Task 2 Working Paper — Business Stakeholder Interviews

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Business Stakeholder Interviews

During March of 2001, BBC staff traveled to the Los Angeles area to interview 36 representatives of the regulated business community. The purpose of these interviews was to seek guidance on refinements to the AQMD socioeconomic impact analysis process by identifying specific firm-level issues associated with AQMD rules, concerns about AQMD’s existing impact assessment processes and potential data sources and data collection approaches for facility-based and post-rule impact assessments.

This working paper summarizes the central themes described by interviewees. Direct quotations or synopses of interviewee comments provide the reader with a more direct sense of the comments and allow interviewees to “speak for themselves.” Though the main purpose of the interviews was to discuss socioeconomic impact analyses, interviewees often expanded the scope and discussed a wide variety of concerns regarding AQMD.

Conclusions about how AQMD may wish to proceed in addressing key issues are provided in a separate document—Summary Report: Interim Findings and Preliminary Recommendations Facility-based and Post-rule Assessments—which also draws upon the literature review, the results of which are presented in the Task 1 Working Paper.

Background

BBC worked closely with AQMD staff in developing a logical framework for choosing which type of businesses and associations we would interview. While the businesses selected for interviews represent a broad cross-section of regulated businesses, there was no attempt to ensure that they would represent a statistically valid sample.

Rule selection. First, BBC identified several AQMD rules that the Board had either passed or amended within the last three years or rules upon which the Board was expected to take action in the near future. It was important to select rules that would lead to interviewees who likely would be familiar with or remember the rule-making process. BBC then worked with AQMD staff to select a subset of these rules that would ensure feedback from:

- Small and large businesses;
- Businesses located in Los Angeles, Orange, Riverside and San Bernardino counties;
- Businesses with local markets and competition only and businesses facing markets and competition beyond the Los Angeles Basin; and
- Businesses owned by minorities and/or women.
The six rules selected include:

1. Rule 1132 Further Control of VOC Emissions from High-Emitting Spray Booth Facilities;
2. Rule 1136 Wood Products Coatings;
4. Rule 1151 Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations;
5. Rule 1421 Control of Perchloroethylene Emissions from Dry Cleaning Systems; and

Interviewer selection. For each of the six rules, BBC then worked with AQMD staff to identify a pool of potential interviewees. We sought interviews with trade associations, businesses that had been active in the rule-making process and businesses that had not been active. The lists provided by AQMD were sometimes based on the permit database, sometimes based on working groups that were part of the rule-making process and sometimes based on staff research and knowledge about interested parties.

A BBC staffer then called through the lists to schedule interviews. In some cases, we were not able to fulfill the desire for a balance between trade associations, active and inactive businesses. Several trade association representatives were unable or unwilling to participate and inactive businesses were also difficult to contact and schedule. Since Rule 1146 affecting boilers and water heaters does not require permitting, AQMD was not able to provide BBC with a large list of potential interviewees. We contacted manufacturers, distributors and end-users and successfully interviewed two manufacturers and one distributor. Exhibit 2-1 describes the number of interviews conducted for each rule.

Exhibit 2-2 describes how successful BBC was in our attempt to ensure representation of small and large businesses and businesses throughout the LA Basin. We interviewed several minority business owners, but do not present statistics because of an inability to confirm ownership for several privately
held, large businesses. Businesses facing regional or national competition included manufacturers of products that use spray booths and wood product manufacturers. Businesses facing primarily local competition included dry cleaners and auto body shops.

Exhibit 2-2.
Distribution of Interviews Across Business Categories

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Location of Business</th>
<th>Type of Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small (63%)</td>
<td>Other Counties (33%)</td>
<td>Local (56%)</td>
</tr>
<tr>
<td>Large (37%)</td>
<td>LA County (67%)</td>
<td>National (44%)</td>
</tr>
</tbody>
</table>

Source: BBC Research & Consulting.

A full list of interviewees by contact name and name of business is attached in Attachment A. Interviewees were promised that, though their names would be listed, no quotations would be attributed to them directly and BBC’s notes would be kept confidential. The interview guide designed by BBC and approved by AQMD is attached in Attachment B.

There were some themes that were common to certain industries or certain types of businesses (e.g., small businesses). In the summary of qualitative information presented below, these differences are highlighted as appropriate.

General Comments about AQMD

Many interviewees acknowledged that AQMD is required by law to take actions to ensure better air quality. Some interviewees pointed out that AQMD regulations led to healthier working and living conditions for them and their employees. Though many interviewees criticized specific AQMD actions or practices, there was a general recognition that air quality regulation is a fact of life in the LA Basin. On the whole, businesses that have been actively involved with AQMD were more likely to express this somewhat positive perspective.

- A spray booth operator indicated, “We all want a better environment.”
- “Regulations are there and they exist for a purpose,” according to an active business.
- “All AQMD regulations are not necessarily bad. For example, water-borne coatings are better for furniture manufacturing employees.”
- “I’ve come to terms with AQMD regulation, it’s a tradeoff,” said one specialty wood products manufacturer.
“Like it or not, you have to be a good neighbor” and “in reality, rules and regulations are inevitable and just part of larger picture,” according to an auto body shop manager.

Another auto body shop representative said, “AQMD is pretty fair.”

Several dry cleaners indicated that regulations may be good for the health of owners and employees. “We like fresh air and long life too.”

“We are not adversarial to regulation,” said one representative of the film processing industry. He went on to describe that his company believed it was important to set a good example and so they go out of their way to comply.

Another film processing company employee indicated that, in his opinion, AQMD came up with a very good regulation regarding perchloroethylene (perc). He went on to say the rule was “very fair to businesses” and that “the industry won’t clean up unless [AQMD] forces it to.”

“I call them the “Green Kingdom. Overall, they treat us OK. They have a job to do and I understand that,” said one dry cleaner.

Socioeconomic Impact Analysis and Information Needs

All interviewees were asked a series of questions about their knowledge of and suggestions for the current socioeconomic impact analysis process. BBC also asked about the type of information businesses felt the AQMD Board needed to make informed decisions and the willingness or ability of businesses to provide the type of data required to perform more detailed analyses.

Socioeconomic impact analyses. Many businesses are unaware of the existence or the complexities of the current socioeconomic impact analyses conducted by AQMD. Twelve of the 36 interviewees, or one-third, had never even heard of an AQMD socioeconomic impact analysis. Many interviewees could describe a few aspects of the analyses but could not offer any concrete criticisms or suggestions for improvement—this was true of both active and inactive businesses. Trade association representatives were more likely to be familiar with socioeconomic report details. Exhibit 2-3 describes interviewee familiarity—only 14 percent of interviewees were able to offer concrete criticisms or suggestions for improvement.
Examples of statements from businesses who were unfamiliar with a socioeconomic analysis include the following:

- “I’ve never seen a socioeconomic impact analysis” and “I’m not familiar with that.”

- An economic development official claimed, “[G]enerally, nobody knows about South Coast’s socioeconomic impact assessment process… they don’t communicate it well.”

- “I don’t know much about the socioeconomic impact analysis. I’ve attended some meetings where people claimed it would be an issue and I think I disagreed with some figures once.” This was a typical reaction from a business owner who claimed some familiarity with a socioeconomic report, but could not offer specific feedback.

Those that were more familiar with the socioeconomic impact process criticized inputs into the REMI model, outputs from the REMI model and the way results are presented. Specific comments about the REMI model and the socioeconomic process and how to improve upon current practice are listed below. All of those offering concrete criticisms of the current socioeconomic process can be characterized as being active in the AQMD regulatory process.

- “The socioeconomic impact process is just pro forma,” said the representative of one large manufacturing facility.

- AQMD is always talking about averages according to a spray booth operator.

- “I don’t pay much attention because the numbers can be used any way that AQMD wants them to be used. AQMD does not listen when the industry suggests different numbers. It’s all very subjective. The socioeconomic staff has never talked to us.”
“The REMI model favors large businesses and doesn’t measure the impact on small businesses. Furthermore, the assumptions used are just wrong—wages are too low, etc.” This quotation comes from the owner of a furniture manufacturing business.

According to a wood products producer, nobody in small business can understand the output of the REMI model. This increases the level of distrust between AQMD and the business community.

The socioeconomic impact analyses are just boilerplate. “The numbers may change but the language always stays the same. I don’t know how they can get at correct numbers if they’re just using a boilerplate analysis.”

In an industry with small and large businesses, “[M]odeling can fit one or the other end, but not both.” “Why not use the model for the majority of businesses, which in this case are small, and just go talk to the few big guys,” asked an industry representative.

One trade association representative suggested that South Coast “stratify the socioeconomic impact assessment to look at differing impacts on different types of companies in the industry.”

An economic development official indicated that more transparency in the process and more input from real world firms would help, too.

A trade association representative suggested that an approach worth pursuing involved using prototype models that use industry input.

Cost and affordability information. One of the most significant criticisms was that neither the socioeconomic analyses, nor any other impact studies produced by AQMD, adequately consider or portray the cost and cost-effectiveness information that is of utmost concern to businesses. Active businesses and trade associations were most likely to make these criticisms, likely because these are the businesses most familiar with current AQMD practices. Challenges in collecting and considering cost information were discussed by a few interviewees.

The operator of a spray booth facility described important information that is currently excluded, “it only looks at the largest level impacts which does not adequately address the economic impact at the level where jobs actually are. There is nothing about the impact to profitability so it doesn’t get to where the rubber hits the road.”

From a business perspective, “I want to know what the costs are—all of the costs including those that will come down the line. What about training costs and the psychological costs of dealing with all the hassles?”

“Any socioeconomic analysis should include information on whether or not the cost of compliance can be passed on to the consumer,” according to an auto body shop representative who has been active in the AQMD process.
One trade association representative remarked that establishing some threshold of compliance cost affordability, such as less than 10 percent of sales, would help in the socioeconomic impact process. He also believed that “modeling may not do the best job of prediction and getting real world data might work better.”

AQMD’s analyses of the industry as a whole ignores the specific consideration of cases. The interviewee who made this statement went on to describe that groups are lumped together to get an industry cost-effectiveness measure even though cost-effectiveness differs from site to site. It is important to account for the cost of site-specific improvements.

One trade association representative said that AQMD’s economic assumptions were way off and that equipment and installation costs were much higher than AQMD thought they would be. “It’s very expensive to put in big new equipment into a small old shop—you have to reconfigure the whole facility!”

“AQMD needs to look at both the hard and soft costs of compliance, such as labor, training and retooling,” said one small autobody shop owner.

AQMD should get quotes from a vendor and then apply them on a site-by-site basis to get a range of costs for compliance.

One small business owner desired that AQMD “put costs in perspective and look at businesses’ throughput.” He suggested that looking at costs as a percentage of revenues would be a valid measure of affordability.

“There is a lack of consideration of financial and economic factors in AQMD’s decisions. It’s just not factored in,” according to an auto body shop owner.

One potential problem in trying to predict costs was pointed to by a wood products manufacturer, “the impact can’t be known until the final technology is determined and the industry learns how to use it. The industry has a big problem identifying actual costs because the technology is not specifically known. ... Cost estimates have to be done in conjunction with the manufacturers of control technologies.”

According to a specialty wood products producer, “it’s very difficult to put costs on an even footing for specialty firms.”

AQMD industry and business knowledge. Many, though not all, interviewees criticized AQMD for lacking knowledge about the industries they regulate. Insufficient knowledge was reported to be a problem throughout the organization from rule-making staff to inspectors to Board members. Interviewees representing trade associations, active and inactive businesses repeatedly expressed a desire for AQMD staff and Board members to spend more time in the field investigating actual business conditions.
"The board and staff need to get out into the field and make contacts so they can pick up the phone and call someone if they need to," according to a trade association representative.

According to a wood product trade association representative, "it is a common complaint that AQMD does not understand our industry, most of their staff are professional bureaucrats."

"AQMD must acquire industry experience;" and "we need an industry expert within AQMD," commented two trade association representatives.

"From the inspectors to the people that teach the workshops, no one had any idea about how the real dry cleaning world works," said a dry cleaner with limited exposure to AQMD.

"AQMD does not spend enough time in the field."

One dry cleaner defended the knowledge level of AQMD staff saying, "AQMD listens and they are knowledgeable about our industry."

"The Board needs to meet with business owners one-on-one, not just in a hearing room." This was the sentiment of a dry cleaner who has spent a significant amount of time working with AQMD.

"Again, an emissary with real industry savvy and credentials" would really help AQMD.

Information needs. Businesses perceive two uses for the socioeconomic and other information produced by AQMD when adopting a new rule: informing them about the likely impacts and helping the Board make a good decision. As detailed above, the business community is very concerned about AQMD producing more comprehensive and better information about the cost of rules for businesses. Several interviewees discussed a desire to see impacts portrayed at the micro-level of specific firms or at least industry segments. Both the Board and the business community need more information about the differential impacts of a rule within an industry, according to interviewees.

Business representatives also expressed a strong desire for AQMD staff to do a better job informing the Board about industry context and the cumulative impact of regulations in general. Many interviewees felt that the Board should hear more "real world" stories directly from industry or through field visits by staff and Board members.

The business community appears more concerned with operational and financial impacts as opposed to the aggregate employment and income measures produced by traditional socioeconomic analyses. The broad scope of concern amongst the regulated community implies that efforts to respond may require enhanced collaboration between the socioeconomic staff and other AQMD departments.
Specific comments regarding information needs, including those by both active and inactive businesses that express some skepticism about whether or not better information will make a difference, follow:

- “AQMD could give more consideration to the pace of change, the learning curve and the impact on productivity.”

- “AQMD has to recognize that firms do not all have the same costs; there is variation in the firms, their assets, whether or not they pay benefits.”

- “The number of employees in a firm is probably the best way to divide companies and show their differing impacts,” one trade association representative said. He went on to suggest that the Board look at cumulative impacts, collateral impacts of toxic rules and permitting rules.

- “The board needs unbiased information from the staff, not vendor-fed untruths,” said one trade association representative and small business owner. “The board should meet with industry representatives one-on-one, not in hearing rooms. It needs to understand that we deal with cumulative effects of regulation, from fire, health, sanitation, the city and the most hated of all, South Coast.”

- “The board needs to rely less on the Office of Environmental Health Hazard Assessment in Sacramento and get better scientific data,” one trade association representative said. He suggested the board solicit anecdotal accounts of potential socioeconomic impacts from industry itself, not from the staff. Then the board and socioeconomic staff can develop contacts in the field for easier involvement the next time around.

- “What constitutes the health of an industry? AQMD could consider the number of active firms, the number of jobs and the number of truly local firms.”

- “I don’t know how AQMD is going to measure these things. REMI’s not good, but what’s the alternative?” asked a trade association representative. He added that the board should build on what it has, because replacing it will cost a lot more. “Anecdotal is nice, but it’s meaningless, but there will never be objective data that everyone will buy into.”

- “Is this just window-dressing?” asked an auto body shop representative.

Techniques for Fulfilling Information Needs

Given the context of BBC’s assignment to study facility-based and post-rule analyses, interviewees were asked several questions about potential data sources and their willingness to provide information.

Data sources. Only a few potential third party data sources were identified. See the Task I Working Paper for a thorough discussion of data sources identified through other parts of BBC’s research.
A trade association representative suggested that there are benchmarks for all industries through which AQMD could show impacts and that the US Department of Commerce, AF Lewis, and EDD may be good sources of data.

One spray booth operator expressed concern that if AQMD “uses third party information resources, we would view them with a jaundiced eye because AQMD can present what they wish and leave out the outliers.”

The CD Technology Center, which acts as a trade association and meets by clusters, might be a good source of indicators for economic health by sector.

There is a 30 percent error rate in Dun and Bradstreet lists.

“There aren’t any good sources of information about the dry cleaning industry,” according to an association representative.

How to collect data. For the most part, interviewees agreed that in-person contacts were essential to collect the type of financial data needed for facility-based or post-rule assessments. This was true for both active and inactive businesses. Some trade associations were willing to serve as an intermediary between AQMD and regulated businesses in data collection, but some were not. Successful data collection strategies would most likely have to vary from industry to industry taking into account the past history of the industry with AQMD, the degree of organization and other factors.

“Data collection needs to be done in person,” one film developer said. With large firms, he suggested AQMD should just consult the firm about their real costs of compliance instead of estimating with a model.

A dry cleaner association representative indicated that mailed questionnaires do not work because the response rates are way too low.

A survey is vulnerable to hype according to an association employee. Furthermore, “when we tried to collect employment data to meet some of AQMD’s needs, the association did not have much success because the industry thought it would not make a difference.”

“Look for an elder statesman in the industry and get him to open doors for you.”

“A third party may be able to collect data directly from firms, while other companies may go directly to AQMD,” a trade association representative expressed. Companies will need confidentiality assurances, though, and may be more apt to share more general numbers or retrospective data.

“AQMD needs to contact trade associations to gather data that companies have,” a trade association representative reported. The data collection needs to be a personal process.

“Our association would be willing to do advance work to set up information exchanges. A survey could go out under the association’s auspices.”
In discussing the problems with having trade associations serve as an intermediary in the data collection process, one interviewee said, "The problem with a third party is that if there's ever litigation threatened, records could be subpoenaed, and members of trade associations would begin keeping information from the associations. A no-win situation would form."

"Using trade associations as a data middleman is difficult, because businesses don't want to divulge proprietary information to their competitors who are currently running the association."

Willingness or ability of businesses to provide data. As discussed in the Task I Working Paper, conducting facilities-based analyses or post-rule assessment may require efforts to collect data directly from regulated businesses. Many interviewees seconded this notion by suggesting that AQMD needs more "real world" input and familiarity (as previously described).

Only four interviewees indicated they would not hesitate to provide financial or cost data to AQMD and three of these were dry cleaners. While only one interviewee said outright that he would not share information with AQMD, most business owners were not enthusiastic about the possibility of sharing financial information. Concerns were expressed about the confidentiality of information and possible retribution by AQMD. There was more willingness to share demographic information about employees, which could be helpful in refining the predicted impacts of upcoming rules. The lack of willingness to share information amongst interviewees indicates that AQMD will find it difficult or impossible to collect information in a fully comprehensive or statistically representative manner.

Exhibit 2-4 is a graphic depiction of the low level of cooperation AQMD is likely to encounter when attempting to collect specific financial or cost data. It takes into account the fact that many businesses contacted as part of the interview process were not even willing or able to meet with BBC to discuss improving the current socioeconomic process.
The following quotations detail the responses from interviewees regarding data collection.

- A dry cleaning trade association representative agreed. “We’re willing to give AQMD information about costs and prices if they come out in the field to get it.” Better cultural understanding to bridge the gap with hesitant firms, he said, was another important component of successful data collection.

- An independent dry cleaner indicated, “I’m willing to share information if I can be sure that it will stay confidential and wouldn’t be used against me.”

- More typical was the following response from a trade association representative, “Businesses really hate AQMD and are afraid to share information with them.”

- A film developer said that he would not report sensitive financial information because his industry is very competitive, but he would share demographic information about the number and location of employees.

- Another film developer said that most of his financial information is in the public domain already, though “helping AQMD look at exact costs of abatement may be sensitive.” He would make a case-by-case decision about sensitive details of costs, though he felt that he “wouldn’t hide any data that would improve analysis.” Demographic information, especially specifics, may not be acceptable to disclose.

- A wood manufacturer trade association representative said he was “not amenable to AQMD coming out and spending a week in the factory in order to understand the industry, because AQMD doesn’t guarantee immunity from compliance enforcement measures.”
“We are hesitant to share information during the rulemaking process, because we don’t know what AQMD will do with it. They may give it to environmental groups. We would consider it on a case-by-case basis,” according to a spray booth operator. This interviewee added that anecdotal or demographic information about employees would be fine to share.

The owner of an auto body shop said that he’d be willing to provide information if it was used, “for us, not against us.” He went on to say that he is leery about talking to AQMD because of enforcement issues and that “[T]he last thing on a business owner’s mind is to help AQMD, unless there is some willingness to help in return.”

Wood products companies would not disclose their manufacturing costs. “We haven’t in the past, though maybe we should have.”

“There would have to be an ironclad confidentiality agreement in place and no publication of disaggregated data for my businesses to feel comfortable sharing data,” said one trade association staffer.

“Many businesses can’t give you specific financials because they don’t know themselves,” according to another trade association representative.

In discussing his desire for the Board to have more information about cumulative impacts, one wood manufacturer also admitted that, “[I]t is very difficult to get information about health care or workers’ compensation rates, because they will be very different for different companies.”

Overall Business Participation in the Regulatory Process

In addition to discussions about data for the socioeconomic assessment process, the study team received considerable input concerning overall interactions between businesses and AQMD. We should emphasize that these comments pertain to AQMD in general, not to the socioeconomic impact process. BBC made the decision to include these comments because the information may be helpful to AQMD in other contexts.

AQMD consideration of business concerns. For stakeholders representing smaller businesses, there was a sense that rules are adopted by the Board regardless of the arguments made by business. Interviewees asserted that staff make up their mind before they ever talk to business. These concerns were expressed among both individuals who had been active in the AQMD process and those who had not. To remedy these problems, many small businesses want to see more outreach from AQMD very early in the rulemaking process. Larger businesses and trade associations were much less likely to describe a feeling of powerlessness about impacting upcoming rules, though they too were critical of the level of consideration given to business concerns.

One big business described their proactive involvement in the rulemaking process and indicated that AQMD worked well with them to make the final rule acceptable. The representative of this business went on to say that “AQMD is willing to listen. They distinguish between venting and sometimes they accept documented input.”
According to a trade industry official, “[I]t makes a big difference when you’re involved at the beginning of the rule. AQMD has done a better job at reaching out to industries early in the process in recent years and this should continue.”

According to one interviewee, “[T]he woodworking, printing, plastic extrusion all have a fairly sophisticated relationship with AQMD. We have a much more visible relationship because we serve on Boards. Small businesses, like dry cleaners, often just react to rules because they do not have the time to be at AQMD all the time to lobby their cause.”

“We’ve visited half the Board members and been on committees. If we need to talk to Barry we can and we know a lot of the high-level staff,” said one trade association representative though he acknowledged that other industries may not have these same benefits.

According to a wood products manufacturer, “AQMD never comes to the industry and says here’s what we have to do, how can we work together to get there?”

“AQMD meetings are just a drill to justify forgone conclusions. There is no real negotiating room for adjustment of standards…. AQMD hasn’t given credence in the past to industry information, which discourages participation and information sharing.” These were the comments of a trade association representative in the wood finishing industry.

Even when AQMD did some extra workshops out in the field before adopting the rule impacting auto body shops, “it wasn’t clear whether or not they heard us” and “staff seemed to have a pre-set direction” according to a body shop manager.

Another auto body shop owner said, “[W]hen the board decides, it’s not on economics, it’s on the environment. They consider only the environment and small business pays a heavy price.”

In describing the unresponsiveness of AQMD, one small business owner said “[T]he little fish can’t get their attention.”

The member of an advisory group said he, “contributed brutally honest input and got uninvited from further participation.”

A dry cleaning industry representative indicated that, “[I]ndustry has to be involved from the very beginning. It seems that staff makes up their mind and goes ahead no matter what businesses say.” This person went on to say, “[I]t feels like its all a done deal, so it’s a waste of time to go to a hearing and try to change anything.”

“My biggest concern is the predisposition of staff. They form agendas before they talk to industry when they should be talking to industry before making up their mind,” said a dry cleaner who has been active in the AQMD process.
From a dry cleaner who had not been very active in the process: “AQMD may listen, but they don’t do anything about it. Average business people cannot get to the decision makers.”

Several interviewees indicated that the notices AQMD sends in the mail are confusing and hard to understand. Sometimes very little notice is given for upcoming meetings. One dry cleaner received a notice about a meeting and drove to Diamond Bar to attend but discovered the meeting had nothing to do with him.

According to a wood products manufacturer, “it’s a waste of time to participate because it has no impact on their findings.”

“Our input does not make that much difference, we do not have any influence.”

“We tell them it’s too expensive, they don’t listen,” according to a manufacturer of boilers.

“There is a perception that AQMD does what it wants to do. It is not a participatory process,” according to an economic development professional. This person went on to suggest that industry clusters should be consulted ahead of time so that AQMD would get information and be able to consider it earlier to improve their proposals.

“South Coast should develop a relationship with the regulated community. We need to get to know each other when it isn’t compliance related. Direct, personal fact-finding and communication is key.”

Perceptions of unfair treatment. Several small businesses complained about a perceived double standard in rule-making and enforcement by AQMD. These interviewees, some of whom had been active in the AQMD process and some of whom had not, believe that AQMD is tougher on small businesses and allows large businesses much more latitude. Some interviewees, however, did note that AQMD sometimes distinguishes between small and large operations in setting regulations and commended this distinction. There was also resentment, especially in the auto body and wood coating industries that AQMD is not doing a better job ensuring that all businesses within an industry are permitted.

“The little guys get slammed,” said the owner of an independent auto body shop.

AQMD has a double standard and “they can’t touch the big ones so they come after me.” “Why don’t they regulate gas stations?” the owner of a dry cleaning establishment also asked.

“The wrong industry is being regulated,” according to an auto body shop owner who went on to explain that autobody and paint shops account for only three percent of VOC emissions and large manufacturers represent 80 percent. He also discussed a belief that small business wants to protect the environment, but they don’t want to be the ones to always pay the price.
One large business representative agreed that “the rules don’t seem to apply to big companies” partially because of unique circumstances.

“It’s important to differentiate rules by the size of a business, as AQMD is doing now.”

According to an auto body shop owner, “differentiating by the size of firms is fair.”

When describing the recently passed rule impacting boilers and water heaters, a manufacturer indicated that non-compliance is a problem. Sometimes the solutions are so expensive that people just do not comply—and they don’t get caught. The same interviewee also said that the regulations are much more difficult for small, entry level businesses like dry cleaners. He knows this because many of them are now in arrears.

A specialty manufacturer impacted by the wood coatings rule described how one of his neighbors and competitors hangs the product outdoors to spray. “There are so many illegal shops. It’s beyond belief how many (similar businesses) don’t even talk to AQMD.”

According to the owner of a furniture manufacturing company, “It’s a sore point that the District doesn’t do a better job of going after the unpermitted businesses.”

“There are a lot of mobile touch-up businesses that fly under the radar of AQMD,” according to a representative of the auto body industry in Orange County. “Some fly-by-night companies may not even have a business license and think it is easier not to comply [with AQMD] and hope they don’t get caught.”

AQMD needs to provide a level playing field and make sure they enforce for everyone. Mobile auto body sources do not have permits and use cheaper materials. AQMD may pick on the big shops when they monitor and enforce rules.

“The only auto body shops affected are the compliers and for every up-front shop there are five backyard, off-the-books shops.”

The movement from enforcement based on permits to community-based enforcement was seen as an improvement by another auto body representative.

Business priorities. A few small business interviewees emphasized that the average business person’s main focus is running his or her business or doing his or her job, not AQMD regulation. While they acknowledged the need to spend some time dealing with regulatory issues, AQMD is seen as sometimes being unreasonable in its demands.

“AQMD is too much of a time sink for industry and too repetitive—they want to meet us to death,” said a trade industry association representative for an industry with a significant number of small businesses.

One active wood product manufacturer described how the loss of productive time spent dealing with AQMD was a real problem for him in running his business.
“AQMD plans meetings that last an entire day or during times when a small businessperson cannot get away,” according to a dry cleaner who has not been that active in the process. “I can’t just close the door to go to some AQMD meeting. I have no one to cover.”

Another dry cleaner, however, said that even if AQMD had meetings at night it would not make that much a difference because of the nature of the small business and some language problems encountered by Korean owners.

“I have to work for a living. I can’t spend a bunch of time at AQMD.”

The representative of a large, active business discussed a need for balance between conducting normal business and how much time a business spends providing information to AQMD. He described a situation where he had explained his concerns about an upcoming rule to AQMD staff several times and they kept asking for it in writing, which he did not have time to do.

How businesses stay informed about AQMD. Businesses use a variety of methods to stay informed about AQMD actions. Many said that AQMD mailings were their primary source of information. Some businesses rely on their trade associations. It was less common for businesses to indicate that they used consultants or the AQMD website to stay informed.

A spray booth operator indicated, “AQMD does a good job at keeping us informed.”

According to a wood product manufacturer, “if you’re not personally involved, there’s no way to get information.”

Having a personal relationship with AQMD staff was an important way to stay up to date for another wood product manufacturer.

AQMD bulletins and the website are the way to find out what is happening at AQMD, but the website should be more industry specific according to a stakeholder for the spray booth rule.

Two film-processing representatives indicated that they work directly with AQMD and do not go through a trade association. Both go to meetings at AQMD based on notices received through the mail.

Networking with colleagues working for other film processing companies was an important method of keeping up with AQMD activities for another film processing representative.

“I check the website every day or every other day,” said a compliance officer at a facility using spray booths. He also is on the AQMD mailing list and works with trade associations.
AQMD and Technology

Though BBC was hired to specifically examine the socioeconomic impact process, interviewees repeatedly brought up concerns about technical assumptions made during the rule making process. Some interviewees described problems with recordkeeping or inspectors, but opinions about technology issues were expressed so strongly and so frequently that it would be remiss to exclude them. Again, these concerns were not directly related to the socioeconomic impact process or team.

Technical assumptions and viability. Some in the business community believe that some AQMD standards are becoming so strict that they will be unenforceable. The technology-forcing aspect of many AQMD rules puts businesses, particularly small businesses, in a difficult position. Inactive businesses were more likely to express concerns about technical viability.

- “We can’t change overnight,” a trade association expressed. AQMD has tunnel vision when looking at alternative technologies and is moving toward unenforceable rules, but they “must be obeyable”.

- One dry cleaner trade association representative shared that a very small percentage of cleaners had switched to the compliant technology because the technology was new and the first manufacturers (Italian) were bad. Now, a German manufacturer has released a new technology that should improve compliance.

- An autobody shop owner expressed frustration with inadequately tested technologies, such as the “HPLV spraygun, which now is okay.” In the mid-1980s, though, there was no good spraygun manufacturer, and his company had to repaint many cars, which affected their reputation. “Technologies should be in use for some time before adoption for compliance to environmental regulations.”

- “Rule 1151 was slated to go into effect in six months, but there was no compliance technology yet!” another autobody shop owner claimed. “A couple of the big players had adequate technology, but the little players didn’t.”

- One of the biggest concerns of a wood products producer was the uncertainty about whether the control technologies would deliver as promised. The problem with AQMD being on the cutting edge is that businesses just do not have access to really good, certified, tested designs for control technology. “If there was a true solution for $500,000 that would make AQMD go away, we’d do it. But we just can’t rely on what’s out there now.”

- AQMD appears to force technology. Sometimes this works and sometimes it doesn’t. If it doesn’t the deadline can be extended. When this approach is used it can be a burden.

- “It’s a double-edged sword. AQMD forces change, which can put them ahead of the curve but it also forces innovation.”

- “The cost of technology is often very expensive,” one analyst said, “and small businesses have limited resources.”
Gathering technical information. Interviewees want AQMD to consult with a broad range of parties when devising technical assumptions, but there were several accusations, especially from active businesses, about AQMD listening to just one manufacturing source.

- One wood manufacturer claimed that AQMD’s technique is to “identify someone somewhere who says pollution reduction can be done, and then they make the rule around that.” He suggested instead that the board should identify leaders in the industry and work with them to challenge the industry to help draw up a rule that maximizes compliance and pollution reduction.

- When AQMD is writing rules it needs to talk to industry and do research with the industry that manufactures the products. “Look at the paint rule model and get the suppliers involved because they are motivated by their vested interest and have the technical expertise.”

- “When AQMD estimates costs, it relies on manufacturers estimates, but a lot of times these solutions are uncertified and unproven.”

- “Paint manufacturers who were ahead in technology may have used rule 1151 as a marketing ploy to gain an edge,” an autobody shop owner stated.

- Another autobody shop owner said, “[C]ompanies may try to use AQMD to ‘game’ the system.”

- According to a trade industry representative, a certain company had a paint that they “bragged on” and staff accepted this as proof that their proposal was durable. The paint, however, did not sell because it turned out to be too pricey and not durable.

- From a slightly different perspective, a manufacturer discussed how his company does not want AQMD to know about product innovations because they might decide to make a rule about it. “South Coast does not have a good track record of keeping its mouth shut.”

- Working together with a whole bunch of people would foster ideas and be a good way to figure out the best technical solution. “We can work with AQMD in workshops and panels to make it work for both sides,” according to an employee of a large manufacturing firm.

- “AQMD should pull together workgroups of people from all phases of advancement in the industry to review compliance technologies,” an autobody shop owner suggested. The board could better assess feasible technologies in this way, especially because most compliance technologies are merely an added cost and do not enhance productivity.

Evolution of standards. Almost all interviewees believe that AQMD rules have gotten tougher over time and that they will continue to do so. Reactions to this constant evolution of standards often depends on business size and the level of involvement with AQMD. There are concerns about how well AQMD communicates its long-term goals to businesses who may need the information when making capital expenditure decisions.
AQMD regulations are a moving target according to a representative of the wood finishing industry.

One auto body industry interviewee discussed his belief that AQMD will lower the bar for the industry over the next couple of years. His company switched to a water borne system a couple of years ago because they saw what was coming.

“We are always afraid of what’s next. There are so many requirements we can’t keep up. Many dry cleaners upgraded to meet the current standards. If they get stricter, most dry cleaners will just give up.” These were the concerns expressed by several dry cleaning owners.

According to a dry cleaner, the problem is that they buy new equipment to meet the requirements and then two years later, AQMD changes the requirements. “By October 1998 we had to get rid of certain machines and we spent a lot of money to upgrade…. In March, 2000 Rule 1402 changed the emissions standards again and the equipment we spent a lot of money on does not meet the new standards.”

Impact of AQMD Rules

BBC asked interviewees to describe actions taken in response to the imposition of new rules. We probed about capital expenditures or process changes, how they make these decisions and other implications of new rules. Though responses varied based on the rule and the industry, almost all businesses told us that new rules impact their profits. Typically, interviewees did not link decisions about staff hiring or firing to new rules, which helps to explain why businesses often do not consider output from the REMI model to be a satisfactory way of portraying impacts.

Most interviewees indicated that AQMD rules alone do not cause businesses to leave the LA Basin. The decision to close or relocate a business is based on many criteria, though the cumulative impact of AQMD regulations and/or regulations from other entities can be a major factor. Some heavily impacted industries including spray booth operators and wood finishing facilities report stories of re-location related primarily to AQMD rules.

Spray booth operators. AQMD Rule 1132, which impacts spray booth operations, cuts across several industries containing businesses of all sizes. BBC interviewed manufacturers of truck parts and airplanes, a manufacturer of bathtubs and whirlpools and the trade association representative for the Metal and Finishing Association.

One company used to have two big booths for spraying, each with four spray guns and an exhaust stack. Now all the spraying is done in one room with a small spray booth for each gun. They changed the type of guns they used and added a catalyst inside the guns, which reduces odors and VOC emissions. This company said that when a new rule comes out, we “cut costs, raise prices and reduce profits.”

Under 1132, there are three compliance options explained another spray booth operator. “By July of 2003, we have to reduce emissions by 65 percent from two of our three booths, reduce emissions by 75 percent from all three booths or install an entirely new
paint shop by December 2004.” This facility, which does not face profit or price pressure because it is a closed shop, is currently trying to determine the best approach in terms of technology and cost. Though they want to stay in business at their current location, one option being considered is to move to Northern California.

- It is very hard to increase prices for some affected industries according to interviewees. In addition to costs imposed by AQMD, suppliers keep increasing prices. “You end up lowering costs when you can, getting more efficient and making less money.” It is very expensive to “put big, new equipment in small, old shops. We have to reconfigure the whole facility. Sometimes its worth it and sometimes it isn’t.”

- One interviewee was upset that a new business had moved in next door and began complaining to AQMD about the smell his facility generates. As a result of the complaints, they have had to spend more money on control equipment and cut production. When they decreased production, they cut a shift, which hurt workers. “I’m very upset that a new business with 15 employees comes in and complains and a business with 600 employees may now go out of business.”

- Another interviewee indicated that if AQMD had not worked with them to draft exemptions and limits based on the unique requirements of the facility, they would likely have moved operations out of the district.

- “The requirements of 1132 may be possible in some industries, others have to leave the state,” according to one company representative.

Wood coating products. Businesses using wood coating products are also diverse with many small and some larger facilities within the LA Basin. For the furniture industry, products are distinguished based on the finish, which is why the use of many chemicals is necessary. Drying time can be a major factor and varies significantly with different products. Finishes also have to survive the transportation process and be repairable.

- “Within our industry there may be 100 different companies with 50 different problems in complying with AQMD regulations.” Some businesses can easily comply and some cannot. Those that can do it easily gain a competitive advantage according to one stakeholder. “You also have to take into account the size of the facility when thinking about the installation of new equipment. If you have a line, you may not have room for new equipment and you have to have room to let things dry.”

- According to another wood product manufacturer, “South Coast doubles our product cost. Its more hand work to use low VOC paints because it requires more coats, much more sanding and more buffing to achieve the sheen that is required.” He went on to say that the cost of changing his equipment to more easily comply with regulations would cost $500,000-700,000. The amount that new rules cost him is diverted from bonuses, raises and his profit margin. He can only raise prices so much because he is competing with companies from around the country and the world.
According to an interviewee, after the rule went into effect, the number of lawsuits for failed finishes or products increased tenfold.

Another producer said that it takes twice as much labor now as it used to on the finishing line and you still end up with an inferior finish. “Costs are higher for water-based products than for solvent-based.”

Many cabinet and other housing component manufacturers reportedly have ceased finishing products at their facility. They either do the finishing on site or outside of AQMD’s district (Mexico). A few companies reportedly have moved to Colorado or Utah. Some have shifted from using coatings to using laminate.

One business owner stated that if he was located in San Diego he could double the size of his company because he had so many backlogged orders. The requirements imposed by AQMD increase the amount of time needed to produce a quality product, though it is also difficult to recruit workers.

“The question of relocation has always been in the forefront—another region, another state, another country—all of these have been considered.” One of the competitors of the interviewee who gave this quotation has reportedly moved production to Mexico as a direct result of AQMD regulations.

Many of the producers of high quality products have left the area according to a trade association representative.

“After [the] 1993 AQMD crackdown, the larger companies moved to Mexico or the South. This is because of an accumulation of factors including workers’ compensation rates, health insurance rates, the state of the local economy and AQMD.”

Motor vehicle coating or auto painting and body shops. According to interviewees, auto body shops had to adopt new products and new equipment as a result of the updating of Rule 1151 in December, 1998. There are two distinctive factors relative to the auto body industry that have impacted both the rule making process itself and how shops responded. First, product producers, the paint manufacturers, are heavily involved in the regulatory process. Second, most automobile paint jobs are paid for by insurance companies (not individual consumers) which has impacted the ability of auto body shops to pass increased costs through to the end-user.

“The paint technique changed—HVCP guns cost $500 compared to $100 for the old technology. We lost time, productivity and our materials’ costs went up.” Furthermore, “the autobody industry is between the insurance companies and South Coast” and cannot pass costs through to consumers.

“With the low VOC clear coat, a higher percentage of cars have to be color sanded and polished to give the customer what they expect. Much more labor is involved as we’ve gone from a one stage, to a three stage to a four stage coating process.”
Several interviewees complained that when the rule first went into effect, the technology was not suitably tested. For example, “the HPLV spray guns were faulty and had to quickly be replaced, though they are OK now. We had to repaint a lot of cars.” Only one interviewee specifically indicated that they did not have these problems and attributed this to their paint product.

“Any additional costs to autobody shops come right off the bottom line.” For example, hazardous waste removal costs about $1,000 per month or about $10-$12 per vehicle. This particular shop added a $3 per vehicle charge, but some insurance companies will not pay it because it is not a direct cost.

“The rub for shop owners is that insurance companies use the same method for compensating in Southern California as they do elsewhere. This means that increased costs come right out of the bottom line.”

One interviewee said that in response to 1151, the spray guns changed, waste removal costs went up (its more expensive to have water borne waste hauled than solvent based), “our utility bills went up because we have to use natural gas heaters in the curing process and the drying time went up.”

“We had a lot of training problems with the new rule. Our painters had to be retrained to use the new equipment and materials.”

Another auto body shop representative said that even though the cost of spray guns went up, the increase in transfer efficiency helped them to manage paint costs. He went on to discuss some of the problems encountered when the rule first went into effect. Sometimes they tried to comply by using less paint, but this led to recalls for blistering.

“The paint manufacturers really stepped up, though they were hit hard. They provided resources for working with AQMD and attorneys and got some changes,” according to an auto body shop owner.

Paint manufacturers provide technical assistance to the regulated businesses. They “are the ones who deal with the issues” and are “in effect, partners without names on the licenses.”

Boilers. The implications of Rule 1146 regulating emissions from industrial, institutional and commercial boilers and heaters are still developing, as the rule is very new. The bottom line is that users will be forced to either retrofit existing equipment or buy new equipment that is more expensive. Manufacturers can and will pass their increased costs to purchasers. BBC was not able to conduct interviews with end-users as AQMD could not provide guidance on a potential pool of interviewees, though we met with two manufacturers and a distributor.

Commercial heaters will increase by about $200 according to one interviewee. “Restaurants, laundries and convalescent homes will have no choice but to pay more.”
“It will cost the little guys like dry cleaners $6,000-7,000 to retrofit and this hurts them.” Laundries, dye houses, tortilla factories, Sara Lee bakeries, Nelson candies, plastics and Styrofoam businesses will all be hurt.

“We did a retrofit for a small food plant. They had a $30,000 boiler and it cost $16,000 to retrofit.”

The 10-24 standard due on 2006 will impact the mom and pops. “These small operators just can’t handle the costs.”

“There are safety issues. The UL listing only applies to the original package. The retrofit modification opens the manufacturer to liability for accident due to defunct third parties.”

There was some stockpiling of year 2000 heaters, but the stockpiles are slowly being depleted.

“We’re still not sure how to do the installations or how much time it will take. We’re on a learning curve.”

“AQM D will get a lot of heat when retrofitting starts to happen. Prices may not be reasonable as the job has less cost-effectiveness. There may even be opportunities for gouging until competition opens up.”

Dry cleaning. Dry cleaners respond to new AQMD rules by replacing non-conforming equipment. Often this expense cuts into their profits as it can be difficult to increase prices or cut other costs. Owners of dry cleaning businesses tended to agree that AQMD rules give them enough time to wait to buy new, lower emission equipment until their old equipment needs to be replaced.

“My costs go up and what I can charge my customers goes down over time.” AQMD permits are a factor in increased costs as well as the increase in minimum wages.
“I would like to raise prices every time my costs go up, but next door charges one-third of what I do, so I can't. I haven't raised prices in years.”

“I switched to a new, non-perc technology because of the AQMD rule. I had not been planning to change technologies before the rule. I did wait to replace my machine with the new technology until the old machine wore out.” This dry cleaner went on to say that a very small percentage of cleaners have switched to the new technologies because of problems in the early rollout phases and bad reputations. In his opinion, you cannot tell the difference between the quality of the hydrocarbon cleaning method and the traditional method.

Motion pictures. According to interviewees, there are two aspects to the film industry regulated by AQMD: film printing and film cleaning/restoration. Perc is used in both processes. The industry appears to be in a state of flux in terms of complying with existing and about to be adopted AQMD regulations with much effort going into the evaluation of alternative technologies and processes. Competition means that cost increases generally do not get passed to the end-user. Though AQMD rules have a significant impact on businesses, there is little consideration to moving out of the area.

- It cost us $30,000 to install new exhaust filters and carbon absorption units.
- It will cost us $70,000 for a new film cleaning machine when we change chemicals and we'll have to buy several.
- “It’s not economical for small companies to spend $100,000 on compliance mechanisms so not everyone will go the carbon filtering system route.”
- AQMD regulates our cleaning solvents and perc. For many years, we used 1-trichloroethylene but it was determined to be ozone depleting. Because we had a stockpile of trichloroethylene, our lab is just now switching technologies.
- Perc costs $.50-.60 per pound and can be recycled and reused. HFE costs about $17 per pound and is harder to recover so we would end up using a lot more.
- Some film companies already have the necessary technology in place to comply with Rule 1425. “Once it passes, it won’t matter too much. We’re already using all the technology, carbon units, to reduce emissions.”
- We’re looking into other options, but the alternatives to perc for film cleaning are either expensive, ineffective or present other problems. For example, isopropen is cheap and it does a good job cleaning film, but it’s very flammable. “Perc is a problem too because of the public notice requirements when you’re located in an urban area.”
- “We don’t raise our prices to customers because a lot of producers are already going abroad. We have to find a way of cutting costs. You can’t let people go because we need a lot of people—there just isn’t much leeway to cut staff. The bottom line is that it cuts into our profits.”
- The result of AQMD rules is that we make less money. We have a few big customers and there is too much competition for us to pass costs onto our customers.
According to an industry representative, his firm could outsource our film cleaning to an entity outside of the area, but they cannot move the laboratory.

When companies relocate it is not just because of AQMD, though “AQMD needs to be careful not to create nightmares for small businesses.”

Conclusion

The goal of the 36 interviews conducted by BBC with business stakeholders was to obtain feedback on the socioeconomic analysis process and identify potential data sources. Interviewees often expanded the scope beyond socioeconomic matters and discussed a wide variety of concerns regarding AQMD. Many of the statements made by interviewees, both positive and negative, were not specifically related to the socioeconomic impact process, but rather to a general perception about the agency.

Many businesses are unaware of the existence or the complexities of the current socioeconomic impact analyses conducted by AQMD. Twelve of the 36 interviewees, or one-third, had never even heard of an AQMD socioeconomic impact analysis. Only 14 percent of interviewees were able to offer concrete criticisms or suggestions for improvement. Many interviewees could describe a few aspects of the analyses but could not offer any concrete criticisms or suggestions for improvement—this was true of both active and inactive businesses.

Those that were familiar with the socioeconomic impact process criticized inputs into the REMI model, outputs from the REMI model and the way that results are presented. Businesses perceive two uses for the socioeconomic and other information produced by AQMD when adopting a new rule: informing them about the likely impacts and helping the Board make a good decision. Businesses want to see more "real world" stories directly from industry or through field visits by staff and Board members and they are more concerned with operational and financial impacts than the aggregate employment and income measures produced by traditional socioeconomic analyses. The broad scope of concern amongst the regulated community implies that efforts to respond may require enhanced collaboration between the socioeconomic staff and other AQMD departments.

Outside of the context of the socioeconomic analysis process, comments from interviewees indicate that the relationship between LA Basin businesses and AQMD is often strained, despite some recent improvements. Though almost all stakeholders described perceived problems with AQMD, in general, concerns appear to be greater among smaller businesses and among businesses that have had less direct involvement with AQMD during the rulemaking process. Many stakeholders believe that the technological assumptions made by AQMD sometimes are not realistic or viable.

The interview process revealed a fundamental tension. Many businesses interviewed by the study team identified improving communications and mutual understanding as one of the keys to a better relationship between AQMD and local business. However, many of these same businesses expressed concerns about sharing information with AQMD. In the context of this study, this apparent conflict may indicate that obtaining information from local businesses to conduct facility-based assessments, and perhaps to conduct post-rule assessments, may be quite challenging for AQMD. Conversely, the benefits of establishing communication links in the course of such assessments may go beyond simply improving information regarding the socioeconomic impacts of upcoming rules.
## Attachment A.
### Interviewees

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<th>Interviewee</th>
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<td></td>
<td>David Atkins</td>
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Attachment B.
Interview Guide

Notes
- These questions are designed only as a guide, not a survey. One of the primary purposes of the guide is to ensure that the interviewer covers all topics with each interviewee.
- Interviewees are always asked more general questions to begin and then, if necessary, prompted to add more detail.

Introduction
BBC has been hired by the South Coast Air Quality Management District to examine potential ways to improve their socioeconomic impact assessment process.

[If interviewee is unfamiliar with AQMD, the following information will be presented, but not read verbatim.] The South Coast Air Quality Management District, or AQMD, is the air pollution control agency for the four-county region including Los Angeles and Orange counties and parts of Riverside and San Bernardino counties. This area of 12,000 square miles is home to more than 14 million people—about half the population of the State of California. AQMD is required by law to achieve and maintain healthful air quality for its residents. This is accomplished through a comprehensive program of planning, regulation, compliance assistance, enforcement, monitoring, technology advancement, and public education.

As part of AQMD's regulatory and planning duties, it is required to assess the economic and social impacts of new and revised regulations and plans. These assessments typically estimate the cost and emission reduction benefit of regulations to the public and regulated industry. The assessments are part of the information used by the AQMD Governing Board, the public, and industry to evaluate the merits of the regulations and plans.

Business/Industry Information
1. Can you briefly describe your business (number of employees, when established, other locations, market, competition, raw materials used and suppliers, product users)?
2. Would you describe your business/industry as growing, stable or shrinking?
3. What are the principal trade associations representing your industry?
4. What is the principal mechanism by which you stay informed about developments in your industry?
AQM D

1. Do you know that AQMD conducts a socioeconomic impact analysis in an effort to project the effect each new or amended rule will have on the local economy?
   ➤ [If yes] Can you describe what you know about the assessment process and how you know about it?
   ➤ [If yes] Do you have an opinion about the socioeconomic analyses currently being conducted?
   ➤ [If no], what sort of information do you think AQMD should take into account when trying to estimate the impact of an upcoming rule?
   ➤ How do you think impacts on your industry can best be portrayed?
   ➤ What is the best measure or best method to ascertain an impact on your business?

2. Have rules adopted by the South Coast Air Quality Management District impacted your business?
   ➤ Can you specify the rules that impacted your facility positively or negatively?
   ➤ [If more than one] Which of these rules affected you the most?
   ➤ How were you affected by the rule/s?
   ➤ Can you describe the steps you took to ensure compliance with the rule? What decision-making process did you use to select a control option?
   ➤ How could these impacts have been better reflected in the AQMD socioeconomic report?

3. To address your concerns and/or the concerns raised by other businesses, the AQMD would need to collect detailed information such as firm revenues or sales, costs, profits, cost of financing.
   ➤ Can you make any suggestions as to how AQMD could go about collecting such information?
   ➤ Would you be willing to provide information about your business?
   ➤ What would be the best way to collect information from you?
4. We’re also interested in finding out more about how close projected impacts of a rule are to the actual impacts.
   
   > Would you expect projected costs to businesses to be higher or lower than actual costs? Why?
   
   > Would you be willing to provide information about steps your firm took, and the costs you incurred, to comply with a AQMD regulation?
   
   > What would be the best way to collect this information from you?

5. AQMD is interested in understanding the impact of new rules both on firms and on employees.
   
   > Can you describe the demographic and income characteristics of your employees?
   
   > Where do they live?
   
   > Would you be willing to provide this type of information to AQMD in the future when it is preparing a socioeconomic impact assessment?

6. Do you have any other comments or thoughts about the AQMD socioeconomic impact process that you would like to share?