longer required under the federal CAA, the District should allow *all* developers of facilities that have obtained a utility power sales contract through the competitive procurement process to access the District's internal PM<sub>10</sub> bank upon payment of mitigation fees. The District can use the revenue collected to secure additional reductions of PM<sub>10</sub> and its precursors within the vicinity of the proposed source and any impacted communities, thereby improving air quality and the quality of life within such communities and hastening attainment of the NAAQS for both ozone and fine particulate matter (less than 2.5 microns in diameter ("PM<sub>2.5</sub>")).

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10- Summary of Mid-Term and Long-Term (generation) options, "Summary of Generation & Dynamic Reactive Support Need (No SONGS Analyses) - Mid-Term and Long-Term (Generation) Options" (projecting up to 4,115 MW of new generation need and/or for OTC replacements in the LA Basin by 2022, not including any assumptions about retirement of SONGS).

Mohsen Nazemi, P.E., Deputy Executive Officer  
Laki T. Tisopulos, Ph.D., P.E. Assistant Deputy Executive Officer  
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Such an approach is not barred by the California Clean Air Act's ("CCAA's") "no net increase" requirement, which simply does not apply to PM<sub>10</sub>. Nor is it barred by Senate Bill ("SB") 288, which was never intended to apply to offsets requirements. Moreover, such an approach would not result in an overall weakening of the District's New Source Review ("NSR") program and, accordingly, does not run afoul of SB 288. We urge the District to act swiftly to develop a proposal that can be brought to its Governing Board at the earliest opportunity and thereby assure the identified need for new generating capacity is met in a timely fashion.

## II. ANALYSIS

Under District Rule 1303(b)(2), emissions from a new source must be offset by either ERCs or allocations from the Priority Reserve if there is "a net emission increase of any nonattainment air contaminant." As you are aware, the SCAB was recently redesignated attainment for the PM<sub>10</sub> NAAQS.<sup>6</sup> EPA's redesignation was based upon the District's statement that its maintenance plan "does not rely on the continued implementation of nonattainment NSR (i.e., offsets to mitigate emissions growth) to demonstrate maintenance of the PM<sub>10</sub> standard."<sup>7</sup> Thus, as of last month, when the attainment designation became effective,<sup>8</sup> requirements for PM<sub>10</sub> offsets are no longer driven by either Section 173 of the federal CAA or the District's EPA-approved NSR tracking rule.<sup>9</sup> Further, the District no longer needs to continue tracking and reporting the District's offset accounts for PM<sub>10</sub> or applying the federal NSR equivalency tests prescribed by District Rule 1315 to such accounts.<sup>10</sup>

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<sup>6</sup> See Final Rule, Approval and Promulgation of Implementation Plans; Designation of Areas for Air Quality Planning Purposes; California; South Coast Air Basin; Approval of PM<sub>10</sub> Maintenance Plan and Redesignation to Attainment for the PM<sub>10</sub> Standard, 78 Federal Register ("Fed. Reg.") 38223 (Jun. 26, 2013) ("Final Redesignation Rule").

<sup>7</sup> See Proposed Rule, Approval and Promulgation of Implementation Plans; Designation of Areas for Air Quality Planning Purposes; State of California; PM<sub>10</sub>; Redesignation of the South Coast Air Basin to Attainment; Approval of PM<sub>10</sub> Redesignation Request and Maintenance Plan for the South Coast Air Basin, 78 Fed. Reg. 20868, 20874 (Apr. 8, 2013) ("Proposed Redesignation Rule") (citing to District correspondence to EPA).

<sup>8</sup> Final Redesignation Rule, 78 Fed. Reg. at 38224.

<sup>9</sup> See Final Rule, Revision to the South Coast Air Quality Management District Portion of the California State Implementation Plan, South Coast Rule 1315, 77 Fed. Reg. 31200 (May 25, 2012) (approving District Rule 1315).

<sup>10</sup> See District Rule 1315(c)(1) (providing that, "[i]f the [EPA] re-designates the District's attainment status from nonattainment to attainment for a specific air contaminant the Executive Officer may



Mohsen Nazemi, P.E., Deputy Executive Officer  
Laki T. Tisopulos, Ph.D., P.E. Assistant Deputy Executive Officer  
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For purposes of Rule 1303(b)(2)'s offsets requirement, however, "nonattainment air contaminant" means "any air contaminant for which there is a national *or state ambient air quality standard*, or precursor to such air contaminant, which: (1) has been designated 'nonattainment' pursuant to the California Air Resources Board in accordance with Section 39607 of California Health & Safety Code; or (2) has been designated 'nonattainment' pursuant to final rulemaking by the EPA as published in the Federal Register."<sup>11</sup> (Emphasis added.) Thus, the District's rules continue to require that all increases in nonattainment pollutants must be offset by either ERCs or allocations from the Priority Reserve, including for any pollutant for which the SCAB is designated nonattainment with the CAAQS.

Calpine appreciates the District's motivation in proceeding with the development of proposed rule 1304.1<sup>12</sup> to "make it more equitable between existing outdated power plants and potential new power plants in our region."<sup>13</sup> Although the cost disadvantage addressed by Proposed Rule 1304.1 is a significant concern, the primary obstacle faced by developers who cannot avail themselves of the Rule 1304(a)(2) exemption is that, due to scarcity in the market for available PM<sub>10</sub> ERCs, they simply have *no* clear path towards satisfying the PM<sub>10</sub> offsets requirement at this time.

While we acknowledge the need to work towards attainment of the PM<sub>10</sub> CAAQS in due course, the District is not alone in its nonattainment of the CAAQS: Nearly every county in the State and every major urban area is currently designated nonattainment for the PM<sub>10</sub> CAAQS.<sup>14</sup> The District is unique, however, in having endured one of the worst examples of regulatory gridlock in recent years, when it could not issue permits for even essential public services due to litigation

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discontinue tracking and reporting the associated District offset account for that air contaminant provided there is a showing in the maintenance plan that the continued use of emissions offsets for that air contaminant is not necessary to maintain attainment for that contaminant."); Proposed Redesignation Rule, 78 Fed. Reg. at 20874, *supra* at note 7 (citing to District correspondence to EPA).

<sup>11</sup> District Rule 1302(z).

<sup>12</sup> See proposed rule 1304.1, "Electric Generating Fee for Use of Offset Exemption", available at [http://www.aqmd.gov/rules/proposed/1304-1/DraftPR1304\\_1.pdf](http://www.aqmd.gov/rules/proposed/1304-1/DraftPR1304_1.pdf) ("Proposed Rule 1304.1").

<sup>13</sup> Letter, from Barry R. Wallerstein, D.Env., Executive Officer (SCAQMD) to the Hon. Roderick Wright, Senator (California State Senate), re: SB 389 – Oppose (Apr. 5, 2013), at 1.

<sup>14</sup> See 2012 Area Designations for State Ambient Air Quality Standards, PM<sub>10</sub>; available at [http://www.arb.ca.gov/desig/adm/2012/state\\_pm10.pdf](http://www.arb.ca.gov/desig/adm/2012/state_pm10.pdf) (showing that all counties, other than Lake, Siskiyou and Northern Sonoma counties, which are designated attainment, and Mariposa and Tuolumne counties, which are unclassified, are designated nonattainment with the PM<sub>10</sub> CAAQS).

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challenging the Priority Reserve. Now that the PM<sub>10</sub> NAAQS has been attained, the District should reconsider how the PM<sub>10</sub> offsets requirements could better be implemented to serve the public good.

We propose as follows: Solely for the purposes of PM<sub>10</sub> and while the District remains in attainment of the federal NAAQS, the District should authorize developers of all electric generating facilities which are needed to meet identified demand (as evidenced by a power purchase agreement with a utility) to offset their PM<sub>10</sub> emissions through payment of a mitigation fee. Revenue generated by collection of the fee could be used by the District, over time, to procure additional reductions in PM<sub>10</sub> and its precursors<sup>15</sup> through air quality improvement projects located within the communities affected by new generating facilities. The mitigation fees could be established using substantially the same formula as has been developed by the District in association with its Proposed Rule 1304.1.

The Legislature authorized a similar approach using mitigation fees for the Sentinel Energy Project pursuant to Assembly Bill ("AB") 1318.<sup>16</sup> The District then adopted a corresponding revision to the California State Implementation Plan ("SIP"), which EPA approved prior to its redesignation of the SCAB as attainment for the PM<sub>10</sub> NAAQS.<sup>17</sup> As the District has itself acknowledged, the example of the Sentinel Energy Project "demonstrates that the requirement to pay fees does not prevent a power plant project from going forward."<sup>18</sup> Had the Legislature not crafted a solution that paved the way for Sentinel Energy Project to satisfy the PM<sub>10</sub> offsets requirement, however, that project would still likely be bogged down in the regulatory process, instead of generating 800 MW of clean power to fill some of the gap created by retirement of SONGS, as it now is.

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<sup>15</sup> This would include nitrogen oxides ("NO<sub>x</sub>"), sulfur oxides ("SO<sub>x</sub>") and volatile organic compounds ("VOCs"). See District Rule 1302(af).

<sup>16</sup> AB 1318, Chapter 285 (2009) (adding and repealing Cal. Health & Saf. Code § 40440.14, which required transfer of offsets from the District's internal offset accounts to a qualifying generator upon payment of mitigation fees).

<sup>17</sup> See Revision to the South Coast Portion of the California State Implementation Plan, CPV Sentinel Energy Project AB 1318 Tracking System, 77 Fed. Reg. 67767 (Nov. 14, 2012). In light of the redesignation to attainment for the PM<sub>10</sub> NAAQS and the fact that the District's maintenance plan does not rely upon continued application of the PM<sub>10</sub> offsets requirement (see *supra* at note 7), similar changes to authorize access to only the District's internal offset accounts for PM<sub>10</sub> would not require SIP approval.

<sup>18</sup> Letter from Barry Wallerstein to the Hon. Roderick Wright, *supra* note 13, at 3.



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Calpine would submit that it should not be incumbent on the Legislature to craft one-off solutions to create a pathway towards approval of every new generating project within the District's jurisdiction, as the Legislature did upon passage of AB 1318. Rather, given the opportunity provided by the SCAB finally attaining the PM<sub>10</sub> NAAQS and the critical need in the Los Angeles Basin for new clean gas-fired generating capacity, the District should take the initiative to chart such a pathway for new generating projects in its rules, following the lead of the Legislature in AB 1318. This would provide certainty to all market participants that, if they can propose the most competitive project for ratepayers and thereby win approval of a power sales contract, they, too, will have a source of offsets available at the same price as similarly situated competitors.

By allowing use of mitigation fees to satisfy the offsets requirement for PM<sub>10</sub>, the District could pursue more far-sighted improvements in air quality, such as the transportation electrification proposals at the centerpiece of the regional plan announced by the District, the California Air Resources Board ("CARB") and the Southern California Association of Governments in the brochure, *Powering the Future: A Vision for Clean Energy, Clear Skies and a Growing Economy in Southern California*.<sup>19</sup> These projects could result in dramatic reductions in criteria pollutants, GHGs and air toxics, including diesel particulate matter, and thereby produce more cognizable improvements in the quality of life in communities burdened by excess air pollution. By reducing emissions of precursors of pollutants for which the SCAB is still designated nonattainment for the federal NAAQS (ozone and PM<sub>2.5</sub>), funding of such projects would also better advance the goals of both the District's Air Quality Plan and its Air Quality-Related Energy Policy, which acknowledges the role that electrification of the transportation sector will

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<sup>19</sup> South Coast Air Quality Management District, Southern California Association of Governments and California Air Resources Board, *Powering the Future: A Vision for Clean Energy, Clear Skies, and a Growing Economy in Southern California* (May 2011); available at: [http://www.aqmd.gov/pubinfo/Publications/PoweringTheFuture/powering\\_the\\_future.htm](http://www.aqmd.gov/pubinfo/Publications/PoweringTheFuture/powering_the_future.htm) (acknowledging that electrification of the transportation sector will increase electricity demand and that, while existing plants may be able to handle much of the load in the near term, "additional clean plants and grid infrastructure will be needed to supply changing demands over time"; estimating that power plants produce less than one percent (1%) of total emissions of NO<sub>x</sub> in Southern California and "the increase in emissions from greater generation to service electrified transportation would be dwarfed by a large decline in emissions from vehicles and trains, even if the additional electricity is generated by powerplants in the region.").

Mohsen Nazemi, P.E., Deputy Executive Officer  
Laki T. Tisopulos, Ph.D., P.E. Assistant Deputy Executive Officer  
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play in achieving clean air and affirms that the District will seek mitigation in communities affected by new or repowered power plants.<sup>20</sup>

Such an approach would not run afoul of the CCAA's "no net increase" requirement, which, by its terms, does not apply to PM<sub>10</sub>.<sup>21</sup> Accordingly, the "no net increase" requirement neither demands the District's rigid adherence to the existing ERCs surrender obligation for PM<sub>10</sub>, nor bars the District from instead accepting payment of mitigation fees that might better be used to pursue air quality and quality of life improvements in affected communities.

Nor would such an approach run afoul of the Protect California Air Act of 2003 (otherwise known as "SB 288").<sup>22</sup> We agree with the District and California Air Pollution Control Officers Association that SB 288 was never intended to apply to offsets requirements. This is reflected by the fact that SB 288's list of NSR requirements that a district is precluded from changing makes no mention of offsets.<sup>23</sup>

Even if SB 288 were interpreted to apply to offsets, we do not believe that CARB, contemplating the challenges the Los Angeles Basin faces in assuring adequate generating capacity is available to meet demand and given the District's attainment of the PM<sub>10</sub> NAAQS, could reasonably conclude that the overall effect of imposing a mitigation fee to access the District's PM<sub>10</sub> bank is to weaken the District's NSR program.<sup>24</sup> On the contrary, requiring payment of as much as

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<sup>20</sup> See AQMD Air Quality-Related Energy Policy, Agenda No. 32, Board Meeting Date: September 9, 2011, available at: [www.aqmd.gov/pubinfo/Publications/PoweringTheFuture/powering\\_the\\_future.htm](http://www.aqmd.gov/pubinfo/Publications/PoweringTheFuture/powering_the_future.htm), Attachment A, Policy 2, Policy 7 and Policy 8.

<sup>21</sup> Cal. Health & Saf. Code § 40911(a) (applying "no net increase" requirement in an air district "which has been designated a nonattainment area for state ambient air quality standards for ozone, carbon monoxide, sulfur dioxide, or nitrogen dioxide..."). Although the CCAA affirms that nothing within it restricts CARB or a district from adopting regulations governing other pollutants, including suspended particulate matter or its precursors (*see id.*, § 40926), its "no net increase" offsetting requirement (*see id.*, §§ 40918(a)(1), 40919(a)(2), 40920(b) and 40920.5(b)) does not apply to PM<sub>10</sub>, as the District acknowledges in its own planning documents. See FINAL 2012 Air Quality Management Plan (Feb. 2013) at 6-14, 6-15 (providing that the requirements of the CCAA "do not directly apply to particulate matter plan" and that the CCAA "does not apply to particulate matter").

<sup>22</sup> Cal. Health & Saf. Code §§ 42500 *et seq.*

<sup>23</sup> *Id.*, § 42504(b). Where the Legislature intended to reference offsets in SB 288, it apparently knew how to do so. See *id.*, §§ 42501(a), 42501(b) and 42502(e) (describing offsets requirement of NSR programs).

<sup>24</sup> See letter from W. Thomas Jennings, Chief Counsel (CARB), to Barbara Baird, Principal Deputy District Counsel (SCAQMD), Apr. 11, 2006, re: Applicability of Senate Bill 288 to Changes to Offset



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\$100,000 per pound of PM<sub>10</sub> per day is no less stringent than the District's NSR program as it existed in 2002, when PM<sub>10</sub> ERCs were available at an order of magnitude less cost than recent prices indicate.<sup>25</sup> At such time, the District's rules also authorized access to the Priority Reserve by electric generating facilities, but at a significantly lower cost than market rates today. Accordingly, we do not believe that reshaping the existing PM<sub>10</sub> offsets requirement as we have proposed could reasonably be viewed to result in the overall weakening of the District's NSR program. Stated differently, SB 288 cannot and should not be interpreted to forever place a straightjacket on the District, so that, even when a requirement is mandated by neither the federal CAA, nor the CCAA, the District must continue enforcing that requirement in exactly the same fashion as it did in 2002.

### III. CONCLUSION

The District should accept payment of a mitigation fee to satisfy the PM<sub>10</sub> offsets requirement for all developers of all new electric generating facilities intended to meet the need for new generating capacity identified by the CPUC and CAISO, as evidenced by a power sales contract with a utility. Such an approach would chart a path forward for developers seeking to fulfill this need who do not qualify for the Rule 1304(a)(2) exemption and would allow the District to pursue more far-sighted, targeted reductions in GHGs, air toxics and precursors of those criteria pollutants for which the District is still designated nonattainment with the federal NAAQS, thereby producing more appreciable long-term improvements in air quality and the quality of life in communities affected by new generating facilities.

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Requirements in New Source Review Rules; available at: <http://www.arb.ca.gov/nsr/sb288/bairdletter.pdf> (agreeing with B. Baird's position that offsets are not expressly among the items to which SB 288 applies, but opining that SB 288 nevertheless prohibits any change that would relax offset requirements if the overall effect is to make the district's NSR rules less stringent than they were on December 30, 2002).

<sup>25</sup> Compare Mohsen Nazemi, P.E., Deputy Executive Officer (SCAQMD), presentation, *South Coast AQMD Activities Related to Electricity Infrastructure, South Coast Air Quality Management District, for CEC and CPUC Joint Workshop, Electricity Infrastructure Issues Resulting from SONGS Closure* (Jul. 15, 2013); available at: [http://www.energy.ca.gov/2013\\_energypolicy/documents/2013-07-15\\_workshop/presentations/08\\_SCAQMD\\_7-15-13.pdf](http://www.energy.ca.gov/2013_energypolicy/documents/2013-07-15_workshop/presentations/08_SCAQMD_7-15-13.pdf), table entitled, "PM10 ERC Supply & Cost 2000-2013\*" (showing weighted average price of PM10 ERCs in 2002 of \$21,710 per lb/day and high in 2009 of \$261,659 per lb/day) with Robert Pease, P.E., Program Supervisor (SCAQMD), and Henry Pourzand, Air Quality Specialist (SCAQMD), *Revised Preliminary Draft Staff Report, Proposed Rule 1304.1 - Electrical Generating Facility Fee for Use of Offset Exemption* (June 2013); available at: [http://www.aqmd.gov/rules/proposed/1304-1/PDSR1304\\_1.pdf](http://www.aqmd.gov/rules/proposed/1304-1/PDSR1304_1.pdf), at 10 (showing weighted average cost for 2012-2013 of \$99,643 lb/day and for 2012-2009 of \$209,104 lb/day).

Mohsen Nazemi, P.E., Deputy Executive Officer  
Laki T. Tisopoulos, Ph.D., P.E. Assistant Deputy Executive Officer  
Andrew Lee, P.E., Senior A.Q. Engineering Manager  
August 13, 2013  
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\* \* \* \*

Calpine looks forward to discussing our proposal with you further and to working with the District to craft a pragmatic and equitable solution to the obstacle the existing PM<sub>10</sub> offsets requirement poses to fulfillment of the identified need for new generating capacity in the Los Angeles Basin. Please contact me at 925.570.0849 if you have any questions.

Sincerely,

/S/

Barbara McBride, Director – Environmental Services

*Response to Comment #21*

See response to comment 9-1. The commenter is requesting amendments that are beyond the current scope of the the the proposal which is to charge a fee for sources that currently are eligible to access the SCAQMD internal offset accounts. To allow broader access to the SCAQMD internal offset accounts by expanding the eligibility of other than utility boiler repowering projects would also require the amendment of Rule 1304(a)(2), which again is beyond the scope of this proposed rulemaking. Staff is, however, open to considering any reasonable proposals that are fair and equitable and could be pursued subsequent to this rulemaking for which the Public Hearing for is scheduled for Septeber 6, 2013, which would need to include analysis of any environmental and socio impacts.



## ATTACHMENT H

### SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

#### **FINAL SOCIOECONOMIC REPORT FOR Proposed Rule 1304.1—Electrical Generating Facility Fee for Use of Offset Exemption**

**September 2013**

**Deputy Executive Officer**

Planning, Rule Development, and Area Sources  
Elaine Chang, DrPH

**Assistant Deputy Executive Officer**

Planning, Rule Development, and Area Sources  
**Laki Tisopulos, Ph.D., P.E.**

**Planning and Rules Manager**

Planning, Rule Development, and Area Sources  
Joe Cassmassi

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**Author:** Sue Lieu, Ph.D., Program Supervisor

**Reviewed By:** Barbara Baird, Chief Deputy Counsel  
Jill Whynot, Assistant Deputy Executive Officer, Engineering &  
Compliance  
Naveen Berry, Planning and Rules Manager  
Lauren Nevitt, Senior Deputy District Counsel  
Robert Pease, Program Supervisor

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
GOVERNING BOARD**

Chairman: WILLIAM A. BURKE, Ed.D.  
Speaker of the Assembly Appointee

Vice Chairman: DENNIS YATES  
Mayor, City of Chino  
Cities of San Bernardino County Representative

Members:

MICHAEL D. ANTONOVICH  
Supervisor, Fifth District  
County of Los Angeles

BEN BENOIT  
Councilmember, Wilomar  
Cities of Riverside County

JOHN J. BENOIT  
Supervisor, Fourth District  
County of Riverside

JOE BUSCAINO  
Councilmember, 15<sup>th</sup> District  
City of Los Angeles Representative

MICHAEL A. CACCIOTTI  
Councilmember, South Pasadena  
Cities of Los Angeles County/Eastern Region

JOSIE GONZALES  
Supervisor, Fifth District  
County of San Bernardino

JOSEPH K. LYOU, Ph. D.  
Governor's Appointee

JUDITH MITCHELL  
Mayor Pro Tem, Rolling Hills Estates  
Cities of Los Angeles County/Western Region

SHAWN NELSON  
Supervisor, Fourth District  
County of Orange

DR. CLARK E. PARKER, SR.  
Senate Rules Appointee

MIGUEL A. PULIDO  
Mayor, Santa Ana  
Cities of Orange County

Executive Officer:

BARRY R. WALLERSTEIN, D.Env.

## EXECUTIVE SUMMARY

A socioeconomic analysis was conducted to assess the impacts of Proposed Rule (PR) 1304.1—Electrical Generating Facility Fee for Use of Offset Exemption. The purpose of this analysis is to evaluate the costs of PR 1304.1 to electrical generating facilities (EGFs) and electricity rate payers, in addition to job and other socioeconomic impacts as the PR 1304.1 fee is invested in air quality improvement projects. A summary of the analysis and findings is presented below.

<b>Elements of Proposed Rule</b>	<p>Proposed Rule 1304.1 would charge a fee on electrical utility steam boiler replacements for the use of the SCAQMD offsets. The fee would apply to all permits issued to electrical generating facilities (EGFs) that elect to use the offset exemptions in §(a) (2) of Rule 1304—Exemptions—and receive the applicable permit to construct on or after the date of adoption (anticipated September 6, 2013). The fee rates would vary by pollutant. The total fee payment would depend on the amount of offsets needed and be adjusted for annual capacity factor. Proceeds from fee payment would be invested in air pollution improvement strategies consistent with the 2012 Air Quality Management Plan (AQMP). This will partially fulfill emission reduction commitment in the ozone State Implementation Plan and help achieve the new 2012 PM2.5 standard.</p>
<b>Affected Facilities and Industries</b>	<p>PR 1304.1 will affect 10 EGFs that could use the SCAQMD offsets pursuant to Rule 1304 (a) (2) to offset emissions from their newly replaced steam boilers. Eight of the 10 facilities are located in Los Angeles County, another is in Orange County, and the other is in San Bernardino County. All these facilities belong to the industry of fossil fuel electric power generation [North American Industrial Classification Code (NAICS) Code 221112].</p>
<b>Assumptions of Analysis</b>	<p>The socioeconomic analysis herein does not include potential fee refund due to reductions in permitted generation capacity or cancellation of generation projects prior to operation, administrative costs related to implementation of PR 1304.1, and the <del>7550</del> percent fee discount applied to the first 100 megawatt generation.</p> <p>Two scenarios are proposed for the socioeconomic assessments. Both include lost generation—1,600 megawatts (MW)—from the permanent shutdown of the San Onofre Nuclear Generating System (SONGS). Scenario 1—Reasonable Case—is based on the upper estimate that the California Public Utilities Commission (CPUC) has authorized for new conventional gas-fired resources (2,800 MW) in the Southern California Edison (SCE) territory. Scenario 2—More Conservative Case—is based on the conservative projection (5,400 MW) from the California Independent System Operator (Cal ISO) for new generation needs in the SCE territory. Furthermore, it is assumed that 828 MW new generation would take place within the LADWP territory, which does not vary by scenario. The entire</p>

	<p>generation capacity for Scenarios 1 and 2 is 3,628 and 6,228 MW, respectively.</p> <p>For each scenario, revenue estimates from 2015 to 2029 are provided for the single and annual payment options, respectively. It is assumed that all the generation in 2015-16 would occur in Los Angeles County and fee payments from all years are passed on to ratepayers in the form of increases in electricity rates. Revenues from boiler replacements after 2016 would be divided among Los Angeles, Orange, and San Bernardino Counties according to the ratio of 60:30:10, respectively, based on the current location of utility steam boilers and potential downwind impacts.</p> <p>All the proceeds from the PR 1304.1 fee payment would be invested in projects consistent with the goal in the 2012 AQMP. Investments would take place with fees collected from the previous year due to the time required for preparation of requests for proposals and contracts. It is assumed that 20 percent of the revenue would be invested in the photovoltaic projects that are evenly split between commercial and residential properties and the remaining 80 percent would be invested in projects (cleaner trucks and industrial and construction equipment) similar to the mobile source control measures in the 2012 AQMP. The 20:80 split is based on contribution of stationary and mobile sources, respectively, to emission inventory. It is assumed that all the projects in 2016 and 2017 and zero-emission drayage truck projects would be in Los Angeles County. The rest of project money is allocated to the counties of Los Angeles, Orange, and San Bernardino based on a ratio of 60:30:10, based on the current location of utility steam boilers and potential downwind impacts.</p>
<b>Compliance Costs</b>	<p>It is estimated that Scenario 1 would generate annual proceeds from \$1.59 to \$12.05 million under the annual payment option and from \$8.3 million to \$39.69 million under the single payment option, respectively, based on new generation needs of 3,628 MW. Based on new generation needs of 6,228 megawatts, proceeds from Scenario 2 would range from \$2.67 to \$20.69 million under the annual payment option and from \$8.3 to \$66.68 million under the single payment option, respectively. It should be noted that the single payment option was added at the request of EGF stakeholders. Furthermore, the compliance cost will be invested in projects to achieve emission reductions consistent with the 2012 AQMP, and thus to partially fulfill emission reduction commitment in the ozone State Implementation Plan and help achieve the new 2012 PM<sub>2.5</sub> standard.</p>
<b>Job Impacts</b>	<p>Scenario 1 is forecast to have 104 to 141 jobs forgone annually, on average, from 2015 to 2035 while Scenario 2 would have 181 to 238</p>

	<p>jobs forgone. In comparison these impacts are similar to past regulatory actions taken by the Governing Board (See Table 9 on page 10). There were 8.92 million jobs in the four-county area in 2010. The average annual job impacts of PR 1304.1 are between 0.001 and 0.003 percent of the 2010 total baseline jobs.</p> <p>In both scenarios, among all the sectors, the retail trade sector is projected to have the highest number of jobs forgone that range from 42 to 192 resulting from the PR 1304.1 fee being passed on to ratepayers. Sectors that could experience creation of additional jobs include construction, transportation and warehousing, waste management services, and manufacturing to a lesser extent due to the investment of the PR 1304.1 fee on photovoltaic panels, trucks, and industrial and construction equipment.</p> <p>Under both scenarios, the annual payment option has a smoother trend of job impacts while the single payment option has a wide swing of job impacts from year to year. This is because the single payment option has a front loaded fee payment schedule and the annual fee payment option shows a gradual increase in fee payments from year to year. Since the single payment option is requested by the regulated community, it is assumed that an EGF would only choose this option if it is financially beneficial to do so.</p>
<p><b>Competitiveness</b></p>	<p>Competitiveness impacts of PR 1304.1 are evaluated in terms of relative cost of production and delivered prices. Although the mining sector is projected to have the higher increases in relative cost of production and delivered prices, the magnitude of increases declines over time. This is because the mining sector is energy intensive and is thus sensitive to increases in electricity rates in the short run. The biggest increase in the relative cost of production for this sector is estimated to be 0.057 percent relative to its counterpart in the rest of U.S., which translates to an increase of 0.02 percent in terms of delivered price in 2015. Under the annual payment option across both scenarios, there are very few discernible impacts on relative cost of production or delivered prices for the majority of sectors.</p>
<p><b>Impacts of CEQA Alternatives</b></p>	<p>Four alternatives to the proposed amendments have been identified in the Program Environmental Assessment prepared pursuant to the California Environmental Quality Act (CEQA). Alternative A is the No Project Alternative, which would not implement the proposed rule. Alternative B—Higher Fee—would require that EGFs that use Rule 1304 (a) (2) exemption pay a higher fee which, for the purpose of this analysis, is assumed to be equivalent to two times the amount under PR 1304.1. Alternative C—Higher Fee for Capacity Relocation—would require that EGFs that relocate generation facility from one facility to another pay a higher fee which, for the purpose of this analysis is assumed to be twice the amount under PR</p>

	<p>1304.1. Alternative D—Lower Fee—would require that EGFs that use Rule 1304 ( a ) ( 2 ) exemption pay a lower fee which, for the purposes of this analysis, is assumed to be equivalent to one-half the amount under PR 1304.1.</p> <p>Alternative A would have no incremental job impacts because Alternative A would not implement PR 1304.1. Alternative B would have twice more jobs forgone than PR 1304.1 because fees under Alternative B are twice those under PR 1304.1. C onversely, compared to PR 1304.1, the lower job impacts of Alternative D are due to the lower fees imposed under Alternative D. Job impacts of Alternative C are lower than those of Alternative B but higher than those of Alternative D since the total fee payment under Alternative C is between the amounts for Alternatives B and D. Among all the alternatives, Alternative B has highest number of jobs forgone.</p>
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## INTRODUCTION

Proposed Rule (PR) 1304.1—Electrical Generating Facility Fee for Use of Offset Exemption—would charge a fee on electrical utility steam boiler replacements for the use of the SCAQMD offsets. The fee would apply to all permits issued to electrical generating facilities (EFGs) that elect to use the offset exemptions in §(a) (2) of Rule 1304—Exemptions—and receive the applicable permit to construct on or after the date of adoption (anticipated September 6, 2013). The fee rates would vary by pollutant. The total fee payment would depend on the amount of offsets needed and be adjusted for annual capacity factor. Proceeds from fee payment would be invested in air pollution improvement strategies consistent with the 2012 Air Quality Management Plan (AQMP).

The socioeconomic analysis herein does not include potential fee refund due to reductions in permitted generation capacity or cancellation of generation projects prior to operation, administrative costs related to implementation of PR 1304.1, and the ~~7550~~ percent fee discount applied to the first 100 megawatt generation.

## LEGISLATIVE MANDATES

The socioeconomic assessments at the SCAQMD 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 SCAQMD Governing Board resolutions and various sections of the California Health & Safety Code (H&SC).

### SCAQMD Governing Board Resolutions

On March 17, 1989 the SCAQMD Governing Board adopted a resolution that calls for preparing an economic analysis of each proposed rule 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 rules 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

rule 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 District
- 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 necessity of rule adoption, please refer to the Staff Report for PR 1304.1. PR 1304.1 does not require any emission reductions and is not an AQMP control measure; therefore, pursuant to Health & Safety Code section 40922, a cost effectiveness assessment is not required.

Additionally, the SCAQMD 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 SCAQMD to:

- Examine the type of industries affected, including small businesses; 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 rule or amendment that imposes Best Available Retrofit Control Technology or "all feasible measures" requirements relating to ozone, carbon monoxide (CO), oxides of sulfur (SO<sub>x</sub>), oxides of nitrogen (NO<sub>x</sub>), 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. This analysis is not relevant for PR 1304.1 since it is not a retrofit requirement or an "all feasible measures" requirement. The analysis herein focuses on the socioeconomic effects of the proposed rule and the alternatives, as compared to conditions without PR 1304.1.

## **AFFECTED FACILITIES**

PR 1304.1 would affect electric generating facilities (EGF) that elect to use the SCAQMD offsets pursuant to Rule 1304 (a) (2) to offset emissions from their newly replaced steam boilers. Boilers at 10 facilities could be affected. Eight of these 10 facilities are located in Los Angeles County, another is in Orange County, and the other is in San Bernardino County.<sup>1</sup> All these facilities belong to the industry of fossil fuel electric power generation [North American Industrial Classification Code (NAICS) Code 221112].

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<sup>1</sup>The 10 facilities are Burbank Water & Power, GenOn West, AES Huntington Beach, AES Alamosa, AES Redondo Beach, El Segundo Power, LADWP Haynes Generating Station, LADWP Scattergood Generating Station, Pasadena Water & Power, and Glendale Water & Power.



## Small Businesses

The SCAQMD defines a "small business" in Rule 102 for purposes of fees as one which employs 10 or fewer persons and which earns less than \$500,000 in gross annual receipts. The SCAQMD also defines "small business" for the purpose of qualifying for access to services from the SCAQMD's Small Business Assistance Office (SBAO) as a business with an annual receipt of \$5 million or less, or with 100 or fewer employees. In addition to the SCAQMD'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 \$0.5 million to \$25 million), number of employees (ranging from 100 to 1,500), megawatt hours generated (4 million), or assets (\$150 million), depending on industry type. The SBA definitions of small businesses vary by 6-digit North American Industrial Classification System (NAICS) code. For the industry of fossil fuel electric power generation, a small business is defined as fewer than 4 million megawatt hours of total electric output in the preceding fiscal year.

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 NOx, and (3) is a small business as defined by SBA.

All the definitions above do not apply to the public sector. Based on the data available, one facility would be classified as small business under the SCAQMD Rule 102 definition and five facilities would be eligible for the services from the SCAQMD's SBAO. Two facilities would be small businesses under the U.S. SBA definition while only one facility would be small business under the CAAA (due to the emissions criterion).

## COST AND REVENUE IMPACTS

Two scenarios are analyzed for the socioeconomic assessments. Both include lost generation from the permanent shutdown of the San Onofre Nuclear Generating System (SONGS). It is assumed that an additional increase of 1,600 megawatts (MW) would be needed between 2015 and 2022 to compensate for SONGS' shutdown, which is included in the SCE territory. Scenario 1—Reasonable Case—is based on the upper estimate that the California Public Utilities Commission (CPUC) has authorized for new conventional gas-fired resources (2,800 MW) in the Southern California Edison (SCE) territory.<sup>2</sup> Scenario 2—More Conservative Case—is based on the conservative projection from the California Independent System Operator (Cal ISO) for new generation needs in the SCE territory, which is 5,400 MW.<sup>3</sup> Furthermore, it is assumed that 828 MW new generation would take place within the LADWP territory, which does not vary by

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<sup>2</sup>California Public Utilities Commission, Decision Authorizing Long-Term Procurement for Local Capacity Requirements (13-02-015), downloaded from <http://assets.fiercemarkets.net/public/sites/energy/reports/scelongtermprocurement.pdf>, February 13, 2013.

<sup>3</sup>California Independent System Operator, 2012-2013 Transmission Plan, downloaded from <http://www.caiso.com/Documents/BoardApproved2012-2013TransmissionPlan.pdf>, March 20, 2013.

scenario. The entire generation capacity for Scenarios 1 and 2 is 3,628 and 6,228 MW, respectively, with an assumed yearly distribution shown in Table 1.

Table 1: Repowering Forecast by Utility by Year  
(in Megawatts)

Year	Scenario 1		Scenario 2	
	SCE	LADWP*	SCE	LADWP*
2015	350	128	675	128
2016	350		675	
2017	350	100	675	100
2018	350		675	
2019	350	100	675	100
2020	350		675	
2021	350	100	675	100
2022	350		675	
2023		100		100
2024				
2025		100		100
2026				
2027		100		100
2028				
2029		100		100

\*The total 828 MW repowering forecast for LADWP is levelized over the 2015-2029 period. Page 13 of this document also considers another forecast with a total of 766 MW repowering that is split to 306 MW in 2017 and 460 MW in 2020.

For each scenario, based on the fee rates in PR 1304.1, annual additional revenue from 2015 to 2035 is projected for the annual and single payment options, respectively, as shown in Table 2. It should be noted that the cumulative annual payments for 2029 would be carried onwards indefinitely. It is assumed that all boiler replacements would occur in Los Angeles County in 2015 and 2016. Revenues from boiler replacements after 2016 would be divided among Los Angeles, Orange, and San Bernardino Counties according to the ratio of 60:30:10, respectively, based on the current location of utility steam boilers and potential downwind impacts.

Table 2: Annual versus Single Payments by Scenario by Year  
(in Millions of 2013 Dollars)

Year	Scenario 1			Scenario 2		
	Annual	Cumulative Annual*	Single	Annual	Cumulative Annual*	Single
2015	\$1.59	\$1.59	\$39.69	\$2.67	\$2.67	\$66.68
2016	\$1.16	\$2.75	\$29.06	\$2.24	\$4.91	\$56.05
2017	\$1.49	\$4.24	\$37.37	\$2.57	\$7.48	\$64.35
2018	\$1.16	\$5.41	\$29.06	\$2.24	\$9.73	\$56.05
2019	\$1.49	\$6.90	\$37.37	\$2.57	\$12.30	\$64.35
2020	\$1.16	\$8.06	\$29.06	\$2.24	\$14.54	\$56.05
2021	\$1.49	\$9.56	\$37.37	\$2.57	\$17.12	\$64.35
2022	\$1.16	\$10.72	\$29.06	\$2.24	\$19.36	\$56.05
2023	\$0.33	\$11.05	\$8.30	\$0.33	\$19.69	\$8.30
2024	\$0.00	\$11.05	\$0.00	\$0.00	\$19.69	\$0.00
2025	\$0.33	\$11.39	\$8.30	\$0.33	\$20.02	\$8.30
2026	\$0	\$11.39	\$0	\$0	\$20.02	\$0
2027	\$0.33	\$11.72	\$8.30	\$0.33	\$20.35	\$8.30
2028	\$0	\$11.72	\$0	\$0	\$20.35	\$0
2029	\$0.33	\$12.05	\$8.30	\$0.33	\$20.69	\$8.30

After 2029 cumulative annual payments will stay at the same level as 2029 as there is no new generation in the forecast after 2029.

Table 3 shows the potential impacts of EGF fee payments on three types of rate payers based on the most recent CEC mid-forecast of electricity sales (in gigawatt hours) from 2014 to 2024 for SCE, LADWP, Burbank, Glendale, and Pasadena. Electricity sales from 2025 to 2035 are projected based on the growth rate of 2020-2024 sales. Assuming that all fee payments are passed on to ratepayers, the increase in electricity rates would, at most, be 0.06¢ per kWh. Based on the experience with the Sentinel energy project in the Coachella Valley, there are other factors that may result in less than 100 percent of the fee payment being passed on to ratepayers. Residential electricity rates vary by location, time of the day, season, and usage. In the SCE territory, the rates per kWh range from 11¢ to 44¢. The range is from 7¢ to 17¢ per kWh in the LADWP territory. The 0.06¢ per kWh rate increase resulting from the PR 1304.1 fee would translate to a no more than 0.86 percent increase relative to the existing residential electricity rates. For a residential customer with 500 kWh monthly consumption, the total bill would rise by approximately 28¢ a month. The average monthly electricity bill in 2012 for a customer with 500 kWh usage was \$81 in the SCE territory and \$67 in the LADWP territory, respectively.

Table 3: Impacts of PR 1304.1 Payments on Electricity Rates (in 2013 ¢/kWh)

Cases	2015			2016			2028		
	Residen- tial	Commer- cial	Indus- trial	Residen- tial	Commer- cial	Indus- trial	Residen- tial	Commer- cial	Indus- trial
Scenario 1— Reasonable Case									
Single Payment	0.033	0.033	0.033	0.024	0.024	0.024	0.000	0.000	0.000
Annual Payment	0.001	0.001	0.001	0.002	0.002	0.002	0.008	0.008	0.009
Scenario 2-- More Conservative Case									
Single Payment	0.055	0.055	0.055	0.046	0.046	0.046	0.000	0.000	0.000
Annual Payment	0.002	0.002	0.002	0.004	0.004	0.004	0.015	0.014	0.015

## INVESTMENT ASSUMPTIONS

It is assumed that 20 percent of the revenue would be invested in the photovoltaic projects that are evenly split between commercial and residential properties and the remaining 80 percent would be invested in projects similar to mobile source control measures in the 2012 AQMP. These percentages reflect the divide of emissions between stationary and mobile sources in the AQMP emissions inventory. Investment projects would help implement emission reduction strategies in the 2012 AQMP. These projects would be financed with fees collected from the previous year. Table 4 shows the percentage of revenue that is allocated to each mobile source project by year from 2016 to 2035 for annual and single payment options, respectively, based on readiness of potential technologies and projects. For example, there is the ongoing SOON Program to implement Control Measure OFFRD-1. As such, the highest percentages of dollars are allocated to this control measure in 2016. It is assumed that all the projects in 2016 and 2017 and projects related to Control Measure ONRD-5 would be in Los Angeles County. Drayage trucks in Control Measure ONRD-5 move containers between ports and nearby rail yards. The rest of project money is allocated to the counties of Los Angeles, Orange, and San Bernardino based on a ratio of 60:30:10, based on the current location of utility steam boilers and potential downwind impacts.

Table 4: Percent of Revenue Allocation by Year by Mobile Source Measure

Year	Annual Payment				Single Payment			
	Onrd-3	Onrd-4	Onrd-5	Offrd-1	Onrd-3	Onrd-4	Onrd-5	Offrd-1
2016				100%	20%	20%		60%
2017			67%	33%	20%	30%	30%	20%
2018	30%	30%	40%		30%	50%		20%
2019	30%	30%	40%		30%	50%		20%
2020	30%	30%	40%		30%	50%		20%
2021	30%	30%	40%		30%	50%		20%
2022	10%	10%	30%	50%	30%	50%		20%
2023	10%	10%	30%	50%	30%	50%		20%
2024	10%	10%	30%	50%	30%	50%		20%
2025	50%	50%			30%	50%		20%
2026	50%	50%			30%	50%		20%
2027	50%	50%			30%	50%		20%
2028	50%	50%			30%	50%		20%
2029	50%	50%			30%	50%		20%
2030	50%	50%			30%	50%		20%
2031	50%	50%						
2032	50%	50%						
2033	50%	50%						
2034	50%	50%						
2035	50%	50%						

ONRD-3: Accelerated Penetration of Partial Zero-Emission and Zero-Emission Light-Heavy- and Medium-Heavy-Duty Vehicles

ONRD-4: Accelerated Retirement of Older On-Road Heavy-Duty Vehicles

ONRD-5: Further Emission Reductions from Heavy-Duty Vehicles Serving Near-Dock Railyards

OFFRD-1: Extension of the Surplus Off-road Opt-in for NOx (SOON) Provision for Construction/Industrial Equipment

Based on the 2012 AQMP assumptions and new vendor information, Table 5 shows unit capital, operating, and maintenance cost data for Control Measures ONRD-03 (Accelerated Penetration of Partial Zero-Emission and Zero-Emission Light-Heavy- and Medium-Heavy-Duty Vehicles), ONRD-04 (Accelerated Retirement of Older On-Road Heavy-Duty Vehicles), ONRD-5 (Further Emission Reductions from Heavy-Duty Vehicles Serving Near-Dock Railyards), and OFFRD-01 (Extension of the SOON Provision for Construction/Industrial Equipment).

Control Measure ONRD-3 accelerates the introduction of advanced hybrid and zero-emission technologies for Class 4 through 6 heavy-duty vehicles through funding assistance programs such as the Hybrid Vehicle Incentives Program. Control Measure ONRD-4 seeks early replacement of older diesel heavy-duty vehicles with newer vehicles that, at a minimum, meet the 2010 on-road heavy-duty NO<sub>x</sub> exhaust emissions standard of 0.2 g/bhp-hr through funding programs such as the Carl Moyer Voucher Incentives Program. Control Measure ONRD-5 would require that any cargo container moved between the ports and the nearby rail yards be equipped with zero-emission technologies. OFFRD-1 would replace or repower older Tier 0 and Tier 1 equipment with Tier 4 or cleaner engines as part of the SCAQMD SOON Program. All these measures rely on incentive programs whose compliance is voluntary.

Additionally, unit cost data is developed for residential and commercial photovoltaic projects, as shown in Table 6. It is assumed that economic life of photovoltaic panels is 25 years.

Table 5: Unit Costs for Mobile Source Control Measures (in 2013 dollars)

	ONRD-3	ONRD-4	ONRD-5*	OFFRD-1
Capital				
Vehicle Incremental Cost	\$102,625	\$56,443	\$200,000	\$271,955
Vehicle Life	15	15	15	7
Recharging Station (30-yr life)			\$40,000	
-Construction (50%)				
-Equipment (50%)				
Operation & Maintenance				
Electricity/Natural Gas (per vehicle)	\$3,407	\$19,191	\$19,200	
Diesel	-\$6,195	-\$30,787	-\$21,333	
Urea				\$718
DPF Maintenance				\$2,566

Table 6: Unit Costs for Photovoltaic Projects (in 2013 dollars)

Type	Average Size (kW)	\$/Watt				Electricity Generation (\$/size)*
		Capital			O&M	
		Solar Panel	Installation	Electric Devices		
Residential (<5.5 kW)	5.5	\$2.55	\$2.22	\$0.33	\$0.034	\$755
Commercial (5.6 – 500 kW)	201.3	\$2.22	\$1.93	\$0.29	\$0.029	\$46,751

kW = Kilowatt

\*Based on 14.8¢ per kilowatt hour.

The PR 1304.1 proceeds are used to finance additional costs for clean technologies beyond current regulations. For all the projects, it is assumed that proceeds from PR 1304.1 would be used to pay for the entire incremental capital costs while operating and maintenance expenditures would be subsumed by the direct beneficiaries of these projects. However, when equipment and devices reach the end of their economic life and need to be replaced, capital expenditures on replacements would be defrayed by the beneficiaries as well. It is assumed that the beneficiary defrayed capital expenditures would be financed at a real interest rate of four percent and respective equipment or device life, as shown in Table 4.

It is assumed that implementation of Control Measure ONRD-4 would be achieved by accelerating the retirement of older on-road heavy-duty vehicles by four years under the single payment option and by two years under the annual payment option when the PR 1304.1 funds become first available according to the assumptions in Table 5. Without the accelerated implementation, retirement of these vehicles may not begin until 2020.

For Control Measure OFFRD-1, there would be no replacement costs, nor would additional operating and maintenance costs after the end of a 7-year project life as the affected construction and industrial equipment would be required to comply with the State In-Use Off-Road Fleet Vehicle Regulation at that time.

It should be noted that the types of projects selected for the assessment herein are for illustration purposes only. Other projects consistent with the 2012 AQMP may also be included based on the process of request for proposals and Governing Board's directives.

## **MACROECONOMIC IMPACTS ON REGIONAL ECONOMY**

The REMI model (Version 1.4) is used to assess the total socioeconomic impacts of a policy change (e.g., PR 1304.1). The model links 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 66 private non-farm industries, three government sectors, and a farm sector. Trade flows are captured between sectors as well as across the four 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 herein is performed relative to a baseline without the implementation of PR 1304.1. Direct effects of PR 1304.1 are estimated and used as input to the REMI model in order 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 (2015 to 2035). Direct effects of PR 1304.1 include the assumption that the fee payment would be fully passed on to ratepayers, additional sales of compliance devices and related services, fuel switching from diesel to electricity or

natural gas, and the additional capital expenditures on charging stations and compliance devices when they are due for replacements at the end of their life.

**Job Impacts**

Figure 1 shows job impacts for the entire four-county area by year from 2015 to 2035 for both scenarios. All the job impacts in 2015 solely result from the PR 1304.1 fee as no investment would take place until the following year. There would be 19 to 773 jobs forgone in 2015 (Table 7). The majority of jobs forgone would fall on the retail trade sector for two reasons. First, the utility sector where the EGFs belong is assumed to pass the PR 1304.1 fee to its customers (industrial, commercial, and residential). Second, these customers would reduce expenditures elsewhere to compensate for the increases in electricity rates, thus resulting in lost sales in the retail trade sector and consequently jobs forgone in this sector.

Figure 1: Job Impact Trends of PR 1304.1

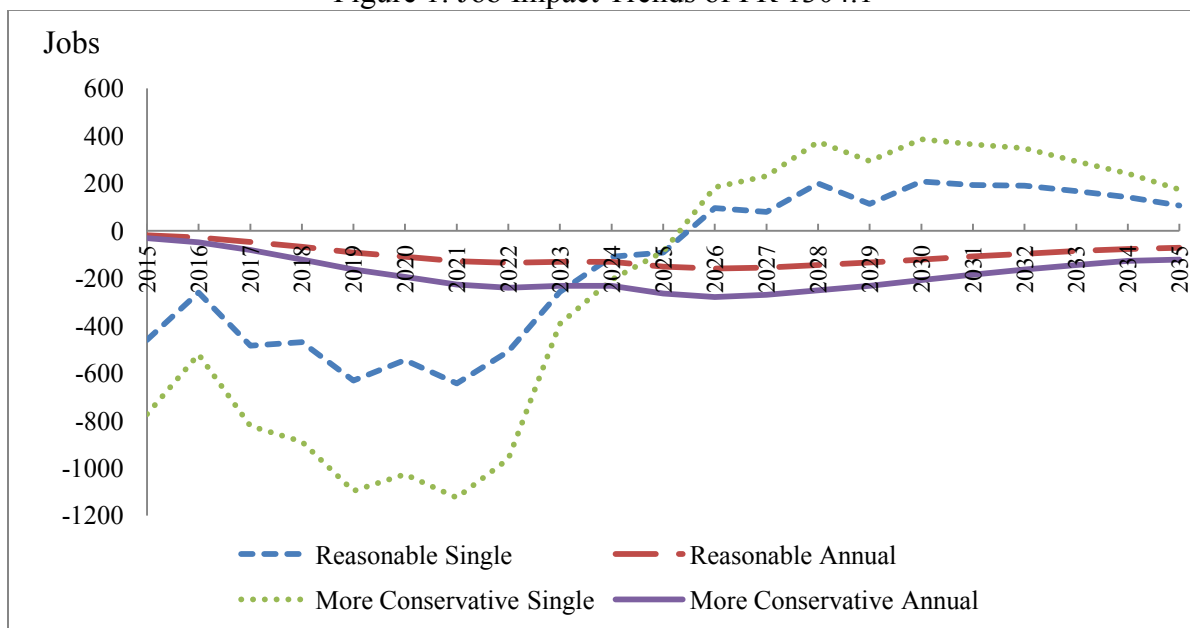


Table 7: Job Impacts of PR 1304.1 by Scenario

Cases	Average Annual	2015	2016	2020	2025	2030	2035
Scenario 1--Reasonable Case							
Single Payment	-141	-460	-260	-545	-92	208	107
Annual Payment	-104	-19	-28	-108	-150	-121	-71
Scenario 2—More Conservative Case							
Single Payment	-238	-773	-521	-1026	-87	387	174
Annual Payment	-181	-30	-48	-193	-265	-208	-121

The total jobs forgone would reach the peak in 2021 for both single payment option scenarios in 2021 as additional fees are collected each year (Figure 1). During the 2016-2021 period,

additional expenditures on trucks, charging stations, photovoltaic panels, and related construction and installation are pumped into the local economy. However, not all the expenditures will stay local. Moreover, fuel savings from switching to electricity- or natural gas-fueled trucks and reduced demand for electricity due to photovoltaic panels would decrease the additional cost of doing business for the affected sectors. Additional expenditures and lower cost of doing business would lead to additional jobs created. However, in the short term, these positive job impacts are not sufficient to offset jobs forgone from the yearly fee payment. After 2021 fee payments from the single payment option start to decline significantly. On the other hand, fuel savings and reduced electricity demand continue to accumulate as more trucks and photovoltaic panels come into the pipeline. As a result, the net jobs forgone start to decline from 2022 to 2025 and beginning in 2026 there would be net jobs created.

Under the annual payment option, yearly cumulative fee payments are gradually on the rise over the years and stay at the highest level as the last batch of new generation is pulled in (Year 2029 in columns 2 and 5 in Table 2). As such, both the negative jobs from increases in electricity rates and the positive jobs from expenditures on trucks and photovoltaic panels, fuel savings, and reduced demand for electricity would run on a smoother course than the single payment option, as shown in Figure 1. The net jobs forgone would reach the peak in 2026 and start to decline gradually after 2026. It should be noted that the single payment option is included in the staff proposal at the request of EGF stakeholders to maximize financial flexibility. It is assumed that the single payment option will be selected only if it represents a better business case.

Table 7 presents job impacts of PR 1304.1 for two payment options under two scenarios for selected years. The annual job impacts range from 104 to 238 jobs forgone, on average, from 2015 to 2035. In comparison, these impacts are similar to those of adopted or amended rules in recent history, as shown in Table 8. It should be noted that the projects that are assumed to be funded by the PR 1304.1 fee are expected to partially fulfill emission reduction commitment in the ozone State Implementation Plan and help attain the new 2012 PM2.5 standard. There were 8.92 million jobs in the four-county area in 2010, which is projected to grow to 10.4 million jobs in 2020 and to 11.62 million jobs in 2030. The average annual job impacts of PR 1304.1 are between 0.001 and 0.003 percent of the 2010 total baseline jobs.



Table 8: Impacts of Recently Adopted/Amended Rules

Year Adopted	Rule Number	Rule Name	Annual Cost (in Millions of 2013 \$)	Job Impact (Jobs/Year)
2008	445	Wood Burning Devices	\$4.26	-126
2008	1147	NOx Reductions from Miscellaneous Sources	\$9.92	-102
2008	1110.2	Emissions from Gaseous- and Liquid-Fueled Engines	\$24.37	-169
2009	1143	Consumer Paint Thinners and Multi-Purpose Solvents	\$12.88	-154
2009	1144	Vanishing Oils and Rust Inhibitors	\$8.70	-195
2009	1111	Reduction of NOx Emissions from Natural Gas-Fired, Fan-type Central Furnaces	\$32.64	-221
2010	1143	Consumer Paint Thinners and Multi-Purpose Solvents	\$14.70	-58 to -118
2010	1193	Clean On-Road Residential and Commercial Refuse Collection Vehicles	\$14.28 to \$15.35	-172 to -195

Tables 9 through 12 show job impacts of single versus annual payment options under both scenarios on an average annual basis for selected years. The results in these tables mirror the findings that have been discussed above. Under the single payment option, the construction sector is projected to gain nine to 16 jobs annually, on average, from 2015 to 2035 due to solar panel installation and maintenance, construction of charging stations for drayage trucks, reduction in expenditures on retiring older on-road heavy-duty vehicles that are now paid for by the PR 1304.1 fee (as opposed to self-financing), and fuel switching savings (diesel to natural gas) from newer replaced vehicles. Other sectors benefitting from the early retirement vehicle program include transportation and warehousing, administrative and waste management services, and government, which are projected to have additional jobs created beginning in 2025. A portion of the PR 1304.1 fee would also go back to the utilities sector to finance the accelerated penetration of partial zero-emission and zero-emission light-heavy- and medium-heavy-duty vehicles.<sup>4</sup> This together with increased electricity sales (from increases in electricity rates and fuel switching) is projected to result in, for the utility sector, slight job creation ranging from 3 to 5 jobs annually, on average, from 2015 to 2035.

<sup>4</sup>The utilities sector operates a portion of light-heavy- and medium-heavy-duty vehicles.

Table 9: Job Impacts of Reasonable Single Payment Option by Sector

Industry	Average Annual	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0	0	0	0	0	0	0
Mining	-1	-2	-3	-3	-1	0	1
Utilities	3	-8	-4	8	6	2	1
Construction	9	-37	-10	-33	17	51	26
Manufacturing	-2	-18	7	-10	-6	6	5
Wholesale Trade	2	-20	8	1	-1	9	3
Retail Trade	-111	-67	-71	-258	-130	-27	-15
Transportation and Warehousing	31	-7	-3	14	48	52	31
Information	-2	-5	-3	-5	-2	0	0
Finance and Insurance	-4	-21	-12	-15	2	8	2
Real Estate and Rental and Leasing	-8	-26	-19	-27	-3	9	6
Professional, Scientific, and Technical Services	-18	-29	-20	-40	-20	1	-1
Management of Companies and Enterprises	-1	-3	-2	-3	-1	0	0
Administrative and Waste Management Services	3	-30	-15	-22	10	27	18
Educational Services	-2	-9	-6	-8	-2	4	4
Health Care and Social Assistance	-13	-49	-30	-42	-5	16	5
Arts, Entertainment, and Recreation	-2	-9	-5	-7	0	3	1
Accommodation and Food Services	-12	-34	-26	-36	-9	10	9
Other Services, except Public Administration	-6	-49	-26	-25	6	17	4
Government	-6	-38	-23	-32	-2	21	10
Total	-141	-460	-260	-545	-92	208	107

Table 10: Job Impacts of Reasonable Annual Payment Option by Sector

Industry	Average Annual	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0	0	0	0	0	0	0
Mining	-1	0	0	-1	-1	-1	-1
Utilities	0	0	-1	0	0	1	1
Construction	-3	-1	-2	-7	-6	0	5
Manufacturing	-2	-1	0	-3	-4	-3	-1
Wholesale Trade	0	-1	-1	-1	0	0	2
Retail Trade	-42	-3	-4	-31	-49	-61	-58
Transportation and Warehousing	7	0	-1	0	3	13	22
Information	-1	0	0	-1	-2	-1	-1
Finance and Insurance	-4	-1	-1	-4	-6	-4	-2
Real Estate and Rental and Leasing	-6	-1	-2	-7	-9	-7	-4
Professional, Scientific, and Technical Services	-11	-1	-2	-8	-14	-15	-14
Management of Companies and Enterprises	-1	0	0	-1	-1	-1	-1
Administrative and Waste Management Services	-4	-1	-2	-6	-7	-3	3
Educational Services	-2	0	-1	-2	-3	-2	-1
Health Care and Social Assistance	-11	-2	-3	-11	-15	-13	-9
Arts, Entertainment, and Recreation	-2	0	-1	-2	-2	-2	-1
Accommodation and Food Services	-8	-1	-2	-8	-12	-9	-5
Other Services, except Public Administration	-7	-2	-3	-8	-9	-6	-4
Government	-8	-2	-2	-8	-13	-9	-4
Total	-104	-19	-28	-108	-150	-121	-71

Table 11: Job Impacts of More Conservative Single Payment Option by Sector

Industry	Average Annual	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0	0	0	0	0	0	0
Mining	-2	-4	-5	-6	-1	1	1
Utilities	5	-13	-8	13	11	3	1
Construction	16	-62	-23	-65	37	91	42
Manufacturing	-4	-31	9	-21	-8	10	9
Wholesale Trade	3	-34	9	-1	0	13	5
Retail Trade	-192	-112	-131	-471	-217	-32	-28
Transportation and Warehousing	55	-12	-6	24	86	91	52
Information	-4	-8	-6	-10	-3	1	0
Finance and Insurance	-6	-35	-24	-30	7	14	3
Real Estate and Rental and Leasing	-13	-44	-36	-51	-1	18	10
Professional, Scientific, and Technical Services	-31	-48	-38	-75	-30	3	-1
Management of Companies and Enterprises	-2	-5	-3	-6	-2	1	0
Administrative and Waste Management Services	5	-50	-31	-42	24	47	30
Educational Services	-3	-14	-12	-16	-1	7	7
Health Care and Social Assistance	-21	-82	-59	-80	1	29	7
Arts, Entertainment, and Recreation	-3	-15	-10	-14	2	6	2
Accommodation and Food Services	-21	-58	-50	-68	-10	18	16
Other Services, except Public Administration	-10	-83	-53	-50	17	29	5
Government	-11	-64	-45	-61	1	38	16
Total	-238	-773	-521	-1026	-87	387	174

Table 12: Job Impacts of More Conservative Annual Payment Option by Sector

Industry	Average Annual	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0	0	0	0	0	0	0
Mining	-1	0	0	-1	-2	-2	-1
Utilities	1	-1	-1	-1	1	2	2
Construction	-4	-2	-3	-11	-11	0	12
Manufacturing	-4	-1	-1	-5	-7	-6	-2
Wholesale Trade	0	-1	-1	-2	-1	1	2
Retail Trade	-73	-5	-8	-55	-87	-106	-100
Transportation and Warehousing	12	-1	-1	-1	5	23	39
Information	-2	0	-1	-2	-3	-2	-2
Finance and Insurance	-7	-1	-2	-8	-10	-6	-4
Real Estate and Rental and Leasing	-11	-2	-3	-12	-16	-12	-8
Professional, Scientific, and Technical Services	-19	-2	-3	-14	-24	-25	-23
Management of Companies and Enterprises	-1	0	0	-1	-2	-2	-1
Administrative and Waste Management Services	-6	-2	-3	-11	-13	-5	5
Educational Services	-3	-1	-1	-3	-5	-4	-2
Health Care and Social Assistance	-19	-3	-6	-19	-27	-22	-16
Arts, Entertainment, and Recreation	-3	-1	-1	-4	-4	-3	-1
Accommodation and Food Services	-14	-2	-4	-15	-20	-16	-10
Other Services, except Public Administration	-11	-3	-5	-15	-17	-10	-6
Government	-14	-3	-4	-15	-23	-15	-6
Total	-181	-30	-48	-193	-265	-208	-121

The annual payment option also minimizes the swing of sectoral job impacts from year to year. However, the cumulative fee payments from all participating EGFs over time may obscure the positive job impacts of local-oriented construction expenditures, fuel switching savings, and reductions in self-financing cleaner vehicles. In a few sectors, these positive job impacts would outweigh negative job impacts from increases in electricity rates due to the PR 1304.1 fee in later years of the simulation period.

According to the most recent input from LADWP, there will be two repowering projects where utility boilers will be replaced with advanced gas turbines. One would occur at the Scattergood Station for 306 MW in 2017 and the other at the Haynes Station for 460 MW in 2020. Based on this and the 5,400 MW new generation in the SCE territory (same as the more conservative case above), another round of simulations was performed. The average annual job impact between 2015 and 2035 is projected to be 184 jobs forgone for the annual payment option and 233 jobs forgone for the single payment option, respectively. The results are fairly comparable to the more conservative case analyzed above.

### **Competitiveness**

The PR 1304.1 fee (i.e., potentially resulting in increased electricity rates) and any ensuing additional costs (charging stations for drayage trucks and replacement costs of vehicles and devices not covered by the PR 1304.1 fee for example) would increase the cost of production of the affected industries relative to their national counterparts. It should be reminded that participation in investment projects is voluntary. 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.

Tables 13 through 16 show the impacts of PR 1304.1 on the relative cost of production by industry. An index of 0 indicates that there is no change in the cost of production relative to the rest of the U.S. An index of above or below 0 means that the cost of production in the four-county areas resulting from PR 1304.1 is higher or lower, respectively, than that in the rest of U.S. Under the single payment option, for the majority of sectors such as mining and manufacturing, the relative cost of production would increase with the peak in 2015 because these sectors are energy intensive and thus sensitive to increases in electricity rates in the short run. For example, the manufacturing sector is projected to experience 0.021 to 0.013 percent increase in the cost of production in 2015. However, the rate of increase is projected to decline over time and, in some instances, the cost of production would decline slightly. The sectors of utilities, construction, transportation and warehousing, and administrative and waste management services would eventually experience lower relative cost of production, compared to their national counterparts. Under the annual payment option, the peak for sectors that experience increases in relative cost of production occurs in 2022 and levels off afterwards. Only the transportation and warehousing sector would experience traceable decreases in the relative cost of production. It should be noted that all percentage changes in the relative cost of production are not significant.

Table 13: Impact of Reasonable Single Payment Option on Relative Cost of Production (relative to U.S.)

Industry	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0.002%	0.001%	0.001%	0.000%	0.000%	0.000%
Mining	0.034%	0.022%	0.009%	0.001%	-0.001%	0.000%
Utilities	0.005%	0.003%	0.001%	-0.001%	-0.001%	0.000%
Construction	0.007%	0.005%	0.002%	-0.002%	-0.002%	-0.001%
Manufacturing	0.013%	0.009%	0.005%	0.001%	0.000%	0.000%
Wholesale Trade	0.004%	0.002%	0.002%	0.000%	0.000%	0.000%
Retail Trade	0.004%	0.002%	0.001%	-0.001%	-0.001%	0.000%
Transportation and Warehousing	0.002%	0.000%	-0.008%	-0.009%	-0.007%	0.000%
Information	0.005%	0.003%	0.000%	-0.001%	-0.001%	0.000%
Finance and Insurance	0.003%	0.001%	0.000%	-0.001%	0.000%	0.000%
Real Estate and Rental and Leasing	0.006%	0.003%	0.001%	-0.001%	-0.001%	0.000%
Professional, Scientific, and Technical Services	0.003%	0.002%	0.001%	0.000%	0.000%	0.000%
Management of Companies and Enterprises	0.003%	0.001%	0.001%	0.000%	0.000%	0.000%
Administrative and Waste Management Services	0.008%	0.005%	0.000%	-0.003%	-0.003%	-0.001%
Educational Services	0.010%	0.006%	0.004%	0.001%	0.000%	0.000%
Health Care and Social Assistance	0.004%	0.002%	0.001%	0.000%	0.000%	0.000%
Arts, Entertainment, and Recreation	0.005%	0.003%	0.001%	-0.001%	-0.001%	0.000%
Accommodation and Food Services	0.007%	0.004%	0.003%	0.000%	0.000%	0.000%
Other Services, except Public Administration	0.004%	0.002%	0.001%	0.000%	0.000%	0.000%

Table 14: Impact of Reasonable Annual Payment Option on Relative Cost of Production (relative to U.S.)

Industry	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Mining	0.001%	0.002%	0.003%	0.004%	0.003%	0.002%
Utilities	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Construction	0.000%	0.000%	0.001%	0.002%	0.001%	0.000%
Manufacturing	0.001%	0.001%	0.002%	0.002%	0.002%	0.001%
Wholesale Trade	0.000%	0.000%	0.001%	0.001%	0.001%	0.000%
Retail Trade	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Transportation and Warehousing	0.000%	0.000%	-0.001%	-0.002%	-0.003%	-0.003%
Information	0.000%	0.000%	0.000%	0.001%	0.000%	0.000%
Finance and Insurance	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Real Estate and Rental and Leasing	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Professional, Scientific, and Technical Services	0.000%	0.000%	0.000%	0.001%	0.000%	0.000%
Management of Companies and Enterprises	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Administrative and Waste Management Services	0.000%	0.001%	0.001%	0.001%	0.000%	0.000%
Educational Services	0.000%	0.001%	0.001%	0.002%	0.001%	0.001%
Health Care and Social Assistance	0.000%	0.000%	0.001%	0.001%	0.001%	0.000%
Arts, Entertainment, and Recreation	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Accommodation and Food Services	0.000%	0.000%	0.001%	0.001%	0.001%	0.001%
Other Services, except Public Administration	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%

Table 15: Impact of More Conservative Single Payment Option on Relative Cost of Production (relative to U.S.)

Industry	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0.004%	0.003%	0.002%	0.000%	0.000%	0.000%
Mining	0.057%	0.043%	0.018%	-0.001%	-0.002%	0.000%
Utilities	0.008%	0.005%	0.003%	-0.002%	-0.001%	0.000%
Construction	0.012%	0.009%	0.005%	-0.004%	-0.004%	-0.001%
Manufacturing	0.021%	0.017%	0.010%	0.000%	-0.001%	0.000%
Wholesale Trade	0.007%	0.005%	0.003%	-0.001%	-0.001%	0.000%
Retail Trade	0.006%	0.004%	0.002%	-0.001%	-0.001%	0.000%
Transportation and Warehousing	0.003%	0.000%	-0.014%	-0.016%	-0.011%	0.000%
Information	0.009%	0.005%	0.001%	-0.002%	-0.001%	0.000%
Finance and Insurance	0.004%	0.002%	0.001%	-0.001%	-0.001%	0.000%
Real Estate and Rental and Leasing	0.010%	0.006%	0.003%	-0.003%	-0.002%	0.000%
Professional, Scientific, and Technical Services	0.006%	0.004%	0.002%	-0.001%	0.000%	0.000%
Management of Companies and Enterprises	0.004%	0.003%	0.002%	0.000%	0.000%	0.000%
Administrative and Waste Management Services	0.013%	0.009%	0.001%	-0.007%	-0.005%	-0.002%
Educational Services	0.016%	0.013%	0.008%	0.000%	0.000%	0.000%
Health Care and Social Assistance	0.007%	0.005%	0.003%	0.000%	0.000%	0.000%
Arts, Entertainment, and Recreation	0.009%	0.006%	0.002%	-0.002%	-0.001%	0.000%
Accommodation and Food Services	0.011%	0.008%	0.006%	-0.001%	-0.001%	0.000%
Other Services, except Public Administration	0.007%	0.004%	0.002%	-0.001%	-0.001%	0.000%

Table 16: Impact of More Conservative Annual Payment Option on Relative Cost of Production (relative to U.S.)

Industry	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Mining	0.002%	0.004%	0.006%	0.007%	0.005%	0.004%
Utilities	0.000%	0.001%	0.001%	0.001%	0.001%	0.000%
Construction	0.000%	0.001%	0.002%	0.003%	0.001%	0.000%
Manufacturing	0.001%	0.002%	0.003%	0.003%	0.003%	0.003%
Wholesale Trade	0.000%	0.000%	0.001%	0.001%	0.001%	0.001%
Retail Trade	0.000%	0.000%	0.001%	0.001%	0.001%	0.000%
Transportation and Warehousing	0.000%	0.000%	-0.001%	-0.003%	-0.006%	-0.006%
Information	0.000%	0.001%	0.001%	0.001%	0.000%	0.000%
Finance and Insurance	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Real Estate and Rental and Leasing	0.000%	0.001%	0.002%	0.002%	0.001%	0.000%
Professional, Scientific, and Technical Services	0.000%	0.000%	0.001%	0.001%	0.001%	0.000%
Management of Companies and Enterprises	0.000%	0.000%	0.001%	0.001%	0.001%	0.001%
Administrative and Waste Management Services	0.001%	0.001%	0.002%	0.002%	0.000%	0.000%
Educational Services	0.001%	0.001%	0.002%	0.003%	0.002%	0.002%
Health Care and Social Assistance	0.000%	0.000%	0.001%	0.001%	0.001%	0.001%
Arts, Entertainment, and Recreation	0.000%	0.001%	0.001%	0.001%	0.001%	0.000%
Accommodation and Food Services	0.000%	0.001%	0.002%	0.002%	0.002%	0.001%
Other Services, except Public Administration	0.000%	0.000%	0.001%	0.001%	0.001%	0.000%

Changes in production costs will affect prices of goods sold locally. The relative delivered price of a good is based on its production cost and the transportation cost of delivering that 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.

Tables 17 to 20 show the impacts of PR 1304.1 on delivered prices (in terms of percentage change) by industry relative to its counterpart in the rest of the U.S. Under the single payment option, both scenarios show that the mining and construction industries would experience relatively higher increases in prices; however, after 2022 prices in the construction industry are projected to be lower than its national counterpart. On the other hand, except for a few earlier years, the sectors of transportation and warehousing, and administrative and waste management services are projected to have lower prices than the rest of U.S. The magnitude of these impacts is fairly small. For the annual payment option, the trend is similar and yet there are few discernible impacts.

Table 17: Impact of Reasonable Single Payment Option on Relative Delivered Price (relative to U.S.)

Industry	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%
Mining	0.012%	0.008%	0.003%	0.000%	-0.001%	0.000%
Utilities	0.004%	0.002%	0.001%	-0.001%	-0.001%	0.000%
Construction	0.007%	0.005%	0.002%	-0.002%	-0.002%	-0.001%
Manufacturing	0.006%	0.004%	0.003%	0.000%	0.000%	0.000%
Wholesale Trade	0.004%	0.002%	0.002%	0.000%	0.000%	0.000%
Retail Trade	0.003%	0.002%	0.001%	0.000%	0.000%	0.000%
Transportation and Warehousing	0.001%	0.000%	-0.004%	-0.005%	-0.004%	0.000%
Information	0.004%	0.002%	0.001%	0.000%	-0.001%	0.000%
Finance and Insurance	0.002%	0.001%	0.000%	0.000%	0.000%	0.000%
Real Estate and Rental and Leasing	0.006%	0.003%	0.001%	-0.001%	-0.001%	0.000%
Professional, Scientific, and Technical Services	0.003%	0.002%	0.001%	0.000%	0.000%	0.000%
Management of Companies and Enterprises	0.002%	0.001%	0.000%	0.000%	0.000%	0.000%
Administrative and Waste Management Services	0.008%	0.005%	0.000%	-0.004%	-0.003%	-0.001%
Educational Services	0.007%	0.005%	0.003%	0.001%	0.000%	0.000%
Health Care and Social Assistance	0.003%	0.002%	0.001%	0.000%	0.000%	0.000%
Arts, Entertainment, and Recreation	0.005%	0.003%	0.001%	0.000%	-0.001%	0.000%
Accommodation and Food Services	0.005%	0.003%	0.002%	0.000%	0.000%	0.000%
Other Services, except Public Administration	0.003%	0.002%	0.001%	0.000%	0.000%	0.000%

Table 18: Impact of Reasonable Annual Payment Option on Relative Delivered Price (relative to U.S.)

Industry	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Mining	0.000%	0.001%	0.001%	0.001%	0.001%	0.001%
Utilities	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Construction	0.000%	0.000%	0.001%	0.001%	0.001%	0.000%
Manufacturing	0.000%	0.000%	0.001%	0.001%	0.001%	0.001%
Wholesale Trade	0.000%	0.000%	0.001%	0.001%	0.001%	0.000%
Retail Trade	0.000%	0.000%	0.000%	0.001%	0.000%	0.000%
Transportation and Warehousing	0.000%	0.000%	0.000%	-0.001%	-0.002%	-0.002%
Information	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Finance and Insurance	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Real Estate and Rental and Leasing	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Professional, Scientific, and Technical Services	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Management of Companies and Enterprises	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Administrative and Waste Management Services	0.000%	0.001%	0.001%	0.001%	0.000%	0.000%
Educational Services	0.000%	0.000%	0.001%	0.001%	0.001%	0.001%
Health Care and Social Assistance	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Arts, Entertainment, and Recreation	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Accommodation and Food Services	0.000%	0.000%	0.001%	0.001%	0.001%	0.001%
Other Services, except Public Administration	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

Table 19: Impact of More Conservative Single Payment Option on Relative Delivered Price (relative to U.S.)

Industry	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%
Mining	0.020%	0.015%	0.006%	0.000%	-0.001%	0.000%
Utilities	0.006%	0.004%	0.002%	-0.001%	-0.001%	0.000%
Construction	0.012%	0.009%	0.005%	-0.004%	-0.004%	-0.001%
Manufacturing	0.010%	0.008%	0.005%	0.000%	0.000%	0.000%
Wholesale Trade	0.007%	0.005%	0.003%	-0.001%	-0.001%	0.000%
Retail Trade	0.005%	0.003%	0.002%	-0.001%	-0.001%	0.000%
Transportation and Warehousing	0.001%	0.000%	-0.007%	-0.008%	-0.006%	0.000%
Information	0.006%	0.004%	0.001%	-0.001%	-0.001%	0.000%
Finance and Insurance	0.003%	0.002%	0.000%	-0.001%	0.000%	0.000%
Real Estate and Rental and Leasing	0.010%	0.006%	0.003%	-0.003%	-0.002%	0.000%
Professional, Scientific, and Technical Services	0.005%	0.003%	0.002%	-0.001%	0.000%	0.000%
Management of Companies and Enterprises	0.003%	0.002%	0.001%	0.000%	0.000%	0.000%
Administrative and Waste Management Services	0.013%	0.009%	0.000%	-0.008%	-0.006%	-0.002%
Educational Services	0.012%	0.009%	0.006%	0.000%	0.000%	0.000%
Health Care and Social Assistance	0.004%	0.003%	0.002%	0.000%	0.000%	0.000%
Arts, Entertainment, and Recreation	0.008%	0.005%	0.002%	-0.001%	-0.001%	0.000%
Accommodation and Food Services	0.009%	0.007%	0.005%	-0.001%	-0.001%	0.000%
Other Services, except Public Administration	0.005%	0.003%	0.002%	-0.001%	-0.001%	0.000%



Table 20: Impact of More Conservative Annual Payment Option on Relative Delivered Price (relative to U.S.)

Industry	2015	2016	2020	2025	2030	2035
Forestry, Fishing, and Related Activities	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Mining	0.001%	0.001%	0.002%	0.002%	0.002%	0.001%
Utilities	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Construction	0.000%	0.001%	0.002%	0.003%	0.001%	0.000%
Manufacturing	0.000%	0.001%	0.001%	0.002%	0.001%	0.001%
Wholesale Trade	0.000%	0.000%	0.001%	0.001%	0.001%	0.001%
Retail Trade	0.000%	0.000%	0.001%	0.001%	0.001%	0.000%
Transportation and Warehousing	0.000%	0.000%	-0.001%	-0.002%	-0.003%	-0.003%
Information	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Finance and Insurance	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Real Estate and Rental and Leasing	0.000%	0.001%	0.002%	0.002%	0.001%	0.000%
Professional, Scientific, and Technical Services	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%
Management of Companies and Enterprises	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Administrative and Waste Management Services	0.001%	0.001%	0.002%	0.002%	0.000%	-0.001%
Educational Services	0.000%	0.001%	0.002%	0.002%	0.002%	0.002%
Health Care and Social Assistance	0.000%	0.000%	0.001%	0.001%	0.001%	0.001%
Arts, Entertainment, and Recreation	0.000%	0.001%	0.001%	0.001%	0.001%	0.001%
Accommodation and Food Services	0.000%	0.001%	0.002%	0.002%	0.001%	0.001%
Other Services, except Public Administration	0.000%	0.000%	0.001%	0.001%	0.000%	0.000%

## CEQA ALTERNATIVES

Four alternatives to the proposed amendments have been identified in the Program Environmental Assessment prepared pursuant to the California Environmental Quality Act (CEQA). Alternative A is the No Project Alternative, which would not implement the proposed rule. EGFs that use the offset exemption under Rule 1304 (a) (2) would continue not to pay for the amount of offsets provided from the SCAQMD internal accounts.

Alternative B—Higher Fee—would require that EGFs that use Rule 1304 (a)(2) exemption pay a fee higher than that under PR 1304.1 for offsets. It is assumed, for the purposes of this analysis, that the high fee would be equivalent to two times the amount under PR 1304.1. Alternative C—Higher Fee for Capacity Relocation—would require that EGFs that relocate generation facility from one facility to another pay a higher fee than that under PR 1304.1. For the socioeconomic analysis, it is assumed that 50 percent of generation would be involved with relocation of generation capacity and thus incur a fee twice the amount under PR 1304.1. Compared to PR 1304.1, the average fee payment under Alternative C would be one and one-half times the fee under PR 1304.1. Alternative D—Lower Fee—would require that EGFs that use Rule 1304 (a) (2) exemption pay a fee lower than that under PR 1304.1 for offsets. It is assumed, for the purposes of this analysis, that the lower fee would be set at one-half the amount under PR 1304.1.

Table 21 compares the additional fee revenue collected each year under the single and annual payment options among PR 1304.1 and Alternatives B through D, respectively. All other

assumptions on unit costs of investment projects and division of projects by county that are used for PR 1304.1 are carried over to these alternatives as well.

Table 21: Fee Revenue by Scenario by CEQA Alternative for Annual and Single Payment Options

Year	PR 1304.1				Alternative B				Alternative C				Alternative D			
	Scenario 1		Scenario 2		Scenario 1		Scenario 2		Scenario 1		Scenario 2		Scenario 1		Scenario 2	
	Annual	Single	Annual	Single	Annual	Single	Annual	Single	Annual	Single	Annual	Single	Annual	Single	Annual	Single
2015	\$1.59	\$39.69	\$2.67	\$66.68	\$3.18	\$79.38	\$5.34	\$133.36	\$2.39	\$59.54	\$4.01	\$100.02	\$0.80	\$19.85	\$1.34	\$33.34
2016	\$1.16	\$29.06	\$2.24	\$56.05	\$2.32	\$58.12	\$4.48	\$112.10	\$1.74	\$43.59	\$3.36	\$84.08	\$0.58	\$14.53	\$1.12	\$28.03
2017	\$1.49	\$37.37	\$2.57	\$64.35	\$2.98	\$74.74	\$5.14	\$128.70	\$2.24	\$56.06	\$3.86	\$96.53	\$0.75	\$18.69	\$1.29	\$32.18
2018	\$1.16	\$29.06	\$2.24	\$56.05	\$2.32	\$58.12	\$4.48	\$112.10	\$1.74	\$43.59	\$3.36	\$84.08	\$0.58	\$14.53	\$1.12	\$28.03
2019	\$1.49	\$37.37	\$2.57	\$64.35	\$2.98	\$74.74	\$5.14	\$128.70	\$2.24	\$56.06	\$3.86	\$96.53	\$0.75	\$18.69	\$1.29	\$32.18
2020	\$1.16	\$29.06	\$2.24	\$56.05	\$2.32	\$58.12	\$4.48	\$112.10	\$1.74	\$43.59	\$3.36	\$84.08	\$0.58	\$14.53	\$1.12	\$28.03
2021	\$1.49	\$37.37	\$2.57	\$64.35	\$2.98	\$74.74	\$5.14	\$128.70	\$2.24	\$56.06	\$3.86	\$96.53	\$0.75	\$18.69	\$1.29	\$32.18
2022	\$1.16	\$29.06	\$2.24	\$56.05	\$2.32	\$58.12	\$4.48	\$112.10	\$1.74	\$43.59	\$3.36	\$84.08	\$0.58	\$14.53	\$1.12	\$28.03
2023	\$0.33	\$8.30	\$0.33	\$8.30	\$0.66	\$16.60	\$0.66	\$16.60	\$0.50	\$12.45	\$0.50	\$12.45	\$0.17	\$4.15	\$0.17	\$4.15
2024	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2025	\$0.33	\$8.30	\$0.33	\$8.30	\$0.66	\$16.60	\$0.66	\$16.60	\$0.50	\$12.45	\$0.50	\$12.45	\$0.17	\$4.15	\$0.17	\$4.15
2026	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2027	\$0.33	\$8.30	\$0.33	\$8.30	\$0.66	\$16.60	\$0.66	\$16.60	\$0.50	\$12.45	\$0.50	\$12.45	\$0.17	\$4.15	\$0.17	\$4.15
2028	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2029	\$0.33	\$8.30	\$0.33	\$8.30	\$0.66	\$16.60	\$0.66	\$16.60	\$0.50	\$12.45	\$0.50	\$12.45	\$0.17	\$4.15	\$0.17	\$4.15

Table 22 shows average annual job impacts by CEQA alternative. Alternative A would have no job impacts because Alternative A would not implement PR 1304.1. Alternative B would have twice more jobs forgone than PR 1304.1 because fees under Alternative B are twice those under PR 1304.1. Conversely, compared to PR 1304.1, the lower job impacts of Alternative D are due to the lower fees imposed under Alternative D. Job impacts of Alternative C are lower than those of Alternative B but higher than those of Alternative D since the total fee payment under Alternative C is between the amounts for Alternative B and D. Among all the alternatives, Alternative B has highest number of jobs forgone.

Table 22: Average Annual Job Impact by CEQA Alternative (2015 to 2035)

Scenario/Case	PR 1304.1	Alternative A	Alternative B	Alternative C	Alternative D
Scenario 1--Reasonable Case					
Single	-141	0	-282	-211	-69
Annual	-104	0	-207	-156	-51
Scenario 2--More Conservative Case					
Single	-238	0	-482	-359	-118
Annual	-181	0	-369	-274	-89

## **RULE ADOPTION RELATIVE TO THE COST EFFECTIVENESS SCHEDULE**

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 control measures for which costs were quantified. It is generally recommended that the most cost-effective actions be taken first. Proposed Rule 1304.1 is not a control measure in the 2012 AQMP and does not require any emission reduction. Therefore, pursuant to Health & Safety Code section 40922, a cost effectiveness assessment is not required and implementation by cost-effectiveness does not apply. Although the revenue generated from PR 1304.1 will be invested in AQMP control measures for emission reductions, participation in such incentive funds is voluntary.

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**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

**FINAL ENVIRONMENTAL ASSESSMENT FOR:**

**PROPOSED RULE 1304.1 – ELECTRICAL GENERATING FACILITY  
FEE FOR USE OF OFFSET EXEMPTION**

**September 2013**

**SCAQMD No. 070513JI  
State Clearinghouse No: 2013041020**

**Executive Officer**

Barry R. Wallerstein, D. Env.

**Deputy Executive Officer**

**Planning, Rule Development and Area Sources**

Elaine Chang, DrPH

**Assistant Deputy Executive Officer**

**Planning, Rule Development and Area Sources**

Laki Tisopulos, Ph.D., P.E.

**Planning and Rules Manager**

**Planning, Rule Development and Area Sources**

Susan Nakamura

---

**Authors:**

Jeff Inabinet  
Mike Krause

Air Quality Specialist, CEQA  
Program Supervisor, CEQA

**Technical Assistance:**

Robert Pease  
Henry Pourzand

Program Supervisor  
Air Quality Specialist

**Reviewed By:**

Naveen Berry  
Robert Pease  
Barbara Baird  
Veera Tyagi  
Lauren Nevitt

Planning and Rules Manager  
Program Supervisor  
Chief Deputy Counsel  
Senior Deputy District Counsel  
Senior Deputy District Counsel

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Cities of Los Angeles County, Western Region

SHAWN NELSON  
Supervisor, Fourth District  
Orange County Representative

DR. CLARK E. PARKER, SR.  
Senate Rules Committee Appointee

MIGUEL A. PULIDO  
Mayor, City of Santa Ana  
Cities Representative, Orange County

**EXECUTIVE OFFICER:**

BARRY R. WALLERSTEIN, D.Env.

## **PREFACE**

This document constitutes the Final Environmental Assessment (EA) for Proposed Rule (PR) 1304.1 – Electrical Generating Facility Fee For Use of Offset Exemption. The Draft EA was released for a 45-day public review and comment period from July 9, 2013 to August 22, 2013. One comment letter was received from the public on the Draft EA. This comment letter, along with responses to the comments, is included in Appendix F of this document.

Subsequent to release of the Draft EA, minor modifications were made to PR 1304.1. To facilitate identification, modifications to the document are included as underlined text and text removed from the document is indicated by strikethrough. Staff has reviewed the modifications to PR 1304.1 and concluded that none of the modifications alter any conclusions reached in the Draft EA, 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 §15073.5. Therefore, this document now constitutes the Final EA for PR 1304.1

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# **CHAPTER 1**

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## **INTRODUCTION AND EXECUTIVE SUMMARY**

**Introduction**

**California Environmental Quality Act (CEQA)**

**Areas of Controversy**

**Executive Summary**

## **INTRODUCTION**

The California Legislature adopted the Lewis-Presley Air Quality Act in 1976, creating the South Coast Air Quality Management District (SCAQMD) from a voluntary association of air pollution control districts in Los Angeles, Orange, Riverside, and San Bernardino counties. The new agency was charged with developing uniform plans and programs for the South Coast Air Basin (Basin) to attain federal air quality standards by the dates specified in federal law. While the Basin has one of the worst air quality problems in the nation, there have been significant improvements in air quality in the Basin over the last three decades. Still, some air quality standards are exceeded relatively frequently, and by a wide margin. The agency was also required to meet state standards by the earliest date achievable through the use of reasonably available or all feasible control measures.

The South Coast Air Quality Management District (SCAQMD) is proposing to adopt a new rule, Proposed Rule (PR) 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption. If adopted, PR 1304.1 would require any electrical generating facility (EGF) that elects to use the specific offset exemption described in SCAQMD Rule 1304 (a)(2) - Electric Utility Steam Boiler Replacement, to pay fees for up to the full amount of offsets provided by the SCAQMD. Offsets in SCAQMD internal accounts are valuable public goods and are a specific benefit conferred to the eligible EGFs. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets pursuant to the requirements in Rule 1304 (a)(2). Because the fee is based on historical values of the offsets in the market, it is a reasonable cost of conferring the benefit.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

Pursuant to the California Environmental Quality Act (CEQA), this Draft Environmental Assessment (EA) has been prepared to address the potential environmental impacts associated with the South Coast Air Quality Management District's adoption of Proposed Rule 1304.1. Proposed Rule 1304.1 comprises a "project" as defined by CEQA (Cal. Public Resources Code §21000, *et seq.*). The SCAQMD is the lead agency for the proposed project and has prepared an appropriate environmental analysis pursuant to its certified regulatory program under California Public Resources Code §21080.5. That statute allows public agencies with certified regulatory programs to prepare a plan or other written document that is the functional equivalent of an environmental impact report once the Secretary of the Resources Agency has certified the regulatory program. The SCAQMD's regulatory program was certified by the Secretary of the Resources Agency on March 1, 1989, and is codified as SCAQMD Rule 110. Cal. Public Resources Code § 21000 *et seq.*, requires that the potential environmental impacts of proposed projects be evaluated and that feasible methods to reduce or avoid identified significant adverse environmental impact from these projects be identified.

SCAQMD staff previously prepared an initial study (IS) and concluded that an EIR or EIR-equivalent CEQA document was warranted. The IS, along with a Notice of Preparation (NOP), was circulated for a 30-day public review period to solicit comments from public agencies and the public in general, on potential impacts from the proposed project. Two comment letters were received by the SCAQMD during the public comment period on the NOP/IS. The comment letters and responses are included in Appendix B of this Draft EA.

### **Previous CEQA Documentation**

The original NOP/IS was distributed to responsible agencies and interested parties for a 30-day review and comment period on April 9, 2013. The NOP/IS identified potential adverse impacts in the following environmental topics: air quality and greenhouse gas emissions and energy. This Draft EA also includes detailed responses to the two comment letters that were received on the NOP/IS (Appendix B). An Environmental Assessment was also prepared for the 2012 Air Quality Management Plan (AQMP) which analyzed the proposed control measures. Fees generated by the proposed project would be invested in air pollution control projects that further the goals of the 2012 AQMP

### **Intended Uses of this Document**

In general, a CEQA document is an informational document that informs a public agency's decision-makers and the public generally of potentially significant environmental effects of a project, identifies possible ways to avoid or minimize the significant effects, and describes reasonable alternatives to the project (CEQA Guidelines §15121). A public agency's decision-makers must consider the information in a CEQA document prior to making a decision on the project. Accordingly, this Draft EA is intended to: a) provide the SCAQMD Governing Board and the public with information on the environmental effects of the proposed project; and, b) be used as a tool by the SCAQMD Governing Board to facilitate decision making on the proposed project.

### **AREAS OF CONTROVERSY**

In accordance with CEQA Guidelines §15123 (b)(2), the areas of controversy known to the lead agency, including issues raised by agencies and the public, shall be identified in the CEQA document. The following discussion identifies the areas of controversy that have been raised relating to PR 1304.1.

The purpose of PR 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption, is to require EGFs which elect to use a specific offset exemption to pay annual fees or a single payment for the amount of offsets provided by the SCAQMD. The fee proceeds will be invested in air pollution improvement projects that further the goals of the 2012 AQMP.

The main area of controversy raised by EGFs is that the proposed fee would make potential boiler replacement projects more expensive and thus could potentially lead to the delay, downsizing, or abandonment of these types of projects. If boiler projects are delayed, downsized, or abandoned, EGFs may have to continue operating their aging, less efficient boilers which could result in forgoing a reduction in emissions from not replacing earlier. If old boilers are not replaced, potential electricity demand or load increases which would require increasing amounts of local generating capacity may not be met, and therefore, could cause adverse impacts on the local and Basin-wide electrical system reliability. Because this issue was raised by several local municipalities, this environmental assessment will analyze whether the proposed project has the potential to result in emissions benefits foregone.

## EXECUTIVE SUMMARY

### Chapter 2 – Project Description and Project Objectives

The purpose of PR 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption, is to require any EGF that elects to use a specific offset exemption (Rule 1304 (a)(2)) to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. Offsets in SCAQMD internal accounts are valuable public goods. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304 (a)(2). The fee proceeds will be invested in air pollution improvement projects that further the goals of the 2012 AQMP and reduce emissions of pollutants for which the fee is charged or their precursors or pollutants to which they contribute.

The proposed rule affects all EGF's that elect to use the offset exemptions described in Rule 1304 (a)(2), but not those facilities that meet their emissions obligations through privately held/procured emission reduction credits (ERCs).

The project objectives are as follows:

- Recoup the fair market value of offsets provided to eligible EGFs from SCAQMD's internal offset bank pursuant to offset exemption Rule 1304 (a)(2) ~~that is a reasonable cost for conferring the benefit;~~
- Facilitate the continued development of a reliable electric grid within the SCAQMD's jurisdiction while discouraging electric generation not necessary to serve native load or reliability needs.
- Reduce the depletion rate of offsets from SCAQMD's internal offset bank to ensure the continued availability of offsets for essential public services; and,
- ~~Utilize funds~~ Maximize the availability of funds for investment in air pollution reduction projects ~~furthering~~ that further the goals outlined in the 2012 AQMP.

### Chapter 3 – Existing Setting

Pursuant to the CEQA Guidelines §15125, Chapter 3 – Existing Setting, includes descriptions of those environmental areas that could be adversely affected by the proposed project as identified in the NOP/IS (Appendix B). The following subsection briefly highlights the existing setting for the topics of air quality and energy which have been identified as having potentially significant adverse affects from implementing the proposed project.

#### Air Quality

This section provides an overview of air quality in the district whose region could be affected by the proposed project. Air quality in the area of the SCAQMD's jurisdiction has shown substantial improvement over the last two decades. Nevertheless, some federal and state air quality standards are still exceeded frequently and by a wide margin. Of the National Ambient Air Quality Standards (NAAQS) established for seven criteria pollutants (ozone, lead, sulfur dioxide, nitrogen dioxide, carbon monoxide, PM10 and

PM2.5), the area within the SCAQMD's jurisdiction is only in attainment with carbon monoxide, sulfur dioxide, and nitrogen dioxide standards. Air monitoring for PM10 indicates that SCAQMD has attained the NAAQS and the USEPA published approval of SCAQMD's PM10 attainment plan on June 26, 2013, with an implementation date of July 26, 2013. Effective December 31, 2010, the Los Angeles County portion of the SCAQMD has been designated as non-attainment for the new federal standard for lead, based on emissions from two specific facilities. Chapter 3 provides a brief description of the existing air quality setting for each criteria pollutant, as well as the human health effects resulting from exposure to each criteria pollutant. In addition, this section includes a discussion on greenhouse gas (GHG) emissions, climate change and toxic air contaminants (TACs).

### **Energy**

This section describes the existing regulatory setting relative to energy production and demand, including alternative and renewable fuels, and trends within California and the District.

Currently, pursuant to Rule 1304 (a)(2), a replacement of an Electrical Utility Steam Boiler (EUSB) at an EGF is exempt from the modeling and offset requirements of Rule 1303 (b)(2). The exemption is specifically limited to EUSBs that utilize combined cycle gas turbines, intercooled, chemically-recuperated gas turbines, other advanced gas turbines, solar, geothermal, or wind energy or other equipment to the extent that such equipment will allow compliance with Rule 1135 - Emissions of Oxides of Nitrogen from Electric Power Generating Systems or Regulation XX – Regional Clean Air Incentives Market (RECLAIM). In order to demonstrate compliance with the federal New Source Review (NSR) program, which does not provide for an exemption from offsets as contained in Rule 1304 (a)(2) for EUSB replacement projects, the SCAQMD provides offsets from its internal offset accounts, as described in Rule 1315. No fee is being charged currently for the provision of offsets from the internal offset accounts.

## **Chapter 4 – Environmental Impacts**

The CEQA Guidelines require environmental documents to identify significant environmental effects that may result from a proposed project [CEQA Guidelines §15126.2 (a)]. Direct and indirect significant effects of a project on the environment should be identified and described, with consideration given to both short- and long-term impacts. The following subsection briefly highlights the environmental impacts and mitigation measures for the topics of air quality and energy which have been identified as having potentially significant adverse effects from implementing the proposed project. In an effort to address potential impact on electricity reliability and corresponding air quality impacts from PR 1304.1, the SCAQMD retained a professor and economist from Stanford University, Dr. Frank Wolak, with an expertise in the California power markets to analyze potential impact of the proposed fee on the repowering needs of the Los Angeles area.

### **Air Quality**

This section provides an overview of the potential adverse air quality and GHG emissions impacts from the proposed project. Based on a combination of regulatory requirements, economic drivers to repower, as described in Dr. Wolak's report "An Economic and

Reliability Analysis of the Proposal to Assess a Fee to Access the South Coast Air Quality Management District's Offset Bank," (Appendix D) that addresses electrical grid reliability and economic concerns, the proposed fee is very unlikely to change the decision to repower for affected EGFs. However, it is possible that one or more municipal utilities could potentially choose to delay repowering their equipment for reasons beyond the economic ones analyzed in Dr. Wolak's report. This document therefore analyzes the potential environmental impact of such decisions. In addition, existing boilers could operate at a higher capacity to handle additional energy needs during the delay, if any.

As noted in the report (page 9), "Although municipal utilities, such as the Los Angeles Department of Water and Power (LADWP), City of Glendale Water and Power (GWP), and Burbank Water and Power (BWP) are not subject to CPUC oversight, these utilities also have similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA process and long term procurement plan (LTPP) process. Each of these municipal utilities produces an Integrated Resource Plan (IRP) to meet future electricity demand in their service territory with a high level of reliability and while minimizing ratepayer impacts."

The report continues to state "LADWP prepares an IRP annually with a 20-year timeframe to ensure that current and future energy needs of the City of Los Angeles are met. Similar to the CPUC LTPP, LADWP's IRP process lays out alternative strategies for meeting LADWP's energy supply and environmental policy goals, while maintaining a reliable supply of energy and minimizing the financial impact on their ratepayers. In its 2007 IRP, the City of Glendale considered a 10-year planning horizon and concluded that "GWP Has Sufficient Resources to Meet Expected Peak Loads Through the Period Covered by this IRP." In its 2006 IRP, BWP considered a 20-year planning horizon and concluded that "BWP plans to meet substantially all of its load growth requirements over the next 20 years with a combination of energy efficiency measures and renewable energy supplies."

By comparing the emissions from the replacement equipment with boilers operating at maximum capacity on a daily basis, the analysis includes impacts from boilers increasing their load in a "worst case" daily scenario. Under this scenario, PM10, VOC, NOx and GHG emissions would exceed the daily CEQA significance threshold because it is assumed that municipal utilities would delay repowering projects and increase loads from the existing boilers. However, it is unlikely that all projects will be delayed at the same time, and the funding from other project repowering will have co-benefits in reducing GHG emissions. In addition, the anticipated delay will be temporary as backstop measures and the existing regulatory and planning framework will ensure that older equipment will be replaced so as not to cause an inadequate supply of electricity.

By funding air quality improvement programs with the fee from the proposed project, emission reductions will be generated that provide local and regional air quality benefits to reduce the impact of the potential delay in emission reductions from those limited facilities choosing to delay their repower projects because of the fee. Staff has not



identified any further feasible mitigation measures that would reduce or eliminate the expected emission reductions foregone.

### **Energy**

This section describes the potential adverse impact to energy production and reliability from the proposed project. An analysis was prepared by Dr. Frank Wolak, Director, Program on Energy and Sustainable Development and Professor, Department of Economics at Stanford University, which concludes there are “many more than adequate safeguards in place to ensure that grid reliability will not be adversely impacted by this decision” (PR 1304.1). See Appendix D for the complete report from Dr. Wolak. Further, there is a regulatory framework and a backstop process that ensure “there are no discernible short-term reliability consequences associated with the imposition of Proposed Rule 1304.1” (page 10). Further, “the CPUC’s LTPP process ensures that adequate generation capacity will be available and paid for to avoid any long-term reliability consequences associated with Proposed Rule 1304.1.” Thus, the energy impacts from the implementation of the proposed project are expected to be less than significant because the proposed project will not significantly adversely affect reliability of energy supplies, energy demand, or cause a depletion of energy sources.

## **Chapter 5 – Alternatives**

The proposed project and four alternatives to the proposed project are summarized below in Table 1-1: Alternative A (No Project), Alternative B (Higher Fee), Alternative C (Higher Fee for Capacity Relocation Projects) and Alternative D (Lower Fee). Pursuant to CEQA Guidelines §15126.6 (b), the purpose of an alternatives analysis is to reduce or avoid potentially significant adverse effects that a project may have on the environment. A higher fee alternative may provide a reduction of adverse emission impacts because more funds would be available to apply to air quality improvement projects. The environmental topic areas identified in the NOP/IS that may be adversely affected by the proposed project were air quality and energy impacts. A comprehensive analysis of air quality and GHG impacts are included in Chapter 4 of this document. In addition to identifying project alternatives, Chapter 5 provides a comparison of the potential operational impacts to air quality and GHG emissions and energy from each of the project alternatives relative to the proposed project, which are summarized below in Table 1-2. Aside from these topics, no other potential significant adverse impacts were identified for the proposed project or any of the project alternatives. As indicated in the following discussions, the proposed project is considered to provide the best balance between meeting the objectives of the project while minimizing potentially significant adverse environmental impacts.

**TABLE 1-1**  
**Summary of PR 1304.1 and Project Alternatives**

<b>Project</b>	<b>Project Description</b>
<b>Proposed Project</b>	Requires electric generating facilities (EGFs) that elect to use the specific offset exemption under Rule 1304 (a)(2) to pay a fee for the amount of offsets provided from the SCAQMD internal accounts. The fee can be paid annually or one time up-front, and will be used to recoup the fair market value of offsets procured by eligible EGFs electing to use the offsets to comply with Rule 1304 (a)(2). The fee proceeds will be invested in air pollution improvement projects consistent with the 2012 AQMP.

**TABLE 1-1 (Concluded)  
Summary of PR 1304.1 and Project Alternatives**

<b>Project</b>	<b>Project Description</b>
<b>Alternative A</b> (No Project)	EGFs that use the specific offset exemption under Rule 1304 (a)(2) will continue to not pay for the amount of offsets provided from the SCAQMD internal accounts. The value of the offsets will not be recouped and there will be no additional investment in air pollution improvement projects as a result of this project.
<b>Alternative B</b> (Higher Fee)	Requires EGFs that use the specific offset exemption under Rule 1304 (a)(2) to pay a higher fee than listed in the proposed project for the amount of offsets provided from the SCAQMD internal accounts. All other requirements and conditions in the proposed project would be applicable.
<b>Alternative C</b> (Higher Fee for Capacity Relocation)	Requires EGFs that are relocating electrical generation capacity from one facility to another facility for new equipment to be subject to a higher fee than listed in the proposed project for the amount of offsets provided from the SCAQMD internal accounts. All other requirements and conditions in the proposed project would be applicable.
<b>Alternative D</b> (Lower Fee)	Requires EGFs that use the specific offset exemption under Rule 1304 (a)(2) to pay a lower fee than listed in the proposed project for the amount of offsets provided from the SCAQMD internal accounts. All other requirements and conditions in the proposed project would be applicable. The total value of the offsets will not be recouped and there will be a lower amount for investment in air pollution improvement projects.

**TABLE 1-2  
Comparison of Adverse Environmental Impacts of the Alternatives**

<b>Category</b>	<b>Proposed Project</b>	<b>Alternative A: No Project</b>	<b>Alternative B: Higher Fee</b>	<b>Alternative C: Higher Fee for Capacity Relocation Projects</b>	<b>Alternative D: Lower Fee</b>
<b>Air Quality Impacts – Criteria Pollutants</b>	318 lbs PM10, 258 lbs VOC, and 140 lbs NOx daily delay in emission reductions from potential increase in usage of boilers; emission reductions from air quality improvement projects.	Less significant than proposed project due to no delay in emission reductions from repowering and no increase in usage of boilers; also, no further emission reductions.	More significant than proposed project; more emission reductions from air quality improvement projects than proposed project.	Slightly more significant than proposed project; slightly more emission reductions from air quality improvement projects than proposed project.	Less significant than proposed project; less emission reductions from air quality improvement projects than proposed project.
<b>Significant?</b>	Yes	No	Yes	Yes	Yes

**TABLE 1-2 (Concluded)**  
**Comparison of Adverse Environmental Impacts of the Alternatives**

<b>Category</b>	<b>Proposed Project</b>	<b>Alternative A: No Project</b>	<b>Alternative B: Higher Fee</b>	<b>Alternative C: Higher Fee for Capacity Relocation Projects</b>	<b>Alternative D: Lower Fee</b>
Air Quality Impacts – GHG	235,400 MT/yr annual delay in emission reductions and potential increase in usage of boilers; emission reductions from air quality improvement projects.	Less significant than proposed project due to no delay in emission reductions from repowering and no increase in usage of boilers; also, no further emission reductions.	More significant than proposed project; more emission reductions from air quality improvement projects than proposed project.	Slightly more significant than proposed project; slightly more emission reductions from air quality improvement projects than proposed project.	Less significant than proposed project; less emission reductions from air quality improvement projects than proposed project.
Significant?	Yes	No	Yes	Yes	Yes
Air Quality Impacts – Toxics	Less than 1 lb per day daily delay in emission reductions; emission reductions from air quality improvement projects.	Less significant than proposed project due to no delay in emission reductions from repowering and no increase in usage of boilers; also, no further emission reductions.	More potential adverse impact than proposed project; more emission reductions from air quality improvement projects than proposed project.	Slightly more potential adverse impact than proposed project; slightly more emission reductions from air quality improvement projects than proposed project.	Less significant than proposed project; less emission reductions from air quality improvement projects than proposed project.
Significant?	No	No	No	No	No
Energy Impacts	Reliability of electricity system	Reliability of electricity system	Reliability of electricity system	Reliability of electricity system	Reliability of electricity system
Significant?	No	No	No	No	No

#### **Appendix A – Proposed Rule 1304.1**

Appendix A contains a complete version of Proposed Rule 1304.1.

#### **Appendix B – Notice of Preparation / Initial Study**

SCAQMD staff previously prepared an initial study (IS) and concluded that an EIR or EIR-equivalent CEQA document was warranted. The IS, along with a Notice of Preparation (NOP), was circulated for a 30-day public review period to solicit comments from public agencies and the public in general, on potential impacts from the proposed project. The NOP/IS is included in Appendix B of this Draft EA.

**Appendix C – Comment Letters Received on the NOP/IS and Responses to Comments**

Two comment letters were received by the SCAQMD during the public comment period relative to the NOP/IS. These comment letters and the responses to comments are included in Appendix C of this Draft EA.

**Appendix D – An Economic and Reliability Analysis of the Proposal to Assess a Fee to Access the South Coast Air Quality Management District’s Offset Bank by Dr. Frank A. Wolak**

The SCAQMD retained Dr. Frank A. Wolak, Director of the Program on Energy and Sustainable Development and Professor in the Department of Economics at Stanford University to conduct an economic and reliability analysis on Proposed Rule 1304.1. Based on the analysis, Dr. Wolak concluded that the District’s Proposed Rule 1304.1 is highly unlikely to adversely impact the reliability of the electricity supply in Southern California or in the California ISO control area. The joint CPUC and California ISO resource adequacy process will ensure that the generation units needed to maintain a reliable supply of energy in the state are available. Although municipal utilities, such as the LADWP, GWP, and BWP are not subject to CPUC oversight, these utilities also have similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA process and LTPP process. Each of these municipal utilities produces an IRP to meet future electricity demand in their service territory with a high level of reliability and while minimizing ratepayer impacts. In addition, for virtually all of the cases that generation unit owner would decide to re-power an existing steam boiler without having to pay for the access to the District’s offset bank, the cost assessed to access the District’s bank would not change the economics of this decision.

**Appendix E – Correspondence from Broiles & Timms, LLP**

Correspondence was submitted to SCAQMD’s rule development staff regarding PR 1304.1 prior to the release of the NOP/IS and the data provided in the correspondence was relied upon to analyze for a “real world” scenario of the potential adverse environmental impacts in Chapter 4 of this Draft EA.

## **CHAPTER 2**

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### **PROJECT DESCRIPTION**

**Project Location**

**Project Background**

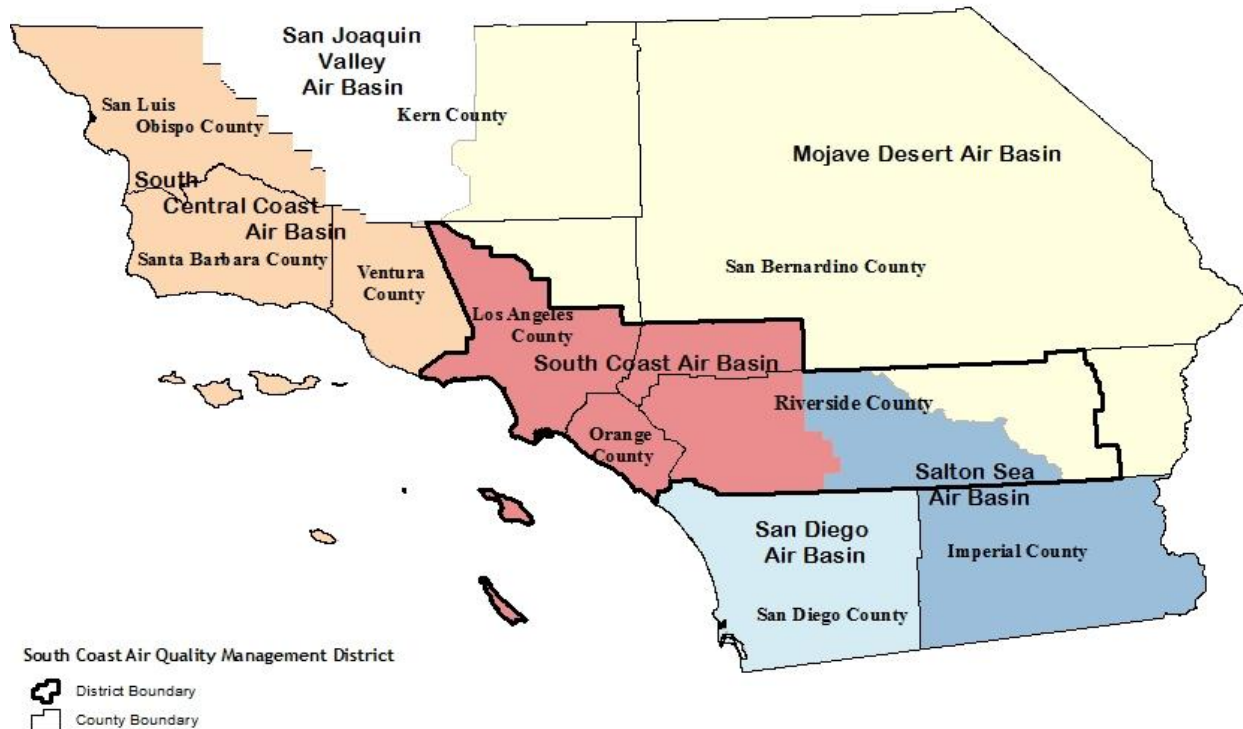
**Project Description**

**Project Objectives**

## PROJECT LOCATION

The proposed project consists of adopting PR 1304.1. If adopted by the SCAQMD’s Governing Board, PR 1304.1 would become part of SCAQMD’s Regulation XIII – New Source Review, which regulates new and modified stationary sources of air pollution located within the SCAQMD’s jurisdiction (e.g., the entire district).

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). The Basin, which is a sub area of the SCAQMD’s jurisdiction, 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 portions of the SSAB and MDAB are bounded by the San Jacinto Mountains to the west and span eastward up to the Palo Verde Valley. The federal nonattainment area (known as the Coachella Valley Planning Area) is a sub region 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. The SCAQMD’s jurisdictional area is depicted in Figure 2-1. The proposed project would be in effect in the entire area of the SCAQMD’s jurisdiction.



**FIGURE 2-1**  
**South Coast Air Quality Management District Boundaries**

## PROJECT BACKGROUND

### **New Source Review and the Requirement for Offsets**

Under the federal Clean Air Act (CAA), a State Implementation Plan (SIP) for a nonattainment area must include a “New Source Review” (NSR) permitting program for the construction and operation of new and modified “major” stationary sources of air emissions<sup>1</sup>. Included in the California SIP is a minor NSR program for the SCAQMD. Minor NSR programs contain conditions to limit emissions. These requirements do not apply to mobile sources such as cars, trucks and ships. The definition of what constitutes a “major” stationary source under the CAA depends on the extent to which the region in question is in nonattainment for a particular pollutant. The Basin is classified as an “extreme” nonattainment region for ozone and, therefore, the threshold for triggering the NSR requirements for ozone is lower than in the Coachella Valley, which is classified as a “severe” nonattainment area for ozone. It should be noted that the SCAQMD’s permitting requirements are broader than the federal NSR requirements in that the SCAQMD’s requirements apply to *all* stationary sources that would result in a net increase in emissions of any nonattainment pollutant, even if the source does not qualify as a “major” source under the CAA.

The CAA’s NSR permitting requirements are designed to ensure that the operation of new, modified, or relocated major stationary emission sources in nonattainment areas does not impede the attainment and maintenance of the National Ambient Air Quality Standards (NAAQS). Under the CAA, all local major NSR permitting programs for nonattainment areas must require the implementation of the lowest achievable emissions rate (LAER). LAER is the most stringent emissions limitation derived from either of the following: 1) the most stringent emissions limitation contained in any state’s SIP for the class or category of source at issue, unless it is demonstrated that such a limitation is not achievable; or, 2) the most stringent emissions limitation achieved in practice by that class or source category.

In addition, all local NSR permitting programs for nonattainment areas must require that emissions increases from permitted major sources are “offset” by corresponding emissions reductions<sup>2</sup>. An “offset” is a reduction of emissions in an amount equal to, or greater than, the emissions increase of the same pollutant from the permitted source. Offsets can be created when an operator reduces emissions by shutting down equipment or installing controls, or implementing permanent process changes resulting in emissions reductions that are not required. The specific quantity of the offset that is required under the CAA depends on the degree of nonattainment in the area in question. The SCAQMD’s offset requirements are discussed in greater detail below. Lastly, EGFs are considered major sources and, therefore, are subject to NSR and offsetting requirements.

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<sup>1</sup> The CAA also establishes permitting requirements for major sources of emissions located in attainment regions, in order to prevent a significant deterioration of air quality in those areas.

<sup>2</sup> The NSR offset requirements are set forth in Section 173 (c) of the CAA, 42 U.S.C. §7503(c).

**Overview of California Law**

Similar to the federal CAA, the California Health & Safety Code (§§39000 *et seq.*) requires the promulgation of California Ambient Air Quality Standards (CAAQS) for certain pollutants. The California Air Resources Board (CARB) has published CAAQS for the six criteria pollutants regulated under the federal CAA, and for three other pollutants (sulfates, hydrogen sulfide and vinyl sulfide). As with the federal CAA, an area that does not meet the CAAQS for a particular pollutant is designated as a state nonattainment area for that pollutant and the local air district must develop a plan to attain the relevant CAAQS. In general, the California standards are more protective than the corresponding federal standards.

CARB has published in its regulations the state law designations for attainment with the CAAQS. See 17 Cal. Code Regs. §§ 60200 *et seq.* The Basin, the Salton Sea Air Basin (SSAB) and the Mojave Desert Air Basin (MDAB) have all been designated in their entirety as nonattainment areas for the CAAQS for ozone and PM10. See *id.* §§ 60201, 60205. The Basin also has been designated as a state nonattainment area for PM2.5. See *id.* § 60210. In addition, CARB adopted new regulations that designated the Basin as a state nonattainment area for nitrogen dioxide and the Los Angeles County portion of the Basin as a state nonattainment area for lead. See CARB Resolution 10-17 (March 25, 2010).

California law requires local air districts in nonattainment areas to implement a stationary source control program designed to achieve no net increase (NNI) in emissions of certain state nonattainment air pollutants from new or modified stationary sources exceeding specified emissions thresholds. As under the CAA, the applicable thresholds depend on the degree of nonattainment in the area in question.

**Description of SCAQMD's NSR Permitting Program Per Regulation XIII – New Source Review**

The SCAQMD's NSR program, which is codified in Regulation XIII, is designed to meet the requirements of federal and state law<sup>3</sup>. Each of the existing rules in Regulation XIII that collectively comprise the SCAQMD's NSR program is summarized in the following bulleted items:

- **Rule 1301 – General** (adopted October 5, 1979, last amended December 7, 1995): Rule 1301 describes the purpose and applicability of Regulation XIII. As stated in Rule 1301, the purpose of the SCAQMD's NSR program is to ensure that the operation of new, modified or relocated facilities does not interfere with progress in attaining the NAAQSs and the CAAQS, and that future economic growth within the district is not unnecessarily restricted. Rule 1301 (a). A specific goal of the program “is to achieve no net increases from new or modified permitted sources of nonattainment air contaminants or their precursors.” *Id.* The program applies to the installation of a new source, or the modification of an existing source, that may cause

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<sup>3</sup> Separate NSR requirements for RECLAIM pollutants (NO<sub>x</sub> and SO<sub>x</sub>) at RECLAIM facilities are included in Rule 2005. RECLAIM (Regional Clean Air Incentives Market) is a cap and trade program consisting of the largest stationary sources of these pollutants, and Regulation XIII does not apply to these pollutants at RECLAIM sources.



emissions of any federal or state nonattainment air contaminant, any constituent identified by the USEPA as an ozone depleting compound, or ammonia. Rule 1301 (b)(1).

- **Rule 1302 – Definitions** (adopted October 5, 1979, last amended December 6, 2002): Rule 1302 provides definitions for 42 terms and phrases used throughout Regulation XIII.
- **Rule 1303 – Requirements** (adopted October 5, 1979, last amended December 6, 2002): Rule 1303 presents the pre-construction review requirements that make up the core of SCAQMD’s NSR program.
  - The requirements include Best Available Control Technology (BACT) for new or modified sources that may cause an increase in emissions of any federal or state nonattainment air contaminant, any ozone depleting compound, or ammonia. Rule 1303 (a). Under the SCAQMD regulations, BACT means the most stringent emissions limitation which: 1) has been achieved in practice for the category or class of source at issue; 2) is contained in any SIP approved by the USEPA for such category or class; or, 3) is based on any other emissions limitation or technique that has been found by the SCAQMD to be technologically feasible and cost-effective. Rule 1302 (h). For “major polluting facilities<sup>4</sup>,” the BACT requirements must be at least as stringent as the federal LAER requirements under the CAA. Rule 1303 (a)(2). With respect to other facilities, when updating BACT requirements to make them more stringent, the SCAQMD must consider economic and technological feasibility for the class or category of sources at issue. *Id.*
  - Rule 1303 (b)(1) also requires modeling to show that the new or modified source will not cause a violation, or make significantly worse an existing violation, of any NAAQS or CAAQS at any receptor location in the district.
  - Rule 1303 (b)(2) further requires that, unless there is an exemption under Rule 1304 (see below), emissions increases from the new or modified permitted source must be offset by one of two methods.
    - First, under Rule 1309 (see below), for projects that meet specified eligibility requirements, the applicant can use Emissions Reductions Credits (ERCs), which are created when an operator reduces emissions from a permitted facility. Once ERCs are created, operators may bank ERCs for their own subsequent use or for sale to other permit applicants.
    - Second, under Rule 1309.1 (see below), the SCAQMD may allocate credits from its “Priority Reserve” to offset emissions from “essential

<sup>4</sup> Under the SCAQMD’s regulations, a “major polluting facility” is: 1) any facility in the Basin that has the potential to emit 10 tons per year or more of volatile organic compounds (VOCs) or NO<sub>x</sub>, or 100 tons of per year of oxides of sulfur (SO<sub>x</sub>); 70 tons per year or more of PM10; or 50 tons per year or more of CO; 2) any facility in the Riverside County portion of the SSAB that has the potential to emit 25 tons per year or more of VOCs or NO<sub>x</sub>; 70 tons per year or more of PM10; or 100 tons per year or more of CO or SO<sub>x</sub>; or, 3) any facility in the Riverside County portion of the MDAB under the SCAQMD’s jurisdiction that has the potential to emit 100 tons per year or more of any of these compounds. See Rule 1302 (s).

public services” and other specified “priority sources.” As described more fully below, the Priority Reserve is part of an internal “bank” or internal accounts of offsets that the SCAQMD accumulates primarily from “orphan” reductions and shutdowns which occur when an operator reduces emissions from a permitted facility but does not convert the emissions reduction into ERCs. This bank of offsets is referred to in the SCAQMD regulations, and this document, as the SCAQMD’s “internal offset accounts.”

- Rule 1303 (b)(2)(A) specifies the required offset ratio in terms of the amount of emissions reductions that is needed to compensate for the increase in emissions from the permitted source. For facilities (such as EGFs) located in the Basin, the required offset ratios are 1.0-to-1.0 for allocations from the Priority Reserve<sup>5</sup> and 1.2-to-1.0 for the use of ERCs. For facilities not in the Basin, the required offset ratios are 1.0-to-1.0 for allocations from the Priority Reserve; 1.2-to-1.0 for ERCs for emissions of VOCs, NO<sub>x</sub>, SO<sub>x</sub>, and PM10; and 1.0-to-1.0 for ERCs for emissions of CO. (Note: the district has achieved the California Ambient Air Quality standards for CO and has been designated as in attainment for the federal standards, so CO emissions are no longer required to be offset.)
- Rule 1303 also includes additional permitting requirements for “major polluting facilities” (as defined above) and “major modifications”<sup>6</sup> at an existing major polluting facility. These requirements include an analysis of alternatives (this requirement may be satisfied through CEQA compliance), a demonstration by the applicant that its facilities in California comply with applicable air quality requirements, and modeling of plume visibility for certain sources of PM10 or NO<sub>x</sub> located near specified areas.
- **Rule 1304 - Exemptions** (adopted October 5, 1979, last amended June 14, 1996): Rule 1304 establishes exemptions from the offset requirements in Rule 1303 for the following categories of projects:
  - Replacement of a functionally identical source.
  - Replacement of electric utility steam boilers with specified types of equipment, such as combined cycle gas turbines, intercooled, chemically-recuperated gas turbines, other advanced gas turbines, solar, geothermal, or wind energy or other equipment, as long as the new equipment has a maximum electric power rating

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<sup>5</sup> Although the offset ratio for credits allocated from the SCAQMD’s Priority Reserve account is 1.0-to-1.0, this ratio is for accounting purposes of limiting the use of the Priority Reserve to the level authorized by Rule 1309.1 only and is not the offset ratio used for demonstrating equivalency with federal offset requirements. If the facility accessing the Priority Reserve is a major source then the actual ratio of credits allocated from the SCAQMD’s federal offset accounts would be 1.2-to-1.0 for extreme nonattainment air contaminants and their precursors to comply with federal offset requirements.

<sup>6</sup> Under the SCAQMD’s regulations, a “major modification” is a modification of a major polluting facility that will cause an increase of the facility’s potential to emit according to the following criteria: a) for facilities in the Basin, one pound per day of more of VOCs or NO<sub>x</sub>; b) for facilities under the SCAQMD’s jurisdiction that are not in the Basin, 25 tons per year or more of VOCs or NO<sub>x</sub>; or, c) for all facilities under the SCAQMD’s jurisdiction, 40 tons per year or more of SO<sub>x</sub>, 15 tons per year or more of PM10, or 50 tons per year or more of CO. Rule 1302 (r).

that does not allow basinwide electricity generating capacity on a per-utility basis to increase. PR 1304.1 affects the EGFs obtaining offsets pursuant to this exemption.

- Portable abrasive blasting equipment complying with all state laws.
- Emergency standby equipment for nonutility electric power generation or any other emergency equipment as approved by the SCAQMD, provided the source does not operate more than 200 hours per year.
- Air pollution control strategies (i.e., source modifications) for the sole purpose of reducing emissions.
- Emergency operations performed under the jurisdiction of an authorized health officer, fire protection officer, or other authorized public agency officer. Rule 1304 requires that a specific time limit be imposed for each emergency operation.
- Portable equipment that is not located for more than 12 consecutive months at any one facility in the district. This exemption does not apply to portable internal combustion engines.
- Portable internal combustion engines that are not located for more than 12 consecutive months at any one facility in the district. To qualify for this exemption, the emissions from the engine may not cause an exceedance of an ambient air quality standard and may not exceed specified limits for VOCs, NO<sub>x</sub>, SO<sub>x</sub>, PM<sub>10</sub> or CO.
- Intra-facility portable equipment meeting specified criteria where emissions from the equipment do not exceed specified emissions thresholds for any of the constituents listed in the bulleted item above.
- Relocation of existing equipment, under the same operator or ownership, and provided that the potential to emit any air contaminant will not be greater at the new location than at the previous location when the source is operated at the same conditions as if current BACT were applied.
- Concurrent facility modifications, which are modifications to a facility after the submittal of an application for a permit to construct, but before the start of operation. The modifications must result in a net emissions decrease and other conditions must also be satisfied.
- Resource recovery and energy conservation projects.
- Regulatory compliance actions (i.e., modifications to comply with federal, state or SCAQMD pollution control requirements), provided there is no increase in the maximum rating of the equipment.
- Regulatory compliance for essential public services.
- Replacement of ozone depleting compounds (ODC), provided the replacement complies with the SCAQMD's "ODC Replacement Guidelines" and meets other specified criteria.
- Methyl bromide fumigation.

- New and modified facilities with only minimal potential to emit (less than four tons per year of VOCs, NO<sub>x</sub>, SO<sub>x</sub>, or PM<sub>10</sub> and less than 29 tons per year of CO).
- Although SCAQMD Rule 1304 exempts certain types of projects from offset requirements, if they are federal major sources their emission increases are still subject to federal offset requirements pursuant to the CAA's emission requirements. Additionally, specific essential public services and other high priority sources may obtain offsets from the SCAQMD's Priority Reserve pursuant to SCAQMD Rule 1309.1. The NSR Tracking System accounts for offsets provided from the SCAQMD's internal accounts to offset emissions increases from these types of sources.
- **Rule 1306 – Emissions Calculations** (adopted October 5, 1979, last amended December 6, 2002): Rule 1306 codifies the methodology for quantifying emissions increases and emissions reductions for Regulation XIII purposes (e.g., determining applicability of BACT, quantifying the amount of emission offsets required or the amount of ERCs to be banked), but is not applicable to the SCAQMD's internal accounts.
- **Rule 1309 – Emission Reduction Credits and Short Term Credits** (adopted September 10, 1982, last amended December 6, 2002; currently proposed for amendment on July 5, 2013): Rule 1309 sets forth the requirements for eligibility, registration, use and transfer of ERCs for use as offsets under Rule 1303 (b)(2), but is not applicable to the SCAQMD's internal accounts. Among other topics, the rule addresses the validation of past emissions decreases for use as ERCs; the application for an ERC for a new emissions reduction; interpollutant offsets; and inter-basin and inter-district offsets.
- **Rule 1309.1 – Priority Reserve** (adopted June 28, 1990, last amended May 3, 2002<sup>7</sup>): Rule 1309.1 establishes the Priority Reserve, which is part of the SCAQMD's internal accounts of emission offsets. The SCAQMD accumulates offsets in the Priority Reserve primarily from orphan shutdowns and reductions. The SCAQMD then allocates these offsets to meet offset requirements when issuing permits for “essential public services,” which are defined to include publicly owned or operated sewage treatment plants, prisons, police and firefighting facilities, schools, hospitals, landfill gas control or processing facilities, water delivery facilities, and public transit facilities. The SCAQMD also allocates offsets from the Priority Reserve when issuing permits for other specified priority sources, such as innovative technologies that result in lower emissions rates and experimental research activities designed to advance the state of the art. The rule requires that, before an eligible facility may use offsets from the Priority Reserve for a particular pollutant, the facility must first use any ERCs that it holds for that pollutant.
- **Rule 1310 – Analysis and Reporting** (adopted October 5, 1979, last amended December 7, 1995): Rule 1310 addresses the Executive Officer's application

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<sup>7</sup> Subsequent amendments to Rule 1309.1 in 2006 were replaced by the 2007 amendments, which were invalidated as a result of litigation.

completeness determinations, annual reports to the Governing Board regarding the effectiveness of Regulation XIII and public notice requirements for banking ERCs above specified threshold amounts.

- **Rule 1313 – Permits to Operate** (adopted October 5, 1979, last amended December 7, 1995): Rule 1313 exempts permit renewal, change of operator, or change in Rule 219 – Equipment Not Requiring a Written Permit Pursuant to Regulation II, from the SCAQMD’s NSR program, specifies that an application for a permit to operate a source that was constructed without a prior permit to construct is considered an application for a permit to construct for purposes of the SCAQMD’s NSR program, establishes a 90-day deadline for facility operators to provide emissions offsets requested by the Executive Officer for a permit to operate, provides a window of up to 90 days for a replacement source to operate concurrently with the source it is replacing, specifies the inclusion of NSR permit conditions on permits, and specifies that relaxing or removing a condition limiting mass emissions from a permit is subject to NSR if that condition limited the source’s obligations under NSR.
- **Rule 1315 – Federal New Source Review Tracking System** (Adopted September 8, 2006, Re-Adopted August 3, 2007, Repealed January 8, 2010, and Re-adopted February 4, 2011): Rule 1315 codifies SCAQMD procedures for establishing equivalency under federal New Source Review requirements. Equivalency means that the SCAQMD provides sufficient offsets from its internal offset accounts to cover the emission increases from new or modified sources that are exempt from offsets under SCAQMD rules or that obtain credits from the Priority Reserve, but are subject to offset requirements under federal law. Rule 1315 ensures that exempt sources under Rule 1304 and essential public services and other projects that qualify for Priority Reserve offsets under Rule 1309.1 are fully offset to the extent required by federal law, using valid emission reductions from the SCAQMD’s internal offset accounts. Rule 1315 also specifies what types of emissions reductions are eligible to be deposited into the SCAQMD’s internal offset accounts, including newly-tracked reductions. “Newly tracked” emissions reductions are reductions that had not been historically tracked until the adoption of a prior version of Rule 1315 in 2006.
- **Rule 1316 – Federal Major Modifications** (Adopted December 2, 2005): Rule 1316 establishes that if a permit applicant demonstrates that a proposed modification to an existing stationary source would not constitute a Federal Major Modification (as defined in the USEPA’s regulations in 40 CFR §51.165) the proposed modification is exempt from the analysis of alternatives otherwise required by Rule 1303. Rule 1316 also allows applicants for major polluting facilities to apply for a plantwide applicability limit (PAL), which is a cap on facility-wide emissions of a particular pollutant that allows the operator to make modifications to the facility without triggering the alternatives requirement of Rule 1303, as long as the requirements for PALs are met and the cap is not exceeded.
- **Rule 1325 – Federal PM<sub>2.5</sub> New Source Review Program** (Adopted June 3, 2011): Rule 1325 applies to new and modified major sources that trigger the NSR threshold for PM<sub>2.5</sub>. A major source is defined as having a potential to emit 100 tons per year of PM<sub>2.5</sub>. Rule 1325 mirrors federal requirements for PM<sub>2.5</sub>. Rule thresholds, major

modification levels, emission offsets, and other requirements in Rule 1325 are taken directly from U.S. EPA requirements.

## **PROJECT DESCRIPTION**

The proposed project consists of adopting PR 1304.1. The major components of PR 1304.1 are briefly summarized in the following subsections. A complete copy of PR 1304.1 can be found in Appendix A.

The purpose of PR 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption, is to require any EGF that elects to use a specific offset exemption (Rule 1304 (a)(2)) to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. Offsets in SCAQMD internal accounts are valuable public goods. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304 (a)(2). The fee proceeds will be invested in air pollution improvement projects that further the goals of the 2012 AQMP.

The proposed rule affects all EGF's that elect to use the offset exemptions described in Rule 1304 (a)(2), but not those facilities that meet their emissions obligations through privately held/procured emission reduction credits (ERCs).

The following is a summary of the key proposed concepts of PR 1304.1. A copy of the proposed rule can be found in Appendix A.

- EGFs encumbering/obtaining offsets from the SCAQMD Offset Accounts shall either pay an Offset Fee ( $F_i$ ), for each pollutant (i), (specifically PM10, NO<sub>x</sub>, SO<sub>x</sub> and/or VOC) as applicable to the project/unit(s) on a single, up-front or annual basis for applicable offsets.
- The total EGF fee will be based on the total quantity of offsets utilized from the SCAQMD internal offset accounts for each of the pollutants in pounds per day multiplied by the Fee Rate, for each pollutant, in dollars per pound per day on an annual or single, up-front payment for the use of the offsets for the duration of the project. There are also separate fee structures for less than 100 megawatts and greater than 100 megawatts of generation at a facility.
- The annual or a single, up-front payment for each pollutant is proposed to be derived based on the historical transaction values of ERCs in the open market. Pollutant single fee rates for each of the four potential pollutant offsets (NO<sub>x</sub>, PM10, VOC and SO<sub>x</sub>) needed were computed using historical pricing data over a variety of time ranges. For each pollutant and time frame, various statistics were used to determine the most appropriate pricing for an offset unit in dollars per pound per day (\$/lb/day). Because of the limited volume of ERCs traded with respect to some pollutants, staff is proposing to utilize sales weighted average cost figures corresponding to the most recent consecutive two years of complete trades in deriving annualized offset fee rates for each pollutant. The annual option would have the payment adjusted annually by the consumer price index (CPI).

- EGF owners/operators electing the annual fee option would be required to pay the annual fee for the first year upfront prior to issuance of the permit to construct the new replacement unit(s), and then annually each year thereafter during any part of which the new replacement unit(s) remain in operation, and for as long as the new replacement unit(s), project and/or EGF are operated. EGF owners/operators electing the single, upfront payment option shall pay the entire fee prior to the issuance of the permit to construct.
- The full amount of any payments made in satisfaction of the requirements of the rule shall be refunded if a written request by the facility owner/operator is received prior to the commencement of operation. Such a request for refund shall automatically trigger cancellation of the Permit to Construct and/or Operate.

Fees collected will be invested in air pollution improvement projects that further the goals of the 2012 AQMP and reduce emissions of pollutants for which the fee is charged or their precursors or pollutants to which they contribute.

## **PROJECT OBJECTIVES**

CEQA Guidelines §15124(b) requires the project description to include a statement of objectives sought by the proposed project, including the underlying purpose of the proposed project. Compatibility with project objectives is one criterion for selecting a range of reasonable project alternatives and provides a standard against which to measure project alternatives. The project objectives identified in the following bullet points have been developed: 1) in compliance with CEQA Guidelines §15124 (b); and, 2) to be consistent with policy objectives of the SCAQMD's New Source Review program. The project objectives are as follows:

- Recoup the fair market value of offsets provided to eligible EGFs from SCAQMD's internal offset bank pursuant to offset exemption Rule 1304 (a)(2);
- Facilitate the continued development of a reliable electric grid within the SCAQMD's jurisdiction while discouraging electric generation not necessary to serve native load or reliability needs.
- Reduce the depletion rate of offsets from SCAQMD's internal offset bank to ensure the continued availability of offsets for essential public services; and,
- Maximize the availability of funds for investment in air pollution reduction projects that further the goals outlined in the 2012 AQMP.

## **CHAPTER 3**

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### **EXISTING SETTING**

**Existing Setting**

**Air Quality**

**Energy**



## EXISTING SETTING

CEQA Guidelines §15360 (Public Resources Code §21060.5) defines “environment” as “the physical conditions that exist within the area which will be affected by a proposed project including land, air, water, minerals, flora, fauna, ambient noise, and objects of historical or aesthetic significance.” According to CEQA Guidelines §15125, a CEQA document will normally include a description of the physical environment in the vicinity of the project, as it exists at the time the NOP is published from both a local and regional perspective. This environmental setting will normally constitute the baseline physical conditions by which a lead agency determines whether an impact is significant. The description of the environmental setting shall be no longer than is necessary to provide an understanding of the significant effects of the proposed project and its alternatives. Since this Draft EA covers the SCAQMD’s entire jurisdiction, the existing setting for each category of impact is described on a regional level.

Currently, pursuant to Rule 1304 (a)(2) the replacement of an Electrical Utility Steam Boiler (EUSB) at an EGF is exempt from the modeling and offset requirements of Rule 1303 (b)(2). The exemption is specifically limited to EUSBs that utilize combined cycle gas turbines, intercooled, chemically-recuperated gas turbines, other advanced gas turbines, solar, geothermal, or wind energy or other equipment to the extent that such equipment will allow compliance with Rule 1135 - Emissions of Oxides of Nitrogen from Electric Power Generating Systems or Regulation XX – Regional Clean Air Incentives Market (RECLAIM).

In order to demonstrate compliance with the federal New Source Review (NSR) program, which does not provide for an exemption from offsets as contained in Rule 1304 (a)(2) for EUSB replacement projects, the SCAQMD provides offsets from its internal offset accounts, as described in Rule 1315.

No fee is being charged currently for the provision of offsets from the internal offset accounts. Staff is proposing to assess a fee for up to the full amount of offsets encumbered/obtained and debited from the internal offset accounts. The fee proceeds will be invested in air pollution improvement projects that further the goals of the 2012 AQMP.

Table 3-1 describes new EGFs that have been permitted over the past years that utilized ERCs or offsets from the SCAQMD internal bank. Table 3-2 describes existing repower projects that have been permitted since 2000 that utilized ERCs or offsets from the SCAQMD internal bank.

**TABLE 3-1**  
**EGFs Permitted (since 2000) Using ERCs or SCAQMD Internal Bank**

Facility	Location	Megawatts	Start-Up Date	Offsets
Canyon Power Plant	Anaheim	204	2011	ERCs
Riverside DWP	Riverside	242	2001-2009	ERCs
PurEnergy (two projects)*	Colton	84	2001	SCAQMD Bank
SCE (four projects)*	Miraloma, Ontario, Norwalk, Stanton	188	2007	SCAQMD Bank
CPV Sentinel**	Desert Hot Springs	824	2013	SCAQMD Bank
El Colton*	Colton	48	2003	SCAQMD Bank
Inland Empire Energy Center	Menifee	810	2008	SCAQMD Bank
Magnolia Power	Burbank	328	2005	SCAQMD Bank
THUMS*	Long Beach	45	2005	SCAQMD Bank
Wildflower Energy	North Palm Springs	135	2001	SCAQMD Bank
Walnut Creek Energy++	City of Industry	500	2012	SCAQMD Bank
<b>Total</b>		<b>3,408</b>		

\* Less than 4 tons per year

\*\* AB 1318 Tracking System

++ Utility Boiler Replacement (R1304(a)(2))

**TABLE 3-2**  
**Existing Repowers / Addition (since 2000) Using ERCs or SCAQMD Internal Bank**

Facility	Location	Megawatts Added	Megawatts Removed	Offsets
Edison Mountain View	San Bernardino	1,056	0	ERCs
AES Huntington Beach	Huntington Beach	450	0	ERCs
NRG Long Beach	Long Beach	260	577	ERCs
Bicent Malburg	Vernon	143	0	SCAQMD Bank
Burbank DWP	Burbank	46	48	SCAQMD Bank
LADWP Harbor	Wilmington	237	0	SCAQMD Bank
Glendale DWP**	Glendale	50	53	SCAQMD Bank
Pasadena DWP**	Pasadena	95	90	SCAQMD Bank
LADWP Haynes**	Long Beach	1,206	1,188	SCAQMD Bank
LADWP Valley+	Sun Valley	627	546	SCAQMD Bank
NRG El Segundo+	El Segundo	572	685	SCAQMD Bank
LADWP Scattergood	El Segundo	818		SCAQMD Bank
<b>Total</b>		<b>5,560</b>	<b>3,187</b>	

\*\* Functionally Identical Replacement

+ Utility Boiler Replacement (R1304(a)(2))

The following section summarizes the existing setting for air quality (including GHG emissions) and energy, which are the only environmental topic areas identified in the NOP/IS (see Appendix B) that may be adversely affected by the proposed project. The Final Program EIR for the 2012 AQMP also contains comprehensive information on existing and projected environmental settings for the topics of air quality and energy. Copies of the referenced document are available from the SCAQMD's Public Information Center by calling (909) 396-2039.

## AIR QUALITY

This section provides an overview of air quality in the district whose region could be affected by the proposed project. A more detailed discussion of current and projected future air quality in the district, with and without additional control measures can be found in the Final Program EIR for the 2012 AQMP (Chapter 3).

It is the responsibility of the SCAQMD to ensure that state and federal ambient air quality standards are achieved and maintained in its geographical jurisdiction. Health-based air quality standards have been established by California and the federal government for the following criteria air pollutants: ozone, CO, NO<sub>2</sub>, PM<sub>10</sub>, PM<sub>2.5</sub> SO<sub>2</sub> and lead. These standards were established to protect sensitive receptors with a margin of safety from adverse health impacts due to exposure to air pollution. The California standards are more stringent than the federal standards, and in the case of PM<sub>10</sub> and SO<sub>2</sub>, far more stringent. California has also established standards for sulfates, visibility reducing particles, hydrogen sulfide, and vinyl chloride. The state and national ambient air quality standards for each of these pollutants and their effects on health are summarized in Table 3-3. The SCAQMD monitors levels of various criteria pollutants at 34 monitoring stations. The 2011 air quality data from SCAQMD's monitoring stations are presented in Table 3-4.

**TABLE 3-3**  
**State and Federal Ambient Air Quality Standards**

<b>Pollutant</b>	<b>Averaging Time</b>	<b>State Standard<sup>a</sup></b>	<b>Federal Primary Standard<sup>b</sup></b>	<b>Most Relevant Effects</b>
<b>Ozone (O<sub>3</sub>)</b>	1-hour	0.09 ppm (180 µg/m <sup>3</sup> )	No Federal Standard	(a) Short-term exposures: 1) Pulmonary function decrements and localized lung edema in humans and animals; and, 2) Risk to public health implied by alterations in pulmonary morphology and host defense in animals; (b) Long-term exposures: Risk to public health implied by altered connective tissue metabolism and altered pulmonary morphology in animals after long-term exposures and pulmonary function decrements in chronically exposed humans; (c) Vegetation damage; and, (d) Property damage.
	8-hour	0.070 ppm (137 µg/m <sup>3</sup> )	0.075 ppm (147 µg/m <sup>3</sup> )	

**TABLE 3-3 (Continued)**  
**State and Federal Ambient Air Quality Standards**

<b>Pollutant</b>	<b>Averaging Time</b>	<b>State Standard (a)</b>	<b>Federal Primary Standard (b)</b>	<b>Most Relevant Effects</b>
<b>Suspended Particulate Matter (PM10)</b>	24-hour	50 µg/m <sup>3</sup>	150 µg/m <sup>3</sup>	(a) Excess deaths from short-term exposures and exacerbation of symptoms in sensitive patients with respiratory disease; and (b) Excess seasonal declines in pulmonary function, especially in children.
	Annual Arithmetic Mean	20 µg/m <sup>3</sup>	No Federal Standard	
<b>Suspended Particulate Matter (PM2.5)</b>	24-hour	No State Standard	35 µg/m <sup>3</sup>	(a) Increased hospital admissions and emergency room visits for heart and lung disease; (b) Increased respiratory symptoms and disease; and (c) Decreased lung functions and premature death.
	Annual Arithmetic Mean	12 µg/m <sup>3</sup>	15.0 µg/m <sup>3</sup>	
<b>Carbon Monoxide (CO)</b>	1-Hour	20 ppm (23 mg/m <sup>3</sup> )	35 ppm (40 mg/m <sup>3</sup> )	(a) Aggravation of angina pectoris and other aspects of coronary heart disease; (b) Decreased exercise tolerance in persons with peripheral vascular disease and lung disease; (c) Impairment of central nervous system functions; and, (d) Possible increased risk to fetuses.
	8-Hour	9 ppm (10 mg/m <sup>3</sup> )	9 ppm (10 mg/m <sup>3</sup> )	
<b>Nitrogen Dioxide (NO<sub>2</sub>)</b>	1-Hour	0.18 ppm (339 µg/m <sup>3</sup> )	0.100 ppm (188 µg/m <sup>3</sup> )	(a) Potential to aggravate chronic respiratory disease and respiratory symptoms in sensitive groups; (b) Risk to public health implied by pulmonary and extra-pulmonary biochemical and cellular changes and pulmonary structural changes; and, (c) Contribution to atmospheric discoloration.
	Annual Arithmetic Mean	0.030 ppm (57 µg/m <sup>3</sup> )	0.053 ppm (100 µg/m <sup>3</sup> )	
<b>Sulfur Dioxide (SO<sub>2</sub>)</b>	1-Hour	0.25 ppm (655 µg/m <sup>3</sup> )	75 ppb (196 µg/m <sup>3</sup> )–	Broncho-constriction accompanied by symptoms which may include wheezing, shortness of breath and chest tightness, during exercise or physical activity in persons with asthma.
	24-Hour	0.04 ppm (105 µg/m <sup>3</sup> )		



**TABLE 3-4**  
**2011 Air Quality Data – South Coast Air Quality Management District**

<b>CARBON MONOXIDE (CO)<sup>a</sup></b>				
Source Receptor Area No.	Location of Air Monitoring Station	No. Days of Data	Max. Conc. ppm, 1-hour	Max. Conc. ppm, 8-hour
<b>LOS ANGELES COUNTY</b>				
1	Central Los Angeles	365	2.8	2.4
2	Northwest Coastal Los Angeles County	360	3.0	1.3
3	Southwest Coastal Los Angeles County	364	2.3	1.8
4	South Coastal Los Angeles County 1	365	3.2	2.6
4	South Coastal Los Angeles County 2	--	--	--
4	South Coastal LA County 3	354	3.7	3.3
6	West San Fernando Valley	355	3.2	2.8
7	East San Fernando Valley	365	2.8	2.4
8	West San Gabriel Valley	365	2.9	2.2
9	East San Gabriel Valley 1	365	2.4	1.4
9	East San Gabriel Valley 2	362	1.4	1.1
10	Pomona/Walnut Valley	364	2.1	1.6
11	South San Gabriel Valley	365	2.7	2.4
12	South Central Los Angeles County	364	6.0	4.7
13	Santa Clarita Valley	363	1.2	0.8
<b>ORANGE COUNTY</b>				
16	North Orange County	365	3.4	2.1
17	Central Orange County	365	2.7	2.1
18	North Coastal Orange County	344	2.9	2.2
19	Saddleback Valley	365	1.4	0.8
22	Norco/Corona	--	--	--
23	Metropolitan Riverside County 1	365	2.0	1.4
23	Metropolitan Riverside County 2	365	2.7	1.5
23	Mira Loma	361	2.2	1.4
24	Perris Valley	--	--	--
25	Lake Elsinore	365	1.7	0.7
29	Banning Airport	--	--	--
30	Coachella Valley 1**	--	--	--
30	Coachella Valley 2**	350	1.1	0.6
<b>SAN BERNARDINO COUNTY</b>				
32	Northwest San Bernardino Valley	365	1.8	1.3
33	Southwest San Bernardino Valley	--	--	--
34	Central San Bernardino Valley 1	365	1.6	1.1
34	Central San Bernardino Valley 2	365	1.9	1.7
35	East San Bernardino Valley	--	--	--
37	Central San Bernardino Mountains	--	--	--
38	East San Bernardino Mountains	--	--	--
<b>DISTRICT MAXIMUM</b>			6	4.7
<b>SOUTH COAST AIR BASIN</b>			6	4.7

KEY:

ppm = parts per million

-- = Pollutant not monitored

\*\* Salton Sea Air Basin

<sup>a</sup> The federal 8-hour standard (8-hour average CO > 9 ppm) and state 8-hour standard (8-hour average CO > 9.0 ppm) were not exceeded. The federal and state 1-hour standards (35 ppm and 20 ppm) were not exceeded either.

**TABLE 3-4 (Continued)**  
**2011 Air Quality Data – South Coast Air Quality Management District**

OZONE (O <sub>3</sub> )											
Source Receptor Area No.	Location of Air Monitoring Station	No. Days of Data	Max. Conc. in ppm 1-hr	Max. Conc. in ppm 8-hr	4th High Conc. ppm 8-hr	No. Days Standard Exceeded					
						Health Advisory ≥ 0.15 ppm 1-hr	Federal		State		
							Old > 0.12 ppm 1-hr	Current >0.075 ppm 8-hr	Current > 0.09 ppm 1-hr	Current > 0.070 ppm 8-hr	
<b>LOS ANGELES COUNTY</b>											
1	Central Los Angeles	365	0.087	0.080	0.065	0.060	0	0	0	0	
2	Northwest Coastal Los Angeles County	360	0.098	0.095	0.071	0.061	0	0	2	0	
3	Southwest Coastal Los Angeles County	360	0.078	0.076	0.067	0.062	0	0	0	0	
4	South Coastal Los Angeles County 1	363	0.073	0.072	0.061	0.059	0	0	0	0	
4	South Coastal Los Angeles County 2	--	--	--	--	--	--	--	--	--	
4	South Coastal LA County 3	360	0.074	0.066	0.063	0.057	0	0	0	0	
6	West San Fernando Valley	365	0.130	0.129	0.103	0.091	3	26	17	35	
7	East San Fernando Valley	364	0.120	0.111	0.084	0.081	0	6	8	10	
8	West San Gabriel Valley	365	0.107	0.101	0.084	0.077	0	5	5	13	
9	East San Gabriel Valley 1	365	0.111	0.108	0.092	0.082	0	12	13	19	
9	East San Gabriel Valley 2	362	0.134	0.133	0.111	0.095	4	30	35	40	
10	Pomona/Walnut Valley	364	0.119	0.111	0.096	0.086	0	16	15	24	
11	South San Gabriel Valley	362	0.096	0.086	0.074	0.061	0	0	1	1	
12	South Central Los Angeles County	362	0.082	0.080	0.065	0.061	0	0	0	0	
13	Santa Clarita Valley	363	0.144	0.129	0.122	0.101	3	31	31	52	
<b>ORANGE COUNTY</b>											
16	North Orange County	365	0.095	0.091	0.074	0.069	0	0	1	3	
17	Central Orange County	365	0.088	0.085	0.072	0.064	0	0	0	1	
18	North Coastal Orange County	360	0.093	0.084	0.077	0.063	0	1	0	2	
19	Saddleback Valley	365	0.094	0.092	0.083	0.074	0	2	0	5	
<b>RIVERSIDE COUNTY</b>											
22	Norco/Corona	-	-	-	-	-	-	-	-	-	
23	Metropolitan Riverside County 1	--	--	--	--	--	--	--	--	--	
23	Metropolitan Riverside County 2	365	0.128	0.127	0.115	0.106	4	67	52	92	
23	Mira Loma	--	--	--	--	--	--	--	--	--	
24	Perris Valley	362	0.126	0.117	0.104	0.096	1	36	32	63	
25	Lake Elsinore	364	0.125	0.125	0.112	0.094	2	54	44	77	
29	Banning Airport	365	0.133	0.123	0.106	0.092	1	28	19	45	
30	Coachella Valley 1**	355	0.105	0.094	0.085	0.073	0	14	1	27	
30	Coachella Valley 2**	362	0.127	0.127	0.111	0.100	3	41	35	59	
<b>SAN BERNARDINO COUNTY</b>											
32	Northwest San Bernardino Valley	365	0.145	0.134	0.122	0.098	5	36	36	45	
33	Southwest San Bernardino Valley	--	--	--	--	--	--	--	--	--	
34	Central San Bernardino Valley 1	365	0.144	0.140	0.124	0.105	5	39	39	53	
34	Central San Bernardino Valley 2	365	0.135	0.125	0.121	0.101	2	39	40	66	
35	East San Bernardino Valley	364	0.151	0.135	0.133	0.113	7	80	64	96	
37	Central San Bernardino Mountains	360	0.160	0.135	0.136	0.106	8	84	58	103	
38	East San Bernardino Mountains	--	--	--	--	--	--	--	--	--	
<b>DISTRICT MAXIMUM</b>			0.160	0.140	0.136	0.113	8	84	64	103	
<b>SOUTH COAST AIR BASIN</b>			0.160	0.140	0.136	0.113	16	106	90	125	

KEY:

ppm = parts per million

-- = Pollutant not monitored

\*\* Salton Sea Air Basin

**TABLE 3-4 (Continued)**  
**2011 Air Quality Data – South Coast Air Quality Management District**

<b>NITROGEN DIOXIDE (NO<sub>2</sub>)<sup>b</sup></b>					
Source Receptor Area No.	Location of Air Monitoring Station	No. Days of Data	1-hour Max. Conc. ppb, 1,	1-hour 98 <sup>th</sup> Percentile Conc. ppb,	Annual Average AAM Conc. ppb
<b>LOS ANGELES COUNTY</b>					
1	Central Los Angeles	365	109.6	67.0	23.1
2	Northwest Coastal Los Angeles County	360	81.3	58.2	13.9
3	Southwest Coastal Los Angeles County	365	97.6	64.8	13.4
4	South Coastal Los Angeles County 1	365	106.4	67.6	17.7
4	South Coastal Los Angeles County 2	--	--	--	--
4	South Coastal LA County 3	359	90.0	74.0	21.2
6	West San Fernando Valley	359	56.1	53.8	14.9
7	East San Fernando Valley	365	67.8	56.2	22.1
8	West San Gabriel Valley	359	87.3	72.8	20.3
9	East San Gabriel Valley 1	356	79.5	65.1	19.0
9	East San Gabriel Valley 2	361	77.6	53.9	12.9
10	Pomona/Walnut Valley	364	87.3	66.7	24.6
11	South San Gabriel Valley	362	90.6	72.0	23.7
12	South Central Los Angeles County	361	75.4	65.3	18.6
13	Santa Clarita Valley	360	60.1	46.8	13.3
<b>ORANGE COUNTY</b>					
16	North Orange County	365	69.8	60.7	17.7
17	Central Orange County	365	73.8	60.8	16.8
18	North Coastal Orange County	350	60.5	52.8	10.0
19	Saddleback Valley	--	--	--	--
<b>RIVERSIDE COUNTY</b>					
22	Norco/Corona	--	--	--	--
23	Metropolitan Riverside County 1	359	63.3	56.5	16.6
23	Metropolitan Riverside County 2	364	57.1	50.4	16.9
23	Mira Loma	364	58.8	51.8	15.3
24	Perris Valley	--	--	--	--
25	Lake Elsinore	365	50.3	41.3	9.6
29	Banning Airport	--	--	--	--
30	Coachella Valley 1**	350	60.7	50.2	9.5
30	Coachella Valley 2**	350	44.7	39.4	8.0
<b>SAN BERNARDINO COUNTY</b>					
32	Northwest San Bernardino Valley	353	68.5	60.1	19.6
33	Southwest San Bernardino Valley	--	--	--	--
34	Central San Bernardino Valley 1	365	76.4	64.6	21.1
34	Central San Bernardino Valley 2	365	61.9	52.9	16.9
35	East San Bernardino Valley	--	--	--	--
37	Central San Bernardino Mountains	--	--	--	--
38	East San Bernardino Mountains	--	--	--	--
<b>DISTRICT MAXIMUM</b>			109.6	72.8	24.6
<b>SOUTH COAST AIR BASIN</b>			109.6	72.8	24.6

## KEY:

ppb = parts per billion

AAM = Annual Arithmetic Mean

-- = Pollutant not monitored

\*\* Salton Sea Air Basin

<sup>b</sup>

The NO<sub>2</sub> federal 1-hour standard is 100 ppb and the annual standard is annual arithmetic mean NO<sub>2</sub> > 0.0534 ppm. The state 1-hour and annual standards are 0.18 ppm and 0.030 ppm.



**TABLE 3-4 (Continued)**  
**2011 Air Quality Data – South Coast Air Quality Management District**

<b>SULFUR DIOXIDE (SO<sub>2</sub>)<sup>c</sup></b>				
Source Receptor Area No.	Location of Air Monitoring Station	No. Days of Data	Maximum Conc. ppb, 1-hour	Maximum Conc. ppb, 24-hour
<b>LOS ANGELES COUNTY</b>				
1	Central Los Angeles	331	19.8	5.6
2	Northwest Coastal Los Angeles County	--	--	
3	Southwest Coastal Los Angeles County	365	11.5	3.3
4	South Coastal Los Angeles County 1	365	14.8	4.3
4	South Coastal Los Angeles County 2	--	--	
4	South Coastal LA County 3	350	43.3	11.6
6	West San Fernando Valley	--	--	
7	East San Fernando Valley	363	9.0	
8	West San Gabriel Valley	--	--	
9	East San Gabriel Valley 1	--	--	
9	East San Gabriel Valley 2	--	--	
10	Pomona/Walnut Valley	--	--	
11	South San Gabriel Valley	--	--	
12	South Central Los Angeles County	--	--	
13	Santa Clarita Valley	--	--	
<b>ORANGE COUNTY</b>				
16	North Orange County			
17	Central Orange County	--	--	
18	North Coastal Orange County	--	--	2.0
19	Saddleback Valley	357	7.7	
<b>RIVERSIDE COUNTY</b>				
22	Norco/Corona	--	--	
23	Metropolitan Riverside County 1	365	51.3	11.4
23	Metropolitan Riverside County 2	--	--	
23	Mira Loma	--	--	
24	Perris Valley	--	--	
25	Lake Elsinore	--	--	
29	Banning Airport	--	--	
30	Coachella Valley 1**	--	--	
30	Coachella Valley 2**	--	--	
<b>SAN BERNARDINO COUNTY</b>				
32	Northwest San Bernardino Valley	--	--	
33	Southwest San Bernardino Valley	--	--	
34	Central San Bernardino Valley 1	365	12.3	4.0
34	Central San Bernardino Valley 2	--	--	
35	East San Bernardino Valley	--	--	
37	Central San Bernardino Mountains	--	--	
38	East San Bernardino Mountains	--	--	
<b>DISTRICT MAXIMUM</b>			51.3	11.6
<b>SOUTH COAST AIR BASIN</b>			51.3	11.6

## KEY:

ppb = parts per billion

-- = Pollutant not monitored

\*\* Salton Sea Air Basin

<sup>c</sup> The federal SO<sub>2</sub> 1-hour standard is 75 ppb (0.075 ppm). The state standards are 1-hour average SO<sub>2</sub> > 0.25 ppm and 24-hour average SO<sub>2</sub> > 0.04 ppm.

**TABLE 3-4 (Continued)**  
**2011 Air Quality Data – South Coast Air Quality Management District**

SUSPENDED PARTICULATE MATTER PM10 <sup>d</sup>						
Source Receptor Area No.	Location of Air Monitoring Station	No. Days of Data	Max. Conc. $\mu\text{g}/\text{m}^3$ , 24-hour	No. (%) Samples Exceeding Standard		Annual Average AAM Conc. $\mu\text{g}/\text{m}^3$
				Federal $> 150 \mu\text{g}/\text{m}^3$ , 24-hour	State $> 50 \mu\text{g}/\text{m}^3$ , 24-hour	
<b>LOS ANGELES COUNTY</b>						
1	Central Los Angeles					
2	Northwest Coastal Los Angeles County	59	53	0	1(2%)	29.0
3	Southwest Coastal Los Angeles County	--	--	--	--	--
4	South Coastal Los Angeles County 1	59	41	0	0	21.6
4	South Coastal Los Angeles County 2	60	43	0	0	24.2
4	South Coastal LA County 3	60	50	0	0	28.7
6	West San Fernando Valley	--	--	--	--	--
7	East San Fernando Valley	--	--	--	--	--
8	West San Fernando Valley	55	61	0	2(4%)	29.0
9	East San Gabriel Valley 1					
9	East San Gabriel Valley 2	61	65	0	9(15%)	32.9
10	Pomona/Walnut Valley	--	--	--	--	--
11	South San Gabriel Valley	--	--	--	--	--
12	South Central Los Angeles County	--	--	--	--	--
13	Santa Clarita Valley	--	--	--	--	--
<b>ORANGE COUNTY</b>						
16	North Orange County	--	--	--	--	--
17	Central Orange County	60	53	0	2(3%)	24.8
18	North Coastal Orange County	--	--	--	--	--
19	Saddleback Valley	61	48	0	0	19.2
<b>RIVERSIDE COUNTY</b>						
22	Norco/Corona	59	60	0	2(3%)	27.8
23	Metropolitan Riverside County 1	112	82	0	14(13%)	33.7
23	Metropolitan Riverside County 2	--	--	--	--	--
23	Mira Loma	59	79	0	25(42%)	41.1
24	Perris Valley	60	65	0	3(5%)	29.3
25	Lake Elsinore	--	--	--	--	--
29	Banning Airport	--	--	--	--	--
30	Coachella Valley 1**	59	51	0	1(2%)	19.5
30	Coachella Valley 2**	61 <sup>f)</sup>	42 <sup>f)</sup>	0 <sup>f)</sup>	0 <sup>f)</sup>	18.6 <sup>f)</sup>
<b>SAN BERNARDINO COUNTY</b>						
32	Northwest San Bernardino Valley	--	--	--	--	--
33	Southwest San Bernardino Valley	60	70	0	3(5%)	31.3
34	Central San Bernardino Valley 1	60	84	0	4(7%)	31.8
34	Central San Bernardino Valley 2	58	56	0	3(5%)	31.5
35	East San Bernardino Valley	58	71	0	2(3%)	25.5
37	Central San Bernardino Mountains	59	43	0	0	19.2
38	East San Bernardino Mountains	--	--	--	--	--
<b>DISTRICT MAXIMUM</b>		<b>106</b>	<b>0</b>	<b>25</b>	<b>41.1</b>	<b>106</b>
<b>SOUTH COAST AIR BASIN</b>		<b>84<sup>g)</sup></b>	<b>0</b>	<b>35</b>	<b>41.1</b>	<b>84<sup>f)</sup></b>

KEY:  $\mu\text{g}/\text{m}^3$  = micrograms per cubic meter    AAM = Annual Arithmetic Mean    -- = Pollutant not monitored    \*\* Salton Sea Air Basin

<sup>d</sup> Federal Reference Method (FRM) PM10 samples were collected every 6 days at all sites except for Station Numbers 4144 and 4157, where samples were collected every three days. PM10 statistics listed above are for the FRM data only. Federal Equivalent Method (FEM) PM10 continuous monitoring instruments were operated at some of the above locations. Max 24-hour average PM10 concentrations at sites with FEM monitoring in 2011 was  $152 \mu\text{g}/\text{m}^3$ , at Mira Loma

<sup>e</sup> Federal annual PM10 standard (AAM  $> 50 \mu\text{g}/\text{m}^3$ ) was revoked in 2006. State standard is annual average (AAM)  $> 20 \mu\text{g}/\text{m}^3$

<sup>f</sup> High PM10 and PM2.5 data samples occurred due to special events (i.e., high wind, firework activities, etc.) were excluded in accordance with the EPA Exceptional Event Regulation. Excluded PM10 data: 396 and  $265 \mu\text{g}/\text{m}^3$  on July 3 and August 28, at Palm Springs (FEM); 344 and  $375 \mu\text{g}/\text{m}^3$  on July 3 and August 28, at Indio (FEM);  $323 \mu\text{g}/\text{m}^3$  on August 28, at Indio (FRM). Excluded PM2.5 data:  $94.6 \mu\text{g}/\text{m}^3$  on July 5, at Azusa.

**TABLE 3-4 (Continued)**  
**2011 Air Quality Data – South Coast Air Quality Management District**

<b>SUSPENDED PARTICULATE MATTER PM2.5<sup>g</sup></b>						
Source Receptor Area No.	Location of Air Monitoring Station	No. Days of Data	Max. Conc. $\mu\text{g}/\text{m}^3$ , 24-hour	98 <sup>th</sup> Percentile Conc. in $\mu\text{g}/\text{m}^3$ 24-hr	No. (%) Samples Exceeding Federal Std $> 35 \mu\text{g}/\text{m}^3$ , 24-hour	Annual Average AAM Conc. $\mu\text{g}/\text{m}^3$
<b>LOS ANGELES COUNTY</b>						
1	Central Los Angeles	59	53	0	1(2%)	29.0
2	Northwest Coastal Los Angeles County	--	--	--	--	--
3	Southwest Coastal Los Angeles County	59	41	0	0	21.6
4	South Coastal Los Angeles County 1	60	43	0	0	24.2
4	South Coastal Los Angeles County 2	60	50	0	0	28.7
4	South Coastal LA County 3	--	--	--	--	--
6	West San Fernando Valley	--	--	--	--	--
7	East San Fernando Valley	55	61	0	2(4%)	29.0
8	West San Gabriel Valley	--	--	--	--	--
9	East San Gabriel Valley 1	61	65	0	9(15%)	32.9
9	East San Gabriel Valley 2	--	--	--	--	--
10	Pomona/Walnut Valley	--	--	--	--	--
11	South San Gabriel Valley	--	--	--	--	--
12	South Central Los Angeles County	--	--	--	--	--
13	Santa Clarita Valley	58	45	0	0	20.7
<b>ORANGE COUNTY</b>						
16	North Orange County	--	--	--	--	--
17	Central Orange County	60	53	0	2(3%)	24.8
18	North Coastal Orange County	--	--	--	--	--
19	Saddleback Valley	61	48	0	0	19.2
<b>RIVERSIDE COUNTY</b>						
22	Norco/Corona	59	60	0	2(3%)	27.8
23	Metropolitan Riverside County 1	112	82	0	14(13%)	33.7
23	Metropolitan Riverside County 2	--	--	--	--	--
23	Mira Loma	59	79	0	25(42%)	41.1
24	Perris Valley	60	65	0	3(5%)	29.3
25	Lake Elsinore	--	--	--	--	--
29	Banning Airport	--	--	--	--	--
30	Coachella Valley 1**	59	51	0	1(2%)	19.5
30	Coachella Valley 2**	61 <sup>d)</sup>	42 <sup>d)</sup>	0 <sup>d)</sup>	0 <sup>d)</sup>	18.6 <sup>d)</sup>
<b>SAN BERNARDINO COUNTY</b>						
32	Northwest San Bernardino Valley	--	--	--	--	--
33	Southwest San Bernardino Valley	60	70	0	3(5%)	31.3
34	Central San Bernardino Valley 1	60	84	0	4(7%)	31.8
34	Central San Bernardino Valley 2	58	56	0	3(5%)	31.5
35	East San Bernardino Valley	58	71	0	2(3%)	25.5
37	Central San Bernardino Mountains	59	43	0	0	19.2
38	East San Bernardino Mountains	--	--	--	--	--
<b>DISTRICT MAXIMUM</b>		106	0	25	41.1	106
<b>SOUTH COAST AIR BASIN</b>		84 <sup>d)</sup>	0	35	41.1	84 <sup>d)</sup>

**KEY:**

$\mu\text{g}/\text{m}^3$  = micrograms per cubic meter of air      AAM = Annual Arithmetic Mean      -- = Pollutant not monitored      \*\* Salton Sea Air Basin

<sup>g</sup> PM2.5 samples were collected every three days at all sites except for station numbers 069, 072, 077, 087, 3176, 4144 and 4165, where samples were taken daily, and station number 5818 where samples were taken every six days. Federal annual PM2.5 standard is annual average (AAM)  $> 15.0 \mu\text{g}/\text{m}^3$ . State standard is annual average (AAM)  $> 12.0 \mu\text{g}/\text{m}^3$ .

**TABLE 3-4 (Continued)**  
**2011 Air Quality Data – South Coast Air Quality Management District**

<b>TOTAL SUSPENDED PARTICULATES TSP</b>				
Source Receptor Area No.	Location of Air Monitoring Station	No. Days of Data	Max. Conc. $\mu\text{g}/\text{m}^3$ , 24-hour	Annual Average AAM Conc. $\mu\text{g}/\text{m}^3$
<b>LOS ANGELES COUNTY</b>				
1	Central Los Angeles	60	84	53.7
2	Northwest Coastal Los Angeles County	59	155	49.3
3	Southwest Coastal Los Angeles County	55	69	36.1
4	South Coastal Los Angeles County 1	61	91	44.0
4	South Coastal Los Angeles County 2	56	81	43.9
4	South Coastal LA County 3	--	--	--
6	West San Fernando Valley	--	--	--
7	East San Fernando Valley	--	--	--
8	West San Gabriel Valley	59	74	44.1
9	East San Gabriel Valley 1	57	154	72.5
9	East San Gabriel Valley 2	--	--	--
10	Pomona/Walnut Valley	--	--	--
11	South San Gabriel Valley	59	140	64.4
12	South Central Los Angeles County	57	112	52.8
13	Santa Clarita Valley	--	--	--
<b>ORANGE COUNTY</b>				
16	North Orange County	-	-	-
17	Central Orange County	-	-	-
18	North Coastal Orange County	-	-	-
19	Saddleback Valley	-	-	-
<b>RIVERSIDE COUNTY</b>				
22	Norco/Corona	--	--	--
23	Metropolitan Riverside County 1	60	107	62.7
23	Metropolitan Riverside County 2	59	83	43.8
23	Mira Loma	--	--	--
24	Perris Valley	--	--	--
25	Lake Elsinore	--	--	--
29	Banning Airport	--	--	--
30	Coachella Valley 1**	--	--	--
30	Coachella Valley 2**	--	--	--
<b>SAN BERNARDINO COUNTY</b>				
32	Northwest San Bernardino Valley	58	94	47.2
33	Southwest San Bernardino Valley	--	--	--
34	Central San Bernardino Valley 1	54	131	64.7
34	Central San Bernardino Valley 2	61	97	51.4
35	East San Bernardino Valley	--	--	--
37	Central San Bernardino Mountains	--	--	--
38	East San Bernardino Mountains	--	--	--
<b>DISTRICT MAXIMUM</b>			155	72.5
<b>SOUTH COAST AIR BASIN</b>			155	72.5

## KEY:

 $\mu\text{g}/\text{m}^3$  = micrograms per cubic meter of air

AAM = Annual Arithmetic Mean

-- = Pollutant not monitored

\*\* Salton Sea Air Basin

**TABLE 3-4 (Concluded)**  
**2011 Air Quality Data – South Coast Air Quality Management District**

Source Receptor Area No.	Location of Air Monitoring Station	LEAD <sup>h</sup>			SULFATES (SO <sub>x</sub> ) <sup>i</sup>	
		Max. Monthly Average Conc. <sup>m)</sup> µg/m <sup>3</sup>	Max. 3-Months Rolling Averages, µg/m <sup>3</sup>	Max. Quarterly Average Conc. <sup>m)</sup> µg/m <sup>3</sup>	Max. Conc. µg/m <sup>3</sup> , 24-hour	No. (%) Samples Exceeding State Standard ≥ 25 µg/m <sup>3</sup> , 24-hour
<b>LOS ANGELES COUNTY</b>						
1	Central Los Angeles	0.012	0.011	0.011	58	8.0
2	Northwest Coastal Los Angeles County	--	--	--	--	--
3	Southwest Coastal Los Angeles County	0.008	0.006	0.005	58	5.9
4	South Coastal Los Angeles County 1	0.010	0.007	0.007	59	6.1
4	South Coastal Los Angeles County 2	0.013	0.010	0.010	60	5.9
4	South Coastal LA County 3	--	--	--	--	--
6	West San Fernando Valley	--	--	--	--	--
7	East San Fernando Valley	--	--	--	54	7.4
8	West San Gabriel Valley	--	--	--	--	--
9	East San Gabriel Valley 1	--	--	--	60	6.6
9	East San Gabriel Valley 2	--	--	--	--	--
10	Pomona/Walnut Valley	--	--	--	--	--
11	South San Gabriel Valley	0.011	0.010	0.010	--	--
12	South Central Los Angeles County	0.014	0.011	0.010	--	--
13	Santa Clarita Valley	--	--	--	58	6.1
<b>ORANGE COUNTY</b>						
16	North Orange County	--	--	--	--	--
17	Central Orange County	--	--	--	60	6.5
18	North Coastal Orange County	--	--	--	--	--
19	Saddleback Valley	--	--	--	61	4.8
<b>RIVERSIDE COUNTY</b>						
22	Norco/Corona	--	--	--	56	5.1
23	Metropolitan Riverside County 1	0.007	0.007	0.007	178	5.3
23	Metropolitan Riverside County 2	0.007	0.006	0.006	--	--
23	Mira Loma	--	--	--	58	5.4
24	Perris Valley	--	--	--	58	4.4
25	Lake Elsinore	--	--	--	--	--
29	Banning Airport	--	--	--	--	--
30	Coachella Valley 1**	--	--	--	59	4.4
30	Coachella Valley 2**	--	--	--	61	4.4
<b>SAN BERNARDINO COUNTY</b>						
32	Northwest San Bernardino Valley	0.009	0.008	0.007	--	--
33	Southwest San Bernardino Valley	--	--	--	116	5.5
34	Central San Bernardino Valley 1	--	--	--	59	6.0
34	Central San Bernardino Valley 2	0.008	0.007	0.007	59	5.5
35	East San Bernardino Valley	--	--	--	57	4.9
37	Central San Bernardino Mountains	--	--	--	57	4.0
38	East San Bernardino Mountains	--	--	--	--	--
<b>DISTRICT MAXIMUM</b>		0.014	0.011	0.011	8.0	
<b>SOUTH COAST AIR BASIN</b>		0.014	0.011	0.011	8.0	

## KEY:

µg/m<sup>3</sup> = micrograms per cubic meter of air    -- = Pollutant not monitored

\*\* Salton Sea Air Basin

<sup>h</sup> Federal lead standard is 3-months rolling average > 0.15 µg/m<sup>3</sup>; and state standard is monthly average ≥ 1.5 µg/m<sup>3</sup>. No regular monitoring location exceeded lead standards. Standards exceeded at special monitoring sites immediately downwind of stationary lead sources. Maximum monthly and 3-month rolling averages at special monitoring sites were 0.52 µg/m<sup>3</sup> and 0.45 µg/m<sup>3</sup>, respectively..

<sup>i</sup> State sulfate standard is 24-hour ≥ 25 µg/m<sup>3</sup>. There is no federal standard for sulfate.

***Carbon Monoxide***

CO is a colorless, odorless, relatively inert gas. It is a trace constituent in the unpolluted troposphere, and is produced by both natural processes and human activities. In remote areas far from human habitation, carbon monoxide occurs in the atmosphere at an average background concentration of 0.04 ppm, primarily as a result of natural processes such as forest fires and the oxidation of methane. Global atmospheric mixing of CO from urban and industrial sources creates higher background concentrations (up to 0.20 ppm) near urban areas. The major source of CO in urban areas is incomplete combustion of carbon-containing fuels, mainly gasoline. According to the 2007 AQMP, in 2002, the inventory baseline year, approximately 98 percent of the CO emitted into the Basin's atmosphere was from mobile sources. Consequently, CO concentrations are generally highest in the vicinity of major concentrations of vehicular traffic.

CO is a primary pollutant, meaning that it is directly emitted into the air, not formed in the atmosphere by chemical reaction of precursors, as is the case with ozone and other secondary pollutants. Ambient concentrations of CO in the Basin exhibit large spatial and temporal variations due to variations in the rate at which CO is emitted and in the meteorological conditions that govern transport and dilution. Unlike ozone, CO tends to reach high concentrations in the fall and winter months. The highest concentrations frequently occur on weekdays at times consistent with rush hour traffic and late night during the coolest, most stable portion of the day.

Individuals with a deficient blood supply to the heart are the most susceptible to the adverse effects of CO exposure. The effects observed include earlier onset of chest pain with exercise, and electrocardiograph changes indicative of worsening oxygen supply to the heart.

Inhaled CO has no direct toxic effect on the lungs, but exerts its effect on tissues by interfering with oxygen transport by competing with oxygen to combine with hemoglobin present in the blood to form carboxyhemoglobin (COHb). Hence, conditions with an increased demand for oxygen supply can be adversely affected by exposure to CO. Individuals most at risk include patients with diseases involving heart and blood vessels, fetuses (unborn babies), and patients with chronic hypoxemia (oxygen deficiency) as seen in high altitudes.

Reductions in birth weight and impaired neurobehavioral development have been observed in animals chronically exposed to CO resulting in COHb levels similar to those observed in smokers. Recent studies have found increased risks for adverse birth outcomes with exposure to elevated CO levels. These include pre-term births and heart abnormalities.

Carbon monoxide concentrations were measured at 26 locations in the Basin and neighboring Salton Sea Air Basin (SSAB) areas in 2011. Carbon monoxide concentrations did not exceed the standards in 2010. The highest one-hour average carbon monoxide concentration recorded (6.0 ppm in the South Central Los Angeles County area) was 17 percent of the federal one-hour carbon monoxide standard of 35 ppm. The highest eight-hour average carbon monoxide concentration recorded (4.7 ppm in the South Central Los Angeles County area) was 52 percent of the federal eight-hour carbon monoxide standard of 9.0 ppm. The state one-hour standard is also 9.0 ppm. The highest eight-hour average carbon monoxide concentration is 23.5 percent of the state eight-hour carbon monoxide standard of 20 ppm.

The 2003 AQMP revisions to the SCAQMD's CO Plan served two purposes: it replaced the 1997 attainment demonstration that lapsed at the end of 2000; and it provided the basis for a CO maintenance plan in the future. In 2004, the SCAQMD formally requested the U.S. EPA to re-designate the Basin from non-attainment to attainment with the CO National Ambient Air Quality Standards. On February 24, 2007, U.S. EPA published in the Federal Register its proposed decision to re-designate the Basin from non-attainment to attainment for CO. The comment period on the re-designation proposal closed on March 16, 2007 with no comments received by the U.S. EPA. On May 11, 2007, U.S. EPA published in the Federal Register its final decision to approve the SCAQMD's request for re-designation from non-attainment to attainment for CO, effective June 11, 2007.

### *Ozone*

Ozone (O<sub>3</sub>), a colorless gas with a sharp odor, is a highly reactive form of oxygen. High ozone concentrations exist naturally in the stratosphere. Some mixing of stratospheric ozone downward through the troposphere to the earth's surface does occur; however, the extent of ozone transport is limited. At the earth's surface in sites remote from urban areas ozone concentrations are normally very low (e.g., from 0.03 ppm to 0.05 ppm).

While ozone is beneficial in the stratosphere because it filters out skin-cancer-causing ultraviolet radiation, it is a highly reactive oxidant. It is this reactivity which accounts for its damaging effects on materials, plants, and human health at the earth's surface.

The propensity of ozone for reacting with organic materials causes it to be damaging to living cells and ambient ozone concentrations in the Basin are frequently sufficient to cause health effects. Ozone enters the human body primarily through the respiratory tract and causes respiratory irritation and discomfort, makes breathing more difficult during exercise, and reduces the respiratory system's ability to remove inhaled particles and fight infection.

Individuals exercising outdoors, children and people with preexisting lung disease, such as asthma and chronic pulmonary lung disease, are considered to be the most susceptible subgroups for ozone effects. Short-term exposures (lasting for a few hours) to ozone at levels typically observed in southern California can result in breathing pattern changes, reduction of breathing capacity, increased susceptibility to infections, inflammation of the lung tissue, and some immunological changes. In recent years, a correlation between elevated ambient ozone levels and increases in daily hospital admission rates, as well as mortality, has also been reported. An increased risk for asthma has been found in children who participate in multiple sports and live in high ozone communities. Elevated ozone levels are also associated with increased school absences.

Ozone exposure under exercising conditions is known to increase the severity of the abovementioned observed responses. Animal studies suggest that exposures to a combination of pollutants which include ozone may be more toxic than exposure to ozone alone. Although lung volume and resistance changes observed after a single exposure diminish with repeated exposures, biochemical and cellular changes appear to persist, which can lead to subsequent lung structural changes.

In 2011, the SCAQMD regularly monitored ozone concentrations at 31 locations in the Basin and SSAB. Maximum ozone concentrations for all areas monitored were below the stage 1 episode level (0.20 ppm) and below the health advisory level (0.15 ppm). Maximum ozone concentrations in the SSAB areas monitored by the SCAQMD were lower than in the Basin and were below the health advisory level.

In 2011, the maximum ozone concentrations in the Basin continued to exceed federal standards by wide margins. Maximum one-hour and eight-hour average ozone concentrations were 0.160 ppm and 0.136 ppm, respectively (the maximum one-hour and eight-hour concentrations were recorded in the Central San Bernardino Mountains area). The federal one-hour ozone standard was revoked and replaced by the eight-hour average ozone standard effective June 15, 2005. U.S. EPA has revised the federal eight-hour ozone standard from 0.84 ppm to 0.075 ppm, effective May 27, 2008. The maximum eight-hour concentration was 181 percent of the new federal standard. The maximum one-hour concentration was 178 percent of the one-hour state ozone standard of 0.09 ppm. The maximum eight-hour concentration was 194 percent of the eight-hour state ozone standard of 0.070 ppm.

The objective of the 2012 AQMP was to attain and maintain ambient air quality standards. Based upon the modeling analysis described in the Program Environmental Impact Report for the 2007 AQMP, implementation of all control measures contained in the 2012 AQMP is anticipated to bring the district into compliance with the federal eight-hour ozone standard by 2023 and the state eight-hour ozone standard beyond 2023.

### ***Nitrogen Dioxide***

NO<sub>2</sub> is a reddish-brown gas with a bleach-like odor. Nitric oxide (NO) is a colorless gas, formed from the nitrogen (N<sub>2</sub>) and oxygen (O<sub>2</sub>) in air under conditions of high temperature and pressure which are generally present during combustion of fuels; NO reacts rapidly with the oxygen in air to form NO<sub>2</sub>. NO<sub>2</sub> is responsible for the brownish tinge of polluted air. The two gases, NO and NO<sub>2</sub>, are referred to collectively as NO<sub>x</sub>. In the presence of sunlight, NO<sub>2</sub> reacts to form nitric oxide and an oxygen atom. The oxygen atom can react further to form ozone, via a complex series of chemical reactions involving hydrocarbons. Nitrogen dioxide may also react to form nitric acid (HNO<sub>3</sub>) which reacts further to form nitrates, components of PM<sub>2.5</sub> and PM<sub>10</sub>.

Population-based studies suggest that an increase in acute respiratory illness, including infections and respiratory symptoms in children (not infants), is associated with long-term exposures to NO<sub>2</sub> at levels found in homes with gas stoves, which are higher than ambient levels found in southern California. Increase in resistance to air flow and airway contraction is observed after short-term exposure to NO<sub>2</sub> in healthy subjects. Larger decreases in lung functions are observed in individuals with asthma and/or chronic obstructive pulmonary disease (e.g., chronic bronchitis, emphysema) than in healthy individuals, indicating a greater susceptibility of these sub-groups. More recent studies have found associations between NO<sub>2</sub> exposures and cardiopulmonary mortality, decreased lung function, respiratory symptoms and emergency room asthma visits.



In animals, exposure to levels of NO<sub>2</sub> considerably higher than ambient concentrations results in increased susceptibility to infections, possibly due to the observed changes in cells involved in maintaining immune functions. The severity of lung tissue damage associated with high levels of ozone exposure increases when animals are exposed to a combination of ozone and NO<sub>2</sub>.

In 2011, nitrogen dioxide concentrations were monitored at 26 locations. No area of the Basin or SSAB exceeded the federal or state standards for nitrogen dioxide. The Basin has not exceeded the federal standard for nitrogen dioxide (0.0534 ppm) since 1991, when the Los Angeles County portion of the Basin recorded the last exceedance of the standard in any county within the United States.

In 2011, the maximum annual average concentration was 24.6 ppb recorded in the Pomona/Walnut Valley area. Effective March 20, 2008, CARB revised the nitrogen dioxide one-hour standard from 0.25 ppm to 0.18 ppm and established a new annual standard of 0.30 ppm. In addition, U.S. EPA has established a new federal one-hour NO<sub>2</sub> standard of 100 ppb (98th percentile concentration), effective April 7, 2010. The highest one-hour average concentration recorded (109.6 ppb in Central Los Angeles) was 61 percent of the state one-hour standard and the highest annual average concentration recorded was 8.2 percent of the state annual average standard. However, the 98<sup>th</sup> percentile concentration in 2011 did not exceed the new Federal 1-hour NO<sub>2</sub> standard. NO<sub>x</sub> emission reductions continue to be necessary because it is a precursor to both ozone and PM (PM<sub>2.5</sub> and PM<sub>10</sub>) concentrations.

### *Sulfur Dioxide*

SO<sub>2</sub> is a colorless gas with a sharp odor. It reacts in the air to form sulfuric acid (H<sub>2</sub>SO<sub>4</sub>), which contributes to acid precipitation, and sulfates, which are components of PM<sub>10</sub> and PM<sub>2.5</sub>. Most of the SO<sub>2</sub> emitted into the atmosphere is produced by burning sulfur-containing fuels.

Exposure of a few minutes to low levels of SO<sub>2</sub> can result in airway constriction in some asthmatics. All asthmatics are sensitive to the effects of SO<sub>2</sub>. In asthmatics, increase in resistance to air flow, as well as reduction in breathing capacity leading to severe breathing difficulties, is observed after acute higher exposure to SO<sub>2</sub>. In contrast, healthy individuals do not exhibit similar acute responses even after exposure to higher concentrations of SO<sub>2</sub>.

Animal studies suggest that despite SO<sub>2</sub> being a respiratory irritant, it does not cause substantial lung injury at ambient concentrations. However, very high levels of exposure can cause lung edema (fluid accumulation), lung tissue damage, and sloughing off of cells lining the respiratory tract.

Some population-based studies indicate that the mortality and morbidity effects associated with fine particles show a similar association with ambient SO<sub>2</sub> levels. In these studies, efforts to separate the effects of SO<sub>2</sub> from those of fine particles have not been successful. It is not clear whether the two pollutants act synergistically or one pollutant alone is the predominant factor.

No exceedances of federal or state standards for sulfur dioxide occurred in 2011 at any of the seven district locations monitored. The maximum one-hour sulfur dioxide concentration was 51.3 ppb, as recorded in the Metropolitan Riverside County 1 area. The maximum 24-hour

sulfur dioxide concentration was 11.6 ppb, as recorded in South Coastal Los Angeles County 3 area. The U.S. EPA revised the federal sulfur dioxide standard by establishing a new one-hour standard of 0.075 ppm and revoking the existing annual arithmetic mean (0.03 ppm) and the 24-hour average (0.14 ppm), effective August 2, 2010. The state standards are 0.25 ppm for the one-hour average and 0.04 ppm for the 24-hour average. Though sulfur dioxide concentrations remain well below the standards, sulfur dioxide is a precursor to sulfate, which is a component of fine particulate matter, PM<sub>10</sub>, and PM<sub>2.5</sub>. Historical measurements showed concentrations to be well below standards and monitoring has been discontinued.

***Particulate Matter (PM<sub>10</sub> and PM<sub>2.5</sub>)***

Of great concern to public health are the particles small enough to be inhaled into the deepest parts of the lung. Respirable particles (particulate matter less than about 10 micrometers in diameter) can accumulate in the respiratory system and aggravate health problems such as asthma, bronchitis and other lung diseases. Children, the elderly, exercising adults, and those suffering from asthma are especially vulnerable to adverse health effects of PM<sub>10</sub> and PM<sub>2.5</sub>.

A consistent correlation between elevated ambient fine particulate matter (PM<sub>10</sub> and PM<sub>2.5</sub>) levels and an increase in mortality rates, respiratory infections, number and severity of asthma attacks and the number of hospital admissions has been observed in different parts of the United States and various areas around the world. Studies have reported an association between long-term exposure to air pollution dominated by fine particles (PM<sub>2.5</sub>) and increased mortality, reduction in life-span, and an increased mortality from lung cancer.

Daily fluctuations in fine particulate matter concentration levels have also been related to hospital admissions for acute respiratory conditions, to school and kindergarten absences, to a decrease in respiratory function in normal children and to increased medication use in children and adults with asthma. Studies have also shown lung function growth in children is reduced with long-term exposure to particulate matter. In addition to children, the elderly, and people with pre-existing respiratory and/or cardiovascular disease appear to be more susceptible to the effects of PM<sub>10</sub> and PM<sub>2.5</sub>.

The SCAQMD monitored PM<sub>10</sub> concentrations at 21 locations in 2011. The federal 24-hour PM<sub>10</sub> standard (150 µg/m<sup>3</sup>) was not exceeded at any of the locations monitored in 2010. The federal annual PM<sub>10</sub> standard has been revoked, effective 2006. The maximum 24-hour PM<sub>10</sub> concentration of 106 µg/m<sup>3</sup> was recorded in the Coachella Valley No. 2 area and was 71 percent of the federal standard and 212 percent of the much more stringent state 24-hour PM<sub>10</sub> standard (50 µg/m<sup>3</sup>). The state 24-hour PM<sub>10</sub> standard was exceeded at 14 of the 21 monitoring stations. The maximum annual average PM<sub>10</sub> concentration of 41.3 µg/m<sup>3</sup> was recorded in Mira Loma. The maximum annual average PM<sub>10</sub> concentration in Mira Loma was 207 percent of the state standard of 20 µg/m<sup>3</sup>. The USEPA published approval of SCAQMD's PM<sub>10</sub> attainment plan on June 26, 2013, with an implementation date of July 26, 2013.

In 2011, PM<sub>2.5</sub> concentrations were monitored at 20 locations throughout the district. U.S. EPA revised the federal 24-hour PM<sub>2.5</sub> standard from 65 µg/m<sup>3</sup> to 35 µg/m<sup>3</sup>, effective December 17, 2006. In 2011, the maximum PM<sub>2.5</sub> concentrations in the Basin exceeded the new federal 24-hour PM<sub>2.5</sub> standard in all but five locations. The maximum 24-hour PM<sub>2.5</sub> concentration of 65

$\mu\text{g}/\text{m}^3$  was recorded in the Central San Bernardino Valley 2 area, which represents 186 percent of the federal standard of  $35 \mu\text{g}/\text{m}^3$ . The maximum annual average concentration of  $15.3 \mu\text{g}/\text{m}^3$  was recorded in Mira Loma, which represents 102 percent of the federal standard of  $15 \mu\text{g}/\text{m}^3$  and 128 percent of the state standard of  $12 \mu\text{g}/\text{m}^3$ . At a 98<sup>th</sup> percentile concentration of  $\text{PM}_{2.5}$  in  $\mu\text{g}/\text{m}^3$ , only one location exceeded the federal standard of  $35 \mu\text{g}/\text{m}^3$ .

Similar to  $\text{PM}_{10}$  concentrations,  $\text{PM}_{2.5}$  concentrations were higher in the inland valley areas of San Bernardino and Metropolitan Riverside counties. However,  $\text{PM}_{2.5}$  concentrations were also high in Central Los Angeles County and East San Gabriel Valley. The high  $\text{PM}_{2.5}$  concentrations in Los Angeles County are mainly due to the secondary formation of smaller particulates resulting from mobile and stationary source activities. In contrast to  $\text{PM}_{10}$ ,  $\text{PM}_{2.5}$  concentrations were low in the Coachella Valley area of SSAB.  $\text{PM}_{10}$  concentrations are normally higher in the desert areas due to windblown and fugitive dust emissions.

### ***Lead***

Lead in the atmosphere is present as a mixture of a number of lead compounds. Leaded gasoline and lead smelters have been the main sources of lead emitted into the air. Due to the phasing out of leaded gasoline, there was a dramatic reduction in atmospheric lead in the Basin over the past three decades.

Fetuses, infants, and children are more sensitive than others to the adverse effects of lead exposure. Exposure to low levels of lead can adversely affect the development and function of the central nervous system, leading to learning disorders, distractibility, inability to follow simple commands, and lower intelligence quotient. In adults, increased lead levels are associated with increased blood pressure.

Lead poisoning can cause anemia, lethargy, seizures, and death. It appears that there are no direct effects of lead on the respiratory system. Lead can be stored in the bone from early-age environmental exposure, and elevated blood lead levels can occur due to breakdown of bone tissue during pregnancy, hyperthyroidism (increased secretion of hormones from the thyroid gland), and osteoporosis (breakdown of bone tissue). Fetuses and breast-fed babies can be exposed to higher levels of lead because of previous environmental lead exposure of their mothers.

The old federal and current state standards for lead were not exceeded in any area of the district in 2011. There have been no violations of these standards at the SCAQMD's regular air monitoring stations since 1982, as a result of removal of lead from gasoline. The maximum quarterly average lead concentration ( $0.011 \mu\text{g}/\text{m}^3$  at monitoring stations in Central Los Angeles) was 0.7 percent of the old federal quarterly average lead standard ( $1.5 \mu\text{g}/\text{m}^3$ ). The maximum monthly average lead concentration ( $0.014 \mu\text{g}/\text{m}^3$  in South Central Los Angeles County), measured at special monitoring sites immediately adjacent to stationary sources of lead was 0.9 percent of the state monthly average lead standard. No lead data were obtained at SSAB and Orange County stations in 2011. Because historical lead data showed concentrations in SSAB and Orange County areas to be well below the standard, measurements have been discontinued.

On November 12, 2008, U.S. EPA published new national ambient air quality standards for lead, which became effective January 12, 2010. The existing national lead standard, 1.5  $\mu\text{g}/\text{m}^3$ , was reduced to 0.15  $\mu\text{g}/\text{m}^3$ , averaged over a rolling three-month period. The new federal standard was not exceeded at any source/receptor location in 2011. Nevertheless, U.S. EPA designated the Los Angeles County portion of the Basin as non-attainment for the new lead standard, effective December 31, 2010, primarily based on emissions from two battery recycling facilities. In response to the new federal lead standard, the SCAQMD adopted Rule 1420.1 – Emissions Standard for Lead from Large Lead-Acid Battery Recycling Facilities, in November 2010, to ensure that lead emissions do not exceed the new federal standard. Further, in May 2012, the SCAQMD adopted the 2012 Lead SIP to address the revision to the federal lead standard, which outlines the strategy and pollution control activities to demonstrate attainment of the federal lead standard before December 31, 2015. The two affected facilities have been in compliance with the new lead standard since January 2012.

### ***Sulfates***

Sulfates ( $\text{SO}_x$ ) are chemical compounds which contain the sulfate ion and are part of the mixture of solid materials which make up  $\text{PM}_{10}$ . Most of the sulfates in the atmosphere are produced by oxidation of  $\text{SO}_2$ . Oxidation of sulfur dioxide yields sulfur trioxide ( $\text{SO}_3$ ) which reacts with water to form sulfuric acid, which contributes to acid deposition. The reaction of sulfuric acid with basic substances such as ammonia yields sulfates, a component of  $\text{PM}_{10}$  and  $\text{PM}_{2.5}$ .

Most of the health effects associated with fine particles and  $\text{SO}_2$  at ambient levels are also associated with  $\text{SO}_x$ . Thus, both mortality and morbidity effects have been observed with an increase in ambient  $\text{SO}_x$  concentrations. However, efforts to separate the effects of  $\text{SO}_x$  from the effects of other pollutants have generally not been successful.

Clinical studies of asthmatics exposed to sulfuric acid suggest that adolescent asthmatics are possibly a subgroup susceptible to acid aerosol exposure. Animal studies suggest that acidic particles such as sulfuric acid aerosol and ammonium bisulfate are more toxic than non-acidic particles like ammonium sulfate. Whether the effects are attributable to acidity or to particles remains unresolved.

In 2011, the state 24-hour sulfate standard (25  $\mu\text{g}/\text{m}^3$ ) was not exceeded in any of the monitoring locations in the district. There are no federal sulfate standards.

### ***Vinyl Chloride***

Vinyl chloride is a colorless, flammable gas at ambient temperature and pressure. It is also highly toxic and is classified by the American Conference of Governmental Industrial Hygienists (ACGIH) as A1 (confirmed carcinogen in humans) and by the International Agency for Research on Cancer (IARC) as 1 (known to be a human carcinogen)(Air Gas, 2010). At room temperature, vinyl chloride is a gas with a sickly sweet odor that is easily condensed. However, it is stored as a liquid. Due to the hazardous nature of vinyl chloride to human health there are no end products that use vinyl chloride in its monomer form. Vinyl chloride is a chemical intermediate, not a final product. It is an important industrial chemical chiefly used to produce polymer polyvinyl chloride (PVC). The process involves vinyl chloride liquid fed to polymerization reactors where it is converted from a monomer to a polymer PVC. The final

product of the polymerization process is PVC in either a flake or pellet form. Billions of pounds of PVC are sold on the global market each year. From its flake or pellet form, PVC is sold to companies that heat and mold the PVC into end products such as PVC pipe and bottles.

In the past, vinyl chloride emissions have been associated primarily with sources such as landfills. Risks from exposure to vinyl chloride are considered to be a localized impacts rather than regional impacts. Because landfills in the district are subject to SCAQMD 1150.1, which contains stringent requirements for landfill gas collection and control, potential vinyl chloride emissions are below the level of detection. Therefore, the SCAQMD does not monitor for vinyl chloride at its monitoring stations.

### ***Volatile Organic Compounds***

It should be noted that there are no state or national ambient air quality standards for VOCs because they are not classified as criteria pollutants. VOCs are regulated, however, because limiting VOC emissions reduces the rate of photochemical reactions that contribute to the formation of ozone. VOCs are also transformed into organic aerosols in the atmosphere, contributing to higher PM10 and lower visibility levels.

Although health-based standards have not been established for VOCs, health effects can occur from exposures to high concentrations of VOCs because of interference with oxygen uptake. In general, ambient VOC concentrations in the atmosphere are suspected to cause coughing, sneezing, headaches, weakness, laryngitis, and bronchitis, even at low concentrations. Some hydrocarbon components classified as VOC emissions are thought or known to be hazardous. Benzene, for example, one hydrocarbon component of VOC emissions, is known to be a human carcinogen.

### ***Visibility***

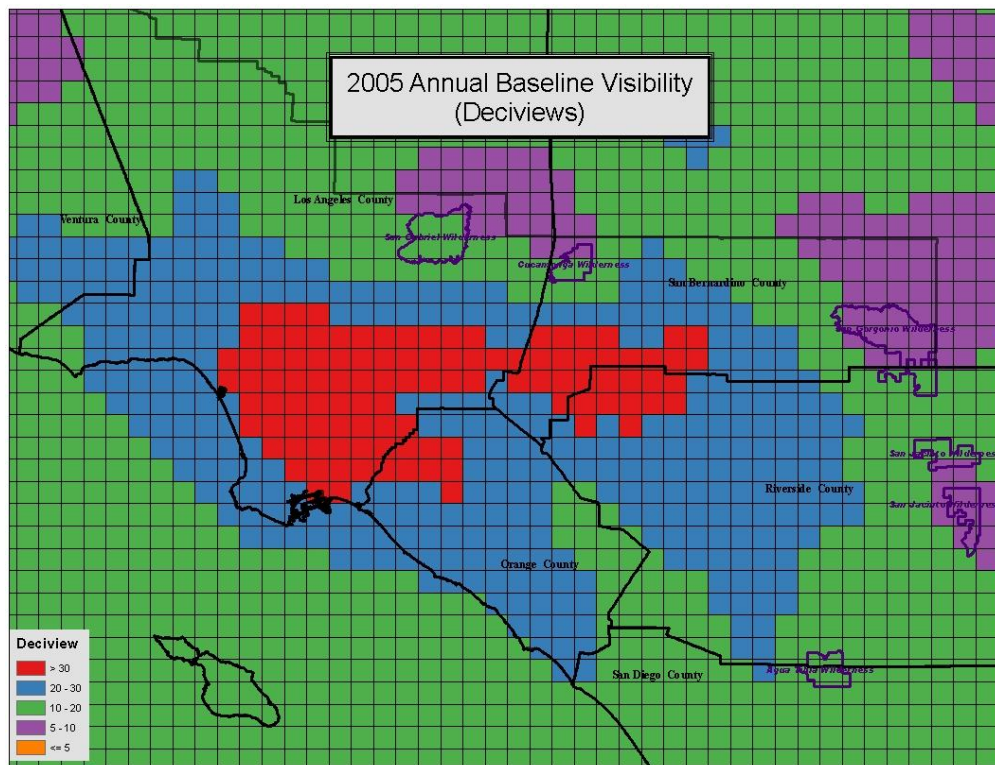
In 2005, annual average visibility at Rubidoux (Riverside), the worst case, was just over 10 miles. With the exception of Lake County, which is designated in attainment, all of the air districts in California are currently designated as unclassified with respect to the CAAQS for visibility reducing particles.

In Class-I wilderness areas, which typically have visual range measured in tens of miles the deciview metric is used to estimate an individual's perception of visibility. The deciview index works inversely to visual range which is measured in miles or kilometers whereby a lower deciview is optimal. In the South Coast Air Basin, the Class-I areas are typically restricted to higher elevations (greater than 6,000 feet above sea level) or far downwind of the metropolitan emission source areas. Visibility in these areas is typically unrestricted due to regional haze despite being in close proximity to the urban setting. The 2005 baseline deciview mapping of the Basin is presented in Figure 3-1. All of the Class-I wilderness areas reside in areas having average deciview values less than 20 with many portions of those areas having average deciview values less than 10. By contrast, Rubidoux, in the Basin has a deciview value exceeding 30.

### **Federal Regional Haze Rule**

The federal Regional Haze Rule, established by the U.S. EPA pursuant to CAA §169A, establishes the national goal to prevent future and remedy existing impairment of visibility in

federal Class I areas (such as federal wilderness areas and national parks). U.S. EPA's visibility regulations (40 CFR 51.300 through 51.309), require states to develop measures necessary to make reasonable progress towards remedying visibility impairment in these federal Class I areas. Section 169A and these regulations also require Best Available Retrofit Technology for certain large stationary sources that were put in place between 1962 and 1977. See Regional Haze Regulations and Guidelines for Best Available Retrofit Technology (BART) Determinations, 70 Federal Register 39104 (July 6, 2005).



**FIGURE 3-1**  
**2005 Annual Baseline Visibility**

### **California Visibility Standard**

Since deterioration of visibility is one of the most obvious manifestations of air pollution and plays a major role in the public's perception of air quality, the state of California has adopted a standard for visibility or visual range. Until 1989, the standard was based on visibility estimates made by human observers. The standard was changed to require measurement of visual range using instruments that measure light scattering and absorption by suspended particles.

The visibility standard is based on the distance that atmospheric conditions allow a person to see at a given time and location. Visibility reduction from air pollution is often due to the presence of sulfur and nitrogen oxides, as well as particulate matter. Visibility degradation occurs when visibility reducing particles are produced in sufficient amounts such that the extinction coefficient is greater than 0.23 inverse kilometers (to reduce the visual range to less than 10 miles) at relative humidity less than 70 percent, 8-hour average (from 10:00 a.m. to 6:00 p.m.) according to the state standard. Future-year visibility in the Basin is projected empirically using

the results derived from a regression analysis of visibility with air quality measurements. The regression data set consisted of aerosol composition data collected during a special monitoring program conducted concurrently with visibility data collection (prevailing visibility observations from airports and visibility measurements from district monitoring stations). A full description of the visibility analysis is given in Appendix V of the 2012 AQMP.

With future year reductions of PM<sub>2.5</sub> from implementation of all proposed emission controls for 2015, the annual average visibility would improve from 10 miles (calculated for 2008) to over 20 miles at Rubidoux, for example. Visual range in 2021 at all other Basin sites is expected to equal or exceed the Rubidoux visual range. Visual range is expected to double from the 2008 baseline due to reductions of secondary PM<sub>2.5</sub>, directly emitted PM<sub>2.5</sub> (including diesel soot) and lower nitrogen dioxide concentrations as a result of 2007 AQMP controls.

To meet Federal Regional Haze Rule requirements, CARB adopted the California Regional Haze Plan on January 22, 2009, addressing California's visibility goals through 2018. As stated in Table 3-2 above, California's statewide standard (applicable outside of the Lake Tahoe area) for Visibility Reducing Particles is an extinction coefficient of 0.23 per kilometer over an 8-hour averaging period. This translates to visibility of ten miles or more due to particles when relative humidity is less than 70 percent.

### ***Air Quality Management Plan***

Air Quality Management Plans (AQMPs) are developed to demonstrate attainment with the federal and state ambient air quality standards for the various criteria pollutants. The AQMP provides the latest emissions inventory from the variety of polluting sources in the region and a comprehensive control strategy to reduce those emissions to meet the standards. The purpose of the 2012 AQMP was to address the federal eight-hour and one-hour (revoked) ozone and PM<sub>2.5</sub> air quality standards, to satisfy the planning requirements of the federal Clean Air Act (CAA), and to develop transportation emission budgets using the latest approved motor vehicle emissions model and planning assumptions. The focus of the AQMP was to demonstrate attainment of the federal 24-hour PM<sub>2.5</sub> ambient air quality standard by 2014, while making expeditious progress toward attainment of state PM standards. In addition, to further implement the existing 8-hour ozone plan, the 2012 AQMP includes Section 182 (e)(5) implementation measures designed to assist in future attainment of the 8-hour ozone standard. The proposed control measures in the 2012 AQMP are based on implementing all feasible control measures through the application of available technologies and management practices as well as development and deployment of advanced technologies and control methods. Similar to the approaches taken in previous AQMPs, the SIP commitment includes an adoption and implementation schedule for each control measure. Each agency is also committed to achieving a total emission reduction target with the ability to substitute specified control measures for control measures deemed infeasible, as long as equivalent reductions are met by other means. These measures are also designed to satisfy the federal CAA requirement of reasonably available control technologies [§172 (c)], and the California requirement of Best Available Retrofit Control Technologies (BARCT) [Health and Safety Code §40440 (b)(1)].

The 2012 AQMP control measures consist of three components: 1) the SCAQMD's stationary and mobile source control measures; 2) suggested State mobile source control measures; and 3) Regional Transportation Strategy and control measures provided by Southern California

Association of Governments (SCAG). These measures rely on not only the traditional command-and-control approach, but also public incentive programs, as well as advanced technologies expected to be developed and deployed in the next several years.

The specific stationary and mobile source control measures from the 2012 AQMP are listed below in Tables 3-5 and 3-6, respectively.

**TABLE 3-5**  
**Stationary Source Control Measures Categorized by Source Type**

NUMBER	TITLE	CM TYPE	ADOPTION	IMPLEMENTATION PERIOD	REDUCTION (TPD)
<b>PM SOURCES</b>					
BCM-01 <i>(formerly MCS-04B)</i>	Further Reductions from Residential Wood Burning Devices [PM2.5]	Short-term 24-hr PM2.5	2013	2013-2014	7.1 <sup>a</sup>
BCM-02 <i>(new)</i>	Further Reductions from Open Burning [PM2.5]	Short-term 24-hr PM2.5	2013	2013-2014	4.6 <sup>b</sup>
BCM-03 <i>(formerly BCM-01 &amp; BCM-05 in the 2007 AQMP)</i>	Emission Reductions from Under-Fired Charbroilers [PM2.5]	Short-term 24-hr PM2.5	Phase I – 2013 <i>(Tech Assessment)</i> Phase II - TBD	TBD	1.0 <sup>c</sup>
BCM-04 <i>(formerly MCS-04B)</i>	Further Ammonia Reductions from Livestock Waste [NH3]	Short-term 24-hr PM2.5	Phase I – 2013-2014 <i>(Tech Assessment)</i> Phase II - TBD	TBD	TBD <sup>d</sup>
<b>COMBUSTION SOURCES</b>					
CMB-01 <sup>i</sup>	Further NOx Reductions from RECLAIM [NOx] – <i>Phase I</i>	Short-term 24-hr PM2.5	2013	2014	2-3
CMB-01 <sup>j</sup>	Further NOx Reductions from RECLAIM [NOx] – <i>Phase II</i>	Section 182 (e)(5) implementation	2015	2020	1-2
CMB-02	NOx Reductions from Biogas Flares [NOx]	Section 182 (e)(5) implementation	2015	Beginning 2017	Pending <sup>e</sup>
CMB-03	Reductions from Commercial Space Heating [NOx]	Section 182 (e)(5) implementation	Phase I – 2014 <i>(Tech Assessment)</i> Phase II - 2016	Beginning 2018	0.18 by 2023 0.6 (total)



**TABLE 3-5 (Continued)**  
**Stationary Source Control Measures Categorized by Source Type**

NUMBER	TITLE	CM TYPE	ADOPTION	IMPLEMENTATION PERIOD	REDUCTION (TPD)
<b>COATINGS AND SOLVENTS</b>					
CTS-01	Further VOC Reductions from Architectural Coatings (R1113) [VOC]	Section 182 (e)(5) implementation	2015 - 2016	2018 - 2020	2-4
CTS-02	Further Emission Reduction from Miscellaneous Coatings, Adhesives, Solvents and Lubricants [VOC]	Section 182 (e)(5) implementation	2013 - 2016	2015 - 2018	1-2
CTS-03	Further VOC Reductions from Mold Release Products [VOC]	Section 182 (e)(5) implementation	2014	2016	0.8 – 2
CTS-04	Further VOC Reductions from Consumer Products [VOC]	Section 182 (e)(5) implementation	2013 - 2015	2018	N/A <sup>f</sup>
<b>PETROLEUM OPERATIONS AND FUGITIVE VOC</b>					
FUG-01	VOC Reductions from Vacuum Trucks [VOC]	Section 182 (e)(5) implementation	2014	2016	1 <sup>g</sup>
FUG-02	Emission Reduction from LPG Transfer and Dispensing [VOC] – <i>Phase II</i>	Section 182 (e)(5) implementation	2015	2017	1-2
FUG-03	Further Reductions from Fugitive VOC Emissions [VOC]	Section 182 (e)(5) implementation	2015 -2016	2017-2018	1-2
<b>MULTIPLE COMPONENT SOURCES</b>					
MCS-01	Application of All Feasible Measures Assessment [All Pollutants]	Short-term 24-hr PM2.5 and section 182 (e)(5) implementation	Ongoing	Ongoing	TBD <sup>d</sup>
MCS-02	Further Emission Reductions from Green Waste Processing (Chipping and Grinding Operations Not Associated with Composting) [VOC]	Section 182 (e)(5) implementation	2015	2016	1 <sup>g</sup>
MCS-03 <i>(formerly MCS-06 in the 2007 AQMP)</i>	Improved Start-up, Shutdown and Turnaround Procedures [All Pollutants]	Section 182 (e)(5) implementation	Phase I – 2012 <i>(Tech Assessment)</i> Phase II - TBD	Phase I – 2013 <i>(Tech Assessment)</i> Phase II - TBD	TBD <sup>d</sup>

**TABLE 3-5 (Concluded)**  
**Stationary Source Control Measures Categorized by Source Type**

NUMBER	TITLE	CM TYPE	ADOPTION	IMPLEMENTATION PERIOD	REDUCTION (TPD)
<b>INDIRECT SOURCES</b>					
IND -01 (formerly MOB-03)	Backstop Measures for Indirect Sources of Emissions from Ports and Port-Related Sources [NOx, SOx, PM2.5]	Short-term 24-hr PM2.5	2013	12 months after trigger	N/A <sup>f</sup>
<b>INCENTIVE PROGRAMS</b>					
INC-01	Economic Incentive Programs to Adopt Zero and Near-Zero Technologies [NOx]	Section 182 (e)(5) implementation	2014	Within 12 months after funding availability	TBD <sup>h</sup>
INC-02	Expedited Permitting and CEQA Preparation Facilitating the Manufacturing of Zero and Near-Zero Technologies [All Pollutants]	Section 182 (e)(5) implementation	2014-2015	Beginning 2015	N/A <sup>f</sup>
<b>EDUCATIONAL PROGRAMS</b>					
EDU-01 (formerly MCS-02, MCS-03)	Further Criteria Pollutant Reductions from Education, Outreach and Incentives [All Pollutants]	Short-term 24-hr PM2.5 and Section 182 (e)(5) implementation	Ongoing	Ongoing	N/A <sup>f</sup>

a. Winter average day reductions based on episodic conditions and 75 percent compliance rate.

b. Reduction based on episodic day conditions.

c. Will submit into SIP once technically feasible and cost effective options are confirmed.

d. TBD are reductions to be determined once the technical assessment is complete, and inventory and control approach are identified.

e. Pending because emission reductions will be provided prior to the Final Draft.

f. N/A are reductions that cannot be quantified due to the nature of the measure (e.g., outreach, incentive programs) or if the measure is designed to ensure reductions that have been assumed to occur will, in fact, occur.

g. Reductions submitted in SIP once emission inventories are included in the SIP.

h. TBD are reductions to be determined once the inventory and control approach are identified.

i. Emission reductions are included in the SIP as a contingency measure.

If Control Measure CMB-01, RECLAIM Phase I, contingency measure emission reductions are not triggered and implemented, Phase II will target a cumulative 3-5 TPD of NOx emission reductions.

**TABLE 3-6  
Mobile Source Control Measures Categorized by Source Type**

<b>§182 (e)(5) PROPOSED IMPLEMENTATION 8-HOUR OZONE MEASURES - ON-ROAD MOBILE SOURCES</b>				
<b>CM Number</b>	<b>Title</b>	<b>Adoption</b>	<b>Implementation Period</b>	<b>Reduction (tpd)</b>
ONRD-01	Accelerated Penetration of Partial Zero-Emission and Zero Emission Vehicles [VOC, NOx, PM]	N/A	Ongoing	TBD <sup>a</sup>
ONRD-02	Accelerated Retirement of Older Light-Duty and Medium-Duty Vehicles [VOC, NOx, PM]	N/A	Ongoing	TBD <sup>a</sup>
ONRD-03	Accelerated Penetration of Partial Zero-Emission and Zero Emission Light Heavy-Duty Vehicles [NOx, PM]	N/A	Ongoing	TBD <sup>a</sup>
ONRD-04	Accelerated Retirement of Older Heavy-Duty Vehicles [NOx, PM]	N/A	Ongoing	TBD <sup>a,b</sup>
ONRD-05	Further Emission Reductions from Heavy-Duty Vehicles Serving Near-Dock Railyards [NOx, PM]	2014	2015-2020	0.75 [NOx] 0.025 [PM2.5]
<b>§182 (E)(5) PROPOSED IMPLEMENTATION 8-HOUR OZONE MEASURES – OFF-ROAD MOBILE SOURCES</b>				
OFFRD-01	Extension of the SOON Provision for Construction/Industrial Equipment [NOx]	N/A	Ongoing	7.5
OFFRD-02	Further Emission Reductions from Freight Locomotives [NOx, PM]	Ongoing	2015 -2023	12.7 [NOx] 0.32 [PM2.5]
OFFRD-03	Further Emission Reductions from Passenger Locomotives [NOx, PM]	Ongoing	Beginning 2014	3.0 [NOx] <sup>c</sup> 0.06 [PM2.5] <sup>c</sup>
OFFRD-04	Further Emission Reductions from Ocean-Going Marine Vessels While at Berth [NOx, PM]	N/A	Ongoing	TBD <sup>a</sup>
OFFRD-05	Emission Reductions from Ocean-Going marine Vessels [NOx]	N/A	Ongoing	TBD <sup>a</sup>

**TABLE 3-6 (Concluded)**  
**Mobile Source Control Measures Categorized by Source Type**

CM Number	Title	Adoption	Implementation Period	Reduction (tpd)
ADV-01	§182 (e) Proposed Implementation Measures for the Deployment of Zero- and Near-Zero Emission On-Road Heavy-Duty Vehicles [NOx]	N/A	2012 and on	TBD <sup>d</sup>
ADV-02	§182 (e) Proposed Implementation Measures for the Deployment of Zero- and Near-Zero Emission Locomotives [NOx]	N/A	2012 and on	TBD <sup>d</sup>
ADV-03	§182 (e) Proposed Implementation Measures for the Deployment of Zero- and Near-Zero Emission Cargo Handling Equipment [NOx]	N/A	2012 and on	TBD <sup>d</sup>
ADV-04	§182 (e) Proposed Implementation Measures for the Deployment of Cleaner Commercial Harborcraft [NOx]	N/A	2012 and on	TBD <sup>d</sup>
ADV-05	§182 (e) Proposed Implementation Measures for the Deployment of Cleaner Ocean-Going Marine Vessels [NOx]	N/A	2012 and on	TBD <sup>d</sup>
ADV-06	§182 (e) Proposed Implementation Measures for the Deployment of Cleaner Off-Road Equipment [NOx]	N/A	2012 and on	TBD <sup>d</sup>
ADV-07	§182 (e) Proposed Implementation Measures for the Deployment of Cleaner Aircraft Engines [NOx]	N/A	2012 and on	TBD <sup>d</sup>

- a) Emission reductions will be determined after projects are identified and implemented
- b) Reductions achieved locally in Mira Loma region
- c) Submitted into the SIP once technically feasible and cost effective options are confirmed
- d) Emission reductions will be quantified after the projects are demonstrated.

### ***Non-Criteria Pollutants***

Although the SCAQMD's primary mandate is attaining the State and National Ambient Air Quality Standards for criteria pollutants within the district, SCAQMD also has a general responsibility pursuant to Health and Safety Code (HSC) §41700 to control emissions of air contaminants and prevent endangerment to public health. Additionally, state law requires the SCAQMD to implement airborne toxic control measures (ATCM) adopted by CARB, and to implement the Air Toxics "Hot Spots" Act. As a result, the SCAQMD has regulated pollutants other than criteria pollutants such as TACs, greenhouse gases and stratospheric ozone depleting compounds (ODCs). The SCAQMD has developed a number of rules to control non-criteria pollutants from both new and existing sources. These rules originated through state directives, CAA requirements, or the SCAQMD rulemaking process.

In addition to promulgating non-criteria pollutant rules, the SCAQMD has been evaluating AQMP control measures as well as existing rules to determine whether or not they would affect, either positively or negatively, emissions of non-criteria pollutants. For example, rules in which VOC components of coating materials are replaced by a non-photochemically reactive chlorinated substance would reduce the impacts resulting from ozone formation, but could increase emissions of toxic compounds or other substances that may have adverse impacts on human health.

The following subsections summarize the existing setting for the two major categories of non-criteria pollutants: compounds that contribute to TACs global climate change, and stratospheric ozone depletion.

### **Air Quality – Toxic Air Contaminants**

#### **Federal**

Under Section 112 of the CAA, U.S. EPA is required to regulate sources that emit one or more of the 187 federally listed hazardous air pollutants (HAPs). HAPs are air toxic pollutants identified in the CAA, which are known or suspected of causing cancer or other serious health effects. The federal HAPs are listed on the U.S. EPA website at <http://www.epa.gov/ttn/atw/orig189.html>. In order to implement the CAA, approximately 100 National Emission Standards for Hazardous Air Pollutants (NESHAPs) have been promulgated by U.S. EPA for major sources (sources emitting greater than 10 tons per year of a single HAP or greater than 25 tons per year of multiple HAPs). The SCAQMD can either directly implement NESHAPs or adopt rules that contain requirements at least as stringent as the NESHAP requirements. However, since NESHAPs often apply to sources in the district that are controlled, many of the sources that would have been subject to federal requirements already comply or are exempt.

In addition to the major source NESHAPs, U.S. EPA has also controlled HAPs from urban areas by developing Area Source NESHAPs under their Urban Air Toxics Strategy. U.S. EPA defines an area source as a source that emits less than 10 tons annually of any single hazardous air pollutant or less than 25 tons annually of a combination of hazardous air pollutants. The CAA requires the U.S. EPA to identify a list of at least 30 air toxics that pose the greatest potential health threat in urban areas. U.S. EPA is further required to identify and establish a list of area source categories that represent 90 percent of the emissions of the 30 urban air toxics associated with area sources, for which Area Source NESHAPs are to be developed under the CAA. U.S. EPA has identified a total of 70 area source categories with regulations promulgated for more than 30 categories so far.

The federal toxics program recognizes diesel engine exhaust as a health hazard, however, diesel particulate matter itself is not one of their listed toxic air contaminants. Rather, each toxic compound in the speciated list of compounds in exhaust is considered separately. Although there are no specific NESHAP regulations for diesel PM, diesel particulate emission reductions are realized through federal regulations including diesel fuel standards and emission standards for stationary, marine, and locomotive engines; and idling controls for locomotives.

### *State*

The California air toxics program was based on the CAA and the original federal list of hazardous air pollutants. The state program was established in 1983 under the Toxic Air Contaminant Identification and Control Act, Assembly Bill (AB) 1807, Tanner. Under the state program, toxic air contaminants are identified through a two-step process of risk identification and risk management. This two-step process was designed to protect residents from the health effects of toxic substances in the air.

### *Control of TACs under the TAC Identification and Control Program*

California's TAC identification and control program, adopted in 1983 as AB 1807, is a two-step program in which substances are identified as TACs, and ATCMs are adopted to control emissions from specific sources. CARB has adopted a regulation designating all 188 federal hazardous air pollutants (HAPs) as TACs.

ATCMs are developed by CARB and implemented by the SCAQMD and other air districts either directly or through the adoption of regulations of equal or greater stringency. Generally, the ATCMs reduce emissions to achieve exposure levels below a determined health threshold. If no such threshold levels are determined, emissions are reduced to the lowest level achievable through the best available control technology unless it is determined that an alternative level of emission reduction is adequate to protect public health.

Under California law, a federal NESHAP automatically becomes a state ATCM, unless CARB has already adopted an ATCM for the source category. Once a NESHAP becomes an ATCM, CARB and each air pollution control or air quality management district have certain responsibilities related to adoption or implementation and enforcement of the NESHAP/ATCM.

### *Control of TACs under the Air Toxics "Hot Spots" Act*

The Air Toxics Hot Spots Information and Assessment Act of 1987 (AB 2588) establishes a state-wide program to inventory and assess the risks from facilities that emit TACs and to notify the public about significant health risks associated with the emissions. Facilities are phased into the AB 2588 program based on their emissions of criteria pollutants or their occurrence on lists of toxic emitters compiled by the SCAQMD. Phase I consists of facilities that emit over 25 tons per year of any criteria pollutant and facilities present on the SCAQMD's toxics list. Phase I facilities entered the program by reporting their air TAC emissions for calendar year 1989. Phase II consists of facilities that emit between 10 and 25 tons per year of any criteria pollutant, and submitted air toxic inventory reports for calendar year 1990 emissions. Phase III consists of certain designated types of facilities which emit less than 10 tons per year of any criteria pollutant, and submitted inventory reports for calendar year 1991 emissions. Inventory reports are required to be updated every four years under the state law.

### *Air Toxics Control Measures*

As part of its risk management efforts, CARB has passed state ATCMs to address air toxics from mobile and stationary sources. Some key ATCMs for stationary sources include reductions of benzene emissions from service stations, hexavalent chromium emissions from chrome plating, perchloroethylene emissions from dry cleaning, ethylene oxide emissions from sterilizers, and multiple air toxics from the automotive painting and repair industries.

Many of CARB's recent ATCMs are part of the CARB Risk Reduction Plan to Reduce Particulate Matter Emissions from Diesel-Fueled Engines and Vehicles (DRRP), which was adopted in September 2000 (<http://www.arb.ca.gov/diesel/documents/rrpapp.htm>) with the goal of reducing diesel particulate matter emissions from compression ignition engines and associated health risk by 75 percent by 2010 and 85 percent by 2020. The DRRP includes strategies to reduce emissions from new and existing engines through the use of ultra-low sulfur diesel fuel, add-on controls, and engine replacement. In addition to stationary source engines, the plan addresses diesel PM emissions from mobile sources such as trucks, buses, construction equipment, locomotives, and ships.

### SCAQMD

SCAQMD has regulated criteria air pollutants using either a technology-based or an emissions limit approach. The technology-based approach defines specific control technologies that may be installed to reduce pollutant emissions. The emission limit approach establishes an emission limit, and allows industry to use any emission control equipment, as long as the emission requirements are met. The regulation of TACs often uses a health risk-based approach, but may also require a regulatory approach similar to criteria pollutants, as explained in the following subsections.

#### *Rules and Regulations*

Under the SCAQMD's toxic regulatory program there are 15 source-specific rules that target toxic emission reductions from over 10,000 sources such as metal finishing, spraying operations, dry cleaners, film cleaning, gasoline dispensing, and diesel-fueled stationary engines to name a few. In addition, other rules targeting criteria pollutant emission reductions also may also produce co-benefits of reducing air toxic emissions. For example, Rule 461, which regulates VOC emissions from gasoline dispensing, may also reduce benzene emissions, a component of gasoline, while Rule 1124, which regulates VOC emissions from aerospace component and manufacturing operations, may also reduce air toxic emissions such as perchloroethylene, trichloroethylene, and methylene chloride emissions contained in solvents and coatings used in aerospace operations.

New and modified sources of toxic air contaminants in the district are subject to Rule 1401 - New Source Review of Toxic Air Contaminants. In addition, Rule 212 – Standards for Approving Permits, requires notification of the SCAQMD's intent to grant a permit to construct a significant project, a new or modified permit unit posing an maximum individual cancer risk of one in one million ( $1 \times 10^{-6}$ ) or greater, or a new or modified facility with criteria pollutant emissions exceeding specified daily maximums. Distribution of notice is required to all addresses within a 1/4-mile radius, or other area deemed appropriate by the SCAQMD. Rule 1401 currently controls emissions of carcinogenic and non-carcinogenic (health effects other than cancer) air contaminants from new, modified and relocated sources by specifying limits on cancer risk and hazard index (explained further in the following discussion), respectively. The rule lists nearly 300 TACs that are evaluated during the SCAQMD's permitting process for new, modified or relocated sources. During the past decade, more than 80 compounds have been added or had risk values amended. The addition of diesel particulate matter from diesel-fueled internal combustion engines as a TAC in March 2008 was the most significant of recent

amendments to the rule. Rule 1401.1 sets risk thresholds for new and relocated facilities near schools. The requirements are more stringent than those for other air toxics rules in order to provide additional protection to school children.

#### *Air Toxics Control Plan*

In March 2000, the SCAQMD Governing Board approved the Air Toxics Control Plan (ATCP) which was the first comprehensive plan in the nation to guide future toxic rulemaking and programs. The ATCP was developed to lay out the SCAQMD's air toxics control program which built upon existing federal, state, and local toxic control programs as well as co-benefits from implementation of State Implementation Plan (SIP) measures. The concept for the plan was an outgrowth of the Environmental Justice principles and the Environmental Justice Initiatives adopted by the SCAQMD Governing Board in October 1997. Monitoring studies and air toxics regulations that were created from these initiatives emphasized the need for a more systematic approach to reducing toxic air contaminants. The intent of the plan was to reduce exposure to air toxics in an equitable and cost-effective manner that promotes clean, healthful air in the district. The plan proposed control strategies to reduce toxic air contaminants in the district implemented between years 2000 and 2010 through cooperative efforts of the SCAQMD, local governments, CARB and U.S. EPA.

#### *2003 Cumulative Impact Reduction Strategies*

The SCAQMD Governing Board approved a cumulative impacts reduction strategy in September 2003. The resulting 25 cumulative impacts strategies were a key element of the 2004 Addendum to the ATCP. The strategies included rules, policies, funding, education, and cooperation with other agencies. Some of the key SCAQMD accomplishments related to the cumulative impacts reduction strategies were:

- Rule 1401.1 which set more stringent health risk requirements for new and relocated facilities near schools
- Rule 1470 which established diesel PM emission limits and other requirements for diesel-fueled engines
- Rule 1469.1 which regulated chrome spraying operations
- Rule 410 which addresses odors from transfer stations and material recovery facilities
- Intergovernmental Review comment letters for CEQA documents
- SCAQMD's land use guidance document
- Additional protection in toxics rules for sensitive receptors, such as more stringent requirements for chrome plating operations and diesel engines located near schools

#### *Addendum to the ATCP*

The Addendum to the ATCP (Addendum) was adopted by the SCAQMD Governing Board in 2004 and served as a status report regarding implementation of the various mobile and stationary source strategies in the 2000 ATCP and introduced new measures to further address air toxics.



*Clean Communities Plan*

On November 5, 2010, the SCAQMD Governing Board approved the 2010 Clean Communities Plan (CCP) whose objective is to reduce the exposure to air toxics and air-related nuisances throughout the district, with emphasis on cumulative impacts through community exposure reduction, community participation, communication and outreach, agency coordination, monitoring and compliance, source-specific programs, and nuisance. The 2010 CCP pilot study was implemented at: (1) the City of San Bernardino; and, (2) Boyle Heights and surrounding areas.

*Control of TACs under the Air Toxics "Hot Spots" Act*

In October 1992, the SCAQMD Governing Board adopted public notification procedures for Phase I and II facilities. These procedures specify that AB 2588 facilities must provide public notice when exceeding the following risk levels:

- Maximum Individual Cancer Risk: greater than 10 in one million ( $10 \times 10^{-6}$ )
- Total Hazard Index: greater than 1.0 for TACs except lead, or  $> 0.5$  for lead

Public notice is to be provided by letters mailed to all addresses and all parents of children attending school in the impacted area. In addition, facilities must hold a public meeting and provide copies of the facility risk assessment in all school libraries and a public library in the impacted area.

There are currently about 600 facilities in the SCAQMD's AB2588 program implemented through Rule 1402. Since 1992 when the state Health and Safety Code incorporated a risk reduction requirement in the program, the SCAQMD has reviewed and approved over 300 HRAs, 44 facilities were required to do a public notice, and 21 facilities were subject to risk reduction. Currently, over 96 percent of the facilities in the program have cancer risks below ten in a million and over 98 percent have acute and chronic hazard indices of less than one.

*Multiple Air Toxics Exposure Studies (MATES)*

In 1986, SCAQMD conducted the first MATES Study to determine the Basin-wide risks associated with major airborne carcinogens. Toxic air contaminants are determined by the U.S. EPA, and by the Cal/EPA, including the Office of Environmental Health Hazard Assessment and the ARB. For purposes of MATES, the California carcinogenic health risk factors were used. The maximum combined individual health risk for simultaneous exposure to pollutants under the study was estimated to be 600 to 5,000 in one million.

At its October 10, 1997 meeting, the SCAQMD Governing Board directed staff to conduct MATES II to include a monitoring program of 40 known air toxic compounds, an updated emissions inventory of toxic air contaminants, and a modeling effort to characterize health risks from hazardous air pollutants. The estimated basin-wide carcinogenic health risk from ambient measurements was 1,400 per million people. About 70 percent of the basin wide health risk was attributed to diesel particulate emissions; about 20 percent to other toxics associated with mobile sources (including benzene, butadiene, and formaldehyde); about 10 percent of basin wide health risk was attributed to stationary sources (which include industrial sources and other certain specifically identified commercial businesses such as dry cleaners and print shops.) The

MATES III Study consists of a monitoring program, an updated emissions inventory of toxic air contaminants, and a modeling effort to characterize carcinogenic health risk across the Basin. Besides toxics, additional measurements include organic carbon, elemental carbon, and total carbon, as well as, Particulate Matter (PM), including PM<sub>2.5</sub>.

MATES III revealed a general downward trend in air toxic pollutant concentrations with an estimated basin-wide lifetime carcinogenic health risk of 1,200 in one million. However, an upward trend was observed in the port areas. Mobile sources accounted for 94 percent of the basin-wide lifetime carcinogenic health risk with diesel exhaust particulate contributing to 84 percent of the mobile source basin-wide lifetime carcinogenic health risk. Non-diesel carcinogenic health risk was reduced declined by 50 percent from the MATES II values.

### Health Effects

#### *Carcinogenic Health Risks from Toxic Air Contaminants*

One of the primary health risks of concern due to exposure to TACs is the risk of contracting cancer. The carcinogenic potential of TACs is a particular public health concern because it is currently believed by many scientists that there is no "safe" level of exposure to carcinogens. Any exposure to a carcinogen poses some risk of causing cancer. It is currently estimated that about one in four deaths in the United States is attributable to cancer. About two percent of cancer deaths in the United States may be attributable to environmental pollution (Doll and Peto 1981). The proportion of cancer deaths attributable to air pollution has not been estimated using epidemiological methods.

#### *Non-Cancer Health Risks from Toxic Air Contaminants*

Unlike carcinogens, for most TAC non-carcinogens it is believed that there is a threshold level of exposure to the compound below which it will not pose a health risk. Cal/EPA's Office of Environmental Health Hazard Assessment (OEHHA) develops Reference Exposure Levels (RELs) for TACs which are health-conservative estimates of the levels of exposure at or below which health effects are not expected. The non-cancer health risk due to exposure to a TAC is assessed by comparing the estimated level of exposure to the REL. The comparison is expressed as the ratio of the estimated exposure level to the REL, called the hazard index (HI).

### Climate Change

Global climate change is a change in the average weather of the earth, which can be measured by wind patterns, storms, precipitation, and temperature. Historical records have shown that temperature changes have occurred in the past, such as during previous ice ages. Data indicate that the current temperature record differs from previous climate changes in rate and magnitude.

Gases that trap heat in the atmosphere are often called greenhouse gases (GHGs), comparable to a greenhouse, which captures and traps radiant energy. GHGs are emitted by natural processes and human activities. The accumulation of greenhouse gases in the atmosphere regulates the earth's temperature. 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 GHGs in the atmosphere. The six major GHGs are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulfur hexafluoride (SF<sub>6</sub>), hydrofluorocarbons (HFCs), and perfluorocarbon (PFCs). The

GHGs 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." Emissions from human activities such as fossil fuel combustion for electricity production and vehicles have elevated the concentration of these gases in the atmosphere.

CO<sub>2</sub> is an odorless, colorless greenhouse gas. Natural sources include the following: decomposition of dead organic matter; respiration of bacteria, plants, animals, and fungus; evaporation from oceans; and volcanic outgassing. Anthropogenic (human caused) sources of CO<sub>2</sub> are from burning coal, oil, natural gas, and wood.

CH<sub>4</sub> is a flammable gas and is the main component of natural gas. N<sub>2</sub>O, also known as laughing gas, is a colorless greenhouse gas. Some industrial processes such as fossil fuel-fired power plants, nylon production, nitric acid production, and vehicle emissions also contribute to the atmospheric load of N<sub>2</sub>O. HFCs are synthetic man-made chemicals that are used as a substitute for chlorofluorocarbons (whose production was stopped as required by the Montreal Protocol) for automobile air conditioners and refrigerants. The two main sources of PFCs are primary aluminum production and semiconductor manufacture. SF<sub>6</sub> is an inorganic, odorless, colorless, nontoxic, nonflammable gas. SF<sub>6</sub> is used for insulation in electric power transmission and distribution equipment, in the magnesium industry, in semiconductor manufacturing, and as a tracer gas for leak detection.

Scientific consensus, as reflected in recent reports issued by the United Nations Intergovernmental Panel on Climate Change, is that the majority of the observed warming over the last 50 years can be attributable to increased concentration of GHGs in the atmosphere due to human activities. Industrial activities, particularly increased consumption of fossil fuels (e.g., gasoline, diesel, wood, coal, etc.), have heavily contributed to the increase in atmospheric levels of GHGs. The United Nations Intergovernmental Panel on Climate Change constructed several emission trajectories of greenhouse gases needed to stabilize global temperatures and climate change impacts. It concluded that a stabilization of greenhouse gases at 400 to 450 ppm carbon dioxide-equivalent concentration is required to keep global mean warming below two degrees Celsius, which is assumed to be necessary to avoid dangerous impacts from climate change.

The potential health effects from global climate change may arise from temperature increases, climate-sensitive diseases, extreme events, air quality impacts, and sea level rise. There may be direct temperature effects through increases in average temperature leading to more extreme heat waves and less extreme cold spells. Those living in warmer climates are likely to experience more stress and heat-related problems (e.g., heat rash and heat stroke). In addition, climate sensitive diseases may increase, such as those spread by mosquitoes and other disease carrying insects. Those diseases include malaria, dengue fever, yellow fever, and encephalitis. Extreme events such as flooding, hurricanes, and wildfires can displace people and agriculture, which would have negative consequences. Drought in some areas may increase, which would decrease water and food availability. Global warming may also contribute to air quality problems from increased frequency of smog and particulate air pollution.

The impacts of climate change will also affect projects in various ways. Effects of climate change are rising sea levels and changes in snow pack. The extent of climate change impacts at specific locations remains unclear. It is expected that Federal, State and local agencies will more precisely quantify impacts in various regions. As an example, it is expected that the California Department of Water Resources will formalize a list of foreseeable water quality issues associated with various degrees of climate change. Once state government agencies make these lists available, they could be used to more precisely determine to what extent a project creates global climate change impacts.

### Federal

#### *Greenhouse Gas Endangerment Findings*

On December 7, 2009, the U.S. EPA Administrator signed two distinct findings regarding greenhouse gases under section 202(a) of the CAA. It was concluded in the Endangerment Finding that CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, and SF<sub>6</sub> taken in combination endanger both the public health and the public welfare of current and future generations. The Cause or Contribute Finding stated that the combined emissions from motor vehicles and motor vehicle engines contribute to the greenhouse gas air pollution that endangers public health and welfare. These findings were a prerequisite for implementing GHG standards for vehicles. The U.S. EPA and the National Highway Traffic Safety Administration (NHTSA) finalized emission standards for light-duty vehicles in May 2010 and for heavy-duty vehicles in August of 2011.

#### *Renewable Fuel Standard*

The RFS program was established under the Energy Policy Act (EPAAct) of 2005, which required 7.5 billion gallons of renewable-fuel to be blended into gasoline by 2012. Under the Energy Independence and Security Act (EISA) of 2007, the RFS program was expanded to include diesel, required the volume of renewable fuel blended into transportation fuel be increased from nine billion gallons in 2008 to 36 billion gallons by 2022, established new categories of renewable fuel and required U.S. EPA to apply lifecycle GHG performance threshold standards so that each category of renewable fuel emits fewer greenhouse gases than the petroleum fuel it replaces. The RFS is expected to reduce greenhouse gas emissions by 138 million metric tons, about the annual emissions of 27 million passenger vehicles, replacing about seven percent of expected annual diesel consumption and decreasing oil imports by \$41.5 billion.

As a result of a ruling by U.S. Court of Appeals for D.C. in January 2013, US EPA took regulatory action proposing to establish the annual percentage standards for 2013 for cellulosic, biomass-based diesel, advanced biofuel, and total renewable fuels that apply to all gasoline and diesel produced or imported in year 2013.

#### *GHG Tailoring Rule*

On May 13, 2010, U.S. EPA finalized the Tailoring Rule to phase in the applicability of the PSD and Title V operating permit programs for GHGs. The rule was tailored to include the largest GHG emitters, while excluding smaller sources (restaurants, commercial facilities and small farms). The first step (January 2, 2011 to June 30, 2011) addressed the largest sources that contributed 65 percent of the stationary GHG sources. Title V GHG requirements were triggered only when affected facility owners/operators were applying, renewing or revising their permits

for non-GHG pollutants. PSD GHG requirements were applicable only if sources were undergoing permitting actions for other non-GHG pollutants and the permitted action would increase GHG emission by 75,000 metric tons of CO<sub>2</sub>e per year or more.

The second step (July 1, 2011 to June 30, 2013), included sources that emit or have the potential to emit 100,000 of CO<sub>2</sub>e metric tons per year or more. Newly constructed sources that are not major sources for non-GHG pollutants would not be subject to PSD GHG requirements unless it emits 100,000 tons of CO<sub>2</sub>e per year or more. Modifications to a major source would not be subject to PSD GHG requirements unless it generates a net increase of 75,000 tons of CO<sub>2</sub>e per year or more. Sources not subject to Title V would not be subject to Title V GHG requirements unless 100,000 tons of CO<sub>2</sub>e per year or more would be emitted.

The third step of the Tailoring Rule was finalized on July 12, 2012. The third step determined not to lower the current PSD and Title V applicability thresholds for GHG-emitting sources established in the Tailoring Rule for Steps 1 and 2. The rule also promulgates regulatory revisions for better implementation of the federal program for establishing plantwide applicability limitations (PALs) for GHG emissions, which will improve the administration of the GHG PSD permitting programs.

#### *GHG Reporting Program*

U.S. EPA issued the Mandatory Reporting of Greenhouse Gases Rule (40 CFR Part 98) under the 2008 Consolidated Appropriations Act. The Mandatory Reporting of Greenhouse Gases Rule requires reporting of GHG data from large sources and suppliers under the Greenhouse Gas Reporting Program (GHGRP). Suppliers of certain products that would result in GHG emissions if released, combusted or oxidized; direct emitting source categories; and facilities that inject CO<sub>2</sub> underground for geologic sequestration or any purpose other than geologic sequestration are included. Facilities that emit 25,000 metric tons or more per year of GHGs in CO<sub>2</sub> equivalents (CO<sub>2</sub>e) are required to submit annual reports to U.S. EPA. For the 2010 calendar, there were 6,260 entities that reported GHG data under this program, and 467 of the entities reporting were from California. Of the 3,200 million metric tons of CO<sub>2</sub>e that were reported nationally, 112 million metric tons were from California. Power plants were the largest stationary source of direct U.S. GHG emissions with 2,326 million metric tons of CO<sub>2</sub>e, followed by refineries with 183 million metric tons of CO<sub>2</sub>e. CO<sub>2</sub> emissions accounted for largest share of direct emissions with 95 percent, followed by methane with four percent, and nitrous oxide and fluorinated gases representing the remaining one percent.

#### State

##### *Executive Order S-3-05*

In June 2005, then Governor Schwarzenegger signed Executive Order S-3-05, which established emission reduction targets. The goals would reduce GHG emissions to 2000 levels by 2010, then to 1990 levels by 2020, and to 80 percent below 1990 levels by 2050.

##### *AB 32: Global Warming Solutions Act*

On September 27, 2006, Assembly Bill (AB) 32, the California Global Warming Solutions Act of 2006, was enacted by the State of California and signed by Governor Schwarzenegger. AB 32

expanded on Executive Order #S-3-05. The legislature stated that “global warming poses a serious threat to the economic well-being, public health, natural resources, and the environment of California.” AB 32 represents the first enforceable state-wide program in the United States to cap all GHG emissions from major industries that includes penalties for non-compliance. While acknowledging that national and international actions will be necessary to fully address the issue of global warming, AB 32 lays out a program to inventory and reduce greenhouse gas emissions in California and from power generation facilities located outside the state that serve California residents and businesses.

AB 32 requires CARB to:

- Establish a statewide GHG emissions cap for 2020, based on 1990 emissions by January 1, 2008;
- Adopt mandatory reporting rules for significant sources of GHG by January 1, 2008;
- Adopt an emissions reduction plan by January 1, 2009, indicating how emissions reductions will be achieved via regulations, market mechanisms, and other actions; and
- Adopt regulations to achieve the maximum technologically feasible and cost-effective reductions of GHG by January 1, 2011.

The combination of Executive Order #S-3-05 and AB 32 will require significant development and implementation of energy efficient technologies and shifting of energy production to renewable sources.

Consistent with the requirement to develop an emission reduction plan, CARB prepared a Scoping Plan indicating how GHG emission reductions will be achieved through regulations, market mechanisms, and other actions. The Scoping Plan was released for public review and comment in October 2008 and approved by CARB on December 11, 2008. The Scoping Plan calls for reducing greenhouse gas emissions to 1990 levels by 2020. This means cutting approximately 30 percent from business-as-usual (BAU) emission levels projected for 2020, or about 15 percent from today’s levels. Key elements of CARB staff’s recommendations for reducing California’s greenhouse gas emissions to 1990 levels by 2020 contained in the Scoping Plan include the following:

- Expansion and strengthening of existing energy efficiency programs and building and appliance standards;
- Expansion of the Renewables Portfolio Standard to 33 percent;
- Development of a California cap-and-trade program that links with other Western Climate Initiative (WCI) Partner programs to create a regional market system;
- Establishing targets for transportation-related greenhouse gases and pursuing policies and incentives to achieve those targets;
- Adoption and implementation of existing State laws and policies, including California’s clean car standards, goods movement measures, and the Low Carbon Fuel Standard; and
- Targeted fees, including a public good charge on water use, fees on high GWP gases and a fee to fund the state’s long-term commitment to AB 32 administration.

In response to the comments received on the Draft Scoping Plan and at the November 2008 public hearing, CARB made a few changes to the Draft Scoping Plan, primarily to:

- State that California “will transition to 100 percent auction” of allowances and expects to “auction significantly more [allowances] than the Western Climate Initiative minimum;”
- Make clear that allowance set-asides could be used to provide incentives for voluntary renewable power purchases by businesses and individuals and for increased energy efficiency;
- Make clear that allowance set-asides can be used to ensure that voluntary actions, such as renewable power purchases, can be used to reduce greenhouse gas emissions under the cap;
- Provide allowances are not required from carbon neutral projects; and
- Mandate that commercial recycling be implemented to replace virgin raw materials with recyclables.

In 2009, total California greenhouse gas emissions were 457 million metric tons of carbon dioxide equivalent (MMT<sub>CO2e</sub>); net emissions were 453 MMT<sub>CO2e</sub>, reflecting the influence of sinks (net CO<sub>2</sub> flux from forestry). While total emissions have increased by 5.5 percent from 1990 to 2009, emissions decreased by 5.8 percent from 2008 to 2009 (485 to 457 MMT<sub>CO2e</sub>). The total net emissions between 2000 and 2009 decreased from 459 to 453 MMT<sub>CO2e</sub>, representing a 1.3 percent decrease from 2000 and a 6.1 percent increase from the 1990 emissions level. The transportation sector accounted for approximately 38 percent of the total emissions, while the industrial sector accounted for approximately 20 percent. Emissions from electricity generation were about 23 percent with almost equal contributions from in-state and imported electricity.

Per capita emissions in California have slightly declined from 2000 to 2009 (by 9.7 percent), but the overall nine percent increase in population during the same period offsets the emission reductions. From a per capita sector perspective, industrial per capita emissions have declined 21 percent from 2000 to 2009, while per capita emissions for ODCs substitutes saw the highest increase (52 percent).

From a broader geographical perspective, the state of California ranked second in the United States for 2007 greenhouse gas emissions, only behind Texas. However, from a per capita standpoint, California had the 46th lowest GHG emissions. On a global scale, California had the 14th largest carbon dioxide emissions and the 19th largest per capita emissions. The GHG inventory is divided into three categories: stationary sources, on-road mobile sources, and off-road mobile sources.

#### *AB 1493 Vehicular Emissions: Carbon Dioxide*

Prior to the U.S. EPA and NHTSA joint rulemaking, the Governor signed Assembly Bill (AB) 1493 (2002). AB 1493 requires that CARB develop and adopt, by January 1, 2005, regulations that achieve “the maximum feasible reduction of greenhouse gases emitted by passenger vehicles and light-duty trucks and other vehicles determined by CARB to be vehicles whose primary use is noncommercial personal transportation in the state.”

CARB originally approved regulations to reduce GHGs from passenger vehicles in September 2004, with the regulations to take effect in 2009 (Amendments to CCR Title 13, Sections 1900 and 1961 (13 CCR 1900, 1961), and adoption of Section 1961.1 (13 CCR 1961.1)). California’s

first request to the U.S. EPA to implement GHG standards for passenger vehicles was made in December 2005 and denied in March 2008. The U.S. EPA then granted California the authority to implement GHG emission reduction standards for new passenger cars, pickup trucks and sport utility vehicles on June 30, 2009.

On April 1, 2010, the CARB filed amended regulations for passenger vehicles as part of California's commitment toward the National Program to reduce new passenger vehicle GHGs from 2012 through 2016. The amendments will prepare California to harmonize its rules with the federal Light-Duty Vehicle GHG Standards and CAFE Standards (discussed above).

*Senate Bill 1368 (2006)*

SB 1368 is the companion bill of AB 32 and was signed by Governor Schwarzenegger in September 2006. SB 1368 requires the California Public Utilities Commission (PUC) to establish a greenhouse gas emission performance standard for baseload generation from investor owned utilities by February 1, 2007. The California Energy Commission (CEC) must establish a similar standard for local publicly owned utilities by June 30, 2007. These standards cannot exceed the greenhouse gas emission rate from a baseload combined-cycle natural gas fired plant. The legislation further requires that all electricity provided to California, including imported electricity, must be generated from plants that meet the standards set by the PUC and CEC.

*Executive Order S-1-07 (2007)*

Governor Schwarzenegger signed Executive Order S-1-07 in 2007 which finds that the transportation sector is the main source of GHG emissions in California. The executive order proclaims the transportation sector accounts for over 40 percent of statewide GHG emissions. The executive order also establishes a goal to reduce the carbon intensity of transportation fuels sold in California by a minimum of 10 percent by 2020.

In particular, the executive order established a Low-Carbon Fuel Standard (LCFS) and directed the Secretary for Environmental Protection to coordinate the actions of the CEC, the ARB, the University of California, and other agencies to develop and propose protocols for measuring the "life-cycle carbon intensity" of transportation fuels. This analysis supporting development of the protocols was included in the State Implementation Plan for alternative fuels (State Alternative Fuels Plan adopted by CEC on December 24, 2007) and was submitted to CARB for consideration as an "early action" item under AB 32. CARB adopted the LCFS on April 23, 2009.

*Senate Bill 375 (2008)*

SB 375, signed in September 2008, aligns regional transportation planning efforts, regional GHG reduction targets, and land use and housing allocation. As part of the alignment, SB 375 requires Metropolitan Planning Organizations (MPOs) to adopt a Sustainable Communities Strategy (SCS) or Alternative Planning Strategy (APS) which prescribes land use allocation in that MPO's Regional Transportation Plan (RTP). CARB, in consultation with MPOs, is required to provide each affected region with reduction targets for GHGs emitted by passenger cars and light trucks in the region for the years 2020 and 2035. These reduction targets will be updated every eight years but can be updated every 4 years if advancements in emissions technologies affect the reduction strategies to achieve the targets. CARB is also charged with reviewing each



MPO's SCS or APS for consistency with its assigned GHG emission reduction targets. If MPOs do not meet the GHG reduction targets, transportation projects located in the MPO boundaries would not be eligible for funding programmed after January 1, 2012.

CARB appointed the Regional Targets Advisory Committee (RTAC), as required under SB 375, on January 23, 2009. The RTAC's charge was to advise ARB on the factors to be considered and methodologies to be used for establishing regional targets. The RTAC provided its recommendation to CARB on September 29, 2009. The final targets were part of the 2012 Regional Transportation Plan (RTP) and are included in the 2012 AQMP.

*Executive Order S-13-08 (2008)*

Governor Schwarzenegger signed Executive Order S-13-08 on November 14, 2008 which directs California to develop methods for adapting to climate change through preparation of a statewide plan. The executive order directs OPR, in cooperation with the Resources Agency, to provide land use planning guidance related to sea level rise and other climate change impacts by May 30, 2009. The order also directs the Resources Agency to develop a state Climate Adaptation Strategy by June 30, 2009 and to convene an independent panel to complete the first California Sea Level Rise Assessment Report. The assessment report is required to be completed by December 1, 2010 and required to meet the following four criteria:

1. Project the relative sea level rise specific to California by taking into account issues such as coastal erosion rates, tidal impacts, El Niño and La Niña events, storm surge, and land subsidence rates;
2. Identify the range of uncertainty in selected sea level rise projections;
3. Synthesize existing information on projected sea level rise impacts to state infrastructure (e.g., roads, public facilities, beaches), natural areas, and coastal and marine ecosystems; and
4. Discuss future research needs relating to sea level rise in California.

*Senate Bills 1078 and 107 and Executive Order S-14-08 (2008)*

SB 1078 (Chapter 516, Statutes of 2002) requires retail sellers of electricity, including investor owned utilities and community choice aggregators, to provide at least 20 percent of their supply from renewable sources by 2017. SB 107 (Chapter 464, Statutes of 2006) changed the target date to 2010. In November 2008, then Governor Schwarzenegger signed Executive Order S-14-08, which expands the state's Renewable Portfolio Standard to 33 percent renewable power by 2020.

*SB X-1-2*

SB X1-2 was signed by Governor Edmund G. Brown, Jr., in April 2011. SB X1-2 created a new Renewables Portfolio Standard (RPS), which preempted the CARB's 33 percent Renewable Electricity Standard. The new RPS applies to all electricity retailers in the state including publicly owned utilities (POUs), investor-owned utilities, electricity service providers, and community choice aggregators. These entities must adopt the new RPS goals of 20 percent of retail sales from renewables by the end of 2013, 25 percent by the end of 2016, and the 33 percent requirement by the end of 2020.

### SCAQMD

The SCAQMD adopted a "Policy on Global Warming and Stratospheric Ozone Depletion" on April 6, 1990. The policy commits the SCAQMD to consider global impacts in rulemaking and in drafting revisions to the AQMP. In March 1992, the SCAQMD Governing Board reaffirmed this policy and adopted amendments to the policy to include support of the adoption of a California greenhouse gas emission reduction goal.

#### *Basin GHG Policy and Inventory*

The SCAQMD has established a policy, adopted by the SCAQMD Governing Board at its September 5, 2008 meeting, to actively seek opportunities to reduce emissions of criteria, toxic, and climate change pollutants. The policy includes the intent to assist businesses and local governments implementing climate change measures, decrease the agency's carbon footprint, and provide climate change information to the public.

On December 5, 2008, the SCAQMD Governing Board adopted the staff proposal for an interim GHG significance threshold for projects where the SCAQMD is lead agency. SCAQMD's recommended interim GHG significance threshold proposal uses a tiered approach to determining significance. Tier 1 consists of evaluating whether or not the project qualifies for any applicable exemption under CEQA. Tier 2 consists of determining whether or not the project is consistent with a GHG reduction plan that may be part of a local general plan, for example. Tier 3 establishes a screening significance threshold level to determine significance using a 90 percent emission capture rate approach, which corresponds to 10,000 metric tons of CO<sub>2</sub> equivalent emissions per year (MTCO<sub>2e</sub>/year). Tier 4, to be based on performance standards, is yet to be developed. Under Tier 5 the project proponent would allow offsets to reduce GHG emission impacts to less than the proposed screening level. If CARB adopts statewide significance thresholds, SCAQMD staff plans to report back to the SCAQMD Governing Board regarding any recommended changes or additions to the SCAQMD's interim threshold.

Table 3-7 presents the GHG emission inventory by major source categories in calendar year 2008, as identified in the 2012 AQMP, for the Basin. The emissions reported herein are based on in-basin energy consumption and do not include out-of-basin energy production (e.g., power plants, crude oil production) or delivery emissions (e.g., natural gas pipeline loss). Three major GHG pollutants have been included: CO<sub>2</sub>, N<sub>2</sub>O, and CH<sub>4</sub>. These GHG emissions are reported in MMTCO<sub>2e</sub>. Mobile sources generate 59.4 percent of the emissions and include not only vehicles, but also construction equipment, airport equipment, and oil and gas drilling equipment. The remaining 40.6 percent of the total Basin GHG emissions are from stationary and area sources. The largest stationary/area source is fuel combustion, which is 27.8 percent of the total Basin GHG emissions (68.6 percent of the GHG emissions from the stationary and area source category).

### **Air Quality – Ozone Depletion**

The Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol) is an international treaty designed to phase out halogenated hydrocarbons (chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs)), which are considered ozone depleting compounds (ODCs)). The Montreal Protocol was first signed in September 16, 1987 and has

been revised seven times. The United States ratified the original Montreal Protocol and each of its revisions.

#### Federal

Under Title VI of the CAA, U.S. EPA is responsible for programs that protect the stratospheric ozone layer. Title 40, Part 82 of the Code of Federal Regulations contains U.S. EPA's regulations to protect the ozone layer. U.S. EPA regulations phase out the production and import of ODCs consistent with the Montreal Protocol. ODCs are typically used as refrigerants or as foam blowing agents. ODCs are regulated as Class I or Class II controlled substances. Class I substances have a higher ozone-depleting potential and have been completely phased out in the U.S., except for exemptions allowed under the Montreal Protocol. Class II substances are hydrochlorofluorocarbons (HCFCs), which are transitional substitutes for many Class I substances and are being phased out.

#### State

##### *AB 32: Global Warming Solutions Act*

Some ODCs exhibit high global warming potentials. As stated in Section 3.2.3.1, ARB developed a cap and trade regulation under AB 32. The cap and trade regulation includes the Compliance Offset Protocol Ozone Depleting Substances Projects, which provides methods to quantify and report GHG emission reductions associated with the destruction of high global warming potential ODCs sourced from and destroyed within the U.S. that would have otherwise been released to the atmosphere. The protocol must be used to quantify and report GHG reductions under the ARB's GHG Cap and Trade Regulation.

##### *Refrigerant Management Program*

As part AB 32, ARB adopted a regulation (Refrigerant Management Program) in 2009 to reduce GHG emissions from stationary sources through refrigerant leak detection and monitoring, leak repair, system retirement and retrofitting, reporting and recordkeeping, and proper refrigerant cylinder use, sale, and disposal.

**TABLE 3-7  
2008 GHG Emissions for Basin**

CODE	Source Category	Emission (TPD)			Emission (TPY)			MMTONS
		CO2	N2O	CH4	CO2	N2O	CH4	CO2e
<b>Fuel Combustion</b>								
10	Electric Utilities	34,303	.08	0.71	12,520,562	29.0	258	11.4
20	Cogeneration	872	.00	0.02	318,340	0.60	6.00	0.29
30	Oil and Gas Production (combustion)	2,908	.01	0.08	1,061,470	4.71	29.5	0.96
40	Petroleum Refining (Combustion)	44,654	.06	0.57	16,298,766	20.7	207	14.8
50	Manufacturing and Industrial	22,182	.06	0.48	8,096,396	20.9	174	7.35
52	Food and Agricultural Processing	927	00	0.02	338,516	0.84	7.16	0.31
60	Service and Commercial	21,889	0.08	0.59	7,989,416	30.8	215	7.26
99	Other (Fuel Combustion)	2,241	0.2	0.16	818,057	8.58	58	0.75
<b>Total Fuel Combustion</b>		<b>129,977</b>	<b>0.32</b>	<b>2.62</b>	<b>47,441,523</b>	<b>116</b>	<b>956</b>	<b>43.1</b>
<b>Waste Disposal</b>								
110	Sewage Treatment	26.4	0.00	0.00	9,653	0.12	1.50	0.01
120	Landfills	3,166	0.04	505	1,155,509	14.0	184,451	4.57
130	Incineration	580	0.00	0.02	211,708	0.81	5.48	0.19
199	Other (Waste Disposal)			2.25	0	0.00	820	0.02
<b>Total Waste Disposal</b>		<b>3,772</b>	<b>0.04</b>	<b>508</b>	<b>1,376,870</b>	<b>14.9</b>	<b>185,278</b>	<b>4.78</b>
<b>Cleaning and Surface Coatings</b>								
210	Laundering							
220	Degreasing							
230	Coatings and Related Processes	27.1	0.00	0.21	9,890	0.02	78.0	0.01
240	Printing			0.00	0	0.00	0.00	0.00
250	Adhesives and Sealants			0.00	0	0.00	0.00	0.00
299	Other (Cleaning and Surface Coatings)	2,621	0.00	0.12	956,739	1.20	43.9	0.87
<b>Total Cleaning and Surface Coatings</b>		<b>2,648</b>	<b>0.00</b>	<b>0.33</b>	<b>966,628</b>	<b>1.22</b>	<b>122</b>	<b>0.88</b>
<b>Petroleum Production and Marketing</b>								
310	Oil and Gas Production	92.1	0.00	0.92	33,605	0.06	336	0.04
320	Petroleum Refining	770	0.00	1.65	280,932	0.36	603	0.27
330	Petroleum Marketing			83.8	0	0.00	30,598	0.58
399	Other (Petroleum Production and Marketing)			0.00	0	0.00	0	0.00
<b>Total Petroleum Production and Marketing</b>		<b>862</b>	<b>0.00</b>	<b>86.4</b>	<b>314,536</b>	<b>0.42</b>	<b>31,537</b>	<b>0.89</b>

**TABLE 3-7 (Continued)**  
**2008 GHG Emissions for Basin**

CODE	Source Category	Emission (TPD)			Emission (TPY)			MMTONS
		CO2	N2O	CH4	CO2	N2O	CH4	CO2e
<b>Industrial Processes</b>								
410	Chemical			0.92	0	0.00	337	0.01
420	Food and Agriculture			0.02	0	0.00	7.10	0.00
430	Mineral Processes	279	0.00	0.05	101,804	0.19	17.3	0.09
440	Metal Processes			0.02	0	0.00	9.10	0.00
450	Wood and Paper			0.00	0	0.00	0.00	0.00
460	Glass and Related Products			0.00	0	0.00	0.90	0.00
470	Electronics			0.00	0	0.00	0.00	0.00
499	Other (Industrial Processes)	0.08	0.00	0.47	28	0.00	172	0.00
<b>Total Industrial Processes</b>		<b>279</b>	<b>0.00</b>	<b>1.49</b>	<b>101,832</b>	<b>0.19</b>	<b>543</b>	<b>0.10</b>
<b>Solvent Evaporation</b>								
510	Consumer Products			0.00	0.00	0.00	0.00	0.00
520	Architectural Coatings and Related Solvent			0.00	0.00	0.00	0.00	0.00
530	Pesticides/Fertilizers			0.00	0.00	0.00	0.00	0.00
540	Asphalt Paving/Roofing			0.07	0.00	0.00	24.20	0.00
<b>Total Solvent Evaporation</b>		<b>0.00</b>	<b>0.00</b>	<b>0.07</b>	<b>0.00</b>	<b>0.00</b>	<b>24.20</b>	<b>0.00</b>
<b>Miscellaneous Processes</b>								
610	Residential Fuel Combustion	38,850	0.12	0.95	14,180,326	45.3	347	12.9
620	Farming Operations			25.6	0.00	0.00	9,354	0.18
630	Construction and Demolition			0.00	0.00	0.00	0	0.00
640	Paved Road Dust			0.00	0.00	0.00	0	0.00
645	Unpaved Road Dust			0.00	0.00	0.00	0	0.00
650	Fugitive Windblown Dust			0.00	0.00	0.00	0	0.00
660	Fires			0.08	0.00	0.00	30.9	0.00
670	Waste Burning and Disposal			0.58	0.00	0.00	212	0.00
680	Utility Equipment				0.00	0.00		0.00
690	Cooking			0.64	0.00	0.00	235	0.00
699	Other (Miscellaneous Processes)			0.00	0.00	0.00	0	0.00
<b>Total Miscellaneous Processes</b>		<b>38,850</b>	<b>0.12</b>	<b>27.9</b>	<b>14,180,326</b>	<b>45.3</b>	<b>10,179</b>	<b>13.1</b>

**TABLE 3-7 (Concluded)  
2008 GHG Emissions for Basin**

CODE	Source Category	Emission (TPD)			Emission (TPY)			MMTONS
		CO2	N2O	CH4	CO2	N2O	CH4	CO2e
<b>On-Road Motor Vehicles</b>								
710	Light Duty Passenger Auto (LDA)	84,679	2.72	3.62	30,907,957	993	1,321	28.3
722	Light Duty Trucks 1 (T1 : up to 3750 lb.)	22,319	0.72	0.96	8,146,321	263	350	7.47
723	Light Duty Trucks 2 (T2 : 3751-5750 lb.)	33,495	1.08	1.43	12,225,619	392	523	11.2
724	Medium Duty Trucks (T3 : 5751-8500 lb.)	29,415	0.94	1.25	10,736,309	343	456	9.85
732	Light Heavy Duty Gas Trucks 1 (T4 : 8501-10000 lb.)	8,195	0.16	0.21	2,991,059	57.3	76.7	2.73
733	Light Heavy Duty Gas Trucks 2 (T5 : 10001-14000 lb.)	1,116	0.05	0.07	407,174	19.0	25.6	0.38
734	Medium Heavy Duty Gas Trucks (T6 : 14001-33000 lb.)	727	0.02	0.20	265,506	5.48	73.0	0.24
736	Heavy Heavy Duty Gas Trucks ((HHDGT > 33000 lb.)	102	0.01	0.01	37,198	2.19	2.56	0.03
742	Light Heavy Duty Diesel Trucks 1 (T4 : 8501-10000 lb.)	2,166	0.02	0.02	790,600	6.94	7.30	0.72
743	Light Heavy Duty Diesel Trucks 2 (T5 : 10001-14000 lb.)	735	0.01	0.01	268,413	2.56	2.92	0.24
744	Medium Heavy Duty Diesel Truck (T6 : 14001-33000 lb.)	5,422	0.02	0.02	1,978,974	8.40	8.76	1.80
746	Heavy Heavy Duty Diesel Trucks (HHDDT > 33000 lb.)	17,017	0.05	0.05	6,211,247	17.5	16.4	5.64
750	Motorcycles (MCY)	7,959	0.26	0.34	2,904,910	94.9	124	2.66
760	Diesel Urban Buses (UB)	2,135	0.00	0.00	779,389	1.46	1.46	0.71
762	Gas Urban Buses (UB)	166	0.02	0.02	60,654	8.40	6.94	0.06
770	School Buses (SB)	337	0.00	0.00	122,995	1.46	1.46	0.11
776	Other Buses (OB)	927	0.00	0.00	338,430	0.73	0.73	0.31
780	Motor Homes (MH)	568	0.03	0.04	207,431	11.0	14.6	0.19
<b>Total On-Road Motor Vehicles</b>		<b>217,480</b>	<b>6.11</b>	<b>8.26</b>	<b>79,380,188</b>	<b>155</b>	<b>187</b>	<b>72.7</b>
<b>Other Mobile Sources</b>								
810	Aircraft	37,455	0.10	0.09	13,670,930	36.5	31.8	12.4
820	Trains	586	0.00	0.00	213,835	0.45	1.38	0.19
830	Ships and Commercial Boats	3,452	0.01	0.02	1,259,927	2.64	8.13	1.14
	Other Off-road sources (construction equipment, airport equipment, oil and gas drilling equipment)	16,080	1.72	8.84	5,869,123	628	3,226	5.56
<b>Total Other Mobile Sources</b>		<b>57,572</b>	<b>1.83</b>	<b>8.95</b>	<b>21,013,816</b>	<b>668</b>	<b>3,268</b>	<b>19.3</b>
<b>Total Stationary and Area Sources</b>		<b>176,388</b>	<b>0.49</b>	<b>626</b>	<b>64,381,716</b>	<b>178</b>	<b>228,639</b>	<b>63</b>
<b>Total On-Road Vehicles</b>		<b>217,480</b>	<b>6.11</b>	<b>8.26</b>	<b>79,380,188</b>	<b>155</b>	<b>187</b>	<b>73</b>
<b>Total Other Mobile*</b>		<b>57,572</b>	<b>1.83</b>	<b>8.95</b>	<b>21,013,816</b>	<b>668</b>	<b>3,268</b>	<b>19</b>
<b>Total 2008 Baseline GHG Emissions for Basin</b>		<b>451,440</b>	<b>8.42</b>	<b>644</b>	<b>164,775,719</b>	<b>1,001</b>	<b>232,094</b>	<b>155</b>

### HFC Emission Reduction Measures for Mobile Air Conditioning - Regulation for Small Containers of Automotive Refrigerant

The automotive refrigerant small containers regulation applies to the sale, use, and disposal of small containers of automotive refrigerant with a GWP greater than 150. Emission reductions are achieved through implementation of four requirements: 1) use of a self-sealing valve on the container, 2) improved labeling instructions, 3) a deposit and recycling program for small containers, and 4) an education program that emphasizes best practices for vehicle recharging. This regulation went into effect on January 1, 2010 with a one-year sell-through period for containers manufactured before January 1, 2010. The target recycle rate is initially set at 90 percent, and rose to 95 percent beginning January 1, 2012.

### SCAQMD

The SCAQMD adopted a "Policy on Global Warming and Stratospheric Ozone Depletion" on April 6, 1990. The policy targeted a transition away from chlorofluorocarbons (CFCs) as an industrial refrigerant and propellant in aerosol cans. In March 1992, the SCAQMD Governing Board reaffirmed this policy and adopted amendments to the policy to include the following directives for ODSs:

- Phase out the use and corresponding emissions of chlorofluorocarbons (CFCs), methyl chloroform (1,1,1-trichloroethane or TCA), carbon tetrachloride, and halons by December 1995;
- Phase out the large quantity use and corresponding emissions of hydrochlorofluorocarbons (HCFCs) by the year 2000;
- Develop recycling regulations for HCFCs; and
- Develop an emissions inventory and control strategy for methyl bromide.

### *Rule 1122 – Solvent Degreasers*

Rule 1122 applies to all persons who own or operate batch-loaded cold cleaners, open-top vapor degreasers, all types of conveyORIZED degreasers, and air-tight and airless cleaning systems that carry out solvent degreasing operations with a solvent containing Volatile Organic Compounds (VOCs) or with a NESHAP halogenated solvent. Some ODSs (carbon tetrachloride and 1,1,1-trichloroethane) are NESHAP halogenated solvents.

### *Rule 1150.1 – Control of Gaseous Emissions from Active Landfills*

Rule 1150.1 reduces non-methane organic compounds (NMOC), volatile organic compound (VOC) and toxic air contaminant (TAC) emissions from Municipal Solid Waste (MSW) landfills to prevent public nuisance and possible detriment to public health caused by exposure to such emissions. This rule also reduces methane emissions, a greenhouse gas.

### *Rule 1171 – Solvent Cleaning Operations*

Rule 1171 reduces emissions of volatile organic compounds (VOCs), toxic air contaminants, and stratospheric ozone-depleting or global warming compounds from the use, storage and disposal of solvent cleaning materials in solvent cleaning operations and activities

*Rule 1415 – Reduction of Refrigerant Emissions from Stationary Air Conditioning Systems*

Rule 1415 reduces emissions of high-global warming potential refrigerants from stationary air conditioning systems by requiring persons subject to this rule to reclaim, recover, or recycle refrigerant and to minimize refrigerant leakage.

*Rule 1415.1 – Reduction of Refrigerant Emissions from Stationary Refrigeration Systems*

Rule 1415.1 reduce emissions of high global warming potential refrigerants from stationary refrigeration systems by requiring persons subject to this rule to recover, recycle, or reclaim refrigerant and to minimize refrigerant leaks.

## **ENERGY**

This subsection describes existing regulatory setting relative to energy production and demand, including alternative and renewable fuels, and trends within California and the district.

### **Regulatory Setting**

Federal and state agencies regulate energy use and consumption through various means and programs. On the federal level, the United States Department of Transportation (U.S. DOT), United States Department of Energy (U.S. DOE), and United States Environmental Protection Agency (U.S. EPA) are three agencies with substantial influence over energy policies and programs. Generally, federal agencies influence transportation energy consumption through establishment and enforcement of fuel economy standards for automobiles and light trucks, through funding of energy related research and development projects, and through funding for transportation infrastructure projects.

On the state level, the California Public Utilities Commission (CPUC), California Energy Commission (CEC), and California Independent System Operator Corporation (CAISO) are three entities with authority over different aspects of energy. The CPUC regulates privately-owned utilities in the energy, rail, passenger transportation, telecommunications, and water fields. The CEC collects and analyzes energy-related data, prepares state-wide energy policy recommendations and plans, promotes and funds energy efficiency and renewable energy resources programs, plans and directs state response to energy emergencies, and regulates the power plant siting and transmission process. CAISO operates a robust and reliable wholesale power system that balances the need for higher transmission reliability with the need for lower costs, and acts as a key platform to achieve California's clean energy goals. Some of the more relevant federal and state energy-related laws and plans are discussed in the following subsections.

### **Federal Regulations**

#### *National Energy Act*

The National Energy Act of 1978 included the following statutes: Energy Tax Act, National Energy Conservation Policy Act, Power Plant and Industrial Fuel Use Act, and the National Gas Policy Act. The Power Plant and Industrial Fuel Use Act restricted the fuel used in power plants, however, these restrictions were lifted in 1987. The Energy Tax Act was superseded by the Energy Policy Acts of 1992 and 2005. The National Gas Policy Act gave the Federal Energy



Regulatory Commission authority over natural gas production and established pricing guidelines. The National Energy Conservation Policy Act (NECPA). The NECPA set minimum energy performance standards, which replaced those in the EPCA. The federal standards preempted state standards. The NECPA was amended by the Energy Policy and Conservation Act Amendments of 1985.

*Public Utility Regulatory Policies Act of 1978 (PURPA) (Public Law 95-617)*

PURPA was passed in response to the unstable energy climate of the late 1970s. PURPA sought to promote conservation of electric energy. Additionally, PURPA created a new class of nonutility generators, small power producers, from which, along with qualified co-generators, utilities are required to buy power.

PURPA was in part intended to augment electric utility generation with more efficiently produced electricity and to provide equitable rates to electric consumers. Utility companies are required to buy all electricity from qualifying facilities (Qfs) at avoided cost (avoided costs are the incremental savings associated with not having to produce additional units of electricity). PURPA expanded participation of nonutility generators in the electricity market and demonstrated that electricity from nonutility generators could successfully be integrated with a utility's own supply. PURPA requires utilities to buy whatever power is produced by Qfs (usually cogeneration or renewable energy). The Fuel Use Act (FUA) of 1978 (repealed in 1987) also helped Qfs become established. Under FUA, utilities were not allowed to use natural gas to fuel new generating technologies, but Qfs, which were by definition not utilities, were able to take advantage of abundant natural gas and abundant new technologies (such as combined-cycle).

*Energy Policy Act of 1992*

The Energy Policy Act of 1992 is comprised of twenty-seven titles. It addressed clean energy use and overall national energy efficiency to reduce dependence on foreign energy, incentives for clean, radioactive waste protection standards, and renewable energy and energy conservation in buildings and efficiency standards for appliances.

*Energy Policy Act of 2005*

The Energy Policy Act of 2005 addresses energy efficiency; renewable energy requirements; oil, natural gas and coal; alternative-fuel use; tribal energy, nuclear security; vehicles and vehicle fuels, hydropower and geothermal energy, and climate change technology. The Act provides revised annual energy reduction goals (two percent per year beginning in 2006), revised renewable energy purchase goals, federal procurement of Energy Star or Federal Energy Management Program-designated products, federal green building standards, and fuel cell vehicle and hydrogen energy system research and demonstration.

*Energy Independence and Security Act of 2007 (EISA)*

The Energy Independence and Security Act of 2007 was signed into law by President Bush on December 19, 2007. The Acts objectives are to move the United States toward greater energy independence and security, increase the production of clean renewable fuels, protect consumers, increase the efficiency of products, buildings and vehicles, promote greenhouse gas research, improve the energy efficiency of the Federal government, and improve vehicle fuel economy.

## **State Regulations**

The CEC and CPUC have jurisdiction over the investor-owned utilities (IOUs) in California. Within the District, the CEC also collects information for the Los Angeles Department of Water and Power (LADWP) and other municipal utilities including Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale and Pasadena, Riverside, Vernon and Imperial Irrigation District. CAISO operates a rebust and reliable wholesale power system that balances the need for higher transmission reliability with the need for lower costs, and acts as a key platform to achieve California's clean energy goals. The applicable state regulations, laws, and executive orders relevant to energy use are discussed below.

### *California Building Energy Efficiency Standards: Title 24*

California established statewide building energy efficiency standards following legislative action. The legislation required the standards to be cost-effective based on the building life cycle and to include both prescriptive and performance-based approaches. The 2005 Building Energy Efficiency Standards were adopted in November 2003, took effect October 1, 2005, and followed by a 2008 update.

### *AB 1007, Alternative Fuels Plan*

Assembly Bill (AB) 1007, (Pavley, Chapter 371, Statutes of 2005) requires the CEC to prepare a state plan to increase the use of alternative fuels in California (Alternative Fuels Plan). The CEC prepared the plan in partnership with CARB, and in consultation with the other state, federal and local agencies in December 2007. The Alternative Fuels Plan assessed various alternative fuels and developed fuel portfolios to meet California's goals to reduce petroleum consumption, increase alternative fuels use, reduce GHG emissions, and increase in-state production of biofuels without causing a significant degradation of public health and environmental quality.

### *Senate Bill (SB) 1368, Greenhouse Gas Emissions Performance Standard for Major Power Plant Investments*

This law requires the CEC to develop and adopt by regulation a greenhouse gas emissions performance standard for long-term procurement of electricity by local publicly-owned utilities. The CEC must adopt the standard on or before June 30, 2007 and must be consistent with the standard adopted by the CPUC for load-serving entities under their jurisdiction on or before February 1, 2007. On January 25, 2007, and on May 23, 2007, respectively, the CPUC and the CEC adopted specific regulations regarding greenhouse gas emissions performance standards for IOUs and other electricity service providers under SB 1368. Compliance with these standards is expected to improve fuel use.

### *California Solar Initiative*

On January 12, 2006, the CPUC approved the California Solar Initiative (CSI), which provides \$2.9 billion in incentives between 2007 and 2017. CSI is part of the Go Solar California campaign, and builds on 10 years of state solar rebates offered to California's IOU territories: Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E.) The California Solar Initiative is overseen by the CPUC, and includes a \$2.5 billion program for commercial and existing residential customers, funded through revenues and collected from gas and electric utility distribution rates. Furthermore, the CEC will manage \$350 million targeted for new residential building construction, utilizing funds already allocated to the CEC to foster renewable projects between 2007 and 2011.

Current incentives provide an upfront, capacity-based payment for a new system. In its August 24, 2006 decision, the CPUC shifted the program from volume-based to performance-based incentives and clarified many elements of the program's design and administration. These changes were enacted in 2007, when the CSI incentive system changed to performance-based payments.

#### *Renewables Portfolio Standard*

California's renewables portfolio standard (RPS) requires retail sellers of electricity to increase their procurement of eligible renewable energy resources by at least one percent per year so that 20 percent of their retail sales are procured from eligible renewable energy resources by 2017. If a seller falls short in a given year, they must procure more renewables in succeeding years to make up the shortfall. Once a retail seller reaches 20 percent, they need not increase their procurement in succeeding years. RPS was enacted via SB 1078 (Sher), signed September 2002 by Governor Davis. The CEC and the CPUC are jointly implementing the standard. In 2006, RPS was modified by Senate Bill 107 to require retail sellers of electricity to reach the 20 percent renewables goal by 2010. In 2011, RPS was further modified by Senate Bill 2 to require retailers to reach 33 percent renewable energy by 2020.

#### *California Environmental Quality Act (CEQA)*

Appendix F of the CEQA Guidelines describes the types of information and analyses related to energy conservation that are to be included in EIRs that are prepared pursuant to CEQA. In Appendix F of the CEQA Guidelines, energy conservation is described in terms of decreased per capita energy consumption, decreased reliance on natural gas and oil, and increased reliance on renewable energy sources. To assure that energy implications are considered in project decisions, EIRs must include a discussion of the potentially significant energy impacts of proposed projects, with particular emphasis on avoiding or reducing inefficient, wasteful and unnecessary consumption of energy.

### **Local Regulations**

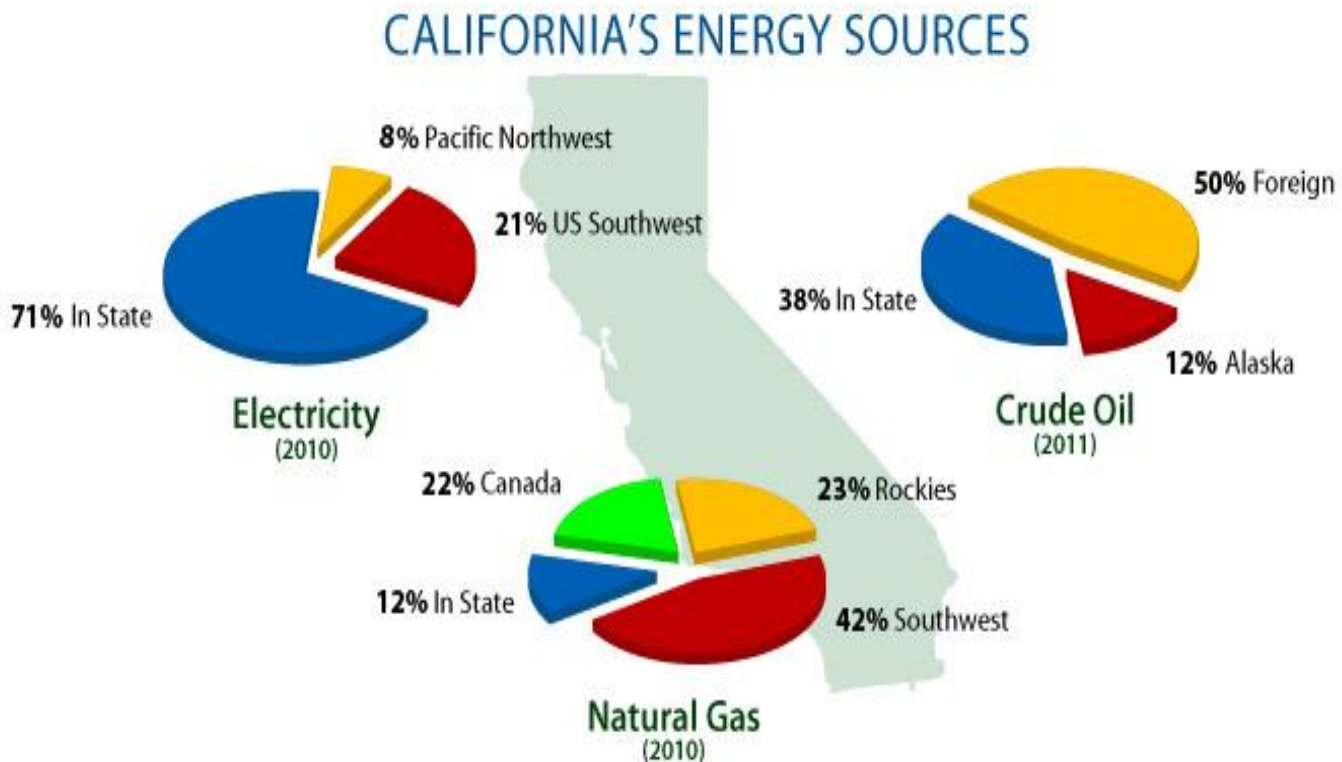
#### *San Gabriel Valley Energy Efficiency Partnership*

In April 2006, the SCAG's Regional Council authorized SCAG's Executive Director to enter into a partnership with SCE to incentivize energy efficiency programs in the San Gabriel Valley Subregion. The San Gabriel Valley Energy Wise Program (SGVEWP) agreement was fully executed on October 20, 2006 with the main goal to save a combined three million kilowatt-hours (kWh) by providing technical assistance and incentive packages to cities by 2008. The program has been extended and seeks to reduce energy usage in the region by approximately five million kWh by 2012. The SGVEWP is funded by California utility customers and administered by SCE under the auspices of the CPUC.

#### **Energy Trends In General (Statewide)**

Figure 3-2 shows California's major sources of energy. In 2010, 71 percent of the electricity came from in-state sources, while 29 percent was imported into the state. The electricity imported totaled 85,169 gigawatt hours (GWh), with 24,677 GWh coming from the Pacific Northwest, and 60,492 GWh from the Southwest. (Note: A gigawatt is equal to one million kilowatts). For natural gas in 2010, 42 percent came from the Southwest, 22 percent from

Canada, 12 percent from in-state, and 23 percent from the Rockies. Also in 2010, 38 percent of the crude oil came from in state, with 12 percent coming from Alaska, and 50 percent being supplied by foreign sources (CEC, 2012).



Source: California Energy Commission

**FIGURE 3-2**

California's Major Sources of Energy

**Electricity**

Power plants in California provided approximately 71 percent of the total electricity to satisfy in-state electricity demand in 2010 of which 15 percent came from renewable sources such as biomass, geothermal, small hydro, solar, and wind. The Pacific Northwest provided another 8.5 percent of the total electricity demand of which 31 percent came from renewable sources. The Southwestern U.S. provided 20.8 percent of the total electricity demand, with 11.1 percent coming from renewable sources. In total, 13.7 percent of the total in-state electricity demand for 2010 came from renewable sources (CEC, 2012a). Five of the state's largest power plants are located in the Basin (U.S. Energy Information Administration, 2012). The largest power plants in California are located in northern California. The Moss Landing Natural Gas Power Plant (net summer capacity 2,529 megawatts (MW)) is located in Monterey Bay in Monterey County and the Diablo Canyon Nuclear Plant (net summer capacity 2,240 MW) is located in Avila Beach in San Luis Obispo County. The third and fourth largest power plants in California are the San Onofre Nuclear Generating Station (SONGS) (net summer capacity 2,150 MW) in San Diego

and the AES Alamitos Natural Gas Power Generating Station (net summer capacity 1,997 MW) in Long Beach in Los Angeles County. SONGS is operated by Southern California Edison International, San Diego Gas & Electric Company, and the City of Riverside Utilities Department. SONGS was shut down in January 2012 due to premature wear found in the tubes of its recently replaced steam generators. It has recently been reported (June 7, 2013) that it is not scheduled to re-open and will be permanently shutdown. The Los Angeles Department of Water and Power (LADWP) operates the state's fifth and sixth largest power plants: the Castaic Pump-Storage Power Plant<sup>1</sup> in Castaic (net summer capacity 1,620 MW) and Haynes Natural Gas Power Plant (net summer capacity 1,524MW) in Long Beach. The seventh and eighth largest power plants in California are outside of the Basin: the Ormond Beach Natural Gas Power Plant (net summer capacity 1,516 MW) in City and County of Oxnard and Pittsburg Natural Gas Power Plant (net summer capacity 1,311 MW) in the City of Pittsburg in Contra Costa County. The AES Redondo Beach Natural Gas Power Plant (net summer capacity 1,310 MW) in Redondo Beach is the ninth largest in the state (AES, 2010). The Helms Pumped Storage (net summer capacity 1,212 MW) in Sierra National Forest of Fresno County is the tenth largest power plant in the state.

Local electricity distribution service is provided to customers within southern California by one of two investor-owned utilities – either SCE or SDG&E – or by a publicly owned utility, such as the Los Angeles Department of Water and Power (LADWP) and the Imperial Irrigation District. SCE is the largest electric utility company in Southern California with a service area that covers all or nearly all of Orange, San Bernardino, and Ventura Counties, and most of Los Angeles and Riverside Counties. SCE delivers 78 percent of the retail electricity sales to residents and businesses in southern California. SDG&E provides local distribution service to the southern portion of Orange County (SCAG, 2012).

The LADWP is the largest of the publicly owned electric utilities in southern California. LADWP provides electricity service to the most of the customers located in the City of Los Angeles and provides approximately 20 percent of the total electricity demand in the Basin. The other publicly owned utilities in southern California include Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Pasadena, Riverside, Vernon, and the Imperial Irrigation District (SCAG, 2012).

Table 3-8 shows the amount of electricity delivered to residential and nonresidential entities in the counties in the Basin.

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<sup>1</sup> The Castaic Pump-Storage Power plant is operated by the LADWP in cooperation with the Department of Water Resources (DWR).

**TABLE 3-8**  
**2011 Electricity Use GWh (Aggregated, includes self generation and renewables)**

Sector	Los Angeles	Orange	Riverside	San Bernardino	Total
Ag & Water Pump	1,453	1,600	623	483	4,159
Commercial	26,093	9,151	5,137	4,510	44,890
Industry	11,384	2,588	1,071	2,620	17,662
Mining	1,346	356	129	214	2,045
Residential	19,292	6,682	6,644	4,717	37,334
Streetlight	267	115	80	56	517
TCU	4,065	979	504	953	6,501
Total	63,899	21,470	14,188	13,553	113,109

Source: California Energy Commission –email sent by Steven Mac on August 24, 2012.

### **Natural Gas**

Four regions supply California with natural gas. Three of them—the Southwestern U.S., the Rocky Mountains, and Canada—supplied 88 percent of all the natural gas consumed in California in 2010. The remainder is produced in California (CEC, 2012c).

Southern California Gas Company (SoCalGas), an investor-owned utility company, provides natural gas service throughout the district, except for the southern portion of Orange County, portions of San Bernardino County, and the City of Long Beach. The Long Beach Gas & Oil Department (LBGOD) is municipally owned and operated by the City of Long Beach, providing gas service for the cities of Long Beach and Signal Hill (LBGOD, 2012). San Diego Gas & Electric Company provides natural gas services to the southern portion of Orange County. In San Bernardino County, Southwest Gas Corporation provides natural gas services to Victorville, Big Bear, Barstow, and Needles (SCAG, 2012).

Table 3-9 provides the estimated use of natural gas in California by residential, commercial and industrial sectors. In 2010, about 50 percent of the natural gas consumed in California was for electric generation purposes (2,312 + 784/6,133).

**TABLE 3-9**  
**California Natural Gas Demand 2010**  
(Million Cubic Feet per Day – MMcf/d)

Sector	Utility	Non-Utility	Total
Residential	1,193	--	1,193
Commercial	493	--	493
Natural Gas Vehicles	33	--	33
Industrial	810	--	810
Electric Generation	1,856	456	2,312
Enhanced Oil Recovery (EOR) Steaming	30	784	814
Wholesale / International + Exchange	230	--	230
Company Use and Unaccounted-for	85	--	85
EOR Cogeneration / Industrial	--	164	164
<b>Total</b>	<b>4,729</b>	<b>1,403</b>	<b>6,134</b>

Source: California Gas Report, 2010

### **Renewable Energy**

Renewable energy is energy that comes from sources that regenerate and can be sustained indefinitely, unlike fossil fuels, which are exhaustible. The five most common renewable sources are biomass, hydropower, geothermal, wind, and solar. Unlike fossil fuels, non-biomass renewable sources of energy do not directly emit greenhouse gasses.

The production and use of renewable fuels has grown quickly in recent years as a result of higher prices for oil, and a number of state and federal government incentives, including the Energy Policy Acts of 2002 and 2005. The use of renewable fuels is expected to continue to grow over the next 30 years, although projections show that reliance on non-renewable fuels to meet most energy needs will continue. In 2009, 11.6 percent of all electricity in California came from renewable resources such as wind, solar, geothermal, biomass and small hydroelectric facilities. Large hydro plants generated another 9.2 percent of our electricity. In 2011, consumption of renewable sources in the United States totaled about nine quadrillion British thermal units (Btu) or about nine percent of all energy used nationally. About 13 percent of U.S. electricity was generated from renewable sources in 2011 (U.S. EIA, 2012c).

The Renewables Portfolio Standard (RPS) requires investor-owned utilities, electric service providers, and community choice aggregators regulated by the CPUC to procure 33 percent of retail sales per year from eligible renewable sources by 2020. CPUC issues quarterly renewable energy progress report to the state Legislature, showing that the state's utilities have met the goal of serving 20 percent of their electricity with renewable energy and are already on track to far surpass that goal in 2012 (CEC, 2012n). The quarterly reports focus on California's three large investor-owned utilities: Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E). These investor-owned utilities currently provide approximately 68 percent of the state's electric retail sales and analyzing this data provides significant insight into the state's RPS progress. On March 1, 2012, the large investor-owned utilities reported in their 2012 RPS Procurement Progress Reports that they served 20.6 percent

of their electricity with RPS-eligible generation in 2011. Table 3-10 shows the renewable electricity use in Los Angeles, Orange, Riverside and San Bernardino in 2011.

**TABLE 3-10**  
**2011 Renewable Electricity Use in GW**

Sector	Los Angeles	Orange	Riverside	San Bernardino	Total
Ag & Water Pump	5	0	3	1	10
Commercial	127	32	48	44	252
Industry	10	3	0	3	16
Mining	7	0	1	0	8
Residential	77	32	37	20	166
Transportation, Communications and Utilities	51	0	4	12	68
Total	277	67	94	80	519

Source: California Energy Commission –email sent by Steven Mac on August 24, 2012.

#### *Hydroelectric Power*

Hydroelectric power, or hydropower, is generated when hydraulic turbines connected to electrical generators are turned by the force of flowing or falling water. In 2007, hydro-produced electricity used by California totaled nearly 43,625 GWh or 14.5 percent of the total system power. In-state production accounted for 69.5 percent of all hydroelectricity, while imports from other states totaled 30.5 percent (CEC, 2012e).

California has nearly 343 hydroelectric facilities with an installed capacity about 13,057 MW. Hydro facilities are broken down into two categories: larger than 30 MW capacity facilities are called "large hydro"; smaller than 30 MW capacity facilities are considered "small hydro" and are totaled into the renewable energy portfolio standards. The amount of hydroelectricity produced varies each year, largely dependent on rainfall. During the drought from 1986 to 1992, production fell to less than 22,400 GWh (CEC, 2012e), while total generation increased from 211,028 GWh to 245,535 GWh over the same period of time.

The larger hydro plants on dams in California (such as Shasta, Folsom, Oroville, etc.) are operated by the U.S. Bureau of Reclamation and the state's Department of Water Resources. Smaller plants are operated by utilities, mainly PG&E and Sacramento Municipal Utility District. Licensing of hydro plants is done by the Federal Energy Regulatory Commission with input from state and federal energy, environmental protection, fish and wildlife, and water quality agencies.

#### *Wind Power*

Wind power is the conversion of the kinetic energy of the wind into a useful form of energy. Wind can be harnessed by wind turbines, windmills, windpumps, or sails. These technologies use wind power for practical purposes such as generating electricity, grinding grain, pumping water, or propelling a boat.



A wind turbine works much like the propeller of an airplane. The blades of a turbine are tilted at an angle and contoured such that the movement of the air is channeled creating low and high pressures on the blade that force it to move. The blade is connected to a shaft, which in turn is connected to an electrical generator. The mechanical energy of the turning blades is changed into electricity.

California has several wind farms, a group of wind turbines in the same location used to produce electricity, strategically placed in windy areas, as one of the problems with using wind to generate power is that wind is not always constant.

Wind energy plays an integral role in California's electricity portfolio. In 2007, turbines in wind farms generated 6,802 GWh of electricity - about 2.3 percent of the state's gross system power. Additionally, hundreds of homes and farms are using smaller wind turbines to produce electricity (CEC, 2012h).

There are many windy areas in California. Problems with using wind to generate power are that it is not windy all year long nor is the wind speed constant. It is usually windier during the summer months when wind rushes inland from cooler areas, such as near the ocean, to replace hot rising air in California's warm central valleys and deserts. By placing wind turbines in these windy areas, California's wind power supply variance can be minimized. Utility-scale wind power generation facilities can be found in Altamont Pass, Solano, Pacheco Pass, the Tehachapi Ranges, and San Geronio Pass.

#### *Solar (Photovoltaic Cells)*

Solar energy technologies produce electricity from the energy of the sun through photovoltaic (PV) cells, also known as solar cells. PV cells are electricity-producing devices made of semiconductor materials coming in many sizes and shapes, often connected together to ultimately form PV systems. When light shines on a PV cell, the energy of absorbed light transfers to electrons in the atoms of the PV cell semiconductor material causing electrons to escape from their normal positions in the atoms and become part of the electric flow, or current, in an electrical circuit. While small PV systems can provide electricity for homes, businesses, and remote power needs, larger PV systems provide much more electricity for contribution to the electric power system.

The PV cells for small systems can be purchased in two formats: 1) as a stand-alone module that is attached to the roof or on a separate system; or, 2) using integrated roofing materials with dual functions -- as a regular roofing shingle and as a solar cell making electricity.

California's cumulative installed capacity of PV systems in 1998 was 6.3 MW. In 2008, the capacity of PV systems reached about 440 MW, producing 661.5 GWh of electricity for the state (CEC, 2012i).

#### *Solar Thermal Energy*

Solar thermal energy (STE) is the technology for converting the sun's energy into thermal energy (heat) through solar thermal collectors. The U.S. EIA classifies solar thermal collectors into three categories:

- Low-temperature: Flat plate collectors are used to warm homes, buildings, and swimming pools.
- Medium-temperature: Flat plate collectors are used to heat water or air for residential and commercial uses.
- High-temperature: Mirrors or lenses are used to concentrate STE for electric power production.

Low and medium-temperature collectors can be further classified as either passive or active heating systems. In a passive system, air is circulated past a solar heat surface and through the building by convection (meaning that less dense warm air tends to rise while denser cool air moves downward). No mechanical equipment is needed for passive solar heating. Active heating systems require a collector to absorb and collect solar radiation. Fans or pumps are used to circulate the heated air or heat absorbing fluid. Active systems often include some type of energy storage system.

High-temperature systems used in solar thermal power plants use the sun's rays to heat a fluid to very high temperatures through the use of mirrors or lenses. The fluid is then circulated through pipes so it can transfer its heat to water to produce steam. The steam, in turn, is converted into mechanical energy in a turbine and into electricity by a conventional generator coupled to the turbine.

California has 11 of the 13 solar thermal power plants in the United States. These facilities are concentrated in the desert areas of the state in the Mojave area. Solar thermal plants produced 675 GWh in 2007, or 0.22 percent of the state's total electricity production (CEC, 2012i).

California's electric utility companies are required to use renewable energy to produce 20 percent of their power by 2010 and 33 percent by 2020 and a main source of the required renewable energy will be solar energy. Many large solar energy projects are being proposed in California's desert area on federal Bureau of Land Management (BLM) land. The developments of 34 large solar thermal power plants have been proposed with a planned combined capacity of 24,000 MW (CEC, 2012i).

## **Consumptive Uses**

### **Residential, Commercial, Industrial, and Other Uses**

Major energy consumption sectors (in addition to transportation) include residential, commercial, industrial uses as well as street lighting, mining, and agriculture. Unlike transportation, these sectors primarily consume electricity and natural gas. Total annual electricity consumption in the SCAG region is approximately 123,678 million kWh (39,432 kWh for residential uses and 84,246 kWh for nonresidential uses) (SCAG, 2008). The residential, commercial, and industrial sectors account for approximately 30, 39, and 19 percent, respectively, of total regional electricity consumption. The agriculture, mining and other uses account for another 14 percent (CEC, 2005).

Within the residential sector, lighting, small appliances, and refrigeration account for most (approximately 60 percent) of the electricity consumption, and within the industrial and commercial sector, lighting, motors, and air cooling account for most (approximately 65 percent)

of the electricity consumption. Electricity use by households varies depending on the local climate and on the housing type (e.g., single-family vs. multi-family), as per the four distinct geographic zones in the SCAG region: the cooler and more temperate coastal zone; an inland valley zone; the California central valley zone, and the desert zone, where temperatures are more extreme.

Californians consumed approximately 12,774 million therms of natural gas per year in 2010 (CEC, 2012r). Approximately, 4,662 million therms of natural gas per year were consumed in Los Angeles, Orange, Riverside and San Bernardino Counties (CEC, 2012s). The California Energy Commission (CEC) expects residential natural gas use to increase by 1.3 percent per year and commercial natural gas use to increase by 1.8 percent per year. Industrial natural gas demand increased in 2010 over 2009. The most recent data from the CEC show that the residential sector uses the largest amount of natural gas, both across the state and in the SCAG region. Statewide, the industrial sector was second in the amount of natural gas consumed. The commercial sector falls behind residential, mining, and industrial uses in natural gas consumption in the SCAG region and statewide. The agricultural sector accounts for only one percent of the natural gas use statewide and in the SCAG region.

### **Consumption Reduction Efforts**

There are various policies and initiatives to reduce energy consumption and increase the share of renewable energy generation and use in the region. These strategies include energy efficient building practices, smarter land use with access to public transportation, and participating in energy efficiency incentive programs. All publicly-owned utilities and most municipal-owned utilities that provide electric and natural gas service also administer energy conservation programs. These programs typically include home energy audits; incentives for replacement of existing appliances with new, energy-efficient models; provision of resources to inform businesses on development and operation of energy-efficient buildings; and construction of infrastructure to accommodate increased use of motor vehicles powered by natural gas or electricity (CEC, 2012s).

## **CHAPTER 4**

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### **ENVIRONMENTAL IMPACTS**

**Introduction**

**Potential Environmental Impacts and Mitigation Measures**

**Potential Environmental Impacts Found Not to Be Significant**

**Significant Irreversible Environmental Changes**

**Potential Growth-Inducing Impacts**

**Consistency**

## **INTRODUCTION**

The CEQA Guidelines require environmental documents to identify significant environmental effects that may result from a proposed project [CEQA Guidelines §15126.2 (a)]. Direct and indirect significant effects of a project on the environment should be identified and described, with consideration given to both short- and long-term impacts. The discussion of environmental impacts may include, but is not limited to: the resources involved; physical changes; alterations of ecological systems; health and safety problems caused by physical changes; and, other aspects of the resource base, including water, scenic quality, and public services. If significant adverse environmental impacts are identified, the CEQA Guidelines require a discussion of measures that could either avoid or substantially reduce any adverse environmental impacts to the greatest extent feasible [CEQA Guidelines §15126.4].

The CEQA Guidelines indicate that the degree of specificity required in a CEQA document depends on the type of project being proposed [CEQA Guidelines §15146]. The detail of the environmental analysis for certain types of projects cannot be as great as for others. Accordingly, this Draft EA analyzes impacts on a regional level and impacts on the level of individual industries or individual facilities only where feasible.

The categories of environmental impacts to be studied in a CEQA document are established by CEQA [Public Resources Code, §21000 et seq.], and the CEQA Guidelines, as promulgated by the State of California Secretary of Resources. Under the CEQA Guidelines, there are approximately 17 environmental categories in which potential adverse impacts from a project are evaluated. The Initial Study evaluated the project against the environmental categories to determine those environmental categories that may be adversely affected by the proposed project are further analyzed in the appropriate CEQA document.

## **POTENTIAL ENVIRONMENTAL IMPACTS AND MITIGATION MEASURES**

Pursuant to CEQA, an Initial Study, including an environmental checklist, was prepared for this project (see Appendix B). Of the 17 potential environmental impact categories, two topics (air quality and energy) were identified as being potentially adversely affected by the proposed project for potential foregone air quality emission reductions and potential adverse reliability of the electrical supply system including lack of local generating capacity. Two comment letters were received on the Initial Study and those comment letters along with responses to the comments can be found in Appendix C.

The topics of air quality emissions and energy impacts are further evaluated in detail in this Draft EA. The environmental impact analysis for this environmental topic incorporates a “worst-case” approach. This approach entails the premise that whenever the analysis requires that assumptions be made, those assumptions that result in the greatest adverse impacts are typically chosen. This method ensures that all potential effects of the proposed project are documented for the decision-makers and the public. Accordingly, the following analyses use a conservative “worst-case” approach for analyzing the potentially significant adverse environmental impacts associated with the implementation of the proposed project.

In order to assist in evaluating air quality and energy impacts from the proposed project, an economics professor and Director of the Program on Energy and Sustainable Development at

Stanford University, Dr. Frank Wolak, was hired to conduct an economic and electricity supply reliability analysis of the proposal to assess a fee to access the SCAQMD’s offset bank. The report and Dr. Wolak’s qualifications as an expert in the subject are provided in Appendix D.

## AIR QUALITY AND GHG EMISSIONS

The initial evaluation in the NOP/IS (see Appendix B) identified the topic of air quality as potentially being adversely affected by the proposed project. The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. The proposed project is, therefore, consistent with the existing purposes of Regulation XIII to ensure that there are no net increases in emissions from new or modified permitted sources. However, the SCAQMD has received comments from stakeholders asserting that implementing fees pursuant to PR 1304.1 may deter investment in replacing 50+ year-old boilers with new more efficient gas turbines. As a result, a repowering project could be delayed, downsized or abandoned.

### *Significance Criteria*

To determine whether air quality impacts from adopting and implementing the proposed project are significant, impacts will be evaluated and compared to the following criteria. If impacts exceed any of the significance thresholds in Table 4-1, they will be considered significant. All feasible mitigation measures will be identified and implemented to reduce significant impacts to the maximum extent feasible. The proposed project will be considered to have significant adverse air quality impacts if any one of the thresholds in Table 4-1 are equaled or exceeded.

The SCAQMD makes significance determinations for construction impacts based on the maximum or peak daily emissions during the construction period, which provides a “worst-case” analysis of the construction emissions. Similarly, significance determinations for operational emissions are based on the maximum or peak daily allowable emissions during the operational phase.

**Project-Specific Air Quality and GHG Emissions Impacts:** Eligible EGFs that elect to access the SCAQMD’s offset bank pursuant to a specific offset exemption in Rule 1304 (a)(2) [*Electric Utility Steam Boiler Replacement*] currently receive the offsets free of charge. The proposed project would charge a fee that may cause some EGFs to decide to delay, downsize or abandon repowering. In addition, existing boilers may need to increase usage if added electricity demand is necessary due to population and economic growth or cooling due to extreme weather conditions.

If a repowering project is delayed, impacts from the construction would not change as a result of the proposed project aside from the impacts occurring at a later date. Construction impacts would be reduced if the repower project was downsized or abandoned. Thus, no significant adverse construction impacts would be generated from the proposed project. The remaining analysis will focus on the air quality impacts from the operation of the proposed project.

**TABLE 4-1**  
**SCAQMD Air Quality Significance Thresholds**

<b>Mass Daily Thresholds <sup>a</sup></b>		
<b>Pollutant</b>	<b>Construction <sup>b</sup></b>	<b>Operation <sup>c</sup></b>
<b>NOx</b>	100 lbs/day	55 lbs/day
<b>VOC</b>	75 lbs/day	55 lbs/day
<b>PM10</b>	150 lbs/day	150 lbs/day
<b>PM2.5</b>	55 lbs/day	55 lbs/day
<b>SOx</b>	150 lbs/day	150 lbs/day
<b>CO</b>	550 lbs/day	550 lbs/day
<b>Lead</b>	3 lbs/day	3 lbs/day
<b>Toxic Air Contaminants (TACs), Odor, and GHG Thresholds</b>		
<b>TACs</b> (including carcinogens and non-carcinogens)	Maximum Incremental Cancer Risk $\geq$ 10 in 1 million Cancer Burden $>$ 0.5 excess cancer cases (in areas $\geq$ 1 in 1 million) Chronic & Acute Hazard Index $\geq$ 1.0 (project increment)	
<b>Odor</b>	Project creates an odor nuisance pursuant to SCAQMD Rule 402	
<b>GHG</b>	10,000 MT/yr CO <sub>2</sub> eq for industrial facilities	
<b>Ambient Air Quality Standards for Criteria Pollutants <sup>d</sup></b>		
<b>NO<sub>2</sub></b> 1-hour average annual arithmetic mean	SCAQMD is in attainment; project is significant if it causes or contributes to an exceedance of the following attainment standards: 0.18 ppm (state) 0.03 ppm (state) and 0.0534 ppm (federal)	
<b>PM<sub>10</sub></b> 24-hour average annual average	10.4 $\mu\text{g}/\text{m}^3$ (construction) <sup>e</sup> & 2.5 $\mu\text{g}/\text{m}^3$ (operation) 1.0 $\mu\text{g}/\text{m}^3$	
<b>PM<sub>2.5</sub></b> 24-hour average	10.4 $\mu\text{g}/\text{m}^3$ (construction) <sup>e</sup> & 2.5 $\mu\text{g}/\text{m}^3$ (operation)	
<b>SO<sub>2</sub></b> 1-hour average 24-hour average	0.25 ppm (state) & 0.075 ppm (federal – 99 <sup>th</sup> percentile) 0.04 ppm (state)	
<b>Sulfate</b> 24-hour average	25 $\mu\text{g}/\text{m}^3$ (state)	
<b>CO</b> 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) and 35 ppm (federal) 9.0 ppm (state/federal)	
<b>Lead</b> 30-day Average Rolling 3-month average Quarterly average	1.5 $\mu\text{g}/\text{m}^3$ (state) 0.15 $\mu\text{g}/\text{m}^3$ (federal) 1.5 $\mu\text{g}/\text{m}^3$ (federal)	

<sup>a</sup> Source: SCAQMD CEQA Handbook (SCAQMD, 1993)

<sup>b</sup> Construction thresholds apply to both the South Coast Air Basin and Coachella Valley (Salton Sea and Mojave Desert Air Basins).

<sup>c</sup> For Coachella Valley, the mass daily thresholds for operation are the same as the construction thresholds.

<sup>d</sup> Ambient air quality thresholds for criteria pollutants based on SCAQMD Rule 1303, Table A-2 unless otherwise stated.

<sup>e</sup> 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  
MT/yr CO<sub>2</sub>eq = metric tons per year of CO<sub>2</sub> equivalents     $>$  = greater than

According to Dr. Wolak (see Appendix D, p.11-13), the decision to repower and when to repower can be expected from “whatever action yields the highest variable profits.” This means an EGF will need to decide if maintaining the existing steam boiler yields more variable profit as compared to repowering with a cleaner more efficient unit. The analysis continues to note that “the major rationale for repowering an existing unit is to reduce the variable cost of producing energy by employing a more efficient technology.” By employing more energy-efficient technology for producing energy, emissions per megawatt (MW) hour will be reduced. Using basic economic equations along with known input data, the analysis concludes that repowering would maximize the profits of the unit owner as opposed to the maintenance of the existing steam boiler units. See Appendix D for the detailed analysis and input data.

Dr. Wolak’s analysis further explores the effect on the decision to repower when a fee is charged on the project. For the sake of a comparative analysis, the annual fee option is used for a repowering project, which is compared to the annual operation costs to maintain existing boilers. Using the example EGF provided in the Staff Report for PR 1304.1, the impact from the estimated of annual cost per MW is calculated, along with a higher fee (tripled from the proposed project). Both calculations concluded the decision to repower would be “largely unaffected by the presence of a substantial cost to access the SCAQMD offset bank.” The analysis also calculates the effects of the annual fixed cost of maintaining the existing unit is zero, and still concludes that there would be no change to the decision to repower the unit.

Dr. Wolak’s analysis also explains how the cost of the fee to access the SCAQMD’s offset bank will be recovered through retail prices passed on to retail electricity consumers through CPUC-regulated prices and, similarly, for other load-serving entities in the California ISO control area. By being able to pass on the costs to retail electricity consumers in their retail prices, the burden of the cost to access the offsets from the SCAQMD internal bank is not borne solely by the EGF. For more detail regarding the recovery of fees by the electrical generation unit owners, refer to the report in Appendix D.

Finally, the report observes if the efficiency of the new unit is close to the efficiency of the existing unit, then the repowering may not be profitable. However, this circumstance affecting the decision of the unit owner exists currently without the proposed project. An additional fee could further exacerbate the decision to delay, downsize or abandon the project.

The report explains how the “load serving” EGFs under the authority of the California Public Utilities Commission (CPUC) and California Independent System’s Operators (ISO) are part of the LA Basin Local Reliability area and will be required to meet the joint CPUC and California local RA requirements for this region according to California ISO’s 2014 Local Capacity Technical Analysis<sup>1</sup> that plans for a reliable supply of electricity within the state. Because of the needs identified by ISO in the Technical Analysis and the recent decision by Southern California Edison to permanently shut down the San Onofre Nuclear Generating System (SONGS), virtually all of the generation capacity in the LA Basin Local Reliability Area will be required to meet the region’s RA requirements. Therefore, it is highly unlikely that repowering projects will be downsized or abandoned entirely as there will be competitive pressure from other power producers to take advantage of the need to fulfill the region’s energy needs. Based on the combination of regulatory requirements along with the economic drivers to repower (described above), the report concludes the proposed fee will not change the decision to repower for those “load serving” EGFs.

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<sup>1</sup> [http://www.caiso.com/Documents/Final2014LocalCapacityTechnicalStudyReportApr30\\_2013.pdf](http://www.caiso.com/Documents/Final2014LocalCapacityTechnicalStudyReportApr30_2013.pdf)



Municipal utilities have expressed concern over the proposed fees as a potential burden, although the fees for those EGFs less than 100 MW are lower than EGFs producing greater than 100 MW. Dr. Wolak notes that “Although municipal utilities, such as the Los Angeles Department of Water and Power (LADWP), City of Glendale Water and Power (GWP), and Burbank Water and Power (BWP) are not subject to CPUC oversight, these utilities also have similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA process and Long Term Procurement Plan (LTPP) process. Each of these municipal utilities produces an Integrated Resource Plan (IRP) to meet future electricity demand in their service territory with a high level of reliability and while minimizing ratepayer impacts.” (see Appendix D, p.9). However, this DEA treats as reasonably foreseeable the potential that one or more municipal utilities could potentially choose to delay repowering their equipment for reasons beyond those analyzed in Dr. Wolak’s report. It should be noted that the decision to delay repowering as a result of the proposed project will not affect the reliability of the energy supply (see Energy section for further analysis and conclusions) as the existing steam boilers will continue to operate to meet the demand.

In order to estimate a potential delay in emission reductions from municipal utilities, there needs to be a comparison of emissions from the older steam boiler equipment to newer, cleaner, and more efficient equipment. EGFs taking advantage of the specific offset exemption under Rule 1304 (a)(2) would need to replace an existing steam boiler with a combined cycle gas turbine or other advanced gas turbine or renewables, such as solar, geothermal or wind. To ensure the analysis examines a “worst cast” scenario, it is assumed that an EGF delaying a repowering project would be replacing the steam boiler with either a simple cycle or a combined cycle gas turbine.

A gas turbine, also called a combustion turbine, is a type of internal combustion engine. It has an upstream rotating compressor connected to a downstream turbine. Fresh atmospheric air flows through a compressor that brings it to higher pressure. Ignited fuel generates a high-temperature flow so the high-pressure gas enters a turbine, where it rotates the shaft used to drive the compressor and other devices such as an electric generator that may be coupled to the shaft. The energy that is not used for shaft rotation comes out in the exhaust gases. A simple cycle gas turbine differs from a combined cycle machine in that it has no provision for waste heat recovery. In a combined cycle, the exhaust of one heat engine is used as the heat source for another so that more useful energy is extracted from the heat, thus increasing the system's overall efficiency.

There are many variations in the types of potential sources including the type of boilers, size of boilers, number of boilers to be repowered, operating capacity of the boiler, age of the boiler, etc. which could be affected. In order to resolve the variability, an emissions rate of pounds per MW is calculated for a steam boiler unit and compared to a cleaner more efficient gas turbine in accordance with the specific offset exemption in Rule 1304 (a)(2). It is assumed the turbines will be operated with natural gas (which is Best Available Control Technology (BACT)). The difference in emissions per MW is multiplied by the total amount of MW potentially affected by the proposed project to determine project impact.

To respond to the concern that the steam boilers could be operated at an increased load to handle future increased energy need, the boilers are assumed to be operating at 100 percent capacity on a peak daily basis. However, in reality, it is infeasible for boilers to operate at 100% capacity all

the time. Although the annual average capacity utilization achieved by municipal utilities are substantially lower, for the purposes of this DEA we assume a full 100% utilization factor for the purpose of evaluating the “worst case scenario” if boiler replacement projects are delayed. Table 4-2 provides emissions from two boilers generating different MW (at 100 percent capacity) based on EPA’s AP-42 emission factors (Table 1.4-2). The two boilers were chosen because they are typical sizes found at municipal utilities. It is assumed the boilers are controlled with selective catalytic reduction (SCR). By comparing the emissions from the replacement equipment with existing boilers operating at maximum capacity on a daily basis, the analysis includes impacts from boilers increasing their load in a “worst case” daily scenario. As seen in Table 4-2, the emission rates for the boilers are trending the same but for a “worst case” daily scenario, the emission rates from boiler #1 will be used for the comparative analysis as it yielded higher values.

The criteria pollutants affected by the proposed project and delay of emission reductions are particulate matter (PM10), volatile organic compounds (VOC), sulfur oxides (SOx) and nitrogen oxides (NOx). PR 1304.1 requires only non-RECLAIM sources to pay for NOx emissions, however the NOx emission factor for a steam boiler or gas turbine will not alter if the equipment is located at a RECLAIM or a non-RECLAIM facility. In addition, any potential air quality impact from the proposed rule is considered in a CEQA analysis.

**TABLE 4-2**  
**Steam Boiler Criteria Pollutant Emissions and Rate per MW**

Pollutant	Emission Factor	Boiler #1 (at 44 MW)		Boiler #2 (at 55 MW)	
		Emissions (lbs/day)	Emission Rate (lbs/day/MW)	Emissions (lbs/day)	Emission Rate (lbs/day/MW)
PM10	7.6 lbs/mmcf	96.3	2.2	105.1	1.9
VOC	5.5 lbs/mmcf	68.7	1.6	763.0	1.4
SOx	0.6 lbs/mmcf	7.6	0.17	8.3	0.15
NOx	5 ppm	80.4	1.8	88.1	1.6

If an EGF takes advantage of the specific offset exemption under Rule 1304 (a)(2), an electric utility steam boiler would need to be replaced with a combined cycle gas turbine(s), intercooled, chemically-recuperated gas turbines, other advanced gas turbine(s); solar, geothermal or wind energy or other equipment, to the extent that such equipment will allow compliance with Rule 1135 or Regulation XX rules. A simple cycle gas turbine qualifies as the replaced equipment as long as it is intercooled or chemically-recuperated, etc. Table 4-3 examines the emissions from a single cycle gas turbine and combined cycle gas turbine that could be installed to replace the steam boiler in accordance with the specific offset exemption in Rule 1304 (a)(2). In order to calculate a “worst case” scenario, a most efficient combined cycle gas turbine generating 405 MW was analyzed although that size would be unlikely to replace boilers generating 44-55 MW of power generation. It was assumed the gas turbine would be operating at 100% capacity. As shown in Table 4-3, the combined cycle gas turbine generates lower emissions per MW than the simple cycle gas turbine. Thus, for a “worst case” scenario, a high emitting steam boiler operating a 100% capacity is compared to the most efficient, lowest emitting per MW gas turbine (Table 4-4). The gas turbines

are assumed to comply with BACT with usage of control technology such as a SCR/carbon monoxide catalyst. The NO<sub>x</sub> emissions from the simple cycle are higher because gas turbines operate at 15% oxygen (O<sub>2</sub>) while boilers operate at 3% O<sub>2</sub>. So, even though the emission factor (concentration) is lower in the turbine exhaust compared to the boiler, there is more exhaust out the turbine stack, so the mass emissions are more. This analysis does not consider the replacement of steam boilers with renewables (e.g., solar, wind, geothermal, etc.) since the current air quality permit projects subject to proposed Rule 1304.1 have not been submitted for renewable energy equipment, and there are no foreseeable projects that would substitute a steam boiler for a renewable project.

**TABLE 4-3**  
**Gas Turbine Criteria Pollutant Emissions and Rate per MW**

Pollutant	Simple Cycle (at 49 MW)			Combined Cycle (at 405 MW)		
	Emission Factor	Emissions (lbs/day)	Emission Rate (lbs/day/MW)	Emission Factor	Emissions (lbs/day)	Emission Rate (lbs/day/MW)
PM10	7.0 lbs/mmcf	74.7	1.5	7.0 lbs/mmcf	248	0.61
VOC	2 ppm	30.5	0.62	2 ppm	126	0.31
SO <sub>x</sub>	0.6 lbs/mmcf	6.4	0.13	0.6 lbs/mmcf	45	0.11
NO <sub>x</sub>	2.5 ppm	109.7	2.24	2 ppm	444	1.10

California ISO has projected new generation needs between 2,900-4,615 MW<sup>2</sup>, however that projection does not include the recent decision to permanently shutdown the San Onofre Nuclear Generating System (SONGS) that produces 1,600 MW of electricity. This projection includes both “load serving” EGFs and municipal utilities. As discussed earlier and concluded in Dr. Wolak’s report, the proposed fee would not change the economics of a generation unit owner’s decision to repower an existing steam boiler, particularly for those EGFs within the California ISO control area, and subject to the joint CPUC and California ISO RA process.

Potential repowering projects from municipal utilities, such as Glendale Water and Power<sup>3</sup> and Burbank Water and Power<sup>4</sup>, could affect up to approximately 200 MW over the next 9 to 16 years. It should be noted that realistically, if all municipal utilities decide to delay repowering older boilers for whatever reason, emission reductions could be delayed incrementally and not all at once. As some projects are delayed, others will begin to be implemented as municipal short-term RA requirements and long-term planning processes are triggered. However, for a “worst case” scenario, it is assumed that all the 200 MW will be affected by the potential delay in repowering, thus resulting in a delay in potential emission reductions at a given time. As discussed earlier, the steam boiler equipment is assumed to be operating at 100 percent capacity to ensure potential “worst case” increased daily emissions are considered, which could also lead to substantially higher operational costs due to the higher heat rating of existing older boilers compared to new turbines. In reality, steam boilers typically operate at 10-30% capacity and rarely operate at 100% capacity, if at all.

<sup>2</sup> <http://www.caiso.com/Documents/BoardApproved2012-2013TransmissionPlan.pdf>

<sup>3</sup> “100 MW or less replacement projects undertaken by Burbank or Glendale” per April 22, 2013 Broiles & Timms, LLP comment letter

<sup>4</sup> “100 MW or less replacement projects undertaken by Burbank or Glendale” per April 22, 2013 Broiles & Timms, LLP comment letter

Table 4-4 provides a direct comparison between the emissions rate (pounds per MW) of steam boilers and cleaner more efficient equipment, which could occur if municipal utilities' repowering projects are delayed as a result of the proposed fee. The analysis compares the emission rate (in pounds of emission per MW) of steam boilers to both a simple cycle turbine and a combined cycle turbine. The higher emission rate difference (for a more "worst case" scenario) between the simple cycle and combined cycle turbine to the boiler is multiplied to the total amount of potentially affected MW and evaluated against the daily significance thresholds to determine significance.

**TABLE 4-4**  
**Potential Peak Daily Delay of Emission Reductions from PR 1304.1**

Pollutant	Boiler Emission Rate (lbs/day/MW)	Simple Cycle		Combined Cycle		Potentially Affected MW	Potential Peak Delay in Emission Reductions <sup>3</sup> (lbs/day)	Operational Significance Threshold (lbs/day)/ Significant?
		Emission Rate (lbs/day/MW)	Difference in Rate <sup>1</sup> (lbs/day/MW)	Emission Rate (lbs/day/MW)	Difference in Rate <sup>2</sup> (lbs/day/MW)			
PM10	2.2	1.5	0.7	0.61	1.59	200	<b>318</b>	150/Yes
VOC	1.6	0.62	0.98	0.31	1.29	200	<b>258</b>	55/Yes
SOx	0.17	0.13	0.04	0.11	0.06	200	12	150/No
NOx	1.8	2.24	(0.44)	1.10	0.7	200	<b>140</b>	55/Yes

1. Example calculation to determine difference in rate:  
Boiler emission rate (2.2 lbs/day/MW) – Simple cycle emission rate (1.5 lbs/day/MW) = 0.7 lbs/day/MW
2. Example calculation to determine difference in rate:  
Boiler emission rate (2.2 lbs/day/MW) – Combined cycle emission rate (0.61 lbs/day/MW) = 1.59 lbs/day/MW
3. Potential daily peak emissions calculated using the rate difference (lbs/MW) of combined cycle turbine (higher difference to the boiler) multiplied by total affected MW. Example: 1.59 lbs/day/MW x 200 MW = 318 lbs/day

As shown in Table 4-4, PM10, VOC and NOx emissions exceed the daily significance threshold as a result of a "worst case" scenario in which municipal utilities delay repowering projects and increase load from the boilers to 100%.

There are considerations with regards to the potential significance determination. First, it is highly unlikely all of the municipal utilities could decide to delay their repowering projects at the same time, as assumed in the analysis. Second, the "worst case" scenario of the boilers operating at 100% capacity and replacing with a high power generating combined cycle is not expected to realistically occur. Third, fees collected from other EGFs electing to use the 1304(a)(2) exemption will fund air quality improvement projects that will, in turn, create emissions reductions. These emission reductions gained will assist in counteracting the potential delay in emission reductions caused by delaying repowering projects. However, the amount of the emission reductions gained through air quality improvement projects is not known at this time. Fourth, as concluded in Dr. Wolak's report (see Appendix D), the length of the delay to repower old equipment is not infinite as there are short-term RA requirements and long-term municipal planning processes to ensure older equipment will not cause an inadequate supply of electricity. Finally, there will be an additional cost of natural gas to operate boilers at 100% capacity, which could result in high operating cost if not repowered, further incentivizing municipal utilities to repower.

In order to provide a more “real world” example, the difference in boiler and gas turbine emissions was provided by representatives for the cities of Burbank and Glendale<sup>5</sup>. Please refer to Appendix E for copies of the submitted comment letters and supplemental information provided to staff that outlines the parameters used to determine the emissions in these two “real world” scenarios.

Burbank Water and Power (BWP) operate two natural gas boilers generating 50 MW during peak times typically during the summer. A natural gas simple cycle turbine at 100 MW (LMS100) is assumed to replace the two boilers (at 50 MW each). The analysis assumes a “worst case” of running all three summer months (92 days, 2,208 hours) to account for a potential increased load of the boilers to handle any additional needed demand. Table 4-5 provides the daily emissions from the two boilers and simple cycle gas turbine, as well as a difference in emissions, which constitutes the potential delay in emission reductions if a repowering project is delayed due to the proposed project.

**TABLE 4-5**  
**Criteria Pollutant Emissions from Burbank Boilers and Future Simple Cycle Turbine**

Pollutant	Boilers (at 50 MW each)			Simple Cycle (at 100 MW)			Potential BWP Delay in Emission Reduction (lbs/day)
	Emission Factor	Emissions <sup>1</sup> per boiler (lbs/year)	Total Daily Emissions <sup>2</sup> (lbs/day)	Emission Factor	Emissions (lbs/year)	Daily Emissions (lbs/day)	
PM10	7.6 lbs/mmcf	5,230	28.6	7.0 lbs/mmcf	1,730	4.7	<b>24</b>
VOC	5.5 lbs/mmcf	3,785	20.7	2 ppm	672	1.8	<b>19</b>
SOx	0.6 lbs/mmcf	413	2.3	0.6 lbs/mmcf	150	0.41	<b>2</b>
NOx	5 ppm	4,386	24	2.5 ppm	2,413	6.6	<b>17</b>

1. Based on total 688 mmcf derived from total 722,520 mmBTU divided by high heating value of 1050 BTU/cf

2. Example calculation: 5,230 lbs/year x 2 boilers / 365 days/year = 28.6 lbs/day

Table 4-6 provides the daily emissions from the natural gas and landfill gas boilers operated by Glendale Water and Power (GWP) and a 75 MW combined cycle gas turbine to replace the boilers, as well as a difference in emissions, which constitutes the potential delay in emission reductions if the repowering is delayed due to the PR 1304.1. The boilers are currently constrained by a NOx limit of 35 tons per year (70,000 pounds/year) pursuant to Rule 1135. Thus, the boiler emissions presented in Table 4-6 are based on a very conservative scenario or 100% allowable capacity. The combined cycle gas turbine replacing the boilers is anticipated to operate at 60% capacity. Please refer to Appendix E for copies of the submitted comment letters and supplemental information provided to staff that outlines the parameters used to determine the emissions.

<sup>5</sup> Broiles & Timms, LLP comment letters dated February 19, 2013 and February 22, 2013; and March 21, 2013 email.

**TABLE 4-6****Criteria Pollutant Emissions from Glendale Boilers and Future Combined Cycle Turbine**

Pollutant	Boilers (Natural Gas and Landfill Gas)			Combined Cycle (at 75 MW)			Potential GWP Delay in Emission Reduction (lbs/day)
	Emission Factor	Annual Emissions (lbs/year)	Total Daily Emissions <sup>1</sup> (lbs/day)	Emission Factor	Emissions (lbs/year)	Daily Emissions (lbs/day)	
PM10	7.6 lbs/mmcf	36,788	100.8	7.0 lbs/mmcf	22,177	60.8	<b>40</b>
VOC	5.5 lbs/mmcf	20,250	55.5	2 ppm	8,610	23.6	<b>32</b>
SOx	0.6 lbs/mmcf	5,695	15.6	0.6 lbs/mmcf	1,920	5.3	<b>10</b>
NOx	5 ppm	70,000	191.7	2.5 ppm	30,944	84.8	<b>107</b>

1. Example calculation: 36,788 lbs/year / 365 days/year = 100.8 lbs/day

Table 4-7 presents the overall total potential delay in emission reductions using the data provided for the cities of Burbank and Glendale. The “real world” operational impacts are much less than the “worst case” hypothetical scenario and conservative analysis for potential delay in emission reductions that concluded significance for three criteria pollutants (see Table 4-4). While showing a “real world” scenario does provide insight as to how extremely conservative the “worst case” scenario is, for the purposes of the CEQA analysis, the significance conclusions as to the potential impacts from the proposed project will remain the same as presented in Table 4-4.

**TABLE 4-7****Potential Delay in Criteria Pollutant Emission Reductions from Municipal Utilities**

Pollutant	Potential Delay in Emission Reduction (lbs/day)		TOTAL Potential Delay in Emission Reduction (lbs/day)	Operational Significance Threshold (lbs/day)
	BWP	GWP		
PM10	24	40	<b>64</b>	150
VOC	19	32	<b>51</b>	55
SOx	2	10	<b>12</b>	150
NOx	17	107	<b>124</b>	55

GHG emissions also have the potential for a delayed reduction if the repower projects are delayed or if the boilers are needed to be operated at a higher capacity. Unlike criteria pollutants whose impact is determined on a peak daily basis, the significance impact of GHG emissions, in the form of carbon dioxide equivalent (CO<sub>2</sub>e), are determined on an annual basis. The SCAQMD brightline significance threshold for GHG is 10,000 metric tons (MT) of CO<sub>2</sub>e per year. While boilers could operate 100 percent capacity on a daily basis, it is not mechanically feasible to assume the boiler would operate annually at such a high load. Typically, the boilers are operated at a 30% capacity on an annual basis (e.g., during summer months for peakers)

based on historical activity data of boiler usage<sup>6</sup>. As a “worst case” scenario for consideration of a potential increased usage of the boilers, the maximum load on an average annual basis could be 60 percent capacity. It is staff’s engineering opinion that boilers over 40 years old are unlikely to be able to support more than 60% capacity factor. Normal maintenance and repair will likely limit generation to a level below 60%. Therefore, this analysis is conservative. Table 4-8 provides the potential GHG emissions from two boilers generating different MWs and the emissions rate in emissions per MW to be comparative.

**TABLE 4-8**  
**Steam Boiler GHG Emissions and Rate per MW**

GHG	Emission Factor (lbs/mmcf)	Boiler #1 (at 44 MW)			Boiler #2 (at 55 MW)		
		Emissions (lbs/day)	Emissions* (MT/yr)	Emission Rate (MT/yr/MW)	Emissions (lbs/day)	Emissions* (MT/yr)	Emission Rate (MT/yr/MW)
CO2e	120,276	1,523,897	151,697	3,447	1,662,214	165,465	3,008

\*The conversion used is 2,200 lbs per MT, 365 days/year at 60 percent capacity

As shown in Table 4-8, the emission rates for the boilers are trending the same but for a “worst case” annual scenario, the emission rates from boiler #1 will be used for the comparative analysis as it yielded higher values. A substantial advantage in operating gas turbines is their ability to be turned on and off within minutes, supplying power during peak, or unscheduled, demand. Although it is not possible to predict the average annual operation of the gas turbines, for the sake of a more “worst case” scenario gas turbines are assumed to annually operate at 80% capacity. Table 4-9 examines the GHG emissions from both the simple cycle and combined cycle gas turbines. The emissions are converted to annual MT and divided by the MW at 80 percent capacity to derive a GHG emission rate.

**TABLE 4-9**  
**Gas Turbine GHG Emissions and Rate per MW**

GHG	Emission Factor (lbs/mmcf)	Simple Cycle (at 49 MW)			Combined Cycle (at 405 MW)		
		Emissions (lbs/day)	Emissions* (MT/yr)	Emission Rate (MT/yr/MW)	Emissions (lbs/day)	Emissions* (MT/yr)	Emission Rate (MT/yr/MW)
CO2e	120,276	1,283,345	170,334	3,476	6,927,898	919,520	2,270

\*The conversion used is 2,200 lbs per MT, 365 days/year at 80 percent capacity

Both emission rates for simple cycle and combined cycle gas turbines are compared to the boiler emission rates for GHG emissions per MW and provided in Table 4-10. The potential annual delay in GHG emission reductions is compared to the GHG significant threshold to determine significance.

<sup>6</sup> Communication with SCAQMD engineering staff June 2013 who derived their data from US EPA’s Air Markets Program Data (<http://ampd.epa.gov/ampd>)



**TABLE 4-10**  
**Potential Annual Delay of GHG Emission Reductions from PR 1304.1**

GHG	Boiler Emission Rate (MT/yr/MW)	Simple Cycle		Combined Cycle		Potentially Affected MW	Potential Annual Delay in Emission Reductions* (MT/yr)	GHG Significance Threshold (MT/yr)/ Significant?
		Emission Rate (MT/yr/MW)	Difference in Rate (MT/yr/MW)	Emission Rate (MT/yr/MW)	Difference in Rate (MT/yr/MW)			
CO <sub>2</sub> e	3,447	3,476	(29)	2,270	1,177	200	<b>235,400</b>	10,000/Yes

\* The combined cycle was used to determine the potential annual delay in emission reductions because it has the greater difference in rate compared to the boiler.

As shown in Table 4-10, the potential delay in GHG emission reductions could exceed the annual GHG significance threshold. However, it is unlikely that all projects will be delayed at the same time and it is anticipated that the delay will be temporary as there are short-term RA requirements and long-term municipal planning processes in place to ensure that failing older equipment will not lead to electricity shortfalls. Also, fees collected from other EGFs electing to use the 1304(a)(2) exemption will fund air quality improvement projects that will, in turn, create emissions reductions and will have co-benefits in reducing GHG emissions.

For the power plants in the cities of Burbank and Glendale, the GHG emissions were also calculated for a “real world” scenario using data was provided by their representatives that can be found in Appendix E. Table 4-11 provides the CO<sub>2</sub>e emissions from the Burbank boilers and future simple cycle gas turbine, and the Glendale boilers and combined cycle gas turbine. The difference between the emissions is determined and also provided in Table 4-11. The difference would be the potential delay in GHG emission reductions if a repowering project is delayed. The “real world” annual delay exceeds the GHG significance threshold but slightly less than the “worst case” scenario. The potential GHG impact from the proposed project would remain significant.

**TABLE 4-11**  
**Potential Annual Delay of GHG Emission Reductions from Municipal Utilities**

GHG	Emission Factor (lbs/mmcf)	Burbank			Glendale			Potential Annual Delay in Emission Reductions (MT/yr)
		Boiler Emissions (MT/yr)	Simple Cycle Emissions (MT/yr)	Difference in Emissions (MT/yr)	Boiler Emissions <sup>1</sup> (MT/yr)	Combined Cycle Emissions <sup>2</sup> (MT/yr)	Difference in Emissions (MT/yr)	
CO <sub>2</sub> e	120,276	75,064	13,718	61,346	68,339	236,520	168,181	<b>229,527</b>

- Based on 1,250 mmcf and 2,200 lbs per MT;  
Example calculation: 1,250 mmcf/year x 120,276 lbs/mmcf / 2,200 lbs/MT = 68,339 MT/year
- Based on 5,256 annual hours as presented in the assumption calculations in Appendix E (Glendale spreadsheet).

Table 4-12 outlines the typical toxic air contaminants (TACs) resulting from the operation of a boiler and natural gas turbine. Except for two, all the contaminants are the same from either equipment type. The TACs listed are those with potential cancer effects to provide a more “worst case” toxic analysis. Table 4-12 also lists the emissions factors associated with those TACs for boilers and gas turbines and daily toxic emissions based on the same operating parameters as the boilers and gas turbines analyzed above. As noted earlier, gas turbines typically possess control technology such as oxidation catalysts that control up to 90 percent of



VOC emissions, which in turn reduce toxic emissions. Such reductions are included in the emissions table.

**TABLE 4-12**  
**Toxic Air Contaminants from Boiler and Gas Turbine**

TAC	CAS No.	Boiler (>100 MMBTU/hr)		Gas Turbine	
		Emission Factor (lbs/mmcf)	Emissions (lbs/day)	Emission Factor (lbs/mmcf)	Emissions (lbs/day)
Formaldehyde	50-000	0.0036	0.0468	0.7242	0.7749
Ethyl Benzene	100-414	0.0020	0.0260	0.03264	0.0349
Benzene	71-432	0.0017	0.0221	0.01224	0.0131
Acetaldehyde	75-070	0.0009	0.0117	0.04080	0.0437
Propylene Oxide	75-569	---	0.0000	0.02958	0.0317
Napthalene	91-203	0.0003	0.0039	0.00133	0.0014
PAHs (excluding Napthalene)	1-150	0.0001	0.0013	0.00092	0.0010
1,3 butadiene	106-990	---	0.0000	0.00044	0.0005

By generating equivalent emissions, the toxics could be added for comparison. Equivalent emissions are calculated by weighting the emissions of the carcinogenic pollutants by the ratio of their cancer potency to the cancer potency of a driver TAC. In this analysis, the driver is formaldehyde. Thus, emissions from species less potent than formaldehyde are weighted less, while emissions from species more potent than formaldehyde are weighted more. As a result, formaldehyde has a weighting factor of one and the others more or less than one. The weighting factor is then multiplied by the emissions listed in Table 4-12 to determine formaldehyde equivalent toxic emissions. In doing so, the emissions are additive. Table 4-13 lists the carcinogens, their inhalation cancer potencies, weighting factors and resulting emissions. Finally the emissions are added for total resulting toxic impact from each equipment type.

**TABLE 4-13**  
**Weighted Toxic Emissions**

TAC	Inhalation Cancer Potency (mg/kg-d) <sup>-1</sup>	Weighting Factor	Boiler (>100 MMBTU/hr)	Gas Turbine
			Emissions (lbs/day)	Emissions (lbs/day)
Formaldehyde	0.021	1.00	0.0468	0.7749
Ethyl Benzene	0.0087	0.41	0.0108	0.0145
Benzene	0.1	4.76	0.1052	0.0624
Acetaldehyde	0.01	0.48	0.0056	0.0208
Propylene Oxide	0.013	0.62	0.0000	0.0196
Napthalene	0.12	5.71	0.0223	0.0081
PAHs (excluding Napthalene)	3.9	185.71	0.2414	0.1828
1,3 butadiene	0.6	28.57	0.0000	0.0135
<b>TOTAL EMISSIONS (lbs/day)</b>			<b>0.4321</b>	<b>1.0965</b>

The difference in equivalent toxic emissions between the operation of the boiler and gas turbine is less than one pound per day. As such, the potential adverse toxic impact from delaying a repowering project or increasing the use of the boiler is anticipated to be not significant.

**Project-Specific Mitigation for Air Quality and GHG Emissions Impacts:** As concluded above, the air quality analysis for the proposed project indicates that PM10, VOC, NO<sub>x</sub> and GHG emission reductions foregone during operation could exceed the applicable significance thresholds and are concluded to be significant. If significant adverse environmental impacts are identified in a CEQA document, the CEQA document shall describe feasible measures that could minimize the impacts of the proposed project. PR 1304.1 is a fee rule and alternatives to the project are adjustments to the fee, which are addressed in the alternatives analysis found in Chapter 5. The potential adverse air quality and GHG emissions impacts from the proposed project will be the result of those EGFs deciding to delay projects to repower to cleaner, more efficient equipment because of the fee. Aside from the existing regulatory framework, such as deadlines to cease using once-through-cooling, or pre-arranged agreements, there is no requirement regarding the timing of these facilities to repower. In addition, the SCAQMD cannot regulate when and how the projects are built. However, the proposed project charges a fee to those facilities that are conferred the benefit of obtaining offsets from the SCAQMD internal bank pursuant to Rule 1304 (a)(2) offset exemption. This fee will fund air quality improvement projects, such as those found in the 2012 AQMP.

Emission reductions efforts outlined in the AQMP include a number of measures designed to address combustion emissions that will result in a GHG emission reduction co-benefit. Examples of the types of projects were identified by the 2012 AQMP and analyzed in Chapter 4 of the Final Program EIR. Such projects could include mobile source implementation measures such as replacing on-road and off-road vehicles with natural gas, hybrid-electric, or all-electric vehicles; accelerated retirement of older vehicles; as well as installation of infill photovoltaic systems. The California Air Resources Board (CARB) prepared a planning document along with the SCAQMD and San Joaquin Valley Air Pollution Control District called “Vision for Clean Air: A Framework for Air Quality and Climate Planning<sup>7</sup>” that took a coordinated look at strategies needed to meet California's multiple air quality and climate goals well into the future. In examining the most efficient use of limited resources and the time needed to develop cleaner technologies, the document concluded a transition to zero- and near-zero emission technologies are necessary to meet both AQMP air quality standards and GHG climate goals.

By funding these projects, emission reductions will be generated that provide a regional air quality and GHG benefit to reduce the impact from the potential delay in emission reductions from those facilities choosing to delay their repower projects because of the fee. It is possible that the use of these fees will fully offset the adverse air quality impact but this cannot be guaranteed at this time. For these reasons, there are no further feasible mitigation measures that would reduce or eliminate the expected delay in emission reductions. Consequently, the operational air quality and GHG emissions impacts from the proposed project cannot be mitigated to less than significant. In addition, Findings and a Statement of Overriding Considerations will be prepared for the Governing Board's consideration and approval prior to the public hearings for the proposed amendments.

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<sup>7</sup> <http://www.arb.ca.gov/planning/vision/vision.htm>

**Remaining Air Quality and GHG Emissions Impacts:** The fees collected from issuing offsets from the SCAQMD offset bank via Rule 1304 (a)(2) will be used to fund air quality improvement projects as provided in the 2012 AQMP, thus assisting to reach the goals of the 2012 AQMP. Such projects could include mobile source implementation measures such as replacing on-road and off-road vehicles with natural gas, hybrid-electric, or all-electric vehicles; accelerated retirement of older vehicles; as well as installation of infill photovoltaic systems. The potential adverse air quality and GHG emissions impacts from implementing such control measures in the 2012 AQMP have been analyzed in the Final Program Environmental Impact Report (EIR) for the 2012 AQMP ([http://www.aqmd.gov/ceqa/documents/2012/aqmd/finalEA/2012AQMP/2012aqmp\\_fpeir.html](http://www.aqmd.gov/ceqa/documents/2012/aqmd/finalEA/2012AQMP/2012aqmp_fpeir.html)). The specific impacts analysis can be found in Chapter 4 of the Final Program EIR.

**Cumulative Air Quality and GHG Emissions Impacts:** The preceding project-specific analysis concluded that air quality and GHG emissions impacts during operation could be significant from implementing the proposed project. Specifically, PM10, VOC, NOx and GHG emission reductions foregone could exceed the SCAQMD's significance threshold for operation. Thus, the air quality and GHG emissions impacts during operation are considered to be cumulatively considerable pursuant to CEQA Guidelines §15064 (h)(1).

Even though the proposed project could result in significant adverse project-specific emission reductions foregone during operation, they are not expected to interfere with the air quality progress and attainment demonstration projected in the 2012 AQMP. The reason for this conclusion is that ultimately the repower projects will take place and Rule 1304.1 is expected to generate funds to reduce or offset PM10, VOC and NOx emissions from a delay in repowering. Further, based on regional modeling analyses performed for the 2012 AQMP, implementing control measures contained in the 2012 AQMP, in addition to the air quality benefits of the existing rules with future compliance dates, is anticipated to bring the district into attainment with all national and most state ambient air quality standards by the year 2014 for the federal 24-hour PM2.5 standard and by the year 2023 for the federal eight-hour ozone standard. Therefore, cumulative operational air quality impacts from the proposed project, previous amendments and all other AQMP control measures considered together, are not expected to be significant because implementation of all AQMP control measures is expected to result in net emission reductions and overall air quality improvement. This determination is consistent with the conclusion in the 2012 AQMP Final Program EIR that cumulative air quality and GHG emissions impacts from all AQMP control measures are not expected to be significant (SCAQMD, 2012). Therefore, there would be no significant adverse cumulative adverse operational air quality and GHG emissions impacts from implementing the proposed project.

**Cumulative Mitigation Measures:** The analysis indicates that the proposed project could result in a delay of PM10, VOC, NOx and GHG emission reductions during operation of the proposed project, but the delay would not result in permanent adverse significant cumulative air quality and GHG emissions impacts because of existing backstop measures and regulatory requirements along with AQMP control measures considered together. Thus, no cumulative air quality and GHG emissions mitigation measures for operation are required.

## ENERGY

The initial evaluation in the NOP/IS (see Appendix B) identified the topic of energy as potentially being adversely affected by the proposed project. The SCAQMD has received

comments from stakeholders asserting that implementing fees pursuant to PR 1304.1 may deter investment in replacing 50+ year-old boilers with new more efficient gas turbines or other more efficient gas turbines, etc. As a result local and basin-wide electrical system reliability could be adversely impacted.

### ***Significance Criteria***

To determine whether energy impacts from adopting and implementing the proposed project are significant, impacts will be evaluated and compared to the following criteria:

- 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.

**Conflicts with Adopted Energy Conservation Plans or Standards; Wasteful and/or Inefficient Use of Non-renewable Resources:** Affected facilities would still be expected to comply with any existing energy conservation standards, to the extent that affected equipment is subject to energy conservation standards. It is not expected that the proposed project will affect in any way or interfere with that affected EGF's ability to comply with its energy conservation plan or energy standards. Further, it is expected that the installation and operation of any equipment used will also comply with all applicable existing energy standards. Thus, project construction and operation activities will not utilize non-renewable energy resources in a wasteful or inefficient manner.

**Substantial Depletion of Existing Energy Resource Supplies and Increased Utility Demand:** The intent of the proposed project is to continue to allow EGFs eligible for the specific offset exemption pursuant to Rule 1304 (a)(2) to access the SCAQMD internal bank if they elect to do so, but for eligible facilities to pay for the offset in order to recoup the market value as a reasonable cost of conferring the benefit. The proposed project could result in some facilities delaying the repowering of old equipment but would not delay to the point of providing an inadequate supply. Thus, the proposed project will not deplete existing energy resource supplies or increase utility demand. One commenter noted "increasing loads (e.g., switching to electric vehicles and higher cooling demands associated with climate change) will require increasing amounts of local generating capacity." Although this potential increase is independent of the proposed project, the concern was that the proposed fee will deter investment to repower to more efficient equipment that could handle the increased load. As a result, the existing steam boilers could need to increase capacity to accommodate the increased load. From an energy perspective, the increased need will be met either with the existing steam boilers or the new more efficient equipment. The potential adverse air quality impacts from increasing the use of steam boilers was evaluated in the air quality section of this chapter.

With regard to overall energy reliability, the analysis prepared by Dr. Frank Wolak, an economics professor at Stanford University and former chair of the Market Surveillance Committee at California ISO, states that there are "many more than adequate safeguards in place to ensure that grid reliability will not be adversely impacted by this decision" (PR 1304.1). The report concludes that "because of the combined CPUC and California ISO RA process, the

CPUC LTPP process, and several other state and local policies, Proposed Rule 1304.1 is unlikely to have any discernible impact on the reliability of the supply of electricity.” (Appendix D, p.1). See the complete report in Appendix D, which thoroughly analyzes the reliability impacts of the proposed project.

As outlined in Dr. Wolak’s analysis, CPUC and ISO ensure that there is adequate generation capacity within the state to meet future electricity demand. Specifically, the California Public Utility Code Section 380 is a formalized regulatory mechanism designed to maintain a reliable supply of electricity in California. Section 380 is reproduced in Appendix D following the report. For those municipalities that are autonomous and outside of CPUC and ISO’s jurisdiction, they have similar, local long-term planning and resource adequacy policies. “Each of these municipal utilities produces an Integrated Resource Plan (IRP) to meet future electricity demand in their service territory with a high level of reliability and while minimizing ratepayer impacts.” (Appendix D, p.9)

Further, because EGFs will be able to recover the cost of the fees through retail rates, the costs of the proposed project are not borne solely by the EGFs and the likelihood that an EGF will delay a repowering project is diminished. Specifically, “a portion of the cost of the fee to access the District’s offset bank will likely be recovered from the prices load-serving entities in Southern California pay for local RA capacity.” (Appendix D, p.15) Additionally, the California ISO tariff has a provision allowing an EGF to pay the EGF’s annual total cost of operating and then pass these costs on to electricity consumers for those EGFs that are required to remain in the District and operate because of the ISO’s local reliability requirements. The report concludes that “the cost of this fee will be recovered from both the market-based and regulated services that suppliers in the District provide including local RA capacity, long-term contracts for energy, ancillary services, and regulated reliability services.” (Appendix D, p.16) Moreover, municipalities that are outside of CPUC and ISO’s jurisdiction have the autonomy to pass costs on to their consumers directly in retail rates. For a complete discussion of all of the mechanisms available to pass costs on to consumers, see Appendix D, p. 9, 15-16.

Based on the above findings, the energy impacts from the implementation of the proposed project are expected to be less than significant because the proposed project will not significantly adversely affect reliability of energy supplies, energy demand, or cause a depletion of energy sources.

**Project-Specific Mitigation for Energy Impacts:** No significant adverse impacts on energy are expected from the proposed project; therefore, no mitigation measures are required.

**Cumulative Energy Impacts:** No significant adverse project-specific reliability in energy supplies is expected, so energy impacts are not considered to be cumulatively considered as defined in CEQA Guideline §15064(h)(1). Therefore, cumulative energy impacts are concluded to be less than significant. Where a lead agency is examining a project with an incremental effect that is not cumulatively considerable, a lead agency need not consider the effect significant, but must briefly describe the basis for concluding that the incremental effect is not cumulatively considerable. Therefore the project’s contribution to energy impacts is not cumulatively considerable and thus not significant. This conclusion is consistent with CEQA Guidelines §15064 (h)(4), which states, “The mere existence of cumulative impacts caused by other projects alone shall not constitute substantial evidence that the proposed project’s

incremental effects are cumulatively considerable”. Therefore, the proposed project is not expected to result in significant adverse cumulative energy impacts.

**Cumulative Mitigation Measures:** The analysis indicates that the proposed project would not result in an adverse significant cumulative energy impacts. Thus, no cumulative energy mitigation measures are required.

## **POTENTIAL ENVIRONMENTAL IMPACTS FOUND NOT TO BE SIGNIFICANT**

While all the environmental topics required to be analyzed under CEQA were reviewed in the NOP/IS to determine if the proposed project could create significant impacts, the screening analysis concluded that the following environmental areas would not be significantly adversely affected by the proposed project: aesthetics, agriculture and forestry resources, biological resources, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, land use and planning, mineral resources, noise, population and housing, public services, recreation, solid/hazardous waste, and transportation/traffic. Please refer to the NOP/IS in Appendix B for the detailed analysis and conclusions for the environmental topic impacts found to be not significant and not further analyzed.

## **SIGNIFICANT IRREVERSIBLE ENVIRONMENTAL CHANGES**

CEQA Guidelines §15126 (c) requires an environmental analysis to consider "any significant irreversible environmental changes which would be involved if the proposed action should be implemented." This EA identified the topic of air quality during operation as the only environmental area potentially adversely affected by the proposed project.

Even though the proposed project could result in emission reductions foregone during operation that exceeds the applicable operational air quality significance threshold, they could for the following reasons not be expected to interfere with the air quality progress and attainment demonstration projected in the AQMP. Based on regional modeling analyses performed for the 2012 AQMP, implementing control measures contained in the 2012 AQMP, in addition to the air quality benefits of the existing rules, is anticipated to bring the district into attainment with all national and most state ambient air quality standards by the year 2023. Therefore, cumulative operational air quality impacts from the proposed project, previous amendments and all other AQMP control measures considered together, are not expected to be significant because implementation of all AQMP control measures is expected to result in net emission reductions and overall air quality improvement. This determination is consistent with the conclusion in the 2012 AQMP Final Program EIR that direct cumulative air quality impacts from all AQMP control measures are not expected to be significant (SCAQMD, 2012). For these aforementioned reasons, the proposed project would not result in irreversible environmental changes or irretrievable commitment of resources.

## POTENTIAL GROWTH-INDUCING IMPACTS

CEQA Guidelines §15126(d) requires an environmental analysis to consider the "growth inducing impact of the proposed action." Implementing the proposed project will not, by itself, have any direct or indirect growth-inducing impacts on businesses in the SCAQMD's jurisdiction because it is not expected to foster economic or population growth or the construction of additional housing and primarily affects existing facilities.

## CONSISTENCY

CEQA Guidelines §15125(d) requires an EIR to discuss any inconsistencies between a proposed project and any applicable general plans or regional plans. SCAG and the SCAQMD have developed, with input from representatives of local government, the industry community, public health agencies, the USEPA - Region IX and CARB, guidance on how to assess consistency within the existing general development planning process in the Basin. Pursuant to the development and adoption of its Regional Comprehensive Plan Guide (RCPG), SCAG has developed an Intergovernmental Review Procedures Handbook (June 1, 1995). The SCAQMD also adopted criteria for assessing consistency with regional plans and the AQMP in its CEQA Air Quality Handbook. The following sections address the consistency between the proposed project and relevant regional plans pursuant to the SCAG Handbook and SCAQMD Handbook.

### **Consistency with Regional Comprehensive Plan and Guide (RCPG) Policies**

The RCPG provides the primary reference for SCAG's project review activity. The RCPG serves as a regional framework for decision making for the growth and change that is anticipated during the next 20 years and beyond. The Growth Management Chapter (GMC) of the RCPG contains population, housing, and jobs forecasts, which are adopted by SCAG's Regional Council and that reflect local plans and policies, shall be used by SCAG in all phases of implementation and review. It states that the overall goals for the region are to: 1) re-invigorate the region's economy; 2) avoid social and economic inequities and the geographical isolation of communities; and, 3) maintain the region's quality of life.

### **Consistency with Growth Management Chapter (GMC) to Improve the Regional Standard of Living**

The Growth Management goals are to develop urban forms that enable individuals to spend less income on housing cost, that minimize public and private development costs, and that enable firms to be more competitive, strengthen the regional strategic goal to stimulate the regional economy. The proposed project in relation to the GMC would not interfere with the achievement of such goals, nor would it interfere with any powers exercised by local land use agencies. Further, the proposed project will not interfere with efforts to minimize red tape and expedite the permitting process to maintain economic vitality and competitiveness.

### **Consistency with Growth Management Chapter (GMC) to Provide Social, Political and Cultural Equity**

The Growth Management goals to develop urban forms that avoid economic and social polarization promotes the regional strategic goals of minimizing social and geographic disparities and of reaching equity among all segments of society. Consistent with the Growth Management goals, local jurisdictions, employers and service agencies should provide adequate training and retraining of workers, and prepare the labor force to meet the challenges of the

regional economy. Growth Management goals also includes encouraging employment development in job-poor localities through support of labor force retraining programs and other economic development measures. Local jurisdictions and other service providers are responsible to develop sustainable communities and provide, equally to all members of society, accessible and effective services such as: public education, housing, health care, social services, recreational facilities, law enforcement, and fire protection. Implementing the proposed project has no effect on and, therefore, is not expected to interfere with the goals of providing social, political and cultural equity.

### **Consistency with Growth Management Chapter (GMC) to Improve the Regional Quality of Life**

The Growth Management goals also include attaining mobility and clean air goals and developing urban forms that enhance quality of life, accommodate a diversity of life styles, preserve open space and natural resources, are aesthetically pleasing, preserve the character of communities, and enhance the regional strategic goal of maintaining the regional quality of life. The RCPG encourages planned development in locations least likely to cause environmental impacts, as well as supports the protection of vital resources such as wetlands, groundwater recharge areas, woodlands, production lands, and land containing unique and endangered plants and animals. While encouraging the implementation of measures aimed at the preservation and protection of recorded and unrecorded cultural resources and archaeological sites, the plan discourages development in areas with steep slopes, high fire, flood and seismic hazards, unless complying with special design requirements. Finally, the plan encourages mitigation measures that reduce noise in certain locations, measures aimed at preservation of biological and ecological resources, measures that could reduce exposure to seismic hazards, minimize earthquake damage, and develop emergency response and recovery plans. The proposed project has no impact on any of these issues except air quality. However, since the project would not interfere with the AQMP, it will not be inconsistent with the goal of improving the regional quality of life. Therefore, in relation to the GMC, the proposed project is not expected to interfere, but rather with attaining and maintaining the air quality portion of these goals.

### **Consistency with Regional Mobility Element (RMP) and Congestion Management Plan (CMP)**

PR 1304.1 is consistent with the RMP and CMP since no significant adverse impact to transportation/circulation would result from specific equipment that are currently subject to permit requirements to be either exempt from permitting requirements or placed into a filing program. Because EGFs are not expected to increase their handling capacities, there would not be an increase in material transport trips associated with the implementation of PR 1304.1. Therefore, PR 1304.1 are not expected to significantly adversely affect circulation patterns or congestion management.



## **CHAPTER 5**

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### **ALTERNATIVES**

**Introduction**

**Alternatives Rejected as Infeasible**

**Description of Alternatives**

**Comparison of Alternatives**

**Lowest Toxic and Environmentally Superior Alternatives**

**Conclusion**

## INTRODUCTION

This Draft EA provides a discussion of alternatives to the proposed project as required by CEQA. A range of reasonable alternatives to the proposed project shall include measures that feasibly attain most of the project objectives and provide a means for evaluating the comparative merits of each alternative. A 'no project' alternative must also be evaluated. The range of alternatives must be sufficient to permit a reasoned choice, but need not include every conceivable project alternative. CEQA Guidelines §15126.6 (c) specifically notes that the range of alternatives required in a CEQA document is governed by a 'rule of reason' and only necessitates that the CEQA document set forth those alternatives necessary to permit a reasoned choice. The key issue is whether the selection and discussion of alternatives fosters informed decision making and meaningful public participation. A CEQA document need not consider an alternative whose effect cannot be reasonably ascertained and whose implementation is remote and speculative. SCAQMD Rule 110 (the rule which implements the SCAQMD's certified regulatory program) does not impose any greater requirements for a discussion of project alternatives in an environmental assessment than is required for an EIR under CEQA.

## PROJECT OBJECTIVES

As noted in Chapter 2, CEQA Guidelines §15124(b) requires the project description to include a statement of objectives sought by the proposed project, including the underlying purpose of the proposed project. Compatibility with project objectives is one criterion for selecting a range of reasonable project alternatives and provides a standard against which to measure project alternatives. The project objectives identified in the following bullet points have been developed: 1) in compliance with CEQA Guidelines §15124 (b); and, 2) to be consistent with policy objectives of the SCAQMD's New Source Review program. The project objectives are as follows:

- Recoup the fair market value of offsets provided to eligible EGFs from SCAQMD's internal offset bank pursuant to offset exemption Rule 1304 (a)(2) ~~that is a reasonable cost for conferring the benefit;~~
- Facilitate the continued development of a reliable electric grid within the SCAQMD's jurisdiction while discouraging electric generation not necessary to serve native load or reliability needs.
- Reduce the depletion rate of offsets from SCAQMD's internal offset bank to ensure the continued availability of offsets for essential public services; and,
- ~~Utilize funds~~ Maximize the availability of funds for investment in air pollution reduction projects ~~furthering~~ that further the goals outlined in the 2012 AQMP.

## ALTERNATIVES SUMMARY

The proposed project and four alternatives to the proposed project are summarized in Table 5-1: Alternative A (No Project), Alternative B (Higher Fee), Alternative C (Higher Fee for Capacity Relocation Projects) and Alternative D (Lower Fee). Pursuant to CEQA Guidelines §15126.6 (b), the purpose of an alternatives analysis is to reduce or avoid potentially significant adverse effects that a project may have on the environment. The environmental topic areas identified in the NOP/IS that may be adversely affected by the proposed project were air quality and energy

impacts. A comprehensive analysis of potential air quality, greenhouse gas (GHG), and energy impacts are included in Chapter 4 of this document. This chapter provides a comparison of the potential air quality, GHG, and energy impacts from each of the project alternatives relative to the proposed project, which are summarized in Table 5-2. That analysis concluded that only air quality/GHG impacts have the potential to be significant. Aside from air quality, no other significant adverse impacts were identified for the proposed project or any of the project alternatives. As indicated in the following discussions, the proposed project is considered to provide the best balance between meeting the objectives of the project while minimizing potentially significant adverse environmental impacts.

**TABLE 5-1**  
**Summary of PR1304.1 and Project Alternatives**

Project	Project Description
<b>Proposed Project</b>	Requires electric generating facilities (EGFs) that elect to use the specific offset exemption under Rule 1304 (a)(2) to pay a fee for the amount of offsets provided from the SCAQMD internal accounts. The fee can be paid annually or one time up-front, and will be used to recoup the fair market value of offsets procured by eligible EGFs electing to use the offsets to comply with Rule 1304 (a)(2). The fee proceeds will be invested in air pollution improvement projects consistent with the 2012 AQMP.
<b>Alternative A</b> (No Project)	EGFs that use the specific offset exemption under Rule 1304 (a)(2) will continue to not pay for the amount of offsets provided from the SCAQMD internal accounts. The value of the offsets will not be recouped and there will be no investment in air pollution improvement projects.
<b>Alternative B</b> (Higher Fee)	Requires EGFs that use the specific offset exemption under Rule 1304 (a)(2) to pay a higher fee than listed in the proposed project for the amount of offsets provided from the SCAQMD internal accounts. All other requirements and conditions in the proposed project would be applicable.
<b>Alternative C</b> (Higher Fee for Capacity Relocation)	Requires EGFs that are relocating electrical generation capacity from one facility to another facility for new equipment will be subject to a higher fee than listed in the proposed project for the amount of offsets provided from the SCAQMD internal accounts. All other requirements and conditions in the proposed project would be applicable.
<b>Alternative D</b> (Lower Fee)	Requires EGFs that use the specific offset exemption under Rule 1304 (a)(2) to pay a lower fee than listed in the proposed project for the amount of offsets provided from the SCAQMD internal accounts. All other requirements and conditions in the proposed project would be applicable. The total value of the offsets will not be recouped and there will be a lower amount for investment in air pollution improvement projects.

**TABLE 5-2  
Comparison of Adverse Environmental Impacts of the Alternatives**

<b>Category</b>	<b>Proposed Project</b>	<b>Alternative A: No Project</b>	<b>Alternative B: Higher Fee</b>	<b>Alternative C: Higher Fee for Capacity Relocation Projects</b>	<b>Alternative D: Lower Fee</b>
Air Quality Impacts – Criteria Pollutants	318 lbs PM10, 258 lbs VOC, and 140 lbs NOx daily delay in emission reductions and potential increase in usage of boilers; emission reductions from air quality improvement projects.	Less significant than proposed project due to no delay in emission reductions from repowering; also, no further emission reductions.	More significant than proposed project; more emission reductions from air quality improvement projects than proposed project.	Slightly more significant than proposed project; slightly more emission reductions from air quality improvement projects than proposed project.	Less significant than proposed project; less emission reductions from air quality improvement projects than proposed project.
Significant?	Yes	No	Yes	Yes	Yes
Air Quality Impacts – GHG	235,400 MT/yr annual delay in emission reductions and potential increase in usage of boilers; emission reductions from air quality improvement projects.	Less significant than proposed project due to no delay in emission reductions from repowering; also, no further emission reductions.	More significant than proposed project; more emission reductions from air quality improvement projects than proposed project.	Slightly more significant than proposed project; slightly more emission reductions from air quality improvement projects than proposed project.	Less significant than proposed project; less emission reductions from air quality improvement projects than proposed project.
Significant?	Yes	No	Yes	Yes	Yes
Air Quality Impacts – Toxics	Less than 1 lb per day daily delay in emission reductions; emission reductions from air quality improvement projects.	Less significant than proposed project due to no delay in emission reductions from repowering; also, no further emission reductions.	More potential adverse impact than proposed project; more emission reductions from air quality improvement projects than proposed project.	Slightly more potential adverse impact than proposed project; slightly more emission reductions from air quality improvement projects than proposed project.	Less significant than proposed project; less emission reductions from air quality improvement projects than proposed project.
Significant?	No	No	No	No	No
Operational Energy Impacts	Reliability of electricity system	Reliability of electricity system	Reliability of electricity system	Reliability of electricity system	Reliability of electricity system
Significant?	No	No	No	No	No

## **ALTERNATIVES REJECTED AS INFEASIBLE**

A CEQA document should identify any alternatives that were considered by the lead agency, but were rejected as infeasible during the scoping process and explain the reasons underlying the lead agency's determination (CEQA Guidelines §15126.6(c)). While the scope and goals of proposed projects may be relatively specific, a variety of options can be considered as alternatives to the proposed project. The following alternatives have been eliminated from further detailed consideration in the EA for the following reasons: 1) they fail to meet the most basic project objectives, 2) they are infeasible as defined by CEQA (CEQA Guidelines §15364), or 3) they are unable to avoid significant impacts (CEQA Guidelines §15126.6(c)).

### **Remove Offset Exemption for Electric Utility Steam Boiler Replacement**

This potential alternative would eliminate the modeling and offset exemption for electric utility steam boiler replacement currently provided in Rule 1304(a)(2). The offsets required for these projects are currently obtained from the SCAQMD internal accounts for no charge. The exemption is applicable to those EGFs replacing an onsite steam boiler with a combined cycle gas turbine, other advanced gas turbines or renewable energy generation such as solar, geothermal or wind. The equipment must not exceed the basinwide electricity generating capacity per utility based on maximum electrical megawatt power rating. As such, the exemption also applies to EGFs relocating its electricity generating capacity to another location.

This alternative would eliminate the modeling and offset exemption for EGFs currently eligible under Rule 1304(a)(2) restricting access to free offsets from the SCAQMD internal accounts. As a result, affected EGFs would need to seek offsets from privately held credits at market value cost to meet their emissions offset obligations.

This alternative has been eliminated from consideration because it does not meet the basic project objectives to recoup the market value of offsets used for the EGF projects, reduce depletion of offsets from the internal bank, invest in air pollution investment projects, or further the goals of the AQMP. Furthermore, having to seek offsets in the open market could delay the project in replacing higher polluting steam boiler with cleaner alternatives, thus, have a delay in emission reductions similar to the proposed project. Thus, the alternative does not avoid potentially significant air quality impacts. In addition, the implementation of the alternative would require separate rulemaking to amend Rule 1304 and eliminate subsection (a)(2). Since this action is not proposed at this time, this alternative will not be further considered.

### **Modify the Applicable Fee Rates**

The proposed rule requires EGFs obtaining offsets from the SCAQMD to pay either an annual fee or a onetime up-front for each pollutant emitted (PM, NOx, SOx, and VOC). A fee rate is applied to facilities with a repowered capacity of up to 100 MW and a different higher fee rate is applied to facilities with a repowered capacity of greater than 100 MW, for those MW in excess of 100.

This alternative would modify the applicable fee rates by lowering the repowering capacity of the lower fee rates up to 50 MW and the higher fee rate applying to those greater than 50 MW.

For those facilities under 50 MW, it is likely a facility offset exemption pursuant to Rule 1304(d) applies. The exemption is eligible to those new or modified facilities that demonstrate less than 4 tons/year of NOx emissions to be exempt from Rule 1303 (b)(2) requiring emission offsets. As such, an alternative providing relief for those under 50 MW is not necessary as the existing facility offset exemption would be available. In doing so, more facilities would be subject to the higher fee rate. Further, the effort to secure additional funds to pay the higher fee rate could delay the project in replacing higher polluting steam boiler with cleaner alternatives, thus, resulting in a delay in emission reductions similar to the proposed project. Therefore, the alternative does not avoid potentially significant air quality impacts. Based on these reasons, this alternative will not be further considered.

## DESCRIPTION OF PROJECT ALTERNATIVES

The project alternatives described in the following subsections were developed by modifying specific components of the proposed project. The rationale for selecting and modifying specific components of the proposed project to generate feasible alternatives for the analysis is based on CEQA's requirement to present "realistic" and "potentially feasible" alternatives; that is, alternatives that can actually be implemented. When considering approval of the proposed project, the SCAQMD's Governing Board may choose all of or portions of any of the alternatives analyzed, as well as variations on the alternatives, since the comparative merits of the project alternatives have been analyzed and circulated for public review and comment along with the analysis of the proposed project. The main components of the proposed project and each project alternative are summarized in Table 5-3. A complete description of the proposed project can be found in Chapter 2 (Project Description) and any element of the proposed project not listed will remain the same for Alternatives B, C and D.

**TABLE 5-3**  
**Comparison of Key Components of the Proposed Project to the Alternatives**

<b>Proposed Project</b> (Key Components)	<b>Alternative A:</b> No Project	<b>Alternative B:</b> Higher Fee	<b>Alternative C:</b> Higher Fee for Capacity Relocation Projects	<b>Alternative D:</b> Lower Fee
EGFs pay fee to obtain offsets from SCAQMD internal accounts if eligible under Rule 1304 (a)(2) exemption	EGFs do not pay fee to obtain offsets from SCAQMD internal accounts if eligible under Rule 1304 (a)(2) exemption	EGFs pay a fee higher than proposed project to obtain offsets from SCAQMD internal accounts if eligible under Rule 1304 (a)(2) exemption	EGFs relocating capacity pay a fee higher than proposed project to obtain offsets from SCAQMD internal accounts if eligible under Rule 1304 (a)(2) exemption	EGFs pay a fee lower than proposed project to obtain offsets from SCAQMD internal accounts if eligible under Rule 1304 (a)(2) exemption
EGFs shall pay either an annual fee or single up-front fee for each pollutant	No fee is required	Same as proposed project	Same as proposed project	Same as proposed project

**TABLE 5-3 (Concluded)**  
**Comparison of Key Components of the Proposed Project to the Alternatives**

<b>Proposed Project (Key Components)</b>	<b>Alternative A: No Project</b>	<b>Alternative B: Higher Fee</b>	<b>Alternative C: Higher Fee for Capacity Relocation Projects</b>	<b>Alternative D: Lower Fee</b>
Separate fee structure for projects of less than 100 MW and projects greater than 100 MW	No fee structure is necessary since no fee is required	Same as proposed project	Same as proposed project	Same as proposed project
Fee proceeds invested in air pollution improvement projects	No fee is required so no investment in air pollution improvement projects	Same as proposed project	Same as proposed project	Same as proposed project

### **Alternative A - No Project**

CEQA Guidelines §15126.6 requires evaluation of a no project alternative to allow decision makers to compare the impacts of approving the proposed project with the impacts of not approving the proposed project. The No Project Alternative assumes that the proposed project or Alternatives B, C and D would be adopted.

Alternative A or 'no project' means that the current requirements and conditions to obtain offsets from the SCAQMD internal accounts pursuant to Rule 1304 (a)(2) would be maintained. As such, EGFs that use the specific offset exemption under Rule 1304 (a)(2) will continue to not pay for the amount of offsets provided from the SCAQMD internal accounts.

### **Alternative B – Higher Fee**

Alternative B is similar to the proposed project in all aspects except that Alternative B requires EGFs that elect to use the specific offset exemption under Rule 1304 (a)(2) to pay a higher fee than listed in the proposed project for the amount of offsets provided from the SCAQMD internal accounts. While the fee rates will be modified with this alternative, the fee structure (e.g., up front lump sum or annual payment, MW size applicability, etc.) will remain the same as the proposed project. Therefore, those facilities generating less than 100 MW will pay a higher fee than currently proposed in PR1304.1 and those facilities generating greater than 100 MW will pay an even higher fee if electing to use the specific offset exemption under Rule 1304 (a)(2). The intent of this alternative is to ensure the value of the offset is reasonably recouped in order to appropriately compensate investment in air pollution improvement projects to further the goals of the Air Quality Management Plan (AQMP). Such projects could include mobile source implementation measures such as accelerating zero and near-zero emission vehicles into the market and accelerated retirement of older vehicles. Compared to the proposed project and Alternative A, there would be more funding for emission reduction projects with Alternative B,

but the potential for delaying repowering projects would be equal or greater than the proposed project.

### **Alternative C – Higher Fee for Capacity Relocation Projects**

The offset exemption under Rule 1304 (a)(2) allows access to the credits in the SCAQMD internal accounts for those facilities replacing steam boilers with a combined cycle gas turbine, other advanced gas turbines, or renewable energy generation such as solar, geothermal or wind. It requires the equipment must not exceed the basinwide electricity generating capacity per utility based on maximum electrical megawatt power rating. As such, the exemption also applies to an EGF relocating its electricity generating capacity to another location.

The proposed project affects facilities eligible for the specific offset exemption under Rule 1304 (a)(2) through either a repowering at the facility or transferring electrical generation capacity for new equipment at another facility. Alternative C would require EGFs that are relocating electrical generation capacity from another facility for new equipment be subject to a higher fee than listed in the proposed project for the amount of offsets provided from the SCAQMD internal accounts. The reason for this alternative is to provide more funding for emission reduction projects since the capacity relocation projects expose people near the new location to EGF emissions that were not being emitting from that location previously. All other requirements and conditions, such as the different fee structure based on MW generation, in the proposed project would be applicable. The number of sources affected by a higher fee under Alternative C is expected to be less than Alternative B, so the fees collected are expected to be less than those collected under Alternative B but more than under the proposed project.

### **Alternative D – Lower Fee**

Alternative D is similar to the proposed project in all aspects except that Alternative D requires EGFs that use the specific offset exemption under Rule 1304 (a)(2) to pay a lower fee than listed in the proposed project for the amount of offsets provided from the SCAQMD internal accounts. The intent of this alternative is to reduce the charge to the applicable EGFs for the proposed repower projects while still recouping the partial cost of the offset in order to help provide investment in air pollution improvement projects to further the goals of the AQMP. Such projects could include mobile source implementation measures such as accelerating zero and near-zero emission vehicles into the market and accelerated retirement of older vehicles.

## **COMPARISON OF THE ALTERNATIVES**

The following section describes the potential adverse operational air quality and energy impacts that may be generated by each project alternative compared to the proposed project. A summary of the adverse operational air quality and energy impacts for the proposed project and each project alternative are also provided in Table 5-2.



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## AIR QUALITY AND GHG EMISSIONS

### **Alternative A - No Project**

Unlike the proposed project, it is not anticipated that Alternative A would generate significant adverse air quality impacts during operation because electric generating facilities currently eligible for the offset exemption under Rule 1304 (a)(2) would continue to not pay a fee for the offsets from the SCAQMD internal accounts so they are not likely to delay, downsize or abandon the replacement of older higher emitting boilers with cleaner alternative equipment, as a result of the cost of the offsets. However, by not adopting the proposed project, no fees would be collected to compensate for the emissions reductions earned by the offset credit from the SCAQMD internal account. Consequently, if projects are not delayed under Alternative A, emission reductions would be achieved that would otherwise be foregone temporarily under the proposed project. Emissions reductions achieved based on increased boiler usage avoided could be 318 pounds per day of PM10, 258 pounds per day of VOC, 140 pounds per day of NOx and 235,400 MT per year of CO2e. The air quality and GHG emissions impacts from Alternative A would be deemed not significant. However, Alternative A would not fulfill three out of four objectives of the project as listed earlier in this chapter. Alternative A will not recoup the value of the offsets currently provided for free, would not maximize the availability of funds for investment and, thus, would not provide additional criteria pollutant and corresponding GHG emission reductions from air pollution improvement projects. Since these reductions are unknown at this time, they are not considered in the comparison of the alternatives. In addition, because the offsets are provided for free under Alternative A, it would not reduce the depletion rate of offsets from SCAQMD's internal offset bank.

### **Alternative B – Higher Fee**

With a fee higher than the proposed project charged to EGFs electing to use the offset exemption under Rule 1304 (a)(2), more emissions reductions could be achieved by air pollution improvement projects as well as ensure the fair market value for the offsets are recouped. However, similar to the proposed project, a higher fee could cause EGFs to delay or downsize the replacement of older boilers, PM10, VOC, NOx and GHG emission reductions could be foregone. This delay is expected to be temporary since EGFs would not let the equipment breakdown to the point of potential blackouts in the region because current short-term RA requirements and LTPP planning processes would not allow for an inadequate supply of energy (*see Dr. Wolak's report in Appendix D and energy analysis in Chapter 4*). Since the fee is higher in Alternative B than the proposed project, affected EGFs could wait longer to repower than if subject to the proposed project, however, the daily foregone emissions would be the same as the proposed project. In addition, with higher fees, more emission reductions could be achieved with more air pollution improvement projects as compared to the proposed project or the No Project Alternative.

The universe of affected facilities under Alternative B could be the same or slightly more than the proposed project, so the delay of emissions reduction including a potential increase in boiler usage of 318 pounds per day of PM10, 258 pounds per day of VOC, 140 pounds per day of NOx and 235,400 MT per year of CO2e from the proposed project is expected to be the same or more under Alternative B. It is not possible to predict how many more affected facilities would be influenced by the higher fee to delay the repowering or increase usage of boilers. However, the air quality impacts from the proposed project are significant so the Alternative B air quality

impacts would also be significant. The primary difference between Alternative B and the proposed project is that with a higher fee affected facilities might need to delay longer to allow for more time to acquire funding. Although not quantifiable at this time, Alternative B will also provide more emission reductions from air quality improvement projects due to more funding than achieved by the proposed project. Similar to the proposed project, the potential adverse air quality and GHG emissions impacts from Alternative B would be deemed significant.

Alternative B fulfills three of the four objectives to the project. With a higher fee, Alternative B recoups the fair market value of the offsets provided to eligible EGFs from the SCAQMD's internal offset bank, reduces the depletion rate of offsets, and maximizes the availability of funds for investment in air pollution reduction projects. Compared to the proposed project, Alternative B ensures recouping market value of the offsets, further reduces depletion of offsets, and provides more availability of funds. However, Alternative B generates more secondary adverse air quality and GHG emissions impacts from potentially further delaying repowering to cleaner equipment and has the potential to not facilitate continued development of a reliable electric grid as a result of the higher fee.

### **Alternative C – Higher Fee for Capacity Relocation Projects**

Alternative C would charge a fee higher than the proposed project on certain EGFs eligible for the offset exemption under Rule 1304 (a)(2). The affected EGFs under Alternative C would be those relocating electrical generation capacity to another facility for new equipment but still eligible for the offsets from the SCAQMD internal accounts. Similar to Alternative B, with higher fees charged, these EGFs could also delay the relocation of the capacity and the installation of cleaner alternative equipment. However, the daily emission reductions foregone are expected to be less than Alternative B because a fewer number of EGFs would be affected by the higher fees charged by Alternative C. However, because it is not possible to predict the future decisions from EGFs, the affected universe could be equal or less than those affected under Alternative B.

Since the universe of affected sources under Alternative C is expected to be equal or lower than Alternative B, the delay in emission reductions based on a potential increase in boiler usage has the potential to be equal to or lower than 318 pounds per day of PM10, 258 pounds per day of VOC, 140 pounds per day of NOx and 235,400 MT per year of CO2e. Similar to Alternative B, the primary difference from the proposed project is that affected facilities could delay longer to accrue the necessary funds to comply with the proposed project.

If the affected universe of EGFs is smaller than those affected under Alternative B, less fees will be collected to recoup the value of the offsets provided by the SCAQMD internal accounts compared to Alternative B but more funding than achieved under the proposed project. As a result, more emission reductions will be achieved from the air pollution improvement projects compared to the proposed project (or No Project) but less than achieved with Alternative B. The potential adverse air quality and GHG emissions impacts from Alternative C would be deemed significant but less than Alternative B and slightly more significant than the proposed project.

Similar to Alternative B, Alternative C fulfills three of the four objectives to the project. With a higher fee for EGFs relocating capacity, Alternative C recoups the fair market value of the offsets provided to eligible EGFs from the SCAQMD's internal offset bank, reduces the

depletion rate of offsets, and maximizes the availability of funds for investment in air pollution reduction projects. While Alternative C does not maximize the availability of funds as much as Alternative B, it should collect equal or more funds than the proposed project. Alternative C could generate potentially adverse secondary air quality and GHG emissions impacts for a longer time compared to the proposed project but not as long as Alternative B. Like Alternative B, Alternative C has the potential to not facilitate continued development of a reliable electric grid as a result of the higher fee for EGFs with relocated capacity.

### **Alternative D – Lower Fee**

With a fee lower than the proposed project charged on EGFs eligible for the offset exemption under Rule 1304 (a)(2), less emission reductions could be achieved by air pollution improvement projects and less certainty the fair market value for the offsets is recouped. However, because a lower fee could cause less number of EGFs to delay the replacement of older boilers, a delay in emission reductions could be less than the proposed project, Alternative B or C, so less than 318 pounds per day of PM10, 258 pounds per day of VOC, 140 pounds per day of NOx and 235,400 MT per year of CO2e. Any potential delay caused by this alternative is expected to be temporary since EGFs would not allow the equipment to breakdown to the point of potential blackouts in the region because current short-term RA requirements and LTPP planning processes would not allow for an inadequate supply of energy (*see Dr. Wolak's report in Appendix D and energy analysis in Chapter 4*). Since the fee is lower in Alternative D than the proposed project and Alternative B and C, affected EGFs could potentially reduce the waiting time than if subject to the proposed project, therefore, reducing any daily foregone emissions compared to the proposed project. However, with lower fees, less emission reductions could be achieved with fewer air pollution improvement projects than compared to the proposed project and Alternative B and C. The potential adverse air quality and GHG emissions impacts from Alternative D would still be deemed significant as some emission reduction delay or increase boiler usage could occur, but less significant than the proposed project, and Alternative B and C.

Alternative D fulfills three out of the four objectives to the project but not to a level achieved by the proposed project or Alternatives B and C. With a lower fee, Alternative D is expected to facilitate the continued development of a reliable electric grid and assist in reducing the depletion rate of offsets from SCAQMD's internal offset bank. While Alternative D will generate funds for investment in air pollution reduction projects, it will fail in maximize the availability of funds because of the lower fee. Thus, subsequent emission reductions from the air pollution improvement projects will be less than achieved with the proposed project, Alternatives B or C. Compared to the proposed project, Alternative D could reduce the length of the potential delay in implementing repowering project by charging a lower fee. However, unlike Alternative D, the proposed project fulfills all four of the objectives.

## **ENERGY**

### **Alternative A - No Project**

Alternative A would continue to not charge a fee for those offsets obtained from the SCAQMD internal accounts under Rule 1304 (a)(2). Thus, energy reliability at the affected EGF and energy efficiency from cleaner alternative equipment such as combine cycle gas turbines and renewable will not be adversely affected by Alternative A.

### **Alternative B – Higher Fee**

A higher fee on affected EGFs could cause a delay in the replacement or increase in usage of the older boiler equipment with cleaner alternative equipment, however EGFs are still expected to provide the electricity demand to their customers even if generated using older equipment. With regards to the equipment breakdown, current short-term RA requirements and LTPP processes would not allow for an inadequate supply of energy, so energy reliability is not anticipated to be affected (*see Dr. Wolak's report in Appendix D and energy analysis in Chapter 4*).

### **Alternative C – Higher Fee for Capacity Relocation Projects**

Similar to Alternative B, a higher fee on certain EGFs could cause a delay in the replacement or increase in usage of the older boiler equipment with cleaner alternative equipment, however EGFs are still expected to provide the electricity demand to their customers even if generated using older equipment. With regards to the equipment breakdown, current short-term RA requirements and LTPP processes would not allow for an inadequate supply of energy, so energy reliability is not anticipated to be affected (*see Dr. Wolak's report in Appendix D and energy analysis in Chapter 4*).

### **Alternative D – Lower Fee**

A lower fee on affected EGFs could cause a potential reduced delay in the replacement or increase in usage of the older boiler equipment with cleaner alternative equipment, but less than the proposed project, Alternatives B or C. However, EGFs are still expected to provide the electricity demand to their customers even if generated using older equipment. With regards to the equipment breakdown, current short-term RA requirements and LTPP processes would not allow for an inadequate supply of energy, so energy reliability is not anticipated to be affected (*see Dr. Wolak's report in Appendix D and energy analysis in Chapter 4*).

## **LOWEST TOXIC AND ENVIRONMENTALLY SUPERIOR ALTERNATIVES**

In accordance with SCAQMD's policy document Environmental Justice Program Enhancements for FY 2002-03, Enhancement II-1 recommends that all SCAQMD CEQA assessments include a feasible project alternative with the lowest air toxics emissions. In other words, for any major equipment or process type under the scope of the proposed project that creates a significant environmental impact, at least one alternative, where feasible, shall be considered from a "least harmful" perspective with regard to hazardous air emissions.

Implementing Alternative A means that there would be no emission reductions foregone and the corresponding health benefits that result from the emission reductions would occur compared to the proposed project and Alternatives B, C and D. Thus, Alternative A is considered to be the environmentally superior alternative. However, Alternative A would not fulfill three out of four objectives of the project as listed earlier in this chapter. Alternative A will not recoup the value of the offsets provided for free, not maximize the availability of funds for investment and, thus, would not provide additional criteria pollutant and corresponding GHG emission reductions from

air pollution improvement projects. However, these reductions are unknown at this time, so to compare the benefits will not be possible. In addition, because the offsets are provided for free under Alternative A, it would not reduce the depletion rate of offsets from SCAQMD's internal offset bank.

If the "no project" alternative is determined to be the environmentally superior alternative, then the CEQA document shall identify an environmentally superior alternative among the other alternatives (CEQA Guidelines §15126.6 (e)(2)). Of the remaining alternatives evaluated, Alternative D is considered to be the environmentally superior alternative because it would charge the lowest fee that would likely delay less projects than Alternatives B and C. As a result, Alternative D would generate the lowest level of operational emission reductions foregone. However, Alternative D would also accrue the least amount of funding for air quality improvement programs. Since the air quality benefits from the implementation of these air quality improvement programs are not quantifiable at this time, no credit is being taken for these improvements.

## CONCLUSION

By not adopting the proposed project, Alternative A would not delay the operational emission reductions or cause a possible increase in usage from replacing equipment in accordance with Rule 1304 (a)(2). However, Alternative A would not achieve three of the project objectives for the proposed project because Alternative A will not recoup the value of the offsets provided for free, not maximize the availability of funds for investment and would not reduce the depletion rate of offsets from SCAQMD's internal offset bank.

The proposed project will fulfill all four of the objectives of the project and, while generating potential secondary adverse air quality and GHG emissions impacts, the impacts might not last as long if Alternative B or C is chosen. By not maximizing the availability of funds for investment in air pollution reduction projects that further the goals outlined in the 2012 AQMP, Alternative D does not achieve all the objectives. Thus, when comparing the environmental effects of the project alternatives with the proposed project and evaluating the effectiveness of achieving the project objectives of the proposed project versus the project alternatives, the proposed project provides the best balance in achieving the project objectives while minimizing the adverse environmental impacts to air quality and GHG emissions and energy.

## **APPENDIX A**

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### **PROPOSED RULE 1304.1**

**The following version of Proposed Rule 1304.1 was distributed with the Draft EA on July 9, 2013. The final version of the rule to be considered for approval at the September 6, 2013 Governing Board meeting can be found in the Final Public Hearing Package.**

**PROPOSED RULE 1304.1. ELECTRICAL GENERATING FACILITY  
~~ANNUAL~~ FEE FOR USE OF OFFSET  
EXEMPTION**

(a) Purpose and Applicability

The purpose of this rule is to require Electrical Generating Facilities (EGFs) which use the specific offset exemption described in Rule 1304(a)(2) [Electric Utility Steam Boiler Replacement] to pay ~~annual~~ fees for up to the full amount of offsets provided by the AQMD. Offsets in AQMD internal accounts are valuable public goods. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304(a)(2). The ~~annual~~ fees will be invested in air pollution improvement strategies for the pollutants for which the fee is paid, or their precursors or criteria pollutants to which they contribute, consistent with the needs of the Air Quality Management Plan. This rule applies to all EGFs that use the offset exemptions described in Rule 1304(a)(2). Notwithstanding Rule 1301(c)(1), this rule applies to all permits issued to EGFs electing to use Rule 1304(a)(2) and receiving the applicable permit to construct on or after ~~March~~ July 1, 2013.

(b) Definitions

- (1) ELECTRICAL GENERATING FACILITY (EGF) means a facility that generates electricity for distribution in the state grid system, regardless of whether it also generates electricity for its own use or for use pursuant to a contract.
- (2) COMMENCEMENT OF OPERATION means to have begun the first fire of the unit(s), or to generate electricity for sale, including the sale of test generation.

(c) Requirements

- (1) Any EGF operator using-electing to use the offset exemptions provided by Rule 1304(a)(2) shall pay a fee, the Offset Fee (F<sub>o</sub>), calculated pursuant to paragraph (c)(2), for each pound per day of each pollutant (i), for which the AQMD provides offsets. This fee may be paid on an annual basis or as a single payment at the election of the applicant.

- (2) The ~~Annual~~ Offset Fee ( $F_i$ ), for a specific pollutant (i), shall be calculated by multiplying the applicable pollutant specific Annual Offset Fee Rate ( $R_i$ ) or Single Payment Offset Fee Rate ( $L_i$ ) and Offset Factor in Table A 1 or A2, as applicable, by the fraction of the potential to emit level(s) of the new replacement unit(s) ( $PT_{Erep_i}$ ), which is calculated as the product of the potential to emit of the new replacement unit ( $PT_{Erep_i}$ ) multiplied by the new replacement to existing unit generation ratio which is defined as the maximum permitted annual megawatt hour rated capacity (MWh) generation (MW) of the new replacement unit(s) ( $C_{rep}$ ) minus the most recent twenty-four (24) months average of the capacity factor megawatt hour (MWh) generation (megawatt utilization) of the unit(s) to be replaced ( $C_{2YRAvgExisting}$ ) divided by the maximum permitted annual rated capacity megawatt hour (MWh) generation of the new replacement unit(s) ( $C_{rep}$ ), in accordance with the following equations:

### Annual Payment Option

Repowering the first 100MW at a facility subsequent to ~~June~~ July 1, 2013:

$$\text{Annual Payment Offset Fee } (F_i) = \underline{R_{iA1}} \times PT_{Erep_{i\text{rep}}} \times OF_i \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right)$$

Repowering more than 100MW cumulatively at a facility subsequent to July 1, 2013:

$$\text{Annual Payment Offset Fee } (F_i) = \left( \left[ R_{iA1} \times \left( \frac{100}{MW} \right) \right] + \left[ R_{iA2} \times \left( \frac{MW - 100}{MW} \right) \right] \right) \times OF_i \times PT_{Erep_{i\text{rep}}} \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right)$$

### Single Payment Option

Repowering the first 100MW at a facility subsequent to ~~June~~ July 1, 2013:

$$\text{Single Payment Offset Fee } (F_i) = \underline{L_{iA1}} \times PT_{Erep_{i\text{rep}}} \times OF_i \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right)$$

Repowering more than 100MW cumulatively at a facility subsequent to July 1, 2013:



$$\text{Annual Payment Offset Fee } (F_i) = \left( \left[ L_{iA1} \times \left( \frac{100}{MW} \right) \right] + \left[ L_{iA2} \times \left( \frac{MW-100}{MW} \right) \right] \right) \times OF_i \times PTE_{rep} \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right)$$

Where;

- $F_i$  = ~~Annual~~ Offset Fee for pollutant (i).
- $R_{iA1}$  = Table A1, Annual Offset Fee Rate for pollutant (i), in terms of dollars per pound per day, annually, (see Table A applicable for rates).
- $R_{iA2}$  = Table A2, Annual Offset Fee Rate for pollutant (i), in terms of dollars per pound per day, annually.
- $L_{iA1}$  = Table A1, Single Payment Offset Fee Rate for pollutant (i), in terms of dollars per pound per day.
- $L_{iA2}$  = Table A2, Single Payment Offset Fee Rate for pollutant (i), in terms of dollars per pound per day.
- $MW$  = MW rating of new replacement unit(s).
- $PTE_{rep}$  = permitted potential to emit of new replacement unit(s) for pollutant i, in pounds per day. (Maximum permitted monthly emissions  $\div$  30 days).
- $OF_i$  = offset factor pursuant to Rule 1315(c)(2) for extreme non-attainment pollutants and their precursors,  
(see Table A1 or A2, as applicable, for applicable factors).
- $C_{rep}$  = maximum permitted annual megawatt hour capacity (MWs) (MWh) generation of the new replacement unit(s). (Maximum rated capacity (MW)  $\times$  Maximum permitted annual operating hours (h)).

$C_{2YRAvgExisting}$  = the average annual megawatt-hour (MWh) generation of the existing unit(s) to be replaced ~~averaged over using~~ the last twenty-four (24) month period immediately prior to submittal of the ~~complete applications for~~ permit to construct.

Table A1: Pollutant Specific Offset Fee Rates & Offset Factors applicable to the first 100MWs repowered at an EGF after ~~March~~ July 1, 2013 with offsets debited from the AQMD internal accounts<sup>1</sup>

<u>Pollutant</u> <u>(i)</u>	<u>Annual</u> <u>Offset Fee Rate</u> <u>(<math>R_{iA1}</math>)</u> <u>(\$per lb/day)*</u>	<u>Single Payment</u> <u>Offset Fee Rate</u> <u>(<math>L_{iA1}</math>)</u> <u>(\$ per lb/day)</u>	<u>Offset Factor</u> <u>(<math>OF_i</math>)</u>
<u>PM</u>	<u>\$1,993</u>	<u>\$49,822</u>	<u>1.0</u>
<u>NOx**</u>	<u>\$1,332</u>	<u>\$33,286</u>	<u>1.2</u>
<u>SOx</u>	<u>\$1,585</u>	<u>\$39,631</u>	<u>1.0</u>
<u>VOC</u>	<u>\$93</u>	<u>\$2,318</u>	<u>1.2</u>

\*Offset Fees paid annually and adjusted annually by the CPI, consistent with the provisions of Rule 320

\*\*For non-RECLAIM sources only

<sup>1</sup> Proposed revision to Annual and Single Payment Offset Fee Rates under consideration.

Table A2: Pollutant Specific ~~Annual Lease Offset~~ Fee Rates ( $R_i$ ) & Offset Factors ( $OF_i$ ) applicable to the balance of > 100MWs repowered at an EGF after ~~March~~ July 1, 2013 with of fsets debited from the AQMD internal offset accounts<sup>2</sup>

Pollutant (i)	Annual Lease Fee ( $R_i$ ) (Dollars per Pound per Day)*	Offset Factor ( $OF$ )
PM	\$7,245	1.0
NOx**	\$2,653	1.2
SOx	\$2,434	1.0
VOC	\$436	1.2

Pollutant (i)	<u>Annual</u> Offset Fee Rate ( $R_{iA2}$ ) (\$ per lb/day)*	<u>Single Payment</u> Offset Fee Rate ( $L_{iA2}$ ) (\$ per lb/day)	Offset Factor ( $OF_i$ )
PM	\$3,986	\$99,643	1.0
NOx**	\$2,663	\$66,571	1.2
SOx	\$3,170	\$79,262	1.0
VOC	\$185	\$4,635	1.2

\*Offset Fees paid annually and shall be adjusted annually by the CPI, consistent with the provisions of Rule 320

\*\*For non-RECLAIM sources only

- (3) The owner/operator of an EGF ~~using~~ electing to use the offset fee exemption ~~provided by of~~ Rule 1304(a)(2) shall re mit the offset fees as follows: initial (5) years of the Annual Offset Fee ( $F_i$ ), for each applicable pollutant (i), in full, prior to the issuance of the permit to construct. Prior to the end of the fifth (5<sup>th</sup>) year after the commencement of operation, and annually thereafter, the Annual Offset Fee ( $F_i$ ), for each applicable pollutant (i), shall be paid in full prior to the renewal date of the permit. If the owner/operator of an EGF fails to pay the Annual Offset Fee ( $F_i$ ) amount,

<sup>2</sup> Proposed revision to Annual and Single Payment Offset Fee Rates under consideration.

~~for each applicable pollutant (i), within thirty (30) days after the due date, the associated permit(s) will expire and no longer be valid.~~

(A) For the annual payment option:

(i) the first year annual payment corresponding to the first year of operation must be remitted prior to the issuance of the permit to construct. Subsequent payments shall be remitted annually, on or before the anniversary date of the commencement of operation, beginning with the second year of operation.

(ii) If the owner/operator of an EGF fails to pay the applicable Annual Offset Fee (F<sub>i</sub>) amount, for each applicable pollutant (i), within thirty (30) days after the due date, the associated permit(s) will expire and no longer be valid. Such permit may be reinstated within sixty (60) days with an additional penalty of 50%.

(iii) The owner/operator of an EGF that elects the annual fee payment option has the right to switch to the single payment prior to the commencement of the second year of operation.

~~For the single payment option, the entire fee must be remitted prior to issuance of the permit to construct.~~

~~(A)(B)~~

~~The owner/operator of an EGF that elects the annual fee payment option has the right to switch to the single payment option by remitting the balance of the full single payment prior to the commencement of the second year of operation.~~

(4) Offsets provided under the provisions of this rule to a facility are not any form of property, and may not be sold, leased, transferred, or subject to any lien, pledge, or voluntary or involuntary hypothecation or transfer, and shall not be assets in bankruptcy, for purposes of taxation, or in any other legal proceeding.

(5) Refunds of First Year of Annual Payment or Single Payment

The full amount of any payments made in satisfaction of the requirements of the rule shall be refunded if a written request by the facility owner/operator is received prior to the commencement of operation. Such a request for refund shall automatically trigger cancellation of the Permit to Construct and/or Operate.

~~(5) Remittance of Annual Offset Fee (F<sub>i</sub>), for each applicable pollutant (i), paid pursuant to paragraph (c)(2), is non-refundable unless~~

~~commencement of operation of the facility has not begun and any refund is only based on the following conditions and schedule:~~

<del>Amount of Refund</del>	<del>Requirement</del>
<del>50%</del>	<del>If Permit to Construct is cancelled within the first 12 months of initial issuance.</del>
<del>20%</del>	<del>If Permit to Construct is cancelled after the first 12 months of initial issuance but at or before 24 months after initial issuance.</del>
<del>15%</del>	<del>If Permit to Construct cancelled after the first 24 months of initial issuance but at or before 36 months after initial issuance.</del>
<del>10%</del>	<del>If Permit to Construct is cancelled after the first 36 months of initial issuance but at or before 48 months after initial issuance.</del>
<del>5%</del>	<del>If Permit to Construct is cancelled after the first 48 months of initial issuance but at or before 60 months after initial issuance.</del>
<del>0%</del>	<del>If Permit to Construct is cancelled after the first 60 months of initial issuance.</del>

(d) Use of ~~Annual~~ Offset Fee Proceeds

- (1) Except as provided in Paragraph (d)(2), the ~~annual~~ ~~o~~ Offset ~~f~~ Fee proceeds paid pursuant to this rule shall be deposited in an AQ MD

restricted fund account and shall be used to obtain emission reductions consistent with the needs of the Air Quality Management Plan.

- (2) Up to 8% of the ~~annual~~ Offset ~~fee~~ proceeds, deposited in a restricted fund account, may be used by the Executive Officer to cover ~~the costs of administering this rule~~ administrative costs related to this rule.

(e) Severability

If any provision of this rule is held by judicial order to be invalid, or invalid or inapplicable to any person or circumstance, such order shall not affect the validity of the remainder of this rule, or the validity or applicability of such provision to other persons or circumstances. In the event any of the exceptions to this rule is held by judicial order to be invalid, the persons or circumstances covered by the exception shall instead be required to comply with the remainder of this rule.

## **APPENDIX B**

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### **NOTICE OF PREPARATION / INITIAL STUDY**



# South Coast Air Quality Management District

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

**SUBJECT: NOTICE OF PREPARATION OF A DRAFT  
ENVIRONMENTAL ASSESSMENT**

**PROJECT TITLE: PROPOSED RULE 1304.1 – ELECTRICAL GENERATING  
FACILITY ANNUAL FEE FOR USE OF OFFSET EXEMPTION**

In accordance with the California Environmental Quality Act (CEQA), the South Coast Air Quality Management District (SCAQMD), as the Lead Agency, must address the potential adverse affects of the proposed project on the environment and as such, has prepared a Notice of Preparation (NOP) and Initial Study (IS). The NOP/IS serves two purposes: 1) to solicit information on the scope of the environmental analysis for the proposed project, and 2) to notify the public that the SCAQMD will prepare a Draft Environmental Assessment (EA) to further assess potential adverse environmental impacts that may result from implementing the proposed project.

This letter and NOP/IS are not SCAQMD applications or forms requiring a response from you. Their purpose is simply to provide information to you on the above project. If the proposed project has no bearing on you or your organization, no action on your part is necessary.

Comments focusing on issues relative to the environmental analysis for the proposed project should be sent to Mr. Jeffrey Inabinet (c/o Planning - CEQA) at the above address, by fax to (909) 396-3324, or by email to [jinabinet@aqmd.gov](mailto:jinabinet@aqmd.gov). Comments must be received no later than 5:00 p.m. on Wednesday, May 8, 2013. Please include the name, phone number, and email address of the contact person for your agency. Questions on the proposed rule should be directed to Mr. Henry Pourzand by calling (909) 396-2414 or by sending an email to [hpourzand@aqmd.gov](mailto:hpourzand@aqmd.gov).

The Public Hearing for the proposed rule is scheduled for September 6, 2013. (Note: Public meeting dates are subject to change).

**Date:** April 5, 2013

**Signature:** \_\_\_\_\_

Susan Nakamura  
Planning and Rules Manager, CEQA  
Planning, Rules, and Area Sources



**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**  
**21865 Copley Drive, Diamond Bar, CA 91765-4178**

**NOTICE OF PREPARATION OF A DRAFT ENVIRONMENTAL ASSESSMENT**

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**Project Title:**

Draft Environmental Assessment for Proposed Rule 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption

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**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

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**Description of Nature, Purpose, and Beneficiaries of Project:**

SCAQMD staff is proposing to adopt Rule 1304.1 - Electrical Generating Facility Annual Fee for Use of Offset Exemption. If adopted, Proposed Rule (PR) 1304.1 will require any electrical generating facility (EGF) that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. The fee proceeds will be invested in air pollution improvement projects that further the goals of the 2012 Air Quality Management Plan (AQMP), and minimize the air quality impacts that an EGF may have on its surrounding community. The Initial Study identified the environmental topics of “air quality” and “energy” as the only areas that may be adversely affected by the proposed project. Impacts to these environmental areas will be further analyzed in the Draft Environmental Assessment.

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**Lead Agency:**

South Coast Air Quality Management District

**Division:**

Planning, Rule Development and Area Sources

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**Initial Study and all supporting documentation are available at:**

SCAQMD Headquarters  
21865 Copley Drive  
Diamond Bar, CA 91765

**or by calling:**

(909) 396-2039

**or by accessing the SCAQMD’s website at:**

<http://www.aqmd.gov/ceqa/aqmd.html>

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**The Public Notice of Preparation is provided through the following:**

Los Angeles Times (April 9, 2013)     SCAQMD Website     SCAQMD Mailing List

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**Initial Study 30-day Review Period:**

April 9, 2013 – May 8, 2013

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The proposed project may have statewide, regional or areawide significance; therefore, a CEQA scoping meeting is required (pursuant to Public Resources Code §21083.9 (a)(2)).

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**Scheduled Public Meeting Dates (subject to change):**

CEQA Scoping Meeting: To be announced

SCAQMD Governing Board Hearing: September 6, 2013, 9:00 a.m.; SCAQMD Headquarters

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**Send CEQA Comments to:**

Mr. Jeffrey Inabinet

**Phone:**

(909) 396-2453

**Email:**

[jinabinet@aqmd.gov](mailto:jinabinet@aqmd.gov)

**Fax:**

(909) 396-3324

---

**Direct Questions on Proposed Rule:**

Mr. Henry Pourzand

**Phone:**

(909) 396-2414

**Email:**

[hpourzand@aqmd.gov](mailto:hpourzand@aqmd.gov)

**Fax:**

(909) 396-3324

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# SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

## Initial Study for Proposed Rule 1304.1 – Electrical Generating Facility Annual Fee For Use of Offset Exemption

**April 2013**

**SCAQMD No. 04092013JFI**  
**State Clearinghouse No: To Be Determined**

**Executive Officer**

Barry R. Wallerstein, D. Env.

**Deputy Executive Officer**

**Planning, Rule Development and Area Sources**

Elaine Chang, DrPH

**Assistant Deputy Executive Officer**

**Planning, Rule Development and Area Sources**

Laki Tisopoulos, Ph.D., P.E.

**Planning and Rules Manager**

**Planning, Rule Development and Area Sources**

Susan Nakamura

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<b>Author:</b>	Jeff Inabinet	Air Quality Specialist, CEQA Section
<b>Reviewed By:</b>	Barbara Baird	District Counsel
	Naveen Berry	Planning and Rules Manager, Planning, Rule Development, and Area Sources
	Robert Pease	Program Supervisor - Planning, Rule Development, and Area Sources
	Henry Pourzand	Air Quality Specialist, Rule Development
	Barbara Radlein	Air Quality Specialist, CEQA Section
	Veera Tyagi	Senior Deputy District Counsel

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
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Speaker of the Assembly Appointee

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JOSEPH K. LYOU, Ph.D.  
Governor's Appointee

JUDITH MITCHELL  
Mayor Pro Tem, Rolling Hills Estates  
Cities of Los Angeles County/Western Region

SHAWN NELSON  
Supervisor, Fourth District  
County of Orange

DR. CLARK E. PARKER, SR.  
Senate Rules Committee Appointee

JAN PERRY  
Councilmember, Ninth District  
City of Los Angeles

MIGUEL A. PULIDO  
Mayor, Santa Ana  
Cities of Orange County

**EXECUTIVE OFFICER:**  
BARRY R. WALLERSTEIN, D.Env.

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### APPENDIX

Appendix A: Proposed Rule 1304.1 – Electrical Generating Facility Annual Fee For Use of Offset Exemption

## GENERAL INFORMATION

<b>Project Title:</b>	Proposed Rule 1304.1 - Electrical Generating Facility Annual Fee for Use of Offset Exemption
<b>Lead Agency Name:</b>	South Coast Air Quality Management District
<b>Lead Agency Address:</b>	21865 Copley Drive, Diamond Bar, CA 91765
<b>CEQA Contact Person:</b>	Jeff Inabinet, (909) 396-2453, <a href="mailto:jinabinet@aqmd.gov">jinabinet@aqmd.gov</a>
<b>Rule Contact Person:</b>	Henry Pourzand, (909) 396-2414, <a href="mailto:hpourzand@aqmd.gov">hpourzand@aqmd.gov</a>
<b>Project Sponsor's Name:</b>	South Coast Air Quality Management District
<b>Project Sponsor's Address:</b>	21865 Copley Drive, Diamond Bar, CA 91765
<b>General Plan Designation:</b>	Not applicable
<b>Zoning:</b>	Not applicable
<b>Surrounding Land Uses and Setting:</b>	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, referred to herein as the district.
<b>Other Public Agencies Whose Approval is Required:</b>	None.
<b>Does this project relate to a larger project or series of projects?</b>	No.

## INTRODUCTION

The South Coast Air Quality Management District (SCAQMD) is proposing to adopt a new rule, Proposed Rule (PR) 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption. If adopted, PR 1304.1 would require any electrical generating facility (EGF) that uses the specific offset exemption described in SCAQMD Rule 1304 (a)(2) - Electric Utility Steam Boiler Replacement, to pay fees for up to the full amount of offsets provided by the SCAQMD. Offsets in SCAQMD internal accounts are valuable public goods. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with the requirements in Rule 1304 (a)(2).

## PROJECT BACKGROUND

### New Source Review and the Requirement for Offsets

Under the federal Clean Air Act (CAA), a State Implementation Plan (SIP) for a nonattainment area must include a “New Source Review” (NSR) permitting program for the construction and operation of new and modified “major” stationary sources of air emissions<sup>1</sup>. These requirements do not apply to mobile sources such as cars, trucks and ships. The definition of what constitutes a “major” stationary source under the CAA depends on the extent to which the region in question is in nonattainment for a particular pollutant. The Basin is classified as an “extreme” nonattainment region for ozone and, therefore, the threshold for triggering the NSR requirements for ozone is lower than in the Coachella Valley, which is classified as a “severe” nonattainment area for ozone. It should be noted that the SCAQMD’s permitting requirements are broader than the federal NSR requirements in that the SCAQMD’s requirements apply to *all* stationary sources that would result in a net increase in emissions of any nonattainment pollutant, even if the source does not qualify as a “major” source under the CAA.

The CAA’s NSR permitting requirements are designed to ensure that the operation of new, modified, or relocated major stationary emission sources in nonattainment areas does not impede the attainment and maintenance of the National Ambient Air Quality Standards (NAAQS). Under the CAA, all local major NSR permitting programs for nonattainment areas must require the implementation of the lowest achievable emissions rate (LAER). LAER is the most stringent emissions limitation derived from either of the following: 1) the most stringent emissions limitation contained in any state’s SIP for the class or category of source at issue, unless it is demonstrated that such a limitation is not achievable; or, 2) the most stringent emissions limitation achieved in practice by that class or source category.

In addition, all local NSR permitting programs for nonattainment areas must require that emissions increases from permitted major sources are “offset” by corresponding emissions reductions<sup>2</sup>. An “offset” is a reduction of emissions in an amount equal to, or greater than, the emissions increase of the same pollutant from the permitted source. Offsets can be created when

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<sup>1</sup> The CAA also establishes permitting requirements for major sources of emissions located in attainment regions, in order to prevent a significant deterioration of air quality in those areas.

<sup>2</sup> The NSR offset requirements are set forth in Section 173 (c) of the CAA, 42 U.S.C. §7503(c).

an operator reduces emissions by shutting down equipment or installing controls, or implementing permanent process changes resulting in emissions reductions that are not required. The specific quantity of the offset that is required under the CAA depends on the degree of nonattainment in the area in question. The SCAQMD's offset requirements are discussed in greater detail below.

## **Overview of California Law**

Similar to the federal CAA, the California Health & Safety Code (§§39000 *et seq.*) requires the promulgation of California Ambient Air Quality Standards (CAAQS) for certain pollutants. The California Air Resources Board (CARB) has published CAAQS for the six criteria pollutants regulated under the federal CAA, and for three other pollutants (sulfates, hydrogen sulfide and vinyl sulfide). As with the federal CAA, an area that does not meet the CAAQS for a particular pollutant is designated as a state nonattainment area for that pollutant and the local air district must develop a plan to attain the relevant CAAQS. In general, the California standards are more protective than the corresponding federal standards.

CARB has published in its regulations the state law designations for attainment with the CAAQS. See 17 Cal. Code Regs. §§ 60200 *et seq.* The Basin, the Salton Sea Air Basin (SSAB) and the Mojave Desert Air Basin (MDAB) have all been designated in their entirety as nonattainment areas for the CAAQS for ozone and PM10. See *id.* §§ 60201, 60205. The Basin also has been designated as a state nonattainment area for PM2.5. See *id.* § 60210. In addition, CARB adopted new regulations that designated the Basin as a state nonattainment area for nitrogen dioxide and the Los Angeles County portion of the Basin as a state nonattainment area for lead. See CARB Resolution 10-17 (March 25, 2010). While to date, EPA has no nonattainment listings for nitrogen dioxide, on November 16, 2010, after reviewing input on initial nonattainment designations, the EPA designated the Los Angeles County portion of the Basin as nonattainment for the 2008 lead standards.

California law requires local air districts in nonattainment areas to implement a stationary source control program designed to achieve no net increase (NNI) in emissions of certain state nonattainment air pollutants from new or modified stationary sources exceeding specified emissions thresholds. As under the CAA, the applicable thresholds depend on the degree of nonattainment in the area in question.

## **Description of SCAQMD's NSR Permitting Program**

### Contents of Regulation XIII – New Source Review

The SCAQMD's NSR program, which is codified in the SCAQMD's "Regulation XIII," is designed to meet the requirements of federal and state law<sup>3</sup>. Each of the existing rules in Regulation XIII that collectively comprise the SCAQMD's NSR program is summarized in the following bulleted items:

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<sup>3</sup> Separate NSR requirements for RECLAIM pollutants (NO<sub>x</sub> and SO<sub>x</sub>) at RECLAIM facilities are included in Rule 2005. RECLAIM (Regional Clean Air Incentives Market) is a cap and trade program consisting of the largest stationary sources of these pollutants, and Regulation XIII does not apply to these pollutants at RECLAIM sources.

- **Rule 1301 – General** (adopted October 5, 1979, last amended December 7, 1995): Rule 1301 describes the purpose and applicability of Regulation XIII. As stated in Rule 1301, the purpose of the SCAQMD’s NSR program is to ensure that the operation of new, modified or relocated facilities does not interfere with progress in attaining the NAAQSs and the CAAQS, and that future economic growth within the district is not unnecessarily restricted. Rule 1301(a). A specific goal of the program “is to achieve no net increases from new or modified permitted sources of nonattainment air contaminants or their precursors.” *Id.* The program applies to the installation of a new source, or the modification of an existing source, that may cause emissions of any federal or state nonattainment air contaminant, any constituent identified by the USEPA as an ozone depleting compound, or ammonia. Rule 1301 (b)(1).
- **Rule 1302 – Definitions** (adopted October 5, 1979, last amended December 6, 2002): Rule 1302 provides definitions for 42 terms and phrases used throughout Regulation XIII.
- **Rule 1303 – Requirements** (adopted October 5, 1979, last amended December 6, 2002): Rule 1303 presents the pre-construction review requirements that make up the core of SCAQMD’s NSR program.
  - The requirements include Best Available Control Technology (BACT) for new or modified sources that may cause an increase in emissions of any federal or state nonattainment air contaminant, any ozone depleting compound, or ammonia. Rule 1303 (a). Under the SCAQMD regulations, BACT means the most stringent emissions limitation which: 1) has been achieved in practice for the category or class of source at issue; 2) is contained in any SIP approved by the USEPA for such category or class; or, 3) is based on any other emissions limitation or technique that has been found by the SCAQMD to be technologically feasible and cost-effective. Rule 1302 (h). For “major polluting facilities<sup>4</sup>,” the BACT requirements must be at least as stringent as the federal LAER requirements under the CAA. Rule 1303 (a)(2). With respect to other facilities, when updating BACT requirements to make them more stringent, the SCAQMD must consider economic and technological feasibility for the class or category of sources at issue. *Id.*
  - Rule 1303 (b)(1) also requires modeling to show that the new or modified source will not cause a violation, or make significantly worse an existing violation, of any NAAQS or CAAQS at any receptor location in the district.
  - Rule 1303 (b)(2) further requires that, unless there is an exemption under Rule 1304 (see below), emissions increases from the new or modified permitted source must be offset by one of two methods.
    - First, under Rule 1309 (see below), for projects that meet specified eligibility requirements, the applicant can use Emissions Reductions Credits (ERCs),

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<sup>4</sup> Under the SCAQMD’s regulations, a “major polluting facility” is: 1) any facility in the Basin that has the potential to emit 10 tons per year or more of volatile organic compounds (VOCs) or NO<sub>x</sub>, or 100 tons of per year of oxides of sulfur (SO<sub>x</sub>); 70 tons per year or more of PM<sub>10</sub>; or 50 tons per year or more of CO; 2) any facility in the Riverside County portion of the SSAB that has the potential to emit 25 tons per year or more of VOCs or NO<sub>x</sub>; 70 tons per year or more of PM<sub>10</sub>; or 100 tons per year or more of CO or SO<sub>x</sub>; or, 3) any facility in the Riverside County portion of the MDAB under the SCAQMD’s jurisdiction that has the potential to emit 100 tons per year or more of any of these compounds. See Rule 1302 (s).



which are created when an operator reduces emissions from a permitted facility. Once ERCs are created, operators may bank ERCs for their own subsequent use or for sale to other permit applicants.

- Second, under Rule 1309.1 (see below), the SCAQMD may allocate credits from its “Priority Reserve” to offset emissions from “essential public services” and other specified “priority sources.” As described more fully below, the Priority Reserve is part of an internal “bank” or internal accounts of offsets that the SCAQMD accumulates primarily from “orphan” reductions and shutdowns which occur when an operator reduces emissions from a permitted facility but does not convert the emissions reduction into ERCs. This bank of offsets is referred to in the SCAQMD regulations, and this document, as the SCAQMD’s “internal offset accounts.”
- Rule 1303 (b)(2)(A) specifies the required offset ratio in terms of the amount of emissions reductions that is needed to compensate for the increase in emissions from the permitted source. For facilities located in the Basin, the required offset ratios are 1.0-to-1.0 for allocations from the Priority Reserve<sup>5</sup> and 1.2-to-1.0 for the use of ERCs. For facilities not in the Basin, the required offset ratios are 1.0-to-1.0 for allocations from the Priority Reserve; 1.2-to-1.0 for ERCs for emissions of VOCs, NO<sub>x</sub>, SO<sub>x</sub>, and PM10; and 1.0-to-1.0 for ERCs for emissions of CO. (Note: the district has achieved the California Ambient Air Quality standards for CO and has been designated as in attainment for the federal standards, so CO emissions are no longer required to be offset.)
- Rule 1303 also includes additional permitting requirements for “major polluting facilities” (as defined above) and “major modifications”<sup>6</sup> at an existing major polluting facility. These requirements include an analysis of alternatives (this requirement may be satisfied through CEQA compliance), a demonstration by the applicant that its facilities in California comply with applicable air quality requirements, and modeling of plume visibility for certain sources of PM10 or NO<sub>x</sub> located near specified areas.
- **Rule 1304 - Exemptions** (adopted October 5, 1979, last amended June 14, 1996): Rule 1304 establishes exemptions from the offset requirements in Rule 1303 for the following categories of projects:
  - Replacement of a functionally identical source.

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<sup>5</sup> Although the offset ratio for credits allocated from the SCAQMD’s Priority Reserve account is 1.0-to-1.0, this ratio is for accounting purposes of limiting the use of the Priority Reserve to the level authorized by Rule 1309.1 only and is not the offset ratio used for demonstrating equivalency with federal offset requirements. If the facility accessing the Priority Reserve is a major source then the actual ratio of credits allocated from the SCAQMD’s federal offset accounts would be 1.2-to-1.0 for extreme nonattainment air contaminants and their precursors to comply with federal offset requirements.

<sup>6</sup> Under the SCAQMD’s regulations, a “major modification” is a modification of a major polluting facility that will cause an increase of the facility’s potential to emit according to the following criteria: a) for facilities in the Basin, one pound per day of more of VOCs or NO<sub>x</sub>; b) for facilities under the SCAQMD’s jurisdiction that are not in the Basin, 25 tons per year or more of VOCs or NO<sub>x</sub>; or, c) for all facilities under the SCAQMD’s jurisdiction, 40 tons per year or more of SO<sub>x</sub>, 15 tons per year or more of PM10, or 50 tons per year or more of CO. Rule 1302 (r).

- Replacement of electric utility steam boilers with specified types of equipment, as long as the new equipment has a maximum electric power rating that does not allow basinwide electricity generating capacity on a per-utility basis to increase (a)(2).
- Portable abrasive blasting equipment complying with all state laws.
- Emergency standby equipment for nonutility electric power generation or any other emergency equipment as approved by the SCAQMD, provided the source does not operate more than 200 hours per year.
- Air pollution control strategies (i.e., source modifications) for the sole purpose of reducing emissions.
- Emergency operations performed under the jurisdiction of an authorized health officer, fire protection officer, or other authorized public agency officer. Rule 1304 requires that a specific time limit be imposed for each emergency operation.
- Portable equipment that is not located for more than 12 consecutive months at any one facility in the district. This exemption does not apply to portable internal combustion engines.
- Portable internal combustion engines that are not located for more than 12 consecutive months at any one facility in the district. To qualify for this exemption, the emissions from the engine may not cause an exceedance of an ambient air quality standard and may not exceed specified limits for VOCs, NO<sub>x</sub>, SO<sub>x</sub>, PM<sub>10</sub> or CO.
- Intra-facility portable equipment meeting specified criteria where emissions from the equipment do not exceed specified emissions thresholds for any of the constituents listed in the bulleted item above.
- Relocation of existing equipment, under the same operator or ownership, and provided that the potential to emit any air contaminant will not be greater at the new location than at the previous location when the source is operated at the same conditions as if current BACT were applied.
- Concurrent facility modifications, which are modifications to a facility after the submittal of an application for a permit to construct, but before the start of operation. The modifications must result in a net emissions decrease and other conditions must also be satisfied.
- Resource recovery and energy conservation projects.
- Regulatory compliance actions (i.e., modifications to comply with federal, state or SCAQMD pollution control requirements), provided there is no increase in the maximum rating of the equipment.
- Regulatory compliance for essential public services.
- Replacement of ozone depleting compounds (ODC), provided the replacement complies with the SCAQMD's "ODC Replacement Guidelines" and meets other specified criteria.
- Methyl bromide fumigation.

- New and modified facilities with only minimal potential to emit (less than four tons per year of VOCs, NO<sub>x</sub>, SO<sub>x</sub>, or PM<sub>10</sub> and less than 29 tons per year of CO).
- Although SCAQMD Rule 1304 exempts certain types of projects from offset requirements, if they are federal major sources their emission increases are still subject to federal offset requirements pursuant to the CAA's emission requirements. Additionally, specific essential public services and other high priority sources may obtain offsets from the SCAQMD's Priority Reserve pursuant to SCAQMD Rule 1309.1. The NSR Tracking System accounts for offsets provided from the SCAQMD's internal accounts to offset emissions increases from these types of sources.
- **Rule 1306 – Emissions Calculations** (adopted October 5, 1979, last amended December 6, 2002): Rule 1306 codifies the methodology for quantifying emissions increases and emissions reductions for Regulation XIII purposes (e.g., determining applicability of BACT, quantifying the amount of emission offsets required or the amount of ERCs to be banked), but is not applicable to the SCAQMD's internal accounts.
- **Rule 1309 – Emission Reduction Credits and Short Term Credits** (adopted September 10, 1982, last amended December 6, 2002): Rule 1309 sets forth the requirements for eligibility, registration, use and transfer of ERCs for use as offsets under Rule 1303 (b)(2), but is not applicable to the SCAQMD's internal accounts. Among other topics, the rule addresses the validation of past emissions decreases for use as ERCs; the application for an ERC for a new emissions reduction; interpollutant offsets; and inter-basin and inter-district offsets.
- **Rule 1309.1 – Priority Reserve** (adopted June 28, 1990, last amended May 3, 2002<sup>7</sup>): Rule 1309.1 establishes the Priority Reserve, which is part of the SCAQMD's internal accounts of emission offsets. The SCAQMD accumulates offsets in the Priority Reserve primarily from orphan shutdowns and reductions. The SCAQMD then allocates these offsets to meet offset requirements when issuing permits for “essential public services,” which are defined to include publicly owned or operated sewage treatment plants, prisons, police and firefighting facilities, schools, hospitals, landfill gas control or processing facilities, water delivery facilities, and public transit facilities. The SCAQMD also allocates offsets from the Priority Reserve when issuing permits for other specified priority sources, such as innovative technologies that result in lower emissions rates and experimental research activities designed to advance the state of the art. The rule requires that, before an eligible facility may use offsets from the Priority Reserve for a particular pollutant, the facility must first use any ERCs that it holds for that pollutant. Rule 1309.1 also enables EGFs to access to the Priority Reserve and allows projects less than 50 MegaWatts (MW) that generate a substantial portion of their electricity to pump water to maintain the integrity of the surface elevation of a municipality or significant portion thereof to qualify as an EGF. In addition, the following requirements apply to projects receiving credits from the Priority Reserve:

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<sup>7</sup> Subsequent amendments to Rule 1309.1 in 2006 were replaced by the 2007 amendments, which were invalidated as a result of litigation.

- Modifying all of the EGF's sources to BARCT for the pollutant(s) obtained (if applicable) not later than 3 years after issuance of the permit for the new source(s).
  - Paying a non-refundable mitigation fee of \$8,900 per pound per day for each pound of SO<sub>2</sub> obtained from the Priority Reserve.
  - Paying a non-refundable mitigation fee of \$12,000 per pound per day for each pound of CO obtained from the Priority Reserve.
  - Submitting a complete application for a permit during calendar years 2000, 2001, 2002, or 2003 and the EGF becoming fully operational within three years after permitting.
  - Making a good faith effort to obtain offsets including ERCs, state emissions bank credits, and credits from SIP approved credit generation programs (limited to rates not to exceed the mitigation fee).
- **Rule 1310 – Analysis and Reporting** (adopted October 5, 1979, last amended December 7, 1995): Rule 1310 addresses the Executive Officer's application completeness determinations, annual reports to the Governing Board regarding the effectiveness of Regulation XIII and public notice requirements for banking ERCs above specified threshold amounts.
  - **Rule 1313 – Permits to Operate** (adopted October 5, 1979, last amended December 7, 1995): Rule 1313 exempts permit renewal, change of operator, or change in Rule 219 – Equipment Not Requiring a Written Permit Pursuant to Regulation II, from the SCAQMD's NSR program, specifies that an application for a permit to operate a source that was constructed without a prior permit to construct is considered an application for a permit to construct for purposes of the SCAQMD's NSR program, establishes a 90-day deadline for facility operators to provide emissions offsets requested by the Executive Officer for a permit to operate, provides a window of up to 90 days for a replacement source to operate concurrently with the source it is replacing, specifies the inclusion of NSR permit conditions on permits, and specifies that relaxing or removing a condition limiting mass emissions from a permit is subject to NSR if that condition limited the source's obligations under NSR.
  - **Rule 1315 – Federal New Source Review Tracking System** (Adopted September 8, 2006, Re-Adopted August 3, 2007, Repealed January 8, 2010, and Re-adopted February 4, 2011): Rule 1315 codifies SCAQMD procedures for establishing equivalency under federal New Source Review requirements. Equivalency means that the SCAQMD provides sufficient offsets from its internal offset accounts to cover the emission increases from new or modified sources that are exempt from offsets under SCAQMD rules or that obtain credits from the Priority Reserve, but are subject to offset requirements under federal law. Rule 1315 ensures that exempt sources under Rule 1304 and essential public services and other projects that qualify for Priority Reserve offsets under Rule 1309.1 are fully offset to the extent required by federal law, using valid emission reductions from the SCAQMD's internal offset accounts. Rule 1315 also specifies what types of emissions reductions are eligible to be deposited into the SCAQMD's internal offset accounts, including newly-tracked reductions. "Newly tracked" emissions reductions are reductions that had not been historically tracked until the adoption of a prior version of Rule 1315 in 2006.

- **Rule 1316 – Federal Major Modifications** (Adopted December 2, 2005): Rule 1316 establishes that if a permit applicant demonstrates that a proposed modification to an existing stationary source would not constitute a Federal Major Modification (as defined in the USEPA’s regulations in 40 CFR §51.165) the proposed modification is exempt from the analysis of alternatives otherwise required by Rule 1303. Rule 1316 also allows applicants for major polluting facilities to apply for a plantwide applicability limit (PAL), which is a cap on facility-wide emissions of a particular pollutant that allows the operator to make modifications to the facility without triggering the alternatives requirement of Rule 1303, as long as the requirements for PALs are met and the cap is not exceeded.
- **Rule 1325 – Federal PM<sub>2.5</sub> New Source Review Program** (Adopted June 3, 2011): Rule 1325 applies to new and modified major sources that trigger the NSR threshold for PM<sub>2.5</sub>. A major source is defined as having a potential to emit 100 tons per year of PM<sub>2.5</sub>. Rule 1325 mirrors federal requirements for PM<sub>2.5</sub>. Rule thresholds, major modification levels, emission offsets, and other requirements in Rule 1325 are taken directly from U.S. EPA requirements.

### 1996 Tracking System

Since 1996, as a part of the SCAQMD’s effort to track emissions offsets in its internal offset accounts, SCAQMD staff has prepared a series of reports that track credits and debits from August 1990 through July 2002 and present the remaining balances of credits in the SCAQMD’s federal and California offset accounts. These NSR tracking reports go back to the year 1990<sup>8</sup> because that was the year when fundamental amendments were made to the SCAQMD’s Regulation XIII. A key source of credits in these tracking reports was orphan shutdowns of federal major sources (for purposes of demonstrating equivalency with federal offset requirements) and of sources with potential to emit above California’s “no net increase” (NNI) applicability thresholds (for purposes of demonstrating equivalency with California NNI requirements). In other words, when a facility had previously reduced emissions by shutting down equipment or installing control equipment or implementing permanent process changes that were not required, but did not claim an ERC or had originally obtained its offset from SCAQMD, the SCAQMD allocated that reduction as a credit in its internal offset accounts. The USEPA’s 1996 approval of the SCAQMD NSR program confirmed its use of emissions reductions from orphan shutdowns as a source of offset credits. The USEPA also indicated that other appropriate credit sources included, for example, the “BACT discount<sup>9</sup>” required by

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<sup>8</sup> Prior to 1990 SCAQMD kept a running “NSR balance” for each facility with permitted stationary sources. The NSR balance included an entry for every increase and every decrease in emissions at a facility that resulted from a permit action since October, 1976, when the SCAQMD first implemented an NSR program. When the SCAQMD modified Regulation XIII in 1990, it discounted and carried forward into its internal accounts the pre-1990 NSR balance for facilities that had a “negative balance,” i.e., the decreases in emissions exceeded the cumulative increases at the facility.

<sup>9</sup> The BACT discount serves to reduce the amount of the ERC that may be claimed when a facility curtails or reduces or ceases emissions. In particular, instead of obtaining an ERC for the amount of the actual reduction in emissions, the facility may claim an ERC under the SCAQMD’s regulations only for the amount of the reduction that would have occurred if the facility was equipped with then-current BACT at the time the reduction occurred. The CAA does not require this discount, but USEPA later indicated that the BACT discount operated as a substitute for USEPA’s requirement that ERCs be shown to be “surplus at the time of use” and therefore could not be used to generate offsets, unless the discount is demonstrated to exceed the reductions that would be required by SCAQMD rules in the SIP scheduled to be adopted in the following year.

Regulation XIII (specifically Rule 1306 (c)) when a facility banks ERCs; and surplus emissions reductions, which occur when an offset is required under the SCAQMD regulations, but not under the CAA. In addition, USEPA confirmed that the internal bank would provide offsets for priority reserve sources under Rule 1309.1 and for facilities that are exempt under SCAQMD Rule 1304, but which are not exempt under the CAA from the federal offset requirements.

#### Changes to Tracking System

In 2002, the SCAQMD adopted a new Rule 1309.2 to provide for an “offset budget” for projects that do not qualify for Priority Reserve credits<sup>10</sup>. The rule was submitted to USEPA for approval as part of the California SIP, and during its review of that rule USEPA raised the issue of whether the SCAQMD had retained adequate documentation of certain emissions reductions that arose from shutdowns occurring before 1990. After an exhaustive internal review of its documentation, the SCAQMD established to USEPA’s satisfaction that its records supported many of the pre-1990 offset credits, and agreed to remove from its internal accounts those pre-1990 offset credits for which the SCAQMD no longer possessed sufficient documentation. The USEPA approved the revised tracking system in April 2006, including the use by the SCAQMD of previously unclaimed orphan shutdown credits<sup>11</sup> and also requested that the SCAQMD describe its internal offset tracking system in a rule.

After a series of lawsuits, Rule 1315 was eventually adopted by the SCAQMD Governing Board on February 4, 2011. The purpose of Rule 1315 is to ensure that exempt sources under Rule 1304 and essential public services and other projects that qualify for Priority Reserve offsets under Rule 1309.1 are fully offset to the extent required by federal law by valid emission reductions from the SCAQMD’s internal offset accounts. Rule 1315 achieves this by specifying what types of reductions are eligible to be credited as offsets to SCAQMD’s internal accounts and how those reductions are tracked.

### **PROJECT DESCRIPTION**

The purpose of PR 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption, is to require any EGF that uses a specific offset exemption (Rule 1304.1 (a)(2)) to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. Offsets in SCAQMD internal accounts are valuable public goods. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304(a)(2). The fee proceeds will be invested in air pollution improvement projects that further the goals of the 2012 AQMP, and reduce the air quality impacts that an EGF project would have on its surrounding community through other air pollution reduction strategies.

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<sup>10</sup> The SCAQMD rescinded Rule 1309.2 in February 2010.

<sup>11</sup> The various changes that the SCAQMD proposed in 2006 to its pre-existing emissions offset tracking system are documented in a submittal to the USEPA in February 2006. See SCAQMD’s Revised NSR Offset Tracking System, February 23, 2006. These changes were approved in a letter from Deborah Jordan, USEPA, to Dr. Barry Wallerstein, SCAQMD, April 11, 2006, re: “Proposed NSR Offset Tracking System.”

The proposed rule affects all electrical generating facilities that elect to use the offset exemptions described in Rule 1304 (a)(2), but not those facilities that meet their emissions obligations through privately held/procured offset credits.

The following is a summary of the key proposed concepts of PR 1304.1. A copy of the proposed rule can be found in Appendix A.

- EGFs encumbering/obtaining offsets from the SCAQMD Offset Accounts shall either pay an Annual Offset Fee ( $F_i$ ), for each pollutant (i), (specifically PM10, NO<sub>x</sub>, SO<sub>x</sub> and/or VOC) as applicable to the project/unit(s) or a single, up-front fee for applicable offsets.
- The total EGF annual fee will be based on the total quantity of offsets utilized from the SCAQMD internal offset accounts for each of the pollutants in pounds per day multiplied by the Annual Fee Rate, for each pollutant, in dollars per pound per day or a single, up-front payment for the use of the offsets for the duration of the project. There are also separate fee structures for less than 100 megawatts and greater than 100 megawatts of generation.
- The annual fee rate or a single, up-front payment for each pollutant is proposed to be derived based on the historical transaction values of Emission Reduction Credits in the open market. The annual fee rate option would have the payment adjusted annually by the consumer price index (CPI).
- EGF owners/operators electing the annual fee option would be required to pay the annual fee for the first year upfront prior to issuance of the permit to construct the new replacement unit(s), and then annually each year thereafter during any part of which the new replacement unit(s) remain in operation, and for as long as the new replacement unit(s), project and/or EGF are operated. EGF owners/operators electing the single, up-front payment option shall pay the entire fee prior to the issuance of the permit to construct.
- The full amount of any payments made in satisfaction of the requirements of the rule shall be refunded if a written request by the facility owner/operator is received prior to the commencement of operation. Such a request for refund shall automatically trigger cancellation of the Permit to Construct and/or Operate.
- Fees collected will be invested in air pollution improvement projects that further the goals of the 2012 AQMP and reduce emissions of pollutants for which the fee is charged or their precursors or pollutants to which they contribute.

## ENVIRONMENTAL CHECKLIST AND DISCUSSION

The SCAQMD has prepared this streamlined environmental checklist to assist with identifying potential adverse environmental impacts from the proposed project. The environmental checklist form may be tailored to satisfy individual agency needs and project circumstances, and may be used for an initial study when the criteria set forth in CEQA Guidelines have been met. This streamlined environmental checklist adequately evaluates all environmental topic areas outlined in Appendix G of the CEQA Guidelines. The environmental checklist discussion also identifies some of the overarching assumptions that will be used to analyze potential adverse environmental impacts from proposed Rule 1304.1.

*Are the following items applicable to the project or its effects? Discuss rationale for each checked item.*

- |  |                          |                                     |
|--|--------------------------|-------------------------------------|
| <b>1. <i>Would the proposed project have the potential to change scenic views or vistas, create a new source of substantial light or glare, or substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?</i></b> | <b>Yes</b>               | <b>No</b>                           |
|  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. Existing facilities where operators choose to use SCAQMD provided offsets and pay a fee as a result of adopting the proposed project are typically located in appropriately zoned areas, primarily industrial and commercial, often devoid of scenic views or vistas and are not likely to be located in existing residential areas or public lands. Although such facilities would likely be located on or near public roadways, roadways in commercial or industrial areas are not typically designated as scenic highways<sup>12</sup>. No construction or other physical changes would be necessary that could affect scenic views or vistas in existing residential areas or public lands or roads, as a result of this rule adoption. Further, the proposed project would not directly or indirectly result in the creation of new uses and facilities that would affect aesthetic resources. Consequently, the proposed project is not expected to change in any way existing scenic views or vistas in existing residential areas or public lands or roads, create a new source of substantial light or glare, or substantially damage any scenic resources. This environmental topic will not be further evaluated in the Draft EA.

- |  |                          |                                     |
|--|--------------------------|-------------------------------------|
| <b>2. <i>Would the proposed project convert farmland to non- agricultural use or conflict with existing zoning for agricultural use?</i></b> | <b>Yes</b>               | <b>No</b>                           |
|  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Discussion:** The proposed project would not directly or indirectly result in any construction of new buildings or other structures that would convert farmland to non-agricultural use or

<sup>12</sup> A review of designated scenic highways and highways within district boundaries eligible for state scenic highway designation indicates that such highways are typically located along coastal, hilly, or mountainous areas, not near major population centers where commercial or industrial facilities would typically be located. (California Scenic Highway Mapping System accessed at [http://www.dot.ca.gov/hq/LandArch/scenic\\_highways/index.htm](http://www.dot.ca.gov/hq/LandArch/scenic_highways/index.htm) on 1/3/2013.)



conflict with zoning for agricultural use or a Williamson Act contract. There are no provisions in the proposed rule or amended rule that would convert farmland to non-agricultural uses, thus, affecting land use plans, policies, or regulations related to agricultural resources. Land use and other planning considerations are determined by local governments, and no land use or planning requirements would be directly or indirectly altered by the proposed project. As such, the proposed project does not have direct or indirect impacts on agricultural resources. If an EGF in the future were to be sited on agricultural land, that decision would be outside the scope and not a result of this project and would require approval from an agency with land use authority. Thus, these commercial and industrial projects are not expected to result in the conversion of Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland) to non-agricultural uses. This environmental topic will not be further evaluated in the Draft EA.

3. *Would the proposed project have the potential to generate criteria, toxic, or greenhouse gas pollutant emissions; smoke; fumes; or odors?*      Yes      No

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. The proposed project is, therefore, consistent with the existing purposes of Regulation XIII to ensure that there are no net increases in emissions from new or modified permitted sources. However, the SCAQMD has received comments from stakeholders asserting that implementing fees pursuant to PR 1304.1 may deter investment in replacing 50+ year-old boilers with new more efficient gas turbines or other more efficient gas turbines, etc. As a result, because of comments raised claiming potential transmission constraints and increased local reliability needs, the Draft EA will analyze the potential increase in boiler use and a concurrent increase in boiler emissions. The potential adverse criteria pollutants, air toxic, and greenhouse gases (GHG) emission impacts will be analyzed at the project level and cumulatively with other related projects, as necessary, in the Draft EA.

4. *Would the proposed project have the potential to create an adverse impact on sensitive/special status species or on any riparian habitat or other sensitive natural community?*      Yes      No

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. Accordingly, the proposed project is not expected to have direct or indirect impacts on plant or animal species or the habitats that support them. PR 1304.1 primarily affects existing facilities where operators choose to use SCAQMD provided offsets and pay a fee. Therefore, the affected EGFs are primarily located at existing facilities that have already been constructed and are in operation. Thus, substantial adverse impacts on sensitive/special status species or any riparian habitat or other sensitive natural community are unlikely to occur as a result of PR 1304.1. This environmental topic will not be further evaluated in the Draft EA.

- |  |                          |                                     |
|--|--------------------------|-------------------------------------|
| <b>5. <i>Would the proposed project have the potential to require demolition, excavating/grading/construction activities, result in the loss of availability of a known mineral resource, cause a substantial adverse change in the significance of a cultural resource, or is the proposed project located in the vicinity of a known earthquake fault?</i></b> | <b>Yes</b>               | <b>No</b>                           |
|  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. PR 1304.1 primarily affects existing facilities located at sites that have already been disturbed as a result of site preparation. Implementing PR 1304.1 would not change current operating practices and procedures of EGFs. Thus, no demolition, excavating/grading, or other construction activities of any kind are expected from implementing the proposed project. Additionally, implementation of PR 1304.1 is not expected to result in the loss of a known mineral resource or cause a substantial adverse change in the significance of a cultural resource. This environmental topic will not be further evaluated in the Draft EA.

- |   |                                     |                          |
|---|-------------------------------------|--------------------------|
| <b>6. <i>Would the proposed project have the potential to increase the energy demand (electricity, oil, natural gas, etc.) and/or increase the need for new energy utilities?</i></b> | <b>Yes</b>                          | <b>No</b>                |
|   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

**Discussion:** Affected facilities would still be expected to comply with any existing energy conservation standards, to the extent that affected equipment is subject to energy conservation standards. However, the SCAQMD has received comments from stakeholders asserting that implementing fees pursuant to PR 1304.1 would deter investment in replacing 50+ year-old boilers with new more efficient gas turbines or other more efficient gas turbines, etc. Therefore, the Draft EA will evaluate whether delayed equipment replacement would have an impact on the electricity supply system as a result of rule adoption. Additionally, the Draft EA will determine whether the potential for the San Onofre Nuclear Generating Station (SONGS) extended power outage would be an exacerbation of any impact.

- |   |                          |                                     |
|---|--------------------------|-------------------------------------|
| <b>7. <i>Would the proposed project have the potential to create a substantial demand for municipal public services (fire or police), induce substantial growth in an area either directly or indirectly, or displace substantial numbers of existing housing/people?</i></b> | <b>Yes</b>               | <b>No</b>                           |
|   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. Population will not be affected directly or indirectly as a result of adopting and implementing the proposed project. The proposed project would not directly or indirectly result in the creation of new uses and facilities that would affect population growth or induce growth. The proposed project is not expected to appreciably affect employment opportunities and, as such, is not expected to result in the relocation or redistribution of population or growth inducement. This environmental topic will not be further evaluated in the Draft EA.

8. *Would the proposed project have the potential to result in a substantial change in existing noise or vibration levels?* Yes No

**Discussion:** PR 1304.1 primarily affects existing facilities that have already been constructed and are in operation. Implementing PR 1304.1 would not change current operating practices and procedures of EGFs. Although the representative facilities could generate an increase in noise if new or modified equipment was installed, they are not expected to expose persons to or generate noise levels in excess of standards established in a local general plan or noise ordinance because violating such standards and ordinances would subject the affected facilities to local jurisdiction enforcement and penalty actions, which could jeopardize further operation of the facility. This environmental topic will not be further evaluated in the Draft EA.

9. *Would the proposed project have the potential to change the demand or the quality of potable water or groundwater and/or increase the need for water/wastewater utilities?* Yes No

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. The proposed project would have no direct impact on hydrology and water quality. PR 1304.1 primarily affects existing facilities that have already been constructed and are in operation. The proposed project does not require equipment modification. However, if EGFs decided to upgrade with new more efficient gas turbines, the equipment is typically located in existing structures or on existing concrete pads, so no construction activities or other physical changes would be necessary that could disturb soils. Therefore, watering to reduce fugitive dust emissions pursuant to Rule 403 would not be required. Further, the proposed project would not be expected to change current operating practices and procedures that would increase the need for additional water supplies or water utilities. Implementation of PR 1304.1 is not expected to increase the demand for water or increase the amount of wastewater generated. Therefore, no changes to groundwater quality or increases in the need for water/wastewater utilities are anticipated. This environmental topic will not be further evaluated in the Draft EA.

10. *Would the proposed project have the potential to alter existing drainage patterns?* Yes No

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. PR 1304.1 primarily affects existing facilities that have already been constructed and are in operation. Therefore, PR 1304.1 would not require purchasing additional land or promote further construction of any buildings or other structures that may have the potential to alter drainage patterns. Additionally, EGFs affected by the proposed project would not be expected to change current operating practices and procedures. Thus, no alterations to existing drainage patterns are expected from implementing the proposed

project. This environmental topic will not be further evaluated in the Draft EA.

- 11. *Would the proposed project have the potential to generate substantial amounts of solid or hazardous wastes or create a significant hazard to the public or the environment?***      Yes      No

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. PR 1304.1 primarily affects existing facilities that have already been constructed and are in operation. Implementing PR 1304.1 would not change current operating practices and procedures of EGFs, so no changes in the existing volumes of solid or hazardous wastes generated at affected facilities are anticipated. The proposed project would not directly or indirectly result in increased transport, storage, or use of hazardous materials. Therefore, the proposed project would have no direct hazards or hazardous materials impacts. Additionally, PR 1304.1 would not require any physical changes or installation of control equipment that would generate substantial amounts of solid or hazardous wastes. This environmental topic will not be further evaluated in the Draft EA.

- 12. *Would the proposed project have the potential to increase the number of passenger vehicle and/or heavy-duty truck trips or exceed, either individually or cumulatively, a level of service standard?***      Yes      No

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. PR 1304.1 primarily affects existing facilities that have already been constructed and are in operation. The proposed project would not require significant physical changes at affected facilities, so construction activities that could generate construction worker commute trips or heavy-duty haul truck trips would not occur. Similarly, the proposed project would not change current operating practices and procedures, so new employees and associated employee commute trips would also not occur. Consequently, it is not expected that PR 1304.1 would increase the number of passenger vehicle and/or heavy-duty truck trips or exceed any level of service standards. This environmental topic will not be further evaluated in the Draft EA.

- 13. *Would the proposed project have the potential to physically divide an established community or conflict with an applicable land use plan, policy or regulation of an agency with jurisdiction over the project adopted for the purpose of avoiding or mitigating an environmental affect?***      Yes      No

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. PR 1304.1 primarily affects existing facilities that have already been constructed and are in operation and would not require any physical changes at the affected facilities. Therefore, the proposed project does not have the potential to physically divide an established community. There are no provisions in the proposed project 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 directly or indirectly altered by the proposed project. Therefore, there would be no direct or indirect impacts on land use and planning. This environmental topic will not be further evaluated in the Draft EA.

- 14. *Would the proposed project result in the loss of forest land or conversion of forest land to non-forest use or conflict with existing zoning for forest land or timberland?*** **Yes** **No**
- 

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. PR 1304.1 primarily affects existing facilities that have already been constructed and are in operation. The proposed project would be consistent with the heavy industrial zoning requirements for the various facilities and there are no forestry resources or operations on or near the affected EGFs. Thus, PR 1304.1 would not conflict with existing zoning for forest land or timberland, nor would it result in the loss of forest land or conversion of forest land to non-forest use. This environmental topic will not be further evaluated in the Draft EA.

- 15. *Would the proposed project increase the use of existing neighborhood and regional parks or other recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment or recreational services?*** **Yes** **No**
- 

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. PR 1304.1 primarily affects existing facilities that have already been constructed and are in operation. The proposed project would be consistent with the heavy industrial zoning requirements for the various facilities and there are no recreational facilities on or near the affected EGFs. Thus, PR 1304.1 would not increase the use of existing neighborhood and regional parks or other recreational facilities. Further, the proposed project would not require the construction of new or expansion of existing recreational facilities. Based upon these considerations, significant recreation impacts are not expected from implementing the proposed project, and thus, this topic will not be further evaluated in the Draft EA.

- 16. *Would the proposed project create a significant hazard to the public or the environment through the routine transport, use, and disposal of hazardous materials or through reasonably foreseeable upset conditions involving the release of hazardous materials into the environment?*** **Yes** **No**
- 

**Discussion:** The proposed project would require any EGF that uses a specific offset exemption to pay annual fees or a single, up-front fee for the amount of offsets provided by the SCAQMD. PR 1304.1 primarily affects existing facilities that have already been

constructed and are in operation. Thus, PR 1304.1 would not increase the routine transport, use, and disposal of hazardous materials already in use at the existing facilities. Further, the proposed project would not change the existing hazards profile at the affected facilities in a way that would affect potential upset conditions. Based upon these considerations, significant hazards and hazardous materials impacts are not expected from implementing the proposed project, and thus, this topic will not be further evaluated in the Draft EA.

- |   |                                     |                          |
|---|-------------------------------------|--------------------------|
| <b><i>17. Would the proposed project have the potential to degrade the quality of the environment, have potential impacts that are individually limited, but cumulatively considerable, or have potential environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?</i></b> | <b>Yes</b>                          | <b>No</b>                |
|   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

**Discussion:** As indicated in the environmental checklist responses in the preceding sections, the public commented that potential project-specific impacts to air quality and energy may occur. Specifically, the SCAQMD has received comments from stakeholders asserting that implementing fees pursuant to PR 1304.1 would deter investment in replacing 50+ year old boilers with new more efficient gas turbines or other more efficient gas turbines, etc. The concern is that, as a result, because of potential transmission constraints and increased local reliability needs, there would be an increase in boiler emissions. The Draft EA will analyze whether a delay in replacing older boilers would occur and if a delay would have an impact on the electricity supply system. Additionally, the Draft EA will evaluate whether the potential for the San Onofre Nuclear Generating Station (SONGS) extended power outage would be an exacerbation of any impact.

Any fees collected pursuant to PR 1304.1 would be invested in air pollution improvement strategies for the pollutants for which the fee is paid, or their precursors or criteria pollutants to which they contribute, consistent with the needs of the 2012 AQMP.

**APPENDIX A (OF THE NOP/IS)**

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**PROPOSED RULE 1304.1 – ELECTRICAL GENERATING  
FACILITY ANNUAL FEE FOR USE OF OFFSE  
EXEMPTION**

**PROPOSED RULE 1304.1. ELECTRICAL GENERATING FACILITY ANNUAL FEE FOR USE OF OFFSET EXEMPTION**

(a) Purpose and Applicability

The purpose of this rule is to require Electrical Generating Facilities (EGFs) which use the specific offset exemption described in Rule 1304(a)(2) [Electric Utility Steam Boiler Replacement] to pay fees for up to the full amount of offsets provided by the AQMD. Offsets in AQMD internal accounts are valuable public goods. The purpose of this rule is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304(a)(2). The fees will be invested in air pollution improvement strategies for the pollutants for which the fee is paid, or their precursors or criteria pollutants to which they contribute, consistent with the needs of the Air Quality Management Plan. This rule applies to all EGFs that use the offset exemptions described in Rule 1304(a)(2). Notwithstanding Rule 1301(c)(1), this rule applies to all permits issued to EGFs electing to use Rule 1304(a)(2) and receiving the applicable permit to construct on or after March 1, 2013.

(b) Definitions

- (1) **ELECTRICAL GENERATING FACILITY (EGF)** means a facility that generates electricity for distribution in the state grid system, regardless of whether it also generates electricity for its own use or for use pursuant to a contract.
- (2) **COMMENCEMENT OF OPERATION** means to have begun the first fire of the unit(s), or to generate electricity for sale, including the sale of test generation.

(c) Requirements

- (1) Any EGF operator electing to use the offset exemptions provided by Rule 1304(a)(2) shall pay a fee, the Offset Fee ( $F_i$ ), calculated pursuant to paragraph (c)(2), for each pound per day of each pollutant ( $i$ ), for which the AQMD provides offsets. This fee may be paid on an annual basis or as a single payment at the election of the applicant.



- (2) The Offset Fee ( $F_i$ ), for a specific pollutant (i), shall be calculated by multiplying the applicable pollutant specific Annual Offset Fee Rate ( $R_i$ ) or Single Payment Offset Fee Rate ( $L_i$ ) and Offset Factor in Table A1 or A2, as applicable, by the fraction of the potential to emit level(s) of the new replacement unit(s) ( $PTE_{rep}$ ), which is calculated as the maximum rated capacity (MWh) of the new replacement unit(s) minus the most recent twenty-four (24) months average of the capacity factor (megawatt utilization) of the unit(s) to be replaced divided by the maximum rated capacity (MWh) of the new replacement unit(s), in accordance with the following equations:

**Annual Payment Option**

$$\text{Annual Payment Offset Fee } (F_i) = R_i \times PTE_{rep} \times OF_i \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right)$$

**Single Payment Option**

$$\text{Single Payment Offset Fee } (F_i) = L_i \times PTE_{rep} \times OF_i \times \left( \frac{C_{rep} - C_{2YRAvgExisting}}{C_{rep}} \right)$$

Where;

- $F_i$  = Offset Fee for pollutant (i).  
 $R_i$  = Annual Offset Fee Rate for pollutant (i), in terms of dollars per pound per day, (see Table A1 or Table A2, as applicable, for rates).  
 $L_i$  = Single Payment Offset Fee Rate for pollutant (i), in terms of dollars per pound per day, (see Table A1 or Table A2, as applicable, for rates).  
 $PTE_{rep}$  = permitted potential to emit of new replacement unit(s) for pollutant i, in pounds per day. (Maximum permitted monthly emissions  $\div$  30 days).

- $OF_i$  = offset factor pursuant to Rule 1315(c)(2) for extreme non-attainment pollutants and their precursors, (see Table A1 or A2, as applicable, for factors).
- $C_{rep}$  = maximum permitted annual megawatt capacity (MWh) of the new replacement unit(s). (Maximum rated capacity (MW) x Maximum permitted annual operating hours (h)).
- $C_{2YRAvgExisting}$  = the average annual megawatt-hour (MWh) generation of the existing unit(s) to be replaced using the last twenty-four (24) month period immediately prior to submittal of the permit to construct.

Table A1: Pollutant Specific Offset Fee Rates & Offset Factors applicable to the first 100MWs repowered at an EGF after March 1, 2013 with offsets debited from the AQMD internal accounts<sup>1</sup>

Pollutant (i)	Annual Offset Fee Rate ( $R_i$ ) (\$per lb/day)*	Single Payment Offset Fee Rate ( $L_i$ ) (\$ per lb/day)	Offset Factor ( $OF_i$ )
PM	\$1,993	\$49,822	1.0
NO <sub>x</sub> **	\$1,332	\$33,286	1.2
SO <sub>x</sub>	\$1,585	\$39,631	1.0
VOC	\$93	\$2,318	1.2

\*Offset Fees paid annually and adjusted annually by the CPI, consistent with the provisions of Rule 320

\*\*For non-RECLAIM sources only

<sup>1</sup> Proposed revision to Annual and Single Payment Offset Fee Rates under consideration.

Table A2: Pollutant Specific Offset Fee Rates & Offset Factors applicable to the balance of > 100MWs repowered at an EGF after March 1, 2013 with offsets debited from the AQMD internal offset accounts<sup>2</sup>

Pollutant (i)	Annual Offset Fee Rate ( $R_i$ ) (\$per lb/day)*	Single Payment Offset Fee Rate ( $L_i$ ) (\$ per lb/day)	Offset Factor ( $OF_i$ )
PM	\$3,986	\$99,643	1.0
NOx**	\$2,663	\$66,571	1.2
SOx	\$3,170	\$79,262	1.0
VOC	\$185	\$4,635	1.2

\*Offset Fees paid annually and adjusted annually by the CPI, consistent with the provisions of Rule 320

\*\*For non-RECLAIM sources only

- (3) The owner/operator of an EGF electing to use the offset fee exemption of Rule 1304(a)(2) shall remit the offset fees as follows:
- (A) For the annual payment option:
- (i) the first year annual payment corresponding to the first year of operation must be remitted prior to the issuance of the permit to construct. Subsequent payments shall be remitted annually, on or before the anniversary date of the commencement of operation, beginning with the second year of operation.
  - (ii) If the owner/operator of an EGF fails to pay the applicable Annual Offset Fee ( $F_i$ ) amount, for each applicable pollutant (i), within thirty (30) days after the due date, the associated permit(s) will expire and no longer be valid. Such permit may be reinstated within sixty (60) days with an additional penalty of 50%.
- (B) For the single payment option, the entire fee must be remitted prior to issuance of the permit to construct. The owner/operator of an EGF that elects the annual fee payment option has the right to switch to

<sup>2</sup> Proposed revision to Annual and Single Payment Offset Fee Rates under consideration.

the single payment option by remitting the balance of the full single payment prior to the commencement of the second year of operation.

- (4) Offsets provided under the provisions of this rule to a facility are not any form of property, and may not be sold, leased, transferred, or subject to any lien, pledge, or voluntary or involuntary hypothecation or transfer, and shall not be assets in bankruptcy, for purposes of taxation, or in any other legal proceeding.

- (5) Refunds of First Year of Annual Payment or Single Payment

The full amount of any payments made in satisfaction of the requirements of the rule shall be refunded if a written request by the facility owner/operator is received prior to the commencement of operation. Such a request for refund shall automatically trigger cancellation of the Permit to Construct and/or Operate.

- (d) Use of Offset Fee Proceeds

- (1) Except as provided in Paragraph (d)(2), the Offset Fee proceeds paid pursuant to this rule shall be deposited in an AQMD restricted fund account and shall be used to obtain emission reductions consistent with the needs of the Air Quality Management Plan.

- (2) Up to 8% of the Offset Fee proceeds, deposited in a restricted fund account, may be used by the Executive Officer to cover administrative costs related to this rule.

- (e) Severability

If any provision of this rule is held by judicial order to be invalid, or invalid or inapplicable to any person or circumstance, such order shall not affect the validity of the remainder of this rule, or the validity or applicability of such provision to other persons or circumstances. In the event any of the exceptions to this rule is held by judicial order to be invalid, the persons or circumstances covered by the exception shall instead be required to comply with the remainder of this rule.

## **APPENDIX C**

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### **COMMENT LETTERS ON THE NOP/IS AND RESPONSES TO COMMENTS**

A Notice of Preparation / Initial Study (NOP/IS) was circulated for a 30-day public review and comment period beginning on April 9, 2013 and ending May 8, 2013. The NOP/IS identified potentially significant environmental impacts from Proposed Rule 1304.1. The NOP/IS included the project background, project description, and an environmental checklist section that adequately evaluated all environmental topic areas outlined in Appendix G of the CEQA Guidelines.

The SCAQMD received two comment letters on the NOP/IS during the public comment period. The comment letters and responses to the comments raised in those letters are provided in this appendix of the Draft EA. The comments are bracketed and numbered. The related responses are identified with the corresponding number and are included following each comment letter.

**Comment Letter #1  
(Broiles & Timms, LLP, May 7, 2013)**

**BROILES & TIMMS, LLP**

445 SOUTH FIGUEROA STREET, 27<sup>TH</sup> FLOOR  
LOS ANGELES, CA 90071-1630

TELEPHONE: 213-489-6868

FACSIMILE: 213-489-6828

STEVEN A. BROILES  
CHARLES F. TIMMS, JR.

May 7, 2013

**VIA EMAIL (JINABINET@AQMD.GOV) AND U.S. MAIL**

Jeffrey Inabinet  
c/o Planning - CEQA  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Comment Letter on Initial Study for Proposed Rule 1304.1 (revised draft 4/11/13); Cities of Burbank, Glendale and Pasadena**

Dear Mr. Inabinet:

The Cities of Burbank, Glendale and Pasadena ("the Cities") hereby submit this comment letter on issues relevant to the environmental analysis for Proposed Rule ("PR") 1304.1 (revised draft 4/11/13). The District's Notice of Preparation and Initial Study for PR 1304.1, published on April 5, 2013, were accompanied by PR 1304.1 (revised draft 3/28/13). On April 11, 2013, the District revised the proposed rule and made changes to the proposed mitigation fee applicable to a boiler replacement project. Our comments address this most recent revision to PR 1304.1 (revised draft 4/11/13).

1-1

In prior correspondence commenting on PR 1304.1, the Cities raised potential environmental issues regarding the mitigation fee, both as originally proposed and as changed in the most recent version (revised draft 4/11/13). To sum up, the Cities pointed out that the proposed fee would make boiler replacement projects much more expensive and thus could lead to the delay, downsizing, or abandonment of these types of projects. This could result in increased emissions from the Cities' old, inefficient boilers and adverse impacts on local and Basin-wide electrical system reliability. The adverse system

1-2

Jeffrey Inabinet  
 May 7, 2013  
 Page 2

reliability impacts and their potential environmental consequences deserve particular attention in view of the prospect for an extended outage at the San Onofre Nuclear Generating Facility ("SONGS"). A news report just last week even suggested that SONGS may have to be retired (Associated Press, May 1, 2013). In addition, local capacity reliability needs are increasing due to load growth and the delay in development of new transmission projects (California Energy Markets, May 3, 2013, No. 1230 at 16.1). The environmental assessment for PR 1304.1 must thoroughly analyze the potential environmental effects of these increased emissions and adverse system reliability impacts.

1-2  
 Cont.

- **Financial impacts on planned boiler replacement projects**

In their February 19, 2013, and February 22, 2013, comment letters, the Cities laid out the financial impact of the mitigation fee, as originally proposed, on hypothetical replacement projects. See February 19 letter at page 4 and Attachment 1; and February 22 letter at page 1 and Attachment 2. Further supporting backup data for these calculations were provided as attachments to a March 21, 2013, email memo. In that memo, the City of Glendale showed that if the replacement project had a capacity as large as the capacity of its current boilers, the proposed mitigation fee could cost about \$40 million or 40% of the total project cost.

The District's revisions in the proposed mitigation fee (revised draft 4/11/13) would reduce these costs somewhat. As the Cities pointed out in their April 22 comment letter, changes in the proposed mitigation fee for projects less than 100 MW (the size of facility likely to be proposed by the Cities) reduce the likely financial impacts to about \$14 million or 14% of the cost of a replacement project. See April 22 letter at page 2. While that is an improvement over the original proposal, mitigation fees at that level could still result in the delay, if not abandonment, of a replacement project. The cost of a replacement project would have to be balanced against the cost of operating and maintaining the old boilers combined with the cost of reduced local reliability. We cannot predict whether the delay would be five, ten or more years, but in the meantime the continued use of existing generation capacity would result in emissions rates at the rate of the old boilers, instead of the much lower rate of the replacement projects with up-to-date technology, and retail consumers would suffer reduced reliability, as the old boilers are expected to break down more often and for longer periods. Thus, the potential environmental and reliability impacts remain essentially the same as under the mitigation fee as originally proposed.

1-3

- **More emissions from the old, inefficient boilers**

In their February 19, 2013, and February 22, 2013, comment letters, the Cities also laid out the emissions impacts if boiler replacement projects are delayed, downsized or abandoned. The City of Burbank showed that anticipated emissions from their old boilers to provide power for peak summer demand are several times the emissions of a

1-4

Jeffrey Inabinet  
 May 7, 2013  
 Page 3

replacement project. See February 19 letter at page 6 and Attachment 3. The City of Glendale similarly showed that anticipated emissions from their old boilers; most likely to provide power for peak summer demand, would substantially exceed emissions from a replacement project. See February 22 letter at page 2 and Attachment 4. The Cities provided additional supporting backup data for these calculations as attachments to the March 21, 2013, email memo. In that memo and attachments, the City of Glendale showed the increase in emissions that would result if the foregone replacement project had a capacity as large as the capacity of its current boilers.

1-4  
 Cont.

The environmental assessment for PR 1304.1 must thoroughly analyze the potential adverse impacts associated with these increased boiler emissions if the replacement projects are delayed, downsized or abandoned due to the mitigation fee imposed by PR 1304.1.

- **Less reliable electricity supply system**

In their February 19, 2013, comment letter and March 21, 2013, email memo, the Cities discussed the adverse impacts on local reliability for the Cities if they delay, downsize or abandon their planned boiler replacement projects. See February 19 letter at pages 6 and 7; and March 21 email memo.

In particular, as the Cities explain in their March 21 email memo, the Cities have limits on their ability to import energy from outside their service territories because each City has only one point of interconnection with the western electrical grid. The Cities need local generation to meet peak loads and to provide required reserves. Increasing loads (e.g., switching to electric vehicles and higher cooling demands associated with climate change) will require increasing amounts of local generating capacity, but the District's proposed mitigation fee will discourage the construction of that capacity. New transmission capacity cannot be assumed to be built for increased imports. Moreover, additional flexible, local generation is needed to integrate the increasing amounts of renewable power sources that are required by state law.

1-5

The environmental assessment for PR 1304.1 must thoroughly analyze the potential adverse impacts associated with the less reliable electrical supply system that will result if the boiler replacement projects are delayed, downsized or abandoned. These adverse impacts could include emissions from other, older generating capacity that is used because of the foregone replacement projects (including coal-fired generation), the environmental benefits that will be lost if renewable energy cannot be efficiently integrated into the system due to a shortage of local generating capacity, and potential adverse impacts resulting from electrical supply outages due to the lack of local generating capacity (e.g., potential shutdown of sewage treatment facilities with resulting adverse water quality impacts).



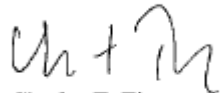
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May 7, 2013  
Page 4

Additional socioeconomic impacts resulting from degraded system reliability due to the foregone replacement projects also will need to be addressed in the socioeconomic analysis that is prepared for PR 1304.1. Lower reliability will lead to more frequent and longer outages, with socio-economic consequences. The Cities look forward to the opportunity to comment on that analysis.

1-5  
Cont.

Please let us know if you have any questions. We appreciate the opportunity to provide these comments, and we look forward to continuing to participate in the rulemaking process, including review of the environmental assessment, and help the District Governing Board make a fully-informed decision on PR 1304.1.

Sincerely,



Charles F. Timms, Jr.

cc: Gurcharan Bawa ([gbawa@cityofpasadena.net](mailto:gbawa@cityofpasadena.net))  
Lon Peters ([lpeters@ci.glendale.ca.us](mailto:lpeters@ci.glendale.ca.us))  
Kim Yapp ([kyapp@burbankca.gov](mailto:kyapp@burbankca.gov))

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**Responses to Comment Letter #1  
(Broiles & Timms, LLP, May 7, 2013)**

- 1-1 The comment states that this comment letter is being submitted on behalf of the Cities of Burbank, Glendale and Pasadena. The comment also provides a brief summary of the schedule of the NOP/IS and identifies a revision to the proposed rule regarding a mitigation fee applicable to a boiler replacement project. The comment indicates that their comment letter addresses the most recent revision to the proposed rule (revised draft April 11, 2013). No further response to this comment is necessary.
- 1-2 The comment states that in prior correspondence, the Cities have raised potential environmental issues regarding the mitigation fee as originally proposed, as well as the most recent proposal (revised draft April 11, 2013). The comment states that the proposed fee would make steam boiler replacement projects more expensive and thus could lead to the delay, downsizing, or abandonment of these types of projects. These potential outcomes could result in increased emissions from the Cities' old, inefficient boilers and could cause adverse impacts on local capacity and Basin-wide electrical system reliability. The comment also indicates that an extended outage at the San Onofre Nuclear Generating Facility (SONGS) could exacerbate potential reliability and environmental impacts.

SCAQMD staff does not consider the proposed fee associated with the proposed rule for facilities that elect to use the SCAQMD's internal offset bank to be a "mitigation fee." The purpose of this proposed fee is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304 (a)(2), which they are currently getting free of charge from SCAQMD's internal accounts. Offsets in SCAQMD's internal accounts are valuable public goods. The fee is a reasonable cost for conferring the benefit of the offset, and it should be noted that proceeds of the fee will be invested in air pollution improvement projects that further the goals of the 2012 AQMP and reduce emissions of pollutants for which the fee is charged or their precursors or pollutants to which they contribute.

The SCAQMD acknowledges that the proposed fee may cause some facilities to possibly delay or adjust the schedule/parameters of steam boiler replacement projects. The SCAQMD also acknowledges that the shutdown of SONGS would need to be considered when evaluating reliability impacts. Any adverse impacts associated with these scenarios are analyzed in the Draft EA concluding that adequate measures are in place to prevent impacts on reliability.

- 1-3 The comment states that the Cities laid out the financial impact of the proposed fee as originally proposed, which would reportedly cost approximately 40 million dollars if the City of Glendale elected to conduct a replacement project as large as the capacity of their current boilers. The comment also states that with the most recent revisions to the proposed fee structure, the financial impact would be reduced to approximately 14 million dollars. The comment states that while this is an improvement, this level of a fee could still result in the delay, if not abandonment of a replacement project. Thus, the potential environmental and reliability impacts remain essentially the same as under the originally proposed fee.

SCAQMD staff has revised its proposal to make the fee structure less burdensome for potential replacement/repower projects. Additionally, several alternatives are analyzed in Chapter 5 of this Draft EA. Alternative A, the 'No Project' alternative, would result in no additional fee for any replacement/repower project. However, this alternative would not: 1) recoup the fair market value of offsets obtained from SCAQMD's internal account; 2) provide any funding for emission reduction projects; and, 3) further the goals outlined in the 2012 AQMP. The SCAQMD acknowledges that the proposed fee may cause some facilities to possibly delay or adjust the schedule and/or parameters of boiler replacement projects. Any adverse impacts associated with these alternatives are analyzed in Chapter 5 of this Draft EA.

SCAQMD staff has retained Dr. Frank A. Wolak, Director of the Program on Energy and Sustainable Development and Professor in the Department of Economics at Stanford University, to conduct an economic and reliability analysis on PR 1304.1, which further addresses any potential adverse impacts regarding electricity supply reliability and project delay concerns associated with this project. This report concludes that adequate measures are in place to prevent impacts on reliability and it would be unlikely that the currently proposed fee structure would cause potential repower projects to delay, downsize or abandon. Dr. Wolak's analysis can be found in Appendix D of this Draft EA.

- 1-4 The comment states that in previous correspondence, the Cities of Burbank and Glendale showed that anticipated emissions from their old boilers to provide power for peak summer demand are several times the emissions of a more efficient replacement project. The comment indicates that the environmental assessment must analyze potential adverse impacts associated with increased boiler emissions if the replacement projects are delayed, downsized or abandoned due to the fee imposed by PR 1304.1.

As stated previously, the SCAQMD has revised its proposal to make the fee structure less burdensome for potential replacement/repower projects. The purpose of the proposed fee is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304 (a)(2), which are currently free of charge from SCAQMD's internal accounts. However, SCAQMD staff acknowledges that the proposed fee may cause some facilities to possibly delay or adjust the schedule and/or parameters of boiler replacement projects. The potential adverse impacts associated with these scenarios are analyzed in depth in this Draft EA, with consideration for the worst-case increase in emissions. The analysis in the Draft EA compared maximum daily emissions averages of old boilers versus new gas turbines. The conclusion of this analysis is that, because the new gas turbines would operate more efficiently, a delay in repowering could potentially cause a delay in emission reductions. That delay concluded potential significant peak daily impacts to PM 10, VOC and NOx emissions. The details of this analysis can be found in Chapter 4 of the Draft EA.

- 1-5 The comment indicates that the Cities have limits on their ability to import energy from outside their service territories because there is only one point of interconnection with the western electrical grid. Increasing loads will require increasing amounts of local generation capacity, and the SCAQMD's proposed fee would discourage the construction of that capacity. The comment indicates that additional flexible, local generation is needed to

integrate the increasing amounts of renewable power sources that are required by state law. Again, the commenter requests that the environmental assessment thoroughly analyze the potential adverse impacts associated with a less reliable electrical supply system that will result if the boiler replacement projects are delayed, downsized or abandoned. The commenter also indicates that many secondary impacts could also occur (e.g., environmental benefits list in renewable energy cannot be integrated, electrical supply outages resulting in the potential shutdown of sewage treatment facilities with resulting adverse water quality impacts, etc.). The commenter also indicates that the socioeconomic impacts resulting from degraded system reliability will also need to be analyzed.

As mentioned in Response to Comment 1-2, electrical system reliability concerns are addressed in the Draft EA. As previously mentioned in Response to Comment 1-3, a report has been prepared by Dr. Wolak that contains an economic and reliability analysis on PR 1304.1 concluding that adequate measures are in place to prevent impacts on reliability. SCAQMD staff believes this report addresses the concerns associated with any potential adverse impact from electricity supply reliability and project delay or downsizing as a result of implementing PR 1304.1. Dr. Wolak's analysis also indicates that it is unlikely that local supply generation capacity projects will be discouraged to be built due to the proposed fee. According to Dr. Wolak's report, "although municipal utilities are not subject to CPUC oversight, these utilities also have similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA process and LTPP process. Each of these municipal utilities produces an Integrated Resource Plan (IRP) to meet future electricity demand in their service territory with a high level of reliability and while minimizing ratepayer impacts. Copies of these documents are available on the web-sites of each of these municipal utilities." These mechanisms ensure that municipal utilities will have adequate generation capacity to meet their future demands and are able to pass of the costs to doing so to their consumers in retail rates. SCAQMD staff will also prepare a socioeconomic analysis under separate cover for the proposed rule.

Additionally, Dr. Wolak's report indicates that, "LADWP prepares an IRP annually with a 20-year timeframe to ensure that current and future energy needs of the City of Los Angeles are met. Similar to the CPUC LTPP, LADWP's IRP process lays out alternative strategies for meeting LADWP's energy supply and environmental policy goals, while maintaining a reliable supply of energy and minimizing the financial impact on their ratepayers. In its 2007 IRP, the City of Glendale considered a 10-year planning horizon and concluded that "GWP Has Sufficient Resources to Meet Expected Peak Loads Through the Period Covered by this IRP." In its 2006 IRP, BWP considered a 20-year planning horizon and concluded that "BWP plans to meet substantially all of its load growth requirements over the next 20 years with a combination of energy efficiency measures and renewable energy supplies."

Dr. Wolak's report also states that, "there are other state and local policies that are relevant to ensuring a reliable supply of electricity in California. One of these state policies specifically addresses cost recovery for repowering of existing generation units needed for local reliability. Local policies include the local reliability and long-term resource planning requirements set by municipal utilities to ensure they have adequate resources to meet current and future demand.

Assembly Bill 1576 specifies criteria under which the CPUC would approve a cost-of-service contract with an IOU that supports the repowering of an existing generation facility. Section 454.6, reproduced in the Appendix codifies these criteria, one of which is that the California ISO or local system operator certifies the project is needed for local reliability. Another criterion is that the repowering project complies with all applicable federal, state and local laws.” Dr. Wolak’s analysis and conclusions can be found in Appendix D of this Draft EA.

**Comment Letter #2  
(Southern California Public Power Authority, May 8, 2013)**



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY  
1180 NICOLE COURT  
GLENORA, CA 91740  
(626) 793-9364 – FAX: (626) 793-9461  
www.scppa.org

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RIVERSIDE • VERNON • IMPERIAL IRRIGATION DISTRICT

May 8, 2013

Jeffrey Inabinet  
c/o Planning - CEQA  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: SCPPA Comments on the Initial Study for Proposed Rule 1304.1- Electrical Generating Facility Annual Fee for Use of Offset Exemption**

Dear Mr. Inabinet:

The Southern California Public Power Authority (SCPPA) would like to thank the South Coast Air Quality Management District (SCAQMD, or District) for this opportunity to provide comments on the Initial Study for Proposed Rule (PR) 1304.1 – Electrical Generating Facility Annual Fee for Use of Offset Exemption.

SCPPA is a joint powers authority consisting of eleven municipal utilities and one irrigation district. SCPPA members deliver electricity to approximately 2 million customers over an area of 7,000 square miles, with a total population of 4.8 million. SCPPA members include the municipal utilities of the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside and Vernon, and the Imperial Irrigation District.

Many of our members have limits on their ability to import energy from outside their service territories because they have only one point of interconnection with the western electrical grid. Some SCPPA members require local generation to meet peak loads and to maintain required reserves. In addition, replacing aging boilers with more efficient, fast-start and fast-ramp equipment will better serve peak loads with lower emissions and aid in the integration of renewable energy resources. As such, it is important for these members, with aging steam boilers in their generation fleets, to be able to replace this existing capacity with cleaner, more efficient technology without the accompanying burdensome and unreasonable fees that may result in the delay or abandonment of these replacement projects.

**I. COMMENTS ON THE INITIAL STUDY**

SCPPA agrees with and supports the comments provided by the Cities of Burbank, Glendale, and Pasadena ("Cities")<sup>1, 2</sup> that the proposed fee would make their boiler replacement projects much

<sup>1</sup> SCPPA supports the comments submitted by Broiles & Timms, LLP on behalf of the Cities of Burbank, Glendale and Pasadena.

<sup>2</sup> The Los Angeles Department of Water and Power has no position on Proposed Rule 1304.1 at this time, nor a position on the Proposed Rule in the capacity as a member of SCPPA.

2-1

2-2



more expensive and thus could lead to the delay, downsizing, or abandonment of these types of projects. This could result in increased emissions from the member Cities' old, inefficient boilers and have adverse impacts on local and Basin-wide electrical system reliability.

SCPPA believes that the adverse system reliability impacts and their potential environmental consequences are regional in nature due to the aging generation fleet in Southern California, once-through cooling (OTC) regulations, load growth and delays in the development of new transmission projects. Given these factors, the Draft Environmental Assessment for PR 1304.1 must thoroughly analyze the potential environmental effects and adverse system reliability impacts caused by the proposed fee. SCPPA further recommends that any reliability studies conducted be coordinated with the affected balancing authorities in Southern California as well as the affected utilities with local generation and those contemplating the addition of local generation.

2-2  
Cont.

#### **A. Financial impacts on planned boiler replacement projects**

The proposed fee represents a potentially significant cost to boiler replacement projects. As the Cities detailed in their prior comments and reiterated in their May 7, 2013 comments, the financial impact of the mitigation fee, as originally proposed could be about \$40 million or approximately 40% of the project cost. With the recently proposed fee reduction, the cost would still be significant at approximately 14% of the cost of replacement projects. While that is an improvement over the original proposal, mitigation fees at that level could still result in the delay, if not abandonment, of a replacement project. The cost of a replacement project would have to be balanced against the cost of operating and maintaining the old boilers combined with the risk of reduced local reliability.

2-3

#### **B. More emissions from the old, inefficient boilers**

If the boiler replacement projects are delayed, downsized or abandoned, SCPPA members may have to operate their aging boilers to provide needed generation. As the Cities have shown in their prior comment letters to the District on this issue, the anticipated emissions from their old boilers to provide power for peak summer demand are several times the emissions of a replacement project.

2-4

The Draft Environmental Assessment for PR 1304.1 must thoroughly analyze the potential adverse impacts associated with these increased boiler emissions if the replacement projects are delayed, downsized or abandoned due to the mitigation fee imposed by the PR.

#### **C. Less reliable electricity supply system**

Most SCPPA members have limits on their ability to import energy from outside their service territories because they have only one point of interconnection with the western electrical grid. These Cities need local generation to meet peak loads and to maintain required reserves. Increasing loads (e.g., switching to electric vehicles and higher cooling demands associated with climate change) will require increasing amounts of local generating capacity, but the District's proposed mitigation fee will discourage the construction of that capacity. New transmission capacity cannot be assumed to be built for increased imports. Moreover, additional flexible, local generation is needed to reliably integrate the increasing amounts of renewable power sources that are required by state law.

2-5

## II. CONCLUSION

The Draft Environmental Assessment for PR 1304.1 must thoroughly analyze the potential environmental effects and adverse system reliability impacts associated with the less reliable electrical supply system that will result if boiler replacement projects are delayed, downsized or abandoned. These adverse impacts could include emissions from other, older generating capacity that is used because of the foregone replacement projects (including coal-fired generation), the environmental benefits that will be lost if renewable energy cannot be efficiently integrated into the system due to a shortage of local generating capacity, and potential adverse impacts resulting from electrical supply outages due to the lack of local generating capacity (e.g., potential shutdown of sewage treatment facilities with resulting adverse water quality impacts). SCPPA further recommends that any reliability studies conducted be coordinated with the affected balancing authorities in Southern California as well as the affected utilities with local generation and those contemplating the addition of local generation.

2-6

Additional socioeconomic impacts resulting from degraded system reliability due to the foregone replacement projects also will need to be addressed in the socioeconomic analysis that is prepared for PR 1304.1. Lower reliability will lead to more frequent and longer outages, with socioeconomic consequences. SCPPA looks forward to the opportunity to review and comment on that analysis.

Dated: May 8, 2013

Sincerely,



By: Oscar Herrera  
Interim Director of Regulatory Affairs  
1160 Nicole Court,  
Glendora, CA, 91740  
Telephone Number: (626) 793 - 9362  
Email: [OHerrera@scppa.org](mailto:OHerrera@scppa.org)



**Responses to Comment Letter #2  
(Southern California Public Power Authority, May 8, 2013)**

2-1 The comment provides a brief description of the Southern California Public Power Authority (SCPPA) which consists of eleven municipal utilities and one irrigation district. The comment states that many of their members have limits on their ability to import energy from outside their service areas and it is important for members to have the ability to replace aging boilers with cleaner, more efficient technology without the burden of unreasonable fees.

SCAQMD staff agrees that it is important for municipal utilities to have the ability to replace aging boilers with cleaner, more efficient technology. The purpose of the proposed fee is to recoup the fair market value of offsets procured by eligible EGFs electing to use such offsets to comply with Rule 1304 (a)(2), which are currently free of charge from SCAQMD's internal accounts. Offsets in SCAQMD's internal accounts are valuable public goods. The fee is a reasonable cost for conferring the benefit of the offsets, and it should be noted that proceeds of the fee will be invested in air pollution improvement projects that further the goals of the 2012 AQMP that reduce emissions of pollutants for which the fee is charged.

2-2 The comment states that the proposed fee would make boiler replacement projects more expensive and thus, could lead to the delay, downsizing, or abandonment of these types of projects. These potential outcomes could result in increased emissions from the affected cities' old, inefficient boilers and could cause adverse impacts on local and Basin-wide electrical system reliability. The comment also indicates that SCPPA believes that the adverse system reliability impacts and their potential environmental consequences are regional in nature due to the aging generation fleet in Southern California, once through cooling (OTC) regulations, load growth and delays in the development of new transmission projects. The comment also states that the Draft EA must thoroughly analyze the potential environmental effects and adverse system reliability impacts caused by the proposed fee.

SCAQMD staff acknowledges that the proposed fee may cause some facilities to possibly delay or adjust the schedule/parameters of boiler replacement projects. Potential adverse impacts associated with these scenarios are analyzed in the Draft EA. Additionally, as mentioned in Responses to Comments 1-3 and 1-5, the SCAQMD retained Dr. Frank A. Wolak, Director of the Program on Energy and Sustainable Development and Professor in the Department of Economics at Stanford University to conduct an economic and reliability analysis on PR 1304.1. Dr. Wolak's report concludes that adequate measures are in place to prevent impacts on reliability. According to Dr. Wolak's report, "Although municipal utilities, such as the Los Angeles Department of Water and Power (LADWP), City of Glendale Water and Power (GWP), and Burbank Water and Power (BWP) are not subject to CPUC oversight, these utilities also have similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA process and LTPP process. Each of these municipal utilities produces an Integrated Resource Plan (IRP) to meet future electricity demand in their service territory with a high level of reliability and while minimizing ratepayer impacts."

SCAQMD staff believes Dr. Wolak's report addresses any potential adverse impacts or reliability concerns associated with this proposed project. Dr. Wolak's analysis and conclusions can be found in Appendix D of this Draft EA.

With regard to the comment pertaining to the purpose of the proposed fee, see Response to Comment 2-1.

- 2-3 The comment states that the affected cities detailed the financial impact of the proposed fee as originally provided in earlier comments (on May 7, 2013), which would reportedly cost approximately 40 million dollars if the City of Glendale elected to conduct a replacement project as large as the capacity of their current boilers. The comment also states that with the most recent revisions to the proposed fee structure, the financial impact would be reduced to approximately 14 million dollars. The comment states that while this is an improvement, this level of a fee could still result in the delay, if not abandonment of a replacement project. Thus, the potential environmental and reliability impacts remain essentially the same as under the originally proposed fee.

SCAQMD staff has revised its proposal to make the fee structure less burdensome for potential replacement/repower projects. Additionally, several alternatives are analyzed in Chapter 5 of this Draft EA. Alternative A, the no project alternative, would result in no additional fee for any replacement/repower project. However, Alternative A would not provide any funding for emission reduction projects and would not further the goals outlined in the 2012 AQMP. The SCAQMD acknowledges that the proposed fee may cause some facilities to possibly delay or adjust the schedule and/or parameters of boiler replacement projects. The potential adverse impacts associated with these scenarios are analyzed in depth in this Draft EA, with consideration for the worst-case increase in emissions.

Additionally, as mentioned in Responses to Comments 1-3, 1-5, and 2-2, the SCAQMD retained Dr. Frank A. Wolak, Director of the Program on Energy and Sustainable Development and Professor in the Department of Economics at Stanford University to conduct an economic and reliability analysis on PR 1304.1. Dr. Wolak's report concludes that adequate measures are in place to prevent impacts on reliability. Additionally, Dr. Wolak's report indicates that, "in its 2007 IRP, the City of Glendale Water and Power (GWP) considered a 10-year planning horizon and concluded that "GWP Has Sufficient Resources to Meet Expected Peak Loads Through the Period Covered by this IRP." In its 2006 IRP, Burbank Water and Power (BWP) considered a 20-year planning horizon and concluded that "BWP plans to meet substantially all of its load growth requirements over the next 20 years with a combination of energy efficiency measures and renewable energy supplies." SCAQMD staff believes Dr. Wolak's report addresses the potential adverse impact regarding electricity supply reliability and project delay concerns associated with this proposed project. Dr. Wolak's analysis and conclusions can be found in Appendix D of this Draft EA.

- 2-4 The comment states that if the boiler replacement projects are delayed, downsized or abandoned, SCPPA members may have to operate their aging boilers to provide needed generation. The comment states that in previous correspondence, the Cities of Burbank and

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Glendale showed that anticipated emissions from their old boilers to provide power for peak summer demand are several times the emissions of a more efficient replacement project. The comment indicates that the environmental assessment must analyze potential adverse impacts associated with increased boiler emissions if the replacement projects are delayed, downsized or abandoned due to the fee imposed by PR 1304.1.

With regard to the comment pertaining to the purpose of the proposed fee, see Response to Comment 2-1.

- 2-5 The comment indicates that most SCPA members have limits on their ability to import energy from outside their service territories because there is only one point of interconnection with the western electrical grid. Increasing loads will require increasing amounts of local generation capacity, and the SCAQMD's proposed fee would discourage the construction of that capacity. The comment indicates that additional flexible, local generation is needed to integrate the increasing amounts of renewable power sources that are required by state law.

Local electrical system reliability concerns are addressed in this Draft EA and the analysis is supported by the conclusions in the report prepared by Dr. Frank A. Wolak (see Appendix D of this Draft EA).

- 2-6 The comment is a summary of all the points made throughout the comment letter. The comment repeats the suggestion that the Draft EA needs to thoroughly analyze the potential environmental effects and adverse system reliability impacts associated with a less reliable electrical supply system that will result if boiler replacement projects are delayed, downsized or abandoned. Additionally, the comment states that socioeconomic impacts could occur due to degraded system reliability caused by foregone replacement projects and that these impacts will need to be addressed. These issues and potential adverse impacts are analyzed in the Draft EA. In addition, a separate socioeconomic analysis will be prepared to address these concerns. See also Responses to Comments 2-1 through 2-5.

## **APPENDIX D**

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**AN ECONOMIC AND RELIABILITY ANALYSIS OF THE  
PROPOSAL TO ASSESS A FEE TO ACCESS THE SOUTH  
COAST AIR QUALITY MANAGEMENT DISTRICT'S OFFSET  
BANK BY DR. FRANK A. WOLAK**

**An Economic and Reliability Analysis of the Proposal to Assess a Fee to Access  
the South Coast Air Quality Management District's Offset Bank**

by

**Frank A. Wolak**  
**Director, Program on Energy and Sustainable Development**  
**Professor, Department of Economics**  
**Stanford University**  
**Stanford, CA 94305-6072**

**July 5, 2013**

## **1. Introduction**

This report assesses the economic and electricity supply reliability consequences of the South Coast Air Quality Management District's (the District) proposal to assess a fee for existing owners of steam boilers in the District to access its offset bank for particulate matter (PM), nitrogen oxides (NO<sub>x</sub>), sulfur oxides, (SO<sub>x</sub>) and Volatile Organic Compounds (VOCs). Proposed Rule 1304.1 will require that all generation projects that replace an existing steam boiler in the District permitted subsequent to July 1, 2013 that elect to access the District's offset bank via the exemption in Rule 1304(a)(2) make a lump sum up-front payment or an annual payment based on the type of offset purchased and amount of offsets purchased.

The District has asked me to address three questions related to this proposed rule. First, to what extent, if any, will the proposed fees adversely impact the reliability of supply of electricity in the District and Southern California? Second, to what extent, if any, will the proposed fees deter the repowering of existing generation units using steam turbine technology with newer more energy-efficient units using combined cycle gas-turbine technology? Third, how are the costs of these fees paid by generation unit owners likely to be recovered from generation units and electricity consumers? The Appendix to this document provides a summary of my qualifications for making this assessment.

The remainder of this report proceeds as follows. Section 2 summarizes Proposed Rule 1304.1. Section 3 discusses the joint California Public Utilities Commission (CPUC) and California Independent System Operator's (ISO) Resource Adequacy (RA) program and the CPUC's Long-Term Procurement Plan (LTPP) process. The RA program ensures a reliable supply of electricity within the state during all hours of the coming year given the existing fleet of generation units and configuration of the transmission network. The LTPP process ensures that there is sufficient new generation capacity to meet the future demand for electricity in the state. This section discusses how the imposition of a fee for accessing the District's offset bank will interact with the local RA requirements and LTPP process in Southern California. Section 4 discusses the extent to which reliability is likely to be degraded as a result of the adoption of Proposed Rule 1304.1. This section concludes that because of the combined CPUC and California ISO RA process, the CPUC LTPP process, and several other state and local policies, Proposed Rule 1304.1 is unlikely to have any discernible impact on the reliability of the supply of electricity within the state. Section 5 analyzes how the amount of repowering of generation units in the District is likely to be impacted by the proposed rule. This section analyzes several hypothetical generation unit repowering investment decisions designed to be representative of conditions facing existing generation unit owners in the District in order to assess the impact of these proposed fees on their repowering decision-making process. Section 6 discusses how the combined California ISO market and CPUC regulatory process is likely to allocate the cost of these fees among participants in the California market. Section 7 closes with a summary of my answers to the three questions posed.

## **2. Proposed Rule 1304.1**

This section first describes the existing procedure for gaining access to the District's offset bank as well how to obtain functionally equivalent emissions reductions credits (ERCs).

The process used to fill the District's offset bank is then described and compared to the process of obtaining ERCs. ERCs, particularly those for PM10, have become increasingly expensive to obtain and provide an equivalent service to offsets from District's offset bank. Consequently, from the perspective of economic efficiency, requiring new units to purchase the costly ERCs necessary to build and operate a new facility in the District, but providing free access to the District's offset bank to existing steam boilers that repower may bias new investment decisions in favor of repowering existing steam boilers rather than constructing a lower cost new generation unit that may reduce the cost of serving load in the Southern California and increase the overall reliability of supply of electricity more than repowering an existing unit. Proposed rule 1304.1 aims to correct this potential bias by requiring entities eligible to obtain offsets from the District's bank to pay for them.

Rule 1304(a)(2) allows an existing generation unit owner in the District that replaced a steam boiler with a more efficient electricity generation technology with free access to the district's offset bank, even if the project entailed more offsets than the existing generation unit at that site required. Proposed Rule 1304.1 will require repowering projects that access the offset bank for additional emissions beyond those associated with their most recent two years of annual average hourly output to pay an annual or up-front fixed fee for these offsets. This fee is based on positive difference between the maximum rated capacity of the replacement units and the most recent 24-month average amount of generation capacity used by the existing units.

ERCs are typically obtained from existing emitters in the District investing in new technologies that can reduce their emissions in quantifiable ways or by simply ceasing their operations in the district. Both of these actions are likely to be costly. Moreover, data on recent transactions of ERCs also demonstrates that ERC prices have been volatile because of the uncertain supply of emissions reductions. Emissions offsets typically enter the District's offset bank through what are called orphan shutdowns. According to Rule 1315, an orphan shutdown "means any reduction in actual emissions from a permitted source within the District resulting from removal of the source from service and inactivation of the permit without subsequent reinstatement of such permit provided such reduction is not otherwise required by rule, regulation, law, approved Air Quality Management Plan Control Measure, or the State Implementation Plan and does not result in issuance of an ERC." The last clause of the sentence is noteworthy because it indicates that the same set of actions could result in the creation of an ERC. For this reason, pricing ERCs to new entrants, but not pricing access to the District's offset bank to existing steam boilers that repower could unnecessarily increase in the cost of producing electricity in the District.

Proposed Rule 1304.1 will put repowering projects in the District in a similar economic position to new generation units built in the District. In general, new generation unit entrants must purchase ERCs on the open market to offset their emissions of PM10, NO<sub>x</sub>, SO<sub>x</sub> and VOCs. The recent Sentinel natural gas-fired plant built by Competitive Power Ventures is one exception to this rule. Through a special provision in Assembly Bill 1318 this plant was able to obtain access to the District's offset bank for a fee. This appears to be a one-off event, and future new generation capacity entrants will need to purchase the necessary ERCs on the open market.

The following example illustrates how continuing to provide free access to the District's offset bank to existing steam boilers that repower and requiring new units to purchase expensive ERCs could lead to inefficient new generation investment and operating decisions in the District. Suppose that a new combined cycle natural gas turbine (CCGT) facility can be built in the District and connect to the bulk transmission network at location where there sufficient transmission capacity for it to run at an 85 percent annual capacity factor. This plant may not be built because of the cost of purchasing ERCs, but instead an existing unit in the District may be repowered because it has free access to the District's offset bank, but because of where it is connected to transmission network there is only sufficient available transmissions capacity at that location for the repowered unit run at an annual capacity factor of 40 percent. If both units had to purchase the offsets needed to operate, the relative profitability of the two projects would imply that the existing unit would not repower, and instead the new unit would be built because of its much higher capacity factor. Moreover, the existing unit might even remain in operation to supply energy during the small number of hours of the year that it is needed because of a high demand for energy near its location.

Because, as shown in Section 5, the cost of acquiring the necessary ERCs to build a new generation unit is typically a small fraction of the fixed costs of the project, in most cases not requiring repowered units to pay for access to the district's offset bank and requiring new generation units to purchase ERCs may not result in the more expensive sources of electricity being built in the District. Nevertheless, this example illustrates several potential implications of proposed Rule 1304.1. First, it can lead to an overall lower cost and more reliable supply of electricity within the District because it reduces the up-front cost asymmetry between repowered and new generation projects. Second, it will discourage some generation units from repowering. Third, the decision not to repower the existing unit may both reduce the annual cost of serving load in the District and increase the reliability of the grid because a new more efficient generation unit is constructed in a less congested area of the transmission grid within the District.

Although the basic economic logic that charging existing generation units for access to the District's offset bank will cause some units not to repower cannot be denied, the next section explains that there are many more than adequate safeguards in place to ensure that grid reliability will not be adversely impacted by this decision. This section summarizes the important features of the joint California Independent System Operator (ISO) and California Public Utilities Commission (CPUC) resource adequacy process and the CPUC's long-term procurement policy. Section 4 then describes how Proposed Rule 1304.1 will be dealt with in the context of the resource adequacy process and why it will have no discernible adverse impact on system reliability in the District.

### **3. Ensuring a Reliable Supply of Electricity in California**

The section summarizes important features of the joint California ISO and CPUC resource adequacy (RA) process, the CPUC LTPP process, and other state and local policies that ensure a reliable supply of electricity. Both the RA process and LTPP process are forward-looking in the sense that load-serving entities must contract in advance with generation unit owners to ensure there is adequate generation capacity within the state to meet future electricity demand. The RA process focuses on the year-ahead time horizon and specifies both local and



system-wide generation capacity requirements. The LTPP focuses on ensuring that the utilities can meet their future demand for electricity by requiring the retailers to maintain a reserve margin of generation capacity above their anticipated demand and implement a long-term (ten-year) integrated transmission and generation planning process. The CPUC allows all approved of the costs of procuring RA capacity and new generation capacity built and long-term contracts signed through the LTPP process to be passed on in retail electricity prices to final consumers.

### *3.1. Resource Adequacy Process*

The CPUC adopted a resource adequacy (RA) framework in response to California Public Utility Code Section 380 (which was added by Assembly Bill 380) to formalize a regulatory mechanism to ensure the reliability of supply of electricity in California. The CPUC established RA capacity requirements for all Load Serving Entities (LSEs) within the CPUC's jurisdiction, including investor owned utilities (IOUs), energy service providers (ESPs), and community choice aggregators (CCAs). Section 380 is reproduced in the Appendix to this report.

Section 380(c) states "Each load-serving entity shall maintain physical generating capacity adequate to meet its load requirements, including, but not limited to, peak demand and planning and operating reserves. The generating capacity shall be deliverable to locations and at times as may be necessary to provide reliable electric service." It is important to note that Section 380 does not suggest a trade-off between cost and reliability. Maintaining a reliable supply electricity is the primary goal of Section 380.

Section 380 also ensures that all load-serving entities within the state satisfy these RA requirements. Section 380(e) states that, "The commission shall implement and enforce the resource adequacy requirements established in accordance with this section in a nondiscriminatory manner. Each load-serving entity shall be subject to the same requirements for resource adequacy and the renewables portfolio standard program that are applicable to electrical corporations pursuant to this section, or otherwise required by law, or by order or decision of the commission. The commission shall exercise its enforcement powers to ensure compliance by all load-serving entities." The provision ensures that all load-serving entities serving a given geographic area, such as the District, must comply with the same RA requirements.

In discussing how the cost of meeting these RA requirements will be met, Section 380(g) states

An electrical corporation's costs of meeting resource adequacy requirements, including, but not limited to, the costs associated with system reliability and local area reliability, that are determined to be reasonable by the commission, or are otherwise recoverable under a procurement plan approved by the commission pursuant to Section 454.5, shall be fully recoverable from those customers on whose behalf the costs are incurred, as determined by the commission, at the time the commitment to incur the cost is made, on a fully non-bypassable basis, as determined by the commission. The commission shall exclude any amounts authorized to be recovered pursuant to Section 366.2 when authorizing the amount of costs to be recovered from customers of a community

choice aggregator or from customers that purchase electricity through a direct transaction pursuant to this subdivision.

This section clearly states that if the costs of the RA procurement are deemed prudent by the CPUC, then the LSE is entitled for full cost recovery in the retail prices it charges.

The RA program has two distinct requirements: System RA and Local RA. LSEs are required to make System RA Filings both annually and monthly, whereas they must only make Local RA Filings annually. Each LSE's System RA requirement is 115 percent of its total forecast load. Each LSE must also file information with the CPUC demonstrating procurement of sufficient Local RA resources to meet their RA obligations in transmission constrained Local Reliability Areas. These Local Reliability Areas are determined by the California ISO based on its assessment of the major transmission constraints in its control area.

Each year, the RA program requires LSEs to submit a Year-Ahead filing due two months before the start of the compliance year and twelve Month-Ahead filings during the compliance year. The RA procurement targets are based on demand forecasts submitted by the LSE and validated by the California Energy Commission (CEC). The CEC can make what are called "plausibility adjustments" to the LSE's annual and monthly load forecasts based on information it has at its disposal to ensure that system demand for that LSE will be met throughout the compliance year.

LSEs that do not fully comply with the RA program requirements can be issued citations or are subject to enforcement actions by the CPUC. The CPUC has issued some citations in the past for violations, but to date these have been modest because of the high level of compliance with the RA requirements.

Key to this high level of compliance is the significant involvement of the California ISO technical staff and its stakeholder process in the design and specification of System and Local RA requirements. Each year the California ISO takes the CEC-validated demand forecasts provided by each LSE and performs a Local Capacity Technical Study which forms the basis for the CPUC's System and Local RA procurement requirements for each Local Reliability Area, which are then apportioned to each LSE in California.

Because both the generation technology employed and where the unit is located impacts its ability to deliver a reliable supply of electricity to a given location in the grid, the RA process has developed a concept called the Net Qualifying Capacity (NQC) of a generation unit, which is the amount of a resource's capacity that can be counted for RA compliance filings. For example, because the typical wind generation unit in California is typically able to produce at an annual capacity factor in the range of 0.25, but a number of natural gas-fired units in the state produce at annual capacity factors greater than 0.80, the Qualifying Capacity (QC) of a wind unit is a significantly smaller fraction of the nameplate capacity than the QC of a natural gas-fired generation unit. Because deliverability of the energy produced by a generation resource to final electricity consumers is also an important factor determining a reliable supply of electricity, the QC of a given generation unit is further adjusted downward to reflect the deliverability of the energy produced. The California ISO adjusts the QC of a resource for its deliverability to obtain the NQC for the resource that is eligible to sell RA capacity. The CPUC then posts on its

website the NQC for each resource that is eligible to sell RA capacity to CPUC jurisdictional LSEs.

The CAISO allocates transmission capacity for imports to CPUC jurisdictional and non-CPUC jurisdictional LSEs annually for the RA process. The California ISO follows a 13-step process to perform this allocation. Historically, California obtains approximately a one-quarter of its energy from imports, so this aspect of the RA process is crucial to maintaining a reliable supply of energy in California.

Historically, California met a portion of its local reliability generation needs with reliability must-run (RMR) contracts. Units with RMR contracts received this designation because they were required to operate at times when the market prices did not provide sufficient compensation for them to operate. Specifically, an RMR unit might have a variable cost of \$60/MWh but relevant short-term market price was only \$50/MWh, yet the unit was still needed to operate to maintain a reliable supply of electricity. An RMR contract was provided to the generation unit to provide sufficient revenue to remain available to supply energy when local reliability constraints require it.

RMR generation resources fell into two classes: Condition 1 contracts where the generation unit is only guaranteed partial annual cost recovery and was therefore allowed to sell into ISO markets if the unit was not dispatched by the California ISO to meet a reliability need, and Condition 2 units that were guaranteed full cost recovery but are not allowed sell into ISO markets even the unit was not dispatched for reliability purposes. The full cost of both types of RMR contracts were paid for by all final electricity consumers in the transmission area.

Consistent with CPUC policy, Loca 1 RA began to replace RMR contracts for the 2007 compliance year. There has been a decline in RMR designations since that time. However, the recent shutdown and planned retirement of the San Onofre Nuclear Generating Station (SONGS) has caused the California ISO to enter into an RMR contract with the Huntington Beach Units 3 and 4 owned by AES Corporation. These units had not operated since October of 2012 because the emissions permits required by the District to operate them were transferred to Edison Mission as part of a separate sale and leaseback transaction. To address reliability concerns caused by the shutdown of SONGS, the California ISO designated Units 3 and 4 as RMR units, and entered into an RMR agreement with the owner of the units under which they will provide reactive power and voltage support for the 2013 contract year. Like other RMR contracts, the cost of this contract will be recovered from customers in the local area that benefits from the services they provide. This recent RMR designation of the two formerly closed Huntington Beach units by the California ISO demonstrates the wide-ranging discretion the current joint California ISO and CPUC RA process has to ensure a reliable supply of energy.

A final compliance issue with the RA process is the price paid by LSEs for RA capacity. Each year, the CPUC sets a waiver price for purchases of RA capacity. RA capacity purchased below this \$/KW-year price follows an expedited process for being passed on to final electricity consumers. However, if a load-serving entity is unable to purchase capacity at or below this price, it can file for waiver with the CPUC to either not purchase the capacity or purchase the capacity at a higher price. The process for filing a waiver proceeds as follows. An LSE requesting a waiver must make such request at the time it files its Local RA compliance showing. According to CPUC decision, Decision 06-06-064 June 29, 2006, the waiver request must include both of the following:

- (1) a demonstration that the LSE reasonably and in good faith solicited bids for its RA capacity needs along with accompanying information about the terms and conditions of the Request for Offer or other form of solicitation, and
- (2) a demonstration that despite having actively pursued all commercially reasonable efforts to acquire the resources needed to meet the LSE's local procurement obligation, it either (a) received no bids, or (b) received no bids for an unbundled RA capacity contract of under the dollar per kW -year waiver price or for a bundled capacity and energy product of under dollar per kW -year waiver price, or (c) received bids below these thresholds but such bids included what the LSE believes are unreasonable terms and/or conditions, in which case the waiver request must demonstrate why such terms and/or conditions are unreasonable.

An LSE's waiver request that meets these requirements is a necessary but not a sufficient condition for the grant of such waiver. The Commission will also consider other information brought to its attention regarding the reasonableness of the waiver request. We find that administration of the ministerial aspects of this process may be delegated to our staff. For example, whether an LSE received any bids is an objective standard. On the other hand, whether proposed terms and conditions of a contract are reasonable is a question of judgment that must be reserved to the Commission. For such waiver requests, Energy Division should prepare a resolution for our consideration with its recommendations on whether the request should be approved or denied.

The final option available to meeting the joint CPUC and California ISO RA requirements is the California ISO's backstop provisions, which allows the California ISO to purchase RA capacity that it deems necessary under its Capacity Procurement Mechanism (CPM). Besides backstopping the RA program, the CPM also allows the California ISO to respond to a so-called significant reliability event. For example, the CPM sets a Federal Energy Regulatory Commission (FERC) regulated price for capacity for a pre-specified minimum duration of 30 days. In this way, reliability is maintained in the event that a load-serving entity receives a waiver to purchase local RA capacity from the CPUC. If the ISO believes this capacity is needed to meet its RA requirements, it can issue a CPM designation for the generation unit and purchase its capacity at the FERC-regulated dollar per KW-year price for at least a 30-day period.

A significant event could also trigger a CPM designation for a generation unit or set of generation units.<sup>1</sup> In this case, the California ISO would determine that the significant event rendered its current RA procurement inadequate and it could issue a CPM designation for additional capacity to ensure that it has adequate RA capacity available to ensure a reliable supply of energy.

The availability of the CPM designation also serves as an effective price cap on what load-serving entities must pay for System and Local RA capacity. Because the California ISO has the option to issue a CPM designation and purchase the capacity on any generation in the control area at a FERC-regulated price for RA capacity for 30-days, this capacity price serves as

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<sup>1</sup> Examples of significant events are given in the document, "Revised Draft Final Proposal: Capacity Procurement Mechanism, and Compensation and Bid Mitigation for Exceptional Dispatch," September 15, 2010, available at <http://www.caiso.com/Documents/RevisedDraftFinalProposal15-Sep-2010.pdf>

an effective price cap on the willingness of load -serving entities to sign RA contracts with generation units and in this way solves the final challenge of ensuring that the necessary R A capacity to ensure a reliable supply of electricity at all locations in California can be purchased at a reasonable price.

### *3.2. Long-Term Procurement Plan*

Assembly Bill 57, passed in 2002, established Section 454.5 of the Public Utilities Code which requires the CPUC to hold a long-term procurement plan (LTPP) proceeding to review and approve the ten-year procurement plans of the three IOUs every two years. The LTPP proceeding evaluates the need of each of the three IOU's for new fossil fuel generation units, ensures that each IOU maintains an adequate generation reserve margin relative to their demand, and establishes rules for the recovery of long-term procurement costs from bundled and direct access customers in the IOU's service territory.<sup>2</sup> Section 454.5 of the Public Utilities Code is reproduced in the Appendix. The remainder of this section outlines the basic features of the LTPP process.

The LTPP process begins with each IOU formulating a forecast of its demand over the next ten years. The California Energy Commission's Integrated Energy Policy Reporting (IEPR) process produces the demand forecasts that form the basis for the demand forecasts used in the LTPP process. Each IOU then formulates resource plans for meeting these demand forecasts under a variety of transmission, generation retirement, energy efficiency, demand response, and renewable energy supply scenarios. Each IOU produces a recommended planning reserve margin (PRM) as part of its LTPP. Based on the results of these scenario analyses and the IOU's recommended PRM, each IOU proposes its new fossil fuel generation capacity needs for approval by the CPUC. The biannual LTPP process concludes with the CPUC approving plans for new fossil fuel capacity additions for each of the IOUs. The CPUC has also developed a cost allocation mechanism (CAM) as part of its LTPP process to allocate the cost of these new capacity additions that benefit both bundled and direct access customers located in the IOU's service territory. Essentially, the CAM ensures that direct access customers pay their share of the capacity cost associated with the capacity additions procured for system reliability.<sup>3</sup>

The CPUC LTPP process also established Procurement Review Groups (PRGs) to serve as an advisory group to review and assess the details of the IOU's overall procurement strategy as it is implemented. Activities overseen by the PRGs include: (1) the development of request for offers (RFOs) for new resources (generation capacity or long-term supply contracts), bid evaluation and ranking of the offers received from an RFO, (3) natural gas supply plans, (4) electricity and natural gas hedging strategies, (5) congestion hedging strategies, (6) nuclear fuel purchase plans, and (7) energy and ancillary procurement portfolio positions and transactions.

The CPUC LTPP also authorizes the IOUs to employ an Independent Evaluator (IE) to monitor competitive solicitations (RFOs) that involve affiliate transactions, IOU-built or IOU-

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<sup>2</sup> Bundled customers are those that received electricity supply and transmission and distribution service from the IOU. Direct Access customers receive transmission and distribution service, but electricity supply from an alternative load-serving (LSE) entity.

<sup>3</sup> The Cost Allocation Mechanism (CAM) was adopted by the CPUC in Decision 06-07-029.

turnkey bidders. “The purpose of an IE in the RFO solicitation is to ensure a fair, competitive procurement process free of real or perceived conflicts of interest.”<sup>4</sup> The CPUC also requires that an IE be used for all competitive RFOs that seek products of more than three months in duration. The IE submits a report to the CPUC in support of applications for capacity, energy and ancillary services purchased in competitive RFOs which the CPUC then uses to decide whether to allow the associated costs to be passed on to final electricity consumers.

Section 454.5 states that the IOU’s procurement plan eliminates the need for after-the-fact reasonableness reviews of actions in compliance with an approved procurement plan. In addition, the procurement plan will also ensure timely recovery of procurement costs incurred pursuant to an approved procurement plan. Section 454.5 also states that the IOU’s rates will be set based on forecasts of procurement costs adopted by the commission, actual procurement costs incurred, or combination thereof, as determined by the commission. These features of Section 454.5 ensure that costs incurred according to an approved LTPP will be recovered from electricity consumers.

### *3.3. Other State and Local Policies*

There are other state and local policies that are relevant to ensuring a reliable supply of electricity in California. One of these state policies specifically addresses cost recovery for repowering of existing generation units needed for local reliability. Local policies include the local reliability and long-term resource planning requirements set by municipal utilities to ensure they have adequate resources to meet current and future demand.

Assembly Bill 1576 specifies criteria under which the CPUC would approve a cost-of-service contract with an IOU that supports the repowering of an existing generation facility. Section 454.6, reproduced in the Appendix codifies these criteria, one of which is that the California ISO or local system operator certifies the project is needed for local reliability. Another criterion is that the repowering project complies with all applicable federal, state and local laws.

Although municipal utilities, such as the Los Angeles Department of Water and Power (LADWP), City of Glendale Water and Power (GW P), and Burbank Water and Power (BWP) are not subject to CPUC oversight, these utilities also have similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA process and LTPP process. Each of these municipal utilities produces an Integrated Resource Plan (IRP) to meet future electricity demand in their service territory with a high level of reliability and while minimizing ratepayer impacts. Copies of these documents are available on the web-sites of each of these municipal utilities.

LADWP prepares an IRP annually with a 20-year time frame to ensure that current and future energy needs of the City of Los Angeles are met. Similar to the CPUC LTPP, LADWP’s IRP process lays out alternative strategies for meeting LADWP’s energy supply and environmental policy goals, while maintaining a reliable supply of energy and minimizing the

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<sup>4</sup> CPUC Decision 07-12-052, page 140.

financial impact on their ratepayers.<sup>5</sup> In its 2007 IRP, the City of Glendale considered at 10-year planning horizon and concluded that “GWP Has Sufficient Resources to Meet Expected Peak Loads Through the Period Covered by this IRP.”<sup>6</sup> In its 2006 IRP, BWP considered a 20-year planning horizon and concluded that “BWP plans to meet substantially all of its load growth requirements over the next 20 years with a combination of energy efficiency measures and renewable energy supplies.”<sup>7</sup>

#### **4. Impacts of Proposed Rule 1304.1 Reliability of Electricity Supply in California**

The Local and System RA process and the ISO’s CPM backstop to purchase additional capacity to meet the California ISO control area’s RA needs or to respond to a significant event will ensure that there are no discernible short-term reliability consequences associated with the imposition of Proposed Rule 1304.1. The CPUC’s LTPP process ensures that adequate generation capacity will be available and paid for to avoid any long-term reliability consequences associated with Proposed Rule 1304.1. This does not mean that some existing generation unit owners might decide not to repower their units because of the additional cost of accessing the District’s offset bank and instead new units are built within the District in order to ensure a reliable supply of electricity or upgrades of transmission paths into the District preclude the need to build new generation capacity into the District.

Several recent events illustrate the ability of the RA and LTPP processes to ensure a reliable supply of electricity in the District. The decision of the California ISO to designate the recently retired Huntington Beach Units 3 and 4 as RMR units illustrates the flexibility of the existing CPUC and California ISO resource adequacy process in ensuring that grid reliability will not be adversely impacted by the imposition of Proposed Rule 1304.1. Southern California Edison’s 2014 Local Capacity Requirement study included scenarios that assumed the two SONGS generation units would be offline for 2014, anticipating the June 7, 2013 announcement that units would be retired.<sup>8</sup>

It is important to recognize that there are many factors that enter into the decision of an existing generation unit owner with steam boiler to repower the facility besides the cost of Proposed Rule 1304.1. California’s 33% Renewables Portfolio Standard (RPS) implies that thermal generation units throughout the state are likely to produce less electricity annually and instead serve to provide energy when intermittent renewable resources are unable to supply energy to the grid. The fact that a number of plants in the District have already repowered or are in the process of repowering significantly reduces the economic viability of additional units to repowering, even in the absence of Proposed Rule 1304.1. The existence of these more efficient units in the District implies that these lower operating cost units will be competing to set the

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<sup>5</sup> The 2012 version of LADWP’s IRP is available at [https://www.ladwp.com/ladwp/faces/ladwp/aboutus/a-power/a-p-integratedresourceplanning/a-p-irp-documents?\\_adf.ctrl-state=u59zy2c2b\\_4&\\_afLoop=273413983643000](https://www.ladwp.com/ladwp/faces/ladwp/aboutus/a-power/a-p-integratedresourceplanning/a-p-irp-documents?_adf.ctrl-state=u59zy2c2b_4&_afLoop=273413983643000).

<sup>6</sup> Page ES-1 of “City of Glendale Water and Power Department 2007 Integrated Resource Plan,” available at [http://www.glendalewaterandpower.com/pdf/rpt\\_IRP\\_2007.pdf](http://www.glendalewaterandpower.com/pdf/rpt_IRP_2007.pdf).

<sup>7</sup> Page b of “2006 Integrated Resource Plan, Electric System, Burbank Water and Power, available <http://www.burbankwaterandpower.com/download/2006-IRP-for-BWP-Final-Report.pdf>.

<sup>8</sup> See Proposed Decision of ALJ Gamson (Mailed 5/28/2013), “Decision Adopting Local Procurement Obligations for 2014, A Flexible Capacity Framework, and Further Refining the Resource Adequacy Program.

price of wholesale electricity in Southern California a larger fraction of the hours of the year, which reduces the profitability of repowering an existing unit.

There are also reasons why an existing unit owner with a steam boiler might decide to repower the unit in spite of the cost of Proposed Rule 1304.1. The California State Water Board requires that all generation units in California comply with the United States Clean Water Act Section 316(b), which states that the location, design, construction and capacity of cooling water intake structures must reflect the best technology available to protect aquatic life. Most of the existing plants in the District use seawater and once-through cooling technology. The Clean Water Act requires a 93 percent reduction in the use of seawater by these generation units. Most of the plants are planning to modernize their equipment and will switch to air cooling systems. Some have chosen to use evaporative cooling towers. There are clear cost synergies associated with repowering a generation unit at the time the cooling tower is modernized, that may improve the economic case for repowering. However, it is important to emphasize that maintaining a reliable supply of electricity to California consumers is a major challenge to achieving these goals of the Clean Water Act. Early in the policy formulation process, the State Water Resources Control Board (SWRCB) commissioned a study of the reliability impacts of once-through-cooling mitigation. Finally, the policy ultimately adopted by the SWRCB states that these water use standards should be achieved without “disrupting the critical needs of the State’s generation and transmission system.”<sup>9</sup>

The recent decision of Southern California Edison to close SONGS will also likely improve the economic case for repowering because of the increased demand for energy in the LA Basin Local Reliability Area and the loss of 2,200 MW of installed nuclear capacity that typically ran at an annual capacity factor close to 0.90. However, a number of existing units may need to remain in service longer because of the retirement of the two SONGS units to facilitate the repowering and once-through-cooling mitigation at other generation units in the District.

Consequently, it is important to recognize the many factors that go into the decision to repower a generation unit. Nevertheless, it cannot be denied that charging existing units that repower steam boilers for accessing the District’s offset bank may cause some unit owners to decide against repowering. However, because of the structure of the joint CPUC and California RA process, the CPUC LTPP process, and other state and local policies, this is extremely unlikely to reduce the reliability of supply of electricity in Southern California or the entire state. The next section presents some hypothetical calculations based on realistic market prices and production technologies to assess the sensitivity of an existing steam boiler unit owner’s repowering decision to the cost of accessing the District’s offset bank.

## **5. Economics of Repowering Generation Units and Proposed Rule 1304.1**

This section considers several hypothetical repowering decisions to assess the extent to which the imposition of this fee to access the District’s offset bank is likely to deter these investments. The variable profit stream of the repowered unit, including the cost of repowering, is compared to the variable profit-stream of maintaining the existing unit, including any annual fixed payments to keep the existing unit in operation. The unit owner can be expected to take

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<sup>9</sup> [http://www.waterboards.ca.gov/water\\_issues/programs/ocean/cwa316/](http://www.waterboards.ca.gov/water_issues/programs/ocean/cwa316/)



whatever action yields the highest variable profits, assuming at least one of the actions yields positive variable profits. Otherwise, the unit owner can be expected to shut the unit down.

We consider a simple model of this decision-making to process to illustrate the sensitivity of this decision to the cost of accessing the District's offset bank. Let  $c_B$  equal the variable cost in dollars per MWh of producing electricity from the existing unit before it repowers. Let  $c_A$  equal the variable cost in dollars per MWh of producing electricity from the unit after it repowers. The major cost component of  $c_A$  and  $c_B$  is the variable fuel cost which is equal to the heat rate (HR) of the generation unit in million BTU (MMBTU) per MWh times the price of the input fossil fuel (PF) in dollars per MMBTU. According to data provided to me by the District, the annual average heat rate of most of the existing steam boilers in the District is between 10 to 12 MMBTU per MWh. At a price of natural gas equal to \$4/MMBTU (which is at the high end of recent delivered prices to Southern California), the variable fuel cost of a unit with a heat rate of 10 MMBTU/MWh is \$40/MWh. Other components of the variable cost of production are the variable operating and maintenance (VOM) cost in the range of \$2 to \$4 per MWh and the variable cost of NO<sub>x</sub> and CO<sub>2</sub> mitigation.<sup>10</sup> The contribution of each of these factors to the variable cost of producing electricity is equal to the emissions rate of the pollutant in tons per MWh times the price of an emissions allowance for that pollutant in dollars per ton. Summing up all of these components yields the variable cost of the generation unit in state of the world  $j$  which is equal to:

$$c_j = \text{VOM}_j + \text{HR}_j * \text{Fuel\_PF} + \text{NOXR}_j * \text{PNOX} + \text{CO2R}_j * \text{PCO2} \text{ for } j = \text{A and B}$$

where NOXR <sub>$j$</sub>  is equal to the NO<sub>x</sub> emissions rate for state of the world  $j$ , PNOX is the price of NO<sub>x</sub> emissions allowances, CO2R <sub>$j$</sub>  is equal to the emission for the unit in state of the world  $j$ , and PCO2 is the price of CO<sub>2</sub> emissions allowances.<sup>11</sup> If the generation unit is not a participant in the District's REgional CLean Air Incentives Market (RECLAIM) market for NO<sub>x</sub> emissions, then this component of the variable cost of producing electricity is zero.

The major rationale for repowering an existing unit is to reduce the variable cost of producing energy by employing a more efficient technology. Employing a more energy-efficient technology for producing electricity also reduces the emission rates for NO<sub>x</sub> and CO<sub>2</sub> mitigation per MWh of energy produced. Specifically,  $\text{HR}_A < \text{HR}_B$  typically implies that  $\text{NOXR}_A < \text{NOXR}_B$  and  $\text{CO2R}_A < \text{CO2R}_B$  which implies that for a same price of an emissions allowance, the contribution of emissions allowance purchases to the variable cost of producing electricity is smaller for the more efficient unit. For example, according to information provided to me by the District, using modern combustion turbine technology can reduce the heat rate of a natural gas-fired generation unit to 8.5 MMBTU/MWh. According to information provided to me by the District, repowering the facility to employ combined-cycle gas turbine (CCGT) technology can reduce the average heat rate of the facility into the range of 6.5 to 7.2 MMBTU per MWh.

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<sup>10</sup> The California ISO's Department of Market Monitoring using values variable operating and maintenance costs in this range to set the variable cost of natural gas-fired generation units in its local market power mitigation mechanism.

<sup>11</sup> Recall that since January 1, 2013 California has a cap and trade program for greenhouse gas (GHG) emissions for electricity consumed in the state. Allowance prices for CO<sub>2</sub> emission are currently trading in the range of \$10/Ton.

Average NO<sub>x</sub> and CO<sub>2</sub> emissions rates in tons per M Wh are generally lower for the facilities with the lower heat rates.

Let  $F_A$  equal the fixed cost of repowering the generation unit and  $F_B$  the fixed cost of keeping the existing unit in working order. For simplicity let  $p$  equal the price paid for wholesale power. Let  $r$  equal the firm's annual opportunity cost of capital. The annual profit of the existing unit is equal to:

$$VP_B = (p - c_B)q_B - rF_B,$$

where  $q_B$  is equal to the firm's annual output if it does not repower. The first term is the variable profit earned by from selling wholesale electricity. It is equal to the price of wholesale power less the unit's marginal cost of production times the amount of output it produces. The second term is the unit's annual capital cost. The variable profit is the difference between these two terms. The variable profit of the repowered unit is equal to:

$$VP_A = (p - c_A)q_A - rF_A,$$

where  $q_B$  is equal to the firm's annual output before repowering. It is composed of the same two terms under the state of the world that the unit has repowered. Assuming both  $VP_A$  and  $VP_B$  are positive, the firm will repower the unit if  $VP_A - AC$  is greater than  $VP_B$ , where  $AC$  is the annual cost of accessing the District's offset bank. This inequality implies that

$$(p - c_A)(q_A - q_B) + (c_B - c_A)q_B - r(F_A - F_B) - AC \text{ is positive.}$$

Dividing both sides, by  $q_A$  yields following expression for the decision to repower the boiler.

$$(p - c_A)[(q_A - q_B)/q_A] + (c_B - c_A)[q_B/q_A] - [r(F_A - F_B) + AC]/q_A > 0. \quad (1)$$

As discussed above, the major motivation for repowering is to lower variable operating costs, so that we assume  $c_A < c_B$ . The lower variable cost of the repowered unit implies that it is also likely to produce more energy on annual basis because it will be dispatched more frequently produce energy.

Substituting realistic numbers for the parameters in equation (1) can allow an assessment of the impact of  $AC$ , the annual cost a repowered unit must pay for access to the District's offset bank. Based on current natural gas prices and the assumed emissions rates for NO<sub>x</sub> and CO<sub>2</sub> emissions allowances a value of  $c_B$  equal to \$4.5/MWh is credible. Assuming that the unit is repowered to be a CCGT unit, these same prices of natural gas, and NO<sub>x</sub> and CO<sub>2</sub> emissions allowances implies a value of  $c_A$  equal to \$30/MWh is credible. Suppose that as a result of repowering, the new unit produces twice as much per MW of capacity on an annual basis. This implies that  $q_A = 2q_B$ . This could occur because the unit's capacity factor increases from 0.20 to 0.40 or 0.40 to 0.80. According to recent data, the cost of repowering a generation unit in the District is in the range of \$1,000,000 per MW.<sup>12</sup>

<sup>12</sup> The City of Pasadena Glenarm Generation Station repower project has an estimated cost \$115 million to repower a 71 MW facility. The Los Angeles Department of Water and Power repower of the Haynes Generation Station has an estimated cost of \$782 million to repower a 600 MW facility.

Suppose that repowering the facility increases the capacity factor from 0.40 to 0.80, which implies that a 1 MW facility would produce  $0.8 \times (8760 \text{ hours}) \times (1 \text{ MW}) = 7,008 \text{ MWh}$  per year. Assume that the real cost of capital to the firm is 10 percent, so that  $r = 0.1$  and that the price the unit is able to sell its output at,  $p$ , is equal to \$55/MWh. For simplicity, assume that the going forward fixed cost of maintaining the existing unit is \$300,000. Inserting this information into equation (1) and assuming  $AC = 0$  yields:

$$(55 - 30)[0.5] + (45 - 30)[0.5] - [0.1(1,000,000 - 300,000)/7,008] = 20 - 10 = 10 > 0.$$

Therefore, if the cost of accessing the District's offset bank was zero,  $AC = 0$ , then repowering would maximize the profits of the unit owner.

This decision to repower would be largely unaffected by the presence of a substantial cost to access the District's offset bank. For example, in its January 22, 2013 Working Group Meeting #1 presentation entitled, "Proposed Rule 1304.1: Electrical Generation Facility Annual Fee for Use of Offset Exemption," the District estimates the annual dollar cost on a per MW of installed capacity for the 520 MW peaker facility considered in their example is approximately \$5,000 per year.<sup>13</sup> Incorporating this annual cost,  $AC$ , into equation (1) yields

$$(55 - 30)[0.5] + (45 - 30)[0.5] - [0.1(1,000,000 - 300,000) + 5,000]/7,008 = 9.29 > 0.$$

Even tripling this annual fee to \$15,000 does not impact the decision to repower the unit. The efficiency gain in terms of switching from a heat rate of around 10 MMBTU/MWh to 7 MMBTU/MWh yields such a large increase in variable profits in spite of having to pay for the up-front cost of repowering the unit and annual fee to access the District's offset bank. Assuming that the annual fixed cost of continuing to operating the existing unit is zero, not \$300,000, does not change any of the above three decisions to repower the unit.

Changing the firm's real cost of capital to 0.15 does not impact the firm's repower decisions at a zero or a \$300,000 annual fixed cost of the existing unit at the estimated \$5,000 annual cost of accessing the District's offset bank. Changing the capacity factor of the existing unit to 0.3 and the capacity factor of the new unit to 0.6 does not change either of these two repower decisions.

Where the annual fee to access the District's offset bank may have an impact on the decision to repower is when the economics of the repower project are barely in the money without the fee to access the District's offset bank. Specifically, if the efficiency of the new unit is close to the efficiency of the existing unit and the repowered unit is expected to operate with a similar capacity factor to the existing unit, repowering may not be profitable for the unit owner. However, these are simply the conditions which make the economics of repowering the unit challenging in the absence of a non-zero value for  $AC$ . An annual fee in the neighborhood of \$5,000 per MW of installed capacity is unlikely to impact the economics of projects that are clearly in the money without the cost to access the District's offset bank.

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<sup>13</sup> Current fee in the June 18, 2013 version of Proposed Rule 1304.1 represents about a 50% reduction in this value, with a current annual dollar cost per MW of \$2,900 ([http://www.aqmd.gov/rules/proposed/1304-1/DR1304\\_1.pdf](http://www.aqmd.gov/rules/proposed/1304-1/DR1304_1.pdf))

This simple model of an existing unit owner's decision to repower a steam boiler can be enhanced in a number of dimensions, but the basic conclusion is unlikely to change. For example, the average price paid for energy to the repowered unit could be assumed to be smaller than the average price paid to the existing unit because the repowered unit operates more hours of the year. Average prices during the high demand hours of the day, when existing unit is likely to operate, are higher than average prices for the larger number of hours of the day that the repowered unit is likely to operate. However, based on current California ISO day-ahead price data, the ratio of average prices during the peak hours of the day (when the existing unit is likely to operate) to average prices across all hours of the day (when the new more efficient unit is likely to operate) is not nearly as large as the ratio of the anticipated total annual output of the repowered unit divided by the actual total annual output of the existing unit. Therefore, the existing unit is likely to sell at a higher quantity-weighted average price relative to the repowered unit, but the repowered unit is likely to sell a much larger amount of output annually that more than makes up for selling at a slightly lower average price.

The basic conclusion of this modeling analysis is that for a wide range of repowering scenarios, charging a fee to access the District's offset bank at the level envisioned by the District in the most recent version of Proposed Rule 1304.1 is extremely unlikely to change the decision of an existing unit owner that had decided to repower the unit in the absence of Proposed Rule 1304.1. Consequently, the only remaining issue associated with assessing the economic and environmental impact of this rule change is how the fees to access the District's offset bank will be recovered by generation unit owners.

## **6. How Will Cost of Fees Be Recovered by Generation Unit Owners**

This annual or up-front fee will be recovered the same way other up-front and annual fees are recovered by generation unit owners in the California ISO market. Because of the closing of SONGS, according to the California ISO's 2014 Local Capacity Technical Analysis, virtually all of the generation capacity in the L A Basin Local Reliability Area will be required to meet the joint CPUC and California local RA requirements for this region.<sup>14</sup> Consequently, a portion of the cost of the fee to access the District's offset bank will likely be recovered from the prices load-serving entities in Southern California pay for local RA capacity.

Generation unit owners typically sign fixed-price forward contracts for the vast majority of their expected energy output. As discussed in Section 3, if these contracts are consistent with the IOU's LTPP procurement strategy, then the revenue stream from these contracts can be used to recover both the up-front and annual fixed-costs and the variable cost of procuring this energy. Generation unit owners can also receive revenues from selling ancillary services such as regulation reserve, spinning reserve, and non-spinning reserve. Particularly, generation unit owners located near major load centers, such as many of the existing units in the District, can earn significant annual revenues from selling ancillary services. Under the terms of the California ISO tariff, the total cost of procuring the ancillary services needed to maintain a

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<sup>14</sup> 2014 Local Capacity Technical Analysis, Final Report and Study Results, April 30, 2013, available at [http://www.caiso.com/Documents/Final2014LocalCapacityTechnicalStudyReportApr30\\_2013.pdf](http://www.caiso.com/Documents/Final2014LocalCapacityTechnicalStudyReportApr30_2013.pdf)

reliable supply of electricity in California are charged to all load-serving entities in proportion to the amount of energy they withdraw from the California ISO control area.

All these costs are passed on to retail electricity consumers in their retail prices. The cost of local RA capacity is passed on through the CPUC-regulated prices set for the retail electricity sales of CPUC-jurisdictional utilities. A similar process exists for other load-serving entities in the California ISO control area. As discussed in Section 3, the Cost Allocation Mechanism ensures that Direct Access load pays for the capacity cost associated new generation capacity built under the IOU's LTPP to meet a system reliability need. The fixed price forward contracts signed by generation unit owners and retailers hedge the risk of short-term wholesale price fluctuations that are consistent with the IOU's LTPP are also passed through in the retail prices paid by consumers. Other retailers must recover the costs of purchasing the capacity, energy and ancillary services necessary to serve their customers through the prices they charge.

Finally, to the extent that a generation unit is required to remain in the District and operate because of the ISO's local reliability requirements (not because it can earn sufficient revenues from selling its output at market-based prices), there is a provision in the California ISO tariff to allow it to pay the unit owner's annual total cost of operating and pass these costs on to electricity consumers through an uplift payment charged to all loads that benefit from the services this unit provides. This mechanism applies to the case of the RMR status designated for the Huntington Beach 3 and 4 units described earlier. The total cost of these units will be allocated to all loads in the California ISO control area. Finally, if new generation capacity is must be built to meet an anticipated local reliability need contained in the LTPP of an IOU, then this cost of this capacity will be recovered in the prices charged to both bundled and Direct Access customers.

In summary, the cost of this fee will be recovered from the market-based payments that the unit owner receives or through a cost-of-service base charge if it is providing these services through a RMR or other regulated energy or capacity service set through the ISO's tariff. These charges can also be recovered through a long-term contract for energy or new generation capacity procurement if the purchase is consistent with an IOU's LTPP.

## **7. Conclusion**

Based on the above analysis, the District's Proposed Rule 1304.1 is highly unlikely to adversely impact the reliability of the electricity supply in Southern California or in the California ISO control area. The joint CPUC and California ISO resource adequacy process will ensure that the generation units needed to maintain a reliable supply of energy in the state are available. In addition, for virtually all of the cases that generation unit owner would decide to repower an existing steam boiler without having to pay for the access to the District's offset bank, the cost assessed to access the District's bank would not change the economics of this decision. Finally, the cost of this fee will be recovered from both the market-based and regulated services that suppliers in the District provide including local RA capacity, long-term contracts for energy, ancillary services, and regulated reliability services such as an RMR unit status or a CPM payment.

## **Appendix: Bio and Relevant Experience of Frank A. Wolak**

Wolak is the Holbrook Working Professor of Commodity Price Studies in the Economics Department and the Director of the Program on Energy and Sustainable Development at Stanford University. He received his undergraduate degree from Rice University, and an S.M. in Applied Mathematics and Ph.D. in Economics from Harvard University. He specializes in the study of privatization, competition and regulation in network industries such as electricity, telecommunications, water supply, natural gas, and postal delivery services. Wolak's recent research has focused on design and monitoring of energy and environmental markets.

From April 1998 to April 2011, he was Chair of the Market Surveillance Committee (MSC) of the California Independent System Operator. In this capacity, he has testified numerous times at the Federal Energy Regulatory Commission (FERC), and at various Committees of the US Senate and House of Representatives on issues relating to market monitoring and market power in electricity markets. Topics addressed in this testimony include: FERC's role in the design of the California electricity market, the factors leading to the California electricity crisis, the role of the Enron trading strategies in the California electricity crisis, and lessons from the California electricity crisis and Enron bankruptcy for the design of effective regulatory oversight of wholesale energy markets.

Wolak has worked on the design and regulatory oversight of the electricity markets internationally in Europe in England and Wales, Italy, Norway and Sweden, and Spain; in Australia/Asia in New Zealand, Australia, Indonesia, Korea, and Philippines; in Latin America in Brazil, Chile, Colombia, El Salvador, Honduras, Peru, and Mexico; and the US in California, New York, Texas, PJM, and New England. He has contributed to the design of market monitoring protocols in a number of electricity markets. He was commissioned by the Colombian government to design an independent market monitoring committee for the Colombian electricity supply industry. He was commissioned by the Inter-American Development Bank to develop market monitoring protocols for the Central American electricity market. The Swedish competition authority commissioned him write a research report on the coordination of competition policy and electricity market monitoring in European countries. He worked on the design of market monitoring protocols for the Philippines electricity market. He was commissioned by the Brazilian electricity market operator to assess the performance of the short-term price determination process. He has recently completed a study commissioned by the New Zealand Commerce Commission on the state of competition in the New Zealand wholesale electricity market.

Wolak has worked on the design of transmission planning, expansion, and pricing protocols to enhance wholesale electricity competition and support the expansion of renewable energy resources in the United States and in the Australia, Canada, Chile, Peru, and the United Kingdom. He was involved in the development of the California ISO's Transmission Economic Assessment Methodology (TEAM) and recently completed a study for the Office of Gas and Electricity Markets (Ofgem) on the redesign of the transmission protocols for the United Kingdom electricity supply industry.

Wolak is currently a member of the Emissions Market Advisory Committee (EMAC) for

California's Market for Greenhouse Gas Emissions allowances. This committee advises the California Air Resources Board on the design and monitoring of the state's cap-and-trade market for Greenhouse Gas Emissions allowances.

### **Section 380 of California Public Utility Code**

380. (a) The commission, in consultation with the Independent System Operator, shall establish resource adequacy requirements for all load-serving entities.

(b) In establishing resource adequacy requirements, the commission shall achieve all of the following objectives:

(1) Facilitate development of new generating capacity and retention of existing generating capacity that is economic and needed.

(2) Equitably allocate the cost of generating capacity and prevent shifting of costs between customer classes.

(3) Minimize enforcement requirements and costs.

(4) Maximize the ability of community choice aggregators to determine the generation resources used to serve their customers.

(c) Each load-serving entity shall maintain physical generating capacity adequate to meet its load requirements, including, but not limited to, peak demand and planning and operating reserves. The generating capacity shall be deliverable to locations and at times as may be necessary to provide reliable electric service.

(d) Each load-serving entity shall, at a minimum, meet the most recent minimum planning reserve and reliability criteria approved by the Board of Trustees of the Western Systems Coordinating Council or the Western Electricity Coordinating Council.

(e) The commission shall implement and enforce the resource adequacy requirements established in accordance with this section in a nondiscriminatory manner. Each load-serving entity shall be subject to the same requirements for resource adequacy and the renewables portfolio standard program that are applicable to electrical corporations pursuant to this section, or otherwise required by law, or by order or decision of the commission. The commission shall exercise its enforcement powers to ensure compliance by all load-serving entities.

(f) The commission shall require sufficient information, including, but not limited to, anticipated load, actual load, and measures undertaken by a load-serving entity to ensure resource adequacy, to be reported to enable the commission to determine compliance with the resource adequacy requirements established by the commission.

(g) An electrical corporation's costs of meeting resource adequacy requirements, including, but not limited to, the costs associated with system reliability and local area reliability, that are determined to be reasonable by the commission, or are otherwise recoverable under a procurement plan approved by the commission pursuant to Section 454.5, shall be fully recoverable from those customers on whose behalf the costs are incurred, as determined by the commission, at the time the commitment to incur the cost is made, on a fully non-bypassable basis, as determined by the commission. The commission shall exclude any amounts authorized to be recovered pursuant to Section 366.2 when authorizing the amount of costs to be recovered

from customers of a community choice aggregator or from customers that purchase electricity through a direct transaction pursuant to this subdivision.

(h) The commission shall determine and authorize the most efficient and equitable means for achieving all of the following:

- (1) Meeting the objectives of this section.
- (2) Ensuring that investment is made in new generating capacity.
- (3) Ensuring that existing generating capacity that is economic is retained.
- (4) Ensuring that the cost of generating capacity is allocated equitably.
- (5) Ensuring that community choice aggregators can determine the generation resources used to serve their customers.

(i) In making the determination pursuant to subdivision

(h), the commission may consider a centralized resource adequacy mechanism among other options.

(j) For purposes of this section, "load-serving entity" means an electrical corporation, electric service provider, or community choice aggregator. "Load serving entity" does not include any of the following:

- (1) A local publicly owned electric utility.
- (2) The State Water Resources Development System commonly known as the State Water Project.
- (3) Customer generation located on the customer's site or providing electric service through arrangements authorized by Section 218, if the customer generation, or the load it serves, meets one of the following criteria:
  - (A) It takes standby service from the electrical corporation on a commission approved rate schedule that provides for adequate backup planning and operating reserves for the standby customer class.
  - (B) It is not physically interconnected to the electric transmission or distribution grid, so that, if the customer generation fails, backup electricity is not supplied from the electricity grid.
  - (C) There is physical assurance that the load served by the customer generation will be curtailed concurrently and commensurately with an outage of the customer generation

### **Section 454.5 of California Public Utility Code**

(a) The commission shall specify the allocation of electricity, including quantity, characteristics, and duration of electricity delivery, that the Department of Water Resources shall provide under its power purchase agreements to the customers of each electrical corporation, which shall be reflected in the electrical corporation's proposed procurement plan. Each electrical corporation shall file a proposed procurement plan with the commission not later than 60 days after the commission specifies the allocation of electricity. The proposed procurement plan shall specify the date that the electrical corporation intends to resume procurement of electricity for its retail customers, consistent with its obligation to serve. After the commission's adoption of a



procurement plan, the commission shall allow not less than 60 days before the electrical corporation resumes procurement pursuant to this section.

(b) An electrical corporation's proposed procurement plan shall include, but not be limited to, all of the following:

(1) An assessment of the price risk associated with the electrical corporation's portfolio, including any utility-retained generation, existing power purchase and exchange contracts, and proposed contracts or purchases under which an electrical corporation will procure electricity, electricity demand reductions, and electricity-related products and the remaining open position to be served by spot market transactions.

(2) A definition of each electricity product, electricity-related product, and procurement related financial product, including support and justification for the product type and amount to be procured under the plan.

(3) The duration of the plan.

(4) The duration, timing, and range of quantities of each product to be procured.

(5) A competitive procurement process under which the electrical corporation may request bids for procurement-related services, including the format and criteria of that procurement process.

(6) An incentive mechanism, if any incentive mechanism is proposed, including the type of transactions to be covered by that mechanism, their respective procurement benchmarks, and other parameters needed to determine the sharing of risks and benefits.

(7) The upfront standards and criteria by which the acceptability and eligibility for rate recovery of a proposed procurement transaction will be known by the electrical corporation prior to execution of the transaction. This shall include an expedited approval process for the commission's review of proposed contracts and subsequent approval or rejection thereof. The electrical corporation shall propose alternative procurement choices in the event a contract is rejected.

(8) Procedures for updating the procurement plan.

(9) A showing that the procurement plan will achieve the following:

(A) The electrical corporation will, in order to fulfill its unmet resource needs and in furtherance of Section 701.3, until a 20 percent renewable resources portfolio is achieved, procure renewable energy resources with the goal of ensuring that at least an additional 1 percent per year of the electricity sold by the electrical corporation is generated from renewable energy resources, provided sufficient funds are made available pursuant to Sections 399.6 and 399.15, to cover the above-market costs for new renewable energy resources.

(B) The electrical corporation will create or maintain a diversified procurement portfolio consisting of both short-term and long-term electricity and electricity-related demand reduction products.

(C) The electrical corporation will first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible.

(10) The electrical corporation's risk management policy, strategy, and practices, including specific measures of price stability.

(11) A plan to achieve appropriate increases in diversity of ownership and diversity of fuel supply of nonutility electrical generation.

(12) A mechanism for recovery of reasonable administrative costs related to procurement in the generation component of rates.

(c) The commission shall review and accept, modify, or reject each electrical corporation's procurement plan. The commission's review shall consider each electrical corporation's individual procurement situation, and shall give strong consideration to that situation in determining which one or more of the features set forth in this subdivision shall apply to that electrical corporation. A procurement plan approved by the commission shall contain one or more of the following features, provided that the commission may not approve a feature or mechanism for an electrical corporation if it finds that the feature or mechanism would impair the restoration of an electrical corporation's creditworthiness or would lead to a deterioration of an electrical corporation's creditworthiness:

(1) A competitive procurement process under which the electrical corporation may request bids for procurement-related services. The commission shall specify the format of that procurement process, as well as criteria to ensure that the auction process is open and adequately subscribed. Any purchases made in compliance with the commission-authorized process shall be recovered in the generation component of rates.

(2) An incentive mechanism that establishes a procurement benchmark or benchmarks and authorizes the electrical corporation to procure from the market, subject to comparing the electrical corporation's performance to the commission-authorized benchmark or benchmarks. The incentive mechanism shall be clear, achievable, and contain quantifiable objectives and standards. The incentive mechanism shall contain balanced risk and reward incentives that limit the risk and reward of an electrical corporation.

(3) Upfront achievable standards and criteria by which the acceptability and eligibility for rate recovery of a proposed procurement transaction will be known by the electrical corporation prior to the execution of the bilateral contract for the transaction. The commission shall provide for expedited review and either approve or reject the individual contracts submitted by the electrical corporation to ensure compliance with its procurement plan. To the extent the commission rejects a proposed contract pursuant to this criteria, the commission shall designate alternative

procurement choices obtained in the procurement plan that will be recoverable for ratemaking purposes.

(d) A procurement plan approved by the commission shall accomplish each of the following objectives:

(1) Enable the electrical corporation to fulfill its obligation to serve its customers at just and reasonable rates.

(2) Eliminate the need for after-the-fact reasonableness reviews of an electrical corporation's actions in compliance with an approved procurement plan, including resulting electricity procurement contracts, practices, and related expenses. However, the commission may establish a regulatory process to verify and assure that each contract was administered in accordance with the terms of the contract, and contract disputes which may arise are reasonably resolved.

(3) Ensure timely recovery of prospective procurement costs incurred pursuant to an approved procurement plan. The commission shall establish rates based on forecasts of procurement costs adopted by the commission, actual procurement costs incurred, or combination thereof, as determined by the commission. The commission shall establish power procurement balancing accounts to track the differences between recorded revenues and costs incurred pursuant to an approved procurement plan. The commission shall review the power procurement balancing accounts, not less than semiannually, and shall adjust rates or order refunds, as necessary, to promptly amortize a balancing account, according to a schedule determined by the commission. Until January 1, 2006, the commission shall ensure that any over-collection or under-collection in the power procurement balancing account does not exceed 5 percent of the electrical corporation's actual recorded generation revenues for the prior calendar year excluding revenues collected for the Department of Water Resources. The commission shall determine the schedule for amortizing the over-collection or under-collection in the balancing account to ensure that the 5 percent threshold is not exceeded. After January 1, 2006, this adjustment shall occur when deemed appropriate by the commission consistent with the objectives of this section.

(4) Moderate the price risk associated with serving its retail customers, including the price risk embedded in its long-term supply contracts, by authorizing an electrical corporation to enter into financial and other electricity-related product contracts.

(5) Provide for just and reasonable rates, with an appropriate balancing of price stability and price level in the electrical corporation's procurement plan.

(e) The commission shall provide for the periodic review and prospective modification of an electrical corporation's procurement plan.

(f) The commission may engage an independent consultant or advisory service to evaluate risk management and strategy. The reasonable costs of any consultant or advisory service is a reimbursable expense and eligible for funding pursuant to Section 631.

(g) The commission shall adopt appropriate procedures to ensure the confidentiality of any market sensitive information submitted in an electrical corporation's proposed procurement plan or resulting from or related to its approved procurement plan, including, but not limited to, proposed or executed power purchase agreements, data request responses, or consultant reports, or any combination, provided that the Office of Ratepayer Advocates and other consumer groups that are nonmarket participants shall be provided access to this information under confidentiality procedures authorized by the commission.

(h) Nothing in this section alters, modifies, or amends the commission's oversight of affiliate transactions under its rules and decisions or the commission's existing authority to investigate and penalize an electrical corporation's alleged fraudulent activities, or to disallow costs incurred as a result of gross incompetence, fraud, abuse, or similar grounds. Nothing in this section expands, modifies, or limits the State Energy Resources Conservation and Development Commission's existing authority and responsibilities as set forth in Sections 25216, 25216.5, and 25323 of the Public Resources Code.

(i) An electrical corporation that serves less than 500,000 electric retail customers within the state may file with the commission a request for exemption from this section, which the commission shall grant upon a showing of good cause.

(j)(1) Prior to its approval pursuant to Section 851 of any divestiture of generation assets owned by an electrical corporation on or after the date of enactment of the act adding this section, the commission shall determine the impact of the proposed divestiture on the electrical corporation's procurement rates and shall approve a divestiture only to the extent it finds, taking into account the effect of the divestiture on procurement rates, that the divestiture is in the public interest and will result in net ratepayer benefits.

(2) Any electrical corporation's procurement necessitated as a result of the divestiture of generation assets on or after the effective date of the act adding this subdivision shall be subject to the mechanisms and procedures set forth in this section only if its actual cost is less than the recent historical cost of the divested generation assets.

(3) Notwithstanding paragraph (2), the commission may deem proposed procurement eligible to use the procedures in this section upon its approval of asset divestiture pursuant to Section 851.

### **Section 454.6 of California Public Utility Code**

454.6. (a) A contract entered into pursuant to Section 454.5 by an electrical corporation for the electricity generated by a replacement or repowering project that meets the criteria specified in subdivision (b) shall be recoverable in rates, taking into account any collateral requirements and debt equivalence associated with the contract, in a manner determined by the commission to provide the best value to ratepayers.

(b) To be eligible for rate treatment in accordance with subdivision (a), a contract shall be for a project which meets all of the following criteria:

- (1) The project is a replacement or repowering of an existing generation unit of a thermal power plant.
- (2) The project complies with all applicable requirements of federal, state, and local laws.
- (3) The project will not require significant additional rights-of-way for electrical or fuel-related transmission facilities.
- (4) The project will result in significant and substantial increases in the efficiency of the production of electricity.
- (5) The Independent System Operator or local system operator certifies that the project is needed for local area reliability.
- (6) The project provides electricity to consumers of this state at the cost of generating that electricity, including a reasonable return on the investment and the costs of financing the project.

## **APPENDIX E**

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### **CORRESPONDENCE FROM BROILES & TIMMS, LLP**

The following correspondence was submitted to SCAQMD's rule development staff regarding PR 1304.1 prior to the release of the NOP/IS and data provided in the correspondence was relied upon to analyze for potential adverse environmental impacts in this Draft EA. Comment letters received relative to the NOP/IS and responses to these comments can be found in Appendix C of this Draft EA.

# BROILES & TIMMS, LLP

445 SOUTH FIGUEROA STREET, 27<sup>TH</sup> FLOOR  
LOS ANGELES, CA 90071-1630

TELEPHONE: 213-489-6868

FACSIMILE: 213-489-6828

STEVEN A. BROILES  
CHARLES F. TIMMS, JR.

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**VIA EMAIL (HPOURZAND@AQMD.GOV) AND U.S. MAIL**

Henry Pourzand  
Planning, Rule Development and Area Sources  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Proposed Rule 1304.1; Second Comment Letter  
Cities of Burbank, Glendale and Pasadena**

Dear Mr. Pourzand:

The Cities of Burbank, Glendale and Pasadena (“the Cities”) hereby submit this comment letter on Proposed Rule (“PR”) 1304.1, which would impose fees amounting to millions of dollars on necessary utility boiler replacement projects. These proposed fees are without apparent justification. They could result in the delay, reduction in permitted capacity, or abandonment of these replacement projects and thereby result in potentially significant adverse impacts on emissions, electric system reliability, and the local economy. Because of these deep flaws in the proposed rule, the Cities urge the District to withdraw it.

The potential adverse air quality impacts of PR 1304.1 must be examined in detail under the California Environmental Quality Act (“CEQA”).<sup>1</sup> In addition, the socioeconomic impacts

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<sup>1</sup> The District’s rulemaking program has been certified by the Resources Agency as equivalent to the environmental review procedures of CEQA. (Title 14, Code of California Regulations, Section 15251(I).) The program therefore is exempt from the requirement to prepare an Environmental Impact Report (“EIR”) for proposed rules that may have significant environmental impacts. However, the program as certified by the Resources Agency, including specifically District Rule 110 and the District’s CEQA Implementation Guidelines, requires that the staff report on a proposed rule must contain information equivalent to an EIR and must be made available for public review and comment for no less than 30 days prior to the adoption of the proposed rule. (Resources Agency, Statement of Findings, January 31, 1989 at 2, 5-6.)

of the proposed rule are required to be assessed as well. As part of the socioeconomic analysis, the District is required to consider and make available to the public its findings related to the cost-effectiveness of the proposed fees, which constitute a control measure under federal and state law. The Cities look forward to the opportunity to comment on these important documents when the District makes them available for public review.

The proposed rule appears to be a radical change in District policy regarding how utility boiler replacement projects should be regulated under its new source review (“NSR”) program. The proposed fees were clearly not considered as a potential control measure in the 2012 Air Quality Management Plan (“AQMP”). The AQMP appears to assume that boiler replacement projects, like other projects that are exempt from offset requirements under Rule 1304, would be allocated any needed emissions offsets from the District’s internal bank, without payment of any fees. These allocations are made pursuant to the District’s NSR tracking system, now codified in Rule 1315, which enables the District to show that its NSR program is equivalent to the EPA’s NSR program. Indeed, as recently as 2011, during the rulemaking to amend Rule 1315, the District rejected the alternative of requiring businesses seeking Rule 1304 exemptions to pay offset user fees on the basis that such fees would not accomplish the District’s objective of “allow[ing] facility modernization which will increase efficiency and reduce air pollution” and “accommodating population growth” through implementation of Rule 1304. The District stated that “[o]ffset user fees would increase the cost of developing a new or modified source and would restrain the rate of growth in commercial and industrial sources that would otherwise qualify for the Rule 1304 exemption.” (See Governing Board Resolution at p. C-2 and Attachment 1 to the Resolution, Discussion of Findings Relating to the Alternatives Evaluated in the Final PEA, pp. 16-17). The District has not explained what has happened since these two rulemakings that would justify taking the extraordinary step of singling out boiler replacement projects to pay offset user fees. Absent some explanation or related evidence and support, this radical change would appear to be an arbitrary and capricious action.

In addition to these air quality issues, the fees that the District seeks to impose via PR 1304.1 may constitute a prohibited tax under Proposition 26.

## **1. Background**

PR 1304.1 would for the first time impose an annual “mitigation” fee on electrical generating facilities that use the offset exemption in Rule 1304(a)(2) for boiler replacements. The Rule 1304(a) (2) offset exemption was initially adopted about 20 years ago to complement a utility boiler retrofit requirement. The exemption removes any emissions-related disincentive for utilities to replace boilers with new, more efficient and lower-emitting equipment. In contrast, the proposed fee would create a clear disincentive for such replacements, particularly in cases where replacements are driven by economic and reliability objectives.

The proposed annual fee would be based in part on the market prices of Emission Reduction Credits (“ERCs”) in 2008 through 2012, converted to an annual price, and based in part on the potential to emit (“PTE”) of the boiler replacement, expressed as pounds per day of



the relevant air contaminant. The PTE calculation is apparently intended to reflect the quantity of emissions offsets in the District's internal bank that must be debited, pursuant to Rule 1315, to enable the District to demonstrate equivalency with the federal NSR program. The annual fee effectively acts as a "lease" payment for the quantity of emissions offsets that must be debited from the account.

The Cities all operate small municipal boilers that are 50+ years old and now are either pursuing boiler replacement projects or have such projects under consideration. Each City's total boiler capacity is less than 110 MW. Each City's replacement project would be intended to satisfy the City's need for reserve capacity as well as to operate as a "peaking" facility to provide electric energy during periods of peak demand. In the case of Glendale, replacing the aging boilers would also increase the generation of renewable energy from landfill gas produced at the Scholl Canyon site inside the City of Glendale by as much as 50 percent over current levels, due to the superior efficiency of replacement units. Renewable energy produced within the state of California is the most valuable type of energy that can be used to comply with the Renewable Portfolio Standards ("RPS") set forth in SBX1-2, enacted in 2011; it was the clear intent of the state legislature to encourage such production in California by requiring increasing reliance on in-state renewable energy over time. Discouraging the replacement of Glendale's boilers would reduce the production of renewable energy in the state of California, and would thus interfere with the intent of California's RPS requirements.

While the District has held several working group meetings to explain the proposed rule and discuss issues raised by affected parties, in fact each meeting has raised more questions than it has answered.

## **2. The District Has Not Clearly Stated the Purpose of the Proposed Fee**

An initial issue is that the District staff has not yet adequately explained the purpose of the proposed fee. Absent a clear statement of the purpose, it is difficult if not impossible to analyze potential alternatives that would more effectively accomplish the fee's purposes.

The Preliminary Draft Staff Report ("Staff Report") states that the purpose of the proposed fee is to require boiler replacement projects to pay annual fees for accessing the District's internal bank. (See Staff Report at page 1.) The Staff Report also suggests that the reason fees are needed is that boiler replacement projects will likely operate at a higher capacity factor than the boilers they replace, resulting in an increase in potential emissions over recent actual emissions from the boilers. (See Staff Report at pages 2-4.) Presumably, however, *any* project that seeks access to the District's internal bank, and not merely a boiler replacement project, will show an increase in future potential over recent actual emissions, because otherwise it would not need to access the internal bank. Thus, the statements in the Staff Report do not explain why fees are needed from boiler replacements as distinguished from any other facility that seeks to access the internal bank pursuant to a Rule 1304 exemption or the Rule 1309.1 priority reserve.

Moreover, the Staff Report also states that the fee proceeds will be “invested in air pollution improvement strategies” consistent with AQMD goals. (See Staff Report at p. 1.) During the working group meetings, District staff has confirmed that the fees will not be used to replenish the internal bank, because the projects on which the fee proceeds would be spent cannot meet the criteria for achieving creditable emissions reductions and thus deposits to the internal bank. Thus the proposed fee apparently bears no relationship to the internal bank and to the equivalency issue generally, because that already is addressed by rule 1315, which was amended in 2011 and has been approved by US EPA.

At another point, it was suggested that the purpose of the proposed fee is to reduce the size of boiler replacements. In that regard, the Cities are aware that District staff is concerned about an expected surge in boiler replacement projects from certain applicants who must comply with new requirements of the State Water Resources Control Board (“Water Board”) to implement federal policy on cooling water intake structures. The apparent fear is that the District’s internal bank may become depleted or overdrawn. To the extent that this fear explains the proposed fee, the District should understand that none of these Cities’ boilers is required to meet the Water Board’s cooling water intake structure requirements, but all of them would be subject to the proposed fee under PR 1304.1.

**3. The Proposed Fee May Result in Delay, Reduction in Permitted Capacity or Abandonment of Needed Boiler Replacement Projects**

The proposed fees under PR 1304.1 would raise the cost of the Cities’ boiler replacements by tens of millions of dollars over the life of the projects. This substantial additional cost may result in the delay, reduction in permitted capacity or abandonment of these needed replacements.

The District staff appear to be under the impression that a typical boiler replacement project would not trigger a high mitigation fee because the Cities would only seek permits to operate at the expected average annual capacity factor, which the Cities anticipate will be modest. In fact, however, the boiler replacements planned by the Cities typically would seek permits to operate at a fairly high capacity factor, much higher than their expected average. Their existing boilers in many cases are already permitted for similar operation. While the Cities would expect to actually operate their boiler replacements relatively infrequently, possibly as little as 15% of the time, they need these units to be authorized to operate at much higher levels, in order to serve as reserve units in the event that other units are unexpectedly not available and to avoid reserve capacity payments to Balancing Area Authorities—Los Angeles Department of Water and Power (“LADWP”) and California Independent System Operator (“CAISO”).

The following two examples illustrate that the proposed fees on the Cities’ boiler replacement projects may be quite high, and in fact high enough to discourage boiler replacement projects.

*Example 1.* City of Burbank Water and Power (“BWP”) staff have done preliminary calculations for a hypothetical replacement of its 109 MW of old boilers with an LMS100, rated and permitted at 100 MW. The calculations are for operating under two different scenarios, one with no monthly limit on operating hours, and another with a limit of 270 hours per month. These calculations show that the proposed fees for the “no monthly limit” case, consistent with the permitted operation of the existing boilers, may reach \$20 million, or more than 20% of the cost of the project, and may tip the scales in favor of continuing to run the existing boilers instead of replacing them. If the boiler replacement project is limited to no more than 270 hours/month of operation, then the proposed fee may increase the cost of the project by only 7%. While a mitigation fee of this magnitude might not be high enough to cause the utility to abandon the boiler replacement project, the reduction in monthly permitted capacity would have serious implications for system reliability, as will be discussed below. The calculations for these two scenarios are set forth in Attachment 1 to this letter.

When the calculations for the “no monthly limit” scenario were shared with District staff at one of the working group meetings, District staff claimed that they did not represent “reasonable” expectations because such high capacity factors are not really needed. However, limiting monthly operating hours reduces the unit’s capacity to provide required reserves, because, for example, the plant might be shut down completely following a heat wave for the rest of the month. The lack of availability of the plant in these circumstances could cause reliability problems. District staff admittedly have not coordinated this proposal with technical experts at LADWP, the CAISO, North American Electric Reliability Corporation (“NERC”) and Western Electricity Coordinating Council (“WECC”) and so are unable to predict the impact of the proposed fee on the sizes or capacity factors of new generators that would replace the aging boilers.

*Example 2.* City of Glendale Water and Power (“GWP”) staff have done similar calculations for a hypothetical replacement of its 108 MW of old boilers with a new combined cycle combustion turbine rated and permitted at 75 MW. The calculations show that the proposed fee would add about \$6 million dollars to the up-front financing of the new plant, and would be expected to cost over \$36 million over the life of the new plant, assuming that the new permit is based on a 100 percent capacity factor for reliability purposes. These additional costs could jeopardize the new construction. The calculations, which are based on Glendale’s current understanding of the proposed fee, are set forth at Attachment 2 to this letter.

**4. If Replacement Projects Are Not Built, Or If Their Permitted Capacity Is Reduced, There Will Be Potentially Significant Adverse Impacts on Emissions, Electric System Reliability, and the Local Economy**

**a. More Emissions From the Old Boilers**

A relatively small increase in boiler operations could cause boiler emissions to exceed emissions from more efficient replacement equipment under consideration. Although they are

expensive to operate, the boilers may need to operate more frequently in the future due to transmission constraints and local reliability needs.

The following two examples illustrate this point.

*Example 1.* BWP staff have done calculations comparing the operation of existing boilers with the operation of a boiler replacement unit to provide power during typical southern California summer peak demand, which was assumed to be 6 hours/day 4 days/week. In order for the boilers to provide power during these peaks, they would have to be put online at the beginning of the summer and operate 24 hours/day 7 days/week, operating at minimum load off peak and maximum load during the peak hours. During non-peak hours the operating boilers would provide needed spinning reserve, the reserve being difference in output between minimum operating load and the maximum load that could be achieved within 10 minutes. The replacement unit (assumed to be an LMS100), by contrast, can be started up and placed on line within minutes, only operating during the peak times and then switching off overnight. As an additional benefit, because of its quick-start capabilities, the LMS100 can provide these same non-spinning reserves while switched off, avoiding the need to consume expensive fuel and produce emissions off-peak when the energy it creates is not needed. This example shows that the pollutants emitted by the boilers operated to provide power for peak summer demand is *several times* the emissions of an LMS100. The calculations for this emissions comparison are set forth in Attachment 3 to this letter.

*Example 2.* GWP staff also have done calculations comparing the operation of existing boilers with the operation of the hypothetical replacement unit discussed above. GWP's boilers are currently constrained by a NO<sub>x</sub> limit of 35 tons/year (70,000 pounds/year), pursuant to Rule 1135. In 2012, GWP's boilers' combustion of landfill gas (LFG) and natural gas (NG) actually emitted about 60,000 pounds of NO<sub>x</sub>. Thus, GWP could burn additional natural gas in these boilers, for economic or reliability purposes, up to the 70,000 pound/year NO<sub>x</sub> limit. As discussed above, GWP may seek to construct a new combined cycle combustion turbine rated and permitted at 75 MW and operating at an expected 60 percent annual capacity factor. With the new combustion turbine, GWP concludes that expected NO<sub>x</sub> emissions would fall by about 48,000 pounds/year, VOC emissions would fall by about 19,000 pounds/year, CO emissions would fall by about 113,000 pounds/year, SO<sub>2</sub> emissions would fall by almost 4,000 pounds/year, and PM<sub>10</sub> emissions would increase by about 15,000 pounds/year. Annual generation would increase in this example from about 150,000 MWh historically to over 650,000 MWh due to new uses for the new generation. In addition, the new generation would be more reliable, more flexible, and more efficient. But these emissions reductions will be jeopardized if the replacement project is not built because of the high mitigation fee. The calculations for this emissions comparison are set forth in Attachment 4 to this letter.

#### **b. Less Reliable Electricity Supply System**

The boilers are generally 50+ years old and are less reliable than replacement equipment would be. Local reliability demands in southern California are highlighted by the current

extended outage at the San Onofre Nuclear Generating Station and the transmission outage that spanned from Arizona across southern California and into Baja California, Mexico, including the entire San Diego area, in September 2011.

Note that there also would be adverse impacts on system reliability if the proposed fee results in replacement projects with reduced permitted capacity because of the proposed fee. In that case, there will be a reduction in the total available capacity from the Cities' units, meaning less reserve capacity in the L.A. Basin.

The District must consult with the appropriate energy regulatory agencies and Balancing Area Authorities—the CEC, LADWP, the CAISO, NERC and WECC—regarding potential local reliability impacts of the proposed fee, whether those impacts result from the continued operation of the existing boilers or from the reduction in total capacity if replacement projects have reduced permitted capacity due to the proposed fee.

Furthermore, the CEC has just issued the “2012 Integrated Energy Policy Report Update”, January 2013, CEC-100-2012-001-LCF (“CEC Report”), which raises significant issues regarding the adequacy of electricity supply in the LA Basin generally, and urges inter-agency coordination to ensure a reliable and economic supply of energy. A combination of pressures is likely to drive toward retirement of old boilers and replacement with new flexible gas-fired combustion turbines, if economic: the continued SONGs outage, the retirement/repowering of once-through cooling facilities, the shift toward electric vehicles, an increasing demand for coastal air-conditioning due to climate change, and the integration of intermittent renewable resources. (See Chapter 4 of the Update, generally.) Financing these investments will be a challenge under the best of conditions. The District should not erect additional economic impediments to replacing old boilers.

**c. Higher Local Costs and Fewer Local Jobs**

If there are fewer boiler replacement projects, local utilities will have to pay out-of-state suppliers to integrate the output of variable and intermittent renewable resources, such as wind and solar. Existing, older boilers were not designed for this type of service, and either cannot physically provide the service or could do so only at considerable cost. The foregone replacement projects also will mean a loss of jobs and economic development in southern California. The District must discuss this potential loss of economic activity in the socioeconomic impact analysis.

**d. Adverse Impacts on Retail Customers in the LA Basin**

If the overall generation capacity in the Los Angeles basin that serves electricity demands is considerably reduced, the shortfall will have to be met with electricity generators located outside of the Los Angeles area. This would increase the likelihood of electricity outages and result in higher electricity costs due to transmission costs and losses. This also would result in higher greenhouse gas emissions because, in addition to transmission losses, less efficient and

higher-emitting power plants (likely a mix of natural gas and coal-fired power plants) would provide needed electricity.

Again, these are topics that should be taken up in the socioeconomic impact analysis. The District must consult with the appropriate energy regulatory agencies--LADWP, the CAISO, NERC and WECC—and also take into account the conclusion in the CEC Report cited above.

These potential impacts also underscore that the proposed fee is a simplistic solution to a complex problem that requires substantial consultation with other agencies, whose expertise would complement that of the District in analyzing the effects of the proposed rule.

5. **These Potential Impacts Compel the District to Prepare the Equivalent of an Environmental Impact Report (“EIR”) and a Socio-Economic Analysis Prior to Adopting PR 1304.1.**

a. **PR 1304.1 Is a Project Subject to CEQA**

PR 1304.1 is a “project” subject to CEQA. A “project” is defined by statute in part as “an activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect change in the environment.” Cal. Pub. Res. Code § 21065. The CEQA Guidelines further define a “project” as “the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or reasonably foreseeable indirect physical change in the environment.” 14 CCR § 15378.

As explained above, the mitigation fees imposed by PR 1304.1 may result in the delay or abandonment of the Cities’ boiler replacement projects. As a result, the Cities’ existing boilers would operate more of the time and for more years, resulting in potentially significant adverse impacts on emissions, electric system reliability, and the local economy. Accordingly, PR 1304.1 is a project subject to CEQA.

Under cases interpreting CEQA, if an activity may have reasonably foreseeable environmental effects, it will qualify as a “project” despite claims that these effects are speculative or remote because they occur in the future or result from actions of third parties in response to the activity instead of from the activity itself. See, for example, *Plastic Pipe Fittings Assn. v. California Building Standards Commission* (2004) 124 Cal. App.4<sup>th</sup> 1390, 1399, 1412-13 (proposed building standard allowing the use of a specific type of plastic was a CEQA “project” because evidence in the record indicated that chemicals leaching from the plastic could contaminate potable water and cause the pipes to be subject to mechanical failure; court rejected contention that the causal link between the regulation allowing its use and the alleged impacts was too remote and held that the alleged impacts were a “reasonably foreseeable indirect impact.”); and *Fullerton Joint High School District v. State Board of Education* (1982) 32 Cal. 779, 794-797 (the Supreme Court held that a proposed reconfiguration of school districts was a “project” because the action would likely cause the construction of a new high school, might cause the abandonment of other facilities, and would affect bus routes and traffic patterns).

Two additional cases involving air districts support the conclusion that CEQA review is required here. They are exemption cases, but their conclusions are relevant to the question of whether the activities involved here would qualify as CEQA “projects.” See *Dunn-Edwards Corp. v. Bay Area AQMD* (1992) 9 Cal.App.4<sup>th</sup> 644 (court held that a regulation limiting the solvent in architectural coatings was not categorically exempt from CEQA because there was evidence in the record that the regulation may have adverse emissions impacts due to the fact that the regulation would require lower quality products, resulting in the use of more product—more frequent application and more coats); and *California Unions for Reliable Energy (CURE) v. Mojave Desert Air Quality Management District* 178 Cal.App.4<sup>th</sup> 1225, 1240-46 (court held that a regulation allowing the use of road paving to offset increases in airborne dust was not categorically exempt from CEQA because there was evidence in the record that road paving would tend to have adverse emissions impacts in that it would involve trading road dust for combustion emissions, which would stay in the air longer, spread more widely, and be more likely to cause disease; court stated that the focus should not be on the regulation alone, but rather on its reasonably foreseeable direct and indirect physical effects and noted that while the adoption of the regulation did not cause any road paving by itself, it certainly encouraged third parties to pave roads).

It is clear from these cases that courts are not at all reluctant to consider potential environmental effects resulting from foreseeable conduct by third parties in response to the adoption of a rule in determining whether adoption of the rule may be a CEQA “project.” They reject claims that such effects are too remote or speculative to warrant CEQA review. The reasonably foreseeable effects involved in these cases are just the types of effects the Cities have suggested may result from adoption of PR 1304.1.

**b. PR 1304.1 Is Not Exempt from CEQA by Statute or Regulation**

PR 1304.1 is not exempt from CEQA by statute or regulation. The most likely exemption claim for PR 1304.1 would be that it is covered by a Class 8 categorical exemption as an action taken by a regulatory agency for protection of the environment. 14 CCR § 15308. This was the exemption claimed by the air districts in the *Dunn-Edwards* and *CURE* cases cited above. But in both cases the reviewing court held this exemption did not apply because the record showed that there may be adverse impacts. The same result should be reached here.

c. **An EIR Is Required Because There is a “Fair Argument” that PR 1304.1 May Have a Significant Effect on the Environment**

An agency is required to prepare an EIR if a project it proposes to carry out or approve may have a “significant” effect on the environment. Cal. Pub. Res. Code § 21100. The CEQA Guidelines elaborate on this requirement. See 14 CCR § 15064. If there is substantial evidence, in light of the whole record before the agency, that a project may have a significant effect on the environment, the agency shall prepare a draft EIR. 14 CCR § 15064(a). In evaluating the significance of the environmental effect of a project, the agency shall consider both direct physical changes, and reasonably foreseeable indirect physical changes, in the environment which may be caused by the project. 14 CCR § 15064(d). If the agency is presented with a “fair argument” that a project may have a significant effect on the environment, the agency shall prepare an EIR even if it may also be presented with other substantial evidence that the project will not have a significant effect. 14 CCR § 15064(f)(1).

In this case, as the Cities have alleged and have demonstrated with evidence (see above discussion and attachments), there is a fair argument that the proposed fees may have a significant effect on the environment. The significant effects include potential increased emissions resulting from the increased operation of the Cities’ existing boilers and the potential effects of a less reliable electricity supply system. Therefore, the District must prepare an EIR.

Interestingly, courts have held that adoption of a mitigation fee program requires preparation of an EIR. See, for example, *Center for Sierra Nevada Conservation v. County of El Dorado* (2012) 202 Cal.App.4<sup>th</sup> 1156 (court held that county was required to prepare an EIR before its adoption of an oak woodland management plan, which included a mitigation fee option, where the earlier program EIR for the county’s general plan anticipated the mitigation fee option but did not set the fee rate, how the acreage subject to the fee rate should be measured, or how the off-site oak woodland losses would be mitigated by the fees). The *Center for Sierra Nevada Conservation* court based its decision in part on *California Native Plant Society v. County of El Dorado* (2009) 170 Cal.App.4<sup>th</sup> 1026 (court held that county was required to prepare an EIR for a development project despite developer’s payment of a rare plant impact fee through the county’s ecological preserve fee because the fee program did not receive CEQA review when it was adopted).

In a case involving a challenge to the District’s failure to prepare an EIR for a permit to allow a refinery modification, the Supreme Court held that the physical conditions actually existing at the time of analysis should be used as the baseline, rather than the maximum permitted capacity, in determining whether the modification would have a significant effect on the environment. *Communities for a Better Environment v. South Coast AQMD* (2010) 48 Cal.4<sup>th</sup> 310, 316, 326-27. This means that in describing the emissions impacts of increased use of the boilers resulting from delay or abandonment of boiler replacements, any increase above actual levels is relevant.



d. **The District Has Acknowledged the Need to Prepare a Socioeconomic Analysis of PR 1304.1; That Analysis Must Address the Cost-Effectiveness of the Proposed Fees**

In its preliminary staff report, the District staff claims that a socioeconomic analysis is not legally required for PR 1304.1 because it “merely charges a fee and does not significantly affect air quality or emissions limitations.” On the contrary, the proposed fees may adversely affect air quality, and therefore an assessment of the socioeconomic impact of the proposed rule is required by law.

As the Cities have alleged, and as they have demonstrated with evidence (see above discussion and attachments), the proposed mitigation fee may result in the abandonment of boiler replacement projects and the continued operation of their existing boilers. The continued operation of the existing boilers is likely to cause adverse impacts on emissions, electric system reliability, and the local economy. The District therefore is required to prepare an assessment of the socioeconomic impacts of the proposed rule, including a report on the availability and cost-effectiveness of alternatives. Cal. Health & Saf. Code § 40440.8.

The socioeconomic assessment under Section 40440.8 must identify (i) the types of industries affected by the proposed rule, (ii) the impacts of the proposed rule on employment and the economy in the South Coast Basin, (iii) the probable costs of the proposed rule, (iv) the cost-effectiveness of alternatives to the proposed rule, (v) the potential of the proposed rule to reduce emissions, and (vi) the necessity of adopting the proposed rule in order to attain ambient air standards.

We assume that the District will use input-output models as it has in the past to identify affected industries and impacts on overall employment and the economy in the South Coast Basin. In these comments, the Cities provide information to the District on the probable costs of the proposed rule, based on information and analyses available at this time. If future opportunities arise to modify or add to this information, or if the Cities’ understanding of the proposed rule changes, the Cities reserve the right to provide additional comments and information to the District.

*Probable costs.* As noted above, the proposed fee will add millions of dollars per year to the combined revenue requirements of the Cities, costs which will be passed along to retail ratepayers.

*Cost-effectiveness.* Given that the proposed fee will most likely increase air emissions, both by causing the delay or abandonment of replacements and by altering the incentive to operate new units if they are installed, the fee would appear to fail a cost-effectiveness test. The District’s cost-effectiveness rankings address the relative costs of *reducing* emissions, not the costs of *increasing* emissions.

Potential emissions reductions. As noted above, the Cities have concluded that a delay in, or abandonment of, boiler replacements would cause air emissions to be higher than they would be without the delay or abandonment. The proposed fee is thus detrimental to the environment, unless the District can demonstrate that additional, cost-effective control measures can be undertaken that will offset the emissions from continued and increased operation of the old boilers.

Necessity of adoption. In view of the fact that the 2012 AQMP projected attainment without the payment of the proposed fees for boiler replacement projects, then it would appear that the proposed fees are not necessary in order to attain the standards.

For another reason, the socioeconomic assessment also must include a detailed assessment of the cost-effectiveness of the proposed fees. District staff have acknowledged that one purpose of the proposed rule is to reduce the size of boiler replacement projects, which also would reduce emissions from these projects. Accordingly, the proposed fees constitute a control measure under state and federal law. Under state law, the required socioeconomic impact assessment must include the District's findings related to the cost-effectiveness of the proposed rule, as well as the basis for the findings and the considerations involved. Cal. Health & Saf. Code §§ 40703, 40922.

The cost-effectiveness findings will necessarily be complex. First, these findings must address the emissions reductions claimed to be achievable from the disposition of the proposed fees. In addition, these findings must address emissions changes that may occur if the fees result in the delay or abandonment of the boiler replacement projects. Relevant emissions changes would include emissions reductions if the boiler replacement projects are indeed reduced in size, as well as emissions increases from other generating facilities, such as the existing boilers, that would need to operate if the boiler replacement projects are reduced in size.

**6. If PR 1304.1 Is Adopted, It Should be Modified in the Following Respects to Make the Mitigation Fee More Appropriate and Fair**

**a. Any Fee Should Not Be Based on ERC Prices**

There is no compelling reason to base the formula for the proposed fee on the simple average of historical market prices of ERCs, plus a built-in inflation adjustment. According to the District's calculations, the recent market price of one pound per day of PM<sub>10</sub> ERCs is on the order of \$185,000, which reflects a highly illiquid market, and apparently excludes transactions that were priced at zero due to being labeled as "barter" or "subsidiary" transactions. Using the simple average of reported non-zero prices is not an accurate indicator of historical market conditions, and thus is an unreasonable basis for fees that the Cities would pay for boiler replacement projects in future. As the District staff have conceded, the proposed mitigation fee bears no relation to either the external ERC market or the District's internal bank. Boiler replacements are exempt from offset requirements, and thus ERCs are not required. Instead, per District Rule 1315, the District's internal bank is used to show equivalency with the federal NSR

program. The proposed mitigation fee would not be used to replenish the internal bank, because reductions achieved with fee proceeds cannot meet the criteria for emissions credits. Thus, a proposed fee can be based on anything that is reasonable. There are many options available.

**b. Any Fee Should Be Based on Actual Emissions Instead of PTE**

The proposed fee formula requires that the mitigation fee must be based on the maximum permitted operation of the boiler replacement project. This fee formula is not reasonable. The Cities' anticipated projects would be authorized to operate at a fairly high capacity factor, for multiple reasons. In fact, however, these projects, which are peaking facilities, most likely would operate at relatively low capacity factors. Thus the Cities would be required pay to reserve emissions rights that would never or seldom be used.

The fee proposal should be modified, if adopted at all, to require that a fee is required for the total MWh that the boiler replacement project actually operates, instead of the maximum permitted MWh. Thus, the more MWh the project actually operates, the higher the annual payments to AQMD. This type of formula would avoid an inherent defect in the currently proposed formula, which discourages boiler replacement operations from considering environmental impacts, because the annual fee would be based on maximum permitted operation and therefore would be a sunk cost. Once the proposed fee is paid, the Cities would not have to take into account environmental costs in their scheduling and dispatch decisions, which is simply the wrong result from an air quality perspective. The marginal cost of a MWh from a boiler replacement project would not incorporate the cost of emissions, and so all else equal, the boiler replacement would operate more than it would if fees were paid on a per MWh basis. This reinforces the conclusion that the District needs to consider the environmental impacts of the proposed rule.

**c. Covered Facilities Should Be Credited with Emissions Based on Boiler Operations**

Under PR 1304.1, a boiler replacement project would pay a fee for "leasing" emissions credits from the District's internal bank. The fee payments would be potentially reduced based on the historical operation of the replaced boilers. But once the proposed fee is in place, the emissions credits corresponding to the historical boiler operation would be lost to the project owner forever. These credits could have significant value in the future, and PR 1304.1 should include a mechanism for that value to be preserved for the benefit of the owner.

**d. Proposed Fee Should Allow for Contingent Payments In Lieu of Required 5-Year Upfront Payments**

PR 1304.1 would require upfront payment of the mitigation fee for the first five years of operation of the boiler replacement project. The fee would be payable prior to the issuance of the permit to construct. This is a substantial upfront fee, which is at risk depending on whether the project is successfully completed. The District should allow project applicants to mitigate

this risk by entering into a “contingent contract” with the District, under which either the fee would be paid if the new project is completed, or a lower, contingency fee would be forfeited if the project is not completed.

e. **Proposed Fee Should Be Applied More Broadly to Other Categories of Facilities that Are Exempt from Offsets**

Any fee that is adopted should apply to all categories of facilities that have offset exemptions, with exceptions where appropriate. All categories of facilities that have offset exemptions require the District to set aside emissions credits from its internal bank, and all of them should be subject to any fee imposed to prevent the District’s internal bank from being too rapidly depleted. There does not appear to be any justification for limiting such a fee to boiler replacement projects alone.

To cite a simple example, there is no good reason why a boiler replacement project should pay a fee, while a functionally identical replacement project, which is exempt from offsets pursuant to Rule 1304(a)(1), should not. Both types of replacement projects could result in lower or higher emissions, depending on how they operate. The main difference is that the functionally identical replacement exemption is capped by the PTE of the equipment being replaced, while the boiler replacement exemption is capped by the megawatt capacity of the equipment being replaced.

Applying the proposed fee to all categories still allows for the District to grant exceptions where appropriate, whether based on the size of the facility or other considerations.

f. **Proposed Fee Should Be Adjusted When Attainment Is Achieved**

When the District attains the PM<sub>10</sub> standard, the market price for PM<sub>10</sub> ERCs may fall dramatically. The proposed fee for boiler replacements, however, would continue to escalate at an inflation index rate. The proposed fee should be adjusted to reflect changes in ERC market conditions as they change over time.

g. **Proposed Fee Should Be Adjusted if Permittee Provides Partial Amounts of ERCs or Seeks Change in Operating Hours During the Term of the Permit**

The Proposed Rule should provide for adjustment of the fee amount if the permit applicant or permittee provides ERCs for pollutant(s) listed in PR 1304.1, Table A, or seeks a change in operating hours during the term of the permit that reduces the PTE for pollutants listed in Table A.

**7. Proposed Fee May Constitute a Prohibited Tax**

Proposition 26, enacted in 2010, is intended in part to stop state and local governments from funding their operations with fees rather than new or increased taxes, thereby avoiding the requirement that approval be obtained from two thirds of the voting public. The proposition includes a new definition of “tax” to include all charges imposed by local government, including regional governmental entities, with certain limited exceptions. Cal. Const., Art. XIII C, § 1(e).

The most likely exception that may apply to the proposed fees under PR 1304.1 is for a specific benefit conferred or privilege granted by the District to the payer. § 1(e)(1). The benefit or privilege would be allowing the boiler replacement projects to avoid having to obtain ERCs and instead obtain emission offset allocations from the District’s internal bank.

This exception, however, is limited to charges that do not exceed the reasonable costs to the local government entity of conferring the benefit or granting the privilege. *Id.* This raises several problems for the proposed fee. First, the District has not yet indicated the magnitude of fees it expects to collect annually from boiler replacement projects under the fee formula in PR 1304.1. Given the magnitude of fees that the Cities estimate may apply to their relatively small projects, the District-wide fees collected from all boiler replacement projects may amount to tens of millions of dollars annually. If so, then it is necessary and reasonable to ask whether tens of millions of dollars annually exceed the reasonable costs to the District of granting access to the internal offset bank.

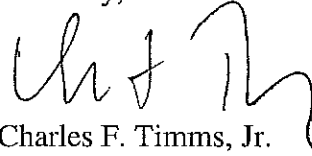
Second, District staff have indicated that the purpose of the fees is not to replenish the internal bank, because the actions or activities to be undertaken by the District would not yield emissions reductions that would qualify for the internal bank. Instead, the fee proceeds would be used to obtain other kinds of emissions reductions, which cannot meet the rigorous criteria for offsets (either ERCs or credits in the internal bank). There is thus no logical connection between the proposed fees and the internal bank: emission credits in the bank will not be affected by the proposed fee unless the District is successful in discouraging access to the bank, in which case no revenues will be collected from the proposed fee. Absent some explanation of how the proposed fees are logically connected to access to the internal bank and furthermore do not exceed the reasonable costs to the District of allowing access to the internal bank, the fee proposal appears to constitute an unconstitutional “tax” on the ratepayers of the Cities. This tax would be paid by the Cities’ ratepayers because there is no other source of funds to pay for such fees.

As these comments amply illustrate, absent further explanation and justification from District staff, it would appear that the Governing Board will not be able to make the findings of necessity, authority, clarity, consistency, nonduplication, and reference, that are required by statute before the Board adopts this proposed rule. Cal. Health & Saf. Code § 40727.

Henry Pourzand  
February 19, 2013  
Page 16

Please let us know if you have any questions. We appreciate the opportunity to provide these comments and look forward to continuing to participate in the working group and to help the District Governing Board make an informed decision on PR 1304.1.

Sincerely,



Charles F. Timms, Jr.

cc: Steve Smith ([ssmith@aqmd.gov](mailto:ssmith@aqmd.gov))  
Planning, Rule Development & Area Sources, CEQA Section  
Gurcharan Bawa ([gbawa@cityofpasadena.net](mailto:gbawa@cityofpasadena.net))  
Lon Peters ([lpeters@ci.glendale.ca.us](mailto:lpeters@ci.glendale.ca.us))  
Kim Yapp ([kyapp@burbankca.gov](mailto:kyapp@burbankca.gov))

# **ATTACHMENT 1**

Attachment 1

Example 1. BWP calculations for replacing Olive 1 & 2 boilers with and LMS 100 permitted for 1300 hours/year annual operations (<15% capacity factor)  
 Annual offset fee calculated per proposed AQMD Rule 1304.1

The table below compares the proposed Offset fees for an LMS100 replacement unit with a PTE based on a peak month of 270 or 720 operating hours.

	$F_i$ for 270 hour/month	$F_i$ for 720 hour/month	$R_i$	PTE <sub>rep</sub> for 270 hr/month	PTE <sub>rep</sub> for 720 hour/month	OF <sub>i</sub>	$C_{rep}^{**}$	$C_{2yavgexisting}^{***}$	$C_{rep} / C_{2yavgexisting} / C_{rep}$
PM10	\$344,353	\$918,275	\$7,245	50	133	1.0	130,000	6165	95.26%
SOx	\$10,016	\$26,710	\$2,434	4	12	1.0	130,000	6165	95.26%
VOC	\$9,655	\$25,747	\$436	19	52	1.2	130,000	6165	95.26%
Total Annual Offset fees	\$364,024	\$970,732							
Initial 5-year payment	\$1,820,122	\$4,853,660							
Net present value of fees for 30 year project with a 3% CPI increase	\$7,288,038	\$19,434,767							



## **ATTACHMENT 2**

Proposed Rule 1304.1 - Cost to Glendale Water & Power of Boiler Replacement Fee

Inputs

R(i) Annual fee for pollutant (i), in dollars per pound per day  
PTE(rep) Permitted PTE of new unit, in pounds per day  
OF(i) Offset factor, scalar  
 MWh ratio  
C(rep) Maximum MWh of permitted new generation per year  
C(boiler) Average annual MWh generated by boilers in last two years  
PTE(rep) LM6000PF (DLE with chiller, combined cycle)

	PM	Nox	Sox	VOC	Sources
\$	7,245	2,653	2,434	\$ 436	AQMD
	235.62	101.37	235.62		6.85 Report on LM6000 (adjusted to 100% capacity factor for permit)
	1.00	1.20	1.00		1.20 AQMD formula for proposed fee
	0.77	0.77	0.77		0.77 Calculated below
	657,000				75 MW at 100% capacity factor
	152,537				Grayson historical data

	PM	Nox	Sox	VOC	Units
	43.00	18.50	43.00		1.25 tons/year
	0.12	0.05	0.12		0.00 tons/day
	235.62	101.37	235.62		6.85 pounds/day

Formula for Annual Fee

$$F(i) = R(i) * PTE(rep) * OF(i) * ((C(rep) - C(boiler))/C(rep))$$

Calculation of Annual Fee

PM	\$ 1,310,714
Nox	\$ 247,794
Sox	\$ 440,342
VOC	\$ 2,752
	\$ 2,001,602 per year

Calculation of Total Life-of-Project Fees

Upfront	\$ 10,008,009
NPV	\$ 51,287,074
Total	\$ 61,295,083

## **ATTACHMENT 3**

**Attachment 3**

Example 1. BWP calculation of the difference in pollutant emissions between operating Olive 1 & 2 and an LMS 100 to provide power during peak times for a typical summer Peaks assumed to last 6 hours/day 4 days/week. Page 2 summarizes the difference in pollutant emissions in pounds and tons.

Parameter	Olive 1	Olive 2	Olive 1 + 2	Olive Notes	LMS100 (Lake 2)	LMS100 Notes
Owner/Operator	BWP/BWP	BWP/BWP			BWP/BWP	
Year Placed in Service	1958	1963			Future	
Unit Type	Steam	Steam			Simple Cycle Intercooled	
Manufacturer	Riley Stoker	Riley Stoker			General Electric	
Fuel	Natural Gas	Natural Gas			Natural Gas	
Running Hours	2,208	2,208		92 days (Jul, Aug, Sep)	312	peaking only
Maximum Load, MW	50	50		assumed	100	assumed
Heat Rate, BTU/kw-hr	13,500	13,500		assumed as typical	8,400	base load spec
mmBTU/hr	675	675			840	
Weeks	13	13			13	
Days/week	4	4			4	
Hours/day	6	6			6	
MAX Load Hours	312	312			312	
Minimum Load, MW	20	20		assumed as typical	0	
Heat Rate, BTU/kw-hr	13,500	13,500		assumed as typical	8,400	base load spec
mmBTU/hr	270	270			0	
MIN Load Hours	1,896	1,896		balance	0	
TOTAL MW-hrs	53,520	53,520	107,040		31,200	
TOTAL mmBTU	722,520	722,520	1,445,040		262,080	
HHV, BTU/cf	1,050	1,050	1,050	SCAQMD default	1,050	SCAQMD default
TOTAL mmcf	688	688	1,376		250	
ROG, lb/mmcf	5.5	5.5		AP-42 Table 1.4-2	2.69	BACT is 2 ppmv @ 15% O <sub>2</sub>
SO <sub>x</sub> , lb/mmcf	0.6	0.6		AP-42 Table 1.4-2	0.6	AP-42 Table 1.4-2
PM <sub>10</sub> , lb/mmcf	7.6	7.6		AP-42 Table 1.4-2	6.93	AP-42 Table 3.1-2a
CO, lb/mmcf	84.0	84.0		AP-42 Table 1.4-1	9.42	BACT is 4 ppmv @ 15% O <sub>2</sub>
NO <sub>x</sub> , lb/mmcf	6.37	6.37		BACT is 5 ppmv @ 3% O <sub>2</sub>	9.67	BACT is 2.5 ppmv @ 15% O <sub>2</sub>
CO <sub>2</sub> e, lb/mmcf	120,247	120,247		AP-42 Table 1.4-2	121,166	AP-42 Table 3.1-2a

Attachment 3

Parameter	Olive 1	Olive 2	Olive 1 + 2	Olive Notes	LMS100 (Lake 2)	LMS100 Notes
ROG, lbs	3,785	3,785	7,569		672	
SO <sub>x</sub> , lbs	413	413	826		150	
PM <sub>10</sub> , lbs	5,230	5,230	10,459		1,730	
CO, lbs	57,802	57,802	115,603		2,351	
NO <sub>x</sub> , lbs	4,386	4,386	8,772		2,413	
CO <sub>2</sub> e, lbs	82,743,472	82,743,472	165,486,944		30,243,066	
ROG, tons	1.89	1.89	3.78		0.34	
SO <sub>x</sub> , tons	0.21	0.21	0.41		0.07	
PM <sub>10</sub> , tons	2.61	2.61	5.23		0.86	
CO, tons	28.90	28.90	57.80		1.18	
NO <sub>x</sub> , tons	2.19	2.19	4.39		1.21	
CO <sub>2</sub> e, tons	41,372	41,372	82,743		15,122	
GHG Rate, lbs/MW-hr	1,546	1,546	1,546	standard is 1,100 lbs/MW-hr	969	standard is 1,100 lbs/MW-hr
CO <sub>2</sub> e, metric tonnes	37,532	37,532	75,064		13,718	

# **ATTACHMENT 4**

Attachment 4

**Proposed Rule 1304.1 - Emissions Increases Due to Proposed Fee**

	Hypothetical Annual Boiler Emissions (lbs) if NOX Limits Output				
	<u>NOX</u>	<u>CO</u>	<u>SO2</u>	<u>VOC</u>	<u>PM</u>
LFG	33,316	24,213	4,945	13,641	27,283
NG	36,684	105,054	750	6,879	9,505
Total	70,000	129,267	5,695	20,520	36,788

Pro Forma Annual Emissions for LM6000 @ 60% Capacity Factor (lbs/year)

<u>NOX</u>	<u>CO</u>	<u>SO2</u>	<u>VOC</u>	<u>PM</u>
22,200	15,900	1,892	1,500	51,600

Emissions Changes due to Replacement of Old Boilers (pounds/year)

<u>NOX</u>	<u>CO</u>	<u>SO2</u>	<u>VOC</u>	<u>PM</u>
-47,800	-113,367	-3,803	-19,020	14,812

# BROILES & TIMMS, LLP

445 SOUTH FIGUEROA STREET, 27<sup>TH</sup> FLOOR  
LOS ANGELES, CA 90071-1630

TELEPHONE: 213-489-6868

FACSIMILE: 213-489-6828

STEVEN A. BROILES  
CHARLES F. TIMMS, JR.

February 22, 2013

**VIA EMAIL (HPOURZAND@AQMD.GOV) AND U.S. MAIL**

Henry Pourzand  
Planning, Rule Development and Area Sources  
SCAQMD  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Proposed Rule 1304.1; Correction to Second Comment Letter  
Cities of Burbank, Glendale and Pasadena**

Dear Mr. Pourzand:

The purpose of this letter is to correct some erroneous emissions calculations made in support of the second comment letter from the Cities of Burbank, Glendale and Pasadena, which was submitted to the District earlier this week. The emissions calculations were used to estimate mitigation fees due for a hypothetical boiler replacement project for the City of Glendale. The calculations also were used to estimate the change in annual emissions by operating the replacement project in lieu of the existing boilers.

The corrected emissions calculations result in the following changes in the comment letter:

1. The proposed fee for the replacement project would be lower than originally estimated: about \$4.7 million would be added to the upfront financing of the replacement project and \$24.1 million over the life of the new plant, instead of \$6 million and \$36 million, respectively, as indicated in the letter. (See page 5, Example 2.)
2. Emissions of PM<sub>10</sub> from operating the replacement project in lieu of the existing boilers would *decrease*, instead of *increase*, as originally estimated. Specifically,

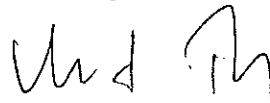


emissions of PM<sub>10</sub> would *decrease* by 14,611 lbs/year, instead of *increase* by 14,812 lbs/year. In addition, emissions of other air contaminants also would decrease, although by less than originally estimated. Specifically, emissions of NO<sub>x</sub> would decrease by 39,056 lbs/year, instead of by 47,800 lbs/year; emissions of CO would decrease by 99,131 lbs/year, instead of by 113,367 lbs/year; emissions of SO<sub>2</sub> would decrease by 3,775 lbs/year, instead of by 3,803 lbs/year; and emissions of VOC would decrease by 11,910 lbs/year, instead of by 19,020 lbs/year. (See page 6, Example 2.)

Attached to this letter are corrected Attachments 2 and 4 to the original letter. Please keep this letter and the corrected attachments along with the original comment letter.

Please let us know if you have any questions or need any additional information. Thank you.

Sincerely,



Charles F. Timms, Jr.

cc: Steve Smith ([ssmith@aqmd.gov](mailto:ssmith@aqmd.gov))  
Planning, Rule Development & Area Sources, CEQA Section  
Gurcharan Bawa ([gbawa@cityofpasadena.net](mailto:gbawa@cityofpasadena.net))  
Lon Peters ([lpeters@ci.glendale.ca.us](mailto:lpeters@ci.glendale.ca.us))  
Kim Yapp ([kyapp@burbankca.gov](mailto:kyapp@burbankca.gov))

Proposed Rule 1304.1 - Cost to Glendale Water & Power of Boiler Replacement Fee

Inputs

R(i) Annual fee for pollutant (i), in dollars per pound per day  
PTE(rep) Permitted PTE of new unit, in pounds per day  
OF(i) Offset factor, scalar  
 MWWh ratio  
C(rep) Maximum MWWh of permitted new generation per year  
C(boiler) Average annual MWWh generated by boilers in last two years  
PTE(rep) LM6000PF (DLE with chiller, combined cycle)  
 @ 100% capacity factor

	PM10	NOX	SO2	VOC	Sources
\$	7,245	2,653	2,434	\$ 436	AQMD proposed rule
	101.27	141.30	8.77	39.32	Black & Veatch, EPA, AQMD
	1.00	1.20	1.00	1.20	AQMD formula for proposed fee
	0.77	0.77	0.77	0.77	(C(rep) - C(boiler))/C(rep)
	657,000				75 MW at 100% capacity factor
	152,337				Grayson boilers' historical data
	PM10	NOX	SO2	VOC	Units
	18.48	25.79	1.60	7.18	tons/year

Formula for Annual Fee

$$F(i) = R(i) * PTE(rep) * OF(i) * ((C(rep) - C(boiler))/C(rep))$$

Calculation of Annual Fee

PM	\$ 563,329
Nox	\$ 345,390
Sox	\$ 16,386
VOC	\$ 15,795
	\$ 940,899 per year

Calculation of Total Life-of-Project Fees

Upfront	\$ 4,704,497
NPV	\$ 24,108,678
<b>Total</b>	<b>\$ 28,813,175</b>

Attachment 4

**Proposed Rule 1304.1 - Emissions Increases Due to Proposed Fee**

	Hypothetical Annual Boiler Emissions (lbs) if NOX Limits Output				
	<u>NOX</u>	<u>CO</u>	<u>SO2</u>	<u>VOC</u>	<u>PM</u>
LFG	33,316	24,213	4,945	13,641	27,283
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Total	70,000	129,267	5,695	20,520	36,788

Pro Forma Annual Emissions for LM6000 @ 60% Capacity Factor (lbs/year)

<u>NOX</u>	<u>CO</u>	<u>SO2</u>	<u>VOC</u>	<u>PM</u>
30,944	30,136	1,920	8,610	22,177

Emissions Changes due to Replacement of Old Boilers (lbs/year)

<u>NOX</u>	<u>CO</u>	<u>SO2</u>	<u>VOC</u>	<u>PM</u>
-39,056	-99,131	-3,775	-11,910	-14,611

**From:** CFTimms@aol.com  
**Sent:** Thursday, March 21, 2013 3:26 PM  
**To:** Henry Pourzand; Mohsen Nazemi; Laki Tisopulos; Robert Pease  
**Cc:** BAWA, GURCHARAN; Lori Peters; kyapp@burbankca.gov; kuwright@nrg-llc.com  
**Subject:** PR 1304.1; Response to District Staff Request for Additional Information  
**Attachments:** BWPCalculations.XLSX; GWPCalculations.xlsx

Following the last working group meeting on February 27, District staff asked for additional information from the Cities of Burbank, Glendale and Pasadena ("the Cities") regarding several matters the Cities raised in their earlier comment letters on Proposed Rule ("PR") 1304.1 and at the workshop. The purpose of this letter is to provide that additional information.

-

1. Emissions and mitigation fee calculations

-

District staff asked for clarification on the Cities' mitigation and fee calculations for boiler replacements. Attached to this letter are two Excel files containing Burbank's and Glendale's emissions and fee calculations. The files include the NO<sub>x</sub>, CO and VOC emission calculations, based on current Best Available Control Technology limits, and provide links to the US EPA documents containing emissions factors used in the SO<sub>x</sub> and PM<sub>10</sub> calculations. The files also include tables showing the corresponding mitigation fee calculations based on these emissions and related worksheets.

Burbank's calculations are for a LMS100 to replace approximately 100 MW of boiler capacity (a reference to 109 MW in our second comment letter was incorrect). Glendale's calculations have been updated for an LM6000 "two-on-one" facility configuration with a generation capacity of 100 MW, which would be intended to replace the existing boiler capacity completely, for local reliability purposes (further discussed below). Glendale's previous calculations were for an LM6000 "one-on-one" facility configuration with a generating capacity of 75 MW, which would be a reduction from current boiler capacity.

-

2. Local Generation and Reliability

-

District staff also asked the Cities to elaborate on their claim that, under the current version of PR 1304.1, their boiler replacements would incur high mitigation fees even though they are expected to operate for limited periods of time. The high mitigation fees would be required because the replacement units would have to be permitted at or near maximum daily emissions (calculated as the daily average of maximum monthly emissions) in order to provide needed reserves. The replacement units, however, would most likely operate only a limited period of time to serve peak load and integrate renewable power generation. By requiring the Cities to pay high mitigation fees for limited expected operation of the replacement units, PR 1304.1 is punitive, unfair, and bad policy.

All of the Cities have limits on their ability to import energy from outside their boundaries because each City has only one interconnection for imports; Burbank and Glendale interconnect with LADWP, and Pasadena interconnects with SCE. (Glendale also interconnects with Burbank, but this does not increase total import capability for the two Cities combined.) Thus, all three Cities use a combination of imported and local generation to supply retail loads inside each City and to meet reliability requirements imposed by the WECC, NERC and either the CAISO or LADWP as Balancing Area Authority.

On many days each year, the Cities' loads exceed their import capabilities. Thus, the Cities need local excess capacity to meet peak loads and required reserves. Without that local excess capacity (primarily boilers) providing needed reserves, the Cities' historical actual peak loads would have triggered brown-outs or even black-outs within the Cities if any system transmission or generation failures had required the on-site boilers to

increase output to compensate and the boilers had failed under the increased load. This potential reliability issue will only be exacerbated as the boilers age and are subject to more frequent forced outages.

As the Cities have shown in their previous comments, the cost of the mitigation fee would be at least 7% and in some cases well over 20% of the total cost of the replacement project. The fee would likely be closer to the higher percentage because, in order to preserve necessary on-site generation and reserves, any replacement project would have to be permitted at a maximum monthly capacity equal to the equipment being replaced (i.e., the existing boilers). By imposing these fees, the District will encourage the Cities to postpone or downsize their replacement projects, thereby losing the emissions benefits and the increased reliability they would provide.

Because each City must plan for loads in excess of historical peaks even with modest load growth, there will be a need for a larger amount of on-site generation and reserve capacity to cover future increased peak demand, partly because of limited import capacity and partly for optimal integration of renewable power sources (e.g., wind, solar and geothermal). We will explain each of these below.

Increased capacity to import power in the future cannot be assumed, because of a reasonable expectation of opposition to the construction of new transmission lines, the lack of new transmission corridors into the LA Basin, and the cost and long lead-times of constructing new transmission capacity. Even with efforts to increase energy efficiency and demand response, cost-effective and reliable local generation must be available for the foreseeable future.

Increasing amounts of renewable power sources also must be integrated into the Cities' power grids. These renewable power sources typically are intermittent, requiring local resources that can cycle on and off as needed. Newer turbines are much preferred as local resources because they are more flexible than the older boilers that now partly perform that function. Thus, in a way, the trend toward increasing renewable power sources creates a corresponding increased need for substantial, flexible local generation. Discouraging boiler replacement in the needed quantities would hamper the Cities' ability to optimally integrate these renewable power sources.

### 3. Additional concerns re upfront mitigation fee

The five-year upfront payment would come from the Cities' cash reserves because bonds cannot be issued until the project is approved. Therefore, the ratepayers of each City would be responsible for paying this upfront fee with no guarantee that the project will be approved. Because of this, the fee should be 100% refundable if the project is not approved, or the fees should not be due until this approval is granted.

### 4. Potential constraints on Glendale's borrowing capacity

-

In conversations with District staff, Glendale discussed its concern regarding borrowing constraints that would be aggravated by a substantial mitigation fee. District staff requested clarification regarding those constraints.

-

In order to finance this type of project, Glendale would have to issue debt either directly or through SCPA. In either case, the additional debt would have an impact on the City's debt service coverage ratio, and could have an impact on the credit rating of the City, and/or of GWP itself. Given this impact, there is a limit on the total amount of new debt that the City can issue, directly or indirectly, and capital-intensive projects inside the City typically "compete" for access to these limited funds. Repowering the Grayson plant by replacing old boilers will compete with improvements to the electric distribution system, information management systems, municipal buildings, and the water distribution system. Significantly increasing the cost of repowering the old boilers at Grayson could easily cause other competing projects to "crowd out" the new generation, thus causing emissions to be higher and local reliability to be worse than they would be with repowering.

We appreciate the opportunity to provide the District staff with this additional information. Please call me if you have any questions.

Charles F. Timms, Jr.

Broiles & Timms, LLP  
Attorneys for the Cities of  
Burbank, Glendale, and Pasadena

Example 1. BWP calculations for replacing Olive 1 & 2 boilers with and LMS 100 permitted for 1300 hours/year annual operations (<15% capacity factor)

Annual offset fee calculated per proposed AQMD Rule 1304.1

The table below compares the proposed Offset fees for an LMS100 replacement unit with a PTE based on a peak month of 270 or 720 operating hours.

	$F_i$ for 270 hour/month	$F_i$ for 720 hour/month	$R_i$	$PTE_{rep\ for\ 270}$ hr/month	$PTE_{rep\ for\ 720}$ hour/month	$OF_i$	$C_{rep}^{**}$	$C_{2yavgexisting}^{**}$ *	$C_{rep}$ $C_{2yavgexisting}/C_{rep}$
PM10	\$344,353	\$918,275	\$7,245	50	133	1.0	130,000	6165	95.26%
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VOC	\$9,655	\$25,747	\$436	19	52	1.2	130,000	6165	95.26%
Total Annual Offset fees	\$364,024	\$970,732							
Initial 5-year payment	\$1,820,122	\$4,853,660							
Net present value of fees for 30 year project with a 3% CPI increase	\$7,288,038	\$19,434,767							

**Ex 2 boiler vs. LMS100**

Example 2. BWP calculation of the difference in pollutant emissions between operating Olive 1 & 2 or a LMS 100 to provide power during peak times for a typical summer Peaks assumed to last 6 hours/day 4 days/week

Parameter	Olive 1	Olive 2	Olive 1 + 2	Olive Notes	LMS100 (Lake 2)	LMS100 Notes
Owner/Operator	BWP/BWP	BWP/BWP			BWP/BWP	
Year Placed in Service	1958	1963			Future	
Unit Type	Steam	Steam			Simple Cycle Intercooled	
Manufacturer	Riley Stoker	Riley Stoker			General Electric	
Fuel	Natural Gas	Natural Gas			Natural Gas	
Running Hours	2,208	2,208		92 days (Jul, Aug, Sep)	312	peaking only
Maximum Load, MW	50	50		assumed	100	assumed
Heat Rate, BTU/kw-hr	13,500	13,500		assumed as typical	8,400	base load spec
mmBTU/hr	675	675			840	
Weeks	13	13			13	
Days/week	4	4			4	
Hours/day	6	6			6	
MAX Load Hours	312	312			312	
Minimum Load, MW	20	20		assumed as typical	0	
Heat Rate, BTU/kw-hr	13,500	13,500		assumed as typical	8,400	base load spec
mmBTU/hr	270	270			0	
MIN Load Hours	1,896	1,896		balance	0	
TOTAL MW-hrs	53,520	53,520	107,040		31,200	
TOTAL mmBTU	722,520	722,520	1,445,040		262,080	
HHV, BTU/cf	1,050	1,050	1,050	SCAQMD default	1,050	SCAQMD default
TOTAL mmcf	688	688	1,376		250	
ROG, lb/mmcf	5.5	5.5		AP-42 Table 1.4-2	2.69	BACT is 2 ppmv @ 15% O <sub>2</sub>
SO <sub>x</sub> , lb/mmcf	0.6	0.6		AP-42 Table 1.4-2	0.6	EPA AP-42 Chp 1 Table 1.4-2*
PM <sub>10</sub> , lb/mmcf	7.6	7.6		AP-42 Table 1.4-2	6.93	EPA Chp 3 AP-42 Table 3.1-2a*
CO, lb/mmcf	84.0	84.0		AP-42 Table 1.4-1	9.42	BACT is 4 ppmv @ 15% O <sub>2</sub>
NO <sub>x</sub> , lb/mmcf	6.37	6.37		BACT is 5 ppmv @ 3% O <sub>2</sub>	9.67	BACT is 2.5 ppmv @ 15% O <sub>2</sub>
CO <sub>2</sub> e, lb/mmcf	120,247	120,247		AP-42 Table 1.4-2	121,166	EPA Chp 3 AP-42 Table 3.1-2a*



**Ex 2 boiler vs. LMS100**

Parameter	Olive 1	Olive 2	Olive 1 + 2	Olive Notes	LMS100 (Lake 2)	LMS100 Notes
ROG, lbs	3,785	3,785	<b>7,569</b>		<b>672</b>	
SO <sub>x</sub> , lbs	413	413	<b>826</b>		<b>150</b>	
PM <sub>10</sub> , lbs	5,230	5,230	<b>10,459</b>		<b>1,730</b>	
CO, lbs	57,802	57,802	<b>115,603</b>		<b>2,351</b>	
NO <sub>x</sub> , lbs	4,386	4,386	<b>8,772</b>		<b>2,413</b>	
CO <sub>2</sub> e, lbs	82,743,472	82,743,472	<b>165,486,944</b>		<b>30,243,066</b>	
ROG, tons	1.89	1.89	<b>3.78</b>		<b>0.34</b>	
SO <sub>x</sub> , tons	0.21	0.21	<b>0.41</b>		<b>0.07</b>	
PM <sub>10</sub> , tons	2.61	2.61	<b>5.23</b>		<b>0.86</b>	
CO, tons	28.90	28.90	<b>57.80</b>		<b>1.18</b>	
NO <sub>x</sub> , tons	2.19	2.19	<b>4.39</b>		<b>1.21</b>	
CO <sub>2</sub> e, tons	41,372	41,372	<b>82,743</b>		<b>15,122</b>	
GHG Rate, lbs/MW-hr	1,546	1,546	<b>1,546</b>	standard is 1,100 lbs/MW-hr	<b>969</b>	standard is 1,100 lbs/MW-hr
CO <sub>2</sub> e, metric tonnes	37,532	37,532	<b>75,064</b>		<b>13,718</b>	

\*Emission factors from EPA Document AP 42, Fifth Edition Compilation of Air Pollutant Emission Factors, Volume 1: Stationary Point & Area Sources

Link to EPA Emission Factors <http://www.epa.gov/ttn/chief/ap42/index.html>

Worksheet Title	Description
1304.1 Fee Calculation	This worksheet calculates GWP's proposed 1304.1 Fee cost to replace the existing boilers with an LM6000 Combined Cycle - Potential to emit assumes no monthly limit and is based on pollutant calculations from the "GWP emissions (100 MW)" worksheet. These calculations do not including emissions during startup or shutdown. Average annual MWh output of GWP boilers is based on calculations in the "Boiler MWh" worksheet.
Boilers vs. LM6000	This worksheet calculates the significant reduction in pollutants emitted from the operation of an LM6000 at a 60% capacity factor compared to the operation of GWP's boilers at the maximum NOx-limited capacity.
Boiler MWh	The worksheet calculates the average annual MW hour output of GWP's boilers for the last two years. This information is used to calculate the 1304.1 Fee.
GWP emissions (100 MW)	This worksheet calculates the hourly pollutant emissions from the normal operation of a LM6000 Combined cycle (2+1) 100 MW power plant. It does not include emissions from startups/shutdowns.

**Proposed Rule 1304.1 - Cost to Glendale Water & Power of Boiler Replacement Fee**

**Inputs**

	PM10	NOX	SO2	VOC	Sources
<u>R(i)</u> Annual fee for pollutant (i), in dollars per pound per day	\$ 7,245	\$ 2,653	\$ 2,434	\$ 436	AQMD proposed rule
<u>PTE(rep)</u> Permitted PTE of new unit, in pounds per day	135.02	188.39	11.69	52.42	Black & Veatch, EPA, AQMD
<u>OF(i)</u> Offset factor, scalar	1.00	1.20	1.00	1.20	AQMD formula for proposed fee
MWh ratio	0.83	0.83	0.83	0.83	(C(rep) - C(boiler))/C(rep)
<u>C(rep)</u> Maximum MWh of permitted new generation per year	876,000				100 MW at 100% capacity factor
<u>C(boiler)</u> Average annual MWh generated by boilers in last two years	152,537				Grayson boilers' historical data

**Formula for Annual Fee**

$$F(i) = R(i) * PTE(rep) * OF(i) * ((C(rep) - C(boiler))/C(rep))$$

**Calculation of Annual Fee**

PM	\$ 807,884
Nox	\$ 495,332
Sox	\$ 23,499
VOC	\$ 22,652
	<u>\$ 1,349,367 per year</u>

**Calculation of Total Life-of-Project Fees**

Upfront	\$ 6,746,836
NPV	\$ 33,346,250
Total	<u>\$ 40,093,086</u>

### Proposed Rule 1304.1 - Emissions Increases Due to Proposed Fee

	Hypothetical Annual Boiler Emissions (lbs) if NOX Limits Output				
	<u>NOX</u>	<u>CO</u>	<u>SO2</u>	<u>VOC</u>	<u>PM</u>
LFG	33,316	24,213	4,945	13,641	27,283
NG	36,684	105,054	750	6,879	9,505
Total	70,000	129,267	5,695	20,520	36,788

Pro Forma Annual Emissions for LM6000 @ 60% Capacity Factor (lbs/year)					
	<u>NOX</u>	<u>CO</u>	<u>SO2</u>	<u>VOC</u>	<u>PM</u>
	41,258	40,182	2,560	11,481	29,569

Emissions Changes due to Replacement of Old Boilers (lbs/year)					
	<u>NOX</u>	<u>CO</u>	<u>SO2</u>	<u>VOC</u>	<u>PM</u>
	-28,742	-89,085	-3,135	-9,039	-7,218

GLENDALE WATER AND POWER  
GRAYSON POWER PLANT  
BOILER GROSS GENERATION DATA

	2011 Gross MWhrs			2012 Gross MWhrs		
	Unit 3	Unit 4	Unit 5	Unit 3	Unit 4	Unit 5
January	-	-	13,508	-	-	12,533
February	-	153	12,913	-	7,178	6,131
March	-	4,868	9,816	-	11,423	1,955
April	-	-	13,291	-	11,593	-
May	-	2,899	10,937	-	12,150	-
June	-	13,219	-	3,150	7,713	-
July	-	5,993	7,561	6,250	4,287	33
August	-	491	11,645	206	11,139	3,070
September	-	-	11,717	-	3,691	7,977
October	207	-	12,920	-	-	12,445
November	-	3,590	8,651	159	473	12,477
December	-	-	12,726	-	11,672	264
Totals	207	31,213	125,685	9,765	81,319	56,885
Grand Total						305,074

## GWP emissions (100 MW)

Example 1. LM6000 two-on-one combined cycle configuration

Parameter	LM6000	LM6000 notes
Owner/Operator	GWP	
Year Placed in Service	Future	
Unit Type	Combined cycle	
Manufacturer	General Electric	
Fuel	Pipeline Natural Gas	
Operating hours	1	
Maximum Load, MW	100	assumed
Heat Rate, BTU/kw-hr	8,524	Average Operating Heat Rate
mmBTU/hr	852	
TOTAL MW-hrs	100	for one hour, for calculations below
TOTAL mmBTU	852	for one hour, for calculations below
HHV, mmBTU/mmcf	1,050	SCAQMD default
TOTAL mmcf	0.81	for one hour, for calculations below
ROG, lb/mmcf	2.69	BACT is 2 ppmv @ 15% O <sub>2</sub>
SO <sub>x</sub> , lb/mmcf	0.6	EPA AP-42 Chapter 3 Table 1.4-2
PM <sub>10</sub> , lb/mmcf	6.93	EPA AP-42 Chapter 3 Table 3.1-2a
CO, lb/mmcf	9.42	BACT is 4 ppmv @ 15% O <sub>2</sub>
NO <sub>x</sub> , lb/mmcf	9.67	BACT is 2.5 ppmv @ 15% O <sub>2</sub>
CO <sub>2</sub> e, lb/mmcf	121,166	EPA AP-42 Chapter 3 Table 3.1-2a
ROG, lbs/hour	<b>2.18</b>	
SO <sub>x</sub> , lbs/hr	<b>0.49</b>	
PM <sub>10</sub> , lb/hr	<b>5.63</b>	
CO, lbs/hr	<b>7.64</b>	
NO <sub>x</sub> , lbs/hr	<b>7.85</b>	
CO <sub>2</sub> e, lbs/hr	<b>98,364</b>	
GHG Rate, lbs/MW-hr	<b>984</b>	standard is 1,100 lbs/MW-hr
CO <sub>2</sub> e, metric tonnes/hr	<b>45</b>	

## GWP emissions (100 MW)

Parameter	LM6000	LM6000 notes
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Emission factors from EPA Document AP 42, Fifth Edition Compilation of Air Pollutant Emission Factors, Volume 1: Stationary Point & Area Sources  
Link to EPA Emission Factors <http://www.epa.gov/ttn/chief/ap42/index.html>

## **APPENDIX F**

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### **COMMENT LETTERS ON THE DEA AND RESPONSES TO COMMENTS**





# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4182  
(909) 396-2000 • [www.aqmd.gov](http://www.aqmd.gov)

August 27, 2013

Charles F. Timms, Jr.  
Broiles & Timms, LLP  
445 South Figueroa Street, 27<sup>th</sup> Floor  
Los Angeles, CA 90071-1630

Subject: Comment Letter on the Draft Environmental Assessment for Proposed Rule 1304.1 –  
Electrical Generating Facility Fee For Use Of Offset Exemption

**E-mailed and sent via Federal Express on August 27, 2013**

Dear Mr. Timms:

This letter acknowledges that the South Coast Air Quality Management District (SCAQMD) has received your comment letter regarding the Draft Environmental Assessment (EA) for Proposed Rule 1304.1 – Electrical Generating Facility Fee For Use Of Offset Exemption. Each comment in your letter has been bracketed and numbered and responses to each comment have been prepared. To comply with Public Resources Code §21092.5 (a) and CEQA Guidelines §15088 (b), which require the lead agency to provide responses to comments no later than 10 days prior to certification of the Final EA, a copy of your comment letter and responses to these comments are enclosed. In addition, your comment letter and SCAQMD responses to the individual comments will also be included in Appendix F of the Final EA for Proposed Rule 1304.1. The Final EA is scheduled to be considered for certification at the September 6, 2013 Governing Board Hearing. Once certified, the Final EA will be available for downloading from SCAQMD's website at: <http://www.aqmd.gov/ceqa/aqmd.html>.

If you have any questions or need more information on the environmental analysis conducted for this project, please do not hesitate to contact me by phone at (909) 396-2706 or by email at [mkrause@aqmd.gov](mailto:mkrause@aqmd.gov).

Sincerely,

A handwritten signature in blue ink that reads "Michael Krause".

Michael Krause  
Program Supervisor- CEQA Section  
Planning, Rule Development and Area Sources

Enclosures

# BROILES & TIMMS, LLP

445 SOUTH FIGUEROA STREET, 27<sup>TH</sup> FLOOR  
LOS ANGELES, CA 90071-1630

TELEPHONE: 213-489-6868

FACSIMILE: 213-489-6828

STEVEN A. BROILES  
CHARLES F. TIMMS, JR.

August 22, 2013

VIA EMAIL (JINABINET@AQMD.GOV AND HPOURZAND@AQMD.GOV) AND U.S. MAIL

Jeffrey Inabinet (c/o CEQA Section)  
Henry Pourzand  
Planning, Rule Development and Area Sources  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

**Re: Proposed Rule 1304.1 (Adoption Hearing Set for September 6, 2013)  
Comments on Draft Environmental Assessment and Socioeconomic Report  
Cities of Burbank and Glendale**

Dear Messrs. Inabinet and Pourzand:

Pursuant to the Notice of Completion of a Draft Environmental Assessment ("Draft EA") dated July 5, 2013, and the notice transmitting Draft Socioeconomic Report ("Draft SR") dated August 2, 2013, the Cities of Burbank and Glendale ("the Cities") hereby submit this comment letter on the Draft EA and Draft SR for Proposed Rule 1304.1.

As we will discuss further below, the Draft EA does not adequately address the potential adverse impacts resulting from any delay that the proposed fee may cause in the development of the Cities' boiler replacement projects. While the Draft EA does appear to adequately quantify the potential adverse emissions impacts resulting from such delay, it fails to adequately discuss feasible mitigation, which should include reducing the applicable fee to eliminate the potential for fee-induced project delay. In addition, the Draft EA does not address the potential adverse reliability impacts from such delay, for the simple reason that the analysis it relies on does not take into consideration the unique reliability issues posed by the Cities' limited interconnections with the regional electric grid.

Moreover, the Draft SR does not adequately address the potential socioeconomic impacts on the Cities resulting from the proposed fee. As currently drafted, PR 1304.1 would impose a fee ranging from 7% to 14% of the cost of the Cities' boiler replacement projects, with unknown consequences for the Cities' ability to finance the funds required to build these projects or to recoup them in higher electric utility rates from the Cities' customers. In addition, the Draft SR does not reveal how much the District will reduce emissions with the fee proceeds. This omission is important, because it does not allow the Governing Board to compare those reductions with the potential increased emissions resulting from project delay, or to compare the cost-effectiveness of those reductions with other pending or proposed emissions reductions efforts, including Glendale's feed-in tariff ("FIT") for distributed solar power.

1-1  
cont.

These significant shortcomings of the Draft EA and Draft SR, along with similar and/or related omissions in the Draft Staff Report, are discussed in more detail below.

**1. The Draft EA Appears to Adequately Quantify Potential Adverse Emissions Impacts But Does Not Adequately Discuss Feasible Mitigation**

The Draft EA acknowledges that if the proposed fee is adopted, it may cause a delay in the Cities' anticipated boiler replacement projects, which would result in continued operation of the Cities' aging boilers, which have higher emission rates than replacement equipment would have. The Draft EA estimates that, as a "worst-case" scenario, the potential increased emissions of criteria pollutants from the Cities' aging boilers could total 318 lbs/day of PM<sub>10</sub>, 258 lbs/day of VOC, 140 lbs/day of NO<sub>x</sub> and 12 lbs/day of SO<sub>x</sub>. See Draft EA at Chapter 4, Table 4-4.

The Cities appreciate this emissions analysis and suggest that the significant negative impacts from delayed boiler replacement projects could be mitigated by reducing or eliminating the fee for smaller boiler replacement projects up to 100 MW, such as those anticipated by the Cities. The reduction or elimination of this fee for smaller projects is important to the Cities because these projects do not benefit from the economies of scale that favor larger 100 MW+ projects that typically serve base load. These smaller projects are critically important given that they would provide less emitting, more efficient power to serve load during peak periods and provide necessary reserves to both conventional and renewable power resources, including standby power required to integrate customer-provided renewable generation (more on that below).

1-2

**2. The Wolak Report Does Not Consider the Cities' Unique Reliability Issues**

The Draft EA concludes that any delay in the Cities' anticipated boiler replacement projects will not affect the reliability of the electric supply system. See Draft EA at Chapter 4, pages 4-16 and 4-17. This conclusion rests entirely on a report prepared by Dr. Frank Wolak for the District ("Wolak"). Unfortunately, Wolak looked at *regional* reliability impacts and did not take into account the *local* reliability impacts on the Cities in light of their limited interconnections with the regional electric grid. Thus, his analysis and conclusions do not apply

1-3

to the Cities. The availability of alternative resources on a regional basis will not help the Cities address local reliability impacts if the proposed fee results in a delay in their boiler replacement projects and they continue to operate their aging boilers.

1-3  
cont.

Attachment 1 to this letter is a critique of some of the important aspects of Wolak's conclusions, as they apply to the Cities. This critique was prepared by Glendale's own expert in this area, Lon L. Peters, Ph.D., Integrated Resources Planning Administrator for Glendale Water and Power.

**3. The Draft SR Does Not Accurately Address the Impact the Fee Will Have on the Cities' Boiler Replacement Projects**

The Draft SR emphasizes the modest impact that the proposed fee may have on regional electric utility rates. See Draft SR at pp. 3-5. That emphasis may be misleading. The most significant cost problem raised by the proposed fee relates to the financing of the projects that will be burdened by the proposed fee, not the potential impact on rate payers. The proposed fee will increase the cost of the Cities' boiler replacement projects by 7% to 14%. The cost of an anticipated Burbank project will increase by about 7% in order to obtain offsets for PM<sub>10</sub>, VOC and SO<sub>x</sub> emissions. The cost of an anticipated Glendale project will increase by about 14% because Glendale is not in RECLAIM and also must obtain NO<sub>x</sub> offsets as well as offsets for the other air contaminants. These additional costs will need to be financed along with rest of the project cost, either up front by a bigger bond issue or over time as regular O&M costs.

1-4

Note that the Draft Staff Report, released on August 7, 2013, understates the cost of the proposed fee on the Cities' anticipated replacement projects. The Draft Staff Report indicates that the proposed fees represent 3% to 5% of the costs of the replacement projects. See Draft Staff Report, Appendix B, Responses to Comments, p. 39. On the contrary, as discussed above and as the Cities have shown, the proposed fee in PR 1304.1 as currently drafted would impose a fee of from 7% to 14% on the Cities' replacement projects.

Moreover, the Draft SR assumes that the proposed fee will be completely passed through to the Cities' electric utility customers. It is not a foregone conclusion that this will occur. The Cities can only increase their rates by action of their respective City Councils. Utility rate cases are very contentious, and proposed rate increases are routinely and vigorously opposed by significant numbers of customers. Rate increases are politically sensitive matters, and the Cities' power departments do not always obtain the increases they request. Therefore it is not appropriate to assume that the cost of the proposed fee will be passed through to customers. Even if it is, there are likely to be detrimental consequences elsewhere in the operations of the power department assets, which the Draft SR does not take into account. For example, as the penetration of distributed solar generation increases, the Cities will need new reliable and flexible local generation that can "follow" (inversely) the variable solar output, and will have to set payments to solar generators that account for the costs of this flexible generation, in order to

1-5

meet the statutory requirements. More expensive local generation will discourage the integration of distributed solar generation within the Cities.

1-5  
cont.

In fact, generally speaking, the Draft SR and the proposed fee itself are in conflict with California state policies and statutes regarding the shift to greater reliance on renewable energy supplies. Between now and 2020, both Burbank and Glendale must increase the share of their renewable energy supplies to 33 percent of retail load, from 20 percent currently. In the current session of the state legislature, at least one bill was introduced that would increase this obligation to 51 percent after 2020. The current policy objective will require a greater reliance on conventional generation that can “follow” the variable and intermittent output of solar and wind resources and ensure reliable operations. The proposed fee would unnecessarily increase the cost of replacing the Cities existing boilers with cleaner and more efficient conventional resources that will be required to integrate renewable resources, and may delay these important replacement projects. The District should not adopt regulations that are contradictory to broader energy policy goals.

1-6

**4. The Draft SR Does Not Demonstrate that Fee Proceeds Will be Effectively Spent to Reduce Emissions**

The Draft SR generally discusses the types of activities that will be pursued with the proceeds from the proposed fee. It states, for example, that 20% of the proceeds will be spent on solar photovoltaic projects and 80% of the proceeds will be spent on projects “similar to” mobile source control measures in the 2012 AQMP. See Draft SR at pp. 6-8.<sup>1</sup> The Draft SR, however, does not discuss how effective those activities will be in reducing emissions. That is an important omission, for several reasons.

For one thing, the Governing Board cannot compare the expected emissions reductions with the potential increases that may occur if the Cities’ replacement projects are delayed and they continue to operate their aging boilers. The Draft EA estimates that PM<sub>10</sub> emissions may increase by as much as 318 lbs/day, without any indication how much, if any, of that increase might be mitigated by PM<sub>10</sub> emissions decreases once the replacement projects are permitted.

1-7

In addition, the Governing Board cannot compare the effectiveness of the proposed expenditures with other, similar expenditures that are already planned in the same area. For example, Glendale recently adopted a FIT for distributed solar power, as required by state law. To the extent the FIT reduces the need to generate power from fossil-fuel powered resources, the City will receive Renewable Energy Credits for use in compliance with the requirements of AB 32. Pursuant to its FIT, the City will offer a little over \$.09 per KWh for peak period distributed

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<sup>1</sup> We note that the specific control measures cited in the Draft SR rely on advancement of technologies to reduce NO<sub>x</sub> emissions and are part of what has come to be known as the “black box.” See 2012 AQMP, Appendix IV-B. The measures consist largely of financial incentives to accelerate the deployment of cleaner vehicles. In most cases, cost-effectiveness is not estimated.

solar power production.<sup>2</sup> This is based on Glendale's current estimate of avoided costs, as required by California law, and it appears to be in the mid-range of tariffs that other California cities are paying for distributed solar. The Draft SR does not indicate what price the District plans to pay for distributed solar with proceeds from the proposed fee.<sup>3</sup> If the price is higher than Glendale's, then the District may use the proposed fee to incentivize distributed solar projects within the City of Glendale that is simply not cost-effective when measured against Glendale's avoided costs. Ironically, the District plans to fund these incentives with fees charged against the Cities' boiler replacement projects. These are the very projects that would provide the necessary utility standby power that the solar customer would need to integrate the new solar installation into the grid. The Cities must recoup the cost of providing this standby power to their customers, and higher standby costs would be a disincentive to these projects.

The Cities continue to believe that relevant state statutes, and the Governing Board's own resolutions, were intended to require that cost-effectiveness be addressed before the Governing Board should consider adopting a rule such as PR 1304.1. These statutes are called out in the Draft SR, but they are brushed aside with the claim that the proposed rule is not a control measure. But the District staff has indicated that one purpose of the proposed rule is to reduce the size and/or operation of boiler replacement projects. The Draft Staff Report reiterates this purpose, noting that "facilities will have an incentive to take a realistic cap on emissions to reduce the need for offsets." See Draft Staff Report at p. 15. Moreover, Health and Safety Code § 40440.8 would appear to clearly require that cost-effectiveness be addressed in light of the significant adverse air quality impacts acknowledged in the Draft EA.

1-7  
cont.

The Governing Board should be troubled that they are being asked to adopt PR 1304.1 before these serious cost-effectiveness questions have been conclusively resolved. The question is fundamental: is it appropriate to impose fees on boiler replacement projects, encourage the continued operation of aging boilers resulting in increases in emissions, and use the fee proceeds in cost-ineffective efforts to reduce emissions in other areas?

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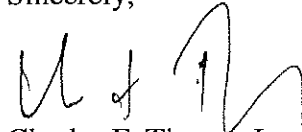
<sup>2</sup> The ordinance adopting Glendale's FIT can be found at the following link:  
[http://www.ci.glendale.ca.us/government/council\\_packets/Reports\\_061813/CC\\_8b\\_061813.pdf](http://www.ci.glendale.ca.us/government/council_packets/Reports_061813/CC_8b_061813.pdf)

<sup>3</sup> The Draft Socioeconomic Report uses units of measurement that are simply inscrutable. For example, the final column of Table 6 includes dollar values that are labeled "\$/size". The derivation of these values cannot be discerned from the rest of Table 6 or from the note to Table 6. Furthermore, this label is not familiar to the Cities, and does not adhere to industry standards. This table provides no useful information on cost-effectiveness.

Jeffrey Inabinet  
Henry Pourzand  
August 22, 2013  
Page 6

Please let us know if you have any questions. We appreciate the opportunity to provide these comments, and look forward to continuing to participate in the rulemaking process and help the District Governing Board make an informed decision on PR 1304.1.

Sincerely,



Charles F. Timms, Jr.

ATTACHMENT 1

CRITIQUE OF THE WOLAK ANALYSIS AS IT APPLIES TO THE CITIES

PREPARED BY LON L. PETERS

In this section, we review the analysis and conclusions of Wolak, Appendix D of the Draft EA. Although Wolak's analysis (see section 5) is a fairly straightforward application of the "shut down rule" to the question of repowering, the conclusions regarding Burbank and Glendale are incorrect for a variety of reasons. Even if the conclusions are relevant and accurate for other boiler owners/operators, they do not apply to the Cities.

In sections 3.1 and 3.2, Wolak refers to the policies of the California ISO (CAISO) that address resource adequacy and long-term procurement plans, concluding that these policies will ensure a reliable supply of power in southern California and therefore that the boilers at issue in this proceeding will be repowered, even with the proposed fee. In section 3.3, Wolak then states that Glendale and Burbank are subject to "similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA [Resource Adequacy] process and LTPP [Long-Term Procurement Plan] process" (p. 9). These "similar" requirements and planning processes are argued to lead to Integrated Resource Plans at the Cities that ensure reliability while minimizing costs to ratepayers.

Although the Cities have prepared "IRPs" in the past, neither City has undertaken the types of analysis that go into the CPUC RA and LTPP processes, for several reasons. Most importantly, Burbank and Glendale are not members of the CAISO; they operate within the Los Angeles Department of Water and Power (LADWP) balancing authority. Further, each City is interconnected to the LADWP system at only one substation. This of course makes reliability planning very different; Glendale and Burbank are actively concerned mainly with local reliability, defined by metrics applicable to retail load within each City's service territory, and are not as involved in nor able to influence investments or operations in the broader interconnected electrical grid of southern California. Wolak's conclusions (p. 11) that the package of state and municipal policies "is extremely unlikely to reduce the reliability of supply of electricity in Southern California or the entire state" does not apply to local reliability in Glendale and Burbank. There could be 10,000 MW of additional, efficient, reliable supply installed in the LA Basin, but neither Glendale nor Burbank could rely on that supply because of the bottleneck at each City's interconnection with LADWP. Local reliability is a function of local generation, not Basin-wide or state-wide generation: neither Burbank nor Glendale can rely on an outside party or resource to keep their respective customers' lights on. Wolak's conclusions about reliability are therefore incomplete and thus cannot be relied on in this context.

Wolak also concludes, interestingly, that the existence of repowered boilers and boilers in the process of being repowered reduces the "economic viability of additional units to



repowering” (p. 10). Wolak concludes that the new, repowered generation in the LA Basin reduces the profitability of future plants, by reducing the expected price at which power can be sold in wholesale markets. This conclusion may or may not be overridden by Wolak’s subsequent analysis in section 5, but it nonetheless should not be overlooked. Any conclusions reached under current conditions about the economics of repowering are not reasonable reflections of expected future conditions, and so the conclusions in section 5 are at least called into question.

Wolak’s application of the shut-down rule to Glendale and Burbank is inappropriate, because it does not take into account specific facts. First, in Glendale’s case, the marginal or variable cost of fuel (landfill gas, or LFG) that is currently burned in the aging boilers at the Grayson power plant is almost zero, because the LFG belongs to the City of Glendale, which makes it available to Glendale Water and Power at a fixed annual royalty fee. This royalty does not change with or depend on the quantity of LFG actually produced at Scholl Canyon or the quantity of energy generated with the LFG at the Grayson power plant in the City. Second, Glendale is not a participant in RECLAIM, but is subject to older, command-and-control limits on NO<sub>x</sub> emissions: 35 tons per year. This means that the variable or marginal cost of a pound of NO<sub>x</sub> emissions is zero for Glendale, up to the annual limit. These two facts mean that Wolak’s assumption that  $c_A < c_B$  may not be correct (p. 13). If this assumption is not correct, then the conclusion that the proposed fee will have no impact on the repowering decision is also subject to reasonable doubt.

Wolak’s application of the shut-down rule also assumes that the opportunity cost of capital to Glendale and Burbank is low enough to help ensure that  $c_A < c_B$ . Again, this ignores the reality of municipal finance. In Glendale’s case, the City Council has adopted a policy that approximately one-third of new capital investments will be paid for out of current revenues, with the other two-thirds covered by the proceeds of bond sales. Although this policy helps ensure that Glendale’s bond rating is relatively high, and thus helps keep the cost of borrowing down, the effective opportunity cost of capital to the retail customers of Glendale is the weighted average of one hundred percent (applied to the one-third of investments that are paid for by current revenues) and about 4.5 percent (applied to the two-thirds of investments paid for by bond proceeds): about 36 percent. This conclusion is consistent with Wolak’s argument, in section 6, that these fees will be paid for by ratepayers, and also applies the “economic accounting perspective” of those same ratepayers. That is, the cost of capital to those who will ultimately pay the bills is not the same as the rate at which the utility can borrow money, if those paying the bills have decided, through their electoral processes, to establish policies that rely on current revenues for long-lived capital projects. Given that the fixed cost of the existing boilers is in the low millions per year, the fixed cost of a new combustion turbine, calculated at the appropriate cost of capital, could easily be higher, in fact much higher, than Wolak assumes.

However, Wolak’s conclusion that ratepayers will, in all cases, pay the entire cost of the proposed new fees is also incorrect. For a privately held company, emissions fees are an operating cost, deducted from gross income before calculating corporate income tax liabilities.

For example, if the marginal corporate income tax rate (federal plus state) is approximately 33 percent, then one-third of the boiler fees will flow to federal and state taxpayers in the form of higher income taxes, *ceteris paribus*. That is, if state and federal expenditures are not reduced as a result of the deductibility of the boiler fee, other taxes will have to rise in order to compensate for the deductibility of the boiler fee. This means that state and federal taxpayers will, in this example, effectively carry one-third of the burden of boiler fees if the boilers belong to privately held corporations. In the case of Glendale and Burbank, which pay no federal or state income tax, there is no ability to shift the new fee to federal or state taxpayers. The entire fee will flow to the retail ratepayers of Glendale and Burbank. This re-emphasizes the conclusion that the opportunity cost of capital is (a) much higher than is assumed in Wolak's estimates, and (b) much higher than it would be for privately owned boilers. Both results undermine Wolak's conclusions.

Section 6 also argues that owners of repowered generation could earn "significant" additional revenues by selling ancillary services. Unfortunately, this argument does not apply to Glendale or Burbank, which are both cut off from ancillary service markets due to the fact that neither is a member of CAISO as well as the nature of the contractual relationship between the Cities and the transmission system of LADWP. Glendale and Burbank do not have the transmission rights that would enable such sales. Therefore, this argument does not apply to the Cities.

Wolak concludes (p. 16) that in "virtually all . . . cases" generator owners will decide to repower even with the fee. This allows the possibility that some generation owners will not decide to repower with the fee, or will delay repowering and continue to run the older boilers. Glendale currently operates about 100 MW of boiler capacity, burning LFG and natural gas. Glendale is the exception to Wolak's general conclusions, which Wolak himself admits may occur.

**Responses to Comment Letter #1**  
**(Broiles & Timms, LLP, August 22, 2013)**

- 1-1 The comment notifies the SCAQMD that this comment letter is being submitted on behalf of the Cities of Burbank and Glendale (“Cities”) for the Draft Environmental Assessment (Draft EA) and the Draft Socioeconomic Report (Draft SR) for Proposed Rule 1304.1. This comment also highlights some concerns with the Draft EA, Draft SR and Draft Staff Report that are presented in more detail further in the letter. Thus, responses to the specific concerns are presented in Responses to Comments 1-2 through 1-8.
- 1-2 The comment acknowledges that the Draft EA adequately analyzes and quantifies potential adverse emissions impacts that may occur if the proposed fee causes a delay in the Cities’ anticipated boiler replacement projects. Also in the comment, the Cities suggest that the adverse impact could be mitigated by reducing or eliminating the proposed fee for smaller boiler replacement up to 100 MW, which they claim that the DEA did not adequately address. The Draft EA, however, did analyze both eliminating or reducing the proposed fee in the form of alternatives to the project as required by the CEQA Guidelines §15126.6 and evaluated in Chapter 5 of the Draft EA. More specifically, the Draft EA provided an analysis of reducing the fee for all projects and eliminating the fee by not approving the proposed project. The No Project (Alternative A) alternative would maintain current requirements and conditions to obtain offsets from the SCAQMD internal accounts if eligible under the Rule 1304(a)(2) exemption. As such, under Alternative A, electrical generating facilities (EGFs) that use the specific offset exemption under Rule 1304(a)(2) would continue the status quo of not paying for the amount of offsets provided by the SCAQMD internal accounts. Alternative D would require EGFs that use the specific offset exemption under Rule 1304(a)(2) to pay a lower fee than listed in the proposed project for the amount of offsets provided from the SCAQMD internal accounts.

As discussed in Chapter 5, implementation of Alternative A would result in no significant adverse air quality impacts. However, Alternative A would not fulfill three out of the four objectives of the project including not recouping the value of the offsets currently provided for free, not maximizing the availability of funds for investment in air quality improvement projects, and not reducing the depletion rate of offsets from the SCAQMD’s internal offset bank. By not recouping the value of the offsets and not maximizing funds for investment in air pollution improvement projects, Alternative A fails to further the goals of the Air Quality Management Plan (AQMP) by providing additional criteria pollutant and corresponding greenhouse gas emission reductions. By not reducing the depletion rate of the offsets, the internal offset bank is limited in assisting critical projects such as essential public services including hospitals, school and sewage treatment facilities.

Similarly with a reduced fee, Alternative D would provide less investment in air pollution improvement projects and corresponding emissions reductions. However, Alternative D, would result in less potential significant adverse air quality impacts as compared to the

proposed project if boiler replacement projects are delayed. Because established energy reliability plans and existing regulation is expected to allow for the equipment to breakdown, it is anticipated any potential delay in repowering as a result of Alternative D would be temporary. While Alternative D will generate some funds for investment in air pollution improvement projects, it does not achieve the project objective to maximize the availability of funds because the lower fee correlates to less investment than the proposed project.

Both Alternatives A and D would avoid or substantially lessen the potential significant adverse effects of the project and analysis of these alternatives is provided to foster informed decision making and meaningful public participation in accordance with CEQA Guidelines §15126.6(a). Because both Alternatives A and D do not achieve all the project objectives, staff is recommending the proposed project to the SCAQMD Governing Board as achieving the best balance between achieving the project objectives and minimizing the adverse environmental impacts to air quality and GHG emissions, and energy. Ultimately, the approval of the proposed project or one of the alternatives to the project will take place at the discretion of the SCAQMD Governing Board at the public hearing on September 6.

- 1-3 The Wolak Report analyzed both regional and local reliability impacts of the Proposed Rule. The SCAQMD disagrees with the premise that the proposed fee will delay repowering projects in the Cities (see Wolak Report, Appendix D). Further, as explained in Section 3.3 of the Wolak Report, municipal utilities such as the City of Glendale Water and Power (GWP) and Burbank Water and Power (BWP) are not subject to CPUC oversight, but they have “similar short-term resource adequacy requirements and long-term planning processes, similar to the CPUC RA [Resource Adequacy] process and LTPP [Long Term Procurement Plan] process.” Both GWP and BWP also produce an Integrated Resource Plan (IRP), which is a planning document designed to account for future electricity demand while maintaining a high level of reliability and minimizing ratepayer impacts. In 2007, GWP produced an IRP that considered a 10-year planning horizon and concluded that the City had sufficient resources to meet expected loads during that planning horizon. Similarly, BWP produced an IRP in 2006 that considered a 20-year planning horizon and concluded that the City will “meet substantially all of its load growth requirements over the next 20 years with a combination of energy efficiency measures and renewable energy supplies.” While the SCAQMD acknowledges that the Cities have a limited interconnection to the grid, Dr. Wolak notes that the fee did not cause this result but rather it was the result of integrated resource planning decisions and that paying a fee is likely to be the least cost solution to ensuring reliable supply of electricity. For a response to the critique prepared by Dr. Lon Peters, please refer to response to comment 1-8.
- 1-4 This comment states that the Draft Staff Report indicates that the proposed fees represent three to five percent of the costs of the replacement projects, while the Cities of Glendale and Burbank estimate the fee to represent seven to 14 percent of the costs of the Cities’ replacement projects. The commenter does not provide any detailed cost of replacement

projects, but in the original comment letter, does provide specific PTE levels for the cities of Burbank and Glendale. Therefore, staff relied on installation cost included in Dr. Wolak's analysis, including a specific estimated cost of \$115 Million for a 71 MW repower at City of Pasadena's Glenarm Generation Station, which equates to a cost of approximately \$1.6 Million per MW. (See Footnote 45 of Dr. Wolak's report). Dr. Wolak also includes a cost estimate of \$782 Million for the 600 MW Haynes Generation Station, which equates to \$1.3 Million per MW. The three to five percent cost projection in the staff report is based on the estimated single payment using the PTE provided by the commenter and fee rates in the proposed rule, without including any offset fees for NO<sub>x</sub>, since most cities and EGFs are part of RECLAIM, and therefore NO<sub>x</sub> offsets are included in that separate program, as is the case with the City of Burbank that is included in the RECLAIM program.

The total estimated fee under Proposed Rule 1304.1 for the 100 MW repower project operating at a 100% Capacity Factor is \$7,878,626, which does not include any offset fees for NO<sub>x</sub>, and considering a project cost of \$1.6 Million per MW based on the City of Pasadena repower project, the estimated total cost of the repower project is \$160,000,000. Therefore the estimated fee would represent 4.9% of the total repower cost for the City of Burbank repower project, not the 7% noted by the Commenter. This does not include any credit provided for the actual operation of existing steam boilers over the past two years.

However, in the case of City of Glendale that opted to not participate in the RECLAIM program, NO<sub>x</sub> offset fees will be part of the total fees under Proposed Rule 1304.1. Based on data provided by the Commenter on behalf of the City of Glendale (i.e., the PTE for a 75 MW Turbine operating at 100% capacity factor), the estimated single fee for PM<sub>10</sub>, SO<sub>x</sub>, and VOC would be \$5,502,411 and the NO<sub>x</sub> offset fee would be an additional \$5,643,974. Using the City of Pasadena's cost estimate of \$1.6 Million per MW of repower, the City of Glendale repower project would cost an estimated \$120 Million, and the estimated single payment for PM<sub>10</sub>, SO<sub>x</sub>, and VOC would be 4.6% of the total repower project, and 9.2% including the NO<sub>x</sub> offset fee, significantly below the 14% included in the comment. Staff further notes that if the City of Glendale opts to participate in the RECLAIM program, in lieu of paying the estimated NO<sub>x</sub> offset fees from Proposed Rule 1304.1, the cost of compliance would approximately be the same. This does not include any credit provided for the actual operation of existing steam boilers over the past two years.

- 1-5 The comment states that it is not appropriate to assume that the cost of the proposed fee will be passed through to the customers. Under response to comment 1-8, Dr. Wolak discusses the contentious nature of rate cases at the CPUC and how they are analogous to municipal rate cases. He concludes that a City Council is more likely to defer to the recommendations of their municipal power departments than the CPUC is to defer to investor-owned utilities. Refer to response to comment 1-8 for a more detailed discussion from Dr. Wolak about how the City Councils are no less likely than the CPUC to approve rate increases and pass the cost of the proposed fee on to the customers.

SCAQMD staff has examined the impact not only in terms of absolute dollars in comparison to the cost of a proposed repower/regeneration project, but in terms of the fee as a percentage of the cost of electricity and as a function of revenue (see Staff Report at pp 32-33; "... Burbank Water and Power, with generation operating revenues of \$202,268,000,<sup>1</sup> would yield an anticipated incremental cost ratio of offset fees compared to generation revenue of  $\$148,109/\$202,268,000 = 0.0732\%$  for Example 2A and  $\$315,179/\$202,268,000 = 0.156\%$  for Example 2B"). Moreover, Dr. Wolak has examined the issue and has opined that the proposed fee is not a considerable impediment. This is even more so the case for the cities as their proposal is to permit the repowered units at a 100 percent capacity factor, which implicitly suggests that the new units will be operating a significant number of hours each year (and far in excess of the current capacity of the older units). The more the new units operate, the greater the operational cost savings are to the city due to the increase in efficiency of the new units compared to the older units. Additionally, if the Cities generate power in excess of their municipal demand, they will be able to sell that surplus power and turn a profit.

SCAQMD staff's analysis indicates that Proposed Rule 1304.1 does not present a significant obstacle to the permitting of new replacement generation at the cities.

- 1-6 This comment states that the Draft Staff Report and the proposed fee itself are in conflict with California state policies and statutes regarding the shift to greater reliance on renewable energy supplies. The SCAQMD disagrees with the Cities that the proposed fee will deter investment in cleaner, more efficient units. While the SCAQMD acknowledges that the Cities, like power generators in the rest of the State, have a statutory obligation to achieve a 33% renewable generation portfolio by 2020 in accordance with the Renewable Portfolio Standard (RPS), the proposed fee and the RPS are not incompatible. The proposed rule does not impede the permitting of quick start, load-following electrical generation needed to integrate variable generating sources such as renewables. The Cities' existing portfolio of electrical generation does not allow for such flexibility with the current rankine-cycle units. While the proposed rule will assess a fee if the Cities elect to use the 1304(a)(2) exemption when repowering their old, rankine-cycle utility boilers, the fee is not an economic impediment to repowering that would inhibit achievement of the RPS. Rather, continued operation of the old utility boilers is a much greater impediment to achievement of the RPS.
- 1-7 The comment alleges that the Draft Socioeconomic Report must assess the cost-effectiveness of the proposed rule. While the commenter acknowledges that the Draft SR explains that the proposed rule is not a control measure, so that a cost-effectiveness analysis is not required, the commenter cites to Health & Safety Code section 40440.8 for the proposition that such an analysis is required. However, section 40440.8(b)(4) states that the SCAQMD must prepare a socioeconomic analysis when adopting a proposed rule that will affect air quality or emissions limitations and that analysis must include "[t]he availability and cost-effectiveness of alternatives to the rule or regulation, as determined

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<sup>1</sup> City of Burbank Proposed Annual Budget 2013-2014. Burbank Water and Power, Electric Fund (496), Statement of Changes in Net Assets, Fiscal Year 2013-14 Proposed Budget, ", page 4, Column "Actual FY 11-12.

pursuant to Section 40922.” However, Health & Safety Code section 40922 very specifically describes the cost-effectiveness requirement as applicable to the adoption and implementation of a “specific control measure.” The proposed rule merely assesses a fee on the use of an existing offset exemption in Rule 1304(a)(2) and does not propose a new control measure. Therefore, the cost-effectiveness analysis is not required.

SCAQMD staff did analyze the economic impact of the rule and potential air quality improvement projects in the socioeconomic analysis. That analysis identified potential projects that could be used as investment alternatives as part of the overall impact assessment of proposed Rule 1304.1 (see socioeconomic report at page 8; “The PR 1304.1 proceeds are used to finance additional costs for clean technologies beyond current regulations. For all the projects, it is assumed that proceeds from PR 1304.1 would be used to pay for the entire incremental capital costs while operating and maintenance expenditures would be subsumed by the direct beneficiaries of these projects.”).

The SCAQMD has consistently explained in Working Group meetings and in the Public Workshop that funds generated from the payment of the proposed fees will be used to fund air quality improvement projects consistent with the 2012 AQMP and in the vicinity of the repowering projects. This approach will be executed in a way that is similar to the RFP process for the distribution of AB1318 funds generated by fees paid to the SCAQMD for offsets used for the CPV Sentinel project. Additionally, at the August 16 Stationary Source Committee Meeting, the Executive Officer and Committee Members discussed that, subsequent to the September 6 Governing Board Meeting, the SCAQMD staff will develop a mechanism that will provide details about the expenditure of funds generated by the proposed fee and bring such a mechanism back to the Governing Board for discussion and approval.

Note that the monies are proposed to be used to reduce potential significant adverse air quality impacts through the installation of photovoltaic cells on both residence and commercial buildings and the funding of “black box” projects needed to meet the 8 hour ozone standard. Some of these “black box” projects include zero and near-zero emission technology for the movement of goods and services in the basin. Cost effectiveness is not required to account for these types of projects as they are not regulatory control measures but supplemental projects that the SCAQMD is undertaking to reduce emissions from the proposed project and to aid in the advancement of technology which will facilitate compliance with the 8-hour ozone standard and the new PM2.5 standard.

With regard to the ability for the Governing Board to make a decision based on not knowing the specific emission reduction benefit from the air pollution improvement projects, under CEQA, the lead agency must make reasonable assumptions upon which to base the analysis, but not engage in speculation. The SCAQMD used that standard in evaluating the types of projects that the funds may potentially be used for, but decided that determining the amount of reductions at this point would be speculative. For that reason, the CEQA analysis for the proposed project does not take credit for any such reductions, and presents instead a worst-case adverse impact scenario. This satisfies

CEQA's information disclosure requirements. The project objectives will allow the Governing Board to evaluate the goals of this project as compared to the issues they raise, all of which are discussed in the Draft EA.

- 1-8 Attachment 1 was prepared by Dr. Frank A. Wolak in response to the letter dated August 22, 2013 prepared by the Cities and the critique of his July 5, 2013 report ("An Economic and Reliability Analysis of the Proposal to Assess a Fee to Access the South Coast Air Quality Management District's Offset Bank") by Lon L. Peters ("the Peters report") attached to the comment letter and bracketed as comment 1-8.



# **ATTACHMENT 1**

**Response to Cities of Burbank and Glendale Letter of August 22, 2013**

by

**Frank A. Wolak  
Director, Program on Energy and Sustainable Development  
Professor, Department of Economics  
Stanford University  
Stanford, CA 94305-6072**

**August 25, 2013**

This document responds to the letter dated August 22, 2013 prepared by the Cities of Burbank and Glendale (“the Cities”) and the critique of my July 5, 2013 report (“An Economic and Reliability Analysis of the Proposal to Assess a Fee to Access the South Coast Air Quality Management District’s Offset Bank”) by Lon L. Peters (“the Peters report”) attached to the letter. Both the letter by the Cities and the Peters report argue that the Cities face unique reliability issues posed by their limited interconnections with the regional electric grid and will therefore be adversely impacted the South Coast Air Quality Management District’s Proposed Rule 1304.1.

The letter and the Peters report claims that the Cities face unique reliability issues are undermined by the fact that there are seven municipal utilities in the South Coast Air Quality Management District (the District), one of which (Pasadena) is adjacent to the City of Glendale, that do not appear to face the similar reliability issues. The cities of Anaheim, Azusa, Banning, Colton, Pasadena, Riverside, and Vernon are all participating transmission owners (PTOs) in the California Independent System Operator’s (ISO) control area, which means that their transmission network facilities are jointly operated by the California ISO along with the other PTOs.

Section 3 of the letter notes that, “The Cities can only increase rates by the action of their respective City Councils.” It continues, “Utility rate cases are very contentious, and proposed rates increases are routinely and vigorously opposed by significant numbers of consumers. Rate increases are politically sensitive matters, and the Cities’ power departments do not always obtain the increases they request.” Changing the words “the Cities” to “investor-owned utilities” and the words “City Councils” to “California Public Utilities Commission” accurately describes the experience of California’s three investor-owned utilities—Pacific Gas and Electric, Southern California Edison, and San Diego Gas and Electric.

Rate cases at the California Public Utilities Commission (CPUC) are highly contentious and they are routinely opposed by significant numbers of consumers, but also by many professional intervenors such as The Utility Reform Network (TURN) and Utility Consumers’ Action Network (UCAN). The CPUC Intervenor Compensation Program even provides for individuals or groups that participate in these proceedings to receive compensation for the costs associated with that participation. The CPUC also has a Division of Ratepayer Advocates (DRA) whose statutory mission is to “obtain the lowest possible rate for service consistent with reliable and safe service levels.” For these reasons, it seems difficult to argue that rate cases filed by the Cities power departments are more contentious and subject to greater scrutiny than rate cases filed by investor-owned utilities.

It also seems reasonable to conclude that City Councils of the Cities will be significantly more likely to accept the recommendations of their power departments than the CPUC is to accept the recommendations of investor-owned utilities. The CPUC has the legal obligation to regulate investor-owned utilities and a \$1.4 billion annual budget to hire the expert staff necessary for the task. Moreover, the CPUC regulates multiple electric utilities, as well as telecommunications, natural gas, and water utilities, so it has considerable experience setting prices and determining whether appropriate service reliability standards are met. Setting utility rates is just one of the many tasks of a City Council must undertake. Few, if any, City Council members have the same experience with or expertise in determining whether appropriate utility

service reliability standards are met as the CPUC. Hence, it is reasonable to conclude that the City Councils of the Cities will be more likely than the CPUC to approve rate increases that its power departments deem are necessary to maintain a reliable supply of electricity and that the cost of the accessing the District's Offset bank under Proposed Rule 1304.1, if deemed necessary to maintain a reliable supply of electricity to the Cities by their power departments, will be passed on to consumers in their rates.

The Peters report acknowledges that the Cities have prepared Integrated Resource Plans (IRPs) in the past and that they do not participate in the CPUC RA and LTPP processes, two facts I noted in my July 5, 2013 report. However, it is important to emphasize that as customers of the Western Area Power Administration (WAPA), the Energy Policy Act of 1992 requires the Cities of Burbank and Glendale to submit IRPs to WAPA every five years. The current Resource Planning Approval Criteria (10 CFR Part 905) went into effect May 1, 2000. Consequently, the decision of the Cities to operate within the Los Angeles Department of Water and Power (LADWP) balancing authority and be interconnected to the LADWP system at one substation was the result of previous integrated resource planning decisions by the Cities. As discussed above, seven other cities and their municipal utilities within the District made different decisions in the past to ensure a reliable supply of electricity for their citizens.

The Cities are also members of the Western Electricity Coordinating Council (WECC). The WECC is the Regional Entity responsible for coordinating Bulk Electricity System reliability in the Western Interconnection. Through their WECC membership, the Cities can participate in the processes for transmission planning and system operation in the Western Interconnection in order to ensure that their own reliability needs can be met. The inability of Glendale and Burbank to access the potential 10,000 MW of additional, efficient and reliable supply in the LA Basin mentioned in the Peters report is the result of integrated resource planning decisions made in the past by the Cities. Consequently, paying to access the District's Internal Offset Accounts under Proposed Rule 1304.1 to re-power a local generation unit is likely to be the least cost solution to ensuring a reliable supply of electricity for the Cities' customers given these previous integrated resource planning decisions.

The Peters report argues that application of the shutdown rule discussed in my report is inappropriate to apply to Glendale and Burbank because the "marginal or variable cost of fuel (landfill gas, or LFG) that is currently burned in the aging boilers at the Grayson power plant is almost zero, because the LFG belongs to the City of Glendale, which makes it available to Glendale Water and Power at a fixed annual royalty fee." Peters noted, in a conversation on July 16, 2013 with R. Pease of the District, that if the city repowers this generation facility, it will also have to spend over \$10 million to upgrade the fuel supply to make the LFG pipeline quality. Peters' argument also fails to recognize that this LFG has an "opportunity cost" in the sense that it has alternative use to being burned in the Grayson power plant.

The City of Glendale is giving up the revenue it could earn from the selling the LFG for this alternative use for each unit of LFG that is consumed in the Grayson power plant. If the price of this alternative use is greater than the net revenue that the City of Glendale could derive from burning this gas in the Grayson facility, then the citizens of Glendale would benefit from selling this gas rather than burning it in the Grayson unit. If this LFG is upgraded to be pipeline

quality, then the opportunity cost argument becomes even stronger. The natural gas could be sold at the prevailing price of pipeline natural gas in Southern California.

Peters' second argument that because Glendale is not a participant in RECLAIM the shutdown rule in my report does not apply also fails to recognize the concept of opportunity cost. If a generation unit has a finite annual limit on NO<sub>x</sub> emissions, such as the 35 tons mentioned in the Peters report, this annual limit sets an opportunity cost on producing NO<sub>x</sub> for that generation unit. The generation unit owner should assign a specific \$/ton opportunity cost of NO<sub>x</sub> emissions that enters into the variable cost of producing electricity from that unit. When the fuel cost plus NO<sub>x</sub> emissions opportunity cost is below the cost to the utility of purchasing replacement electricity, the unit owner should operate, and whenever the sum of these variable costs is above the prevailing cost of replacement electricity, the unit should not operate. The opportunity cost of NO<sub>x</sub> emissions for this unit is simply the \$/ton price of NO<sub>x</sub> emissions that results in 35 tons of emissions from that unit on an annual basis when the above rule for operating the unit is followed.

Once the concept of opportunity cost is recognized for LFG and NO<sub>x</sub> emissions, the shutdown rule faced by Glendale and Burbank is not significantly different from that discussed in my report.

The Peters report also seems to argue that the Cities of Burbank and Glendale face a substantially higher cost of capital than investor-owned utilities. He bases his argument on the fact that Glendale has a policy that "approximately one-third of new capital investments will be paid for out of current revenues, with the other two-thirds covered by the proceeds of bond sales." He argues that this results in a cost of capital of 36 percent, which is more than double the cost of capital to California's investor-owned utilities. However, this same paragraph argues that the City of Glendale has relatively high bond rating and is able to borrow money at 4.5 percent rate, which is below that rate that California's investor-owned utilities must pay on their long-term bonds. It is therefore hard to square Peters' argument that the Glendale faces a cost of capital of 36 percent with these facts. If Glendale is able to borrow at a 4.5 percent rate, requiring a 36 percent rate of return on investment would burden the citizens of Glendale with substantially higher than necessary financing costs for new investments. Finally, Peters' argument that Glendale faces a higher cost of capital than investor-owned utilities directly contradicts the well-known argument made by the American Public Power Association (APPA) that municipal utilities have a lower cost of capital than investor-owned utilities.

The Peters report also fails to recognize distinction between the economic incidence of a fee and who ultimately pays for the fee. All revenues received from the sales of electricity are, by definition, paid by electricity consumers. If these revenues cover the firm's costs, which could include a fee to access the District's Internal Offset Accounts and plus an appropriate return on capital invested, then it is necessarily the case that the cost of the fee is recovered from consumers, as I state in my report. However, the economic incidence of the fee is a different issue that my report did not address. For example, a higher price of electricity brought about by the fee may reduce the demand for electricity and thereby shift the incidence of the fee. However, this does not change the basic fact that electricity consumers pay the entire cost of the fee.

The Peters report argues that if Glendale and Burbank were owners of repowered generation units they could not earn revenues from selling ancillary services. Peters noted in his July 16, 2013 conversation with R. Pease that the Cities currently have the ability to sell energy to other entities in the WECC. However, it is important to emphasize that their inability to sell ancillary services is easily addressed. If the Cities qualified their generation units with the California ISO to sell specific ancillary services that the units were physically capable of selling, they could do so. The California ISO allows all ancillary services except for Regulation Reserve to be sold by generation units located outside of the control area. If a generation resource located outside of the California ISO control area is able to comply with the ISO's Dynamic Scheduling Protocol in Appendix M of the ISO tariff, the unit can even sell Regulation Reserve.<sup>1</sup> Moreover, if the Cities joined the California ISO control area, as seven other municipal utilities in the District have done, they could more easily sell both energy and all ancillary services their generation units are qualified to sell in the California ISO markets. Lack of access to transmission rights to sell energy to other entities in California or the WECC should also not prevent the cities from selling energy from units they might re-power. There is an active market for transmission rights that the Cities could use to purchase the necessary transmission capacity to make these sales. In short, there are no long-term barriers to the Cities selling either energy or ancillary services from any generation units they might own now or in the future.

The long-term reliability challenges faced by the Cities are not appreciably different from those faced by other municipal utilities located in the District. The past integrated resource planning decisions made by the Cities appear to have left them with fewer options than other municipal utilities in the District for maintaining a reliable supply of electricity without having to pay to access the District's Internal Offset Accounts. For the reasons, described in my report and elaborated on in these responses to comments, it seems unlikely that the Cities will compromise the reliability of supply of electricity if the least cost approach to meeting its energy needs is to re-power a unit and pay the fee to access the District's Offset Bank which is then passed on to consumers in the Cities.

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<sup>1</sup> Section 8.3.2 of Fifth Replacement Electronic Tariff of California Independent System Operator Corporation, available at [http://www.caiso.com/Documents/Section8\\_AncillaryServices\\_Jul11\\_2013.pdf](http://www.caiso.com/Documents/Section8_AncillaryServices_Jul11_2013.pdf).

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BOARD MEETING DATE: September 6, 2013

Agenda No. 34

PROPOSAL: Amend Rule 314 – Fees for Architectural Coatings

SYNOPSIS: Amendments are being proposed to clarify certain reporting requirements. The staff proposal includes exempting small manufacturers and certain coatings from fees, removing the ability to use “grouping” in the reporting, clarifying existing definitions and reporting requirements, and removing outdated phased-in fee rates.

COMMITTEE: Stationary Source, August 16, 2013

RECOMMENDED ACTIONS:

Adopt the resolution:

1. Certifying the Notice of Exemption for Proposed Amended Rule 314 – Fees for Architectural Coatings; and
2. Amending Rule 314 – Fees for Architectural Coatings.

Barry R. Wallerstein, D.Env.  
Executive Officer

EC:LT:NB:HF

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## **Background**

Rule 314 – Fees for Architectural Coatings, adopted by the Governing Board on June 6, 2008, sets fees for manufacturers of architectural coatings to recover the Air Quality Management District (AQMD) cost of regulating architectural coatings. The rule also provides reliable information that helps refine the annual emissions inventory for this source category used for air quality planning purposes. Architectural coatings represent one of the largest VOC emission source categories regulated by the AQMD, estimated to be 15 tons per day in 2008. Over the past five years, approximately 200 manufacturers have reported data and paid fees to the AQMD, paying on average \$2 million, as a result of Rule 314. To further encourage the development, marketing, and use of lower-VOC and recycled coatings, the current rule contains a fee exemption for architectural coatings containing 5 or less grams of VOC per liter of material and recycled coatings which has contributed towards additional daily VOC emissions reductions.

## **Proposal**

The proposed amendments would streamline the administration of the rule and provide regulatory relief by exempting small manufacturers from having to pay fees. The amendments would also clarify the rule and improve enforceability.

The proposed amendments are summarized as follows:

- Exempt small manufacturers from fee requirements, provided they submit their Annual Quantity and Emissions Report in the time prescribed in the rule
- Clarifications and other enhancements
  - Remove the ability to ‘group’ products
  - Add, amend, and delete definitions
  - Clarify how to delegate or change the Responsible Party or Authorized Representative
  - Require Big Box retailers to submit their annual reports to the District as well as the manufacturers and include a list of stores where the products were sold
  - Update the fee rate and remove the outdated phase-in rates
  - Remove outdated language and provide other minor clarifications

## **California Environmental Quality Act (CEQA)**

AQMD staff has reviewed the proposed amendments to Rule 314 pursuant to CEQA Guidelines §15002(k) - Three Step Process, and CEQA Guidelines §15061 – Review for Exemption, and has determined that the proposed amendments are exempt from CEQA pursuant to CEQA Guidelines §15273 - Rates, Tolls, Fares and Charges, because PAR 314 **amends** fees for architectural coatings manufacturers who distribute or sell their manufactured architectural coatings into or within the AQMD area of jurisdiction for use in the AQMD area of jurisdiction for the purpose of recovering the program costs for establishing and implementing Rule 1113 – Architectural Coatings.

PAR 314 would only affect definitions, fees, and reporting requirements. The evaluation of the proposed project resulted in the conclusion that PAR 314 would not create any adverse effects on air quality or any other environmental areas; therefore, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Since it can be seen with certainty that the proposed project has no potential to adversely affect air quality or any other environmental area, PAR 314 is also exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) – Review for Exemption.

## **Socioeconomic Analysis**

Since the amendment does not significantly affect air quality or emissions limitations, a socioeconomic assessment is not required. The proposed amendments will exempt smaller manufacturers from paying fees and are not expected to result in any adverse socioeconomic impacts.

## **Authority to Assess Fees**

California Health and Safety Code Section 40522.5 establishes the AQMD's authority to adopt a schedule of fees to be assessed on areawide or indirect sources of emissions which are regulated, but for which permits are not issued, to recover the costs of programs related to these sources. Under California law, the primary authority for controlling emissions from architectural coatings is vested in the air pollution control districts (APCDs).

## **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 Air Quality Management Plan (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. The proposed amendments are not an AQMP control measure but serve to clarify the existing rule and to remove a specific labeling requirement. The rule does not implement Best Available Retrofit Control Technology (BARCT) or a 'feasible measure' under Health and Safety Code Section 40920.6 so incremental cost-effectiveness findings are not required.

### **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. The additional exemption from fees for small manufacturers will result in a reduction of less than 1% of the fee revenue, on average.

### **Attachment**

- A. Summary of Proposed Amendments
- B. Rule Development Process
- C. Key Contacts
- D. Resolution
- E. Proposed Rule Language
- F. Final Staff Report
- G. Notice of Exemption

**A T T A C H M E N T A**

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**SUMMARY OF PROPOSED AMENDMENTS TO**

**RULE 314 – FEES FOR ARCHITECTURAL COATINGS**

**PROPOSED AMENDMENTS TO  
RULE 314 – FEES FOR ARCHITECTURAL COATINGS**

Staff proposes the following amendments to clarify the rule and improved enforceability:

- Exempt small manufacturers from fee requirements, provided they submit their AQER in the time prescribed in subparagraph (i)(2)
- Remove the ability to ‘group’ products
- Include private labelers in the Applicability section and in the definition of Architectural Coatings Manufacturer
- Add nine definitions, amend five definitions, and delete one definition
  - Add – Authorized Representative, Concentrates, Multi-Component Coatings, Post-Consumer Coatings, Private Labeler, Recycled Coatings, Secondary (Rework) Coatings, Stationary Structures, and Toll Manufacturer.
  - Amend – Aerosol Coating Product, Architectural Coatings, Architectural Coatings Manufacturer, Formulation Data, and Responsible Party.
  - Delete – Product Line
- Clarify how to delegate or change the Responsible Party or Authorized Representative
- Clarify that Annual Quantity and Emissions Reports are electronically submitted and not signed hard copies
- Clarify that either the Authorized Representative or Responsible Party can submit the Annual Quantity and Emissions Reports
- Clarify the reporting requirements for multi-component coatings and concentrates
- Add a reporting requirement to indicate if a product was sold under the 4,000 foot exemption

**PROPOSED AMENDMENTS TO  
RULE 314 – FEES FOR ARCHITECTURAL COATINGS**

- Clarify how a manufacturer should report that there were no sales of architectural coatings into or within the SCAQMD
- Require Big Box retailers to submit their annual reports to the District as well as the manufacturers, and include a list of stores where the products were sold
- Update the fee rate and remove the outdated phase-in rates
- Require manufacturers to pay the fee rate in effect for the year in which they are reporting or amending prior year reports, and not the fee rate that was in effect when the sales actually occurred
- Clarify that once the distributors list has been submitted, only changes need to be submitted for subsequent years
- Amend the exemption for coatings containing 5 or less grams of VOC per liter of material and recycled coatings such that they are only exempt from the fees provided they submit their Annual Quantity and Emissions Report (AQER) by the time prescribed in subparagraph (i)(2)
- Exempt coatings that are offered for sale in powder form, containing no polymer content, that are solely mixed with water prior to use, from reporting requirements

**ATTACHMENT B**

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**RULE DEVELOPMENT PROCESS FOR**

**PROPOSED AMENDED RULE 314 – FEES FOR ARCHITECTURAL COATINGS**

Proposed Amended Rule 314 – Fees for Architectural Coatings

Public Consultation Meeting  
June 20, 2013

Working Group Meeting  
August 15, 2013

Stationary Source Meeting  
August 16, 2013

Public Hearing  
September 6, 2013

**ATTACHMENT C**

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**KEY CONTACTS FOR**

**PROPOSED AMENDED RULE 314 – FEES FOR ARCHITECTURAL COATINGS**

Key Contacts	
David Darling	American Coatings Association
Jim Kantola	Akzo Nobel
Ken McDiarmid	Axalta
Michael Butler	BEHR Process Corporation
Dane Jones, Ph.D.	Cal Poly, SLO
Barry Marcks	Caltrans
Fernando Pedroza	Chromaflo Technologies
Freidom Anwari	Comex
John Watkins	Coating Group
Richard White	Coating Group
Charles Cornman	Custom Building Products
Andy Thoummaraj	Custom Building Products
Robert Wendoll	Dunn-Edwards Paints
Susan Sims	Eastman
Joseph Tashjian	Ellis Paint Company
Karen Hollinhurst	Ellis/PCL
Pat Lutz	EPS Materials
John Lenore	Epmar Corp.
Howard Berman	E4 Strategic Solutions, Inc.
Ben Gavett	Golden Artists Colors, Inc
Patricia Santana	HBCC
Lesley Henry II	ITWPSNA
Aaron Mann	JFB Hart
Joe Salvo	Miracle Sealants
Henry Lum	Modern Masters
John Wallace	MWD
Bob Sypowicz	Modern Masters
Lesley Henry III	Pacific Polymers
Wayne Nelson	PPG Architectural Finishes, Inc
Dwayne Fuhlhage	Prosoco
John Lenore	Quaker
Ron Webber	Quest Building
Rita Loof	Radtech International North Americas
Doug Raymond	Raymond Regulatory Resources (3R), LLC
Mike Murphy	Rust-Oleum
Mark Frick	Rust-Oleum
Madelyn Harding	Sherwin-Williams Company
Dennis Salley	SpecChem
Kyle Frakes	Tnemec Corporation
Chris Lansen	TWDC
Tina Glomstead	Valspar
John Long	Vista Paint
Fred Garcia	Walt Disney



**ATTACHMENT D**

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**RESOLUTION FOR**

**PROPOSED AMENDED RULE 314 – FEES FOR ARCHITECTURAL COATINGS**

**RESOLUTION NO. 2013-**

**A Resolution of the Governing Board of the South Coast Air Quality Management District (AQMD) certifying that Proposed Amended Rule 314 – Fees for Architectural Coatings is exempt from the requirements of the California Environmental Quality Act (CEQA).**

**A Resolution of the AQMD Governing Board amending Rule 314 – Fees for Architectural Coatings.**

**WHEREAS**, the AQMD Governing Board finds and determines that Proposed Amended Rule 314 – Fees for Architectural Coatings is exempt from CEQA pursuant to CEQA Guidelines §15273 - Rates, Tolls, Fares and Charges, because PAR 314 amends fees for architectural coatings manufacturers who distribute or sell their manufactured architectural coatings into or within the SCAQMD area of jurisdiction for use in the SCAQMD area of jurisdiction for the purpose of recovering the program costs for establishing and implementing Rule 1113 – Architectural Coatings. The proposed project is also exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) – Review for Exemption because it was determined that PAR 314 would not create any adverse effects on air quality or any other environmental areas, and therefore, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment.; and

**WHEREAS**, the AQMD Governing Board finds that Proposed Amended Rule 314 qualifies for a statutory exemption pursuant to CEQA Guidelines §15273 because the amendments involve a modification to a fee rule with the primary purpose of meeting operating expenses, and purchasing or leasing supplies, equipment or materials, specifically imposing fees to recover the program costs for implementing Rule 1113 – Architectural Coatings; 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 (NOE) for Proposed Amended Rule 314 that is completed in compliance with CEQA Guidelines §15002(k)(1) – Three Step Process, §15061(b)(1) – Review for Exemption (By Statute), §15061(b)(3) – Review for Exemption (General Rule), and §15273 - Statutory Exemption for Rates, Tolls, Fares and Charges; and

**WHEREAS**, the AQMD Governing Board has determined that a need exists to amend Rule 314 – Fees for Architectural Coatings to to exempt small manufacturers from fees and enhance enforceability by removing the ‘grouping’ provision and other outdated language; and

**WHEREAS**, the AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 39002, 40000, 40001, 40440, 40522.5, 40702, and 41508 of the California Health and Safety Code; and

**WHEREAS**, the AQMD Governing Board has determined that Proposed Amended Rule 314 – Fees for Architectural Coatings 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 Amended Rule 314 – Fees for Architectural Coatings is in harmony with, and not in conflict with, or contradictory to, existing statutes, court decisions, state or federal regulations; and

**WHEREAS**, the AQMD Governing Board has determined that the amendment of Rule 314 – Fees for Architectural Coatings does not impose the same requirements 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; and

**WHEREAS**, 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), 40522.5 (fees for area sources) and 40440 (c) (rules to assure efficient and cost-effective administrative practices); and

**WHEREAS**, the AQMD Governing Board has determined that Proposed Amended Rule 314 – Fees for Architectural Coatings does not directly affect air quality or emission limitations; therefore, a formal socioeconomic assessment under California Health and Safety Code Section 40440.8 is not required; and

**WHEREAS**, the AQMD Governing Board finds that PAR 314 does not impose a new emission limit or standard and that a comparative analysis under California Health and Safety Code Section 40727.2 is not required; 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 has held a public hearing in accordance with all provisions of law; and

**WHEREAS**, the CEQA NOE, this September 6, 2013 Board letter, and other supporting documentation were presented to the AQMD Governing Board and the Board has reviewed and considered the entirety of this information prior to approving the project; and

**WHEREAS**, the AQMD specifies the manager of Rule 314 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 certify that Proposed Amended Rule 314 – Fees for Architectural Coatings, as proposed to be amended, is exempt from CEQA requirements pursuant to CEQA Guidelines §15002(k)(1) - Three Step Process, §15061(b)(1) – Review for Exemption (By Statute), §15061(b)(3) – Review for Exemption (General Rule), and §15273 – Rates, Tolls, Fares and

Charges. This information was presented to the Governing Board, whose members reviewed, considered, and approved the information therein prior to acting on Proposed Amended Rule 314; and

**BE IT FURTHER RESOLVED**, that the AQMD Governing Board does hereby amend, pursuant to the authority granted by law, Rule 314 – Fees for Architectural Coatings, as set forth in the attached, and incorporated herein by this reference.

Attachment

DATE: \_\_\_\_\_

\_\_\_\_\_  
CLERK OF THE BOARD

## ATTACHMENT E

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### RULE LANGUAGE FOR

#### PROPOSED AMENDED RULE 314 – FEES FOR 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 June 6, 2008)(Amended January 9, 2009)(Amended May 7, 2010)  
(Updated July 1, 2011)(Updated July 1, 2013)**(PAR September 6, 2013)**

**PROPOSED AMENDED RULE 314. FEES FOR ARCHITECTURAL COATINGS**

(a) Purpose

The purpose of this rule is to recover the District's cost of implementing the architectural coatings program and programs related to architectural coatings, and the revenues shall only be used for such purposes. California Health and Safety Code Section 40522.5 provides authority for the District to adopt a fee schedule on areawide or indirect sources of emissions which are regulated, but for which permits are not issued by the District, to recover the costs of programs related to these sources.

(b) Applicability

This rule applies to architectural coatings manufacturers ~~that-who~~ distribute or sell their manufactured architectural coatings into or within the District for use in the District and are subject to Rule 1113 - Architectural Coatings. This rule also applies to private labelers and big box retailers ~~that-who~~ distribute or sell architectural coatings into or within the District for use in the District and are subject to Rule 1113 – Architectural Coatings. This includes products sold through big box retailers with distribution centers located within or outside the District. This rule does not apply to architectural coatings sold in this District for shipment and application outside of this District or to aerosol coating products.

(c) 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, and/or other coatings solids that dispenses product ingredients by means of a propellant, and is packaged in a disposable ~~can~~ aerosol container for hand-held application, or for use in specialized equipment for ground marking and traffic marking applications.
- (2) ANNUAL QUANTITY AND EMISSIONS REPORT includes the quantity of each architectural coating distributed or sold into or within the District for use in the District during each calendar year, reported as gallons and their associated VOC content, as supplied, reported in grams per liter, for each product in all container sizes.

- (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 or~~ their appurtenances, ~~and or to fields and or lawns to mobile homes, to pavements, or to curbs.~~
- (5) ARCHITECTURAL COATINGS MANUFACTURER is any person, company, firm, or person-establishment that who imports, blends, assembles, manufactures, produces, packages, ~~or~~ re-packages, or re-labels an architectural coatings, ~~not including retail outlets where labels or stickers may be affixed to containers or where colorant is added at the point of sales for sale or distribution for use in the District. For the purpose of this rule, architectural coatings manufacturer include a private labelers is an architectural coatings manufacturer.~~
- ~~(6)~~ AUTHORIZED REPRESENTATIVE is the person authorized by the Responsible Party to prepare and submit the Annual Quantity and Emissions Report on behalf of an architectural coatings manufacturer.
- ~~(6)(7)~~ BIG BOX RETAILER is a physically large-chain retail outlet that is classified by the U.S. Department of Labor under Standard Industrial Classification code 5211: Lumber and Other Building Materials Dealers, and listed by the Executive Officer as such prior to end of each calendar year.
- ~~(7)(8)~~ COATING is a material which is applied to a surface in order to beautify, protect, or provide a barrier to such surface.
- ~~(9)~~ CONCENTRATES are coatings supplied in a form that must be diluted with water or an exempt compound, prior to application, according to the architectural coatings manufacturer's application instructions in order to yield the desired coating properties.
- ~~(8)(10)~~ EXEMPT COMPOUNDS are as defined in Rule 102 - Definition of Terms.
- ~~(9)(11)~~ 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 architectural coatings manufacturer to create the product. Material Safety Data Sheets (MSDS) are not considered formulation data.
- ~~(10)(12)~~ GRAMS OF VOC PER LITER OF COATING, LESS WATER AND LESS EXEMPT COMPOUNDS, is the weight of VOC per combined volume of VOC and coating 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:
- $W_s$  = 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 material in liters
  - $V_w$  = volume of water in liters
  - $V_{es}$  = 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:
- $W_s$  = weight of volatile compounds emitted during curing, in grams
  - $W_w$  = weight of water emitted during curing, in grams
  - $W_{es}$  = weight of exempt compounds emitted during curing, in grams
  - $V_m$  = volume of the material prior to reaction, in liters
  - $V_w$  = volume of water emitted during curing, in liters
  - $V_{es}$  = volume of exempt compounds emitted during curing, in liters

~~(H)~~(13) 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



- (14) MULTI-COMPONENT COATINGS are reactive coatings requiring the addition of a separate catalyst or hardener before application to form an acceptable dry film.
- (15) 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.
- ~~(12)~~(16) PRODUCT is an architectural coating which is identified by means of a unique product code and product name or product line (if applicable), as written on the container label and that is subject to one of the coating category VOC limits specified in Rule 1113 paragraphs (c)(1) or (c)(2) Table of Standards.
- ~~(13) PRODUCT LINE is a group of coatings that:~~
- ~~(A) — Belong to the same coating category in Rule 1113 Table of Standards,~~
  - ~~(B) — Have the same vehicle technology (solvent or water),~~
  - ~~(C) — Are of the same resin type,~~
  - ~~(D) — Are recommended for the same use (either interior, exterior or dual use),~~
  - ~~(E) — Have the same form (either single or multiple component form),~~
  - ~~(F) — Do not exceed a coating (regulatory) VOC range of 25 grams per liter between the highest and lowest coating in the group, and~~
  - ~~(G) — If included in the Averaging Compliance Option Program, meet subparagraphs (A) to (G) of this definition and have all grouped products either above a limit or below a limit.~~
- (17) PRIVATE LABELER is the person, company, firm, or establishment (other than the toll manufacturer) identified on the label of an architectural coating product.
- (18) RECYCLED COATINGS are coatings manufactured by a certified recycled paint manufacturer and 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.
- (19) RESPONSIBLE PARTY for a corporation is a corporate officer ~~or an authorized representative so delegated by a corporate officer. Delegation or change of an authorized representative must be made in writing to the Executive Officer pursuant to paragraph (d)(3).~~ A responsible party for a partnership or sole proprietorship is the general partner or proprietor, respectively.
- (20) 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.

~~(14)~~(21) STATIONARY STRUCTURES include but are not limited to, homes, office buildings, factories, mobile homes, pavements, curbs, roadways, racetracks, and bridges.

~~(22)~~ TOLL MANUFACTURER is an architectural coatings manufacturer who produces coatings for a private labeler.

~~(15)~~(23) VOLATILE ORGANIC COMPOUND (VOC) is as defined in Rule 1113 – Architectural Coatings.

(d) Requirement to Obtain a Manufacturer Identification (ID) Number

(1) An architectural coatings manufacturer subject to this rule at any time during the calendar year 2008 shall apply to the District for a manufacturer ID number on or before December 31, 2008. An architectural coatings manufacturer that becomes subject to this rule in any year subsequent to calendar year 2008 shall apply to the District for a manufacturer ID number on or before December 31 of that year.

(2) Change or Acquisition of an Architectural Coatings Manufacturer

(A) When there is a change or acquisition of an architectural coatings manufacturer with a District issued manufacturer ID number, the successor architectural coatings manufacturer shall apply for a manufacturer ID number on or before December 31 of the calendar year of the change or acquisition, unless the successor architectural coatings manufacturer already has a District issued manufacturer ID number. The successor architectural coatings manufacturer shall include the previous ~~architectural coatings~~ manufacturer ID number in their Annual Quantity and Emissions Report for the first year after the change or acquisition.

(B) Acquisition of an architectural coatings manufacturer shall not be considered a change in ownership for the purposes of this rule if the architectural coatings manufacturer who is acquired continues to file Annual Quantity and Emissions Reports and pay fees under its District issued ID number.

(3) Delegation or Change of Responsible Party and/or Authorized Representative

Application for a manufacturer ID number pursuant to (d)(1), as submitted by the Responsible Party for an architectural coatings manufacturer, shall designate both the Responsible Party and the Authorized Representative. The designating Responsible Party is responsible for and may act in lieu of the Authorized Representative. A change to either the designating Responsible Party or

Authorized Representative shall be made in writing using the same application form.

(e) Requirement to Submit an Annual Quantity and Emissions Report

(1) For each calendar year (January 1 through December 31) beginning with 2008 and continuing with each subsequent calendar year, an architectural coatings manufacturer shall, in a format determined by the Executive Officer, submit to the District by April 1 of the following calendar year (the official reporting due date) an Annual Quantity and Emissions Report ~~signed-electronically submitted~~ by ~~the Authorized Representative responsible party~~ certifying that all information submitted (including electronic submittal) is true and correct. Information included in the Annual Quantity and Emission Report that was obtained from a company not owned or controlled by the reporting architectural coatings manufacturer shall be certified as true and correct to the best knowledge of the ~~responsible party~~ Authorized Representative signing the certification submitting the report. The Annual Quantity and Emissions Report shall include, but not be limited to, the following:

- (A) Architectural coatings Manufacturer information including the manufacturer ID number issued by the District;
- (B) Each architectural coating brand name, product code and product name ~~or product line (if applicable)~~;
- (C) Whether the coatings are waterborne or ~~solventborne~~ solvent-based;
- (D) Whether the coatings are for interior, exterior, or dual use;
- (E) The applicable coating category listed in the Table of Standards in Rule 1113 – Architectural Coatings;
- (F) The grams of VOC per liter of coating, less water and less exempt compounds, and excluding any colorant added to the tint base for each product as ~~supplied, except the following~~:
  - (i) For coatings packaged in a single container, as supplied;
  - ~~(i)~~ (ii) For a multi-component coatings, after mixing the components, as recommended for use by the architectural coatings manufacturer;
  - ~~(ii)~~ (iii) For a concentrates, at the minimum dilution recommended for use by the architectural coatings manufacturer;
- (G) The grams of VOC per liter of material for each product as ~~supplied or, except the following~~:
  - (i) For coatings packaged in a single container, as supplied;

- ~~(i.)~~ For a multi-component coatings, after mixing the components, as recommended for use by the architectural coatings manufacturer;
- ~~(ii.)~~ For a concentrate, at the minimum dilution recommended for use by the architectural coatings manufacturer;
- ~~(H)~~ In addition to (e)(1)(F) and (G), Additionally, for solvent-based coatings, grams of VOC per liter of material for each product including with the maximum thinning allowed with a VOC, as listed in the Technical Data Sheet, shall also be included as recommended by the architectural coatings manufacturer;
- ~~(H)(I)~~ Total annual quantity of each product distributed or sold into or within the District for use in the District, as supplied or for a concentrate, at the minimal dilution recommended for use by the architectural coatings manufacturer, and reported in gallons for all container sizes. The annual quantity of each product shall include products sold through big box retailers with distribution centers located within or outside the District. Architectural coatings manufacturers shall use the list of big box retailers maintained by the Executive Officer as of the end of the calendar year for purposes of reporting quantities of products distributed or sold in the District through big box retailers; and
- ~~(H)(J)~~ For any product with VOC content higher than the applicable limit in Rule 1113, an indication whether the product has been sold under any of the following provisions of Rule 1113 – Architectural Coatings:

  - (i) Sell-through provisions
  - (ii) Averaging Compliance Option
  - (iii) Small container exemption
  - ~~(iv)~~ Other (with explanation) Low Solids
  - ~~(v)~~ Stains or Lacquers sold above 4,000 feet.
- (2) If the architectural coatings manufacturer had no distribution or sales for the prior calendar year, the Authorized Representative architectural coatings manufacturer must either certify that fact in a letter, that there were no sales on company letterhead, signed by the Authorized Representative or indicate that fact in the online reporting program that there were no sales. If an architectural coatings manufacturer does not intend to sell coatings into or within the District in future years, they Authorized Representative should indicate that intention in writing, so as to be removed from future outreach efforts.

~~(2)~~(3) An architectural coatings manufacturer that acquires another architectural coatings manufacturer shall provide the information specified in subparagraph (e)(1)(A) through (e)(1)~~(H)~~ for the acquired architectural coatings manufacturer for the entire calendar year.

~~(3)~~(4) By January 30, 2009, and every year thereafter, a big box retailer shall report to the District and the architectural coatings manufacturer of that product the total annual quantity of each coating product distributed through its distribution centers for sale or sold in the District for the previous calendar year (January 1 through December 31), as supplied, in a format determined by the Executive Officer. The big box retailer shall also include a list of the store, address, city and ZIP code where the products contained in the report were sold. Big box retailers shall use the list maintained by the Executive Officer as of the end of the calendar year of big box retailers for purposes of reporting to the appropriate architectural coatings manufacturer the quantities of products distributed or sold in the District. The report submitted to the District and to each architectural coatings manufacturer shall be ~~signed by a~~ electronically submitted by the responsible party a corporate officer certifying that all information reported is true and correct. The report shall also be submitted to each architectural coatings manufacturer in an electronic spreadsheet format.

(f) Recordkeeping

Architectural Coatings Manufacturers shall:

- (1) Maintain a copy of the signed application form submitted to the District to obtain the manufacturers ID number, and the written response from the District issuing a manufacturer ID number. The copies shall be maintained for five (5) years beyond the date on each document, and made available upon request by the Executive Officer.
- (2) Maintain records to verify data used to prepare the Annual Quantity and Emissions Report from architectural coatings distributed or sold into or within the District for use in the District and compliance with applicable rules and regulations. The records shall be maintained for five (5) years and made available upon request by the Executive Officer. Such records shall include but not be limited to:
  - (A) Product formulation records (including both grams of VOC per liter of coating and grams of VOC per liter of material):

- (i) Laboratory 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 (m)(1) or
- (ii) Product formulation data or physical properties analyses, as applicable, with a VOC calculation demonstration; and
- (B) Production records including, if applicable, batch tickets with the date of manufacture, batch weight and volume; and
- (C) Distribution records:
  - (i) Customer lists or store distribution lists or both (as applicable) and
  - (ii) Shipping manifests or bills of lading or both (as applicable); and
- (D) Sales records consisting of point of sale receipts or invoices to distributors or both, as applicable.

(g) Fees

(1) Manufacturer ID Number Fee

An architectural coatings manufacturer applying for a manufacturer ID number with the District as specified in paragraphs (d)(1) and (d)(2) shall pay a non-refundable application fee of \$182.34 at the time of submitting the application.

(2) Annual Quantity and Emissions Fees

(A) An architectural coatings manufacturer shall ~~begin paying~~ fees at the rates specified below, on or before April 1<sup>st</sup>, ~~2009 and each subsequent April 1~~ (the official due date). Fees are based on the annual quantity and emissions of architectural coatings distributed or sold into or within the District for use in the District for the previous calendar year. The fee rate to be applied shall be the fee rate in effect for the year in which the sales and emissions are actually reported, and not the fee rate in effect for the year the sales emissions actually occurred.

**Phased-in Fee Rate**

- ~~(i) — April 1, 2009 pay an annual quantity fee of \$0.018 per gallon of paint and an annual emission fee of \$128.47 per ton of VOC emissions.~~
- ~~(ii) — April 1, 2010 pay an annual quantity fee of \$0.029 per gallon of paint and an annual emission fee of \$193.23 per ton of VOC emissions.~~

~~(iii) — April 1, 2011 and each subsequent April 1, pay an annual quantity fee of \$0.039 per gallon of paint and an annual emission fee of \$260.54 per ton of VOC emissions.~~

(i) Annual Quantity Fee: \$0.039 per gallon of paint.

(ii) Annual Emission Fee: \$260.54 per ton of VOC emissions.

(B) If an architectural coatings manufacturer submits the Annual Quantity and Emissions Report in such a manner that District staff has to manually enter the data into the District database, then the architectural coatings manufacturer shall pay at the time of submittal a non-refundable fee of \$298.67 for the first two hours of District time. The architectural coatings manufacturer shall be assessed additional fees at the rate of \$149.35 per hour for any additional time beyond the first two hours.

(h) Request to Amend the Annual Quantity and Emissions Report and Refund Request of Emission Fees

(1) An architectural coatings manufacturer shall submit a written request (referred to as an “Amendment Request”) for any proposed revisions to previously submitted Annual Quantity and Emissions Reports. Amendment requests submitted after one (1) year from the official due date of the subject Annual Quantity and Emissions Report shall include a non-refundable standard evaluation fee of \$298.67. In addition, evaluation time beyond two hours shall be assessed at the rate of \$149.35 per hour not to exceed 10 hours. Amendment requests received within one year (1) from the official due date of a previously submitted Annual Quantity and Emissions Report shall not incur any such evaluation fees. The Amendment Request shall include all supporting documentation and revised applicable reports.

(2) An architectural coatings manufacturer shall submit a written request (referred to as a “Refund Request”) to correct the previously submitted Annual Quantity and Emissions Report and request a refund of overpaid fees. Refund Requests must be submitted within one (1) year from the official due date of the subject Annual Quantity and Emissions Report to be considered valid. The Refund Request shall include a revised Annual Quantity and Emissions Report and all applicable supporting documentation. If the Refund Request submitted results in a refund, then the architectural coatings manufacturer shall incur no evaluation fee. If the refund request results in no refund, then the architectural coatings manufacturer

shall pay the standard evaluation fee and the hourly evaluation fees, as appropriate, specified in paragraph (h)(1).

(i) Fee Payments and Late Surcharge

- (1) Fee payments are the responsibility of the architectural coatings manufacturer.
- (2) If both the fee payments and the Annual Quantity and Emissions Report for the previous calendar year are not received by May 30, they shall be considered late; and a surcharge for late payment shall be imposed for fees past due as set forth in paragraph (i)(3). Architectural coatings manufacturers subject to paragraph (d)(2) on or after July 1 of the reporting year shall have an additional 6 months, or any additional time approved by the Executive Officer, to submit the fee payments and the Annual Quantity and Emissions Report for the acquired architectural coatings manufacturer. For the purpose of this paragraph, the fee payments and the Annual Quantity and Emissions Report shall be considered to be timely received by the District if it is postmarked on or before May 30. If May 30 falls on a Saturday, Sunday, or a state holiday, the fee payments and Annual Quantity and Emissions Report may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if they had been postmarked on May 30.
- (3) If fee payments for the Annual Quantity and Emissions Report (including any unreported quantity and emissions) are not received within the time prescribed by paragraph (i)(2), a late payment surcharge shall be assessed on the fees past due and added to the fee rate in paragraph (g)(2)(A), according to the following schedule:

Less than 30 days	5% of past due amount
30 to 90 days	15% of past due amount
91 days to one year	25% of past due amount
More than one year	50% of past due amount

(4) Fee Payment Subject to Validation

Acceptance of a fee payment does not constitute validation of the emission data.

(j) Service Charge for Returned Checks

Any person who submits a check to the District on insufficient funds or on instructions to stop payment, absent an overcharge or other legal entitlement to withhold payment, shall be subject to a \$25.00 service charge.



(k) Confidentiality of Information

Subject to the provisions of the California Public Records Act (Govt. Code § 6250-6276.48) information submitted to the Executive Officer may be designated as confidential. The designation must be clearly indicated on the reporting form, identifying exactly which information is deemed confidential. District guidelines require a detailed and complete basis for such claim in the event of a public records request.

(l) Violation

It shall be a violation of this rule for any architectural coatings manufacturer to distribute or sell their manufactured architectural coatings into or within the District for use in the District, without having a manufacturer ID number issued by the District, within the time specified in subdivision (d).

(m) Test Methods

For the purpose of this rule, test methods are as specified in Rule 1113.

(n) Severability

If any provision of this rule is held by judicial order to be invalid, or invalid or inapplicable to any person or circumstance, such order shall not affect the validity of the remainder of this rule, or the validity or applicability of such provision to other persons or circumstances. In the event any of the exceptions to this rule are held by judicial order to be invalid, the persons or circumstances covered by the exception shall instead be required to comply with the remainder of this rule.

(o) Distributor(s) List

On or before January 31<sup>st</sup>, ~~2009, and each subsequent January 1,~~ all architectural coatings manufacturers subject to this rule shall provide to the District a list of all U.S. distributors to whom they supply architectural coatings, ~~including but not limited to coatings manufactured by a private labeler coatings and toll manufacture<sup>d</sup> coatings.~~ The list shall be in a format determined by the Executive Officer and shall include the distributors name, address, contact person and phone number.

(1) Once the initial list of all U.S. distributors has been submitted, the architectural coatings manufacturer is only required to shall provide the any changes from to that list for subsequent reporting years.

~~(2) If there are no changes to the original list of all U.S. distributor(s), the architectural coatings manufacturer is only required to provide written notification to that effect in subsequent reporting years in subsequent reporting years shall report no changes.~~

(p) Exemption

- ~~(1) Notwithstanding the provisions of subparagraph (g)(2), fees pursuant to subparagraph (g)(2) shall not be assessed on coatings with 5 or less grams of VOC per liter of material provided the Annual Quantity and Emissions Report is received within the time prescribed by subparagraph (i)(2).~~
- ~~(2) Fees pursuant to subparagraph (g)(2) shall not be assessed on recycled coatings distributed or sold into or within the District by a certified recycled paint manufacturer provided the Annual Quantity and Emissions Report is received within the time prescribed by subparagraph (i)(2). Recycled Coating is as defined in Rule 1113, and certified recycled paint manufacturer shall be as certified pursuant to Rule 1113.~~
- ~~(3) Fees pursuant to subparagraph (g)(2) shall not be assessed on any architectural coatings manufacturer whose distribution or sale of coatings into or within the District for use in the District are less than 1,000 gallons and have annual VOC emissions of 0.5 tons or less in a calendar year, provided the Annual Quantity and Emissions Report is received within the time prescribed by subparagraph (i)(2).~~
- ~~(4) Architectural coatings offered for sale as a dry mix, containing no polymer, that are only mixed with water prior to use, including, but not limited to, stucco, clays, and plasters.~~

**A T T A C H M E N T F**

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**FINAL STAFF REPORT FOR**

**PROPOSED AMENDED RULE 314 – FEES FOR ARCHITECTURAL COATINGS**

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

**~~Draft-Final~~ Staff Report**  
**Proposed Amended Rule 314 – Fees for Architectural Coatings**

**~~August 7, 2013~~September 6, 2013**

**Deputy Executive Officer**  
**Planning, Rule Development, & Area Sources**  
Elaine Chang, DrPH

**Assistant Deputy Executive Officer**  
**Planning, Rule Development, & Area Sources**  
Laki Tisopulos, Ph.D., P.E.

**Planning and Rules Manager, Area Sources**  
Naveen Berry

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**Author:** Heather Farr, Air Quality Specialist  
**Reviewed By:** William Wong, Principal Deputy District Counsel  
David De Boer, Program Supervisor

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
GOVERNING BOARD**

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Speaker of the Assembly Appointee

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Judith Mitchell  
Mayor Pro Tem, Rolling Hills Estates  
Cities of Los Angeles County/Western Region

Shawn Nelson  
Supervisor, Fourth District  
County of Orange

Dr. Clark E. Parker, Sr.  
Senate Rules Appointee

Miguel A. Pulido  
Mayor, Santa Ana  
Cities of Orange County

**EXECUTIVE OFFICER:**

BARRY R. WALLERSTEIN, D.Env.

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## ACRONYMS USED IN THIS REPORT

ACO - Averaging Compliance Option

AQER - Annual Quantity and Emissions Report

AQMP - Air Quality Management Plan

CEQA - California Environmental Quality Act

PAR - Proposed Amended Rule

~~S~~CAQMD - South Coast Air Quality Management District

SCE - Small Container Exemption

VOC - Volatile Organic Compound

## EXECUTIVE SUMMARY

Rule 314 – Fees for Architectural Coatings, adopted by the Governing Board on June 6, 2008, sets fees for manufacturers of architectural coatings to recover the SCAQMD cost of regulating architectural coatings. Architectural coatings represent one of the largest VOC emission source categories regulated by the SCAQMD. When the rule was adopted, the manufacturers requested the ability to report numerous products on one line, also referred to as “grouping.” Staff experience, based on compliance reviews and audits of reports submitted, indicates that grouping of multiple products leads to lack of compliance verification.

Staff is proposing to remove the ability to use “grouping,” exempt small manufacturers from fees, and clarify certain rule provisions.

The proposed amendments to Rule 314 will:

- Include private labelers in the Applicability section and in the definition of Architectural Coatings Manufacturer
- Add nine definitions, amend five definitions, and delete one definition
- Remove the ability to group products
- Clarify the reporting requirements for multi-component coatings and concentrates
- Add a reporting requirement to indicate if a product was sold under the 4,000 foot exemption
- Require Big Box retailers to submit their annual reports to the District as well as the manufacturers and include a list of stores where the products were sold
- Update the fee rate and remove the outdated phase-in rates
- Require manufacturers to pay the fee rate in effect for the year in which they are reporting and not the fee rate that was in effect when the sales and emissions actually occurred
- Clarify that once the distributors list has been submitted, only changes need to be submitted for subsequent years
- Amend the exemption for coatings containing 5 or less grams of VOC per liter of material and recycled coatings such that they are only exempt from the fees provided they submit their Annual Quantity and Emissions Report (AQER) by the time prescribed in subparagraph (i)(2)

- Exempt small manufacturers from fee requirements, provided they submit their AQER in the time prescribed in subparagraph (i)(2)
- Exempt coatings that are offered for sale in powder form, containing no polymer content, that are solely mixed with water prior to use, from reporting requirements

## BACKGROUND

Rule 314 affects about 200 architectural coatings manufacturers. Beginning in 2009 and each subsequent calendar year, Rule 314 requires architectural coatings manufacturers to report to SCAQMD the total annual quantity (in gallons) and emissions of each of their architectural products distributed or sold into or within the SCAQMD for use in the SCAQMD, during the previous calendar year. Fees are assessed on the manufacturers' reported annual quantity of architectural coatings as well as the cumulative VOC emissions from the reported annual quantity of coatings. Data collected from the manufacturers also provides SCAQMD with an annual emissions inventory that is used for planning purposes.

Rule 314 contains a fee exemption for architectural coatings containing 5 or less grams of VOC per liter of material and for sale of recycled coatings to further encourage the development, marketing, and use of lower-VOC and recycled coatings.

The following table summarizes the sales, emissions, and fees since rule implementation in 2009. The fee data includes fees collected during the fiscal year and not necessarily the fees that were generated by the sales and emissions for a particular reporting year. In the table below, there may be new companies that reported for previous years or paid penalties during a subsequent fiscal year. For example, all fees collected from a company that first reports in 2011, even though they pay fees for prior years as well, shows as revenue in 2011 fiscal year.

Sales, Emissions and Fees by Year					
Year	Total Sales	Waterborne	Solvent Based	Emissions (tpd)	Fees Collected by Fiscal Year
2008	39,435,801	35,817,785	2,343,326	15.5	\$1,226,651
2009	34,166,695	31,338,195	1,606,233	12	\$1,445,715
2010	34,494,772	31,586,806	1,668,599	11.9	\$2,503,791
2011	38,084,334	34,656,353	2,019,224	12.7	\$2,808,927
2012*	35,105,489	32,239,536	1,589,770	10.6	\$2,104,360

**\*Year to date, not all manufacturers reported or paid at time the data was queried (June 6, 2013).**



Upon initial adoption of Rule 314, the intent was to strengthen the compliance review and to recover program costs of the architectural coatings program and provide an incentive for lower VOC formulations. The projected cost of the comprehensive program was approximately \$4.2 million with anticipated additional staffing for compliance reviews. However, the fees collected have been significantly below the projections due to the contraction in the architectural coatings market as a result of the recession, as well as the reduction of emissions resulting from commercialized coatings with VOC contents well below the designated compliance limits. While consumer awareness and demand for lower emitting products is one factor, staff believes the reduction in emissions is also in part due to design of the fee rate in Rule 314. The fees are bifurcated between sales-based and emissions-based, with an exemption from fees for coatings that contain less than 5 g/L material. This incentivizes manufacturers to formulate low-VOC coatings in order to reduce their fees. In some instances this resulted in manufacturers developing and marketing near-zero VOC coatings, now sold nationwide resulting in air quality benefits within and outside of the ~~SEAQMD~~. This was the intent of the fee structure and staff is not proposing to raise the fees to meet the original projections. Staff maintained the cost of implementing the program by not increasing necessary resources as originally projected.

## **STAFF ASSESSMENT FOR THE PROPOSED AMENDMENTS**

### **APPLICABILITY**

For clarification, in the applicability section, staff is proposing to include private labelers, who sell coatings under their name but do not actually manufacturer the coating. Currently, Rule 314 applies only to manufacturers, and the proposed amendment clarifies that it also applies to private labelers. If the product was toll manufactured, (i.e. manufactured by a coatings manufacturer for another party), and sold by a private labeler, the private labeler whose name is on the label is ultimately responsible for reporting those sales. These two parties can then arrange to have the toll manufacturer report those coatings provided the coatings are reported and not double reported.

### **DEFINITIONS**

#### *Aerosol Coating Product*

Staff is proposing to amend the definition for aerosol coating product to harmonize it with proposed definition in the California Air Resources Board's Consumer Product Regulation.

#### *Architectural Coatings*

Staff is proposing to harmonize the definition of an Architectural Coating with the definition in Rule 1113- Architectural Coatings (Rule 1113), as amended in June 2011.

#### *Architectural Coatings Manufacturer*

Staff is proposing to change the definition of an architectural coatings manufacturer to be consistent with the definition of a manufacturer in Rule 1113. Staff is also proposing to amend

the definition of an architectural coatings manufacturer to state that “For the purposes of this rule, ~~architectural coatings manufacturers include~~a private labeler is an architectural coatings manufacturer.”

#### *Authorized Representative*

Staff is proposing to add a definition for the Authorized Representative. This term is used in addition to the Responsible Party on the Form M, which is used to generate a SCAQMD manufacturers ID number. Subparagraph (d)(3) has been added to clarify the requirements for delegating and changing the Authorized Representative and the Responsible Party.

#### *Concentrate*

Staff is adding a definition for a coating sold as a concentrate that is diluted with water or an exempt compound. There has been confusion regarding how to report the VOC content and volume for coatings sold as concentrates; staff is proposing revisions to section (e) to clarify requirements for reporting concentrates.

#### *Multi-Component Coating*

Staff is adding a definition for multi-component coatings as there has also been confusion regarding how to report their VOC content. Proposed revisions to section (e) contain additional guidance. Multi-component coatings are coatings where there is a reaction between each component; therefore, those components need to be packaged separately. These include epoxies, urethanes, and zinc-rich coatings where the zinc is packaged separately.

#### *Product Line*

The definition for a product line is being deleted as it is no longer necessary with the proposed elimination of grouping.

#### *Private Labeler*

Staff is adding a definition for a private labeler, since they are now being included in the proposed revisions to the Applicability section and the definition of Architectural Coatings Manufacturer.

#### *Recycled Coating*

Staff is adding a definition for recycled coatings consistent with Rule 1113. The definition of a recycled coating references secondary and post-consumer coatings, both of those definitions from Rule 1113 are also added in the proposed amendment.

#### *Stationary Structures*

Staff is adding a definition for stationary structures for clarification as it is mentioned in the definition of an architectural coating. This definition is consistent with Rule 1113.

#### *Toll Manufacturer*

A toll manufacturer makes coatings that another entity sells. The rule referenced toll manufacturers and staff is adding a definition for clarification.

#### **REQUIREMENT TO OBTAIN A MANUFACTURER IDENTIFICATION (ID) NUMBER**

Staff is proposing to include clarifying language that the Responsible Party ~~or designating the~~ Authorized Representative is responsible for the Authorized Representative and may act in lieu of the Authorized Representative ~~can be delegated or changed by submitting a signed Form M.~~ The Form M that is used initially when manufacturers apply for a manufacturer's ID number, ~~and to change either the Responsible Party or the initially designates the~~ Authorized Representative through a Responsible Party (e.g. a corporate office). The designating Responsible Party then becomes responsible for the actions of T the Authorized Representative, who is typically the person who compiles the data and submits the AQER. The Responsible Party may act in lieu of the Authorized Representative. The authorized user for the online reporting program may be either is also the Authorized Representative or the designating Responsible Party. ~~However, - Only one authorized user is allowed per facility in the program so if the authorized user as people leaves an organization, it is common a new Form M is needed to change the specified a~~ Authorized Representative ~~user by submitted a new signed Form M.~~ Access ~~will not be is not~~ granted to a new authorized user to the online reporting program until the District receives a signed Form M, as the AQER requires submittals of confidential sales information. There are no fees associated with changes to the Authorized Representative or the Responsible Party.

#### **PROPOSED REVISIONS - AQER**

##### *Grouping*

Staff is proposing to remove the ability for manufacturers to group their products in their AQER. The initial intention with grouping was to allow the manufacturer to consolidate multiple products in one line item provided the coatings:

- Belong to the same coating category in Rule 1113 Table of Standards,
- Have the same vehicle technology (solvent or water),
- Are of the same resin type,
- Are recommended for the same use (either interior, exterior or dual use),
- Have the same form (either single - or multiple-component),
- Do not exceed a coating (regulatory) VOC range of 25 grams per liter between the highest and lowest coating in the group.

However, based on rule implementation over the past five years, staff's experience shows that grouping has led to compliance verification challenges when coatings are encountered in the field. Staff cannot confirm if a particular product has been reported in the AQER when grouped.

In addition, audits have shown that manufacturers also have difficulty separating the grouped products when requested to validate the information reported in the AQER. Therefore, staff concludes that grouping complicates the reporting process and compliance verification.

#### *Multi-Component Coatings and Concentrates*

Staff is including guidance on the reporting of multi-component coatings and concentrates. In compliance checks over the years, staff has found several instances where coatings appeared to have been sold over the VOC limit when they were actually one part of a two part system or a coating sold as a concentrate. Based on the proposed amendments for multi-component coatings, part one and part two are to be reported as separate line items, but the VOC should be reported as recommended for use by the manufacturer (e.g. mixed). For concentrates, the VOC is to be reported at the minimal dilution recommended (e.g. the highest VOC possible) and the volume reported should also include the volume at the minimal dilution recommended. This is consistent with the approach used in Rule 1171- Solvent Cleaning Operations and the Annual Emissions Reporting Program.

#### *Flags in the Online Reporting Program*

Staff is also including clarification regarding the possible flags that are available in the program. Clause (e)(1)(I)(iv) Other (with Explanation) is not an available option in the online reporting program. That clause is being replaced by low solids, which is an option in the program. Staff is also adding an option for manufacturers to indicate if high-VOC stains and lacquers were sold using the 4,000 feet exemption.

#### *Manufacturers with No Sales*

Staff is also adding clarification regarding manufacturers who have no sales for the prior calendar year. They must either submit a letter on company letterhead, signed by the Responsible Party, stating they had no sales or indicate no sales in the online reporting program. For companies who do not intend to sell architectural coatings into or within the District in the future, they can indicate that in writing so they do not have to report “no sales” annually. That request must be done in writing and signed by the Responsible Party.

#### *Annual “Big Box” Reports*

The January 9, 2009 amendment to Rule 314 included a requirement for “big box” (e.g. The Home Depot, Lowe’s, etc.) retailers to report their sales within the SCAQMD back to the manufacturers that supply architectural coatings to them. This requirement was adopted because the rule only applied to coating manufacturers who distribute or sell their manufactured coatings into or within the SCAQMD, and excludes “big box” retailers that ship coatings into the SCAQMD from warehouses located outside the SCAQMD. Over the past few years, staff investigations have shown that in some cases that the reports were not forwarded in a timely manner. Staff has also observed vastly different numbers reported on “big box” reports that represent the same sales year and manufacturer compared to that reported by the manufacturers.

Staff needs the ability to track the reported big box sales independently and review for discrepancies. Therefore, staff is proposing to require “big box” retailers to forward their annual reports prepared for the architectural coating manufacturers to ~~SC~~AQMD as well.

**FEES**

Staff is proposing to remove the outdated phased-in fee rates. Upon rule adoption, manufacturers requested the fees be phased in up to the maximum amount of approximately \$0.08 per gallon (depending on the VOC of the coating). The fees have been at the maximum fee rate since the 2010 calendar year and increase by the consumer price index (CPI) every year under Rule 320 - Automatic Adjustment Based on Consumer Price Index for Regulation III Fees.

To be consistent with other fee rules (e.g. Rule 301 – Permitting and Associated Fees), staff is adding clarification that the fee rates to be applied shall be the fee rate in effect for the year in which the sales and emissions are actually reported, and not the fee rate in effect for the year the emissions actually occurred. Other than for the 2008 and 2009 calendar years, this is currently being implemented.

The removal of the phased in fee rate will result in an increase of fees for those manufacturer who have never reported under Rule 314 or who have to revise 2008 or 2009 reports. The following shows the increase for those years:

Year	Current Sales Fee	Proposed Sales Fee	Current Emission Fee	Proposed Emission Fee
2008	\$0.018	\$0.039	\$128.47	\$260.54
2009	\$0.029	\$0.039	\$193.23	\$260.54

After January 1, 2014 and January 1, 2015, manufacturers will no longer be required to submit the data from to 2008 or 2009, respectively, due to the 5-year record retention requirement in the rule. This increase in cost will only be temporary and affect the few small manufacturers who are currently not complying with Rule 314.

**DISTRIBUTORS LIST**

Rule 314 requires manufacturers to submit distributor(s) lists on an annual basis. These lists are the same year after year for the majority of manufacturers. To reduce the reporting burden, staff is proposing to add clarification that once the initial list has been submitted; manufacturers’ only need to submit changes to the list in subsequent years.

**EXEMPTIONS**

Staff is proposing to amend the exemptions for recycled coatings and coatings that contain less than 5 g/L material such that they are only exempt from the fees if the manufacturer submits the reports by the deadline specified in subparagraph (i)(2):

If both the fee payments and the Annual Quantity and Emissions Report for the previous calendar year are not received by May 30, they shall be considered late; and a surcharge for late payment shall be imposed for fees past due as set forth in paragraph (i)(3). Architectural coatings manufacturers subject to paragraph (d)(2) on or after July 1 of the reporting year shall have an additional 6 months, or any additional time approved by the Executive Officer, to submit the fee payments and the Annual Quantity and Emissions Report for the acquired architectural coatings manufacturer. **For the purpose of this paragraph, the fee payments and the Annual Quantity and Emissions Report shall be considered to be timely received by the District if it is postmarked on or before May 30. If May 30 falls on a Saturday, Sunday, or a state holiday, the fee payments and Annual Quantity and Emissions Report may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if they had been postmarked on May 30.**

Manufacturers who are entirely exempt from the fees tend to neglect the reporting process and it takes considerable resources to get them into the system. They will still be exempt for the fees provided the report is submitted on time.

Staff is also proposing to exempt small manufacturers from the fees provided they report by the deadline specified in subparagraph (i)(2). There are a considerable number of manufacturers who sell only a very small quantity of coating into or within the District, and they have insignificant emissions contribution. The following is the breakdown of the small versus large manufacturers for 2011 year data reported as of 2012. Staff is not using the 2012 year data since not all manufacturers have submitted their AQERs. For the evaluation below, staff used the fees that a manufacturer would have paid if they reported on time, during the current fiscal year, and may not necessarily reflect the fees that were actually paid.

**Rule 314 Data Based on the 2011 Calendar Year Sales (Unaudited)**

Total Fees for Quantity and Emissions that Occurred in 2011: \$2,160,053 (does not include late fees or CPI adjustment)

Total Number of Manufacturers Reporting: 204

	Cumulative Fees	Percent of total
Top 5 Companies	\$1,203,408.71	56%
Top 10 Companies	\$1,618,732.74	75%
Top 20 Companies	\$1,848,884.33	86%
Top 30 Companies	\$1,940,562.90	90%

<b>Bottom 30 Companies</b>	\$810.60	0.04%
<b>Bottom 20 Companies</b>	\$194.00	0.009%
<b>Bottom 10 Companies</b>	\$49.40	0.002%
<b>Bottom 5 Companies</b>	\$5.66	0.0003%

<b>Companies sold &lt;100gallons</b>	
<b>Number of Manufacturers</b>	16
<b>Cumulative Fees</b>	\$110.17
<b>Percent of Total</b>	0.005%
<b>Highest Fee</b>	\$36.97
<b>Companies sold &lt;500 gallons</b>	
<b>Number of Manufacturers</b>	38
<b>Cumulative Fees</b>	\$1,152.73
<b>Percent of Total</b>	0.053%
<b>Highest Fee</b>	\$229.13
<b>Companies sold &lt;1,000 gallons</b>	
<b>Number of Manufacturers</b>	48
<b>Cumulative Fees</b>	\$1,664.90
<b>Percent of Total</b>	0.077%
<b>Highest Fee</b>	\$236.51

Staff is proposing to exempt manufacturers who sell less than 1,000 gallons a year and have annual VOC emissions of 0.5 tons or less in a calendar year, estimated to be about 25% of all manufacturers that reported in 2012. The work required to track these fees exceeds the value received.

Staff would like to clarify that coatings which are sold as a dry mix and solely mixed with water, including Stucco, are exempt from the reporting requirements in Rule 314. This exemption does not include polymer containing powder coatings. There is a large volume of these architectural coatings, and although they fall under Rule 1113, there is no value in having these cementitious dry coatings reported. They would fall under the flat coating category, and the high volume of zero-VOC coatings would skew the architectural coatings data.

## **CALIFORNIA ENVIROMENTAL QUALITY ACT (CEQA)**



SCAQMD staff has reviewed the proposed amendments to Rule 314 pursuant to CEQA Guidelines §15002(k) - Three Step Process, and CEQA Guidelines §15061 – Review for Exemption, and has determined that the proposed amendments are exempt from CEQA pursuant to CEQA Guidelines §15273 - Rates, Tolls, Fares and Charges, because PAR 314 amends fees for architectural coatings manufacturers who distribute or sell their manufactured architectural coatings into or within the SCAQMD area of jurisdiction for use in the SCAQMD area of jurisdiction for the purpose of recovering the program costs for establishing and implementing Rule 1113 – Architectural Coatings.

PAR 314 would only affect definitions, fees, and reporting requirements. The evaluation of the proposed project resulted in the conclusion that PAR 314 would not create any adverse effects on air quality or any other environmental areas; therefore, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Since it can be seen with certainty that the proposed project has no potential to adversely affect air quality or any other environmental area, PAR 314 is also exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) – Review for Exemption.

## **COST IMPACT**

The proposed amendments will result in a minor increase in fees to manufacturers who failed to report their 2008 or 2009 fees. This increase in cost will only be temporary and affect the few small manufacturers who are in violation of Rule 314 reporting requirements and not currently in the system. After January 1, 2014 and January 1, 2015, manufacturers will no longer be required to submit the data back to 2008 or 2009 respectively as there is a 5-year record retention policy. Because the rule amendments do not significantly affect air quality or emissions limitations, a socioeconomic analysis is not required.

## **LEGISLATIVE AUTHORITY**

The California Legislature created the SCAQMD 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 SCAQMD 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 SCAQMD 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 SCAQMD 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 SCAQMD to adopt rules and regulations that carry out the objectives of the AQMP. The rule amendments are not AQMP control measures nor do they fall under Health and Safety Code Section 40920.1 so cost-effectiveness is not relevant.

## DRAFT FINDING 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 SCAQMD 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 SCAQMD Governing Board has determined that a need exists to amend Rule 314 – Fees for Architectural Coatings to clarify rule language, remove the grouping provision, and exempt small manufacturers from the fees.

**Authority** - The SCAQMD 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 SCAQMD Governing Board has determined that the proposed amendments to Rule 314 – Fees for Architectural Coatings, are written and displayed so that the meaning can be easily understood by persons directly affected by them.

**Consistency** - The SCAQMD Governing Board has determined that PAR 314 – Fees for 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 SCAQMD Governing Board has determined that the proposed amendments to Rule 314 – Fees for 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 SCAQMD.

**Reference** - In adopting these amendments, the SCAQMD Governing Board references the following statutes which the SCAQMD 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), 40522.5 (fees on areawide sources of emissions), 40725 through 40728 and Federal Clean Air Act Sections 171 et seq., 181 et seq., and 116.

## COMMENTS AND RESPONSES

The following are excerpts from the comment letters and emails. The public comments were received during the commenting period from June 20, 2013 to June 27, 2013. Additional comment letters received after the close of comments are also included.

*The following are comments from the American Coatings Association – Comment Letter #1.*

### **Comment**

1. Concentrate – ACA suggests the following changes to the Concentrate definition and Section (e)(1)(F) and (G):

“(8) CONCENTRATE is a coating that is supplied in a form that must be diluted with water or an exempt compound according to the manufacturer’s application instructions in order to yield the desired ~~film~~ coating properties.

(F) The grams of VOC per liter of coating, less water and less exempt compounds for each product as supplied or for multi-component coatings and coatings sold as a concentrate, as recommended for use by the manufacturer’s minimum label dilution instructions; ~~recommended for use by the manufacturer~~;

(G) The grams of VOC per liter of material for each product as supplied or for multi-component coatings and coatings sold as a concentrate, as recommended for use by the manufacturer’s minimum label dilution instructions. Additionally, for each solvent-based coatings, grams of VOC per liter of material shall include with maximum any thinning as recommended by the manufacturer. ~~allowed with a VOC, as listed in the Technical Data Sheet, shall also be included.~~

### **Response**

Staff concurs with the wording change in the definition but opted to change the language on the VOC to a list format for clarity.

### **Comment**

b) Applicability

This rule applies to architectural coatings manufacturers ~~or private labelers~~ that distribute or sell their manufactured architectural coatings into or within the District for use in the District and are subject to Rule 1113 - Architectural Coatings. This rule also applies to ~~private labelers and to~~ big box retailers that distribute or sell architectural coatings into or within the District for use in the District and are subject to Rule 1113 – Architectural Coatings...

<p><b>Response</b></p> <p>Staff concurs with this change and has revised the proposed rule accordingly.</p>
<p><b>Comment</b></p> <p>3. Authorized Representative:</p> <p>c)(5) AUTHORIZED REPRESENTATIVE <del>for a corporation is a corporate officer or an authorized representative so delegated by a corporate officer. The authorized representative</del> is the person authorized <u>by a Responsible Party</u> to prepare and submit the Annual Quantity and Emissions Report <u>on behalf of an architectural coatings manufacturer or private labeler.</u></p>
<p><b>Response</b></p> <p>Staff concurs with this change and amended the definition without the reference to private labeler. Private labeler is now included in the definition of the architectural coatings manufacturer.</p>
<p><b>Comment</b></p> <p>4. Multi-component Coatings –</p> <p>(b)(38) MULTI-COMPONENT COATING is a reactive coating requiring the addition of a separate catalyst or hardener before application to form an acceptable dry film."</p>
<p><b>Response</b></p> <p>Staff concurs with this change and has revised the proposed rule accordingly.</p>
<p><b>Comment</b></p> <p>5. Private Labeler:</p> <p>(c)(16) PRIVATE LABELER <u>of an architectural coating</u> is <del>not the manufacturer of the coatings but the</del> person, company, firm, or establishment <u>(other than the toll manufacturer) identified listed</u> on the product's label. <u>The private labeler and the toll manufacturer of a product may, by agreement in writing filed with the District's Executive Officer, designate the manufacturer as the party responsible for compliance with this rule. If the label lists two or more different persons, companies, firms, or establishments, they may mutually designate in writing the responsible party for compliance with this rule. That writing shall be filed with the District's Executive Officer.</u></p>

**Response**

Staff concurs with the changes to the first sentence and has revised the proposed rule accordingly but did not include the guidance as to who is ultimately responsible for complying with the Rule 314 requirements. That guidance is included in the staff report.

**Comment**

6. Responsible Party:

(c)(18) RESPONSIBLE PARTY for a corporation is ~~the a~~ corporate officer so designated pursuant to subsection (d)(3) of this rule. ~~or an authorized representative so delegated by a corporate officer. Delegation of an authorized representative must be made in writing to the Executive Officer.~~ A responsible party for a partnership or sole proprietorship is the general partner or proprietor, respectively, so designated pursuant to subsection (d)(3) of this rule.

**Response**

Staff included the suggested reference to subsection (d)(3) for clarification.

**Comment**

7. Designation or Change of Responsible Party and/or Authorized Representative

(d)(3) Designation or Change of Responsible Party and/or Authorized Representative

Application for a manufacturer ID number pursuant to (d)(1), as submitted by the Responsible Party for Aan architectural coatings manufacturer shall designate establish both the Responsible Party and the Authorized Representative. ~~at the time they apply for the manufacturer ID number in (d)(1).~~ ~~A C~~changes ~~to~~ in the designation of either the Responsible Party or the Authorized Representative shall be made in writing using the same application form.

**Response**

Staff concurs with this change and has revised the proposed rule accordingly.

**Comment**

8. Exemption of Manufacturers from Rule 314 Fees - ACA suggests exempting manufacturers that sell less than 1000 gallons per year in the District. The 1000 gallon level will exempt an additional 10 companies and only reduce revenues by approximately \$500. ACA does suggest that these companies continue submission of an Annual Quantity and Emissions Report so that these coatings are part of the 314 emissions data.

***Response***

Staff concurs with the change in the fee exemption to 1,000 gallons annually but added the additional condition that the manufacturer must also not emit more than 0.5 tons of VOCs annually. Staff does not believe that small manufacturers who sell predominantly high-VOC coatings should be exempted.

***Comment***

9. Big Box Annual Reports –ACA suggests the District require Big Box Stores send their Annual Reports to the District and the District then distribute these reports to the manufacturer’s to interpret, report, and pay the fee. This should make the process more timely and easier for the District. ACA suggests that the current Annual report form is ambiguous in what the Big Boxes are supposed to put in the two columns. Please change the form to require the data in units sold, with one column for units of one liter or less and the other column for units greater than one liter. In addition, the Big Box Stores should be required to supply the list of stores, with street addresses, cities, and ZIP codes from which the data came. Since Big Box Stores have no economic incentive, they may (and have sometimes) included stores not located within the District; this is not fair given that manufacturers have to pay for these excess sales data.

***Response***

Staff is including a requirement that the big box retailers submit the reports to the District as well as the manufacturers. Staff is also proposing changes to the form to remove ambiguity, include the reporting of units as well as gallons, and a list of the stores from which the data came. Staff has reviewed this reporting form accordingly, with concurrence from the “big box” retailers on the changes.

***Comment***

10. Grouping – ACA encourages the District to retain the grouping option in some manner in order to reduce burden on the industry. The Rule 314 grouping is very important for reporting multiple colors of the same product line on a single line entry or multiple products with very similar formulations. Other companies use the grouping option for combining color testers (of different color) into one line item rather than hundreds of additional lines of data. Also, as mentioned at the June 20 meeting, companies are concerned about Confidential Business Information (CBI) – grouping provides companies a level of CBI protection, by disaggregating volume from product names and VOC content. We suggest that the grouping of products stay intact but modify the usage language to require the submission of the products in each group, simultaneously with the data submission.

Response

Staff believes that removing grouping from the rule does not increase the burden to industry. In contrast, based on discussions with some manufacturers, grouping products and calculating sales weighed averages adds an extra step to the reporting process requiring additional resources for completion of the AQER. Increased number of lines of data in an electronic database is also not burdensome. Staff understands industry's concerns about the confidentiality of the data and takes this concern very seriously. There are several steps in place that block an unauthorized user from accessing the data. Further, the SCAQMD implements and complies with the Public Records Act, ensuring that confidential data is addressed in a legally supported manner

In addition, the rule contains language regarding the confidentiality of the data in regard to the California Public Records Act:

(k) Confidentiality of Information

Subject to the provisions of the California Public Records Act (Govt. Code § 6250-6276.48) information submitted to the Executive Officer may be designated as confidential. The designation must be clearly indicated on the reporting form, identifying exactly which information is deemed confidential. District guidelines require a detailed and complete basis for such claim in the event of a public records request; therefore, manufacturers have the ability to indicate that their data is confidential before they electronically submit their Annual Quantity and Emissions Reports. The SCAQMD staff believes that the District's Guidelines for Implementing the California Public Records Act, which were adopted by the Governing Board on May 6, 2005 and amended on July 5, 2013 specifically with reference to trade secrets, adequately protect confidential information from misappropriation. The SCAQMD will request a justification from the entity claiming confidential information. The SCAQMD shall evaluate the justification, and any other information at its disposal, and determine if the justification supports the claim that the material is in fact trade secret under Gov. Code Sec. 6254 and Sec. 6254.7. If the SCAQMD determines that the claim of confidentiality is not meritorious or is inadequately supported by the evidence, the SCAQMD shall promptly notify, by certified mail and email, the entity who claimed confidential status that the justification is inadequate and that the information will be released after 21 calendar days from the date of such notice unless the person claiming trade secret brings a legal action to preclude such release.. At this time the entity will also be advised of its right to bring appropriate legal action to prevent disclosure, and of its right to further respond.

The SCAQMD has strategies in place for protecting the confidentiality of information claimed as confidential. The SCAQMD has been handling confidential and trade secret information for many years without incident. The SCAQMD's computer systems are protected from outside attackers, and access by internal staff is controlled and audited. A security assessment was

recently conducted which found no vulnerabilities from outside attackers. Controls for internal access include strong passwords, domain account authentication, limiting access to authorized users with proper role, antivirus software with updates, security software updates, and physical security.

***Comment***

11. Report Summary Issues – there seems to be a problem with the report summary page, specifically with regards to the quantity of ‘products exempted’ (products with a VOC content of less than 5 g/l). At least one ACA member reported that the number of ‘products exempted’ in their report summary is much less than the actual number of “exempt” products reported. Apparently, the counting of ‘products exempted’ in the Rule 314 report summary page is not working correctly.

***Response***

This is an issue with the online reporting program which will be addressed by the next reporting cycle.

***Comment***

12. Dry Mix Exemption – ACA suggests including additional dry mixes that do not contain VOCs including mortar, and grouts. ACA also suggests that there are dry coatings on the market where water is added and the paint is mixed together. Therefore, ACA suggests removing the text “containing no polymer”, since this may spur on the development of zero VOC dry mix coatings.

“Architectural coatings offered for sale as a dry mix, ~~containing no polymer~~, that are only mixed with water prior to use, including but not limited to stucco, clays, plasters, mortar, grouts.”

***Response***

While staff would like to spur the development of “zero”-VOC dry mix coatings, we are also interested in following the trends of those sales. All “zero”-VOC coatings are already exempt from the fees in Rule 314 which should encourage their development. However, staff would like to continue to have those coatings reported.

In regard to mortar and grout, those products are not considered architectural coatings so they do not have to be reported under Rule 314. Those products fall under Rule 1168 – Adhesives and Sealants.

**ATTACHMENT G**

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**NOTICE OF EXEMPTION FOR**

**PROPOSED AMENDED RULE 314 – FEES FOR ARCHITECTURAL COATINGS**





# 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 AMENDED RULE 314 – FEES FOR ARCHITECTURAL COATINGS**

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.

PAR 314 would add, remove, and amend definitions to clarify the rule. Specifically, PAR 314 would add private labelers to the applicability section; remove the requirement allowing the reporting of product lines in lieu of individual products in annual reports; require big box retailers to submit annual reports to the SCAQMD; remove the phased in fee rate; clarify that manufactures pay current fee rate for past reporting; clarify report requirements; require fees for exempt coatings if reported late, exempt small manufactures from fees if reported on time; and exempt from fees architectural coatings offered for sale as a dry mix, containing no polymer, that are only mixed with water prior to use. In summary, the amendments to Rule 314 would affect only fee and reporting requirements.

Evaluation of the proposed project resulted in the conclusion that it will not create any adverse effects on air quality or any other environmental areas. Therefore, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Since it can be seen with certainty that the proposed project has no potential to adversely affect air quality or any other environmental area, it is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) – Review for Exemption. SCAQMD staff has also determined that the proposal is statutorily exempt from CEQA pursuant to CEQA Guidelines §15273 - Rates, Tolls, Fares and Charges, because the proposed project establishes fees for architectural coatings manufacturers who distribute or sell their manufactured architectural coatings into or within the SCAQMD area of jurisdiction for use in the SCAQMD area of jurisdiction for the purpose of recovering the program costs for establishing and implementing Rule 1113 – Architectural Coatings. Upon adoption, 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 James Koizumi (c/o Planning, Rule Development & Area Sources) at the above address. Mr. Koizumi can also be reached at (909) 396-3234.

**Date:** September 6, 2013

**Signature:** 

Michael Krause  
CEQA Program Supervisor  
Planning, Rule Development &  
Area Sources

**Reference: California Code of Regulations, Title 14**

**NOTICE OF EXEMPTION**

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<b>To:</b> County Clerks of Los Angeles, Orange, Riverside, San Bernardino	<b>From:</b> South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765
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**Project Title:**  
Proposed Amended Rule 314 – Fees for Architectural Coating

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**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.

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**Description of Nature, Purpose, and Beneficiaries of Project:**  
Proposed amended Rule (PAR) 314 would add, remove, and amend definitions; include private labelers in the applicability section; remove the requirement allowing the reporting of product lines in lieu of individual products in annual reports; require Big Box retailers to submit annual reports to the SCAQMD; remove outdated phases in fee rate; clarify that manufactures pay current fee rate for past reporting; clarify report requirements; require fees for exempt coatings if reported late; exempt small manufactures from fees if reported on time; and exempt from fees architectural coatings offered for sale as a dry mix, containing no polymer, that are only mixed with water prior to use. In summary, the amendments to Rule 314 would affect only fee and reporting requirements.

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<b>Public Agency Approving Project:</b> South Coast Air Quality Management District	<b>Agency Carrying Out Project:</b> South Coast Air Quality Management District
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**Exempt Status:**  
General Concepts [CEQA Guidelines §15002 (k)(1)];  
General Rule Exemption [CEQA Guidelines §15061 (b)(3)];  
Statute Exemption [CEQA Guidelines §15061 (b)(1)]; and  
Rates, Tolls, Fares and Charges [CEQA Guidelines §15273](a)(1)

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**Reasons why project is exempt:**  
SCAQMD staff has reviewed the proposed amendments to Rule 314 pursuant to CEQA Guidelines §15002(k) - Three Step Process, and CEQA Guidelines §15061 – Review for Exemption, and has determined that the proposed amendments are exempt from CEQA pursuant to CEQA Guidelines §15061 (b)(3) (“General Rule Exemption”). PAR 314 would only affect definitions, and fees and reporting requirements. The evaluation of the proposed project resulted in the conclusion that it would not create any adverse effects on air quality or any other environmental areas; therefore, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Since it can be seen with certainty that the proposed project has no potential to adversely affect air quality or any other environmental area, it is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) – Review for Exemption. In addition, SCAQMD staff has determined that PAR 314 is statutorily exempt from CEQA pursuant to CEQA Guidelines §15273(a)(1) - Rates, Tolls, Fares and Charges, based on the finding that PAR 314 establishes fees for architectural coatings manufacturers who distribute or sell their manufactured architectural coatings into or within the SCAQMD area of jurisdiction for use in the SCAQMD area of jurisdiction for the purpose of recovering the program costs for establishing and implementing Rule 1113 – Architectural Coatings. The California Health and Safety Code §40522.5(a) establishes the SCAQMD’s authority to adopt a schedule of fees to be assessed on areawide or indirect sources of emissions which are regulated but for which permits are not issued, to recover the cost of programs related to these sources.

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**Approval Date:**  
SCAQMD Governing Board Hearing: September 6, 2013, 9:00 a.m.; SCAQMD Headquarters

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<b>CEQA Contact Person:</b> Mr. James Koizumi	<b>Phone Number:</b> (909) 396-3234	<b>Fax Number:</b> (909) 396-3324	<b>Email:</b> <jkoizumi@aqmd.gov>
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<b>Rule Contact Person:</b> Ms. Heather Farr	<b>Phone Number:</b> (909) 396-3672	<b>Fax Number:</b> (909) 396-2414	<b>Email:</b> <hfarr@aqmd.gov>
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Date Received for Filing \_\_\_\_\_

Signature Signed upon approval  
Michael Krause  
CEQA Program Supervisor  
Planning, Rule Development  
and Area Sources

**DRAFT BOARD LETTER**

[↑ Back to Agenda](#)

~~LETTER RELEASE~~BOARD MEETING DATE: ~~August~~ September 76, 2013  
Agenda No. 35

PROPOSAL: ~~Set Public Hearing to~~ Amend Rule 1113 – Architectural Coatings

SYNOPSIS: Amendments are being proposed to provide relief to coating manufacturers from certain rule requirements. The staff proposal includes exempting small coating containers with a capacity of two fluid ounces or less from labeling requirements, clarifying rule intent, and removing outdated language.

COMMITTEE: Stationary Source, August 16, 2013

RECOMMENDED ACTIONS:

Adopt the resolution:

1. Certifying the Notice of Exemption for Proposed Amended Rule 1113 – Architectural Coatings; and
2. Amending Rule 1113 – Architectural Coatings

Barry R. Wallerstein, D.Env.  
Executive Officer

EC:LT:NB:HF

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This Board letter is intended to serve as the staff report for this proposed amendment to Rule 1113. At the same time staff is proposing amendments to Rule 314, for which there is a separate draft staff report.

## **Background**

Rule 1113 - Architectural Coatings, was originally adopted by the SCAQMD 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 last amendment on June 3, 2011 revised subparagraph (f)(1), referred to as the small container exemption (SCE), and required, effective January 1, 2014, coatings sold in one liter or smaller containers to comply with all other provisions of the rule, other than the VOC limits. Hence, all other rule requirements, including labeling requirements, will apply to coatings sold in all container sizes. Subsequently, manufacturers expressed concern with labeling very small containers, such as the small sample-sized containers (2 fluid ounces or less) and stains sold in the shape of a pen comprised of about 1/3 of a fluid ounce of product.

The proposed amendments address those concerns and exempt coatings sold in containers, with a capacity of 2 fluid ounces or smaller, from the labeling requirements in subparagraphs (d)(1) through (d)(7). The proposed amendments will also remove outdated rule language and clarify certain provisions and test methods.

## **Proposal**

The proposed amendments to Rule 1113 will:

- Amend the definition for Aerosol Coating Product to harmonize it with the proposed definition in the California Air Resources Board's Consumer Product Regulation
- Add definitions for Multi-Component Coatings and Concentrates
- Clarify the definition of Recycled Coatings
- Clarify that the VOC limits on Colorants in the Table of Standards 2 applies to colorants added to architectural and industrial maintenance coatings
- Clarify that the Sell-Through provision, subparagraph (c)(4), and the small container exemption, subparagraph (f)(1), only applies to the Table of Standards 1
- Clarify that the provisions regarding open containers not in use, which does not include the tips in colorant dispensers, (subparagraph (c)(5)), and Group II exempt compounds (subparagraph (c)(8)) also apply to colorants

- Clarify that Rules 1143 – Consumer Paint Thinners and Multi-Purpose Solvents and 1171 – Solvent Cleaning Operations apply to solvent cleaning involving architectural coatings
- Exempt containers having capacities of two fluid ounces or less from the labeling requirements in subparagraphs (d)(1) through (d)(7)
- Clarify that the VOC content displayed on the container for Multi-Component Coatings must be the maximum VOC content of the mixture of all components, as recommended for use, and the VOC content on the container for a coating sold as a concentrate must be the maximum VOC content at the minimal dilution recommended for use by the manufacturer
- Correct minor errors in the definitions for Architectural Coatings and Reactive Penetrating Sealers
- ~~Clarify that the equivalent test method, SCAQMD Method 313, which is currently used to analyze low-VOC architectural coatings, is an approved VOC test method~~

The proposed amendments also remove the following outdated requirements:

- Metallic Pigmented Coatings (MPC): in the June 3, 2011 amendment the definition clarified that MPCs are decorative coatings effective July 1, 2012. Proposed subparagraph (b)(37). The amendment deletes the effective date.
- Quick Dry Enamels and Quick Dry Primer, Sealer, Undercoaters: the definitions were subsumed by the Non-Flat and Primer, Sealer, Undercoater categories respectively effective July 1, 2011. The categories were also removed from the Table of Standards 1. Staff proposes to retain the definitions for clarification, as many manufacturers still use these terms for marketing purposes. The amendment deletes the effective date. Proposed subparagraph (b)(48) and (49).
- Sanding Sealers: in the June 3, 2011 amendment the definition was amended to remove the labeling requirements effective July 1, 2013. The amendment deletes the effective date and labeling language.
- Averaging Compliance Option (ACO): in the June 3, 2011 amendment, several coating categories were removed from the ACO effective December 31, 2011. The effective date and ceiling limits are being removed from the Table of Standards 1 and proposed subparagraph (c)(6)(A).
- General Provision: in the June 3, 2011 amendment, a general provision was included for Group II exempt compounds effective January 1, 2013. The effective date language is being removed. Subparagraph (c)(8).

- Clear Topcoat for Faux Finishes: in the June 3, 2011 amendment a clear top coat for faux finishes was included, as was labeling requirements effective January 1, 2012. The effective date language is being removed. Subparagraph (d)(7).
- Small Container Exemption: in the June 3, 2011, amendment bundling of the small containers was prohibited effective July 1, 2011 with a sell-through period until January 1, 2012. The effective date and sell-through language is being removed. Subparagraph (f)(1).

### **California Environmental Quality Act (CEQA)**

The SCAQMD staff has reviewed the proposed amendments to Rule 1113 pursuant to CEQA Guidelines §15002(k)(1) – Three Step Process, and CEQA Guidelines §15061 – Review for Exemption, and has determined that the proposed amendments are exempt from CEQA pursuant to CEQA Guidelines §15061 (b)(3) (“General Rule Exemption”). PAR 1113 would provide an exception from labeling requirements for containers two fluid ounces or less. PAR 1113 also includes minor changes to improve clarity. Evaluation of the proposed project resulted in the conclusion that it would not create any adverse effects on air quality or any other environmental areas. Therefore, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Since it can be seen with certainty that the proposed project has no potential to adversely affect air quality or any other environmental area, it is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) – Review for 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 Analysis**

Since the amendment does not significantly affect air quality or emissions limitations, a socioeconomic assessment is not required. The proposed amendments will result in a cost saving to the affected manufacturers as the labels of coatings sold in two ounce or smaller containers will not have to be altered.

### **Legislative Authority**

The California Legislature created the SCAQMD 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 SCAQMD 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 SCAQMD 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 SCAQMD 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 SCAQMD to adopt rules and regulations that carry out the objectives of the AQMP. The proposed amendments are not an AQMP control measure but serve to clarify the existing rule and to remove a specific labeling requirement. The rule does not implement BARCT or a 'feasible measure' under Health and Safety Code Section 40920.6 so incremental cost-effectiveness findings are not required.

### ~~Draft Findings Under California Health and Safety Code<sup>1</sup>~~

~~Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the SCAQMD 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 SCAQMD Governing Board has determined that a need exists to amend Rule 1113—Architectural Coatings to remove labeling requirements for coatings sold in containers with a capacity of two ounces or less and clarify certain rule language.~~

~~**Authority** – The SCAQMD 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 SCAQMD 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 SCAQMD 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 SCAQMD 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 SCAQMD.~~

~~**Reference** – In adopting these amendments, the SCAQMD Governing Board references the following statutes which the SCAQMD 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(e) (cost effectiveness), 40725 through 40728 and Federal Clean Air Act Sections 171 et seq., 181 et seq., and 116.~~

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<sup>1</sup> Note to Reader – Findings now located in the Resolution.

## References

U.S. EPA State Implementation Plan approval for SCAQMD Method 313

<http://yosemite.epa.gov/R9/r9testmethod.nsf/Districts/EE05A31011BE9B4D88256FC6000A4C53?OpenDocument>

[Uyên-Uyên T. Vỡ, and Michael P. Morris; Non-Volatile, Semi-Volatile, or Volatile: Redefining Volatile for Volatile Organic Compounds, August 31, 2012.](#)

## Attachment

[A. Summary of Proposed Amendments](#)

[A.B. Response to Comments](#)

[C. Rule Development Process](#)

[D. Key Contacts](#)

[E. Resolution](#)

[B-F. Proposed Rule Language](#)

[G. Notice of Exemption](#)



**ATTACHMENT A**

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**SUMMARY OF PROPOSED AMENDMENTS TO  
RULE 1113 – ARCHITECTURAL COATINGS**

**PROPOSED AMENDMENTS TO  
RULE 1113 – ARCHITECTURAL COATINGS**

Staff proposes the following amendments to provide relief to coating manufacturers from certain rule requirements, clarify rule intent, and remove outdated language.

- Amend the definition for Aerosol Coating Product to harmonize it with the proposed definition in the California Air Resources Board’s Consumer Product Regulation
- Add definitions for Multi-Component Coatings and Concentrates
- Clarify the definition of Recycled Coatings
- Clarify that the VOC limits on Colorants in the Table of Standards 2 applies to colorants added to architectural and industrial maintenance coatings
- Clarify that the Sell-Through provision, subparagraph (c)(4), and the small container exemption, subparagraph (f)(1), only applies to the Table of Standards 1
- Clarify that the provisions regarding open containers not in use, which does not include the tips in colorant dispensers, (subparagraph (c)(5)), and Group II exempt compounds (subparagraph (c)(8)) also apply to colorants
- Clarify that Rules 1143 – Consumer Paint Thinners and Multi-Purpose Solvents and 1171 – Solvent Cleaning Operations apply to solvent cleaning involving architectural coatings
- Exempt containers having capacities of two fluid ounces or less from the labeling requirements in subparagraphs (d)(1) through (d)(5)
- Clarify that the VOC content displayed on the container for Multi-Component Coatings must be the maximum VOC content of the mixture of all components, as recommended for use, and the VOC content on the container for a coating sold as a concentrate must be the maximum VOC content at the minimal dilution recommended for use by the manufacturer
- Correct minor errors in the definitions for Architectural Coatings and Reactive Penetrating Sealers

**PROPOSED AMENDMENTS TO  
RULE 1113 – ARCHITECTURAL COATINGS**

The proposed amendments also remove the following outdated requirements:

- **Metallic Pigmented Coatings (MPC):** in the June 3, 2011 amendment the definition clarified that MPCs are decorative coatings effective July 1, 2012. Proposed subparagraph (b)(37). The amendment deletes the effective date.
- **Quick Dry Enamels and Quick Dry Primer, Sealer, Undercoaters:** the definitions were subsumed by the Non-Flat and Primer, Sealer, Undercoater categories respectively effective July 1, 2011. The categories were also removed from the Table of Standards 1. Staff proposes to retain the definitions for clarification, as many manufacturers still use these terms for marketing purposes. The amendment deletes the effective date. Proposed subparagraph (b)(48) and (49).
- **Sanding Sealers:** in the June 3, 2011 amendment the definition was amended to remove the labeling requirements effective July 1, 2013. The amendment deletes the effective date and labeling language.
- **Averaging Compliance Option (ACO):** in the June 3, 2011 amendment, several coating categories were removed from the ACO effective December 31, 2011. The effective date and ceiling limits are being removed from the Table of Standards 1 and proposed subparagraph (c)(6)(A).
- **General Provision:** in the June 3, 2011 amendment, a general provision was included for Group II exempt compounds effective January 1, 2013. The effective date language is being removed. Subparagraph (c)(8).
- **Clear Topcoat for Faux Finishes:** in the June 3, 2011 amendment a clear top coat for faux finishes was included, as was labeling requirements effective January 1, 2012. The effective date language is being removed. Subparagraph (d)(5).
- **Small Container Exemption:** in the June 3, 2011, amendment bundling of the small containers was prohibited effective July 1, 2011 with a sell-through period until January 1, 2012. The effective date and sell-through language is being removed. Subparagraph (f)(1).

**A T T A C H M E N T B**

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**RESPONSE TO COMMENTS FOR  
PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS**

## Response to Comments

The following are excerpts from the comment letters and emails. The public comments were received during the commenting period from June 20, 2013 to June 27, 2013. Additional comment letters received after the close of comments are also included.

### *The following are comments from the American Coatings Association – Comment Letter #1.*

#### ***Comment***

1-1. Colorant containers:

(c)(5) All architectural coating or colorant containers ~~used to apply~~ from which the contents are used 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~~ are not ~~be~~ limited to: drums, buckets, cans, pails, trays or other storage or application containers.

#### ***Response***

Staff concurs with the recommendation and revised the proposed rule language accordingly.

#### ***Comment***

1-2. Reference to Rule 1171 and Rule 1143 – ACA is concerned that the language with regards to Rule 1171 and Rule 1143 is found under the “(c) Requirements” Section of the rule, therefore a violation of either 1171 or 1143 could also be a violation of Rule 1113. In addition, ACA is concerned that as written, paint stores that occasionally clean paint brushes (for example as part of a product demonstration) – would be considered as part of a business and subject to Rule 1171, which is problematic. ACA suggests deleting these paragraphs from the Requirements section of the rule and issue a separate compliance advisory. As an alternative, move the Rule 1171 and Rule 1143 language to the very end of the rule under a new “Notice” or “Reference” section. Either way, ACA requests the District clarify that paint stores are not subject to Rule 1171.

#### ***Response***

Staff concurs and has removed the references to Rules 1143 and 1171 from the originally proposed subdivision (c) Requirements and created a new subdivision (g) Solvent Cleaning. Staff did not add language to the effect that solvent cleaning conducted at a retail outlet *would not* have to comply with Rule 1171 as solvent cleaning conducted at a retail outlet *would* have to comply with Rule 1171. Specifically, Rule 1171(c)(1), Table Section (C) – Cleaning of Coatings or Adhesives Application Equipment has a current limit of 25 g/L, and any such activity conducted at a retail outlet would fall under Rule 1171(a) – Purpose and Applicability, which includes “A solvent cleaning operation is solvent cleaning conducted as part of a

business”.

***Comment***

1-3. Increase proposed labeling exemption from 2 ounces to 8 ounces – ACA suggests that 8 ounce containers are as difficult to label as are 2 ounce containers, therefore ACA suggests the District instead exempt containers of eight fluid ounces or less from the labeling requirements of the rule.

***Response***

Staff is not proposing to increase the labeling exemption to 8 ounce containers. In January 2012, the ACA asked District staff to exempt 2 ounce samples and smaller due to the small sample sized containers that are offered by many manufacturers. Staff later received feedback from one manufacturer who was able to label the 2 ounce containers but not their stain marking pens that hold 1/3 of a fluid ounce. Staff considered requiring manufacturers to apply for a variance but decided to commence a targeted rule amendment to provide relief from the upcoming January 1, 2014 requirement. Staff is proposing to exempt 2 fluid ounces or less from all labeling requirements. Increasing the size to 8 ounce containers would include specialty coatings and not just the sample-sized containers used for color testing. In addition, it would be unfair to those manufacturers who have already incurred the cost of making the changes on their containers.

***Comment***

1-4. Multi-component Coatings:

(b)(38) MULTI-COMPONENT COATING is a reactive coating requiring the addition of a separate catalyst or hardener before application to form an acceptable dry film."

In addition,

(d)(3) Each container of any coating subject to this rule shall display the maximum VOC content of the coating, with any thinning as recommended by the manufacturer and excluding any colorant added to tint bases. The VOC content of low-solids coatings shall be displayed as grams of VOC per liter of material; the VOC content of multi-component coatings shall be displayed as grams of VOC per liter of the mixed coating; and the VOC content of any other coating shall be displayed as grams of VOC per liter of coating. Colorants added at the point of sale are regulated separately under Rule 1113(c)(2), Table of Standards 2.

***Response***

Staff concurs with the suggested definition and revised the proposed rule language accordingly, but will include guidance on the VOC labeling in a list format for clarity.

***Comment***

1-5. 2 Ounce Containers Labeling Exemption Language – as written, the 2 ounce containers could still be subject to date code, the Rust Preventative and Clear Faux Finish labeling provisions.

***Response***

Staff revised the initial proposal to exempt 2 ounce and smaller containers from all of the labeling provision (subparagraph (d)(1) through (d)(7)).

***Comment***

1-6. 8 Ounce Container Labeling Exemption – the problem with small containers both 2 ounces but also 8 ounce containers is that there is very little room on the container to place the required labeling. In addition, containers less than or equal to 8 ounces cannot be labeled using standard automated equipment, most likely manually labeled which is time consuming and expensive. Finally, there is an issue of equity, some paint manufacturers provide color samples in two fluid ounce containers, while others supply such color samples in container sizes up to and including eight fluid ounces. Exempting all containers less than or equal to 8 ounces from labeling is more equitable and fair.

***Response***

See response to comment 1-3.

***Comment***

1-7. Small Container Labeling Requirements – ACA is concerned that since there is no sell through, small containers on store shelves without proper labeling and after 1/1/2014 would be in violation of Rule 1113. It will be very costly and problematic for us to inventory the label of every small container on every shelf in every customer store in the district, especially since manufacturers do not have control of big box and retail inventory. This will be very time and energy intensive, as well as expensive, especially since there are only six months until this provision goes into effect and the industry does not have the time or resources to inspect every can of paint in the District. In addition, all the unlabeled products would be likely disposed of or thrown out (creating hazardous, solid waste and a source of VOC emissions). Please note that at the June 20 meeting at least one manufacturer was unaware of the lack of a sell through provision for non-labeled small containers, it is very likely that other manufacturers are unaware of the lack of a sell through provisions as well.

It is important to note that there is really no environmental benefit of pulling non-labeled small containers off the shelf since the non-labeled and labeled products have the same VOC content – so the District is not losing any VOC reductions by allowing the non-labeled products to be

sold through. The District mentioned that since small containers do not have VOC content, consumers cannot make informed purchase decisions without the VOC content, however the consumer could ask the sales associate, or ask for an MSDS or contact the manufacturer to obtain the VOC content of the product.

ACA requests that all small containers manufactured prior to 1/1/2014 without labeling be allowed to be sold through. Worst case scenario, ACA requests the District grant enforcement discretion for labeling small containers manufactured prior to 1/1/2014.

***Response***

During the rule amendment process, approved by the Board on June 3, 2011, staff included a 2 ½ year implementation period based on feedback from the manufacturers on complete transition to new labels. It was not staff's intent to allow an additional 3 years before the requirement was fully implemented. The Governing Board adopted the rule without the sell-through and subsequently at the ~~the~~ Stationary Source Committee September 23, 2011 meeting, further reviewed the additional sell-through relief requests and did not support any changes to the recently adopted amendments. Staff is amending the rule at this time to provide relief to the manufacturers for labeling small sample sized containers (2 fluid ounces) but not to include additional time for the remaining labeling provisions to come into effect.

***Comment***

1-8. Paint Reuse/Exchange – As SCAQMD is aware, ACA started a not-for-profit product stewardship organization called PaintCare. PaintCare was established to provide a product stewardship organization for the architectural paint industry in order to manage postconsumer architectural paint at its end-of-life. PaintCare works to ensure effective operation of paint product stewardship programs on behalf of all architectural paint manufacturers by providing a level playing field for all participants, a sustainable financing mechanism, and cost efficient administration. In addition, on behalf of manufacturer participants, PaintCare undertakes responsibility for ensuring an environmentally sound and cost-effective program by developing and implementing strategies to reduce the generation of post-consumer architectural paint; promoting the reuse of post-consumer architectural paint; and providing for the collection, transport and processing of post-consumer architectural paint using the hierarchy of reduce, reuse, recycle and proper disposal.

PaintCare has been operating in California since October of last year, under an approved program plan by CalRecycle, which can be found at: <http://www.calrecycle.ca.gov/epr/policylaw/paint.htm#Paint>.

A key component of the plan and the program itself is waste minimization and reuse – steps that can be taken before leftover paint has to be transported and further process into a recycled product or transported for energy recovery or disposal. As you can see in PaintCare's



program plan, teaching consumers to “buy the right amount;” and “use it up” either through their own reuse or donation to charities, schools, theaters, or through paint exchanges and sales at municipal household hazardous waste locations or restores is integral to generating less paint and ultimately less waste. It has come to our attention, however, that reuse may be inhibited by the current AIM (VOC) regulations – barring the exchange/sale and use of leftover coatings containing higher levels than current VOC limits.

SCAQMD has recognized the competing environmental priorities of waste minimization and air quality management, and currently has an exemption from Rule 1113 for recycling, allowing for higher VOC limits on recycled content coatings. ACA requests the same or similar exemption be made for reuse – as EPA has done in the National AIM Rule at <http://www.epa.gov/ttn/atw/183e/aim/fr1191.pdf>:

“Section II. Summary of Standards

A. Applicability The standards do not apply to the following:

(4) Coatings that are collected and redistributed at paint exchanges in accordance with this rule.

“Paint exchange means a program in which consumers, excluding architectural coating manufacturers and importers, may drop off and pick up usable post-consumer architectural coatings in order to reduce hazardous waste.”

Also – the definition of manufacture reads: “Manufacturer means a person that produces, packages, or repackages architectural coatings for sale or distribution in the United States. A person that repackages architectural coatings as part of a paint exchange, and does not produce, package, or repackage any other architectural coatings for sale or distribution in the United States, is excluded from this definition (emphasis added).”

ACA believes the addition of this language to Rule 1113 (which would exempt Paint Reuse and Paint Exchange operations) would further encourage appropriate post-consumer paint management, while conserving energy and decreasing the improper disposal of leftover paint.

As an alternative, the District could also include all Paint Reuse and Exchange products under the recycled coating category definition and limit of 250 g/l.

***Response***

Staff encourages the pollution prevention efforts of the PaintCare program and is working to highlight the program in our [architectural coatings webpages](#), but exempting or increasing the VOC limits for paint returned for reuse would hamper enforcement efforts and may be considered backsliding. Most usable paint that is turned in within the SCAQMD through PaintCare should not be more than three years old (based on feedback from manufacturer regarding shelf life) and therefore should meet the current VOC limits. All of those products

can be made available for resale. But to exempt or raise the VOC limit for reuse would encourage coatings from outside of SCAQMD's jurisdiction to be brought in and sold. Staff has already encountered this with 5 gallon pails of a 250g/L flat coatings being offered for sale at a reuse facility. The VOC limit for flat coatings has been at 50g/L since 2008. The investigation into that product revealed that coating was brought into the SCAQMD from Florida.

In addition, rule circumvention could be accomplished by a savvy end user claiming to have purchased a high VOC coating from a reuse supplier. Staff would have no mechanism to prove that that high VOC coating was not purchased through a Paint Reuse and Exchange program.

Staff encourages the resale/reuse of compliant coatings turned in through a Paint Reuse and Exchange program. Coatings not complying with the current Rule 1113 VOC limits can be formulated into recycled coatings with a VOC limit of 250 g/L.

***Comment***

1-9. AEROSOL COATING PRODUCT: means a pressurized coating product ~~containing pigments or~~ resins and/or other coatings solids that dispenses product ingredients by means of a propellant, and is packaged in a disposable ~~can~~ aerosol container for hand-held application, or for use in specialized equipment for ground marking and traffic marking applications.

Note - this will match up with the change in the aerosol coatings regulation to take place in September.

***Response***

Staff is proposing to change the definition to match the proposed definition in the Consumer Products Regulation and revised the proposed rule language accordingly.

***Comment***

1-10. 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, which includes industrial maintenance high-temperature coatings.

Note - High Temperature coatings are more than just Industrial Maintenance coatings. These are also used on consumer items like wood stoves and grills.

***Response***

Staff does not intend to make this change at this time. This would be a significant change that would require more feedback from the stakeholders and a CEQA and socioeconomic analysis. It would open the category up for more high-VOC coatings and would prohibit the exempt

compound t-Butyl Acetate from being used in those coatings. This change would have environmental impacts and possibly financial impacts on the affected manufacturers.

***Comment***

1-11. MULTI-COLOR COATINGS: are coatings which exhibit more than one color when applied in a single coat and which are packaged in a single container

Note – the intent is that two separate products are not used to create the multi-color coatings effect.

***Response***

The intent of this category *is* for the coatings to be applied in a single coat and not just be packaged in a single container. This category was created for a small niche coating that is applied in a single coat with multiple colors similar to a wall paper. Staff does not intend to broaden the definition for this high VOC specialty category.

***Comment***

1-12. 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.~~ POST CONSUMER PAINT: means architectural paint not used by the purchaser.

Note – this definition is from the California Paint Stewardship Law - <http://leginfo.public.ca.gov/cgi-bin/displaycode?section=prc&group=48001-49000&file=48700-48706>

***Response***

Staff is proposing to retain the current, more restrictive definition. The suggested definition is for a different purpose than previously analyzed for the Recycled Coatings category included in Rule 1113.

***The following are excerpts from the Dunn Edwards Corporation – Comment Letter #2.***

***Comment***

2-1. make labeling requirements effective for otherwise exempt small containers of architectural coatings that are manufactured on or after January 1, 2014

... is more reasonable and practical than imposing labeling requirements retroactively on small containers that were exempt from those labeling requirements at the time they were manufactured. Especially so, since the change has no impact on emissions, and the additional

information to be provided is readily available from manufacturers even now.

***Response***

Staff does not intend to allow an infinite sell-through period for the label changes that were adopted by the Governing Board in 2011. There has to be a line beyond which a new requirement is fully implemented. The manufacturer's feedback for label changes at the time of the last amendment was 3 years. Staff allowed for 2 ½ years and this issue is only being addressed because staff opened the rule up to provide labeling relief for small sample sized containers. This issue was addressed during the 2011 rule amendment at both the Public Hearing and the subsequent Stationary Source Committee Meeting. Staff does not intend to change the rule language. See responses to comment 1-7 for additional discussion.

**Comment**

2-2. insert an exemption from all provisions of the rule for architectural coatings supplied in containers having capacities of eight fluid ounces or less.

... is necessary as a matter of equity and avoidance of anti-competitive impacts. Some paint manufacturers provide color samples in two fluid ounce containers, which the District has proposed exempting from the labeling requirements of Rule 1113. Other manufacturers, however, supply such color samples in container sizes up to and including eight fluid ounces.

Because all these small containers are considered non-standard sizes in the architectural coatings industry, they cannot be labeled (particularly with the required date code) using standard automated equipment, but must be handled by means of manual processes that are relatively expensive and time-consuming. Consequently, exempting anything less than eight fluid ounce containers will confer a competitive advantage on some manufacturers, to the detriment of others – again, without any offsetting beneficial impact on emissions.

Exempting eight fluid ounce containers will also ensure that artist colors and hobby paints that may become architectural coatings by virtue of being applied to stationary structures or their appurtenances will not inadvertently be noncompliant with Rule 1113. Also, since these small containers are already exempt from the VOC content limits of the rule, we think it makes sense to simply insert an exemption from all provisions of the rule for coatings supplied in containers having capacities of eight fluid ounces or less, in the manner described in our suggested revisions, rather than inserting multiple exclusions throughout the rule.

***Response***

See response to comment 1-3. Exempting containers of eight ounces or less from all provisions of the rule may potentially have adverse air quality impacts, triggering a CEQA analysis.

***The following is an excerpt from an email received from Miracle Sealants – Comment #3.***

***Comment***

3-1 We would like to respectfully submit that 2 oz. of an Architectural Coating is not a very large container. We would ask for the exemption for printing VOC on labels to 4 oz. container.

***Response***

See response to comment 1-3.

***The following were received through email communications and meeting with affected manufacturers:***

***Comment***

Concerns have been raised about the treatment of semi-volatile compounds by Method 313 versus EPA Method 24:

“I am opposed to adding Method 313 to Rule 1113 at this time; I believe Method 313 should not be added to Rule 1113 until the District has established a procedure for companies to use to handle semi-volatile materials and to insure that chemicals which do not come off in a 110 degrees C oven in one hour are not counted as VOC. There are a number of compounds which come off in the GC which do not come off, or which do not completely come off in the oven. As you know, a number of other companies also have concerns about Method 313, and in order to have an expeditious rule adoption, I believe it would be best to not consider this at this time

***Response***

It is current practice for the SCAQMD laboratory to analyze all coating samples using USEPA Method 24 (M24), with a supplemental analysis for low-VOC, high water coating with a material VOC content of less than 150 g/L using SCAQMD Method 313 (M313). The USEPA and SCAQMD staff, along with industry and academia, recognizes that M24 does not yield accurate results for low-VOC, high-water-containing coatings. M24 is an indirect VOC measurement where the water (titration) and non-volatiles (oven) are measured and everything else is assumed to be VOC. As the VOCs in a coating approaches zero, the indirect VOC measurement becomes unreliable. M313 is a direct VOC measurement technique which includes dilution of samples and analysis using Gas Chromatograph (GC). The VOCs present are separated in a GC, identified by a Mass Spectrometer and quantified by a Flame Ionization Detector.

The GC approach of M313 is similar to the approach developed at California Polytechnic State University, San Luis Obispo that was adopted by the American Society for Testing Material (ASTM) as ASTM D6886 (ASTM6886) *Standard Test Method for Determination of the Individual Volatile Organic Compounds (VOCs) in Air-Dry Coatings by Gas Chromatography*

(GC) in 2003. ASTM is the largest developer of consensus standards and the committee is comprised of members of industry, academia, and regulatory agencies. M313 differs because of additional quality control requirements and was the first GC method to include a marker compound to indicate when a compound should no longer be counted as a VOC, which was always an issue with the GC approach. The SCAQMD has participated in round robin studies (M313 versus 6886) with strong correlation between the two methods. It is staff's understanding that industry relies on ASTM6886 for in house or third party testing of their products.

Method 313-91 has been approved for inclusion in the State Implementation Plan (SIP) and the SCAQMD laboratory staff is currently working with the USEPA, CARB, BAAQMD and others on revising M313, mainly enhanced quality control parameters, inclusion of an endpoint, and an update to the equipment. The 1991 version of the method references older technology which is currently not in common use. The addition of Methyl Palmitate (MP) as the marker compound serves as a delineation between VOCs and non-VOCs. This marker compound was selected to yield consistent results to M24 and the original M313-91. This marker compound was further validated based on its non-volatility under ambient evaporation testing over a 6 month period. Prior to the use of MP as a marker compound, everything detected was measured as a VOC. This 'bright line' approach is used as a straight forward, relatively simple mechanism to determine if a compound is a VOC. M24 determines volatility based on what is driven off in a 110°C forced air oven in an hour. Test results of fully formulated coatings generally show higher VOC results under M24 as many compounds with partial volatility at the relatively high temperature specified are measured as VOC. Alternatively, M313 measures everything that elutes prior to MP as 100% VOC and everything that elutes after MP as 100% non-VOC, over counting small amounts of semi-volatiles compounds that elute prior to the marker compound but undercounting small amounts of semi-volatile compounds that elute after the marker compound, compared to M24.

The issue of semi-volatile compounds does not have much to do with the test method as with the nature of some compounds which may be found in architectural coatings. Most compounds have been tested to be fully volatile using M24 and many others have been demonstrated to be fully non-volatile under the same conditions. However, some compounds may not fully evaporate under M24. It is therefore theoretically possible to have a single compound which is partially evaporated, and therefore difficult to classify as either volatile or non-volatile. In addition, measurements of these semi-volatile compounds are not reproducible by M24. As VOC testing transitioned to a GC method, the lack of endpoint created a significant source of uncertainty as to what should be included as a VOC. Formulators have themselves struggled with determining whether a particular product was compliant, or not, using M24 or M313/ASTM6886 without an endpoint. The intent in choosing MP was to provide clarity on the question of what is and what is not a VOC, while at the same time keeping VOC results tethered to M24 over a broad range of samples and compounds, an important characteristic to

demonstrate equity to the USEPA.

In addition, over the course of analyzing architectural coatings samples over numerous years, very few have been formulated with compounds which fall into the semi-volatile region that elute prior to MP and may be considered a VOC. While the approach of setting a bright line is simplistic, and staff acknowledges that this approach has the potential to over- and underestimate certain VOCs, the empirical data to determine partial volatility of different compounds does not currently exist. There is still a debate as to how to determine this for compounds that are found in paint and coatings. However, there is no debating the fact that M24 lacks accuracy for low-VOC, high water containing coatings and the best solution found is using a GC method, such as M313. It is the current practice by both the SCAQMD laboratory and most manufacturers to use a GC method for VOC analysis and staff wants to clarify this practice in the rule. As the understanding of semi-volatile compounds develops, especially their volatility of neat (pure) compounds versus the volatility of those same compounds in complex mixtures, SCAQMD staff will work with the other regulatory agencies and the manufacturers to determine the most appropriate approach for handling semi-volatiles compounds in the long term.

In regard to the question as to whether or not gas chromatographic elution time correlates with volatility, for most compounds, chromatographs appear to be able to be reliably divided up between volatile, non-volatile, and semi-volatile. However, staff recognizes that some elution times are inconsistent with volatility. One such compound is glycerol; it elutes in an area that would place it as a volatile compound, but is in actuality less volatile than MP. Staff has introduced the idea of exception for compounds such as glycerol, and welcomes suggestions about other compounds which may behave in a similar fashion.

Lastly, the study that is being referenced by the commentator ([Uyên-Uyên T. Võ, and Michael P. Morris; Non-Volatile, Semi-Volatile, or Volatile: Redefining Volatile for Volatile Organic Compounds, August 31, 2012](#)) which compared various VOC test method including M24, M313, Thermogravimetric Analysis and a six month ambient evaporation test was conducted on neat compounds and not fully formulated complex mixtures such as architectural coatings. This study is a first step in many to address the issue of semi-volatile compounds.

The USEPA has provided feedback to SCAQMD staff that they prefer the bright line (VOC/non-VOC) approach, with consideration for the industry to identify problematic compounds and develop protocols to demonstrate that they do not volatilize. As M24 provides a regulatory definition of what a VOC is (anything that is driven off in an hour in a 110°C forced air oven), M313 provides a regulatory definition of what a VOC is for coatings that contain less than 150 grams of VOC per liter of material (anything that elutes prior to MP with possible exceptions such as glycerol). The USEPA staff is not ready to provide any value to partial volatility until additional data is available to support such a conclusion. In the interim, anomalous compounds such as glycerol, should be dealt with on a case by case basis, along



with other potential semi-volatile material.

There has been a need for an improved VOC test method for a long time and there has also been consensus that the GC approach used in M313/6886 is one way to improve the testing. This approach is already being used by the SCAQMD laboratory and industry laboratories and should be included in Rule 1113 with the expectation that there will be further, future improvements/refinements in conjunction with industry, and state and federal regulatory agencies.

However, based on the feedback received from the coatings manufacturers at the August 15, 2013 Working Group meeting, staff is not proposing to add M313 at this time. Staff will continue to meet with the working group to discuss the proposed revisions to M313 and will consider a future administrative amendment to Rule 1113 to include the method. AQMD laboratory staff will continue to use M313 for compliance checks and enforcement.

***Comment***

It was not made clear that the sell through provision does not apply to label changes.

***Response***

The rule states that effective January 1, 2014 the provision of the Table of Standards and paragraph (c)(1) of this rule shall not apply (e.g. the VOC limits). The sell through provision states:

“Any coating that is manufactured prior to the effective date of the applicable limit specified in the Table of Standards 1, 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 sell through is only applicable to VOC limit changes and the changes which affect the labeling of small containers goes into effect on January 1, 2014 with no exceptions. The rule did contain a 6 month sell through period for bundled coatings which is listed below the exemption. This issue was debated in depth during the rule amendment process, at length at the Public Hearing to adopt the rule, as well as a subsequent Stationary Source Committee Meeting. The following is from the response to comments in Final Staff Report for the June 3, 2011 amendment:

“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.”

***Comment***

It would be prohibitively expensive to remove the old containers from the shelves and this would not provide an environmental impact.

***Response***

Staff feels that manufacturers who waited to change their labels until it was too late for the old containers to be sold through are at an economic advantage over the manufacturers who were proactive. The feedback staff received is that it was economically prudent to wait to make a label change when something else on the label needed to be changes. Manufacturers who did not consider the labeling change deadline of January 1, 2014 to be a priority should not be rewarded with a change in the rule to allow for sell-through. Further, products sold in small containers generally have a higher VOC content, sometimes up to 5 fold higher, considering they can take advantage of the VOC content exemption, than the products sold in larger containers. This further provides an economic benefit since most of the higher VOC products are old formulations that are generally more economical to manufacture.

**ATTACHMENT C**

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**RULE DEVELOPMENT PROCESS FOR**

**PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS**

Proposed Amended Rule 1113 – Architectural Coatings

Public Consultation Meeting  
June 20, 2013

Working Group Meeting  
August 15, 2013

Stationary Source Meeting  
August 16, 2013

Public Hearing  
September 6, 2013

**A T T A C H M E N T D**

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**KEY CONTACTS FOR  
PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS**

Key Contacts	
David Darling	American Coatings Association
Jim Kantola	Akzo Nobel
Ken McDiarmid	Axalta
Michael Butler	BEHR Process Corporation
Dane Jones, Ph.D.	Cal Poly, SLO
Barry Marcks	Caltrans
Fernando Pedroza	Chromaflo Technologies
Freidom Anwari	Comex
John Watkins	Coating Group
Richard White	Coating Group
Charles Cornman	Custom Building Products
Andy Thoummaraj	Custom Building Products
Robert Wendoll	Dunn-Edwards Paints
Susan Sims	Eastman
Joseph Tashjian	Ellis Paint Company
Karen Hollinhurst	Ellis/PCL
Pat Lutz	EPS Materials
John Lenore	Epmar Corp.
Howard Berman	E4 Strategic Solutions, Inc.
Ben Gavett	Golden Artists Colors, Inc
Patricia Santana	HBCC
Lesley Henry II	ITWPSNA
Aaron Mann	JFB Hart
Joe Salvo	Miracle Sealants
Henry Lum	Modern Masters
John Wallace	MWD
Bob Sypowicz	Modern Masters
Lesley Henry III	Pacific Polymers
Wayne Nelson	PPG Architectural Finishes, Inc
Dwayne Fuhlhage	Prosoco
John Lenore	Quaker
Ron Webber	Quest Building
Rita Loof	Radtech International North Americas
Doug Raymond	Raymond Regulatory Resources (3R), LLC
Mike Murphy	Rust-Oleum
Mark Frick	Rust-Oleum
Madelyn Harding	Sherwin-Williams Company
Dennis Salley	SpecChem
Kyle Frakes	Tnemec Corporation
Chris Lansen	TWDC
Tina Glomstead	Valspar
John Long	Vista Paint
Fred Garcia	Walt Disney

**A T T A C H M E N T E**

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**RESOLUTION FOR**

**PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS**

**RESOLUTION NO. 2013-**

**A Resolution of the Governing Board of the South Coast Air Quality Management District (AQMD) certifying that Proposed Amended Rule 1113 – Architectural Coatings is exempt from the requirements of the California Environmental Quality Act (CEQA).**

**A Resolution of the AQMD Governing Board amending Rule 1113 - Architectural Coatings.**

**WHEREAS**, the AQMD Governing Board finds and determines that Proposed Amended Rule 1113 – Architectural Coatings is exempt from CEQA pursuant to CEQA Guidelines §15061 (b)(3) (“General Rule Exemption”) because it was determined that PAR 1113 with certainty that there is no possibility that the proposed project may have a significant adverse effect on 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 (NOE) for Proposed Amended Rule 1113 that is completed in compliance with CEQA Guidelines §15002(k)(1) – Three Step Process, §15061(b)(1) – Review for Exemption (By Statute), and §15061(b)(3) – Review for Exemption (General Rule); and

**WHEREAS**, the AQMD Governing Board has determined that a need exists to amend Rule 1113 – Architectural Coatings to provide regulatory relief to coating manufacturers from certain rule requirements and clarify rule intent; 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 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 40440(c) (rules to assure efficient and cost-effective administrative practices); and

**WHEREAS**, the AQMD Governing Board has determined that Proposed Amended Rule 1113 – Architectural Coatings does not directly affect air quality or emission limitations; therefore, a formal socioeconomic assessment under California Health and Safety Code Section 40440.8 is not required; 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 certify that Proposed Amended Rule 1113 –Architectural Coatings, as proposed to be amended, is exempt from CEQA requirements pursuant to CEQA Guidelines §15002(k)(1) - Three Step Process, and §15061(b)(1) – Review for Exemption (By Statute), §15061(b)(3) – Review for Exemption (General Rule). This information was presented to the Governing Board, whose members reviewed, considered, and approved the information therein prior to acting on Proposed Amended Rule 1113; 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.

Attachment

DATE: \_\_\_\_\_

\_\_\_\_\_  
CLERK OF THE BOARD



## ATTACHMENT F

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### 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)  
(Amended June 3, 2011)(**PAR September 6, 2013**)

**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 in the District that is intended to be field applied to stationary structures or their appurtenances, and to fields and lawns; 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, and/or other coatings solids that dispenses product ingredients by means of a propellant, and is packaged in a disposable ~~can~~ aerosol container 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 or~~ their appurtenances, ~~and or~~ to fields and lawns.-
- (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 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.
- (10) COATING is a material which is applied to a surface in order to beautify, protect, or provide a barrier to such surface.
- (11) COLORANTS are solutions of dyes or suspensions of pigments.
- (12) CONCENTRATES are coatings supplied in a form that must be diluted with water or an exempt compound, prior to application, according to the architectural coatings manufacturer's application instructions in order to yield the desired coating properties.
- (12)(13) 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/m<sup>2</sup> in 24 hours as determined by the California Transportation Department, California Test 534.

~~(13)~~(14) **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)~~(15) **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.

~~(15)~~(16) **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.

~~(16)~~(17) **EXEMPT COMPOUNDS** (See Rule 102-Definition of Terms.)

~~(17)~~(18) **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)(178)(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).

~~(18)~~(19) FIRE-PROOFING COATINGS are opaque coatings formulated to protect the structural integrity of steel and other construction materials and listed by Underwriter's Laboratories, Inc. for the fire protection of steel.

~~(19)~~(20) 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.

~~(20)~~(21) 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)~~(22) 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.

~~(22)~~(23) 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)~~(24) 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.

~~(24)~~(25) 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:

$$\text{Grams of VOC per Liter of Coating, Less Water and Less Exempt Compounds} = \frac{W_s - W_w - W_{es}}{V_m - V_w - V_{es}}$$

Where:  $W_s$  = weight of volatile compounds in grams  
 $W_w$  = 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:

$$\text{Grams of VOC per Liter of Coating, Less Water and Less Exempt Compounds} = \frac{W_s - W_w - W_{es}}{V_m - V_w - V_{es}}$$

- 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

~~(25)~~(26) 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:
- Ws = weight of volatile compounds in grams
  - Ww = weight of water in grams
  - Wes = weight of exempt compounds in grams
  - Vm = volume of the material in liters

~~(26)~~(27) 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.

~~(27)~~(28) **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.

~~(28)~~(29) **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) Immersion in water, wastewater, or chemical solutions (aqueous and non-aqueous solutions), or chronic exposure of interior surfaces to moisture condensation;
- (B) Acute or chronic exposure to corrosive, caustic or acidic agents, or similar chemicals, chemical fumes, chemical mixtures, or solutions;
- (C) Repeated exposure to temperatures in excess of 250 degrees Fahrenheit;
- (D) Repeated heavy abrasion, including mechanical wear and repeated scrubbing with industrial solvents, cleaners, or scouring agents; or
- (E) Exterior exposure of metal structures.

~~(29)~~(30) **INTERIOR STAINS** are stains labeled and formulated exclusively for use on interior surfaces.

~~(30)~~(31) **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.

~~(31)~~(32) **LOW-SOLIDS COATINGS** are coatings containing one pound or less of solids per gallon of material.

~~(32)~~(33) **MAGNESITE CEMENT COATINGS** are coatings formulated for or applied to magnesite cement decking to protect the magnesite cement substrate from erosion by water.

~~(33)~~(34) **MANUFACTURER** is any person, company, firm, or establishment who imports, blends, assembles, produces, packages, repackages, or re-labels an architectural coating, ~~not in~~cluding retail

outlets where labels or stickers may be affixed to containers or where colorant is added at the point of sale.

~~(34)~~(35) 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.

~~(35)~~(36) 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).

~~(36)~~(37) METALLIC PIGMENTED COATINGS ~~are coatings, excluding 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).

~~(37)~~(38) 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.

(39) MULTI-COMPONENT COATINGS are reactive coatings requiring the addition of a separate catalyst or hardener before application to form an acceptable dry film.

~~(38)~~(40) 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).

~~(39)~~(41) 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)~~(42) PEARLESCENT means exhibiting various colors depending on the angles of illumination and viewing, as observed in mother-of-pearl.

~~(41)~~(43) PIGMENTED means containing colorant or dry coloring matter, such as an insoluble powder, to impart color to a substrate.



~~(42)~~(44) 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.

~~(43)~~(45) 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.

~~(44)~~(46) PRIMERS are coatings applied to a surface to provide a firm bond between the substrate and subsequent coats.

~~(45)~~(47) PRODUCT LINE is a line of coatings reported under one product number and name and subject to one coating VOC limit as specified in subdivision (c) Table of Standards.

~~(46)~~(48) 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, e~~Coatings classified as quick-dry enamels are subsumed by the non-flat coating category.

~~(47)~~(49) 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, e~~Coatings classified as quick-dry primers, sealers, and undercoaters are subsumed by the primer, sealer, undercoater category.

~~(48)~~(50) 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)~~(51) 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)~~(52) RECYCLED COATINGS are coatings manufactured by a certified recycled paint manufacturer and 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.~~

~~(51)~~(53) 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)~~(54) RETAIL OUTLET means any establishment at which architectural coatings are sold or offered for sale to consumers.

~~(53)~~(55) 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.

~~(54)~~(56) RUST PREVENTATIVE COATINGS are coatings formulated for use in preventing the corrosion of metal surfaces in residential and commercial situations.

~~(55)~~(57) 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.

~~(56)~~(58) 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, to be considered a sanding sealer a coating must be clearly labeled as such.*

~~(57)~~(59) 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.

~~(58)~~(60) 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.

~~(59)~~(61) 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.

~~(60)~~(62) SOLICIT is to require for use or to specify, by written or oral contract.

~~(61)~~(63) 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)~~(64) STAINS are opaque or semi-transparent coatings which are formulated to change the color but not conceal the grain pattern or texture.

~~(63)~~(65) STATIONARY STRUCTURES include but are not limited to, homes, office buildings, factories, mobile homes, pavements, curbs, roadways, racetracks, and bridges.

~~(64)~~(66) 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.

~~(65)~~(67) 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, to resist swimming pool chemicals.

~~(66)~~(68) SWIMMING POOL REPAIR COATINGS are chlorinated, rubber-based coatings used for the repair and maintenance of swimming pools over existing chlorinated, rubber-based coatings.

~~(67)~~(69) TINT BASE is an architectural coating to which colorants are added.

~~(68)~~(70) 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.

~~(69)~~(71) UNDERCOATERS are coatings formulated for or applied to substrates to provide a smooth surface for subsequent coats.

~~(70)~~(72) VARNISHES are clear or pigmented wood finishes formulated with various resins to dry by chemical reaction.

~~(71)~~(73) VOLATILE ORGANIC COMPOUND (VOC) is as defined in Rule 102 – Definition of Terms. For the purpose of this rule, tertiary butyl acetate (tBAc) 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.

~~(72)~~(74) **WATERPROOFING SEALERS** are coatings which are formulated for the primary purpose of preventing penetration of porous substrates by water.

~~(73)~~(75) **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, or staining.

~~(74)~~(76) **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.

~~(75)~~(77) **WORKSITE** means any location where architectural coatings are stored or applied.

~~(76)~~(78) **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)(3), (c)(4), and designated coatings averaged under (c)(6), no person shall supply, sell, offer for sale, market, manufacture, blend, repackage, apply, store at a worksite, or solicit the application of any architectural coating within the District:

(A) That is listed in the Table of Standards 1 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; 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.

**TABLE OF STANDARDS 1  
VOC LIMITS  
Grams of VOC Per Liter of Coating,  
Less Water and Less Exempt Compounds**

COATING CATEGORY	Ceiling Limit <sup>1</sup>	Current Limit <sup>2</sup>	Effective Date		
			7/1/08	1/1/12	1/1/14
Bond Breakers		350			
Clear Wood Finishes		275			
Varnish	350	275			
Sanding Sealers	350	275			
Lacquer		275			
Concrete-Curing Compounds		100			
Concrete-Curing Compounds For Roadways and Bridges <sup>3</sup>		350			
Concrete Surface Retarder		250			50
Driveway Sealer		100		50	
Dry-Fog Coatings		150			50
Faux Finishing Coatings					
Clear Topcoat		350		200	100
Decorative Coatings		350			
Glazes		350			
Japan		350			
Trowel Applied Coatings		350		150	50
Fire-Proofing Coatings		350			150
Flats	250	50	50		
Floor Coatings	100	50			
Form Release Compound		250			100
Graphic Arts (Sign) Coatings		500			150
Industrial Maintenance (IM) Coatings	420	100			
High Temperature IM Coatings		420			
Non-Sacrificial Anti-Graffiti Coatings		100			
Zinc-Rich IM Primers	<del>340</del>	100			
Magnesite Cement Coatings		450			
Mastic Coatings		300			100
Metallic Pigmented Coatings	500	500			150
Multi-Color Coatings		250			
Nonflat Coatings	150	50			
Pre-Treatment Wash Primers		420			
Primers, Sealers, and Undercoaters	<del>200</del>	100			
Reactive Penetrating Sealers		350			
Recycled Coatings		250			
Roof Coatings	<del>250</del>	50			
Roof Coatings, Aluminum		100			

COATING CATEGORY	Ceiling Limit <sup>1</sup>	Current Limit <sup>2</sup>	Effective Date		
			7/1/08	1/1/12	1/1/14
Roof Primers, Bituminous	350	350			
Rust Preventative Coatings	400	100			
Stone Consolidant		450			
Sacrificial Anti-Graffiti Coatings		100		50	
Shellac					
Clear		730			
Pigmented		550			
Specialty Primers	350	100			
Stains	350	100			
Stains, Interior	250	250			
Stone Consolidant		450			
Swimming Pool Coatings					
Repair		340			
Other		340			
Traffic Coatings		100			
Waterproofing Sealers	250	100			
Waterproofing Concrete/Masonry Sealers	400	100			
Wood Preservatives		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.

**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**

COLORANT <u>ADDED TO</u>	Limit <sup>4</sup>
Architectural Coatings, excluding IM Coatings	50
Solvent-Based IM	600
Waterborne IM	50

4. Effective January 1, 2014.

(3) Coating Categorization

- (A) If anywhere on the container of any coating listed in 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**

Any coating that is manufactured prior to the effective date of the applicable limit specified in the Table of Standards 1, 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.

- (5) All architectural coating or colorant containers ~~used to apply from which~~ the contents ~~therein to a surface direct from said container~~ are used 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 storage or 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) — 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; roof coatings; rust preventative coatings; sanding sealers; specialty primers; stains; waterproofing concrete/masonry sealers; waterproofing sealers; varnishes; zinc-rich industrial maintenance primers; as well as flats and nonflats (excluding recycled coatings).~~

~~(B)~~ (A) Effective January 1, 2012, only ~~t~~ 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)~~ (B) 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 or colorant 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 do 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 in grams per liter, as ~~supplied, and~~

~~after any thinning as recommended by the manufacturer except the following:~~

~~(A) For coatings packaged in a single container, the VOC per liter of coating (less water and less exempt compounds, and excluding any colorant added to the tint base) as supplied, after any recommended thinning;~~

~~(A)(B) For a multi-component coatings, as recommended for use by the manufacturer the VOC per liter of coating (less water and exempt compounds, and excluding any colorant added to the tint base) after mixing the components, as recommended for use by the architectural coatings manufacturer;~~

~~(B)(C) For a concentrates, at the minimal dilution recommended for use by the manufacturer the VOC per liter of coating (less water and exempt compounds, and excluding any colorant added to the tint base) at the minimum dilution recommended for use by the architectural coatings manufacturer; and~~

~~(D) For low solids coatings, the VOC per liter of material (excluding any colorant added to the tint bases) after any recommended thinning.~~

~~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.

- ~~(2)~~(4) The labels of all rust preventative coatings shall include the statement “For Metal Substrates Only” prominently displayed.
- ~~(3)~~(5) The labels of all specialty primers shall prominently display one or more of the following descriptions:
  - (D) For fire-damaged substrates.
  - (E) For smoke-damaged substrates.
  - (F) For water-damaged substrates.
  - (G) For excessively chalky substrates.
- ~~(4)~~(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.
- ~~(5)~~(7) ~~Effective January 1, 2012, the labels of a~~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”.
- ~~(6)~~(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.
- ~~(7)~~(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) — Method 313 [Determination of Volatile Organic Compounds VOC by Gas Chromatography Mass Spectrometry] in the SCAQMD's "Laboratory Methods of Analysis for Enforcement Samples" manual.~~

~~(C)(D)(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) 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.

(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".

(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.

(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.

(13) All test methods referenced in this subdivision shall be the version most recently approved by the appropriate governmental entities.

(f) Exemptions

(1) Until December 31, 2013, the provisions 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 that the provisions in the subparagraphs below are met. Effective January 1, 2014, the provisions of the Table of Standards 1 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 reports the sales in the Rule 314 Annual Quantity and Emissions Report. The loss of this exemption due to the failure of the manufacturer to submit the Rule 314 Annual Quantity and Emissions Report shall apply only to the manufacturer.

(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 subparagraph (d)(1) through (d)(7) shall not apply to architectural coatings in containers having capacities of two fluid ounces (59mL) or less.~~

~~(2)(3)~~ The provisions of this rule shall not apply to:

(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.

- (B) Emulsion type bituminous pavement sealers.
- (C) Aerosol coating products.
- (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.

~~(3)~~(4) 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.

(g) Solvent Cleaning

~~(1)~~ For sSolvent cleaning that is conducted as part of a business, including solvent cleaning of architectural coating application equipment and the storage and disposal of VOC-containing materials used in cleaning operations, shall be done in compliance with are subject to the provisions of Rule 1171 - Solvent Cleaning Operations.

~~(4)~~(2) For sSolvent cleaning that is not conducted as part of a business, and for solvent thinning of coatings: including solvent cleaning of architectural coating application equipment and solvent thinning of architectural coatings shall be done in compliance with are subject to the provisions of Rule 1143 – Consumer Paint Thinner and Multi-Purpose Solvents.



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<sub>i</sub>** = Total Gallons of Product (i) subject to Averaging;

**M<sub>i</sub>** = Material VOC content of Product (i), as pounds per gallon; {as defined in paragraph (b)(22)}

**V<sub>i</sub>** = 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<sub>i</sub>** = Regulatory VOC Content Limit for Product (i), as pounds per gallon; {as listed in subdivision (c) 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 ceiling limit in the Table of Standards or the VOC content limits specified in the National VOC Emission Standard, whichever is less.

(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) Product 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) Product formulation data, including physical properties analyses, as applicable, with a VOC calculation demonstration; and
  - (b) Production records consisting of batch tickets including the date of manufacture, batch weight and volume; and
  - (c) Distribution records:
    - (1) Customer lists or store distribution lists or both (as applicable) and

- (2) Shipping manifests or bills of lading or both (as applicable); and
- (d) 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 G**

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**NOTICE OF EXEMPTION FOR**

**PROPOSED AMENDED RULE 1113 –ARCHITECTURAL COATINGS**





# 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 AMENDED RULE 1113 – ARCHITECTURAL COATINGS**

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.

On June 3, 2011, Rule 1113 was amended with labeling requirements for all architectural coatings including small containers, which were previously exempt from labeling requirements. Labelers of containers two ounces or less have expressed difficulties in meeting these labeling requirements because of the size of the containers. Therefore, PAR 1113 would provide an exception from labeling requirements for containers two ounces or less. PAR 1113 would add and amend definitions to clarify the rule. PAR 1113 would clarify that open container requirements and Group II exemption prohibitions apply to colorants in addition to architectural coatings. PAR 1113 also includes minor changes to improve clarity, but does not change the intent of existing requirements. Evaluation of the proposed project resulted in the conclusion that it will not create any adverse effects on air quality or any other environmental areas. Therefore, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Since it can be seen with certainty that the proposed project has no potential to adversely affect air quality or any other environmental area, it is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) – Review for Exemption. Upon adoption, 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 James Koizumi (c/o Planning, Rule Development & Area Sources) at the above address. Mr. Koizumi can also be reached at (909) 396-3234.

**Date:** September 6, 2013

**Signature:** 

Michael Krause  
CEQA Program Supervisor  
Planning, Rule Development &  
Area Sources

**Reference: California Code of Regulations, Title 14**

## NOTICE OF EXEMPTION

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<b>To:</b> County Clerks of Los Angeles, Orange, Riverside, San Bernardino	<b>From:</b> South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765
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**Project Title:**

Proposed Amended Rule 1113 – Architectural Coating

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**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.

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**Description of Nature, Purpose, and Beneficiaries of Project:**

On June 3, 2011, Rule 1113 was amended with labeling requirements for all architectural coatings including small containers, which were previously exempt from labeling requirements. Labelers of containers two ounces or less have expressed difficulties in meeting these labeling requirements because of the size of the containers. Therefore, PAR 1113 would provide an exception from labeling requirements for containers two ounces or less. PAR 1113 would add and amend definitions to clarify the rule. PAR 1113 would clarify that open container requirements and Group II exemption prohibitions apply to colorants in addition to architectural coatings. PAR 1113 also includes minor changes to improve clarity, but does not change the intent of existing requirements.

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**Public Agency Approving Project:**

South Coast Air Quality Management District

**Agency Carrying Out Project:**

South Coast Air Quality Management District

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**Exempt Status:**

General Concepts [CEQA Guidelines §15002 (k)(1)]; and  
General Rule Exemption [CEQA Guidelines §15061 (b)(3)]

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**Reasons why project is exempt:**

The SCAQMD staff has reviewed the proposed amendments to Rule 1113 pursuant to CEQA Guidelines §15002(k)(1) – Three Step Process, and CEQA Guidelines §15061 – Review for Exemption, and has determined that the proposed amendments are exempt from CEQA pursuant to CEQA Guidelines §15061 (b)(3) (“General Rule Exemption”). PAR 1113 would provide an exception from labeling requirements for containers two ounces or less. PAR 1113 also includes minor changes to improve clarity, but does not change the intent of existing requirements. Evaluation of the proposed project resulted in the conclusion that it would not create any adverse effects on air quality or any other environmental areas. Therefore, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Since it can be seen with certainty that the proposed project has no potential to adversely affect air quality or any other environmental area, it is exempt from CEQA pursuant to CEQA Guidelines §15061(b)(3) – Review for Exemption.

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**Approval Date:**

SCAQMD Governing Board Hearing: September 6, 2013, 9:00 a.m.; SCAQMD Headquarters

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<b>CEQA Contact Person:</b>	<b>Phone Number:</b>	<b>Fax Number:</b>	<b>Email:</b>
Mr. James Koizumi	(909) 396-3234	(909) 396-3324	<jkoizumi@aqmd.gov>

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<b>Rule Contact Person:</b>	<b>Phone Number:</b>	<b>Fax Number:</b>	<b>Email:</b>
Ms. Heather Farr	(909) 396-3672	(909) 396-2414	<hfarr@aqmd.gov>

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Date Received for Filing \_\_\_\_\_

Signature           Signed upon adoption            
Michael Krause  
CEQA Program Supervisor  
Planning, Rule Development  
and Area Sources

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 36

PROPOSAL: Approve Amendments to SCPEA 2011-2014 MOU and Approve Amendments to the Salary Resolution for Non-Represented Employees

SYNOPSIS: SCAQMD management and representatives of SCPEA representing the Professional employees bargaining unit have a current 2011-2014 Memorandum of Understanding (MOU). This action is to ratify an agreement between the parties to provide a one-time payment of \$491 per Professional employee in exchange for elimination of a previously negotiated benefit from the MOU. This action is also to approve a 0.5% increase of annual base salary, as a one-time payment, for non-represented employees.

COMMITTEE: No Committee Review

RECOMMENDED ACTIONS:

1. Authorize the Executive Officer to sign the ratified agreement to the 2011-2014 MOU between SCAQMD and SCPEA, representing the Professional bargaining unit employees. Changes to SCPEA's 2011-2014 MOU are shown in Attachment A. All other provisions remain unchanged from the MOU.
2. Adopt the Resolution in Attachment B, amending AQMD's *Salary Resolution*, to provide a 0.5% increase to annual base salary as a one-time payment, for non-represented employees. The revision to the *Salary Resolution* is reflected in Attachment C.

Barry R. Wallerstein, D.Env.  
Executive Officer

WJ

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**Background and Proposal**

In January 2013, the Governing Board approved a new labor contract, through December 31, 2014, with the Professional employees bargaining unit, represented by SCPEA. The MOU includes a provision for Employee Organizational Leave, which grants one employee per calendar year up to 1 year of unpaid leave time to go work for the Union. The deletion of the provision will provide for more appropriate work conditions for the

SCPEA. In consideration of this amendment, consistent with Board direction to staff, a one-time payment of \$491 would be made to SCPEA members. Management has met and conferred with the SCPEA and has reached a tentative agreement. This tentative agreement has been ratified by bargaining unit members, and this action is to present the ratified amendment to the 2011-2014 SCPEA MOU to the Board for approval. The proposed MOU changes are shown in Attachment A, and all other MOU provisions in the 2011-14 SCPEA MOU remain the same.

To provide equitable consideration for all employees in comparison to the recently approved labor agreement providing a 2.1% average increase for Teamsters-represented bargaining unit employees and the proposed additional one-time payment to SCPEA members, staff is also recommending approval of a 0.5% increase to annual base salary, as a one-time payment, for non-represented employees. This action is also consistent with Board direction. Attachment C reflects the revision to the *Salary Resolution*, which provides for this change.

### **Resource Impacts**

The FY 2013-14 cost for this one-time payment for SCPEA members and the 0.5% increase to annual base salary is approximately \$267,000. Funds will be made available in the FY 2013-14 Budget through salary savings resulting from an increased vacancy rate.

### **Attachments**

Attachment A – SC-PEA MOU Revisions

Attachment B – Resolution

Attachment C – *Salary Resolution* Amendments

**ATTACHMENT A**

**SOUTH COAST AIR QUALITY  
MANAGEMENT DISTRICT**

**MEMORANDUM  
OF  
UNDERSTANDING**

**PROFESSIONAL UNIT**

**July 1, 2010~~1~~ -- December 31~~June 30~~, 2014~~1~~**

ARTICLE 3

SALARIES

Section 3. ~~ED~~

As soon as practicable after September 6, 2013, each employee shall receive a one-time payment of \$491.00.

ARTICLE 23

OTHER LEAVES  
OF ABSENCE

~~Section 2. Employee Organizational Leave. AQMD agrees to permit not more than 1 employee of AQMD in any calendar year to take leave without pay or benefits of any kind for a period of up to 1 calendar year to work for the Union. The employee must give management reasonable advance notice of his or her intent to take such leave and shall give AQMD reasonable notice of not less than 2 calendar weeks of the date upon which the employee intends to return to AQMD employment. The employee must return to work for AQMD by not later than 1 calendar year from the date of taking the leave of absence, or he or she shall be deemed to have resigned. The employee shall be returned to his or her former position or a comparable position.~~

ATTACHMENT B

RESOLUTION NO. 13-

A Resolution of the South Coast Air Quality Management District Governing Board amending AQMD's *Salary Resolution* to adopt, for management, confidential, attorney classes and Designated Deputies, a one-time payment equal to 0.5% percent of each employee's annual base salary.

WHEREAS, the Governing Board of the South Coast Air Quality Management District exercises its duty to review and determine appropriate wages, hours, and other terms and conditions of employment provided to employees.

THEREFORE, BE IT RESOLVED that the Board of the South Coast Air Quality Management District, State of California, in regular session assembled on September 6, 2013, does hereby amend AQMD's *Salary Resolution* to adopt a one-time payment equal to 0.5% each employee's annual base salary.

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*Date*

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*Clerk of the Board*

## ATTACHMENT C

### AMENDMENTS TO SALARY RESOLUTION

#### CHAPTER II, ARTICLE 1

##### Section 54. MANAGEMENT AND CONFIDENTIAL CLASSIFICATION SALARIES

Effective ~~April~~ September 6, 2013

Effective as soon as practicable after September 6, 2013, each management and confidential employee shall receive a one-time payment equal to 0.5% of their annual base salary.

#### CHAPTER II, ARTICLE 2

##### Section 54. SALARY

Effective as soon as practicable after September 6, 2013, each Designated Deputy shall receive a one-time payment equal to 0.5% of their annual base salary.



BOARD MEETING DATE: September 6, 2013

AGENDA NO. 37

PROPOSAL: Special Meeting of Brain & Lung Tumor and Air Pollution Foundation

SYNOPSIS: This item is to replace one Board Member of the Brain & Lung Tumor and Air Pollution Foundation. Dr. Clark Parker has indicated a willingness to replace Dr. Thomas Godfrey.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:

Approve the appointment of Dr. Clark Parker to the Brain & Lung Tumor and Air Pollution Foundation.

Barry R. Wallerstein, D.Env.  
Executive Officer

BRW:drw

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**Background**

In February 2003, the Board established the Brain Tumor and Air Pollution Foundation. In March 2004 the Foundation amended its Articles of Incorporation to change its name to Brain & Lung Tumor and Air Pollution Foundation (Foundation) and to specify that its purpose is related to the effects of air pollution on brain tumors and lung cancer. The mission of the Foundation is to support research studies on the association between air pollution and brain and lung tumors, as well as research for the development of novel therapeutics for such tumors. To carry out its purpose, the Foundation has funded research projects investigating the links between air pollution and brain and lung tumors.

The Foundation has sponsored over \$4.5 million in studies with leading medical researchers in Southern California. As a result of these studies, it has been learned that exposure of laboratory animals to particulate pollutants is associated with biochemical changes in the brain tissue that are consistent with the biochemical pattern found in human brain tumors. Another project found preliminary associations of particulate matter levels and the risk of childhood brain tumors.

The SCAQMD Governing Board authorized in May, 2013 the transfer of an additional \$1M to the Foundation to conduct additional follow-up research.

The Directors of the Foundation serve at the pleasure of the SCAQMD Board. The Chairman of the SCAQMD recommends individuals for Governing Board approval to be Directors of the Foundation. Three of the current directors are SCAQMD Board Members: Michael Antonovich (Chair), Dennis Yates (Vice Chair), and Josie Gonzales. The Foundation's bylaws require that the Foundation have four Directors.

Dr. Thomas Godfrey has recently submitted his resignation as a Foundation Director. This action would replace Dr. Godfrey with a new director, Dr. Clark Parker as recommended by Chairman Burke.

**Proposal**

Approve the replacement of Foundation Director Dr. Thomas Godfrey with Dr. Clark Parker.

**Resource Impacts**

None.

BOARD MEETING DATE: September 6, 2013

AGENDA NO. 38

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a Special Meeting on Friday, August 30, 2013. The next Legislative Committee meeting is scheduled for Friday, September 13, 2013, at 9 a.m. in Conference Room CC8.

The Committee deliberated on the following agenda item for Board consideration:

<b>Agenda Item</b>	<b>Recommended Action</b>
SB 804 (Lara) Solid Waste: Energy	CONTINUE TO INFORM AUTHOR, SPONSOR AND LEGISLATIVE BODIES REGARDING PROVISIONS NEGATIVELY IMPACTING PUBLIC HEALTH, SCAQMD OPERATIONS, AND CREATING LEGAL LIABILITY. FURTHER DIRECT STAFF TO SEEK NECESSARY AMENDMENTS AND ONLY OPPOSE THE BILL IF MAJOR REQUIRED AMENDMENTS ARE NOT ACCEPTED. SUPPORT BILL IF MAJOR REQUIRED AMENDMENTS ARE ACCEPTED. CONTINUE TO SUPPORT THE DEVELOPMENT OF CONVERSION TECHNOLOGY ALTERNATIVES CONSISTENT WITH SCAQMD GOVERNING BOARD CLEAN AIR POLICIES AND PROGRAMS.

RECOMMENDED ACTION:

Receive, file this report, and approve committee recommendations as specified in this letter.

Josie Gonzales  
Chair  
Legislative Committee

LBS:WS:PC:jf

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**Attendance [Attachment 1]**

A special meeting of the Legislative Committee was held on August 30, 2013. Committee Chair Supervisor Josie Gonzales, and Committee Members Supervisor Michael Antonovich and Dr. Clark Parker, Sr., all attended via teleconference.

**SB 804 (Lara) Solid Waste: Energy [Attachment 2]**

Barry R. Wallenstein, Executive Officer, presented to the Committee regarding the recently amended version of SB 804 (Lara). The current provisions of this bill pertain to conversion technologies that could be used to divert waste from landfills. This bill would also set requirements and guidelines on how air districts approve, enforce, and revoke permits for biomass conversion technology facilities. The author and sponsor were required to take Committee amendments in the Environmental Safety and Materials Committee that are of concern to air districts. Dr. Wallerstein indicated that SCAQMD staff felt that the bill, as currently drafted, would, among other things:

- Interfere with the ability of air districts to equitably permit and enforce air quality protections. For example, upon notification from CalRecycle that certain requirements regarding the types of materials being processed by a facility are not met, CalRecycle would require SCAQMD to require immediate compliance or revoke the facility's permit. Staff believes this mandate could violate due process and ignore established law regarding how violations are assessed and settled and the procedures required prior to revocation of a facility's permit;
- Facilitate facility shutdowns, thus hurting the development of this technology and discouraging the availability of investment funds and financing; and
- Create ambiguous terms and criteria in law, including those relating to SCAQMD's permitting authority, which would be difficult to implement, be disruptive to the agency's ability to carry out its duties, and increase the agency's potential liability.

Dr. Wallerstein reported that representatives of Los Angeles County, which is the sponsor of this bill, as well as the staff of Senator Ricardo Lara, the bill's author, have expressed a willingness to work with SCAQMD staff to amend the bill's provisions to address SCAQMD's air quality concerns. Further, they have both asked SCAQMD staff to provide draft legislative amendments to the bill, for their consideration, that would address the agency's concerns.

Thus, staff recommended approval of the following position on this bill: **CONTINUE TO INFORM AUTHOR, SPONSOR AND LEGISLATIVE BODIES REGARDING PROVISIONS NEGATIVELY IMPACTING PUBLIC HEALTH, SCAQMD OPERATIONS, AND CREATING LEGAL LIABILITY. FURTHER DIRECT STAFF TO SEEK NECESSARY AMENDMENTS AND ONLY OPPOSE THE BILL IF MAJOR REQUIRED AMENDMENTS ARE NOT ACCEPTED. SUPPORT BILL IF MAJOR REQUIRED AMENDMENTS ARE ACCEPTED. CONTINUE TO SUPPORT THE DEVELOPMENT OF CONVERSION TECHNOLOGY ALTERNATIVES CONSISTENT WITH SCAQMD GOVERNING BOARD CLEAN AIR POLICIES AND PROGRAMS.**

Dr. Parker stated that he believes that SCAQMD should work with the counties in order to find a way to resolve the issues included in this bill in a way that avoids litigation, particularly by those impacted by the faster permit revocation process allowed for by this bill. Dr. Parker also acknowledged the need to have landfills.

Supervisor Gonzales expressed her disappointment with the bill SB 804. She stated that the bill, in its original form, was very useful and beneficial for San Bernardino County and that the current bill content does not allow for equitable implementation throughout all air districts.

Supervisor Gonzales also explained that this bill, with the proper content, represents an opportunity to increase the number of life years for existing landfills in San Bernardino County and will allow for the clean-up of lined and unlined landfills that have been kept in that county for many years. This bill could also facilitate the county's ability to comply with other state requirements.

*The Legislative Committee approved staff's recommendation to adopt the position, as described above, on SB 804 based on a motion by Supervisor Antonovich, seconded by Dr. Parker.*

## **Attachments**

Attendance

SB 804 (Lara) Analysis and Bill

## **ATTACHMENT 1**

### **ATTENDANCE RECORD –August 30, 2013**

#### **DISTRICT BOARD MEMBERS:**

Supervisor Josie Gonzales (teleconference)  
Supervisor Michael D. Antonovich (teleconference)  
Clark E. Parker, Ph.D. (teleconference)

#### **STAFF TO COMMITTEE:**

Lisha B. Smith, Deputy Executive Officer (teleconference)  
Derrick J. Alatorre, Assistant Deputy Executive Officer/Public Advisor  
Guillermo Sánchez, Senior Public Affairs Manager (teleconference)  
Julie Franco, Senior Administrative Secretary

#### **DISTRICT STAFF:**

Barry Wallerstein, Executive Officer  
Barbara Baird, District Counsel  
Mohsen Nazemi, Deputy Executive Officer  
Philip Crabbe, Community Manager  
Greg Rowley, Telecommunications Technician II  
Mary Reichert, Deputy District Counsel II

#### **OTHERS PRESENT:**

Mark Abramowitz, Board Member Assistant (Lyou)  
Paul Gonsalves, Gonsalves & Son (teleconference)  
Will Gonzalez, Gonzalez, Quintana & Hunter (teleconference)  
Debra Mendelsohn, Board Member Assistant (Antonovich)

## ATTACHMENT 2

### **Senate Bill 804 (Lara)** Solid Waste: Energy

**Summary:** This bill would include conversion technologies that use specified biomass feedstock in the definition of "biomass conversion" for purposes of the Integrated Waste Management Act (IWMA), and would define composting under the IWMA to include aerobic and anaerobic decomposition of organic waste. This bill would also set specific requirements and guidelines on how air districts approve, enforce, and revoke permits for biomass conversion technology facilities.

**Background:** Existing law defines "biomass conversion" to mean the controlled combustion, when separated from other solid waste and used for producing electricity or heat including, agricultural crop residues, bark, lawn, yard, garden clippings, leaves, silvicultural residue, tree and brush pruning, wood, wood chips, and wood waste and non-recyclable pulp or non-recyclable paper materials. Existing law also defines "composting" to mean the controlled or uncontrolled biological decomposition of organic wastes. Existing law requires cities and counties to divert 50% of solid waste disposed of within their jurisdiction through source reduction, recycling, and composting, but authorizes a city or county to comply with no more than 10% of the 50% diversion requirement through biomass conversion. This requirement is contained in the IWMA.

Conversion Technologies (CTs) are processes that serve as a tool for diverting waste from landfills by converting it into domestic, non-fossil fuel, and renewable energy (biofuel and electricity). CTs are designed to convert post-recycled residuals and can recover materials, such as metals, that are otherwise not feasibly recovered. CTs must process the waste prior to conversion which creates financial incentives to recover additional material for recycling, and CTs prevent the contamination of water and soil due to landfilling. While waste-to-energy technologies such as CTs may have potentially positive environmental impacts, the ability to use CTs as an option for waste diversion technologies is hindered by a lack of inclusion of CTs in current conversion definitions.

SB 804 was recently approved in the Assembly Environmental Safety And Toxic Materials Committee. The approval was based on significant Committee amendments. The amendments were sought by neither the author nor the sponsor, and in a number of cases they significantly impact the viability of conversion technology projects, as well as alter the existing regulatory structure related to air permitting. Because of the potential impacts of the recent amendments on SCAQMD policy and operations, it is important that SCAQMD take a formal position on this bill. The sponsor (County of Los Angeles) has committed to work with SCAQMD and other air districts to resolve major issues of concern.

**Status:** 8/27/13 - From committee with author's amendments. Read second time and amended. Re-referred to Com. on APPR.

**Specific Provisions:** Specifically, this bill would:

1. Include Conversion Technologies that use specified biomass feedstock in the definition of "biomass conversion" for purposes of the IWMA.
2. Define composting under the IWMA to include aerobic and anaerobic decomposition of organic waste.
3. Specify that an air district may review and approve, as part of the air district's permitting authority pursuant to the Cal. Health and Safety Code, a biomass conversion technology facility if the air district finds that the technology used by the facility meets the following requirements:
  - a) It is more protective than controlled biomass combustion technology.
  - b) It causes no net increase in public health risks, toxic air emissions, or greenhouse gas emissions as compared to controlled biomass combustion technology.
  - c) It does not produce hazardous waste as a byproduct of the technology.
4. Require an air district, upon notification by the California Department of Resources Recycling and Recovery (CalRecycle) that a biomass conversion technology facility is processing biomass that does not meet the local certification requirement or is not limited to the previously specified biomass eligible waste stream, to require immediate compliance with the conditions of the facility's permit, issued pursuant to the Cal. H&S Code, or to revoke that facility's permit.
5. Require a biomass conversion technology facility to comply with all applicable provisions of local, state, and federal law.

**SB 804 Interferes with the Ability of Air Districts to Equitably Permit and Enforce Air Quality Protections**

This bill requires certification that a facility has reduced or recycled the biomass to the "maximum extent feasible," along with other requirements. Further, upon CalRecycle's inspection and notification to an air district that a facility is processing biomass that does not meet the local certification requirement or is not limited to the biomass eligible waste stream, this bill would require that an air district must either require immediate compliance with the facility's permit conditions or revoke that facility's permit, thereby shutting down the facility. Therefore, the bill would establish a precedent where air districts would take action to immediately shut down a facility or revoke a facility's permit based on an inspection by another agency. There are many policy, technical, and legal issues with such an approach, which departs from the well-established current enforcement procedures.

Moreover, the bill does not provide for any due process prior to the order for immediate compliance or to shut down, which is contrary to constitutional requirements, and likely to be legally challenged. When an air district issues a permit to a facility and through inspections or investigations determines that the facility has violated the permit or other air quality rules or regulations, the air district issues the facility a Notice to Comply or a Notice



of Violation. This action then initiates an enforcement process that results in the violation being resolved in a timely fashion, with possible penalties being enforced. An air district can only seek the shutdown of a facility by going to court or the District Hearing Board, where due process protections are afforded, including the right to appeal. The Health & Safety Code allows permit revocation only in accordance with due process protections. (See Cal. Health and Safety Code Sects. 42330 et seq. and Sect. 42307)

Further, this bill allows an air district to approve a facility, as part of its permitting process, if the facility uses technology that is more protective and causes no net increase in public health risks, toxic air emissions or greenhouse gas emissions as compared to controlled biomass combustion technology, and does not produce hazardous waste as a byproduct. However, this bill fails to specify the type of combustion technology that would be the benchmark for comparison, and there is no guarantee that such comparison combustion technology would itself, meet current air quality permit requirements.

Lastly, the recent amendments utilize a number of terms that are ill-defined and present implementation challenges and potential legal disputes. These terms include “maximum extent feasible”, “public health risk”, and “biomass combustion technology.”

#### **SB 804 Discourages Investment in Waste Conversion to Energy Facilities**

Biomass conversion technology facilities generally require large amounts of investment. However, the above described immediate compliance and/or expedited permit revocation requirements, and additional permitting considerations would only apply to biomass conversion technology facilities and would highly discourage the availability of financing and investment dollars for CTs and these types of facilities. In effect, by facilitating the shutdown of these facilities, the bill’s provisions would work to counter the bill’s intent to promote such technology and facilities.

**Recommended Position: CONTINUE TO INFORM AUTHOR, SPONSOR AND LEGISLATIVE BODIES REGARDING PROVISIONS NEGATIVELY IMPACTING PUBLIC HEALTH, SCAQMD OPERATIONS, AND CREATING LEGAL LIABILITY. FURTHER DIRECT STAFF TO SEEK NECESSARY AMENDMENTS AND ONLY OPPOSE THE BILL IF MAJOR REQUIRED AMENDMENTS ARE NOT ACCEPTED. SUPPORT BILL IF MAJOR REQUIRED AMENDMENTS ARE ACCEPTED. CONTINUE TO SUPPORT THE DEVELOPMENT OF CONVERSION TECHNOLOGY ALTERNATIVES CONSISTENT WITH SCAQMD GOVERNING BOARD CLEAN AIR POLICIES AND PROGRAMS.**

AMENDED IN ASSEMBLY AUGUST 27, 2013

AMENDED IN ASSEMBLY AUGUST 20, 2013

AMENDED IN ASSEMBLY AUGUST 5, 2013

AMENDED IN ASSEMBLY JUNE 25, 2013

AMENDED IN SENATE MAY 8, 2013

AMENDED IN SENATE APRIL 22, 2013

AMENDED IN SENATE APRIL 9, 2013

**SENATE BILL**

**No. 804**

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**Introduced by Senator Lara**

February 22, 2013

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An act to amend Sections 40106 and 40116.1 of, and to add Chapter 6 (commencing with Section 48800) to Part 7 of Division 30 of, the Public Resources Code, relating to solid waste.

LEGISLATIVE COUNSEL'S DIGEST

SB 804, as amended, Lara. Solid waste: energy.

The California Integrated Waste Management Act of 1989, which is administered by the Department of Resources Recycling and Recovery, requires each city, county, and regional agency, if any, to develop a source reduction and recycling element of an integrated waste management plan. With certain exceptions, the source reduction and recycling element of that plan is required to divert 50% of all solid waste, through source reduction, recycling, and composting activities. Existing law allows the 50% diversion requirement to include not more than 10% through transformation or "biomass conversion," as defined,

if specified conditions are met. The act defines various terms, including “biomass conversion” and “composting,” for the purposes of the act.

This bill would revise the definition of the term “biomass conversion” to include, in addition to controlled combustion, any other conversion technology, as specified. The bill would define “composting” to include aerobic and anaerobic decomposition of organic wastes. The bill would require a biomass conversion technology facility, as defined, to meet specified requirements. The bill would require an air quality management district or air pollution control district *to either require immediate compliance with the conditions of the biomass conversion technology facility’s permit, as specified, or revoke that permit upon notification by the department that a facility did not meet specified conditions.* The bill would authorize an air district to review and approve a biomass conversion technology facility if the *air* district finds the technology used in the facility meets specified requirements. Because the bill would impose additional duties on an ~~air quality management district or air pollution control~~ district, this bill would impose a state-mandated local program.

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 40106 of the Public Resources Code is
- 2 amended to read:
- 3 40106. (a) “Biomass conversion” means the controlled
- 4 combustion, or other conversion technology, when separated from
- 5 other solid waste and used for producing electricity or heat, of the
- 6 following materials:
- 7 (1) Agricultural crop residues.
- 8 (2) Bark, lawn, yard, and garden clippings.
- 9 (3) Leaves, silvicultural residue, and tree and brush pruning.
- 10 (4) Wood, wood chips, and wood waste.
- 11 (5) Nonrecyclable pulp or nonrecyclable paper materials.

1 (b) “Biomass conversion” does not include the controlled  
2 combustion of recyclable pulp or recyclable paper materials, or  
3 materials that contain sewage sludge, industrial sludge, medical  
4 waste, hazardous waste, or either high-level or low-level  
5 radioactive waste.

6 (c) For purposes of this section, “nonrecyclable pulp or  
7 nonrecyclable paper materials” means either of the following, as  
8 determined by the department:

9 (1) Paper products or fibrous materials that cannot be  
10 technically, feasibly, or legally recycled because of the manner in  
11 which the product or material has been manufactured, treated,  
12 coated, or constructed.

13 (2) Paper products or fibrous materials that have become soiled  
14 or contaminated and as a result cannot be technically, feasibly, or  
15 legally recycled.

16 SEC. 2. Section 40116.1 of the Public Resources Code is  
17 amended to read:

18 40116.1. (a) “Composting” means the controlled or  
19 uncontrolled biological decomposition of organic wastes.

20 (b) “Composting” includes aerobic decomposition and anaerobic  
21 decomposition of organic wastes.

22 SEC. 3. Chapter 6 (commencing with Section 48800) is added  
23 to Part 7 of Division 30 of the Public Resources Code, to read:

24

25 CHAPTER 6. BIOMASS CONVERSION TECHNOLOGY FACILITY

26

27 48800. For the purpose of this chapter, the following terms  
28 have the following meanings:

29 (a) “Air district” means an air quality management district or  
30 an air pollution control district with jurisdiction over the biomass  
31 conversion technology facility.

32 (b) “Biomass” means nonrecyclable organic waste materials as  
33 specified in paragraphs (1) to (5), inclusive, of subdivision (a) of  
34 Section 40106.

35 (c) “Biomass conversion technology facility” means a facility  
36 that uses a conversion technology capable of converting biomass  
37 into marketable products and fuels through noncombustion thermal,  
38 chemical, or biological process. “*Biomass conversion technology*  
39 *facility*” does not include composting.

1 48805. (a) A biomass conversion technology facility shall  
2 comply with all of the following requirements:

3 (1) Remove, to the maximum extent feasible, all recyclable  
4 materials from the solid waste stream prior to the conversion  
5 process and *have* the owner of the facility certify to the air district  
6 that those materials will be recycled or composted.

7 (2) Certify to the air district that a local agency sending biomass  
8 to the facility is in compliance with this division and has reduced  
9 or recycled to the maximum extent feasible.

10 (3) ~~(A)~~—Allow the department to inspect the facility to ensure  
11 that the facility is only processing biomass that meets the local  
12 certification requirement and is limited to the previously specified  
13 biomass eligible waste stream, as required pursuant to paragraph  
14 (2).

15 ~~(B)~~—The

16 *(b) Upon notification by the department that a biomass*  
17 *conversion technology facility is processing biomass that does not*  
18 *meet the local certification requirement or is not limited to the*  
19 *previously specified biomass eligible waste stream, the air district*  
20 *shall require immediate compliance with the conditions of the*  
21 *facility’s permit issued pursuant to Division 26 (commencing with*  
22 *Section 39000) of the Health and Safety Code or shall revoke a*  
23 *that permit for the operation of the facility upon notification by*  
24 *the department that the facility is processing biomass that does not*  
25 *meet the local certification requirement or is not limited to the*  
26 *previously specified biomass eligible waste stream.*

27 ~~(b)~~

28 *(c) An air district shall may review and approve, as part of the*  
29 *air district’s permitting authority pursuant to Division 26*  
30 *(commencing with Section 39000) of the Health and Safety Code,*  
31 *the biomass conversion technology facility if the air district finds*  
32 *that the technology used by the facility meets all of the following*  
33 *requirements:*

34 (1) Is more protective than controlled *biomass* combustion  
35 ~~technologies~~ *technology*.

36 (2) Causes no net increase in *public health risks*, toxic air  
37 emissions, or greenhouse gas emissions as compared to controlled  
38 *biomass* combustion ~~technologies~~ *technology*.

39 (3) Does not produce hazardous waste as a byproduct of the  
40 technology.

1     *(d) A biomass conversion technology facility shall comply with*  
2     *this chapter in addition to all other applicable provisions of local,*  
3     *state, and federal law.*

4     SEC. 4. No reimbursement is required by this act pursuant to  
5     Section 6 of Article XIII B of the California Constitution because  
6     a local agency or school district has the authority to levy service  
7     charges, fees, or assessments sufficient to pay for the program or  
8     level of service mandated by this act, within the meaning of Section  
9     17556 of the Government Code.

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