

FREQUENTLY ASKED QUESTIONS (FAQ) FOR QUEMETCO CAPACITY UPGRADE PROJECT DRAFT ENVIRONMENTAL IMPACT REPORT (EIR)

Background:

Quemetco is a lead-acid battery recycling facility that has been in operation since 1959 and is located at 720 S. 7th Ave., City of Industry, CA. Quemetco receives used batteries, recovers lead, and sells the finished lead products to customers who use lead or lead alloys in their manufacturing processes. The facility's operations generate non-hazardous wastes such as metals and plastics and hazardous wastes which include lead-bearing waste and associated residuals (e.g., slag) and wastewater. The metals and plastics wastes are transported to a recycling facility, the slag is transported to a landfill, and the wastewater is treated on-site.

What is the proposed Quemetco Capacity Upgrade Project?

Quemetco has applied to modify its existing South Coast Air Quality Management District (South Coast AQMD) permits to allow an increase in the amount of lead product from approximately 460 tons per day (tpd) to 575 tpd and allow the facility to:

1. Increase the limit to the rotary/kiln feed dryer and reverberatory furnace from 600 to 750 tpd;
2. Increase the temperature of the exhaust from the rotary/kiln feed dryer from 330 degrees up to 450 degrees Fahrenheit (F);
3. Increase the amount of coke material (e.g., calcined coke, petroleum coke, or a combination thereof) processed in the rotary/kiln feed dryer and reverberatory furnace from 600,000 to 750,000 pounds per month; and
4. Allow the use of petroleum coke, in lieu of or in addition to calcined coke as a smelting reagent in the reverberatory furnace and electric arc furnace.

Will Quemetco increase operating hours?

Quemetco currently operates the facility and most equipment 24 hours per day. However, the facility's rotary/kiln feed dryer and reverberatory furnace currently operate between 18-23 hours per day. The proposed Project would allow the rotary/kiln feed dryer and reverberatory furnace to operate up to 24 hours per day.

What has been the CEQA process to date?

The application to modify Quemetco's air permits triggers a permitting evaluation process and requires a comprehensive review of all potential environmental impacts under the California Environmental Quality Act (CEQA) (described further below).

South Coast AQMD circulated the Notice of Preparation and Initial Study (NOP/IS) for public review and comment for a 56-day public review period from August 31, 2018 through October 25, 2018. Two CEQA scoping meetings were held at the Hacienda Heights Community Center on September 13, 2018 (CEQA Scoping Meeting #1) and October 11, 2018 (CEQA Scoping Meeting #2) to notify the community of the proposed Project, the permit evaluation process, the CEQA review process, and to discuss the contents of the NOP/IS and the next steps. During the public

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review period, South Coast AQMD received 30 comment letters specifically in response to the NOP/IS, 125 commenters provided comments at CEQA Scoping Meeting #1, and 28 commenters provided oral comments at CEQA Scoping Meeting #2.

South Coast AQMD prepared a Draft Environmental Impact Report (Draft EIR) which will be circulated for a 61-day comment period from October 14, 2021 to December 14, 2021. The statutory requirement is for a 45-day comment period, but the time is being extended in response to numerous requests to do so. Upon its release, the Draft EIR will be electronically available from South Coast AQMD's website at: <http://www.aqmd.gov/home/research/documents-reports/lead-agency-permit-projects>. A virtual public meeting to receive comments on the Draft EIR and permit applications is scheduled for November 10, 2021 at 6:00 pm.

How can I comment on the Draft EIR?

The public can submit written comments on the Draft EIR to Kevin Ni via email to kni@aqmd.gov or via fax to (909) 396-3982.

What did the Draft EIR conclude?

Based on the NOP/IS, the analysis in the Draft EIR focused on the proposed Project's air quality and greenhouse gas emissions, energy, hazards and hazardous materials, hydrology and water quality, transportation, cumulative impacts, alternatives, and other CEQA topics. The Draft EIR found that all of the proposed Project's environmental impacts would be less than significant. As a result, the proposed Project would not result in any potentially significant impacts and no mitigation measures were required (see Chapter 4 – Environmental Impact Analysis and Appendix D in the Draft EIR).

Why are the air quality impacts “less than significant”?

The analysis in the Draft EIR indicates that a 25% increase of the feed rate for the rotary/kiln feed dryer and reverberatory furnace would not exceed the South Coast AQMD's emissions thresholds for air pollutants or toxics because Quemetco is already operating:

- an extensive air pollution control system that includes baghouses to remove particulates, scrubbers to remove sulfur dioxide (SO₂) and nitrogen oxides (NO_x), low temperature oxidation of nitrogen oxides (LOTOX®), a wet electrostatic precipitator (WESP) to reduce metallic particulate matter (PM) emissions including lead and some sulfur oxides (SO_x), and a regenerative thermal oxidizer (RTO) to reduce volatile organic compound (VOC) emissions from the rotary/kiln feed dryer;
- continuous emissions monitoring systems (CEMS); and
- fence-line monitors.

Quemetco is also required to conduct annual source tests to ensure emissions are less than regulatory and permit limits.

What is the public health impact?

The Draft EIR includes a health risk assessment (HRA) of the proposed Project which analyzes the potential public health impacts and health risks to the surrounding areas from air toxics emissions under normal operating conditions. The proposed Project's total and incremental health risk impacts would not exceed South Coast AQMD's health impact thresholds for toxic air emissions under normal operating conditions.

- Separate HRAs were conducted for the baseline and proposed Project conditions to determine the incremental increase in health risk from mobile and stationary sources under normal operating conditions.
- Sensitive receptors located within a 5,000-meter radius distance from the facility were included in the residential receptor analysis (also referred to as a 10-kilometer grid which is equivalent to 6.2 miles).

How will the proposed Project affect the existing contaminated soils under investigation by the Department of Toxic Substances Control (DTSC)?

The DTSC soils remediation activities, as described in more detail in Chapter 3, Section 3.4 of the Draft EIR, are addressing historic soil contamination and do not necessarily reflect today's operation and compliance with South Coast AQMD requirements including, but not limited to, Rule 1420.1 which was designed to curb toxic emissions and penalize exceedances with curtailment of facility operations. DTSC has been working with Quemetco to address historic soil contamination through the collection of soil samples, establishment of a work plan for corrective action, and implementation of that workplan. The area established by DTSC as the "Quemetco Impacted Area" (QIA) has been remediated prior to the release of this Draft EIR; the QIA Phase II Completion Report and DTSC's August 20, 2021 approval letter are located on DTSC's website at: https://www.envirostor.dtsc.ca.gov/public/profile_report?global_id=80001454.

As part of its ongoing analyses, DTSC prepared a transect sampling workplan and collected transect soil samples from areas surrounding the facility in March 2021. Documentation related to DTSC's implementation of the transect sampling workplan is available on DTSC's website at: https://www.envirostor.dtsc.ca.gov/public/final_documents2?global_id=80001454&doc_id=60486311. The resulting transect sampling data and analysis report, the findings of which were consistent with the October 2018 report, was submitted in May 2021 and is still under review by DTSC.

Regarding whether the proposed Project's air emissions could potentially generate soil deposition impacts, the Draft EIR utilized an air dispersion modeling and risk assessment tools, AERMOD combined with the California Air Resources Board (CARB) Hotspots Analysis and Reporting Program (HARP), to quantify air emissions and conduct a HRA for the proposed Project. The Draft EIR found that potential soil deposition impacts from the proposed Project would be less than the South Coast AQMD maximum residential cancer risk threshold and the proposed Project would not generate significant soil deposition impacts. The health risks associated with air toxics, including through deposition in soil, may be found in Chapter 4, Table 4.2-9 in the Draft EIR.

Further, the proposed Project assessed in this Draft EIR does not call for any soil disturbance (onsite or offsite) nor any changes that would affect the existing soil conditions; therefore, no further soils analysis is required for CEQA purposes.

How does South Coast AQMD ensure Quemetco does not exceed its emissions limits?

Quemetco must continue to meet all applicable emission requirements imposed, including requirements in South Coast AQMD Rules 1402 and Rule 1420.1, which contain additional safeguards.

- Rule 1402 requires Quemetco to conduct a toxic emissions inventory every four years to demonstrate that there are no increases above health protective thresholds. Additional annual reporting is also required and made available online at: www.aqmd.gov/find.
- Rule 1420.1 has the strictest ambient lead requirements in the nation which are lower than the equivalent National Ambient Air Quality Standards (NAAQS) for lead and are averaged over a shorter time period. Rule 1420.1 requires point sources and fugitive sources at Quemetco to achieve emission control requirements and conduct ambient monitoring for arsenic and lead.

South Coast AQMD staff will continue to enforce Rule 1420.1 to ensure Quemetco continues to meet all of the requirements.

Quemetco has fence-line ambient monitoring stations which collect emissions data needed to verify that the ambient levels of arsenic and lead concentrations are less than the aforementioned limits in Rule 1420.1 and the NAAQS for lead. Data from additional CEMS located on the WESP stack and annual source tests provide additional information necessary to verify compliance. If an exceedance occurs, Quemetco must operate pursuant to its South Coast AQMD-approved compliance plan, notify South Coast AQMD, and initiate a 50% process curtailment for 30 days from the date of occurrence as required by Rule 1420.1. When the facility is not in compliance, South Coast AQMD will issue a Notice of Violation (NOV). Each day (or part of a day) that the facility is in violation, is a separate violation which subjects the facility to civil penalties.

What is the review process for the proposed Quemetco Capacity Upgrade Project? Can the South Coast AQMD Deny the Permit Modifications for the Proposed Quemetco Capacity Upgrade Project?

Prior to issuing a permit, Health and Safety Code section 42301(b) requires that an established air district permit system prohibit a facility from receiving a permit unless the air district is satisfied that the project being permitted will comply with all South Coast AQMD, CARB, and United States Environmental Protection Agency (U.S. EPA) regulatory requirements. The South Coast AQMD performs a thorough permit analysis to evaluate the maximum potential emissions from the permitted equipment and the resulting potential health risk impacts. Permit conditions are developed to provide operating parameters to ensure emissions stay below acceptable permit limits and risk levels as established through regulatory requirements. As a result of the permitting analysis, if a permit is issued, it is expected that the facility is or will be able to meet all air quality related regulatory requirements and operate in a manner that is protective of public health. Staff also conducts a CEQA evaluation for the project and prepares appropriate CEQA documentation. The South Coast AQMD Executive Officer or designee will consider whether to approve the project after considering the permit evaluation and the CEQA analysis. (Health and Safety Code Section 42300(a); South Coast AQMD Administrative Code, Section 15.3.)

Can the South Coast AQMD Shut Quemetco Down?

South Coast AQMD's regulatory authority is limited to ensuring compliance with air quality laws. South Coast AQMD is not a land use agency and thus does not control city or county zoning and planning decisions. As a result, South Coast AQMD does not have the ability to determine where a facility should be located or determine its siting in relation to other land uses. However, South Coast AQMD is able to accomplish its mission, in part, by evaluating the potential impacts of all permit applications to ensure compliance with CEQA's mandates as well as all applicable air quality related federal, state, and South Coast AQMD regulatory requirements, before issuing a permit.

Once a permit is issued, South Coast AQMD ensures the facility is operating in compliance with those permit conditions and regulatory requirements through regular emissions testing and reporting and through regular facility inspections. If the facility is operating out of compliance with any requirements, a notice to comply or notice of violation may be issued. Where a facility is in violation, the South Coast AQMD may pursue the issuance of an order for abatement. Such an order, if issued, asks the facility to cease and desist from violations, which in some scenarios could fully prohibit the emissions associated with ongoing business activities. More commonly, an order for abatement requires a facility to refrain from a particular act unless certain conditions are met. While Quemetco has had recent violations, these violations are not of a nature that would require the South Coast AQMD to follow a process that would allow for shutting down of the facility. For a discussion of these violations, please refer to Appendix C of the Draft EIR.

What about the status of existing permit violations?

Detailed information regarding permit violations, the prior issuance of NOVs , and settlements with South Coast AQMD are discussed in Section 2.7 and Appendix C of the Draft EIR. Regulatory and permitting requirements for Quemetco have become more rigorous with South Coast AQMD Rules 1420.1 and 1402. Quemetco currently has one outstanding violation of Rule 1420.1 which occurred on July 7, 2020. Quemetco notified the South Coast AQMD of an unplanned power interruption that resulted in: 1) a failure to continuously maintain the required negative pressure in the battery wrecker total enclosure; 2) a failure to ventilate the battery wrecker total enclosure to continuously to ensure the required negative pressure; and 3) a failure to operate equipment at a Title V facility in compliance with permit conditions. South AQMD inspectors verified that the violation lasted around 32 minutes, during which time negative pressure was never completely lost. South Coast AQMD inspectors also confirmed that there were no exceedances detected at the facility's fenceline monitors. Quemetco is currently in compliance with these requirements, and the NOV is being handled by the South Coast AQMD General Counsel's Office.

How does this permit action relate to pending permitting actions by DTSC?

As required by CEQA, South Coast AQMD staff is working closely with DTSC representatives because the DTSC is a responsible agency with oversight of the proposed Project. While the permitting processes for South Coast AQMD and DTSC are independent, Quemetco cannot increase its throughput without receiving permit approvals from both agencies.