



May 21, 2018

Mr. Wayne Nastri  
Executive Officer  
South Coast Air Quality Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

Dear Mr. Nastri,

We appreciate the South Coast Air Quality Management District's ("SCAQMD" or "District") response to the comment letter that BizFed members submitted on March 15, 2018. These additional comments are in response to the District's April 25, 2018 response letter and made on behalf of BizFed members who own and operate facilities that comprise most of the Regional Clean Air Incentives Market ("RECLAIM") program. The District's response inappropriately relies upon evaluations of environmental impacts based on the 2016 Air Quality Management Plan ("AQMP") and more specifically, CMB-05. While the Final Program Environmental Impact Report ("Final Program EIR") and the Final Socioeconomic Report ("Socioeconomic Report") did both analyze the overall implementation of CMB-05, the analysis failed to assess the sunset of and rules to transition out of RECLAIM ("RECLAIM Transition Project"), the associated rulemakings and its other associated components.

**1. The District's assessment of CMB-05 in the Final Program EIR for the 2016 AQMP does not include an analysis of the RECLAIM Transition Project and, therefore, a detailed environmental assessment should be conducted regarding the entire Project.**

As stated in our initial March 15<sup>th</sup> letter, we believe the District is not fully complying with the California Environmental Quality Act ("CEQA") and needs to prepare an environmental assessment that considers the entire RECLAIM Transition Project across impacted facilities and equipment. In its April 25<sup>th</sup> response letter, the District argues that that the RECLAIM Transition Project was already analyzed in the 2016 AQMP and associated Final Program EIR, due to the inclusion of CMB-05 in the analysis. However, CMB-05 is a general directive (stemming from the 2016 AQMP) and the RECLAIM Transition Project was not even in existence when either CMB-05 or the Final Program EIR was drafted.

While the Final Program EIR for the 2016 AQMP determined the impacts related to the implementation of CMB-05, CMB-05 merely sets forth the general concept of "further NOx reductions from RECLAIM assessment." (2016 AQMP Final Program EIR ("Final Program EIR") (January 2017) p. 2-17.) CMB-05 specifically notes that as a control measure, it "identifies a series of approaches that can be explored to make the RECLAIM program more effective." (Emphasis added. Final Program EIR at p. 4.1-27.) Neither CMB-05 nor its analysis in the Final Program EIR addresses potentially sunseting the RECLAIM program or the impacts related to doing so. In fact, none of the CMBs specifically anticipate sunseting the RECLAIM program. For example, while control measures like CMB-01 proposed to transition stationary sources to zero and near-zero emission technologies, these general concepts lack

- BizFed's Member Alliance
- Action Apartment Association
- AIA - Los Angeles
- Airlines for America
- Alhambra Chamber
- American Beverage Association
- American Hotel & Lodging Association
- Antelope Valley Board of Trade
- Apartment Association, California Southern Cities
- Apartment Association of Greater Los Angeles
- Arcadia Association of Realtors
- Asian American Business Women Association
- Asian Business Association
- Association of Independent Commercial Producers
- Azusa Chamber
- Beverly Hills Chamber
- Beverly Hills / Greater LA Association of Realtors
- BNVACCESS
- Burbank Association of Realtors
- Building Industry Association, LA / Ventura Counties
- Building Owners & Managers Association, Greater LA
- Business & Industry Council for Emergency Planning & Preparedness
- CalAsian Chamber
- California Apartment Association, Los Angeles
- California Asphalt Pavement Association
- California Business Roundtable
- California Cannabis Industry Association
- California Construction Industry and Materials Association
- California Contract Cities Association
- California Employers Association
- California Fashion Association
- California Grocers Association
- California Hotel & Lodging Association
- California Independent Oil Marketers
- California Independent Petroleum Association
- California Life Sciences Association
- California Metals Coalition
- California Restaurant Association
- California Small Business Alliance
- California Sportfishing League
- California Trucking Association
- CALInnovates
- Carson Chamber of Commerce
- Carson Dominguez Employers Alliance
- CDC Small Business Finance
- Central City Association
- Century City Chamber of Commerce
- Cerritos Chamber
- Citrus Valley Association of Realtors
- Construction Industry Air and Water Quality Coalitions
- Consumer Healthcare Products Association
- Council on Trade and Investment for Filipino Americans
- Culver City Chamber
- Downey Association of Realtors
- Downtown Long Beach Alliance
- Downtown Pomona Owners Association
- El Monte/South El Monte Chamber
- Employers Group
- Citrus Valley Association of Realtors
- Construction Industry Air and Water Quality Coalitions
- Consumer Healthcare Products Association
- Council on Trade and Investment for Filipino Americans
- Culver City Chamber
- Downey Association of Realtors
- Downtown Long Beach Alliance
- Downtown Pomona Owners Association
- El Monte/South El Monte Chamber
- Employers Group
- Engineering Contractor's Association
- F.A.S.T. - Fixing Angeles Stuck in Traffic
- FilmLA
- Foreign Trade Association
- FourPorts
- Gateway to LA
- Glendale Association of Realtors
- Glendale Chamber
- Glendora Chamber
- Greater Antelope Valley AOR
- Greater Lakewood Chamber
- Greater Los Angeles African American Chamber
- Greater Los Angeles New Car Dealers Association
- Harbor Association of Industry and Commerce
- Harbor Trucking Association
- Hollywood Chamber
- Hong Kong Trade Development Council
- Hospital Association of Southern California
- Hotel Association of Los Angeles
- Independent Cities Association
- Industry Manufacturers Council
- Inglewood Airport Area Chamber
- International Warehouse Association
- Inglewood Airport Area Chamber
- Investing in Place
- Irwindale Chamber
- Japan Business Association of Southern California
- La Canada Flintridge Chamber
- LA Media Lab
- LAX Coastal Area Chamber
- Leadership for Urban Renewal Network
- League of California Cities
- Local Search Association
- Long Beach Area Chamber
- Los Angeles Area Chamber
- Los Angeles Black MBA Association
- Los Angeles Cleantech Incubator
- Los Angeles County Bicycle Coalition
- Los Angeles County Board of Supervisors
- Los Angeles County Waste Management Association
- Los Angeles Gateway Chamber of Commerce
- Los Angeles Gay & Lesbian Chamber of Commerce
- Los Angeles Latino Chamber
- Los Angeles Parking Association
- Maple Business Council
- Motion Picture Association of America
- MoveLA
- NAIFA - OC
- NAIOP Southern California Chapter
- National Association of Soybean Owners
- National Association of Tobacco Outlets
- National Association of Women Business Owners
- National Association of Women Business Owners, LA
- National Hispanic Medical Association
- National Latina Business Association
- Nederlands-America Foundation
- Orange County Business Council
- Pacific Merchant Shipping Association
- Pacific Palisades Chamber
- Panorama City Chamber
- Pasadena Chamber
- Pasadena-Foothills Association of Realtors
- PHRMA
- Planned Parenthood Southern California Affiliates
- Pomona Chamber
- Rancho Southeast Association of Realtors
- Recording Industry Association of America
- Regional Black - San Fernando Valley Chamber
- Regional San Gabriel Valley Chamber
- Rosemead Chamber
- Rotary Club of Los Angeles
- San Gabriel Chamber
- San Gabriel Valley Civic Alliance
- San Gabriel Valley Economic Partnership
- Santa Clarita Valley Chamber
- Santa Clarita Valley Economic Development Corp.
- San Pedro Peninsula Chamber
- Santa Monica Chamber
- Santa Monica Junior Chamber
- SCALE LA
- Sherman Oaks Chamber of Commerce
- South Bay Association of Chambers
- South Bay Association of Realtors
- Southern California Contractors Association
- Southern California Golf Association
- Southern California Grantmakers
- Southern California Minority Supplier Development Council Inc.
- Southern California Water Committee
- Southeast Regional Association of Realtors
- Torrance Area Chamber
- Town Hall Los Angeles
- Tri-Counties Association of Realtors
- United Chambers San Fernando Valley
- United States-Mexico Chamber
- Unmanned Autonomous Vehicle Systems Association
- Valley Economic Alliance
- Valley Economic Development Corp.
- Valley Industry & Commerce Association
- Vernon Chamber
- Vietnamese American Chamber
- Warner Center Association
- West Hollywood Chamber
- West Los Angeles Chamber
- West San Gabriel Valley Association
- West Valley/Warner Center Chamber
- Western Manufacturers and Wholesalers Association
- Western States Petroleum Association
- Westside Council of Chambers
- Westwood Village Rotary Club
- Wilmington Chamber
- World Trade Center
- Young Professionals in Energy - LA Chapter

many of the specificities set forth in the RECLAIM program, which are needed to conduct a proper CEQA analysis. Furthermore, the District could not have evaluated the RECLAIM Transition Project in the Final Program EIR, as the Project had not been designed when the Final Program EIR was drafted and certified, let alone when CMB-05 or any of the CMBs were created in the years prior.

More specifically, the District states in its response that CMB-05 had an expectation that there would be a 5 tpd NOx emission reduction as soon as feasible “but no later than 2025.” (SCAQMD Response Letter (April 25, 2018) p. 1.) However, the District failed to mention that the AQMP analyses relied upon an implementation date of 2031. The amendment to accelerate the date to 2025 was not introduced until the final hearing for the adoption of the 2016 AQMP, long after the impacts had been analyzed. Therefore, no staff analysis was performed relating to the variety of impacts deriving from this accelerated timeline (i.e. concentrated construction emissions, resource constraints, or additional costs) and the reliance on the 2016 AQMP Final Program EIR remains improper.

Additionally, we believe the District’s evaluation of each individual RECLAIM Transition rule is improper and could be considered piecemealing. We do agree with the District that streamlined environmental review pursuant to a Program EIR is expressly allowed under CEQA. (14 CCR § 15168.) However, as explained above, the RECLAIM Transition Program was in fact not evaluated under the Program EIR. Because of this lack of complete assessment, the District reviewing the Project’s rules in a fragmented manner may be considered piecemealing, which is specifically forbidden by CEQA. (*Bozung v. Local Agency Formation Com.* (1975) 13 Cal.3d 263, 283-284 [the California Supreme Court found it was inappropriate to divide a project into segments to avoid preparing an EIR].) There are concerns with dividing a project into small segments, as it allows lead agencies to minimize apparent environmental impacts of a project by evaluating individual pieces separately. These individual pieces each may seem to have a less-than-significant impact on the environment, but in actuality when evaluated together, they may result in a significant impact.

BizFed remains concerned that this lack of proper CEQA analysis will cause unforeseen impacts. For example, many facilities will be subject to more than one landing rule, with associated implementation deadlines in Rule 1100 that will be amended with each landing rule. These implementation deadlines are bound to overlap, causing unforeseen impacts that were not analyzed in the 2016 AQMP or its associated Program EIR. Additionally, for the NOx reductions on heaters and boilers, selective catalytic reduction (“SCR”) is usually the Best Available Retrofit Control Technology (“BARCT”). SCRs often require the use of ammonia and may increase particulate matter (“PM”) emissions. As such, the potential use of SCRs may result in environmental impacts that have not been previously analyzed and need to be considered under CEQA.

As it currently stands, the District is evaluating the Reclaim Transition rulemakings in small segments, which we believe is improper. At this time, the Project includes 14 proposed rules and amendments, several of which are completely new rules and were never thought of during the AQMP process. This overall group of RECLAIM Transition rulemakings needs to be collectively considered under CEQA and the Project should not be adopted and facilities should not be removed from RECLAIM until the District has completed a CEQA assessment for the entire Project.

**2. The District’s assessment of CMB-05 in the Final Socioeconomic Report for the 2016 AQMP does not include an analysis of the RECLAIM Transition Project and, therefore, socioeconomic impacts for the entire Project should be analyzed.**

BizFed also believes that the District still needs to evaluate the socioeconomic impacts of the RECLAIM Transition Project and that the socioeconomic analysis should not be piecemealed across rule-level assessments. The District’s April 25<sup>th</sup> response letter argues that the Socioeconomic Report for the 2016 AQMP fully analyzed the socioeconomic impacts for the 2016 AQMP and claims this includes the RECLAIM Transition Project. The District states that the Report relies on CMB-05 to analyze the socioeconomic impacts, but as discussed above, CMB-05 was a general directive and did not include the specificities the RECLAIM Transition Project and its rulemakings set forth. The District is required to conduct a socioeconomic assessment of the impacts related to the adoption, amendment, or repeal of a rule or regulation. (Health & Saf. Code § 40440.8(a).) BizFed has not yet seen the District’s draft socioeconomic assessment for any of the proposed rules for the RECLAIM Transition Project and continues to request that the District conduct a socioeconomic assessment that considers the effects of the overall Project.

In summary, we maintain that the District still needs to prepare an environmental assessment and socioeconomic assessment that considers the environmental and socioeconomic effects of the entire RECLAIM Transition Project. Due to the issues that remain, any scheduled or proposed hearing should be delayed until these issues have been adequately addressed. Furthermore, the appropriate environmental and socioeconomic assessments should be completed to support any rule adoptions prior to the District transitioning individual RECLAIM facilities out of the program.

Thank you for considering BizFed's comments on this matter. Our coalition and its members look forward to continuing dialogue and working with the District on the RECLAIM Transition Project.

Sincerely,



Hilary Norton  
BizFed Chair  
Fixing Angelenos  
Stuck in Traffic (F.A.S.T)



David Fleming  
BizFed Founding Chair



Tracy Hernandez  
BizFed Founding CEO  
Impower, Inc.