



## South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4182  
(909) 396-2000 - [www.aqmd.gov](http://www.aqmd.gov)

**TO:** SCAQMD Board Stationary Source Committee  
Ben Benoit, Chairman; Dr. Joseph Lyou, Vice Chairman, Sheila Kuehl,  
Judith Mitchell, Shawn Nelson and Janice Rutherford

**FROM:** Laki Tisopulos, Deputy Executive Officer, Engineering and Permitting  
**STATIONARY SOURCE COMMITTEE MEETING**  
**February 17, 2017 ♦ 10:30 a.m. ♦ Conference Room CC8**  
**21865 Copley Dr., Diamond Bar, CA 91765-4182**

### TELECONFERENCE

Hall of Administration  
Planning Commission Room  
333 West Santa Ana Blvd.  
Santa Ana, CA 92701

385 N. Arrowhead Avenue  
Yucca Room  
San Bernardino, CA 92415

*(Public may attend at the above locations)*

*Call-in for listening purposes only is available by dialing:*

*Toll Free: 866-244-8528*

*Listen Only Passcode: 5821432*

*In addition, a webcast is available for viewing and listening at:*

*<http://www.aqmd.gov/home/library/webcasts>*

### ACTION ITEM

- 1. Home Rule Advisory Group Membership (5 mins.)** Philip Fine  
Deputy Executive Officer  
Based on the Blue Ribbon Panel Recommendations and approval by the Board, Councilmember Judith Mitchell has requested the appointment of David Rothbart as her Community Representative to the Home Rule Advisory Group and this recommendation is being submitted for the concurrence of this Committee.  
*(No Written Material)*
- 2. Add Equipment and Add/Delete Positions to Address Operational Needs in Science and Technology Advancement for Metals Monitoring and Analysis (15 mins.)** Jason Low  
Asst. Deputy Executive Officer  
The elevated levels of hexavalent chromium (Cr6+) that have recently been measured in the City of Paramount have created an urgent need to enhance SCAQMD's air quality monitoring and laboratory analysis capability. This action is to invest in new laboratory and field equipment and better align staffing resources to allow SCAQMD to appropriately address the increasing demand for extensive monitoring of Cr6+ and other toxic metals in the City of Paramount as well as other parts of the Basin.

*(Written Material Attached)*

**INFORMATIONAL ITEMS**

- 3. Update on District Activities Related to Hexavalent Chromium Emissions in the City of Paramount** (15 mins.) Wayne Nastri  
Executive Officer  
Staff will provide an update on District activities to address elevated ambient hexavalent chromium emissions measured in the City of Paramount.  
*(Written Material Attached)*
- 4. Status Report on Reg. XIII** (10 mins.) Laki Tisopulos  
Deputy Executive  
Officer  
This report presents the preliminary federal determination of equivalency for calendar year 2015 for the SCAQMD New Source Review program.  
*(Written Material Attached)*
- 5. Annual RECLAIM Audit Report for Compliance Year 2015** (15 mins.) Laki Tisopulos  
The annual report on the NO<sub>x</sub> and SO<sub>x</sub> RECLAIM program is prepared in accordance with Rule 2015 – Backstop Provisions. The report assesses emission reductions, availability of RECLAIM Trading Credits (RTCs) and their average annual prices, compliance issues, job impacts, and other measures of performance for the twenty first year of this program. In addition, recent trends in trading future year RTCs are analyzed and presented in this report. Staff recommends that the Annual RECLAIM Audit Report for 2015 Compliance Year be presented to the Board for their approval.  
*(Written Material Attached)*
- 6. Permit Application Backlog Reduction Quarterly Report** (15 mins.) Laki Tisopulos  
Staff will provide an update on the permit application backlog reduction efforts during the last two quarters of 2016.  
*(Written Material Attached)*

**WRITTEN REPORTS**

- 7. Home Rule Advisory Group – 2016 Accomplishments and 2017 Goals and Objectives** Philip Fine  
These reports summarize the Home Rule Advisory Group’s 2016 Accomplishments and the 2017 Goals and Objectives.  
*(Written Material Attached)*
- 8. Notice of Violation Penalty Summary** Kurt Wiese  
General Counsel  
This report provides the total penalties settled in January which includes Civil, Supplemental Environmental Projects, Mutual Settlement Assessment Penalty Program, Hearing Board and Miscellaneous.  
*(Written Material Attached)*
- 9. Other Business** – Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may

*take action to direct staff to place a matter of business on a future agenda. (Gov't. Code Section 54954.2)*

## **10. Public Comment Period**

*Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). All agendas for regular meetings are posted at District Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of a regular meeting. At the end of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's authority. Speakers may be limited to three (3) minutes each.*

### **Americans with Disabilities Act**

*The agenda and documents in the agenda packet will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't. Code Section 54954.2(a)). Disability-related accommodations will also be made available to allow participation in the Stationary Source Committee meeting. Any accommodations must be requested as soon as practicable. Requests will be accommodated to the extent feasible. Please contact Evangelina Barrera at 909.396.2583 from 7:30 a.m. to 6:00 p.m., Tuesday through Friday, or send the request to [ebarrera@aqmd.gov](mailto:ebarrera@aqmd.gov).*

### **Document Availability**

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

**NOTE: The next meeting is March 17, 2017**

cc: SCAQMD Board Members

# Add Equipment and Delete/Add Positions to Address Operational Needs in Science and Technology Advancement for Metals Monitoring and Analysis

Stationary Source Committee  
February 17, 2017

## Background

- Increasing demand for expanding current and future Cr6+ and other toxic metal monitoring/analysis efforts in Paramount and other parts of the Basin
- **Urgent need for STA to enhance its monitoring / analysis capabilities**



Map showing current Cr6+ sampling locations in Paramount. The map does not include the school sites

# Proposal

- Laboratory Equipment Purchases
  - Reimburse the purchase of one Ion Chromatograph (IC)
  - Purchase Scanning Electron Microscope with Energy Dispersive Spectrometer (SEM-EDS)

Description	Qty	Estimated Cost
Ion Chromatograph (IC)	1	\$70,650
Scanning Electron Microscope with Energy Dispersive Spectrometer (SEM-EDS)	1	\$200,000*
<b>Total</b>		<b>\$270,650</b>

\*\$100,000 funded from the Air Toxics Fund (15) and \$100,000 funded by U.S. EPA



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# Proposal

- Proposed Purchases through Sole Source Purchase Orders

Description	Qty	Estimated Cost
Integrated filter-based samplers	Up to 20 units	\$ 70,000
Portable wind system	Up to 3 units	\$ 20,000
Chromeleon Software for Ion Chromatographs	1	\$ 50,000
<b>Total</b>		<b>\$140,000</b>



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# Proposal

- Delete two Air Quality Instrument Specialist I positions and one Office Assistant Position in Federal Programs Group

Title	Qty	Division	Estimated Cost*
Air Quality Instrument Specialist I	2	Atmospheric Measurements (Federal Programs Group)	\$210,740
Office Assistant	1	Atmospheric Measurements (Federal Programs Group)	\$ 72,912
<b>Total Proposed Staffing Deletions</b>	<b>3</b>		<b>\$283,652</b>

*\*Salaries & Employee Benefits at Step 1 include base salary, retirement cost, insurance, FICA & SDI for a period of 12 months.*

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# Proposal

- Add three new full-time positions to the monitoring and analysis division:
  - U.S. EPA to provide funding for these positions for a period of four months as well as \$30,000 for temporary services as needed to supplement staff efforts

Title	Qty	Division	Estimated Cost*
Air Quality Instrument Specialist II	1	Atmospheric Measurements (Special Monitoring Group)	\$37,000
Air Quality Specialist	1	Atmospheric Measurements (Special Monitoring Group)	\$46,000
Senior Chemist	1	Laboratory Services and Source Test Engineering	\$48,000
<b>Total Proposed Staffing Additions</b>	<b>3</b>		<b>\$131,000</b>

*\*Salaries & Employee Benefits at Step 3 include base salary, retirement cost, insurance, FICA & SDI for a period of four months to reflect available U.S. EPA funding.*

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## Recommended Actions

- Appropriate up to \$35,325 from General Fund Undesignated (Unassigned) Fund Balance and transfer and appropriate up to \$35,325 from the Air Toxics Fund (15) to the FY 2016-17 Budget, Capital Outlays Major Object, Capital Outlays Account, to reimburse the purchase of an Ion Chromatograph
- Transfer up to \$240,000 from the Air Toxics Fund (15) to the General Fund and recognize revenue upon receipt and appropriate \$261,000 in U.S. EPA Section 105 grant, in FYs 2016-17 and/or 2017-18 for funding of equipment, software, and staff resources
- Delete three positions in the Science and Technology Advancement Office
- Create and fill three new positions to support current and future air monitoring and analysis activities in the City of Paramount and other parts of the Basin

BOARD MEETING DATE: March 3, 2017

AGENDA NO.

**PROPOSAL:** Add Equipment and Delete/Add Positions to Address Operational Needs in Science and Technology Advancement for Metals Monitoring and Analysis

**SYNOPSIS:** The elevated levels of hexavalent chromium (Cr6+) that have recently been measured in the City of Paramount have created an urgent need to enhance SCAQMD's air quality monitoring and laboratory analysis capability. This action is to invest in new laboratory and field equipment and better align staffing resources to allow SCAQMD to appropriately address the increasing demand for extensive monitoring of Cr6+ and other toxic metals in the City of Paramount as well as other parts of the Basin.

**COMMITTEE:** Stationary Source, February 17, 2017; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Appropriate up to \$35,325 from General Fund Undesignated (Unassigned) Fund Balance and transfer and appropriate up to \$35,325 from the Air Toxics Fund (15) to the FY 2016-17 Budget, Capital Outlays Major Object, Capital Outlays Account, to reimburse the following offices for the purchase of an Ion Chromatograph:
  - a. Up to \$65,337 to District General; and
  - b. Up to \$5,313 to Information Management.
2. Transfer up to \$240,000 from the Air Toxics Fund (15) to the General Fund in FYs 2016-17 and/or 2017-18 (any unused funds will be returned to the Air Toxics Fund) and appropriate up to \$240,000 in Science and Technology Advancement's FYs 2016-17 and/or 2017-18 Budget (Org 44), as follows:
  - a. Up to \$170,000 into the Capital Outlays Major Object, Capital Outlays Account, in accordance with Tables 1A and 1B for laboratory equipment and software; and
  - b. Up to \$70,000 into Services and Supplies Major Object, Small Tools, Instruments, Equipment Account, for up to 20 integrated filter-based samplers, in accordance with Table 1B.



3. Recognize revenue, upon receipt, and appropriate up to \$261,000 in U.S. EPA Section 105 funding as follows:
  - a. Up to \$131,000 into the Salaries and Employee Benefits Major Object, in accordance with Table 3, to fund three new positions;
  - b. Up to \$100,000 into the Capital Outlays Major Object, in accordance with Table 1A, to partially fund one Scanning Electron Microscope with Energy Dispersive Spectrometer; and
  - c. Up to \$30,000 into the Services and Supplies Major Object, Temporary Agency Services account, as needed, to supplement existing monitoring and analysis efforts.
4. Authorize the Procurement Manager, in accordance with SCAQMD Procurement Policy and Procedure, to:
  - a. Issue solicitation(s) and purchase orders in an amount not to exceed \$200,000 for laboratory equipment as listed in Table 1A; and
  - b. Issue purchase orders in an amount not to exceed \$140,000 for field equipment and software as listed in Table 1B.
5. Delete two Air Quality Instrument Specialist I positions and one Office Assistant position in Science and Technology Advancement (Atmospheric Measurements Branch-Federal Programs Group) as listed in Table 2.
6. Create and fill the following three new positions in Science and Technology Advancement to support current and future air monitoring and analysis activities in the City of Paramount and other parts of the Basin (Table 3):
  - a. One Air Quality Instrument Specialist II in the Atmospheric Measurements Branch (Special Monitoring Group);
  - b. One Air Quality Specialist in the Atmospheric Measurements Branch (Special Monitoring Group); and
  - c. One Senior Chemist in Laboratory Services and Source Test Engineering.

Wayne Nastri  
Executive Officer

MMM:JCL:AP:AK:ld

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## **Background**

In 2013, the SCAQMD received a series of metallic odor complaints from local community members in the Paramount neighborhood. In response to these complaints, SCAQMD staff conducted an investigation of potential local sources of emissions which included an air sampling study. The purpose of these activities was to determine the source of emissions and potential air pollution control strategies. Within the Paramount area, ambient monitoring of toxic metal emissions began in 2013 and has continued at two sites on Vermont Avenue and California Avenue. Based on the monitoring results, there were two metals of concern: nickel and hexavalent chromium

(Cr6+). In 2014 and 2015, SCAQMD worked with Carlton Forge Works to reduce metal particulate emissions from their grinding operation. Carlton Forge Works implemented a number of voluntary measures that substantially reduced nickel levels. Since these measures did not reduce ambient Cr6+ levels, the SCAQMD needed additional data to identify the source of these emissions. In October 2016, as part of its ongoing investigation to identify and address sources of Cr6+ that may be impacting the nearby communities, SCAQMD staff deployed several additional monitors in the mostly industrial areas of the City of Paramount. Since initial results showed elevated levels of Cr6+ near two metal processing facilities, stipulated Orders for Abatement were agreed upon by the Hearing Board, SCAQMD and Aerocraft Heat Treating Co. Inc. (December 2016) and Anaplex Corp. (January 2017) to reduce Cr6+ emissions from their operations. Since then, SCAQMD has been expanding the monitoring and analysis activities to encompass a larger portion of Paramount and identify other industrial facilities that may be responsible for the elevated levels of Cr6+ and other toxic metals in this area. As a result of this investigation, the SCAQMD is now proposing a new rule to control metal emissions from operations that forge, grind, finish and treat metal, as well as to minimize their impacts into surrounding communities. Because of the increasing demand for more extensive and ongoing monitoring of Cr6+ and other toxic metals in the City of Paramount and other parts of the Basin, staff has identified an urgent need for Science and Technology Advancement to expand its monitoring and analysis capabilities and proposes adjusting staff resources.

### **Proposal**

These actions are to appropriate up to \$35,325 from the General Fund Undesignated (Unassigned) Fund Balance and transfer and appropriate up to \$35,325 from the Air Toxics Fund (15) to the FY 2016-17 Budget to reimburse the purchase of one Ion Chromatograph in Capital Outlays. Additionally, these actions are to transfer up to \$240,000 from the Air Toxics Fund (15) into the General Fund in FYs 2016-17 and/or 2017-18, recognize upon receipt \$261,000 in revenue from the U.S. EPA Section 105 grant, and appropriate up to \$501,000 to Science and Technology Advancement's FYs 2016-17 and/or FY 2017-18 to issue solicitations and purchase orders for laboratory and field equipment as well as software, to provide funding for supplementing existing temporary services, and to delete three vacant positions and add three new positions in Science and Technology Advancement, as described herein and below, and summarized in the attached tables.

### Purchase of an Ion Chromatograph

The large number of Cr6+ samples being collected in Paramount exceeded the throughput capacity of the two existing Ion Chromatographs (IC) in the SCAQMD laboratory. These instruments are also being used to analyze samples for other special monitoring projects and the U.S. EPA National Air Toxics Trends Stations (NATTS) Program. Due to the increased sample analysis demands along with a recent breakdown of an existing IC, it was critical to acquire an additional IC instrument to provide

adequate coverage for present and future Cr6+ analysis measurements. The IC was purchased in December 2016 as an urgent need to protect public health as allowed in the SCAQMD Procurement Policies and Procedures; District General and Information Management funds were used to complete the purchase. This action is to appropriate up to \$70,650 to the FY 2016-17 Budget, Capital Outlays Major Object, to reimburse offices for the purchase of an IC as follows: up to \$65,337 to District General and up to \$5,313 to Information Management.

#### Proposed Purchases through Solicitation Process

##### *Scanning Electron Microscope with Energy Dispersive Spectrometer (SEM-EDS)*

The SCAQMD uses optical microscopes to analyze metal containing particles collected on deposition plates and identify potential sources of Cr6+ and other air toxic pollutants. This technique does not provide high throughput screening of samples, easy identification of particle composition, or quantification of particle sizes. Scanning SEM-EDS provides high resolution images of particle samples to identify their size, composition and metals content. As special monitoring studies continue in the City of Paramount and expand into other areas of the Basin, this instrument will help the SCAQMD laboratory more quickly identify potential sources of air toxic metals and asbestos. The Procurement Manager will release the appropriate type of solicitation to solicit formal bids, in accordance with SCAQMD's Procurement Policy and Procedure. Based on the results of the formal bid, a purchase order will be issued to purchase a SEM-EDS in an amount not to exceed \$200,000 for which \$100,000 will be funded by U.S. EPA (Table 1A).

#### Proposed Purchases through Sole Source Purchase Orders

##### *Integrated Filter-Based Samplers*

Staff currently operates enough integrated samplers to support the collection of particulate samples for various high profile projects such as Hixson, TAMCO and Paramount. Recently, field activities have expanded to encompass a larger portion of Paramount and provide more comprehensive and ongoing monitoring of the industrial facilities that may be responsible for the elevated levels of Cr6+ and other air toxic metals in this area. The current supply of samplers is becoming old, and many of these units are no longer supported by the manufacturer. Therefore, additional samplers are needed to keep pace with the increasing demand for more extensive metal monitoring in the City of Paramount and in other parts of the Basin. The Procurement Manager will issue a purchase order not to exceed \$70,000 for up to 20 integrated filter-based samplers (Table 1B).

##### *Portable Wind System*

The correct interpretation of the air monitoring data from the Paramount project is dependent upon the availability of accurate wind and weather information. Currently, wind speed and direction are only available at the air monitoring station located in

Compton, about two miles west of the City of Paramount. Therefore, staff has recommended the purchase of portable and easily deployable wind systems to collect more representative local weather data. The portable wind system is needed to help expand the monitoring capabilities within Paramount and other potential sites for the monitoring of toxic metals. The Procurement Manager will issue a purchase order not to exceed \$20,000 for up to three portable wind systems (Table 1B).

#### *Chromeleon Software for Ion Chromatographs*

Staff utilizes the Chromeleon software package on numerous pieces of scientific instrumentation to determine the metal content (including Cr6+) of samples collected for the Paramount saturation study and other air monitoring projects. The software operates an instrument that is responsible for over 600 sample analyses per month, most of which require reporting within two days of receipt. The current version of this software is outdated and no longer supported by the manufacturer. Purchasing the latest "enterprise" version of Chromeleon allows for real-time backup of all instrument data (thus ensuring zero data loss) and for remote access to the IC instrument for verification of ongoing analyses from off-site locations and standardize the software running these instruments. The Procurement Manager will issue a purchase order not to exceed \$50,000 for one Chromeleon Software for ICs (Table 1B).

#### Proposed Staffing Adjustments

##### *Two Air Quality Instrument Specialist I positions and one Office Assistant Position in Federal Programs Group*

The Federal Enhanced Particulate Monitoring Program operates a core air monitoring network on an ongoing basis. The two Air Quality Instrument Specialist I and Office Assistant positions were added for handling special programs and a potential expansion to the network. Since the Enhanced Particulate Network has not expanded and the work load is being handled appropriately with current resources, staff recommends the deletion of these three positions.

##### *Air Quality Instrument Specialist II in Atmospheric Measurements*

Special monitoring efforts have expanded to respond to community concerns, compliance requests and rules support. These recent and current deployments have better characterized emissions from oil reclamation activities, metal finishing, metal forging and recycling, battery recycling facilities, transfer stations, alternative burning technologies, asbestos sources and natural gas leaks. Also, with recent enhancement to include more real-time monitoring capabilities, the amount of data processing has increased significantly. Therefore, it is necessary to add one additional Air Quality Instrument Specialist II position within Atmospheric Measurements (Special Monitoring Group) to assist with the expanded air monitoring deployments, method development and documentation, and data analysis, interpretation and visualization related to current and ongoing metals air toxics measurements.

### *Air Quality Specialist in Atmospheric Measurements*

During the past few years, the amount of air monitoring data produced by Atmospheric Measurements (Special Monitoring Group) has grown substantially, both in number and complexity. Special monitoring projects, including those in Aliso Canyon and Paramount, require the use of state-of-the-art air monitoring and analysis equipment that often produces real (or near-real) time information such as the near real-time multi-metals system. To efficiently address the expanding ambient monitoring data management requirements for metals measurements and to improve the efficiency with which air quality data are collected, analyzed, validated and reported, comprehensive new analysis and visualization tools and other management systems will need to be implemented. Therefore, there is an urgent need to hire one additional dedicated Air Quality Specialist within the Special Monitoring Group to ensure the successful development, operation and evolution of the near real-time multi-metals instrument and associated data systems, as well as to identify available hardware, software and web- or cloud-based solutions for validating, analyzing, interpreting and mapping air quality data.

### *Senior Chemist in Laboratory Services and Source Test Engineering*

Laboratory Services conducts multiple types of analysis that require strict quality assurance and quality control practices be followed. Additionally, the samples the laboratory receives must be tracked with chain of custody forms to ensure samples have been transported, stored and handled properly prior to being analyzed. The data produced by the laboratory needs to be thoroughly reviewed and validated before it can be shared with upper management, other agencies and the public. Furthermore, the laboratory must also follow strong safety protocols and ensure proper safety training happens on a recurring basis. Because of the additional workload generated by the increasing number of air samples analyzed within the Paramount Project and for other special monitoring studies, there is an immediate need to add one additional Senior Chemist position to Laboratory Services to better coordinate the validation, review and analysis of the collected data.

### **Sole Source Justification**

Section VIII, B.2 of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified for procurement. The request for sole source purchase of the Integrated Filter-Based Samplers and the Portable Wind System is made under Sections B.2.b and B.2.c of the Procurement Policy and Procedure. Delay of the purchases for the integrated filter-based samplers and portable wind system may endanger public health or property and the systems utilize proprietary technology. The request for sole source purchase of the Chromeleon Software for Ion Chromatographs is also made under Section B.2.c; the software uses proprietary technology that is only capable with the current laboratory instruments.

**Benefits to SCAQMD**

The purchase of new laboratory and field equipment and software, as well as the reallocation of staff resources in the Monitoring and Analysis Division within Science and Technology Advancement will allow SCAQMD to appropriately address the increasing demand for more extensive monitoring of ambient Cr6+ and other toxic metals in the City of Paramount and in other parts of the Basin as well as greatly enhance the capability of the Monitoring and Analysis Division to respond quickly to current and future air monitoring requests.

**Resource Impacts**

The General Fund Undesignated (Unassigned) Fund Balance and the Air Toxics Fund (15) will be used to reimburse offices for the capital outlay purchase in an amount up to \$70,650. The Air Toxics Fund (15) and U.S. EPA Section 105 funding will be used to fund the proposed purchases listed in Tables 1A and 1B, temporary services, and the addition of the three new positions outlined in Table 3. Salaries and benefits for the proposed positions will be in accordance with the Board-approved job classifications, and the annual cost of the proposed positions at Step 5 is approximately \$461,000. The proposed deletion of three positions as shown in Table 2 will result in an annual cost reduction of \$283,652. The purchases in Tables 1A and 1B will not exceed \$340,000 of which \$240,000 is funded by the Air Toxics Fund (15). Any unused funds will be returned to the Air Toxics Fund (15).

**Attachments**

Table 1A – Proposed Purchases through Competitive Solicitation Process

Table 1B - Proposed Purchases through Sole Source Purchase Orders

Table 2 - Proposed Staffing Deletions

Table 3 – Proposed Staffing Additions

**Table 1A**  
**Proposed Purchases through Competitive Solicitation Process**

<b>Description</b>	<b>Qty</b>	<b>Estimated Cost</b>
Scanning Electron Microscope with Energy Dispersive Spectrometer (SEM-EDS)	1	\$200,000*
<b>Total</b>		<b>\$200,000</b>

\*\$100,000 is funded from the Air Toxics Fund (15) and \$100,000 is funded by U.S. EPA

**Table 1B**  
**Proposed Purchases through Sole Source Purchase Orders**

<b>Description</b>	<b>Qty</b>	<b>Estimated Cost</b>
Integrated filter-based samplers	Up to 20 units	\$ 70,000
Portable wind system	Up to 3 units	\$ 20,000
Chromeleon Software for Ion Chromatographs	1	\$ 50,000
<b>Total</b>		<b>\$140,000</b>

**Table 2**  
**Proposed Staffing Deletions**

<b>Title</b>	<b>Qty</b>	<b>Division</b>	<b>Estimated Cost*</b>
Air Quality Instrument Specialist I	2	Atmospheric Measurements (Federal Programs Group)	\$210,740
Office Assistant	1	Atmospheric Measurements (Federal Programs Group)	\$ 72,912
<b>Total Proposed Staffing Deletions</b>	<b>3</b>		<b>\$283,652</b>

\*Salaries & Employee Benefits at Step 1 include base salary, retirement cost, insurance, FICA & SDI for a period of 12 months.

**Table 3**  
**Proposed Staffing Additions**

<b>Title</b>	<b>Qty</b>	<b>Division</b>	<b>Estimated Cost*</b>
Air Quality Instrument Specialist II	1	Atmospheric Measurements (Special Monitoring Group)	\$37,000
Air Quality Specialist	1	Atmospheric Measurements (Special Monitoring Group)	\$46,000
Senior Chemist	1	Laboratory Services and Source Test Engineering	\$48,000
<b>Total Proposed Staffing Additions</b>	<b>3</b>		<b>\$131,000</b>

\*Salaries & Employee Benefits at Step 3 include base salary, retirement cost, insurance, FICA & SDI for a period of four months to reflect available U.S. EPA funding.



# Paramount Expanded Monitoring

Stationary Source Committee Meeting

February 17, 2017



# Hexavalent Chromium

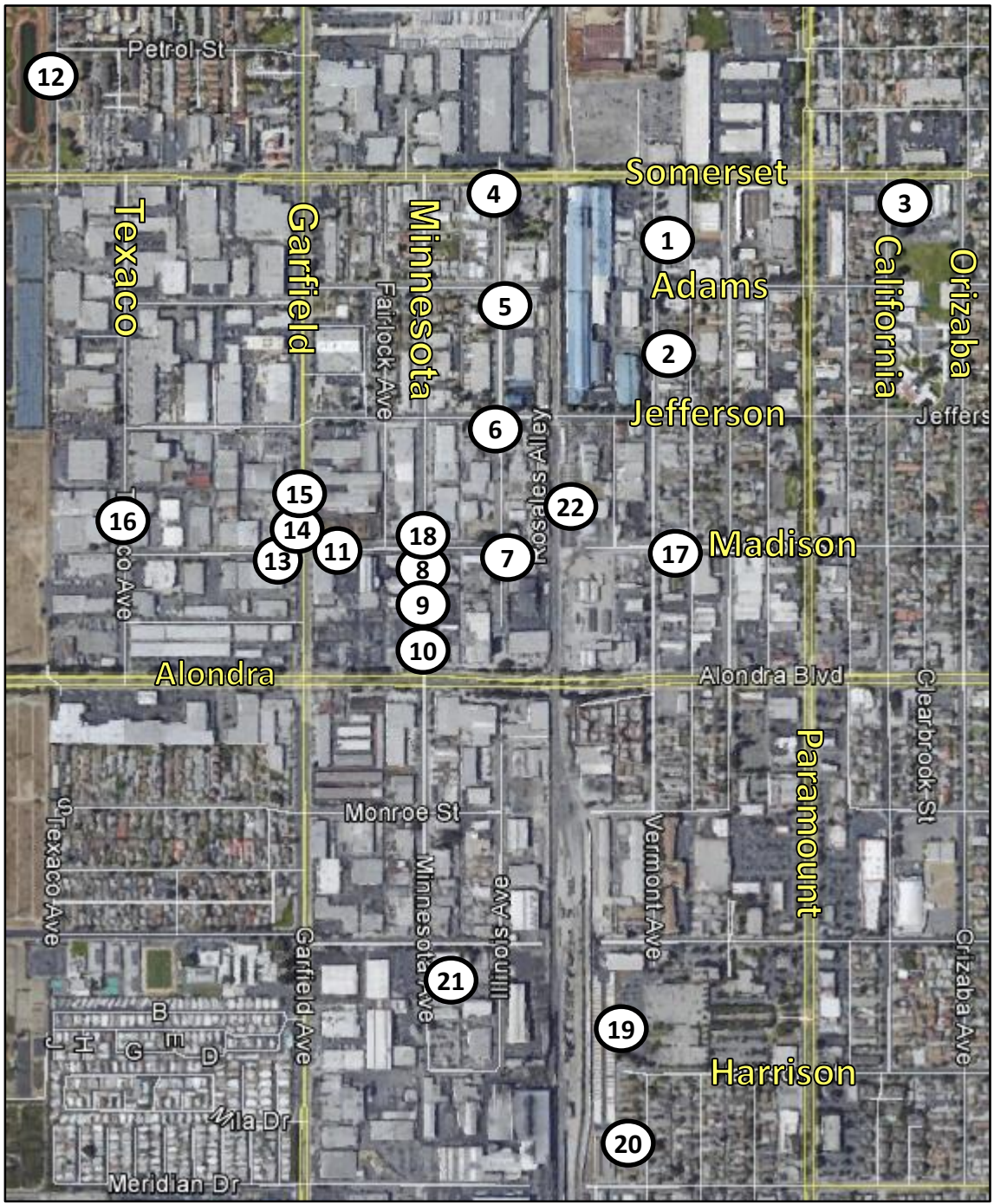
- Sources of hexavalent chromium
  - Electroplating, such as chrome plating and anodizing operations
  - Spraying operations using chromate based primers and coatings
  - High heat processes and welding and cutting with metals containing chromium
- Health effects
  - Hexavalent chromium is a toxic air contaminant that is a potent human carcinogen
  - Long-term inhalation of hexavalent chromium can increase the chance or probability of developing cancer, e.g. lung cancer



# Expanded Hexavalent Chromium Monitoring in Paramount

- Sampling began October 15, 2016
  - Based upon increased levels of hexavalent chromium observed nearby in 2016
- Sampling and analysis
  - First time technique used for hexavalent chromium measurements
  - 24-hour samples, collected once every three days
  - Analysis of hexavalent chromium in air is challenging and is conducted at SCAQMD laboratory
- Some monitors are moved to new locations after sufficient data is been collected
  - Allows SCAQMD to maximize monitoring efforts to monitor at other locations





Aug, 2013

Sept, 2013

Oct 15, 2016

Oct 27, 2016

Nov 05, 2016

Nov 20, 2017

Nov 24, 2016

Dec 14, 2016

Jan 13, 2017

Jan 16, 2017

# Approach

- Multi-agency effort to coordinate investigation
- Partnered with other agencies to conduct inspections at over 170 businesses
  - Over 40 enforcement actions
- Communication and outreach
  - Town hall meetings
  - Weekly informational calls Tuesdays at 6:30 PM
  - SCAQMD website
  - Spanish translation for information calls, town hall meetings, and hand outs

**Paramount Air Investigation**  
December 2016

**INVESTIGATION EFFORTS**

SCAQMD is working with multiple agencies to coordinate the investigation, findings, and enforcement.

**AS OF DECEMBER 9, 2016**

163	170	43	1
<b>AIR SAMPLES ANALYZED</b>	<b>BUSINESSES INSPECTED</b>	<b>ENFORCEMENT ACTIONS</b>	<b>ORDER FOR ABATEMENT</b>
Since October 15 <sup>th</sup> , the SCAQMD has collected air samples at 20 sites and analyzed 163 samples for hexavalent chromium.	SCAQMD has led multiagency inspections to determine whether there are additional sources of hexavalent chromium beyond those already identified.	5 Notices of Violation and 38 Notices of Compliance were issued by the SCAQMD.	Petition for an Order of Abatement to SCAQMD's Hearing Board was filed against 2 facilities, possibly more may be identified.

**STAYING INFORMED**

**Weekly Informational Calls**

Informational phone calls Tuesdays 6:30 PM to 7:30 PM. Listen Only.

866-244-8528 (English) 888-394-8197 (Spanish)  
Passcode: 4063768 Passcode: 9891238

**SCAQMD Website**

Air monitoring results, upcoming meetings, investigation updates, Order of Abatement, and rules.

<http://www.aqmd.gov/home/regulations/compliance/air-monitoring-activities>

**1-800-CUT-SMOG** Call or use our online tool to report an air quality issue.  
<http://www.aqmd.gov/contact/complaints>

**PUBLIC Input Opportunities**

**Order for Abatement Hearing**

December 14, 2016  
1:00 P.M.  
SCAQMD Headquarters  
21865 Copley Drive  
Diamond Bar

**Town Hall Meetings**

Stay Tuned for Upcoming Town Hall Meetings

**PUBLIC ADVISOR**

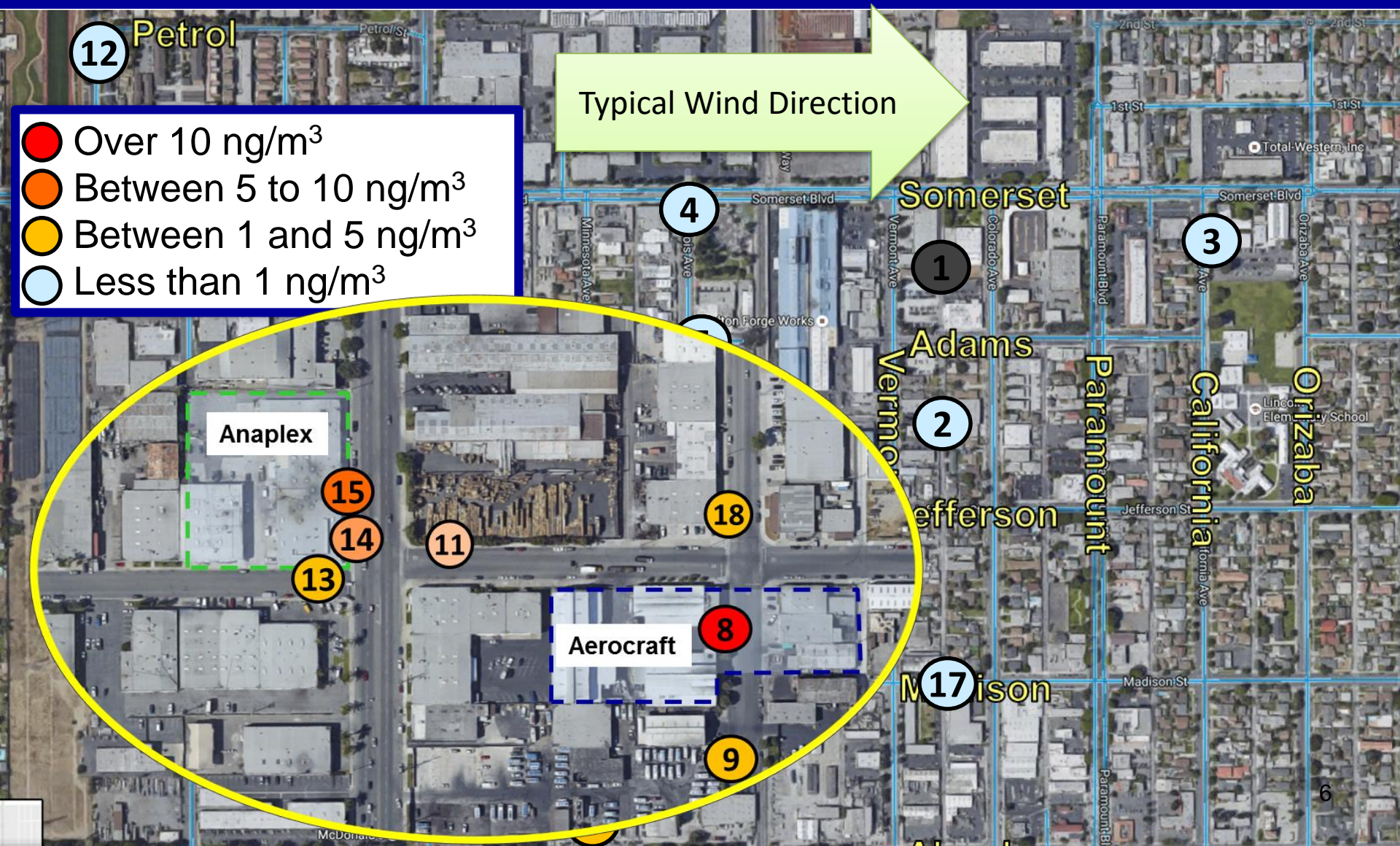
Contact Information  
909-396-2432 or  
[publicadvisor@aqmd.gov](mailto:publicadvisor@aqmd.gov)

**AIR MONITORING UPDATE**

- Air monitoring initiated at schools
- Installing additional monitors near metal forging facilities
- Continuing monitoring at sites with high hexavalent chromium levels

# Summary of Results

## October 15<sup>th</sup> – December 2<sup>nd</sup>



12 Petrol

- Over 10 ng/m<sup>3</sup>
- Between 5 to 10 ng/m<sup>3</sup>
- Between 1 and 5 ng/m<sup>3</sup>
- Less than 1 ng/m<sup>3</sup>

Typical Wind Direction

Anaplex

Aerocraft

Somerset

Adams

Jefferson

Paramount

California Ave

Orizaba

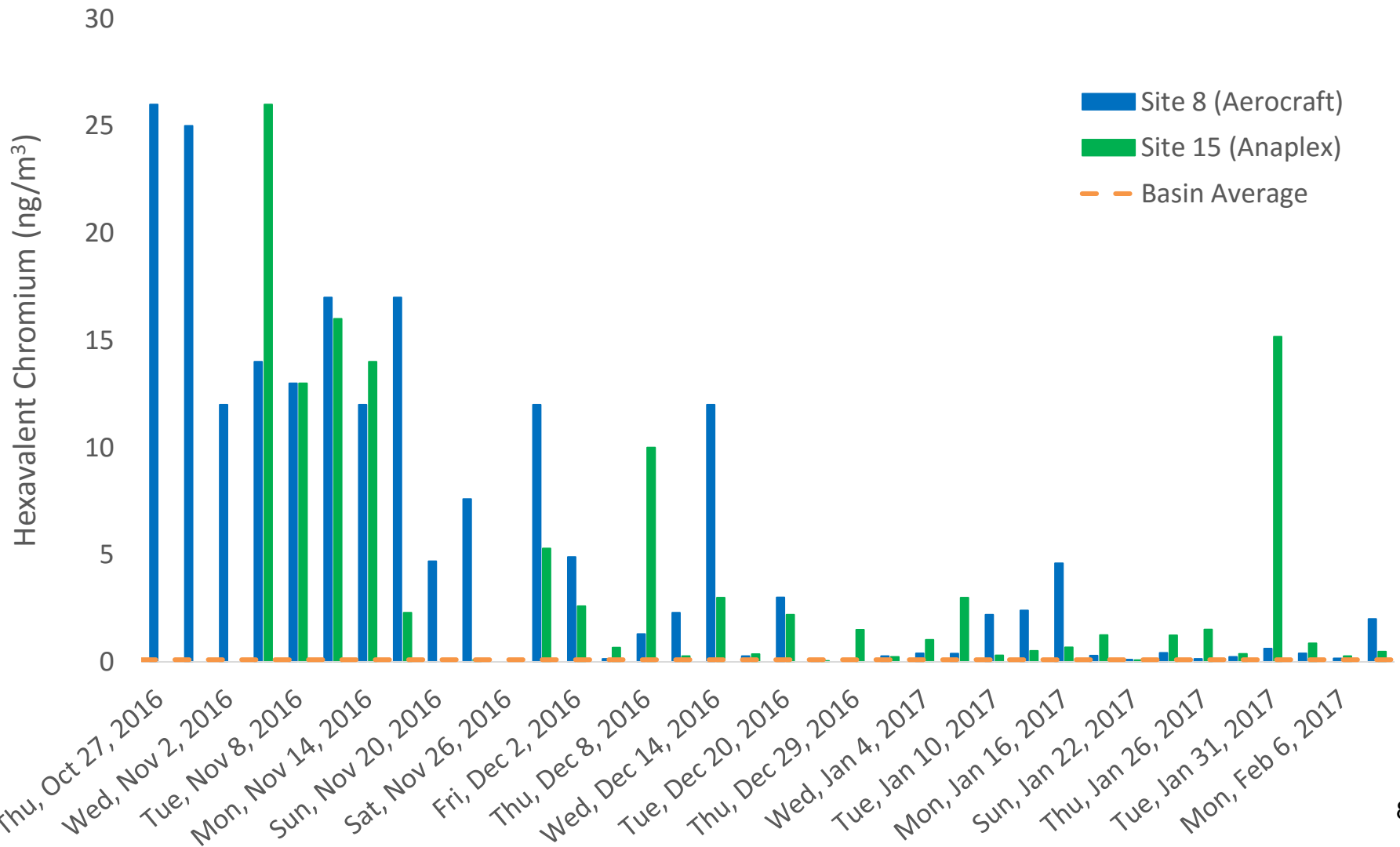
Mason

# SCAQMD Activities to Reduce Hexavalent Chromium

- SCAQMD petitioned its Hearing Board for an Order for Abatement for Anaplex Corporation and Aircraft Heat Treating
- Both facilities signed a Stipulated Order for Abatement on:
  - December 16, 2016 for Aircraft
  - January 10, 2017 for Anaplex
- Stipulated Order for Abatement requires both facilities to shutdown chrome emitting operations if hexavalent chromium is  $>1.0$  ng/m<sup>3</sup> (averaged over 3 samples)
- Implementation of Rule 1402 will require both facilities to permanently reduce hexavalent chromium levels and other toxic air contaminants
- SCAQMD staff is continuing to pursue other enforcement actions



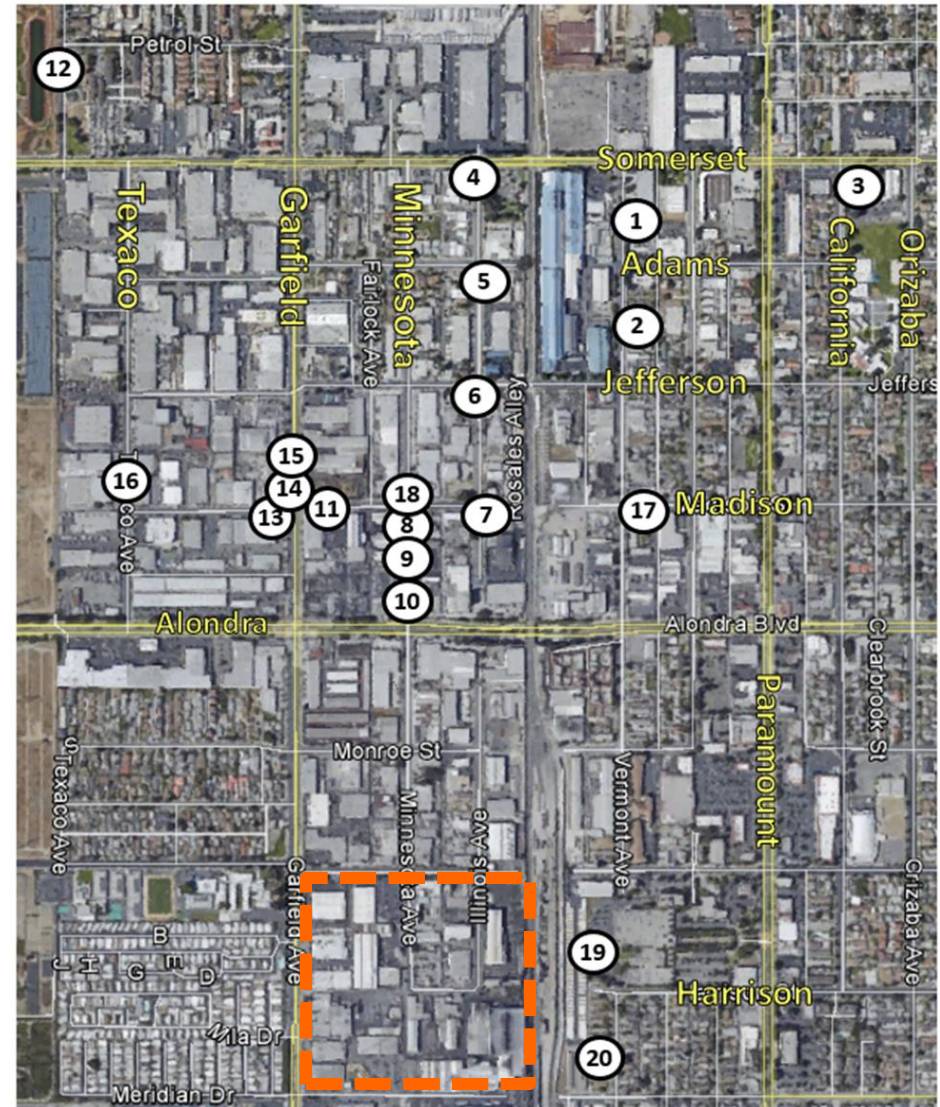
# Hexavalent Chromium Levels Near Anaplex and Aerocraft





# Additional Hexavalent Chromium Monitoring

- December 11<sup>th</sup>, began monitoring south of Alondra (Sites 19 and 20)
  - Levels range between 0.06 and 1.41 ng/m<sup>3</sup>
- Recent additional monitoring effort focusing west of Site 19 near three metal forging facilities



# Recent Results

Sample Date	Site #2	Site #3	Site #4	Site #5	Site #6	Site #7	Site #8	Site #9	Site #10	Site #11	Site #12	Site #13	Site #14	Site #15	Site #16	Site #17	Site #18	Site #19	Site #20	Site #21	Site #22
Sun, Jan 1, 2017	0.19	0.34	N/A	N/A	N/A	0.19	0.28	0.27	N/A	0.26	N/A	0.28	0.25	0.24	0.25	0.20	0.21	0.24	NS	N/A	N/A
Wed, Jan 4, 2017	0.23	---	N/A	N/A	N/A	Invalid	0.40	Invalid	N/A	0.60	N/A	0.70	0.99	1.04	0.22	0.39	0.24	0.16	0.15	N/A	N/A
Sat, Jan 7, 2017	0.04	0.06	N/A	N/A	N/A	0.14	0.39	0.86	N/A	0.45	N/A	0.79	0.94	3.00	0.07	0.07	0.45	0.07	Invalid	N/A	N/A
Tue, Jan 10, 2017	0.74	---	N/A	N/A	N/A	1.16	2.21	0.75	N/A	0.31	N/A	0.40	0.38	0.31	0.35	0.43	0.78	0.78	0.41	N/A	N/A
Fri, Jan 13, 2017	0.64	0.13	N/A	N/A	N/A	0.76	2.40	0.49	N/A	0.50	N/A	0.33	0.39	0.52	0.23	0.25	0.68	0.43	Invalid	0.20	N/A
Mon, Jan 16, 2017	0.73	---	N/A	N/A	N/A	0.54	4.60	0.74	N/A	0.65	N/A	1.54	0.78	0.68	0.33	0.14	0.23	0.61	Invalid	0.23	Invalid
Thu, Jan 19, 2017	0.41	0.23	N/A	N/A	N/A	0.19	0.30	0.17	N/A	0.68	N/A	0.91	1.17	1.26	0.30	0.20	0.32	1.41	0.52	0.81	0.18
Sun, Jan 22, 2017	0.13	---	N/A	N/A	N/A	Invalid	0.11	0.21	N/A	0.10	N/A	0.10	0.12	0.09	0.08	0.13	0.17	Invalid	Invalid	0.77	0.08
Wed, Jan 25, 2017	0.51	0.14	N/A	N/A	N/A	0.28	0.43	0.42	N/A	0.86	N/A	2.30	1.19	1.25	0.15	0.22	0.62	0.37	0.26	0.23	0.35
Thu, Jan 26, 2017	N/A	N/A	N/A	N/A	N/A	N/A	0.15	N/A	N/A	N/A	N/A	N/A	N/A	1.51	N/A	N/A	N/A	0.29	N/A	N/A	N/A
Sat, Jan 28, 2017	0.07	---	N/A	N/A	N/A	0.19	0.24	0.21	N/A	0.46	N/A	0.36	0.44	0.38	0.13	0.10	0.18	0.24	NS	0.21	NS
Tue, Jan 31, 2017	0.15	0.10	N/A	N/A	N/A	0.82	0.63	0.38	N/A	1.92	N/A	0.81	2.74	15.17	0.22	0.21	0.90	0.25	0.15	0.33	0.43
Fri, Feb 3, 2017	0.08	---	N/A	N/A	N/A	0.15	0.40	0.22	N/A	0.37	N/A	0.41	0.36	0.87	Invalid	0.13	1.09	0.20	NS	0.32	NS
Mon, Feb 6, 2017	0.09	Pending	N/A	N/A	N/A	0.22	0.17	0.19	N/A	0.27	N/A	Invalid	0.28	0.28	0.30	0.34	0.11	0.30	N/A	2.88	0.09
Tue, Feb 7, 2017	N/A	N/A	N/A	N/A	N/A	N/A	2.01	N/A	N/A	N/A	N/A	N/A	N/A	0.49	N/A	N/A	N/A	1.16	N/A	N/A	N/A

Results are being posted online on SCAQMD homepage:  
<http://www.aqmd.gov/home/regulations/compliance/air-monitoring-activities>

# Monitoring at Schools

- December 23, 2016, CARB started collecting samples at 5 schools for SCAQMD hexavalent chromium analysis
  - Wirtz
  - Alondra
  - Keppel
  - Zamboni
  - Jackson/Gaines
- Results are showing 0.03 to 0.28 ng/m<sup>3</sup>
- Plans to re-deploy monitors at other schools



# Next Steps

- Continue working with all stakeholders – partnering agencies, community, city officials, affected facilities
- Finalize investigations with other facilities
- Anaplex and Aerocraft
  - Continue to enforce Stipulated Order for Abatement
  - Implement Rule 1402 – Health Risk Assessment and Risk Reduction Plan
- Continue communication and outreach to community
- Continue monitoring – other metals and additional locations, including areas outside of Paramount



# Status Report on Regulation XIII – New Source Review

Stationary Source Committee Meeting  
February 17, 2017

Laki Tisopoulos, Ph.D., P.E.  
Deputy Executive Officer



## NSR Status Report Overview

### **Purpose:**

Demonstrate SCAQMD's NSR program meets federal NSR offset requirements for Major Sources, as required by EPA, for sources that are exempt from offsets under SCAQMD's NSR rule



## NSR Status Report History

- SCAQMD has produced Annual NSR Status Reports going back to 1990
- Around 2002-2004 EPA requested SCAQMD adopt a rule to memorialize equivalency demonstrations
- SCAQMD adopted Rule 1315 (Federal NSR Tracking System) in 2006/2007 and adopted a revised Rule 1315 in February 2011
- EPA approved Rule 1315 into the SIP and it became effective on June 25, 2012



## Rule 1315 Federal NSR Tracking System

- Rule 1315 established procedures to demonstrate equivalency with federal NSR offset requirements
  - Tracks debits from and credits to SCAQMD's federal internal offset account for each pollutant
  - Annual Preliminary Determinations of Equivalency (PDE), Final Determinations of Equivalency (FDE) and Projections
  - Balance of credits in SCAQMD's federal offset account must remain positive



## SCAQMD's Federal NSR Offset Accounts

### Preliminary Determination of Equivalency (PDE)\* (CY 2015)

DESCRIPTION	VOC	NOx	SOx	CO	PM10
<b>2014 Final Ending Balance (tons/day)</b>	<b>98.89</b>	<b>26.13</b>	<b>3.39</b>	<b>12.33</b>	<b>14.59</b>
2015 Total Credits (tons/day)*	0.00	0.00	0.00	0.00	0.00
2015 Total Debits (tons/day)	-0.36	-0.42	0.00	-0.86	-0.06
2015 Total Discount of Credits for Surplus Adjustment (tons/day)	-0.03	-3.04	0.00	0.00	0.00
<b>2015 Preliminary Ending Balance (tons/day)</b>	<b>98.50</b>	<b>22.67</b>	<b>3.39</b>	<b>11.47</b>	<b>14.53</b>

\*PDE does not account for any credits for CY 2015, however, credits will be included in the Final Determination of Equivalency.



## SCAQMD's Projected Federal NSR Offset Accounts CY 2016

DESCRIPTION	VOC	NOx	SOx	CO	PM10
<b>2015 Preliminary Ending Balance (tons/day)</b>	<b>98.50</b>	<b>22.67</b>	<b>3.39</b>	<b>11.47</b>	<b>14.53</b>
2016 Total Projected Credits (tons/day)	6.00	1.16	0.20	2.24	0.80
2016 Total Projected Debits (tons/day)	-0.37	-0.32	0.00	-1.91	-0.09
2016 Total Projected Discount of Credits for Surplus Adjustment (tons/day)	-0.23	-1.13	0.00	-0.09	0.00
<b>2016 Projected Ending Balance (tons/day)</b>	<b>103.90</b>	<b>22.38</b>	<b>3.59</b>	<b>11.71</b>	<b>15.24</b>

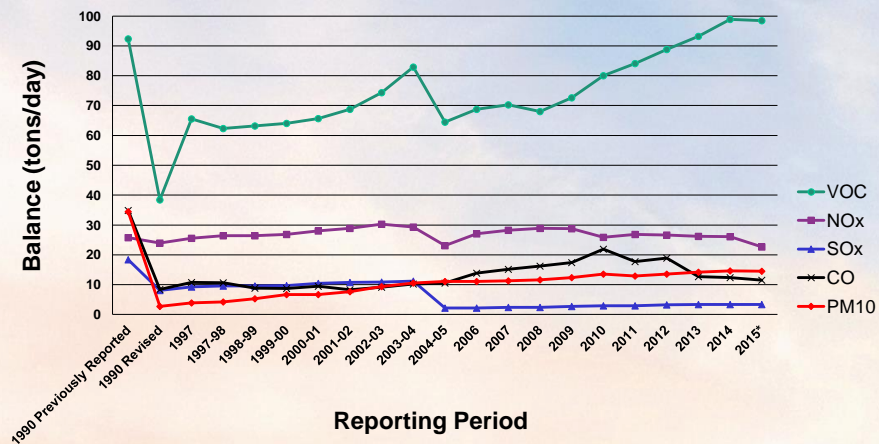


## SCAQMD's Projected Federal NSR Offset Accounts CY 2017

DESCRIPTION	VOC	NOx	SOx	CO	PM10
<b>2016 Projected Ending Balance (tons/day)</b>	<b>103.90</b>	<b>22.38</b>	<b>3.59</b>	<b>11.71</b>	<b>15.24</b>
2017 Total Projected Credits (tons/day)	6.00	1.16	0.20	2.24	0.80
2017 Total Projected Debits (tons/day)	-0.37	-0.32	0.00	-1.91	-0.09
2017 Total Projected Discount of Credits for Surplus Adjustment (tons/day)	-0.24	-1.12	0.00	-0.09	0.00
<b>2017 Projected Ending Balance (tons/day)</b>	<b>109.29</b>	<b>22.10</b>	<b>3.79</b>	<b>11.95</b>	<b>15.95</b>



## SCAQMD's Federal Offset Account Balances (1990 – 2015\*)



\*Preliminary determination





## Conclusions

- The Preliminary analysis for CY 2015 shows SCAQMD's NSR program continued to be equivalent to the federal NSR offset requirements
- For CYs 2016 and 2017 it is also projected that SCAQMD's NSR program will continue to be equivalent to the federal NSR offset requirements
- Next Final Demonstration of Equivalency for CY 2015 will be presented to the Governing Board on September 1, 2017



## South Coast Air Quality Management District

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### Annual RECLAIM Audit Report for 2015 Compliance Year

Stationary Source Committee  
February 17, 2017



### Compliance Year 2015 Findings

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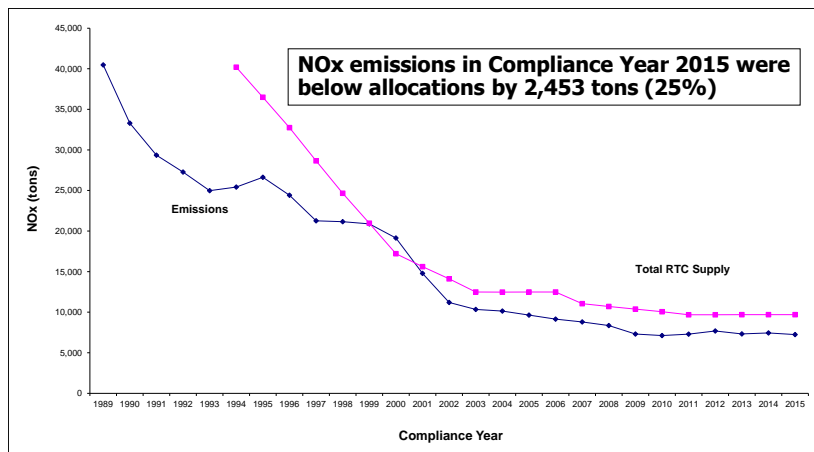
- Compliance Year 2015:
  - January 1, 2015 through June 30, 2016
  
- RECLAIM Universe: net decrease of 4 facilities
  - One facility entered
  - Five facilities shut down
  - Total of 268 active facilities in RECLAIM (as of end of Compliance Year 2015)

# Compliance Year 2015 Findings

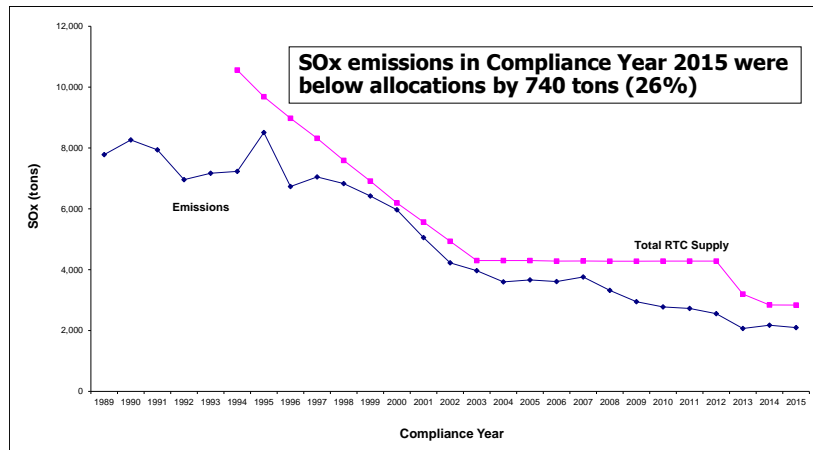
- Aggregate emission goals\* met
  - NOx emissions 25% below allocations
  - SOx emissions 26% below allocations
- Allocation shave
  - NOx shave of 22.5% implemented in 2011
  - SOx shave of 48.4% implemented in 2013 – 2019 (34% in Compliance Year 2015)
  - Additional NOx Shave of 45.2% implemented in 2016 – 2022
- Compliance rate of individual facility with allocations remained high
  - NOx allocation – 266 out of 282 facilities (94%)
  - SOx allocation – 32 out of 33 facilities (97%)

\* Seven facilities audits are still pending final review

# NOx Emissions vs. Allocations



## SOx Emissions vs. Allocations



## Compliance Year 2015 Findings

- Employment impacts based on facility reports
  - Overall gain in employment among RECLAIM facilities = 1.21%
  - One of the five facilities that shut down cited RECLAIM as a contributing factor in deciding to shut down
- Met Federal New Source Review offset ratios and State No Net Increase requirements
- No significant shift in seasonal emissions from winter to summer
- No evidence of increased health risk due to RECLAIM



## RTCs Traded in Calendar Year 2016

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- One set of 4 trades are excluded from computation of annual average prices and are treated as "swap trades" because:
  - These trades were between a shutdown facility and its wholly-owned subsidiary
  - The trades were not at arms-length
  - Prices were set arbitrarily and as high as double the on-going market prices
  - The high prices were not justified because there was no indication of a shortage in RTC supply
- As such, these trades are not included in the computation of annual average RTC prices



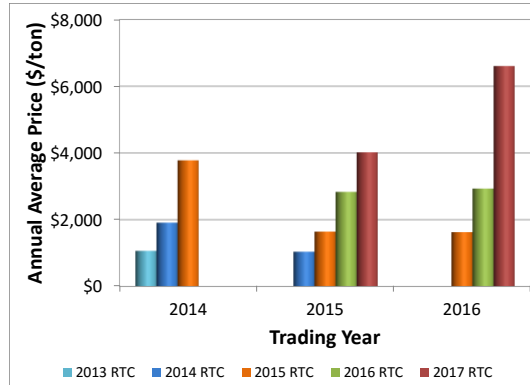
## RECLAIM Trading Credits (RTCs)

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- RTC Trades
  - Over \$1.4 billion RTCs traded since inception of RECLAIM in 1994
  - Over \$118.6 million of RTCs traded in Calendar Year 2016 (compared to \$197.1 million in Calendar Year 2015, decrease of 40%)

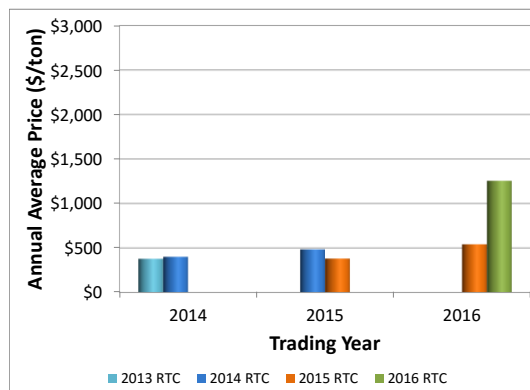
## Comparison of Average Discrete-Year NOx RTC Prices Traded in 2014 through 2016

- Average prices in 2015 below program review thresholds
- Program Review Thresholds
  - \$15,000/ton [Rule 2015(b)(6)]
  - \$42,627/ton [Health and Safety Code §39616(f)]



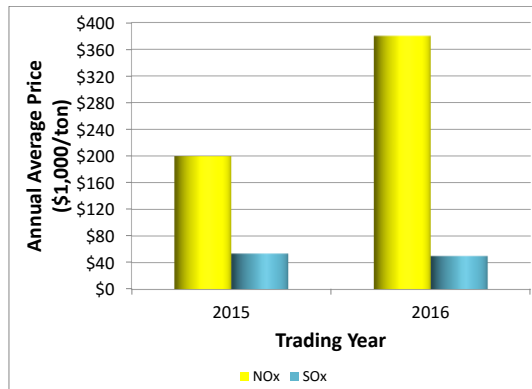
## Comparison of Average Discrete-Year SOx RTC Prices Traded in 2014 through 2016

- Average prices in 2016 below program review thresholds
- Program Review Thresholds
  - \$15,000/ton [Rule 2015(b)(6)]
  - \$30,691/ton [Health and Safety Code §39616(f)]



## Comparison of Average Infinite-Year Block (IYB) NOx and SOx RTC Prices Traded in 2015-2016

- 2016 IYB RTCs average prices remain below program review threshold set by Governing Board [Health & Safety Code §39616(f)]
- Program Review Thresholds
  - NOx threshold = \$639,399/ton
  - SOx threshold = \$460,367/ton



## Investor Participation During Calendar Year 2016

- Investors are RTC holders who are not RECLAIM facility operators
- Investor participation remain active in 2016 trades.

RTC Type	Value		Volume	
	NOx	SOx	NOx	SOx
Discrete	63%	64%	62%	54%
IYB	25%	100%	19%	100%

- Investors' holdings at the end of 2016
  - 3.1% of IYB NOx RTCs (up from 1.9% in 2015)
  - 5.0% of IYB SOx RTCs (up from 3.3% in 2015)



# Compliance Year 2015 Audit Summary/Recommendations

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- Summary
  - Programmatic compliance achieved (NOx & SOx emissions\* were 25% and 26% below Allocations, respectively)
  - Facility compliance remained high (94% NOx & 97% SOx compliance rate\*)
  - RTC market prices stayed far below program review thresholds
  - RECLAIM met all other requirements
- Recommendation
  - Present the Final Annual RECLAIM Audit Report for 2015 Compliance Year to the Board for approval

\* Seven facilities audits are still pending final review



**ANNUAL RECLAIM AUDIT REPORT  
FOR 2015 COMPLIANCE YEAR**

<b>BACKGROUND</b>	RECLAIM is a cap and trade program with declining facility allocations. It was adopted in October 1993 and went into effect on January 1, 1994. Rule 2015 – Backstop Provisions requires staff to perform annual RECLAIM program audits. This annual audit report covers activities for the 22 <sup>nd</sup> year of the program. Compliance Year 2015 spans January 1, 2015 through June 30, 2016. Findings are summarized below.
<b>RECLAIM UNIVERSE</b>	<ul style="list-style-type: none"> <li>• <b>The RECLAIM universe decreased from 272 facilities to 268 facilities in Compliance Year 2015.</b></li> <li>• At the beginning of the RECLAIM program (January 1, 1994), there were 394 facilities in the RECLAIM Universe.</li> <li>• Changes for this period include the addition of one facility and five facility shutdowns.</li> </ul>
<b>AGGREGATE EMISSIONS*</b>	<ul style="list-style-type: none"> <li>• <b>Aggregate NO<sub>x</sub> and SO<sub>x</sub> emissions from RECLAIM facilities continue to be below total RECLAIM allocations.</b> <ul style="list-style-type: none"> <li>▪ Overall NO<sub>x</sub> emissions were below allocations by 25% (2,453 tons).</li> <li>▪ Overall SO<sub>x</sub> emissions were below allocations by 26% (740 tons).</li> <li>▪ No emissions were exempted from accounting towards facility allocations as a result of an approved breakdown plan in Compliance Year 2015.</li> </ul> </li> </ul>
<b>FACILITY COMPLIANCE*</b>	<ul style="list-style-type: none"> <li>• <b>94% of the NO<sub>x</sub> RECLAIM facilities and 97% of the SO<sub>x</sub> RECLAIM facilities complied with their allocations during Compliance Year 2015.</b></li> <li>• Seventeen facilities exceeded their allocations (16 facilities exceeded their NO<sub>x</sub> allocations and one facility exceeded its SO<sub>x</sub> allocation) during Compliance Year 2015. These exceedances did not impact the aggregate NO<sub>x</sub> and SO<sub>x</sub> emissions, which stayed below the respective programmatic RECLAIM allocations.</li> <li>• The 16 facilities that exceeded NO<sub>x</sub> had aggregate NO<sub>x</sub> emissions of 222.1 tons and did not have adequate allocations to offset 30.7 tons of these emissions. The exceedances represent 0.32% of total RECLAIM NO<sub>x</sub> universe allocations and 13.8% of 16 facilities’ total NO<sub>x</sub> emissions.</li> <li>• The one SO<sub>x</sub> facility that exceeded SO<sub>x</sub> had SO<sub>x</sub> emissions of 2.7 tons and did not have adequate allocations to offset the 0.2 tons of these emissions. This exceedance represents 0.01% of total RECLAIM SO<sub>x</sub> universe allocations and 7.4% of this facility’s total SO<sub>x</sub> emissions.</li> <li>• Failure to obtain sufficient RTCs to cover their reported quarterly and/or annual emissions was the most common cause of the exceedances.</li> </ul>

\* Seven facilities audits are still pending final review.

Annual RECLAIM Audit Report for 2015 Compliance Year

<p><b>RTC TRADES</b></p>	<ul style="list-style-type: none"> <li>• One set of 4 trades were excluded and were considered as “swap trades” because:             <ul style="list-style-type: none"> <li>▪ These trades were between a shutdown facility and its wholly-owned subsidiary.</li> <li>▪ The trades were not at arms-length.</li> <li>▪ Prices were set arbitrarily and as high as double the on-going market prices.</li> <li>▪ The high prices were not justified because there was no indication of a shortage in RTC supply.</li> </ul> </li> <li>• Total value traded:             <ul style="list-style-type: none"> <li>▪ More than \$1.4 billion since inception of RECLAIM in 1994;</li> <li>▪ <b>More than \$118.6 million in calendar year 2016</b> compared to \$197.1 million in calendar year 2015 (a decrease of 40%).</li> </ul> </li> <li>• Average NOx RTC prices for calendar years 2015 and 2016 are summarized in Tables 1 and 2 below.</li> <li>• <b>The average prices of NOx and SOx discrete year RTCs for all compliance years were below applicable thresholds</b> as listed in Tables 1 and 2 below.</li> <li>• <b>In comparison to calendar year 2015, investors’ participation was lower for all NOx trades and the same or higher for all SOx trades with respect to value and volume reported in calendar year 2016:</b> <ul style="list-style-type: none"> <li>▪ 63% of discrete NOx trades and 64% of discrete SOx trades by total dollar value traded (compared to 91% and 37% of discrete NOx and SOx trades, respectively, in calendar year 2015);</li> <li>▪ 62% of discrete NOx trades and 54% of discrete SOx trades by volume traded with price (compared to 79% and 31% of discrete NOx and SOx trades, respectively, in calendar year 2015);</li> <li>▪ 25% of IYB NOx trades and 100% of IYB SOx trades by total dollar value (compared to 92% and 100% of IYB NOx and SOx trades, respectively, in calendar year 2015); and</li> <li>▪ 19% of IYB NOx trades and 100% of IYB SOx trades by volume traded with price (compared to 91% and 100% of IYB NOx and SOx trades, respectively, in calendar year 2015).</li> </ul> </li> <li>• In calendar year 2016 <b>investors’ RTC holdings of IYB NOx increased from 1.9% to 3.1% and IYB SOx RTCs increased from 3.3% to 5.0%</b> when compared to calendar year 2015.</li> </ul>
<p><b>EMPLOYMENT IMPACT</b></p>	<ul style="list-style-type: none"> <li>• <b>RECLAIM had minimal impact on employment</b> during Compliance Year 2015, as in previous years.</li> <li>• RECLAIM facilities reported overall job gains of 9,756 and job losses of 8,427, <b>resulting in a net job gain of 1,329 jobs</b> (1.21%).</li> <li>• One of the five facilities that shut down cited RECLAIM as a contributing factor in deciding to shut down.</li> <li>• Job losses and job gains are strictly based on RECLAIM facilities’ reported information. SCAQMD is not able to independently verify the reported job impacts information.</li> </ul>

Annual RECLAIM Audit Report for 2015 Compliance Year

<b>OTHER FINDINGS</b>	<ul style="list-style-type: none"> <li>RECLAIM met the applicable federal New Source Review and California State No Net Increase offset ratios for NOx and SOx.</li> <li>No significant seasonal fluctuation in emissions occurred.</li> <li>No evidence that RECLAIM resulted in any increase in health risk from emissions of air toxics. RECLAIM facilities and non-RECLAIM facilities are subject to the same requirements for controlling toxic emissions.</li> </ul>
<b>RECOMMENDATION</b>	Present the Annual RECLAIM Audit Report for 2015 Compliance Year to the Board for approval.

**Table 1 – Average Prices for Discrete-Year RTCs Traded during Calendar Years 2015 and 2016**

Year Traded	Average Price (\$/ton)				Review Thresholds (\$/ton)	
	2014 NOx RTC	2015 NOx RTC	2016 NOx RTC	2017 NOx RTC	Rule 2015 (b)(6)	Health and Safety Code §39616(f)
2015	\$1,039	\$1,642	\$2,833	\$4,020	\$15,000	\$42,627
2016		\$1,626	\$2,932	\$6,606		
Year Traded	2014 SOx RTC	2015 SOx RTC	2016 SOx RTC	2017 SOx RTC	Rule 2015 (b)(6)	Health and Safety Code §39616(f)
2015	\$483	\$380	None traded	None traded	\$15,000	\$30,691
2016		\$540	\$1,255	None traded		

**Table 2 – Average Prices for IYB RTCs Traded during Calendar Years 2015 and 2016**

RTCs	Average Price (\$/ton)		Review Threshold (\$/ton) [Health and Safety Code §39616(f)]
	Traded in 2015	Traded in 2016	
NOx	\$199,685	\$380,057	\$639,399
SOx	\$53,665	\$50,000	\$460,367

# Permit Application Backlog Reduction

## Quarterly Progress Report

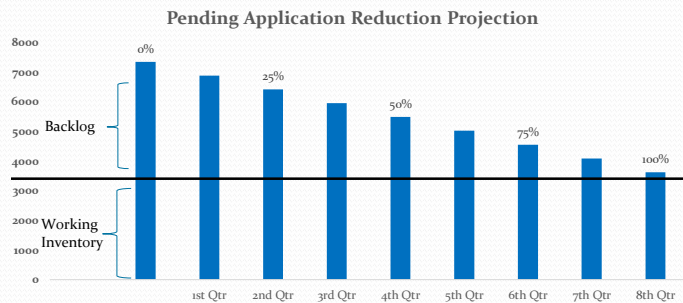
Stationary Source Committee  
February 17, 2017

### Background

- Accumulated Backlog of Permit Applications
- 7,348 open permit applications as of June 2016 (51% backlog)
- Developed “Action Plan”
  - Reduce backlog expeditiously
  - Issue permits in a timely manner
  - Improve customer service/transparency
  - Keep the environment whole

## Action Plan

- Presented to Board in October 2016
  - Improve production rates/operational efficiency
  - More active supervision/management
  - Permit streamlining
  - Automation/modernization
  - Reduce backlog in 2 years

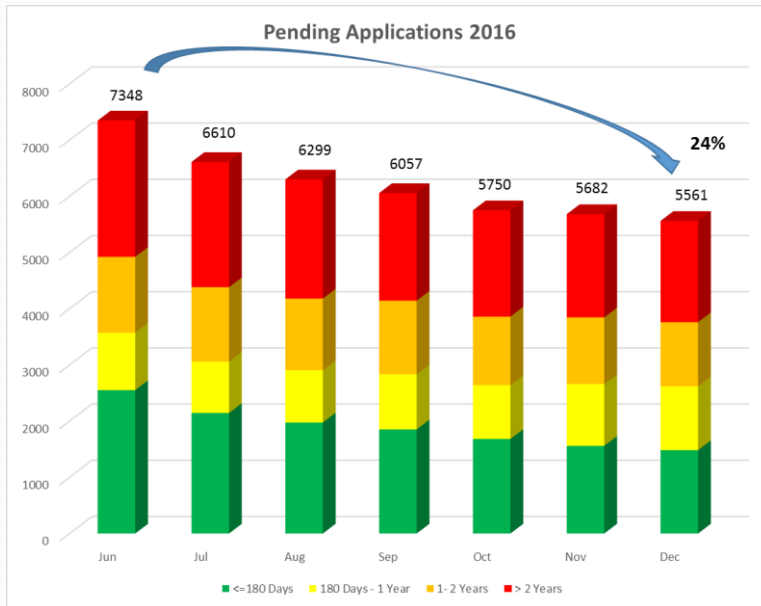


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## Progress to Date

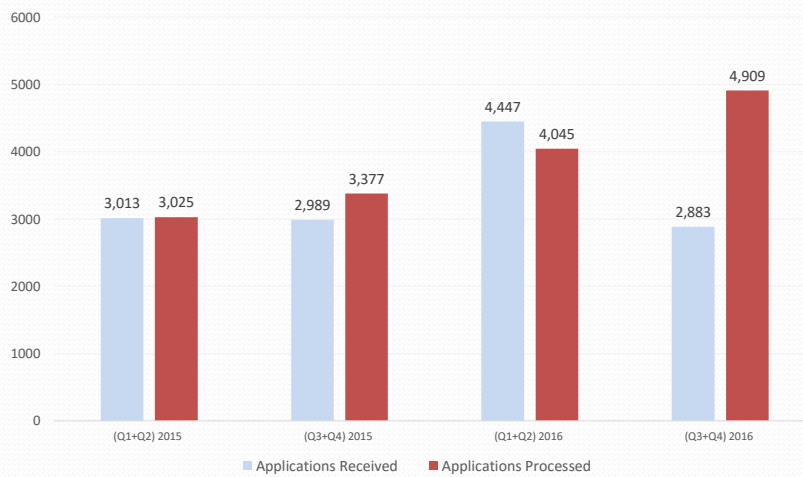
- Focused on optimizing productivity through improved use of current resources
- Reduced vacancy rate from 22% to 12%
- Training of new hires
- Reduced pending permit applications by 24% in 6 months

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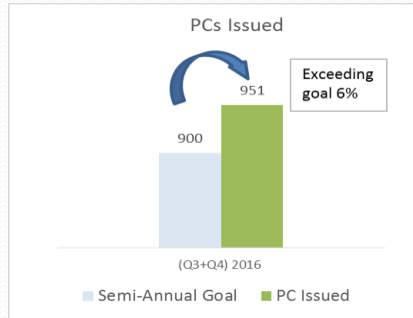
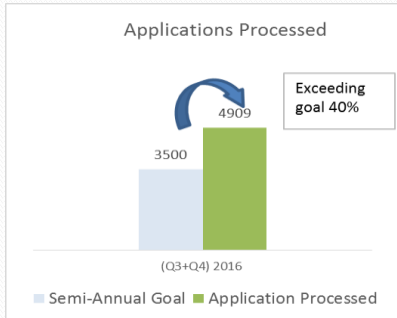


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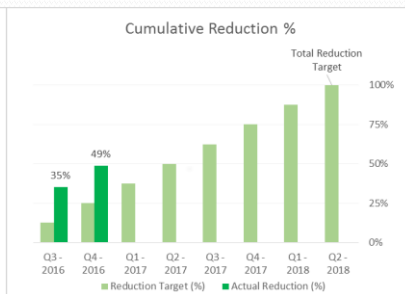
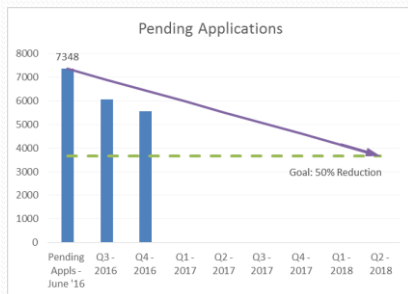
## Improved Production Rates



## Application Processed Exceeding Goals & Objectives Targets



## Pending Applications Reductions Exceeding Targets



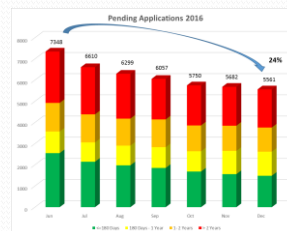
## Automation/Modernization

- Initiated development of on-line permitting tools
  - Focus on three simpler/high use process equipment
    - Dry Cleaners
    - Gas Stations
    - Automotive Spray Booths
  - Business Process definition work in progress
  - Expecting prototypes by 2<sup>nd</sup> Quarter 2017
  - Expected completion by June 2017
- Review of other District's efforts

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## Other Activities

- Developed Dash Board tool for tracking monthly pending applications count
  - Monthly progress
  - Online/interactive
- Seek stakeholder input
  - Individual company meetings
  - Permit Streamlining Subcommittee (two meetings held)
- Initiate program to recognize/acknowledge top performers from each of ten permitting teams
  - Quarterly recognition
  - Help keep morale high



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## Next Steps

- Continue backlog reduction efforts
- Utilize OT if production levels off
- Review of outdated policies/procedures
- Pursue formation of Ad-Hoc teams
- Focus on online permitting tool development
- Continue interacting with stakeholders

## HOME RULE ADVISORY GROUP 2016 ACCOMPLISHMENTS

### **Climate Change (CC)**

The Climate Change Subcommittee convened to discuss reviewed greenhouse gas (GHG) reporting programs and the potential to minimize duplicative regulatory efforts. The subcommittee tracked regulatory efforts by the California Air Resources Board's and the Environmental Protection Agency's update of the Scoping Plan and other efforts to reduce greenhouse gas emissions. The subcommittee also monitored the sale of GHG allowances through the auction market. These developments were monitored to ensure that duplicative requirements would not be imposed on stationary sources.

### **Consensus Building (CB)**

Since the Ad Hoc Consensus Building Working Group was initiated, the group had been reviewing the impact on air quality from goods movement in the Southern California Air Basin was an area of common interest. Several key documents and program initiatives occurred in 2016 from the California Freight Advisory Committee and California Air Resources Board that allow public review related to good movement. The Consensus Building group decided to shift its focus and discussed other areas of involvement.

### **Environmental Justice (EJ)**

The Environmental Justice Subcommittee monitored and reported on environmental justice activities at CARB and OEHHA, including the enhancements to CalEnviroScreen 2.0 and the release of CalEnviroScreen 3.0. It also monitored CARB's proposed use of funds generated by the GHG cap and trade program auctions and SCAQMD staff's development of revised AB2588 guidance documents in light of OEHHA's revised Risk Assessment Guidelines.

### **Freight Sustainability (FS)**

In 2016, the Freight Sustainability Subcommittee (FSS) monitored and reported on various freight/goods movement activities, including the California 2040 State Transportation Plan; California's Sustainable Freight Action Plan, the California Freight Advisory committee and other activities related to the freight/goods movement sector.

### **New Source Review (NSR)**

The NSR Subcommittee did not formally meet in 2016. However, the subcommittee chair provided monthly reports to the HRAG to help keep members aware of various issues associated with the District's NSR Program.

### **Small Business (SB)**

#### **Clean Up, Green Up (CUGU)**

After five (5) years of engagement between members of the Los Angeles City Council, and stakeholders from the business and community activist sectors, Ordinance No.184246 - Amending Sections 12,04,12.20,12.24 and 12.32 of Article 2 of Chapter 1 of the Los Angeles Municipal Code (LAMC), and Sections 13.03, 13.18 and 13.19 of Article 3 of Chapter 1 of the

LAMC was authorized and established a Clean Up Green Up Supplemental Use District within Boyle Heights, Pacoima/Sun Valley, and Wilmington.

In the end, stakeholders were divided in their assessment of the initiative, and the benefit it will have on improving air quality in these communities. Contrary to the beliefs of councilmembers and community activists, the greater business community believes that CUGU will do little more than to increase the size of local government to administer the program, serve as a deterrent to entrepreneurs looking for sites for new businesses or core business owners looking to expand their operations.

#### 2016 AQMP

Throughout 2016, SB Subcommittee members took an active role in the development of the 2016 AQMP. Specifically, subcommittee members have contributed in all working group meetings throughout the year, including many of the White Paper working groups. A Subcommittee member also represented the HRAG and participated as a member of the AQMP Advisory Council.

#### NOx RECLAIM Shave

SB Subcommittee representatives participated in and contributed to the discussions between district staff and industry stakeholders about the proposed NOx shave for RECLAIM sources.

## **HOME RULE ADVISORY GROUP 2017 GOALS AND OBJECTIVES**

The Home Rule Advisory Group (HRAG) was established April 14, 1995, by the SCAQMD Governing Board as one element of the Business Clean Air Partnership. The HRAG is a coalition of local business leaders, environmental representatives, regulated agency officials, and air quality regulators dedicated to seeking realistic approaches to attaining clean air goals.

The mission of the Home Rule Advisory Group is to seek consolidation and consistency of federal, state, and local regulations to streamline regulatory compliance while achieving and fulfilling air quality goals and requirements. The group will focus on regulatory proposals and compliance issues that impose duplicative, conflicting or burdensome requirements. These goals will be accomplished by making recommendations including alternatives to the Stationary Source Committee on those issues that the group identifies, as well as pending legislation, litigation and regulatory proposals that have the potential to impose an unreasonable compliance burden on local businesses. The anticipated result is the development of recommendations that support reasonable and efficient approaches to attaining clean air goals.

The term “Home Rule” refers to the process and mechanism of self-governance by local government jurisdictions.

The Home Rule Advisory Group hereby adopts the following 2017 goals and objectives. These goals and objectives may be amended and/or re-prioritized at any time to reflect emerging or changing issues.

The Home Rule Advisory Group will actively examine potential conflicting, duplicative, and/or overly burdensome regulatory activities at local, state, and federal levels, including issues concerning credits and offsets for new sources, relieving air emission burdens on local communities, release of air toxic emissions, best practices to achieve air quality goals, interactions between local air quality and greenhouse gas objectives, etc. The anticipated result is the development of improved strategies to attain clean air goals. The consensus building issue will continue to be a major focus area of the Home Rule Advisory Group.

### **Climate Change**

The Home Rule Advisory Group Climate Change Subcommittee will monitor selected local, state, regional federal, and international climate change regulatory, legislative, and non-governmental organizations’ developments. The Climate Change Subcommittee will review selected rulemaking and actions taken by U.S. EPA, ARB, and others with an eye toward harmonization of the regulatory process and to prevent or eliminate duplicative, overlapping, and unnecessarily burdensome requirements, while maximizing co-benefits of emission reductions in criteria pollutants and air toxics.

### **Consensus Building**

The goal of Ad Hoc Consensus Building Working Group is to create a dialog forum for stakeholders to gain knowledge of each other's views and concerns of air quality issues in the SCAQMD region. The underlying goal is that learning and sharing knowledge among stakeholders may allow stakeholders to find common ground, possibly resolve issues, and avoid

future litigation. In 2017, the Consensus Building group will be initiated as issues arise where informational meetings or site visits can be arranged to educate the group members.

### **Environmental Justice**

The Home Rule Advisory Group Environmental Justice Subcommittee will continue to monitor and report on the development and implementation of environmental justice programs and cumulative impact assessments by federal, state, and local agencies for purposes of evaluating the consistency of those programs and assessments with federal law, state law, and SCAQMD policies. It will also monitor the SCAQMD's Clean Community Plan implementation and seek effective ways to address cumulative and disproportionate impacts while providing regulatory certainty and avoiding duplicative and overlapping requirements. It will continue to monitor developments related to OEHHA's AB2588 Risk Assessment Guidelines and CalEnviroScreen Tool and EPA's EJ Screen Tool for assessing environmental justice communities. Finally, it will continue to provide quarterly updates on how proceeds from CARB's GHG auctions are proposed to be used.

### **Freight Sustainability**

One of the largest sources of NOx emissions in the SCAQMD are mobile sources associated with the movement of freight through our region. Currently, the California Air Resources Board and the SCAQMD are developing (for SIP and AQMP purposes) mobile source reduction strategies for development and implementation over the next few years. Additionally, the State of California, under the guidance of Caltrans, is updating the California State Rail Plan and the California Transportation Commission is developing guidelines for implementation of the California Freight Investment Program. The FSS will monitor and report on these and other related activities during the upcoming year.

### **New Source Review (NSR)**

The Home Rule Advisory Group New Source Review Subcommittee will provide recommendations on ways to improve the NSR Program, including looking at ways to abate the ongoing emission credit problems in the South Coast and enhance the viability, availability, and use of real, quantifiable, permanent, surplus, and enforceable emission credits or other devices as a means to further air quality objectives, meet permitting requirements, advance new technologies, and provide compliance flexibility while assuring equitable or superior air quality benefits.

### **Small Business Considerations**

The Small Business Considerations Subcommittee will continue to provide small business input in the review and undertaking of air quality-related programs and will assure that recommendations to the Stationary Source Committee by the HRAG reflect a balanced view from small businesses and other HRAG members. The SB Subcommittee will periodically monitor economic and air modeling data, and report on any significant changes that may occur during 2017 and beyond. SB Subcommittee representatives will also continue their involvement in the discussions about RECLAIM.

**DISTRICT RULES AND REGULATIONS INDEX  
FOR JANUARY 2017 PENALTY REPORTS**

[↑ Back to Agenda](#)

Item #8

**REGULATION I - GENERAL PROVISIONS**

Rule 109 Recordkeeping for Volatile Organic Compound Emissions (*Amended 8/18/00*)

**REGULATION II – PERMITS**

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 1/5/90*)

**REGULATION IV - PROHIBITIONS**

Rule 403 Fugitive Dust (*Amended 12/11/98*) *Pertains to solid particulate matter emitted from man-made activities.*  
Rule 461 Gasoline Transfer and Dispensing (*Amended 6/15/01*)  
Rule 462 Organic Liquid Loading

**REGULATION XI - SOURCE SPECIFIC STANDARDS**

Rule 1106.1 Pleasure Craft Coating Operations  
Rule 1113 Architectural Coatings  
Rule 1143 Consumer Paint Thinners and Multi-Purpose Solvents  
Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters (*Amended 11/17/00*)  
Rule 1146.2 Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers (*Adopted 1/9/98*)  
Rule 1150 Excavation of Landfill Sites

**REGULATION XIV – TOXICS**

Rule 1403 Asbestos Emissions from Demolition/Renovation Activities

**REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)**

Rule 2004 Requirements (*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 XXX - TITLE V PERMITS**

Rule 3002 Requirements (*Amended 11/14/97*)

**CALIFORNIA HEALTH AND SAFETY CODE § 41700**

41960.2 Gasoline Vapor Recovery

42401 Violation of Order for Abatement

42402 Violation of Emission Limitations – Civil Penalty

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
General Counsel's Office**

**January 2017 Settlement Penalty Report**

**Total Penalties**

<b>Civil Settlements:</b>	<b>\$404,149.45</b>
<b>MSPAP Settlements:</b>	<b>\$21,814.00</b>
<b>Total Cash Settlements:</b>	<b>\$425,963.45</b>
<b>Total SEP Value:</b>	<b>\$0.00</b>
<b>Fiscal Year through 1 / 2017 Cash Total:</b>	<b>\$2,127,994.65</b>
<b>Fiscal Year through 1 / 2017 SEP Value Only Total:</b>	<b>\$10,500.00</b>

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<b>Fac ID</b>	<b>Company Name</b>	<b>Rule Number</b>	<b>Settled Date</b>	<b>Init</b>	<b>Notice Nbr</b>	<b>Total Settlement</b>
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Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
<b>Civil Settlements</b>						
175226	ANITA'S MEXICAN FOOD CORPORATION	202 42401 42402	1/11/2017	BTG	P62046  P62047	\$100,000.00
122861	B & M TEAR OFF	1403	1/5/2017	RRF	P53087	\$5,000.00
800181	CALIFORNIA PORTLAND CEMENT CO	203(a) 203(a)	1/19/2017	NSF	P59274 P59275	\$30,000.00
155587 177679	B & D CONSTRUCTION CO, INC COMSTOCK GAGE LLC	1150 1150	1/18/2017	TRB	P49168 P49169	\$2,500.00
117225	EQUILON ENTER. LLC, SHELL OIL PROD. U S	462	1/5/2017	BTG	P59378	\$10,000.00
178389	FANTASY GRANITE	403	1/17/2017	MJR	P58279	\$1,000.00
157359	HENKEL ELECTRONIC MATERIALS, LLC	2004(f)(1) 3002(c)(1)	1/24/2017	NSF	P57871	\$17,500.00
172755	MARTIN ENTERPRISES	3002	1/26/2017	VKT	P64354	\$500.00
12372	MISSION CLAY PRODUCTS	2012 2004	1/23/2017	SH	P57869 P60558	\$3,000.00
114997	RAYTHEON COMPANY	2004	1/12/2017	WBW	P60566	\$1,700.00
170855	WALMART	1143	1/17/2017	WBW	P60341	\$52,949.45
178832	WEST MARINE	1106.1 1113 1143		BTG	P61805	\$180,000.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
<b>Total Civil Settlements: \$404,149.45</b>						
<b>MSPAP Settlements</b>						
110411	ARCO DLR, G & H GAS STATION	461(E)(2)(A)	1/10/2017	GC	P64322	\$300.00
167341	AVENUE 64 FUEL SERVICE	203 (b)	1/3/2017	JS	P64266	\$770.00
44374	CHEVRON DLR, MARWAN JIZRAWI DBA	203 (a)	1/3/2017	JS	P63216	\$600.00
169471	CIRCLE K STORES INC., HWMH, INC. SITE 22	203 (b) 41960.2 461(c) 461(c)(2)(B)	1/18/2017	JS	P63044	\$5,400.00
68042	CORONA ENERGY PARTNERS, LTD	2004(f)(1) 201 3002	1/26/2017	JS	P64407	\$1,100.00
173672	EZ FUEL AND EZ FOOD MART NAEEM ULLAH KHA	203	1/10/2017	GC	P36743	\$344.00
150573	LUIS BODY SHOP	109, 203	1/25/2017	TF	P63663	\$750.00
120149	NICKEY PETROLEUM, NICKEY CARD LOCK, DBA	461(E)(2)(A)	1/25/2017	TF	P64332	\$1,100.00
170305	PROPEL FUELS	203 (b)	1/26/2017	TF	P61997	\$4,000.00
170305	PROPEL FUELS	203 (b)	1/26/2017	TF	P64953	\$500.00
137099	RD 786, INC.	203 (b)	1/18/2017	TF	P60085	\$2,250.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbr	Total Settlement
		203 (b), 461			P63059	
150075	RIVERGRADE SERVICE STATION, LP	461(E)(2)(A)	1/3/2017	TF	P64292	\$1,650.00
164420	SANTA MONICA SHELL	461(c)(2)(B)	1/3/2017	TF	P60088	\$1,050.00
63249	THE VONS CO INC	1146 203(b)	1/18/2017	GV	P60528	\$1,700.00
155393	WEST HILLS 76	41960.2 461(c)	1/3/2017	GV	P64902	\$300.00

**Total MSPAP Settlements: \$21,814.00**