

# AGENDA

# MEETING, FEBRUARY 5, 2016

A meeting of the South Coast Air Quality Management District Board will be held at 9:00 a.m., in the Auditorium at SCAQMD Headquarters, 21865 Copley Drive, Diamond Bar, California.

Questions About an Agenda Item	• The name and telephone number of the appropriate staff person to call for additional information or to resolve concerns is listed for each agenda item.
	• In preparation for the meeting, you are encouraged to obtain whatever clarifying information may be needed to allow the Board to move expeditiously in its deliberations.
Meeting Procedure	• The public meeting of the SCAQMD Governing Board begins at 9:00a.m. The Governing Board generally will consider items in the order listed on the agenda. However, <u>any item</u> may be considered in <u>any order</u> .
	• After taking action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.
Questions About Progress of the Meeting	• During the meeting, the public may call the Clerk of the Board's Office at (909) 396-2500 for the number of the agenda item the Board is currently discussing.

The agenda and documents in the agenda packet will be made available upon request in appropriate alternative formats to assist persons with a disability. Disability-related accommodations will also be made available to allow participation in the Board meeting. Any accommodations must be requested as soon as practicable. Requests will be accommodated to the extent feasible. Please telephone the Clerk of the Boards Office at (909) 396-2500 from 7:00 a.m. to 5:30p.m. Tuesday through Friday.

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

The Agenda is subject to revisions. For the latest version of agenda items herein or missing agenda items, check the District's web page (www.aqmd.gov) or contact the Clerk of the Board, (909) 396-2500. Copies of revised agendas will also be available at the Board meeting.

# Cleaning the air that we breathe...

## CALL TO ORDER

- Pledge of Allegiance
- Opening Comments: William A. Burke, Ed.D., Chair Other Board Members Barry R. Wallerstein, D. Env., Executive Officer
- Presentation of Retirement Award to Darlene Valenzuela
   Burke
- Swearing In of Newly Appointed Board Members Larry McCallon Burke
   and Dwight Robinson
- Swearing in of Chair and Vice Chair for Terms January 2016 January 2018

## CONSENT CALENDAR (Items 1 through 20)

Note: Consent Calendar items held for discussion will be moved to Item No. 21

1. Approve Minutes of January 8, 2016 Board Meeting

## **Budget/Fiscal Impact**

 Execute Contract to Evaluate Ozone and Secondary Organic Miyasato/3249 Aerosol Formation from Diesel Fuels

Diesel vehicle exhaust and unburned diesel fuel are major sources of intermediate volatility organic compounds (IVOCs) and contribute to the formation of urban ozone and secondary organic aerosol (SOA), which is an important component of PM2.5. The characterization of IVOC emissions is critical in assessing ozone and SOA precursor production rates. Traditionally, laboratory measurements of IVOCs have been prohibitively difficult. Novel experimental measurements and emissions modelling of typical diesel blends under varying temperatures and wind speeds will be used to determine potential ozone and SOA yields in urban areas. This action is to execute a contract with the University of California, Berkeley in an amount not to exceed \$110,000 to perform studies of ozone and PM2.5 formation from diesel blends. (Reviewed: Technology Committee, January 22, 2016; Recommended for Approval)

Staff/Phone (909) 396-

McDaniel/2500

# Execute Contract for Demonstration and Evaluation of Plug-in Electric Vehicle Smart Charging Algorithm at Multiple Electric Grid Scales

The University of California, Irvine (UCI), Advanced Power and Energy Program (APEP) proposes to develop and demonstrate smart charging of plug-in electric vehicles (PEVs) to support grid resource operation without compromising the ability of PEV drivers to meet their transportation needs. The proposed project leverages an existing algorithm developed by APEP and preliminarily evaluated through two CEC projects for coordination of PEV charging. This project will simulate the deployment of the PEV Smart Charging (PEVSC) algorithm at two different grid scales using ten Kia Soul EVs with smart charging capability. This action is to execute a contract with UCI to cofund the demonstration and evaluation of PEVSC at multiple electric grid scales in an amount not to exceed \$250,000 from the Clean Fuels Fund (31). (Reviewed: Technology Committee, January 22, 2016; Recommended for Approval)

#### Renew SCAQMD's Membership in CaFCP for Calendar Year 2016, Provide Office Space for CaFCP, and Receive and File California Fuel Cell Partnership Executive Board Agenda and Updates

The SCAQMD has been a member of the California Fuel Cell Partnership (CaFCP) since March 2000. This action is to renew SCAQMD's membership in the CaFCP in an amount not to exceed \$85,000 for calendar year 2016 and cofund 50 percent of the CaFCP Regional Coordinator position located at SCAQMD in an amount not to exceed \$50,000 from the Clean Fuels Fund (31). Further actions are to continue providing in-kind office space and utilities for CaFCP employees in 2016 in an effort to increase CaFCP's presence in Southern California. Finally, this action is to receive and file the CaFCP Executive Board Meeting Agenda for October 20, 2015, and Quarterly Updates beginning April and July 2015. (Reviewed: Technology Committee, January 22, 2016; Recommended for Approval)

#### 5. Execute Contracts Under Diesel Emissions Reduction Act, Carl Minassian/2641 Moyer Program, and Rule 2202 Program, and Amend Contract

SCAQMD was awarded \$1,045,993 under the 2012 Diesel Emissions Reduction Act (DERA). These funds were originally awarded to Electric Vehicles International for 52 battery electric truck replacements in the UPS fleet. Due to certain product deficiencies identified by UPS, the project could not be implemented. The U.S. EPA has approved cofunding eligible projects with the Carl Moyer Program that also meet the DERA requirements. Furthermore, there is a need to implement projects under Rule 2202 to generate NOx emissions credits. These actions are to execute contracts in an amount not to exceed \$6,623,636 under the aforementioned programs, and to amend a contract with no change in the award amount. (Reviewed: Technology Committee, January 22, 2016; Recommended for Approval)

#### Miyasato/3249

#### Miyasato/3249

In September 2015, CARB approved Proposition 1B-Goods Movement Program funding awards to local agencies for projects that will reduce emissions from freight transportation. The awards include a total of \$137.9 million for the Los Angeles/Inland Empire trade corridor. About \$100.9 million of these funds are set aside for heavy-duty diesel truck projects, zero-emission transportation refrigeration units and supporting infrastructure. The remaining \$37 million are allocated for locomotives, ships at berth and cargo handling equipment projects. This action is to issue Program Announcements for locomotives, ships at berth and cargo handling equipment projects under the Proposition 1B-Goods Movement Program. (Reviewed: Technology Committee, January 22, 2016; Recommended for Approval)

## Issue RFP for Technical Assistance for Advanced, Low- and Zero-Emissions Mobile and Stationary Source Technologies and Implementation of Incentive Programs

This action is to issue an RFP to solicit statements of qualifications from individuals and organizations capable of providing technical expertise in a variety of specialized areas to support SCAQMD's technology advancement activities and implementation efforts. It is anticipated that multiple awards for level-of-effort contracts will be made from these solicitations. (Reviewed: Technology Committee, January 22, 2016; Recommended for Approval)

### Approve Reallocation of Funds Between Existing Programs Previously Approved for Implementation of U.S. EPA's Targeted Air Shed Grant and Modify Contract with Mean Green Products, LLC

On March 4, 2011, the Board approved funding allocations from U.S. EPA's Targeted Air Shed Grant Program for \$2,913,123 million to implement incentive programs to reduce criteria pollutant emissions in the two Clean Communities Plan pilot areas of Boyle Heights and San Bernardino. Board actions are needed to reallocate funds within previously approved programs and to amend an existing contract with Mean Green Products, LLC to purchase electric lawnmowers for the City of Colton and Colton Unified School District. This action is to: 1) authorize the Executive Officer to reallocate \$45,000 from the boiler efficiency upgrades program to the aqueous brake washing program; 2) authorize the Procurement Manager to issue purchase orders to vendors of aqueous brake washers, up to \$900 per system; 3) authorize the Executive Officer to purchase commercial electric lawnmowers through an existing contract with Mean Green Products, LLC at a not-to-exceed amount of \$60,000 for the City of Colton and Colton Unified School District; and 4) authorize the Executive Officer to redistribute funds among Targeted Air Shed programs to address demand for a not-to-exceed total of \$800,000 within Fund 17. (Reviewed: Stationary Source Committee, January 22, 2016; Recommended for Approval)

#### Minassian/2641

# Fine/2239

This item presents the status of the required Parking Cash-Out Program (PCOP) component included in the Rule 2202 Employee Commute Reduction Program Guidelines; as well as the SCAQMD staff recommendation to discontinue the mandatory aspect of this program. PCOP will continue to be a program strategy that employers can voluntarily choose to include in their annual Employee Commute Reduction Program submittals. This action is to approve staff's recommendation to discontinue the Parking Cash-Out Program as a mandatory component of the Rule 2202 Employee Commute Reduction Program Guidelines. (Reviewed: Mobile Source Committee, November 20, 2015 and January 22, 2016, Recommended for Approval)

#### 10. Issue RFP for Deferred Compensation Plan Consultant Services Johnson/3018

SCAQMD sponsors a 457 Deferred Compensation Plan for its employees. State law governs the fiduciary requirements for the operation and investment of 457 plans sponsored by governmental entities. This action is to issue an RFP for consultant services focused on assisting staff in maintaining the Deferred Compensation Committee Charter and Investment Policy Statements, providing analysis of plan assets and investment options, and administrative support. These consultant services will be funded by fees paid by plan participants that are returned through an agreement with the Deferred Compensation Plan record-keeper, MassMutual, and result in no cost to SCAQMD. (Reviewed: Administrative Committee, January 15, 2016; Recommended for Approval)

#### 11. Amend Contracts to Provide Short- and Long-Term Systems Development, Maintenance and Support Services

SCAQMD currently has contracts with several companies for short- and longterm systems development, maintenance and support services. These contracts are periodically amended to add budgeted funds as additional needs are defined. This action is to amend the contracts approved by the Board to add additional funding of \$571,050 for needed development and maintenance work. (Reviewed: Administrative Committee, January 15, 2016; Recommended for Approval)

#### 12. Establish List of Prequalified Vendors to Provide Computer, Network, Printer, Hardware and Software

On November 6, 2015, the Board approved the release of a Request for Qualifications and Quotations (RFQQ) to prequalify vendors for computer, network, printer, hardware and software. As a result of successful responses to this RFQQ, eight vendors were identified as capable of providing these products. This action is to approve these eight vendors to provide these products for a two-year period. Funds for these purchases are included in the FY 2015-16 Budget (\$300,000). (Reviewed: Administrative Committee, January 15, 2016; Recommended for Approval)

Marlia/3148

Marlia/3148

13. Approve Charter for SCAQMD's Environmental Justice Smith/3242 Community Partnership Advisory Council

This action is to approve the SCAQMD Environmental Justice Community Partnership Advisory Council Charter. (Reviewed: Administrative Committee, January 15, 2016; Recommended for Approval)

#### Action Item/No Fiscal Impact

#### 14. Special Meeting of Brain & Lung Tumor and Air Pollution Wiese/3460 Foundation

This action is to replace one director of the Brain & Lung Tumor and Air Pollution Foundation. Ben Benoit has indicated a willingness to replace Dennis R. Yates. (No Committee Review)

#### Items 15 through 20 - Information Only/Receive and File

#### 15. Legislative and Public Affairs Report

This report highlights the December 2015 outreach activities of Legislative and Public Affairs, which include: Environmental Justice Update, Community Events/Public Meetings, Business Assistance, and Outreach to Business and Federal, State, and Local Government. (No Committee Review)

#### 16. Hearing Board Report

This reports the actions taken by the Hearing Board during the period of December 1 through December 31, 2015. (No Committee Review)

# 17. Civil Filings and Civil Penalties Report

This reports the monthly penalties from December 1 through December 31, 2015, and legal actions filed the General Counsel's Office from December 1 through December 31, 2015. An Index of District Rules is attached with the penalty reports. (Reviewed: Stationary Source Committee, January 22, 2016)

#### Lead Agency Projects and Environmental Documents Received Whynot/3104 by SCAQMD

This report provides, for the Board's consideration, a listing of CEQA documents received by the SCAQMD between December 1, 2015 and December 31, 2015, and those projects for which the SCAQMD is acting as lead agency pursuant to CEQA. (Reviewed: Mobile Source Committee, January 22, 2016)

Smith/3242

#### Wiese/3460

Camarena/2500

19.	Rule and Control Measure Forecast	Fine/2239	
	This report highlights SCAQMD rulemaking activities and p potentially scheduled for the year 2016. (No Committee Review		
20.	Status Report on Major Projects for Information Man Scheduled to Start During Last Six Months of FY 20	Marlia/3148	
	Information Management is responsible for data systems mana in support of all SCAQMD operations. This action is to prov status report on major automation contracts and projects to Information Management during the last six months of FY Committee Review)		
21.	Items Deferred from Consent Calendar		
BOARD	CALENDAR		
22.	Administrative Committee (Receive & File)	Chair: Burke	Wallerstein/3131
23.	Legislative Committee (Receive & File)	Chair: Mitchell	Smith/3242
24.	Mobile Source Committee (Receive & File)	Chair: Parker	Fine/2239
25.	Stationary Source Committee (Receive & File)	Chair: B. Benoit	Nazemi/2662
26.	Special Stationary Source Committee (Receive & File)	Chair: Yates	Nazemi/2662
27.	Technology Committee (Receive & File)	Chair: J. Benoit	Miyasato/3249
28.	California Air Resources Board Monthly Board Report (Receive & File)	ard Rep: Mitchell	McDaniel/2500
29.	Status Report on Regulation XIII – New Source Revi	Nazemi/2662	
	This report presents the federal preliminary determination of equivalency for January 2014 through December 2014. As such, it provides information regarding the status of Regulation XIII – New Source Review in meeting federal NSR requirements and shows that SCAQMD's NSR program is in preliminary compliance with applicable federal requirements from January 2014 through December 2014. (Reviewed: Stationary Source Committee, January 22, 2016)		

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#### **PUBLIC HEARINGS**

# 30. Amend Rule 1113 – Architectural Coatings (Continued from January 8, 2016 meeting)

Amendments are being proposed to restrict the small container exemption for some categories, lower some VOC limits, change some coating categories, revise definitions, and clarify rule language. This action is to adopt the resolution: 1) Certifying the Final Environmental Assessment for Proposed Amended Rule 1113 – Architectural Coatings; and 2) Amending Rule - 1113 – Architectural Coatings. (Reviewed: Stationary Source Committee, October 16, 2015 and January 5, 2016)

31. Affirm Amendment to Regulation XX to Allow Use of Certified Fine/2239 Emission Levels for Certain Rule 219 Exempt Equipment and Amend Definition of "Standard Gas Conditions" to Conform to Existing Practice

SCAQMD staff is proposing the affirmation of the December 4, 2015 adoption of a specific amendment to the Proposed Amended Regulation XX - Regional Clean Air Incentives Market (RECLAIM). Rule 2012 provisions allowing the use of certified emissions values for Rule 219 equipment emission reporting were presented and adopted as part of the December 4, 2015 Board package, even though the staff report had stated in error that this amendment would not be included. Also, Rule 2011 and 2012 protocol provisions clarifying the calculation of missing data consistent with current practice and other minor clarifications were presented and adopted. While these amendments were legally adopted, staff believes the public should be given a clear opportunity to comment on these amendments. Therefore, staff proposes that the Board affirm these amendments (If not affirmed, the Board may choose to repeal these amendments). In addition, SCAQMD staff is proposing to amend Rules 2011 and 2012 only to clarify a definition for "Standard Gas Conditions." This amended definition was inadvertently not included in the December 4, 2015 Board package although it was included in the October, 2015 Set Hearing package. This action is to adopt the resolution: 1) Affirming amendments to Regulation XX, Rule 2012, to allow use of certified emission levels for certain Rule 219 – exempt equipment, and affirming amendments to Regulation XX, Rules 2011 and 2012, to require the use of substitute data for emissions reporting of Rule 219 - exempt equipment for missing data, and affirming amendments to Regulation XX, Rules 2011 and 2012, for other minor clarifications, and 2) Amending Definition of "Standard Gas Conditions" in Rule 2011, Attachment E, and Rule 2012, Attachment F, to conform to existing practice; and 3) Determining that the above two proposals are exempt from the California Environmental Quality Act. (Reviewed: Stationary Source Committee, January 22, 2016)

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Fine/2239

32. Approve Proposed Guidelines for Disbursement and Tracking of Fine/2239 Funds Received Pursuant to Rule 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption

> (Per Stationary Source Committee direction to return to its February 19, 2016 meeting, the public hearing on this item will be continued to the March 4, 2016 Board Meeting)

#### **OTHER BUSINESS**

 33. Approve Amendments to Labor Contracts with Teamsters Local Johnson/3018
 911 and South Coast Professional Employees Association and Approve Same Amendment for Non-Represented Employees

SCAQMD management and representatives of Teamsters Local 911 and the South Coast Professional Employees Association representing the Professional employees bargaining unit have reached agreement on changes to their respective MOUs, which contain reopener clauses for health insurance premium increases effective January 1, 2016. Consistent with Board authorization, management has reached tentative agreements with the bargaining units which provide for an additional \$100 per month for each employee, paid directly to the health insurance providers. This action is to present the agreements to the Board for approval. This action is also to approve, for non-represented employees, a \$100 per month increase, consistent with Board authorization, towards health insurance premiums. Sufficient funds are available in the FY 2015-16 Budget. (No Committee Review)

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

#### BOARD MEMBER TRAVEL – (No Written Material)

Board member travel reports have been filed with the Clerk of the Boards, and copies are available upon request.

#### CONFLICT OF INTEREST DISCLOSURES - (No Written Material)

Under the approval authority of the Executive Officer, the District will enter into contract modifications with Southern California Gas Company (Contract No. MS12011B) and Transportation Power (Contract No. 156271). The contractors are potential sources of income for Governing Board Member Joseph Lyou, which qualify for the remote interest exception of Section 1090 of the California Government Code. Dr. Lyou abstained from any participation in the making of the contract modifications.

#### CLOSED SESSION - (No Written Material)

Wiese/3460

#### CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

It is necessary for the Board to recess to closed session pursuant to Government Code section 54956.9(a) and 54956.9(d)(1) to confer with its counsel regarding pending litigation which has been initiated formally and to which the SCAQMD is a party. The actions are:

- <u>Communities for a Better Environment v. SCAQMD</u>, Los Angeles Superior Court Case No. BS153472 (Phillips 66);
- <u>People of the State of California, ex rel SCAQMD v. Exide Technologies, Inc.</u>, Los Angeles Superior Court Case No. BC533528;
- <u>In the Matter of SCAQMD v. Exide Technologies, Inc.</u>, SCAQMD Hearing Board Case No. 3151-29 (Order for Abatement);
- <u>Exide Technologies, Inc.</u>, Petition for Variance, SCAQMD Hearing Board Case No. 3151-31;
- In re: Exide Technologies, Inc., U.S. Bankruptcy Court for the District of Delaware Case No. 13-11482 (KJC) (Bankruptcy case);
- <u>People of the State of California, ex rel SCAQMD v. Southern California Gas</u> <u>Company</u>, Los Angeles Superior Court Case No. BC608322;
- In the Matter of SCAQMD v. Southern California Gas Company, Aliso Canyon Storage Facility, SCAQMD Hearing Board Case No. 137-76 (Order for Abatement);
- <u>Fast Lane Transportation, Inc. et al. v. City of Los Angeles, et al.</u>, Contra Costa County Superior Court Case No. MSN14-0300 (formerly South Coast Air Quality Management District v. City of Los Angeles, et al., Los Angeles Superior Court Case No. BS 143381) (SCIG);
- <u>Friends of the Eel River v. North Coast Railway Authority</u>, California Supreme Court Case No. S222472 (amicus brief);
- <u>Physicians for Social Responsibility, et al. v. U.S. EPA</u>, U.S. Court of Appeals, Ninth Circuit, Case No. 14-73362 (1-Hour ozone);
- <u>SCAQMD v. City of Moreno Valley, et al.</u>, Riverside County Superior Court, Case No. RIC 1511213 (World Logistics Center);
- <u>SCAQMD v. U.S. EPA</u>, U.S. Court of Appeals, Ninth Circuit, Case No. 13-73936 (Morongo Redesignation);
- <u>SCAQMD v. U.S. EPA</u>, U.S. Court of Appeals, Ninth Circuit, Case No. 15-71600 (Pechanga Redesignation);
- <u>SCAQMD v. U.S. EPA</u>, D.C. Circuit Court Case No. 15-1115 (RFP for Coachella);
- <u>Sierra Club v. County of Fresno</u>, California Supreme Court Case No. S219783 (amicus brief);
- <u>Sierra Club, et al. v. U.S. EPA</u>, U.S. District Court for Northern District of California Case No. 3:14-CV-04596 (PM2.5 designation to serious); and
- <u>WildEarth Guardians v. U.S. EPA</u>, D.C. Circuit Court Case No. 14-1145 (PM2.5 moderate designation).

#### CONFERENCE WITH LEGAL COUNSEL – INITIATING LITIGATION

It is also necessary for the Board to recess to closed session pursuant to Government Code section 54956.9(a) and 54956.9(d)(4) to consider initiation of litigation (two cases).

#### CONFERENCE WITH LABOR NEGOTIATORS

In addition, it is also necessary for the Board to recess to closed session pursuant to Government Code section 54957.6 to confer regarding upcoming labor negotiations with:

 designated representatives regarding represented employee salaries and benefits or other mandatory subjects within the scope of representation [Negotiator: William Johnson; Represented Employees: Teamsters Local 911 & SCAQMD Professional Employees Association];

and to confer with:

• labor negotiators regarding unrepresented employees [Agency Designated Representative: William Johnson; Unrepresented Employees: Designated Deputies and Management and Confidential employees].

#### **ADJOURNMENT**

#### \*\*\*PUBLIC COMMENTS\*\*\*

Members of the public are afforded an opportunity to speak on any listed item before or during consideration of that item. Please notify the Clerk of the Board, (909) 396-2500, if you wish to do so. All agendas are posted at SCAQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the meeting. At the end of the agenda, an opportunity is also provided for the public to speak on any subject within the SCAQMD's authority. Speakers may be limited to three (3) minutes each.

Note that on items listed on the Consent Calendar and the balance of the agenda any motion, including action, can be taken (consideration is not limited to listed recommended actions). Additional matters can be added and action taken by two-thirds vote, or in the case of an emergency, by a majority vote. Matters raised under Public Comments may not be acted upon at that meeting other than as provided above.

Written comments will be accepted by the Board and made part of the record, provided 25 copies are presented to the Clerk of the Board. Electronic submittals to <u>cob@aqmd.gov</u> of 10 pages or less including attachment, in MS WORD, plain or HTML format will also be accepted by the Board and made part of the record if received no later than 5:00 p.m., on the Tuesday prior to the Board meeting.

#### ACRONYMS

AQIP = Air Quality Investment Program AQMP = Air Quality Management Plan AVR = Average Vehicle Ridership BACT = Best Available Control Technology Cal/EPA = California Environmental Protection Agency CARB = California Air Resources Board CEMS = Continuous Emissions Monitoring Systems CEC = California Energy Commission CEQA = California Environmental Quality Act CE-CERT =College of Engineering-Center for Environmental Research and Technology CNG = Compressed Natural Gas CO = Carbon Monoxide CTG = Control Techniques Guideline DOE = Department of Energy EV = Electric Vehicle FY = Fiscal Year GHG = Greenhouse Gas HRA = Health Risk Assessment LEV = Low Emission Vehicle LNG = Liquefied Natural Gas MATES = Multiple Air Toxics Exposure Study MOU = Memorandum of Understanding MSERCs = Mobile Source Emission Reduction Credits MSRC = Mobile Source (Air Pollution Reduction) Review Committee NATTS =National Air Toxics Trends Station NESHAPS = National Emission Standards for Hazardous Air Pollutants

NGV = Natural Gas Vehicle				
NOx = Oxides of Nitrogen				
NSPS = New Source Performance Standards				
NSR = New Source Review				
OEHHA = Office of Environmental Health Hazard				
Assessment				
PAMS = Photochemical Assessment Monitoring				
Stations				
PAR = Proposed Amended Rule				
PEV = Plug-In Electric Vehicle				
PHEV = Plug-In Hybrid Electric Vehicle				
PM10 = Particulate Matter ≤ 10 microns				
PM2.5 = Particulate Matter < 2.5 microns				
PR = Proposed Rule				
RFP = Request for Proposals				
RFQ = Request for Quotations				
SCAG = Southern California Association of Governments				
SIP = State Implementation Plan				
SOx = Oxides of Sulfur				
SOON = Surplus Off-Road Opt-In for NOx				
SULEV = Super Ultra Low Emission Vehicle				
TCM = Transportation Control Measure				
ULEV = Ultra Low Emission Vehicle				
U.S. EPA = United States Environmental Protection				
Agency				
VOC = Volatile Organic Compound				
VMT = Vehicle Miles Traveled				
ZEV = Zero Emission Vehicle				

1 Back to Agenda

# BOARD MEETING DATE: February 5, 2016

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the January 8, 2016 meeting.

RECOMMENDED ACTION: Approve Minutes of the January 8, 2016 Board Meeting.

> Saundra McDaniel, Clerk of the Boards

SM:dg

#### FRIDAY, JANUARY 8, 2016

Notice having been duly given, the regular meeting of the South Coast Air Quality Management District Board was held at District Headquarters, 21865 Copley Drive, Diamond Bar, California. Members present:

William A. Burke, Ed.D., Chairman Speaker of the Assembly Appointee

Mayor Dennis R. Yates, Vice Chairman Cities of San Bernardino County

Mayor Michael D. Antonovich County of Los Angeles

Mayor Ben Benoit Cities of Riverside County

Supervisor John J. Benoit County of Riverside

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

Dr. Joseph K. Lyou Governor's Appointee

Councilmember Judith Mitchell Cities of Los Angeles County – Western Region

Supervisor Shawn Nelson (arrived at 9:35 a.m.) County of Orange

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

Mayor Miguel A. Pulido Cities of Orange County

Supervisor Janice Rutherford County of San Bernardino

Member Absent:

Councilmember Joe Buscaino City of Los Angeles **CALL TO ORDER**: Chairman Burke called the meeting to order at 9:05 a.m.

- Pledge of Allegiance: Led by Mayor Pulido.
- Opening Comments

<u>Supervisor Benoit</u>. Announced that he toured the renewable natural gas facility at CC&R Corporation in Perris which is described as an anaerobic, digestion and bio-methane production facility; explained that the end result of their production is a combination of fertilizers and gas that can be used as a fuel source for vehicles and for heating homes; and noted that this type of facility will be important for the future as further regulation occurs regarding the handling of restaurant and biological waste.

<u>Dr. Wallerstein</u>. Noted that an errata sheet containing changes to the Minutes for the December 4 Board Meeting and correcting the attendance of the December 11 Special Board Meeting Minutes was provided to the Board Members and copies were made available to the public. He introduced the newly hired Health Effects Officer, Dr. Jo Kay Ghosh and noted her educational and professional background.

• Presentation of Retirement Award to George Kasper

Mayor Yates presented a retirement award to George Kasper, Air Quality Analysis and Compliance Supervisor, in recognition of over 30 years of dedicated District service.

• Presentation to Outgoing Board Members Miguel Pulido and Dennis Yates

Chairman Burke presented an award to Miguel Pulido for his service on the Board from January 2005 to January 2016 as the representative for the Cities of Orange County.

Mayor Pulido reflected upon his experiences while serving on the Board and the strides that have been made in cleaning the air.

Chairman Burke presented an award to Dennis Yates for his service on the Board from February 2004 to January 2016 as the representative for the Cities of San Bernardino. He also noted that conference room CC3-5 at the District has been renamed in honor of Mayor Yates.

Mayor Yates reflected upon his experiences while serving on the Board and the education he has received as a result of being surrounded by his fellow Board Members.

### **CONSENT CALENDAR**

1. Approve Minutes of December 4, 2015 Board Meeting and Minutes of December 11, 2015 Special Board Meeting

An errata sheet containing amendments on pages 13 and 14 of the December 4, 2015 Minutes and on page 1 of the December 11, 2015 Special Meeting Minutes was provided to the Board Members and copies made available to the public.

2. Set Public Hearings February 5, 2016 to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations

Affirm Amendment to Regulation XX to Allow Use of Certified Emission Levels for Certain Rule 219 Exempt Equipment and Amend Definition of "Standard Gas Conditions" to Conform to Existing Practice

## Budget/Fiscal Impact

- 3. Authorize Executive Officer to Approve Administrative Changes to Existing BP/SCAQMD Public Benefits Program Oversight Grant Agreements
- 4. Execute Contract for Janitorial Services at Diamond Bar Headquarters
- 5. Execute Contract for HVAC and Refrigeration Maintenance, Services and Repairs
- 6. Approve SCAQMD Cross-Media Electronic Reporting Regulation Application Package Submission to U.S. EPA
- 7. Approve Contract Awards and Modification Approved by MSRC

#### Items 8 through 13 - Information Only/Receive and File

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

- 12. Rule and Control Measure Forecast
- 13. Report on Major Projects for Information Management Scheduled to Start During Last Six Months of FY 2015-16

(Supervisor Nelson arrived at 9:35 a.m.)

Supervisor Antonovich announced his abstention on Item No. 4 because of campaign contributions from Servicon Systems.

Supervisors Antonovich and Nelson announced that they serve as Directors for the Southern California Regional Rail Authority which is involved with Item No. 7.

Supervisor Rutherford and Mayor Yates announced that they serve as Board Members for the San Bernardino Associated Governments which is involved with Item No. 7.

Agenda Items 1, 2, 4, 11 and 12 were withheld for comment and discussion.

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Supervisor Antonovich detailed the background of a natural gas leak at the Aliso Canyon natural gas storage facility; noted that on January 6, 2016 the Governor issued a proclamation that declared the situation an emergency and directed various state agencies to take further action to protect public health and safety to ensure accountability and oversight of gas storage facilities. He added that the Governor's proclamation directs CARB, in consultation with other state agencies, to develop a program to fully mitigate the GHG effects of the leak's emissions, with said program to be funded by SoCal Gas and to be limited to projects within California. The Supervisor expressed his intent to make a motion to approve a resolution that would emphasize the importance of these funds being directed at residents in the Porter Ranch area that have been directly affected by the leak, or alternatively to those within the South Coast region as a whole.

> MAYOR PULIDO MOVED THAT THE BOARD FIND THERE IS A NEED TO TAKE IMMEDIATE ACTION REGARDING THE PROPOSED AGENDA ITEM TO ADOPT A RESOLUTION REQUESTING THAT FUNDS FROM THE MITIGATION FUNDS RELATED TO THE PORTER RANCH METHANE LEAK BE DIRECTED TO BENEFIT LOCAL AREA RESIDENTS TO THE MAXIMUM EXTENT

FEASIBLE, OR IF NOT FEASIBLE, THEN THE FUNDS BE SPENT ON PROJECTS WILL BENEFIT THAT SOUTHERN CALIFORNIA RESIDENTS AND THAT THE NEED FOR THE ACTION CAME TO THE DISTRICT ATTENTION OF THE SUBSEQUENT TO THE POSTING OF THE AGENDA. THE MOTION WAS SECONDED COUNCILMAN BY CACCIOTTI AND PASSED UNANIMOUS VOTE BY Α (ABSENT: BUSCAINO).

The following individual addressed the Board on this item.

Dr. Tom Williams, Citizens Coalition for a Safe Community, noted that even though the District's permitting of a compressor plant at the Aliso Canyon facility required an emergency response plan, no such plan has surfaced in the months since the leak began; and questioned why samples that have been taken from the leaking well have not been analyzed to determine the exact composition of the escaping gas.

Dr. Wallerstein explained that further details regarding the sampling that has been done and what responsibilities fall within the SCAQMD's jurisdiction versus the responsibilities of other agencies could be provided to Dr. Williams by staff. He added that the resolution will be communicated both to CARB and to the Governor's office and will hopefully play an important role in how the funds are utilized.

In response to Chairman Burke's inquiry regarding the District's authority to take action in light of the Governor's order, Kurt Wiese, General Counsel, explained that the SCAQMD still has sufficient authority in place.

> MOVED BY ANTONOVICH, SECONDED BY PULIDO. BOARD THE ADOPTED RESOLUTION NO. 16-1 URGING GOVERNOR EDMUND G. BROWN. JR. REQUEST THAT FUNDS OBTAINED FROM SOUTHERN **CALIFORNIA** THE GAS COMPANY FOR A GREENHOUSE-GAS PROGRAM MITIGATE TO METHANE EMISSIONS BE SPENT ON MEASURES TO BENEFIT THE PORTER RANCH COMMUNITY ADVERSELY IMPACTED BY THOSE EMISSIONS, AND THE SOUTHERN CALIFORNIA REGION TO THE EXTENT THAT IT IS INFEASIBLE TO CONDUCT PROJECTS IN PORTER RANCH, BY THE FOLLOWING VOTE:

- AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Lyou, Mitchell, Nelson, Parker, Pulido, Rutherford and Yates.
- NOES: None.

ABSENT: Buscaino.

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#### 14. <u>Items Deferred from Consent Calendar</u>

2. Set Public Hearings February 5, 2016 to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations

Affirm Amendment to Regulation XX to Allow Use of Certified Emission Levels for Certain Rule 219 Exempt Equipment and Amend Definition of "Standard Gas Conditions" to Conform to Existing Practice

Dr. Tom Williams, Citizens Coalition for a Safe Community, expressed a concern with the current rules for gas storage facilities within the District; and stressed the importance of holding them accountable for all emissions.

Harvey Eder explained that solar energy should have a right to compete as BARCT and that should be reflected in the record; and encouraged the use of the latest technology to be implemented as soon as possible.

Dr. Wallerstein noted that the situation at Aliso Canyon does not fit into the NOx RECLAIM framework.

11. Lead Agency Projects and Environmental Documents Received by SCAQMD

Dr. Tom Williams, Citizens Coalition for a Safe Community, requested all of the comment letters, or directions to a posting of such letters, for all CEQA documents during November and December 2015, and expressed an interest in all comment letters for the gas compressing facilities that have been permitted by SCAQMD.

Dr. Wallerstein explained that the board letter summarizes all of the comment letters and that the detailed information is also available on the District's web page.

12. Rule and Control Measure Forecast

Dr. Tom Williams urged for the development of rules related to gas storage facilities.

Dr. Wallerstein commented, that as shown in the rule forecast report, the rules related to oil and gas wells are scheduled to come back to the Board in July.

MOVED BY PULIDO, SECONDED BY CACCIOTTI, AGENDA ITEMS 2, 3 AND 5 THROUGH 13, APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

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

NOES: None.

ABSENT: Buscaino.

1. Approve Minutes of December 4, 2015 Board Meeting and Minutes of December 11, 2015 Special Board Meeting

Dr. Lyou expressed concerns with some inaccuracies in the minutes of the December 4 meeting including the omission of some of the opinions expressed by speakers during the RECLAIM rule amendment item and the chronology of the votes; and encouraged anyone looking for a full depiction of the proceedings to view the video recording.

In response to Chairman Burke's inquiry, Mr. Wiese confirmed that he believed the Minutes to be accurate.

> MOVED BY PULIDO, SECONDED BY B. BENOIT, AGENDA ITEM 1, APPROVED AS RECOMMENDED, WITH THE MODIFICATIONS AS STATED ON THE ERRATA SHEET AND NOTED BELOW, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Mitchell, Nelson, Parker, Pulido, Rutherford and Yates.
NOES: Lyou.
ABSENT: Buscaino.

# The following corrections should be made to typographical errors on pages 13 and 14 of the Minutes of the December 4, 2015 Board Meeting:

Page 13, last sentence of the third paragraph,

"<u>Mw.</u> <u>Ms.</u> Mitchell expressed support for the proposed provisions related to shut down credits."

Page 14, the "no" votes for the first substitute motion,

"NOES: Antonovich, Buscaino, Lyou, Mitchell, and Nelson and Rutherford."

Page 14, the "no" votes for the second substitute motion,

"NOES: Antonovich, B. Benoit, J. Benoit, Burke, Buscaino, Mitchell, Nelson, Parker, and Pulido and Rutherford."

The following corrections should be made to typographical errors on the first page of the Minutes of the December 11, 2015 Special Board Meeting:

Board Member Dr. Joseph K. Lyou should be listed under members absent; and Board Member Miguel A. Pulido should be listed under members who participated by telephone.

4. Execute Contract for Janitorial Services at Diamond Bar Headquarters

Dr. Lyou suggested that future RFPs for this service give priority to those companies who pay their employees fair wages and benefits.

MOVED BY PULIDO, SECONDED BY YATES, AGENDA ITEM 4, APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES:	B. Benoit, J. Benoit, Burke, Cacciotti, Lyou, Mitchell, Nelson, Parker, Pulido, Rutherford and Yates.
NOES:	None.
ABSTAIN:	Antonovich

Buscaino.

#### **BOARD CALENDAR**

- 15. Administrative Committee
- 16. Stationary Source Committee
- 17. Mobile Source Air Pollution Reduction Review Committee
- 18. California Air Resources Board Monthly Report

MOVED BY PULIDO, SECONDED BY B. BENOIT, AGENDA ITEMS 15 THROUGH 18, APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

- AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Lyou, Mitchell, Nelson, Parker, Pulido, Rutherford and Yates.
- NOES: None.

ABSENT: Buscaino.

#### PUBLIC HEARING

19. Amend Rule 1113 – Architectural Coatings

MOVED BY J. BENOIT, SECONDED BY PULIDO, AND UNANIMOUSLY CARRIED (Absent: BUSCAINO) THE PUBLIC HEARING TO AMEND RULE 1113 WAS CONTINUED TO THE FEBRUARY 5, 2016 BOARD MEETING.

ABSENT:

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

Dr. Tom Williams, Citizens Coalition for A Safe Community, raised concerns with the testing of samples from the Porter Ranch area; and commented about the apparent lack of an emergency response plan by SoCal Gas.

Harvey Eder, Public Solar Power Coalition, spoke about climate change and the need to act to combat it.

# **CLOSED SESSION**

The Board recessed to closed session at 10:25 a.m., pursuant to Government Code sections:

 54956.9(a) and 54956.9(d)(1) to confer with its counsel regarding pending litigation which has been initiated formally and to which the District is a party, as follows:

<u>People of the State of California, ex rel SCAQMD v. Exide Technologies, Inc.,</u> Los Angeles Superior Court Case No. BC533528;

In the Matter of SCAQMD v. Exide Technologies, Inc., SCAQMD Hearing Board Case No. 3151-29 (Order for Abatement);

Exide Technologies, Inc., Petition for Variance, SCAQMD Hearing Board Case No. 3151-31;

<u>In re: Exide Technologies, Inc.</u>, U.S. Bankruptcy Court for the District of Delaware Case No. 13-11482 (KJC) (Bankruptcy case);

- 54956.9(a) and 54956.9(d)(4) to consider initiation of litigation (two cases).
- 54957.6 to confer regarding upcoming labor negotiations with:

designated representatives regarding represented employee salaries and benefits or other mandatory subjects within the scope of representation [Negotiator: William Johnson; Represented Employees: Teamsters Local 911 & SCAQMD Professional Employees Association]; and to confer with:

labor negotiators regarding unrepresented employees [Agency Designated Representative: William Johnson; Unrepresented Employees: Designated Deputies and Management and Confidential employees].

Following closed session, General Counsel Kurt Wiese announced that a report of any reportable actions taken in closed session will be filed with the Clerk of the Board and made available upon request.

#### ADJOURNMENT

There being no further business, the meeting was adjourned by Kurt Wiese at 10:55 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on January 8, 2016.

Respectfully Submitted,

Denise Garzaro Senior Deputy Clerk

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

Dr. William A. Burke, Chairman

#### ACRONYMS

BARCT= Best Available Retrofit Control Technology

CARB = California Air Resources Board

CEQA = California Environmental Quality Act

EV = Electric Vehicle

FY = Fiscal Year

GHG = Greenhouse Gas

MSRC = Mobile Source (Air Pollution Reduction) Review Committee

NOx = Oxides of Nitrogen

RFP = Request for Proposals

U.S. EPA = United States Environmental Protection Agency

Back to Agenda

# BOARD MEETING DATE: February 5, 2016 AGENDA NO. 2

- PROPOSAL: Execute Contract to Evaluate Ozone and Secondary Aerosol Formation from Diesel Fuels
- SYNOPSIS: Diesel vehicle exhaust and unburned diesel fuel are major sources of intermediate volatility organic compounds (IVOCs) and contribute to the formation of urban ozone and secondary organic aerosol (SOA), which is an important component of PM2.5. The characterization of IVOC emissions is critical in assessing ozone and SOA precursor production rates. Traditionally, laboratory measurements of IVOCs have been prohibitively difficult. Novel experimental measurements and emissions modelling of typical diesel blends under varying temperatures and wind speeds will be used to determine potential ozone and SOA yields in urban areas. This action is to execute a contract with the University of California, Berkeley in an amount not to exceed \$110,000 to perform studies of ozone and PM2.5 formation from diesel blends.
- COMMITTEE: Technology, January 22, 2016; Recommended for Approval

# RECOMMENDED ACTION:

Authorize the Executive Officer to execute a contract with the University of California, Berkeley to study the evaporation rate and resulting ozone and PM2.5 production from diesel evaporation in an amount not to exceed \$110,000 from the Clean Fuels Fund (31).

Barry R. Wallerstein, D.Env. Executive Officer

MMM:NB

# Background

The South Coast Air Basin (SoCAB) faces a significant challenge in meeting federal standards for Ozone and PM2.5 by future Clean Air Act deadlines. Ozone is formed in the atmosphere in the presence of sunlight from reactions of NOx and organic

compounds. These organic compounds can also form PM2.5. Organic compounds may condense directly into particles as primary organic aerosol (POA) or may react with oxidants in the atmosphere, leading to the formation of secondary organic aerosol (SOA). In the SoCAB, approximately 25-40% of the total PM2.5 mass is organic.

Intermediate volatility organic compounds (IVOCs) are less volatile than compounds classified as VOCs, yet under certain conditions, liquid IVOCs such as in diesel fuel may completely evaporate to the atmosphere. Once in the gas-phase, these compounds are extremely effective SOA precursors and can form ozone in the presence of NOx. Evaporation of IVOCs is not accounted for in current emission inventories as IVOC measurements were not conventionally available until recently. Since IVOCs evaporate more slowly than traditional VOCs, IVOC evaporation rates are a significant factor when determining IVOC emissions.

# Proposal

The proposed contract will fund measurements and a complementary modelling evaluation of diesel evaporation. This study will provide estimates of PM2.5 and ozone production from this important class of IVOCs and can potentially serve as the first step towards building an IVOC emission inventory to help determine the emissions reductions that are needed for attainment of ozone and PM2.5 standards.

Researchers at the University of California (UC), Berkeley have developed methods to resolve all organic compounds in complex IVOC mixtures as a function of time. Researchers will measure evaporation rates of diesel fuel blends in a wind tunnel using innovative instrumental techniques (gas chromatography-vacuum ultraviolet ionization high resolution time-of-flight mass spectrometry and two-dimensional gas chromatography-mass spectrometry) at the Lawrence Berkeley National Lab's Advanced Light Source. A detailed chemical characterization, combined with a wind tunnel, allows for the determination of species-dependent evaporation rates as a function of wind speed. These measurements will then be applied to an evaporation model, which was previously developed at UC Berkeley, and has previously been used in past studies of the evaporation of crude oil. Armed with measurement data, this model can then be used to simulate species-dependent evaporation rates under a range of atmospheric conditions. Researchers will then determine SOA and ozone formation rates as a function of time and wind speed for the selected diesel blends.

The proposed methodology and experimental techniques have been developed over several years by UC Berkeley researchers to successfully characterize the evaporation of crude oil from the Deepwater Horizon disaster. Professor Allen Goldstein and his team at UC Berkeley will apply this experimental and modelling strategy to evaluate the evaporation of diesel mixtures.

# **Benefits to SCAQMD**

Results of these experimental and modelling studies will help SCAQMD evaluate the impact of diesel evaporation on PM2.5 and ozone concentrations. This study will also provide a subset of the data necessary to build an IVOC emissions inventory and will serve as a proof-of-concept for measurements of other relevant IVOC categories.

# **Sole Source Justification**

The criteria for a sole-source award of contracts funded with federal funds is addressed in section VIII.B.3.a of the Procurement Policy and Procedures. The contract is only available from a single source because the contractor has unique experience and capabilities that are critical for the proposed study. Professor Goldstein and his group at UC Berkeley, a non-profit institution, developed the measurement and modelling techniques required for this study. Additionally, they currently own the suite of advanced instrumentation needed for this study.

# **Resource Impacts**

The total amount of SCAQMD funding for this program shall not exceed \$110,000. Funds on the order of \$1,000,000 from the Gulf of Mexico Research Initiative were used to develop and validate the research strategy.

Sufficient funds are available from the Clean Fuels Fund (31), established as a special revenue fund resulting from the state-mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program.

1 Back to Agenda

BOARD MEETING DATE: February 5, 2016

AGENDA NO. 3

- PROPOSAL:Execute Contract for Demonstration and Evaluation of Plug-in Electric<br/>Vehicle Smart Charging at Multiple Electric Grid Scales
- SYNOPSIS: The University of California, Irvine (UCI), Advanced Power and Energy Program (APEP) proposes to develop and demonstrate smart charging of plug-in electric vehicles (PEVs) to support grid resource operation without compromising the ability of PEV drivers to meet their transportation needs. The proposed project leverages an existing algorithm developed by APEP and preliminarily evaluated through two CEC projects for coordination of PEV charging. This project will simulate the deployment of the PEV Smart Charging (PEVSC) algorithm at two different grid scales using ten Kia Soul EVs with smart charging capability. This action is to execute a contract with UCI to cofund the demonstration and evaluation of PEVSC at multiple electric grid scales in an amount not to exceed \$250,000 from the Clean Fuels Fund (31).
- COMMITTEE: Technology, January 22, 2016; Recommended for Approval

# **RECOMMENDED ACTION:**

Authorize the Chairman to execute a contract with UCI to support the development and evaluation of smart charging at multiple electric grid scales using EVs with smart charging capability in an amount not to exceed \$250,000 from the Clean Fuels Fund (31).

Barry R. Wallerstein, D.Env. Executive Officer

MMM:FM:NB:LHM

# Background

The University of California, Irvine (UCI) Advanced Power and Energy Program (APEP) has developed expertise and campus-based infrastructure regarding the operation of the electric system on different scales and the impact of integrating advanced technologies (e.g. PEVs, fuel cell vehicles, energy storage, energy efficiency

measures, and demand response). This expertise was developed through several major research projects funded by the CEC, U.S. DOE, and the California Public Utilities Commission (CPUC).

For PEVs to contribute strongly towards emissions reductions, these vehicles must interface with the electric grid such that their usage of renewable energy is maximized and their behavior does not cause the grid to violate its ability to adhere to reliability criteria and balance the electric load demand on all grid scales. Depending on how PEVs are managed on the electric grid, their deployment can be either an asset or a detriment to electric grid operation, renewable resource utilization, and emissions.

Previous studies including those conducted as part of the APEP Renewable Energy Secure Communities (RESCO) (PIR-08-033) and AB 118 program (600-10-02) project have shown that unmanaged charging of PEVs can cause a number of issues related to the dispatch of load balancing resources on community and ISO-scale grids. These issues include increased ramp rates and start-up events for balancing power plants, reduced grid fuel-to-electrical efficiencies, and increased costs of electricity relative to cases with renewable resources, and limited PEVs due to increased peak loads induced by consumer travel patterns. Additional issues associated with unmanaged charging include voltage deviations on distribution circuits, overloading of distribution transformers, and increased distribution system losses.

Alternatively, more recent studies conducted by APEP indicate appropriately managed "smart" charging can cause the integration of PEVs to provide benefits for grid operation and support of increased renewable resource utilization. The RESCO project showed that grid-responsive PEV charging can:

- 1. Increase the capacity factor of electric grid resources
- 2. More effectively adapt to renewable power variability and reduce the required installed renewable capacity to meet Renewable Portfolio Standard (RPS) targets
- 3. Reduce ramp rates and start-up events in balancing power plants
- 4. Reduce the cost of electricity compared to the case of renewable deployment without PEVs

All of these benefits are also linked with energy system emissions reductions, which are all leveraged in the proposed project.

# Proposal

APEP proposes to develop and demonstrate a software algorithm for coordinating the charging of plug-in electric vehicles (PEVs) to support grid resource operation without compromising the ability of PEV drivers to meet their transportation needs. The proposed project leverages an existing algorithm developed by APEP and preliminarily

evaluated through two CEC projects (PIR-08-033, 600-10-002) for coordination of PEV charging. This project will simulate the deployment of this PEVSC at two different grid scales:

- 1. California Independent System Operator (CAISO) balancing area: Effects on grid balancing resource behavior.
- 2. UCI Microgrid system: Effects on local grid resource behavior and circuit management.

These simulations will exercise the PEVSC for increased renewable utilization, electric vehicle deployment (both light- and heavy-duty), and grid reliability. Further development and refinement of the PEVSC will occur through these simulation activities, which will periodically provide the demonstration activities with an updated algorithm.

The demonstration activities will occur at the UCI Microgrid-Solar CarShade with the deployment of 10 PEVs deployed with smart charging capability. The PEVs to be utilized are new Kia Soul EVs provided by Hyundai Motor Group, which are battery electric vehicles with a 93-mile range. The Solar CarShade consists of 20 electric vehicle service equipment (EVSE) stations and a battery/solar PV system connected to the rest of the campus electric system. Both the demonstration and simulation activities will contribute to the further development of the algorithm for commercial application.

The goals of this project are to:

- 1. Further develop an existing smart charging algorithm so that it can be tuned by balancing area operators, investor-owned utilities, and third parties (e.g., microgrid operators) for their specific needs and implementation in their specific domains; and
- 2. Successfully demonstrate the effectiveness of the developed algorithm on the UCI microgrid Solar CarShade.

Knowledge gained from the project simulation is expected to form the basis for how distributed energy resource (DER) operators and CAISO coordination can maximize total benefits to the overall electricity system.

This project will occur over a two-year period, in parallel with another major research project recently awarded by the Department of Energy (DOE) focused on developing a Generic Microgrid Controller (GMC) for demonstration at the UCI Microgrid. Once the GMC is deployed on the UCI Microgrid (expected April 2016), load forecasts and price signals can be used by the PEVSC for charging the PEVs deployed on the UCI

Microgrid-Solar CarShade. This will nicely leverage the investment made by the DOE for application to smart charging of PEVs on microgrids.

Staff proposed to contract with U.C. Irvine in an amount not to exceed \$250,000 from the Clean Fuels Fund (31) to further develop and demonstrate a software algorithm for coordinating the charging of PEVs to support grid resource operation without compromising the ability of PEV drivers to meet their transportation needs.

# **Benefits to SCAQMD**

This UCIAPEP project to evaluate microgrid effects will demonstrate further opportunities for improving system efficiencies and reducing emissions.

For California to meet its greenhouse gas (GHG) reduction goals as specified by Assembly Bill (AB) 32 and Executive Order S-21-09 as well as air quality attainment standards, GHG and criteria pollutant emissions from the electricity and transportation sectors will need to be drastically reduced. Steps are being taken to reduce electricity sector emissions through RPS policies. In the transportation sector, emissions reductions are being garnered by increased incentives for the purchase of PEVs and the target of 1.5 million zero emission vehicles (ZEVs) by 2025.

For PEVs to contribute strongly towards emissions reductions, these vehicles must interface with the electric grid such that 1) their usage of renewable energy is maximized and 2) their behavior does not cause the grid to violate its ability to adhere to reliability criteria and balance the electric load demand on all grid scales. This project will increase our understanding about how PEVs are managed on the electric grid, so that their deployment can become a valuable asset for electric grid operation, renewable resource utilization, and emission reduction. Smart grid improvements could be applied at SCAQMD and other workplaces in our region.

This proposed project is included in the Technology Advancement Office 2015 Plan Update under the category of "Assessment and Technical Support of Advanced Technologies and Information Dissemination."

# **Sole Source Justification**

Section VIII.B.2. of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified. This request for sole source awards is made under provision B.2.d.: Other circumstances exist which in the determination of the Executive Officer require such waiver in the best interest of the SCAQMD. Specifically, these circumstances are B.2.d.(1): Project involving cost-sharing by multiple sponsors and B.2.d.(8): Research and development efforts with educational institutions or nonprofit organizations.

UCI is an educational institution and the APEP is an umbrella organization that addresses the broad utilization of energy resources and the emerging nexus of electric power generation, infrastructure, transportation, water resources, and the environment. Built on a foundation established in 1970 with the creation of the UCI Combustion laboratory and the 1998 dedication of the National Fuel Cell Research Center, APEP focuses on education and research about clean and efficient distributed power generation and integration.

# **Resource Impacts**

The total cost of this UCI project is \$750,000. SCAQMD's cost-share shall not exceed \$250,000 from the Clean Fuels Fund (31). The funding partners and amounts are identified in the table below:

Organizations	Funding	In-kind
DOE	\$100,000	
Southern California Edison	\$100,000	
Hyundai (10 BEVs)		\$300,000
SCAQMD Requested	\$250,000	
Total	\$450,000	\$300,000

Table 2: UC Irvine Funding from Cosponsors

Sufficient funds are available for the proposed projects from the Clean Fuels Fund (31), established as a special revenue fund resulting from the state-mandated Cleans Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program.

1 Back to Agenda

BOARD MEETING DATE: February 5, 2016

AGENDA NO. 4

- PROPOSAL: Renew SCAQMD's Membership in CaFCP for Calendar Year 2016, Provide Office Space for CaFCP, and Receive and File California Fuel Cell Partnership Executive Board Agenda and Updates
- SYNOPSIS: The SCAQMD has been a member of the California Fuel Cell Partnership (CaFCP) since March 2000. This action is to renew SCAQMD's membership in the CaFCP in an amount not to exceed \$85,000 for calendar year 2016 and cofund 50 percent of the CaFCP Regional Coordinator position located at SCAQMD in an amount not to exceed \$50,000 from the Clean Fuels Fund (31). Further actions are to continue providing in-kind office space and utilities for CaFCP employees in 2016 in an effort to increase CaFCP's presence in Southern California. Finally, this action is to receive and file the CaFCP Executive Board Meeting Agenda for October 20, 2015, and Quarterly Updates beginning April and July 2015.

COMMITTEE: Technology, January 22, 2016; Recommended for Approval

# **RECOMMENDED ACTIONS:**

- 1. Authorize the Chairman to execute a contract in an amount not to exceed \$135,000 from the Clean Fuels Fund (31) with Bevilacqua-Knight Inc., acting on behalf of the Partnership, to
  - a. Continue SCAQMD's membership for calendar year 2016 for a total amount not to exceed \$85,500 for common expenses of the CaFCP;
  - b. Continue support for a Regional Coordinator located at SCAQMD for a total amount not to exceed \$50,000; and
  - c. Continue to provide office space and utilities on a month-to-month basis for up to four cubicles for CaFCP staff and storage at SCAQMD headquarters.
- 2. Receive and file the attached Executive Board Agenda and Quarterly Updates.

Barry R. Wallerstein, D.Env. Executive Officer

MMM:NB:LHM

# Background

The California Fuel Cell Partnership (CaFCP) was initiated in 1999 as a means to accelerate response to the CARB Zero Emission Vehicle (ZEV) regulations. Because of the alignment of the SCAQMD and CaFCP goals for accelerated fuel cell vehicle commercialization, the SCAQMD has been a full member since March 2000. In January 2012, CARB approved Advanced Clean Car regulations, which harmonize California requirements with federal requirements from 2017 – 2025 and incorporate greenhouse gas (GHG) emission reductions. The AQMP and the Technology Advancement Office Clean Fuels Program 2015 Plan Update have identified fuel cells for on- and off-road applications as a core technology for attaining and maintaining cleaner air quality.

Initially, the CaFCP Program focused on development of vehicle, infrastructure and outreach plans for future projects, including demonstration of cars and buses using gaseous and liquid hydrogen, as well as methanol. In addition to a limited number of light duty fuel cell vehicles, the bus transit partners operated several prototype zeroemission fuel cell buses. CaFCP and members continue to demonstrate fuel cell cars and buses using gaseous hydrogen fuel at 350 bar and 700 bar pressures. Automakers started retail placement of fuel cell vehicles near hydrogen stations in a few early market communities.

With the commitment of funding under AB 8 to develop and operate about 100 hydrogen fueling stations in California through 2023, and the collaboration of California with other states to support ZEVs, automakers continue to launch fuel cell cars. Some automakers are combining efforts to share intellectual property, build component supply chains, and leverage resources; Daimler with Ford and Nissan, Toyota with BMW, and General Motors with Honda. Germany, Japan, and Korea have also committed funding to build more hydrogen stations.

At the request of SCAQMD, the CaFCP has expanded its presence in Southern California due to the increased deployment of vehicles, the largest number of fueling stations, and the need for lower emitting technologies in this region. A CaFCP Regional Coordinator is located at SCAQMD headquarters to increase support for member activities and outreach in the district and an Infrastructure Specialist facilitates hydrogen station development.

Major accomplishments during calendar year 2015 include:

• The announcements by several automakers of fuel cell vehicles for model year 2015 retail production and continued demonstration of fuel cell cars and buses in California. The Toyota Mirai is the first fuel cell vehicle offered for sale in California. Both the Toyota Mirai and Hyundai Tucson fuel cell vehicles can be leased through selected dealerships in California, and next year, Honda plans to produce Clarity FCV for Japan and then California;

- Development of a Medium- and Heavy-Duty Action Plan focusing on early markets for medium-duty delivery trucks and heavy-duty drayage trucks, to be completed in 2016;
- Provided training for emergency responders to help familiarize communities with fuel cell vehicles and fueling supported by a website focused on their needs and supported transition to national efforts through H2First and H2USA; and
- Increased the presence of the CaFCP in Southern California through coordination of ombudsman activities in early market communities with Regional Coordinator & Infrastructure Specialist staff based at SCAQMD.

The current cost for a CaFCP Full Partner is up to \$85,000 plus in-kind support for defraying the costs of the CaFCP. CaFCP's goal is to increase membership and reduce cost of membership. Current partners include:

- Seven auto manufacturers (General Motors, Toyota, Daimler, Honda, Hyundai, Nissan and Volkswagen);
- One fuel cell technology company (AFCC); and
- Five government agencies (SCAQMD, CARB, CEC, U.S. DOE and U.S. EPA).

Currently, Associate Members each pay \$15,000, and Affiliate Members contribute \$3,300 per year. There are currently 24 Associate and Affiliate Members, but 2016 is a transition year to increase membership and restructure contributions. New membership levels will provide more options with commensurate voting rights.

The CaFCP retains Bevilacqua-Knight, Inc. (BKi) to provide the needed support for the common tasks agreed to by the CaFCP, and each partner/member contracts directly with BKi acting on behalf of the CaFCP.

# Proposal

Members of the CaFCP are committed to the continuation of CaFCP activities through 2016, which is considered the fourth phase "Preparing for Market Launch." The fee of up to \$85,000 per full member is proposed to support the activities planned for 2016 and beyond. The operating budget for 2016 is \$1,694,793. The tenure of the current Chair and Vice-Chair were extended by one year to provide continuity during this transition. The majority of fuel cell vehicle deployment activities are anticipated to be within the South Coast Air Basin over the next couple of years, plus the development of hydrogen stations in other early markets and the connector station in Coalinga is expected to enable travel between southern and northern California.

The proposed CaFCP activities for 2016 are to:

- 1. Develop the necessary infrastructure and processes to support early commercial launch and expanded vehicle rollout.
  - a. Support the construction and commissioning of current California hydrogen stations by participating in codes, standards and regulation processes; facilitating station commissioning processes; and supporting station openings.
  - b. Prepare for future funding through outreach and education with fueling retailers and hydrogen industry.
  - c. Work with stakeholders to identify potential future stations locations.
  - d. Develop Road Map 2.0 with strategies for a sustainable network in California.
- 2. Share and synchronize experience by providing forums and opportunities for members to advance group collaboration and progress within CaFCP and among stakeholders.
  - a. Build and expand trust among members through open communication and forums.
  - b. Communicate with stakeholders nationally and internationally to share learnings and amplify market launch efforts.
- 3. Reach target markets and communities to educate, inform and promote hydrogen and fuel cell electric vehicles (FCEVs).
  - a. Communicate the benefits of FCEVs and hydrogen through outreach materials, events, social media and media relations.
  - b. Provide education and outreach to state and local governments, and NGOs.

c. Conduct community training for Authorities Having Jurisdiction (AHJs) and emergency responders

d. Continue development of CaFCP's station map and Station Operating Status System (SOSS)

- 4. Restructure CaFCP to be more inclusive and capable of meeting the expanding commercial market needs and opportunities, broadening the member base, and being the voice of all stakeholder participants
  - a. Establish new structure and expand membership.
  - b. Support deployment of fuel cell bus Centers of Excellence and the Bus Team.
  - c. Publish and implement the Medium- and Heavy-Duty Road Map document.
  - d. Support activities outside of California, as directed by members.

This action is to execute a contract with BKi to renew SCAQMD's membership in the CaFCP for calendar year 2016 and continue to cofund the CaFCP Regional Coordinator position located at SCAQMD and reporting to the CaFCP Executive Director, as well as provide in-kind office space and utilities for CaFCP employees in

calendar year 2016. This action is also to receive and file the CaFCP Executive Board Meeting Agenda and Quarterly Updates for April-June and July-September 2015.

#### **Sole Source Justification**

Section VIII.B.2. of the Procurement Policy and Procedure identifies provisions under which a sole source award may be justified. This request for a sole source award is made under provision B.2.d.: Other circumstances exist which in the determination of the Executive Officer require such waiver in the best interest of SCAQMD. Specifically, these circumstances are B.2.d.(1): Projects involving cost sharing by multiple sponsors. The major sponsors contributing financially to the CaFCP include seven automakers, one fuel cell technology company, and five government agencies.

# **Benefits to SCAQMD**

Membership in the CaFCP is consistent with the *Technology Advancement Office Clean Fuels 2016 Plan Update* under "Hydrogen and Mobile Fuel Cell Technologies & Infrastructure" and "Assessment and Technical Support of Advanced Technologies and Information Dissemination." SCAQMD supports the development, demonstration and commercialization of zero- and near-zero emission vehicles and strives to educate public and private organizations regarding the benefits and characteristics of these vehicles.

# **Resource Impacts**

SCAQMD's support of the CaFCP for calendar year 2016, provided through a contract with BKi, shall not exceed \$135,000 from the Clean Fuels Fund (31), comprised of up to \$85,000 for common project costs to cover administrative, technical and program management costs and half the cost up to \$50,000 for the Regional Coordinator position located at SCAQMD Headquarters. SCAQMD is also providing additional in-kind cost-share of office space for CaFCP staff and utilities at SCAQMD headquarters, representing annual foregone rent of approximately \$10,440 for the four cubicles.

Sufficient funds are available from the Clean Fuels Fund, established as a special revenue fund resulting from the state-mandated Clean Fuels Program. The Clean Fuels Program, under Health and Safety Code Sections 40448.5 and 40512 and Vehicle Code Section 9250.11, establishes mechanisms to collect revenues from mobile sources to support projects to increase the utilization of clean fuels, including the development of the necessary advanced enabling technologies. Funds collected from motor vehicles are restricted, by statute, to be used for projects and program activities related to mobile sources that support the objectives of the Clean Fuels Program.

# Attachments

- 1. California Fuel Cell Partnership Executive Board Meeting Agenda
- 2. California Fuel Cell Partnership Quarterly Update (April June 2015)
- 3. California Fuel Cell Partnership Quarterly Update (July September 2015)



# AGENDA

#### **CaFCP Executive Board**

October 20, 2015 8:30am–5:30pm Location: Sacramento Metropolitan Air Quality Management District 777 - 12th St. 3rd Floor, Sacramento, California 95814

8:30am – 8:40am CaFCP Chair, Justin Ward	<b>1. Welcome</b> Welcome and remarks from the CaFCP Chair <u>Decision Item:</u> Approve April 14, 2015 decisions & assignments
8:40am – 9:20am First Element Fuels HydrogeNXT H2 Logic Mercedes	<b>2. CaFCP Members</b> <u>Information item</u> : Presentations from new CaFCP members and current members.
<b>9:20am – 10:00am</b> Anticipated Speakers: EPA SunLine AC Transit CaFCP	<b>3. Medium/Heavy-Duty and FCEB</b> <u>Information item</u> : Progress and milestones with fuel cell bus roll-out, including AC Transit's 20,000 operating hour milestone and SunLine's acquisition of additional "All-American" buses. <u>Decision item</u> : Review M/HD Action Plan to approve or modify direction.
10:00am – 10:30am	BREAK
<b>10:30am – 12:00pm</b> Anticipated Speakers: GO-Biz CaFCP	<ul> <li>4. Hydrogen Stations: Aligning Progress</li> <li>With the first new retail stations beginning to come online, members and staff have identified gaps in assessing and communicating progress and status. This item identifies gaps and recommends solutions for closing them. Information item: Status of California's stations, commissioning process, CaFCP website and maps.</li> <li>Decision items: <ul> <li>Confirm CaFCP's role of communicating status.</li> <li>Approve consensus definition for a retail station.</li> <li>Approve recommendation for station types in CaFCP outreach materials.</li> <li>Agree on approach for counting stations.</li> </ul> </li> </ul>
12:00pm – 1:15pm	LUNCH (on own)

1:15pm – 3:10pm Invited Speakers: ARB CEC CAEATFA H2USA First Element CALSTART GM	<ul> <li>5. Hydrogen Stations: Expanding the Network. The AB8 report suggests that CEC will fund approximately seven stations in 2015, with additional funding for O&amp;M support. Expanding the network to 100 stations in California may take additional approaches. Other states also need funding mechanisms, attracting investors and bringing players to the table.</li> <li><u>Discussion items</u>: <ul> <li>Potential public and private funding and incentives for California hydrogen stations.</li> <li>Methods that can be shared with other states.</li> </ul> </li> <li><u>Decision items</u>: <ul> <li>Action items for CaFCP in 2016</li> </ul> </li> </ul>
3:10pm – 3:30pm	BREAK
<b>3:30pm – 4:15pm</b> CaFCP	<ul> <li>6. Building the Bigger Tent</li> <li>In 2014, executive board directed CaFCP's executive director and steering team to modify the organization's structure to include more organization that are instrumental to a commercial market.</li> <li>Decision items: <ul> <li>Proposed changes to CaFCP's membership tiers and structure</li> <li>Proposed changes to decision-making process</li> <li>Transition plan</li> </ul> </li> </ul>
<b>4:15pm – 4:45pm</b> CaFCP	<ul> <li>7. Business items</li> <li>Progress by 2015 program plan</li> <li>Approve 2016 program plan and budget</li> <li>Confirm 2016 vice-chair nomination</li> <li>Confirm 2016 meeting dates</li> </ul>
<b>4:45pm – 5:15pm</b> Chair, Justin Ward	8. Public comment period*
<b>5:15pm – 5:30pm</b> Chair, Justin Ward	9. Meeting wrap up

#### A "no-host bar" reception will be held immediately following meeting at Blue Prynt – 815 11th St, Sacramento, CA 95814

#### \* Public comment period

The public comment period provides an opportunity for members of the public to address the executive board on subject matters within the interest of CaFCP. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

Agenda items may be taken out of order and times may vary from those listed in the agenda. The board may choose to limit public comment at the chair's discretion.

This meeting is open to the public and will not be available by phone. This facility is accessible to persons with disabilities. Deadline for requesting ADA modification is October 14, 2015. Meeting materials will be posted at <a href="www.cafcp.org">www.cafcp.org</a>. This facility is accessible by public transit. For transit information, call (916) 321-BUSS for Sacramento Regional Transit. website: <a href="http://www.sacrt.com/schedulesfares.stm">http://www.sacrt.com/schedulesfares.stm</a>. And California Transit link: <a href="http://www.sacrt.com/schedulesfares.stm">http://www.sacrt.com/schedulesfares.stm</a>.

#### **CaFCP Quarterly Update** April – June 2015

#### Background

The California Fuel Cell Partnership is a unique collaborative of auto manufacturers, energy companies, fuel cell technology companies and government agencies, including SCAQMD. This report summarizes CaFCP activity in or related to Southern California for April to June 2015.

In its fourth phase, 2013-2016, CaFCP members, individually or in groups, will focus on meeting these goals to achieve market launch:

- Prepare for larger-scale manufacturing, which encompasses cost reduction, supply chain and production.
- Work on the customer channel, including identifying and training dealers and service technicians.
- Reduce costs of station equipment, increase supply of renewable hydrogen at lower cost, and develop new retail station approaches.
- Support cost reduction through incentives and targeted RD&D projects
- Continue research, development and demonstration of advanced concepts in renewable and other low-carbon hydrogen.
- Provide education and outreach to the public and community stakeholders on the role of FCVs and hydrogen in the evolution to electric drive.

CaFCP and members' activities fall within three main strategic directions:

- 1. Support hydrogen station and vehicle deployment to enable commercial market launch in 2015 timeframe
- 2. Show feasibility and a clear value proposition to consumers, businesses and communities
- 3. Focus existing resources, engage new groups and pursue innovative concepts to overcome early market challenges

To successfully implement the vision, CaFCP activities must focus on technical, communications and business operations/strategies that require convening, collaborating and communicating.

#### 2015 Program Plan Q2 accomplishments

1. CONVENE Convene CaECP members and sta	keholders in a common forum to discuss the challenges and opportunities,				
exchange experiences and knowledge, and advance group sharing and progress. Build and expand trust among					
members via open communication. Maintain and enable the organization to achieve its mission and goals.					
	<ul> <li>Completed public in-person Executive Board meeting on April 14 and phone calls 1/15 and 5/19</li> </ul>				
Conduct CaFCP standing meetings	<ul> <li>Completed in-person Steering Team meeting April 15 and phone calls 2/19, 3/3, 4/1, 5/18 and 6/17.</li> </ul>				
	Completed 2 in-person Working Group meetings March 11-12 and June 24-25				
Conduct ad-hoc topical member and industry meetings	<ul> <li>Conducted 10 OEM Advisory Group conference calls and 1 in-person OEM Advisory Group meeting; conducted 1 in-person meeting with ARB/OEM Advisory Group and 3 conference calls; conducted 1 in- person meeting with OEMs, station developers, and government.</li> </ul>				
	Continued discussions on strategy for membership expansion				
Expand CaFCP membership	First Element Fuels joined as associate member				
· · ·	<ul> <li>April Executive Board decision to invite HydrogeNXT and H2 Logic as CaFCP members</li> </ul>				
-	ss emerging challenges and translate into comprehensive and durable address issues quickly as they arise, in the interest of advancing all members				
Member data and information needs	<ul> <li>SOSS upgrade underway from SOSS 2.0 to 3.0, moving to consistent minimum 15 minute station status data reporting interval, which improves FCEV customer satisfaction.</li> <li>Presented progress on SOSS 3.0 project at the US DOE Annual Merit Review.</li> <li>3 stations in progress of implementing SOSS 3.0 at their site; 2 stations completed adding SOSS 3.0.</li> <li>OEM Advisory Group identified and published list of Priority Station Location recommendations for consideration in the next round of CEC hydrogen infrastructure funding.</li> </ul>				
Roadmap progress	<ul> <li>Participated in June US DOE Annual Merit Review as reviewers for US DOE EERE funded fuel cell and hydrogen projects.</li> <li>Facilitated status updates about funded stations by station implementers and government during in-person June Working Group meeting, followed by a discussion on how to address challenges identified.</li> </ul>				
Roadmap 2.0 for stations 69- 100	<ul> <li>CaFCP staff functioning in supporting and facilitating role for discussions on the "69-100" strategy. Main responsibility for planning lies with CARB, as part of early July AB8 reporting.</li> </ul>				
Station Implementation Barriers	<ul> <li>2016 NFPA 2 on schedule for publication         <ul> <li>working with CA OSFM for Interim Code Cycle Adoption (as with 2011 NFPA 2)</li> <li>working with NFPA on outreach and education</li> </ul> </li> <li>FCHEA Hydrogen Codes Task Force initiated activities on strategic thinking and code proposals for code cycles to the pertinent hydrogen and infrastructure C&amp;S. Document coordination a parallel</li> </ul>				

	<ul> <li>activity. (NFPA 1, NFPA2, International Building, Mechanical and Fire Codes)</li> <li>CSA HGV 4.3 (Test Methods for Hydrogen Fueling Parameter Evaluation) in process of being updated to the Standard SAE J2601         <ul> <li>Anticipated ballot date: December, 2015</li> </ul> </li> <li>CSA HGV 4.9 (Hydrogen Fueling Station Guidelines) comments being addressed with individual stakeholders         <ul> <li>Anticipated ballot date: December, 2015</li> </ul> </li> <li>ISO/TC 197         <ul> <li>WG 24 (fueling stations)- final Draft as a Technical Reportcomments submitted and being reviewed</li> </ul> </li> <li>Ca Implementation Team for the HySTEP device active</li> <li>Participation in the GO-Biz Station Commissioning Checklist task force</li> </ul>
Expand value proposition of H2 and FCEVs	<ul> <li>Submitted a letter with suggestions for inclusion of light-, medium- and heavy-duty FCEVs and renewable H2 in the revised ARB LCFS regulatory language under the LCFS 15-day comment period.</li> <li>Initiated discussion about renewable H2 and provided input on how to shape a strategy for California on this topic.</li> </ul>
Medium- and heavy-duty vehicle and FCEB strategies	<ul> <li>MD/HD FCEV Action Plan drafting in progress, including input from truck manufacturers. Publication is targeted for Q1 2016.</li> <li>Staff organized and facilitated the Spring CaFCP Bus Team meeting at AC Transit in Oakland on May 28.</li> <li>Staff organized and participated in El Dorado FCEB manufacturing facility tour in Riverside on June 26. Over 30 attendees participated from legislature, industry, transit agencies and regional NGOs.</li> </ul>

#### **3. COMMUNICATE**

Communicate, educate, inform and promote H2 & FCEVs benefits and opportunities to key outside stakeholders and general public for increased and continued support. Become readily recognized as the face of the industry for trustworthy information and assist.

Activity	Description	Picture
2 <sup>nd</sup> round - Woodside town hall meeting with HTEC, April 1, 2015	Meeting with city council, GO-Biz and CEC staff	
San Diego Go-Biz/CaFCP briefing workshop, April 2, 2015	Moderator, Panel Member, Organizer	
Green California Summit, April 7, 2015	Panel, speaker	No photo available
Yolo County Climate Change, April 9, 2015	Speaker	No photo available.

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Santa Barbara Earth Day Event, April 18, 2015	Exhibitor	Interest Perko
Cal EPA Earth Day Event, April 22, 2015	Exhibitor	
West Sacramento Earth Day Festival, April 25, 2015	Exhibitor	
Manhattan Beach Earth Day, April 25, 2015	Exhibitor	No photo available.

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Governor's ZEV Summit, May 2, 2015	Member organizer	
Climate Resolve tours Cal State L.A. station, May 5, 2015	Member organizer	
The Future of the Hydrogen Economy hosted by the German American Business Association, May 21, 2015	Speaker, Panel, Member organizer, moderator	

Cal EPA ZEV Showcase, May 22, 2015	Member organizer, speaker	
GO Biz/CaFCP Briefing on H2 and FCEVs May 22, 2015	Moderator, Panel Member, Organizer	
Carthay Science Fair and Environmental Expo, May 27, 2015	Exhibitor	

Beverly Hills ER Training, June 1, 2015	Presenter	<image/>
City of Winters – City Council, June 2, 2015	Presenter	No photo available.
CleanTech OC Advanced Transportation Symposium June 18	Panel Member	No photo available.
L-NGV 2015 – San Diego June 19	Panel Speakers	No photo available.
International Infrastructure Workshop June 23-25, 2015	Participant	No photo available.
ASME Power & Energy Conference June 29-July 2	Speaker, Exhibitor	

#### Legislative, NGO & Policy

Conduct one-on-one meetings with California state and federal elected officials and their staff in district and capitol offices. Conduct one-on-one meetings with influential NGOs at the local, state and national levels. Emphasize California's commitment to hydrogen and provide information about progress and plans. Provide education and information to policy makers.

2015 Q2 Statistics – Meetings and encounters

Elected officials: 14 (2015 to date: 23) Legislative staff: 5 (2015 to date: 50) NGOs: 6 (2015 to date: 55)

Event name	Meeting Date	Meeting with (Names and titles of all persons)	
District meeting	4/1/2015	Robert Alcantar, field representative to State Senator Marty Block (D-San Diego)	
Community meeting	4/2/2015	Michael Lieberman, senior field representative to Assembly Member Brian Maienschein (R-San Diego), Thomas Sepulveda, aide to Congressman Juan Vargas (D-Chula Vista), Peter Yousif, intern to Assembly Member Brian Jones (R-Sante), Samantha Maron, intern to State Senator Joel Anderson (R-El Cajon)	
District meeting	4/15/2015	Frank Torres, district director and Sarah Rascon, field representative, office of Assembly Member Jimmy Gomez (D-Los Angeles)	
GO- Biz/CaFCP briefing	5/21/2015	Rocky Hernandez, district director, office of State Senator Bob Wieckowski (D-Fremont), Isabel Cortes, field representative, office of State Senator Loni Hancock (D-Oakland), aide to Santa Clara County Supervisor Cindy Chavez, Charles Burress, aide to Berkeley Mayor Tom Bates	
GO- Biz/CaFCP briefing Community	5/21/2015	Joseph Camacho, manager, office of Congresswoman Barbara Lee (D-Oakland)	
meeting		Congresswoman Doris Matsui (D-Sacramento) Shannon Hines and Homer Carlisle, staff of U.S.	
Capitol meeting Community	6/12/2015	Senate Committee on Banking, Housing and Urban Affairs Members of the board of the Santa Barbara Air	
meeting Community meeting	6/18/2015 6/26/2015	Pollution Control District Melanie Ling, office of Congressman Mark Takano (D-Riverside) at El Dorado fuel cell bus tours	

#### Community Relations (Station-related outreach)

Activity	Meeting Date
Woodside Town Hall meeting	April 1
International Code Council, Peninsula Chapter	April 1
San Joaquin Valley Clean Cities Coalition	April 8
Technical Advisory Committee to the Transportation Authority of Marin	April 9
Palo Alto open house	May 13
GO-Biz/CaFCP briefing for city officials, Oakland	May 21
Meeting with City of Mountain View officials	June 22

#### Website and Social Media

We provide outreach and education through events, materials, video, web and social media that increase awareness in the general public, build support in early market communities and support other projects' specific goals. Our online strategy is to deliver real-world information about FCEVs and hydrogen stations to early adopter audiences. We use email, blogs, Twitter, YouTube and Facebook to share messages about FCEV commercialization and technology with different audience types.

www.cafcp.org	Apr-15	May-15	Jun-15
Number of visits	10,117	9,868	7,379
Average time users spent on site	1:36	1:33	1:53
Most visited pages	Station map Home page FAQ 10 facts about hydrogen Toolkits Stations	Station map Home page FAQ 10 facts about hydrogen Toolkits Stations	Station map Home page FAQ Blog: Automakers release list station 10 facts about hydrogen
Most searched keywords on Google to land on CaFCP website	California fuel cell partnership difference between fuel cell and battery where does hydrogen come from facts about hydrogen how do fuel cells differ from batteries	difference between fuel cell and battery California fuel cell partnership hydrogen fuel stations CaFCP	CaFCP where does hydrogen come from fuel cell vs. battery California fuel cell partnership hydrogen fueling stations
Most searched keywords on cafcp.org search engine	cost of hydrogen executive board well to wheels cost electricity fuel	cost executive board 2015 hydrogen Linde Bouwkamp	Logic Career cost cost of hydrogen Fuel cost
Most referred websites	google.com Bing yahoo arb.ca.gov driveclean.ca.gov	google.com yahoo Bing best-seo-offer.com	google.com Bing yahoo sitevaluation.org dailyrank.net

FACEBOOK	Apr-15	May-15	Jun-15
New likes	17	26	26
Lifetime likes	2,571	2,583	2,597
Lifetime Post Total Reach	10,065	10,379	13,521
Lifetime Engaged Users	776	675	844

TWITTER	Apr-15	May-15	Jun-15
New Followers	54	21	52
Total Followers	2,137	2,160	2,208
Tweets for the month	95	99	84
Tweet Impressions	28,100	25,200	27,200
Total Lifetime Tweets	10,771	10,870	10,954
Mentions	191	219	264
Link Clicks	269	261	234

E-blast – Well to Wheels		
Air Benefits – Sept. 16, 2014		
Contacts:	8,564	
Opened:	15% - 1,285 contacts	
Bounced:	1.7% - 149 contacts	
No Info:	83.3% - 7,130	
Clicked:	1% - 107 contacts	
Unsubscribed:	13	

E-blast – Well to Wheels		
Water Consumption – Oct. 6, 2014		
Contacts:	8,506	
Opened:	15.0% - 1,276 contacts	
Bounced:	1.4% - 120 contacts	
No Info:	83.6% - 7,110 contacts	
Clicked:	1% - 126 contacts	
Unsubscribed:	9	

E-blast – Well to Wheels		
Climate Change – Sept. 22, 2014		
Contacts:	8,530	
Opened:	13.8% - 1,173 contacts	
Bounced:	1.7% - 147 contacts	
No Info:	84.5% - 7,210 contacts	
Clicked:	1% - 95 contacts	
Unsubscribed:	6	

E-blast – Well to Wheels		
Energy Efficiency – Sept. 29, 2014		
Contacts:	8,504	
Opened:	14.6% - 1,239 contacts	
Bounced:	1.7% - 145 contacts	
No Info:	83.7% - 7,120 contacts	
Clicked:	2% - 146 contacts	
Unsubscribed:	11	

E-blast – Well to Wheels		
Energy Security – Oct. 13, 2014		
Contacts:	8,443	
Opened:	12.4% - 1,051 contacts	
Bounced:	1.9% - 162 contacts	
No Info:	85.6% - 7,230 contacts	
Clicked:	1% - 53 contacts	
Unsubscribed:	6	

#### **CaFCP Quarterly Update** July – September 2015

#### Background

The California Fuel Cell Partnership is a unique collaborative of auto manufacturers, energy companies, fuel cell technology companies and government agencies, including SCAQMD. This report summarizes CaFCP activity in or related to Southern California for January to March 2015.

In its fourth phase, 2013-2016, CaFCP members, individually or in groups, will focus on meeting these goals to achieve market launch:

- Prepare for larger-scale manufacturing, which encompasses cost reduction, supply chain and production.
- Work on the customer channel, including identifying and training dealers and service technicians.
- Reduce costs of station equipment, increase supply of renewable hydrogen at lower cost, and develop new retail station approaches.
- Support cost reduction through incentives and targeted RD&D projects
- Continue research, development and demonstration of advanced concepts in renewable and other low-carbon hydrogen.
- Provide education and outreach to the public and community stakeholders on the role of FCVs and hydrogen in the evolution to electric drive.

CaFCP and members' activities fall within three main strategic directions:

- 1. Support hydrogen station and vehicle deployment to enable commercial market launch in 2015 timeframe
- 2. Show feasibility and a clear value proposition to consumers, businesses and communities
- 3. Focus existing resources, engage new groups and pursue innovative concepts to overcome early market challenges

To successfully implement the vision, CaFCP activities must focus on technical, communications and business operations/strategies that require convening, collaborating and communicating.

#### 2015 Program Plan Q3 accomplishments

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exchange experiences and knowl	ikeholders in a common forum to discuss the challenges and opportunities, edge, and advance group sharing and progress. Build and expand trust among on. Maintain and enable the organization to achieve its mission and goals.		
Conduct CaFCP standing meetings	<ul> <li>Sept 9-10 – completed in-person Working Group meeting</li> <li>Completed 3 Steering Team conference call meetings</li> </ul>		
Conduct ad-hoc topical member and industry meetings	• No meetings for Q3 in this category.		
Expand CaFCP membership	<ul> <li>Continued discussions on strategy for membership expansion.</li> <li>Adding H2 Logic, HydrogenXT, and FirstElement Fuel as members.</li> </ul>		
-	ss emerging challenges and translate into comprehensive and durable address issues quickly as they arise, in the interest of advancing all members		
Member data and information needs	<ul> <li>SOSS upgrade underway from SOSS 2.0 to 3.0, moving to consistent minimum 15 minute station status data reporting interval, which improves FCEV customer satisfaction.</li> <li>Submitted SOSS 3.0 update report to US DOE.</li> <li>Coordinated July 28 briefing on Point Of Sale challenges</li> <li>Successfully added the West Sacramento H2 station to SOSS</li> </ul>		
Roadmap progress	<ul> <li>Updates on status of funded stations shared by station implementers and government during in-person meeting.</li> </ul>		
Roadmap 2.0 for stations 69- 100	<ul> <li>CaFCP staff functioning in supporting and facilitating role for discussions on the "69-100" strategy. Main responsibility for planning lies with CARB, as part of AB8 reporting.</li> <li>Provided input to CEC &amp; CARB during Aug 13-14 workshop on draft concepts for H2 station funding.</li> </ul>		
Station Implementation Barriers	<ul> <li>2016 NFPA 2 published and the CA Office of the State Fire Marshal to adopt with the 2015 International Fire Code during the Triennial Code Adoption process presently taking place</li> <li>SAE International         <ul> <li>FC Safety Task Force: J2990/1 (Gaseous Hydrogen and Fuel Cell Vehicle First and Second Responder Recommended Practice) went to 28 day ballot on Oct 2.</li> </ul> </li> <li>CSA HGV 4.3 (Test Methods for Hydrogen Fueling Parameter Evaluation) out for industry review         <ul> <li>Anticipated ballot date: December, 2015</li> <li>Contact JHamilton if a copy is needed</li> </ul> </li> <li>CSA HGV 4.9 (Hydrogen Fueling Station Guidelines) out for industry review         <ul> <li>Anticipated ballot date: December, 2015</li> <li>Contact JHamilton if a copy is needed</li> </ul> </li> <li>ISO/TC 197         <ul> <li>WG meetings and Plenary in Torrance Nov 30-Dec 4</li> </ul> </li> </ul>		
Expand value proposition of H2 and FCEVs	<ul> <li>Co-hosted with CHBC the July 29-30 Renewable H2 Summer Summit at SoCalGas in Downey, CA.</li> <li>Continued discussion about renewable H2 and how to shape a strategy for California on this topic.</li> </ul>		

Medium- and heavy-duty	<ul> <li>MD/HD FCEV Action Plan drafting in progress. Targeted publication for Q1 2016.</li> <li>Met with US DOE SuperTruck program leads to discuss lessons</li> </ul>
vehicle and FCEB strategies	<ul> <li>learned that may transfer to FC trucks.</li> <li>CARB released funding opportunities for zero-emission FCEBs and MD/HD FCEVs.</li> </ul>

#### **3. COMMUNICATE**

Communicate, educate, inform and promote H2 & FCEVs benefits and opportunities to key outside stakeholders and general public for increased and continued support. Become readily recognized as the face of the industry for trustworthy information and assist.

Activity	Description	Picture
2015 ASME Conference & Expo, June 28- July 2, Long Beach, CA	Exhibit and Speaker: Bill Elrick spoke at a hydrogen panel session	<image/>
2015 SEMICON WEST, July 13-16, San Francisco, CA	Exhibit and Speaker: Keith Malone spoke during a emerging technology panel (last minute request)	
2015 Green Living Expo, July 19, South Pasadena, CA	Exhibit	
2015 Train the Trainer for the National Hydrogen & Fuel Cell Emergency Response Program, Aug. 4, El Cerritos, CA	Presenter: Jennifer Hamilton	

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2015 Permitting workshop for hydrogen fueling installations, Cerritos College, Cerritos, CA	Presenter: Joe Gagliano	
2015 Linde – Mountain View Open House, Aug. 13, Mountain View, CA	Member support – display	
Continuing Challenge, Sept. 8-11, Sacramento ,CA	Exhibit and Presenter	
2015 Pacific Oil Conference, Sept. 8-10, Los Angeles, CA	Exhibit	
2015 Cruz'n for Roses Hot Road And Classic Car Show, Sept. 20, South Pasadena	Exhibit	

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2015 Hydrogen Fuel Cell	Presenter: Joe	
Vehicle Refueling Summit,	Gagliano	
Sept. 22-24 Indianapolis, IN		
2015 Fuels Institute Annual	Presenter: Joe	
Summit, Sept. 23-25,	Gagliano	
Indianapolis, IN		
Green Expo, Sept 26,	Exhibit	
Huntington Beach, CA		
2015 International Code	Exhibit and	
Council Conference & Expo,	Presenter	
Sept. 26-29, Long Beach, CA		
2015 Sierra Club Summit,	Exhibit and	
Sept. 29, San Jose, CA	support member	

2015 League of California Cities Conference, Sept. 30 – Oct. 1, San Jose, CA	Exhibit	
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#### Legislative, NGO & Policy

Conduct one-on-one meetings with California state and federal elected officials and their staff in district and capitol offices. Conduct one-on-one meetings with influential NGOs at the local, state and national levels. Emphasize California's commitment to hydrogen and provide information about progress and plans. Provide education and information to policy makers.

2015 Q1 Statistics – Meetings and encounter

Elected officials: 4 (2015 to date: 26) Legislative staff: 9 (2015 to date: 65) NGOs: 2 (2015 to date: 10)

Event name	Meeting Date	<b>Meeting with</b> (Names and titles of all persons)
District meeting	7/6/2015	Santa Barbara County Supervisor Peter Adam and chief of staff Bob Nelson
Legislative meeting	7/7/2015	State Controller Betty Yee, chief of staff Karen Greene Ross and press secretary John Hill
Legislative meeting	7/8/2015	Sue Cately, chief consultant and Allegra Roth, Assembly Fellow, the Assembly Committee on Utilities and Commerce
District meeting	8/3/2015	Lauren Gallant, district director of State Senator Fran Pavley (D- Woodland Hills)
District meeting	8/5/2015	Assembly Member Anthony Rendon (D-South Gate), field representative Ronald Gonzales- Lawrence
Phone briefing	9/14/2015	Meghan McConnell, DC office of Congresswoman Linda Sanchez (D- Lakewood)
Phone briefing	9/14/2015	Adam Sachs, DC office of Congresswoman Lucille Roybal- Allard (D-Commerce)
Phone briefing	9/29/2015	Reed Linsky, office of Congressman Duncan Hunter (R-El Cajon)

# Lindsey Horvath, mayor of West<br/>Hollywood, Sierra Club staff and<br/>members at Beyond Oil Summit in<br/>San Jose

#### **Community Relations (Station-related outreach)**

Activity	Meeting Date
Interactions with multiple cities across California, League of CA Cities convention,	
San Jose, CA, including	
	September 30 and
Cupertino	October 1
Costa Mesa	
El Cerrito	
Glendale	
Grover Beach	
Laguna Niguel	
Los Angeles	
Orange	
Redwood City	
Rocklin	
Roseville	
Santa Clara	
San Diego	
San Marcos	
San Mateo	
San Jose	
Thousand Oaks	

#### Website and Social Media

We provide outreach and education through events, materials, video, web and social media that increase awareness in the general public, build support in early market communities and support other projects' specific goals. Our online strategy is to deliver real-world information about FCEVs and hydrogen stations to early adopter audiences. We use email, blogs, Twitter, YouTube and Facebook to share messages about FCEV commercialization and technology with different audience types.

www.cafcp.org	Jul-15	Aug-15	Sep-15
Number of visits	7,119	6,195	7,051
Average time users spent on site	2:04	2:03	1:43
Most visited pages	Station map Home page FAQ Toolkits Stations A California Road Map	Station map Home page FAQ Toolkits Stations 10 facts about hydrogen	Station map Home page FAQ 10 facts about hydrogen A California Road Map
Most searched keywords on Google to land on CaFCP website	hydrogen fueling stations hydrogen stations in california cafcp hydrogen fuel stations hydrogen fueling stations in california	cafcp hydrogen fuel stations hydrogen fueling stations california fuel cell partnership difference between fuel cell and battery	difference between cell and battery california fuel cell partnership difference between fuel cell and battery cafcp hydrogen fueling stations
Most searched keywords on cafcp.org search engine	cost of hydrogen joe gagliano price well to wheel a california road map	cost fuel cell career project webinar	cost 33 % ab 8 AB 8 ab 8 report
Most referred websites	google.com yahoo bing arb.ca.gov success-seo.com	google.com yahoo bing success-seo.com arb.ca.gov	google.com bing yahoo arb.ca.gov driveclean.ca.gov

FACEBOOK

Jul-15

Sep-15

New likes	26	22	26
Lifetime likes	2,601	2,628	2,642
Lifetime Post Total		13,772	7,725
Reach	10,607		
Lifetime Engaged	545	820	363
Users			

TWITTER	Jul-15	Aug-15	Sep-15
<b>Total Followers</b>	2,243	2,284	2,322
Tweets for the month	100	71	57
Link Clicks	336	319	395

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#### BOARD MEETING DATE: February 5, 2016 AGENDA NO. 5

- PROPOSAL: Execute Contracts Under Diesel Emissions Reduction Act, Carl Moyer Program, and Rule 2202 Program, and Amend Contract
- SYNOPSIS: SCAQMD was awarded \$1,045,993 under the 2012 Diesel Emissions Reduction Act (DERA). These funds were originally awarded to Electric Vehicles International for 52 battery electric truck replacements in the UPS fleet. Due to certain product deficiencies identified by UPS, the project could not be implemented. The U.S. EPA has approved cofunding eligible projects with the Carl Moyer Program that also meet the DERA requirements. Furthermore, there is a need to implement projects under the Rule 2202 to generate NOx emissions credits. These actions are to execute contracts in an amount not to exceed \$6,623,636 under the aforementioned programs, and to amend a contract with no change in the award amount.

COMMITTEE: Technology, January 22, 2016; Recommended for Approval

# **RECOMMENDED ACTIONS:**

- A. Authorize the Chairman to execute the following contracts in an amount not to exceed \$5,894,336, comprised of \$1,045,993 in DERA funds from the Advanced Technology, Outreach and Education Fund (17), and \$4,848,343 from the Carl Moyer Program SB 1107 Fund (32):
  - 1. D.A. McCosker Construction Co. dba Independent Construction Co. for the repower of 4 off-road equipment in an amount not to exceed \$593,450, comprised of \$181,216 from Fund 17, and \$412,234 from Fund 32;
  - 2. Ralph D. Mitzel, Inc. for the repower of 1 off-road equipment in an amount not to exceed \$169,950 from Fund 32;
  - 3. RWP Transfer, Inc. dba Recycled Wood Products for the replacement of 5 offroad equipment in an amount not to exceed \$1,027,602, comprised of \$136,818 from Fund 17, and \$890,784 from Fund 32;
  - 4. Sage Green, LLC for the replacement of 2 off-road equipment in an amount not to exceed \$537,920, comprised of \$29,995 from Fund 17, and \$507,925 from Fund 32;

- 5. John Bootsma Dairy for the replacement of 6 off-road equipment in an amount not to exceed \$460,761, comprised of \$133,939 from Fund 17, and \$326,822 from Fund 32;
- 6. Tina McMinn Equipment Rental, Inc. for the repower of 1 and the replacement of 1 off-road equipment in an amount not to exceed \$1,141,353 from Fund 32;
- 7. Jeffery Chen for the repower of 1 main engine of a marine vessel in an amount not to exceed \$137,840, comprised of \$40,368 from Fund 17, and \$97,472 from Fund 32;
- 8. Michael Mamin for the repower of 2 main and 2 auxiliary engines of a marine vessel in an amount not to exceed \$379,100, comprised of \$107,040 from Fund 17, and \$272,060 from Fund 32;
- 9. Jason Bouchard for the repower of 1 main engine of a marine vessel in an amount not to exceed \$188,190, comprised of \$53,136 from Fund 17, and \$135,054 from Fund 32;
- 10. Aliaksandr Kirychenka for the repower of 1 main engine of a marine vessel in an amount not to exceed \$113,900, comprised of \$32,160 from Fund 17, and \$81,740 from Fund 32;
- 11. Hector Contreras for the repower of 2 main engines of a marine vessel in an amount not to exceed \$177,650, comprised of \$50,184 from Fund 17, and \$127,466 from Fund 32;
- 12. Alex Natipadab for the repower of 1 main engine of a marine vessel in an amount not to exceed \$131,530, comprised of \$39,360 from Fund 17, and \$92,170 from Fund 32;
- Fresh One, LLC for the repower of 2 main engines of a marine vessel in an amount not to exceed \$137,309, comprised of \$44,387 from Fund 17, and \$92,922 from Fund 32;
- 14. Reward Sportfishing for the repower of 1 auxiliary engine of a marine vessel in an amount not to exceed \$24,581, comprised of \$7,550 from Fund 17, and \$17,031 from Fund 32;
- 15. US Water Taxi, Inc. for the repower of 2 main engines of a marine vessel in an amount not to exceed \$280,500, comprised of \$79,200 from Fund 17, and \$201,300 from Fund 32;
- Mark Dean Podoll for the repower of 1 main engine of a marine vessel in an amount not to exceed \$134,300, comprised of \$37,920 from Fund 17, and \$96,380 from Fund 32;
- 17. Concha, Inc. for the repower of 1 main engine of a marine vessel in an amount not to exceed \$102,000, comprised of \$28,800 from Fund 17, and \$73,200 from Fund 32; and
- Children's Maritime Foundation for the repower of 1 main and 1 auxiliary engines of a marine vessel in an amount not to exceed \$156,400, comprised of \$43,920 from Fund 17, and \$112,480 from Fund 32.

- B. Authorize the Chairman to execute the following contracts in an amount not to exceed \$729,300, from the Air Quality Investment Fund, Rule 2202 Program (27):
  - 1. Harbor Breeze Corp. for the repower of 2 main engines of a marine vessel in an amount not to exceed \$437,750;
  - 2. Christie Doan for the repower of 2 main engines of a marine vessel in an amount not to exceed \$146,200; and
  - 3. Sang Van Tran for the repower of 2 main engines of a marine vessel in an amount not to exceed \$145,350.
- C. Authorize the Chairman to amend a contract with Don Copp Crushing Corp. for the replacements of 2 and repower of 1 off-road equipment instead of repowering all 3 equipment with no change in the award amount.

Barry R. Wallerstein, D.Env. Executive Officer

MMM:FM

#### Background

#### DERA and Carl Moyer Program

SCAQMD was awarded \$1,045,993 under the 2012 Diesel Emissions Reduction Act (DERA). These funds were originally awarded to Electric Vehicles International (EVI) for 52 battery electric truck replacements in the UPS fleet. Due to certain product deficiencies identified by UPS, the project could not be implemented. As part of the last Carl Moyer Program solicitation that closed on June 3, 2015, there are off-road and marine vessel projects that are eligible for funding. These projects could not be funded under the last round of the Carl Moyer Program awards approved on October 2, 2015, because more information was needed for the evaluations of the off-road projects and the marine vessel projects were not funded due to oversubscription. However, there are now Carl Moyer Program funds available from partially completed and returned projects that can be used to cofund projects with the DERA funds.

# <u>Rule 2202</u>

Rule 2202 Air Quality Investment Program (AQIP) allows affected employers to invest in an SCAQMD-administered fund in lieu of a ridesharing program. These funds are to be used by the SCAQMD to fund projects that achieve emission reductions credits that would otherwise have been achieved by implementing a rideshare program.

# Outreach

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the PAs and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press

Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin.

Additionally, potential bidders may have been notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the PAs was emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (http://www.aqmd.gov).

# Proposal

Staff has evaluated and selected specific projects that meet both the DERA and the Carl Moyer Program requirements. This action is to execute contracts as listed in Table 1, in an amount not to exceed \$5,894,336, comprised of \$1,045,993 in DERA funds from the Advanced Technology, Outreach and Education Fund (17), and \$4,848,343 from the Carl Moyer Program SB 1107 Fund (32). All the recommended marine vessel projects are located in disproportionately impacted areas. Staff has also obtained the U.S. EPA's approval regarding the eligibility of the projects under DERA regarding the engine model years and the emissions reductions. Total annual NOx and PM emissions reductions from the recommended projects are 52.2 tons and 2.68 ton, respectively.

# <u>Rule 2202</u>

To generate the required NOx emissions reductions, staff recommends to fund three marine vessel projects operating in disproportionately impacted areas. Proposals for these projects were received under the latest Carl Moyer Program solicitation that closed on June 3, 2015. Hence, this action is to repower three marine vessel projects as listed in Table 1, in an amount not to exceed \$729,300 from the Air Quality Investment Fund, Rule 2202 Program (27). Total annual NOx and PM emissions reductions from the recommended projects are 7.01 tons and 0.28 ton, respectively.

# Contract Amendment

This action is to amend a contract with Don Copp Crushing Corp. for the replacements of 2 and repower of 1 off-road equipment instead of repowering all 3 equipment with no change in the award amount.

# **Disproportionate Impact Point Ranking**

The requirements of AB 1390 are implemented according to the following criteria:

- 1) All projects must qualify for the Carl Moyer Program by meeting the cost effectiveness limits established in the Program Announcement.
- 2) All projects will be evaluated according to the following criteria to qualify for funding as a disproportionately impacted area:
  - a. Poverty Level: Detailed socioeconomic information is not included in the 2010 Census. Such data is collected yearly from a small percentage of the

population on a rotating basis by the American Community Survey (ACS). All projects in areas where at least 10 percent of the population falls below the Federal poverty level based on the 2008-2012 ACS data are eligible to be included in this category, and

- b. PM2.5 Exposure: All projects in areas with the highest 15 percent of PM2.5 concentration measured within a 2 km grid will be eligible to be ranked in this category. The highest 15 percent of PM2.5 concentration is 11.10 micrograms per cubic meter and above, on an annual average, or
- c. Air Toxics Exposure: All projects in areas with a cancer risk of 894 in a million and above (based on MATES IV estimates) will be eligible to be ranked in this category.

The maximum score is comprised of 40 percent for poverty level and 30 percent each for PM and toxic exposures.

Table 2 summarizes staff's recommendation of the awards in disproportionately impacted areas under the requirements of AB 1390. The total amount of projects funded in disproportionately impacted areas is \$3,890,152, while the total amount of projects funded solely based on cost-effectiveness is \$2,733,484. In summary, 59% of the projects are in disproportionately impacted areas.

### **Benefits to SCAQMD**

The successful implementation of the projects under the DERA, the Carl Moyer Program, and Rule 2202 will provide direct emissions reductions for both NOx and PM as required by the programs. Since the vehicles and equipment funded under this program will operate for the life of the contract and beyond, the emissions reductions will provide long-term benefits.

#### **Resource Impacts**

Funding for the recommended projects shall not exceed \$6,623,636, comprised of \$1,045,993 from the Advanced Technology, Outreach and Education Fund (17), \$4,848,343 from the Carl Moyer Program SB 1107 Fund (32), and \$729,300 from the Air Quality Investment Fund, Rule 2202 Program (27).

#### Attachments

Table 1 – Recommended Awards Table 2 – Funding Distribution of Recommended Awards

Table 1:	<b>Recommended Awards</b>

Contractor	DERA	Carl Moyer	Rule 2202	Total Award
	(Fund 17)	SB 1107	(Fund 27)	Amount
		(Fund 32)		
Ralph D. Mitzel, Inc.		\$169,950		\$169,950
D.A. McCosker Construction	\$181,216	\$412,234		\$593,450
Co. dba Independent				
Construction Co.				
RWP Transfer, Inc.	\$136,818	\$890,784		\$1,027,602
Sage Green, LLC	\$29,995	\$507,925		\$537,920
John Bootsma Dairy	\$133,939	\$326,822		\$460,761
Tina McMinn		\$1,141,353		\$1,141,353
Jeffery Chen	\$40,368	\$97,472		\$137,840
Michael Mamin	\$107,040	\$272,060		\$379,100
Jason Bouchard	\$53,136	\$135,054		\$188,190
Aliaksandr Kirychenka	\$32,160	\$81,740		\$113,900
Hector Contreras	\$50,184	\$127,466		\$177,650
Alex Natipadab	\$39,360	\$92,170		\$131,530
Fresh One, LLC	\$44,387	\$92,922		\$137,309
Reward Sportfishing	\$7,550	\$17,031		\$24,581
US Water Taxi, Inc.	\$79,200	\$201,300		\$280,500
Mark Dean Podoll	\$37,920	\$96,380		\$134,300
Concha, Inc.	\$28,800	\$73,200		\$102,000
Children's Maritime Foundation	\$43,920	\$112,480		\$156,400
Harbor Breeze Corp.			\$437,750	\$437,750
Christie Doan			\$146,200	\$146,200
Sang Van Tran			\$145,350	\$145,350
	\$1,045,993	\$4,848,343	\$729,300	\$6,623,636

# Table 2: Funding Distribution of Recommended Awards

Awards in Disproportionately Impacted Areas				
Ralph D. Mitzel, Inc.	\$169,950	RWP Transfer, Inc.	\$1,027,602	
Jeffery Chen	\$137,840	Michael Mamin	\$379,100	
Jason Bouchard	\$188,190	Aliaksandr Kirychenka	\$113,900	
Hector Contreras	\$177,650	Alex Natipadab	\$131,530	
Fresh One, LLC	\$137,309	Reward Sportfishing	\$24,581	
US Water Taxi, Inc.	\$280,500	Mark Dean Podoll	\$134,300	
Concha, Inc.	\$102,000	Children's Maritime Foundation	\$156,400	
Harbor Breeze Corp	\$437,750	Christie Doan	\$146,200	
Sang Van Tran	\$145,350			
	Total: §	\$3,890,152		

Awards Solely Based on Cost Effectiveness				
D.A. McCosker Construction Co. dba				
Independent Construction Co.	\$593,450		Tina McMinn Equipment Rental	\$1,141,353
Sage Green	\$537,920		John Bootsma Dairy	\$460,761
Total: \$2,733,484				

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#### BOARD MEETING DATE: February 5, 2016

AGENDA NO. 6

- PROPOSAL: Issue Program Announcements for Locomotives, Ships at Berth and Cargo Handling Equipment Projects Under Proposition 1B-Goods Movement Program
- SYNOPSIS: In September 2015, CARB approved Proposition 1B-Goods Movement Program funding awards to local agencies for projects that will reduce emissions from freight transportation. The awards include a total of \$137.9 million for the Los Angeles/Inland Empire trade corridor. About \$100.9 million of these funds are set aside for heavy-duty diesel truck projects, zero-emission transportation refrigeration units and supporting infrastructure. The remaining \$37 million are allocated for locomotives, ships at berth and cargo handling equipment projects. This action is to issue Program Announcements for locomotives, ships at berth and cargo handling equipment projects under the Proposition1B-Goods Movement Program.
- COMMITTEE: Technology, January 22, 2016; Recommended for Approval

#### **RECOMMENDED ACTION:**

Approve issuance of Program Announcements #PA2016-04 for locomotive projects, and #PA2016-03 for ships at berth and cargo handling equipment projects under the Proposition 1B–Goods Movement Program.

Barry R. Wallerstein, D.Env.
Executive Officer

MMM:FM:VW:MW

#### Background

Proposition 1B authorizes \$1 billion to CARB for the Goods Movement Emission Reduction Program (Program). Projects funded by this Program must achieve early or extra emission reductions not otherwise required by law or regulations. To date, CARB has granted close to \$740 million to local agencies for various goods movement projects. SCAQMD has received about \$400 million of these funds for projects involving heavy-duty diesel trucks, locomotives and ships at berth. The vast majority of these projects are currently operational providing significant emission reduction benefits to the region. In September 2015, CARB approved new funding awards for the Program including \$137.9 million for the Los Angeles/Inland Empire trade corridor. About \$100.9 million of these funds are set aside for heavy-duty diesel truck projects, zero-emission transportation refrigeration units and supporting infrastructure. The remaining \$37 million are allocated for locomotive, and ships at berth and cargo handling equipment projects.

# Proposal

This action is to approve issuance of Program Announcements #PA2016-04 for locomotive projects, and #PA2016-03 for ships at berth and cargo handling equipment projects under the Proposition 1B–Goods Movement Program. Eligible locomotive projects will include the replacement or retrofit with a new engine or alternative technology that is certified at or below the U.S. EPA Tier 4 emission standards. Emissions capture and control systems approved by CARB to reduce NOx and PM emissions from freight locomotives may also qualify for funding.

For ships at berth, only cargo berths or terminals that receive visits from vessels not subject to CARB's Ships-at-Berth Rule will be eligible for shore power funding. Ship emissions capture and control systems may also qualify for funding if the system is approved by CARB and achieves an overall capture efficiency rate of at least 80% for NOx and PM emissions. The cargo handling equipment category includes rubber-tired gantry cranes, yard trucks, and/or lifts operating at a seaport, intermodal rail yard or freight facility. Funding is available for the replacement or conversion of cargo handling equipment with zero-emission technologies as well as battery charging units for the zero-emission yard trucks and lifts.

Following the evaluation of the applications, staff will return to the Board for approval of the ranked list and specific awards for each project.

# Outreach

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

Additionally, potential bidders may be notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the PA will be emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (<u>http://www.aqmd.gov</u> where it can be viewed by making the selection "Grants & Bids."

# **Benefits to SCAQMD**

The successful implementation of the projects approved under the Proposition 1B-Goods Movement Program will reduce NOx and PM emissions in a cost-effective and expeditious manner to meet the goals of the AQMP. The vehicles and equipment to be funded by the Proposition 1B Program will operate for the life of the contracts awarded and beyond in the South Coast region, thus providing long-term emission reductions.

# **Resource Impacts**

SCAQMD expects to receive the final allocation of the Proposition 1B-Goods Movement Program funds from CARB in the amount of approximately \$137.9 million. Staff will seek the Board's approval to recognize the funds and approve recommended projects.

# Attachments

- 1. Program Announcement PA #2016-04 for Locomotive Projects
- 2. Program Announcement PA #2016-03 for Ships at Berth and Cargo Handling Equipment Projects



The South Coast Air Quality Management District (SCAQMD) is pleased to announce the availability of funds from the Proposition 1B - Goods Movement Emission Reduction Program (hereafter "Program"). The Program is administered by a partnership between the California Air Resources Board (CARB) and local agencies to quickly reduce air pollution emissions and health risk from freight movement along California's trade corridors. Projects funded under this Program must achieve early or extra emission reductions not otherwise required by law or regulation. Approximately \$22.5 million in Program funding is expected to be available to SCAQMD for owners of diesel-powered freight locomotives to upgrade to cleaner technologies. Funding is also available for locomotive emissions capture and control systems.

**WHO:** The following may apply for funding through this solicitation:

- 1. For locomotive projects: Owners of diesel-powered freight locomotives with no or minimal emission control technology (i.e., uncontrolled, or meeting Tier 0 through Tier 2 standards),
- 2. For locomotive emissions capture and control system: Contact SCAQMD staff for more information.

**WHAT:** There are four (4) project options available as part of this solicitation.

- 1. Replace or retrofit\* switcher locomotive (1,006 hp 2,300 hp)
- 2. Replace or retrofit\* medium horsepower locomotive (2,301 hp 4,000 hp)
- 3. Replace or retrofit\* line-haul locomotive (4,001 hp or higher)
- 4. Locomotive emissions capture and control system

\*The term "retrofit" includes rebuild, repower, remanufacture, filter installation, and all other modifications other than replacement. The equipment specifications for each of the project options can be found in Appendix B of the 2015 Program Guidelines at: <u>www.arb.ca.gov/gmbond</u>

**HOW:** The application forms with instructions are attached to this Program Announcement (PA). For guidance on which application forms are required for your project type, please see Section VII of this PA. A copy of the application forms can be found at: <u>http://www.aqmd.gov/Prop1B</u>

WHERE: Three (3) copies of a <u>completed application (with all required supporting documents and signatures)</u> must be submitted via mail delivery, or in person to: South Coast Air Quality Management District 21865 Copley Dr., Diamond Bar, CA 91765 Attn: Procurement <u>NOTE</u>: Facsimile or email submittals <u>will not be accepted</u>.

WHEN: Applications must be received by no later than <u>4:00 PM</u> on <u>March 31, 2016</u> to be considered for funding. If you submit an application in person to the SCAQMD, you must obtain a receipt from SCAQMD's Public Information Center located in the lobby that verifies the date and time of your submittal.



### Schedule:

### Solicitation Opens Application Deadline

Anticipated: SCAQMD Evaluation Period CARB's Approval of Ranked List SCAQMD Board Approval of Awards SCAQMD to Issue Contracts

**Operational Deadline** 

February 5, 2016 March 31, 2016 (no later than 4 pm)

April – May 2016 June 2016 July 2016 July-August 2016

To receive the maximum funding of 85% of eligible cost, the upgraded equipment must be operational by 12/31/2016. Funding will be reduced to 80% if the upgraded equipment becomes operational in 2017 or 75% if the upgraded equipment becomes operational in 2018.

For general information or questions about the SCAQMD Proposition 1B – Goods Movement Emission Reduction Program, please contact:

Mei Wang, Air Quality Specialist • (909) 396-3257 • mwang@aqmd.gov



# I. <u>SUMMARY</u>

The purpose of this Program Announcement (PA) is to solicit applications for eligible projects for the State's Proposition 1B – Goods Movement Emission Reduction Program. This PA is for the following equipment types:

- Freight locomotives
- Locomotive emissions capture and control systems

# II. <u>BACKGROUND</u>

The diesel engines in trucks, locomotives, ships, harbor craft, and cargo handling equipment are major contributors to the State's pollution challenges. These sources account for nearly half of the statewide particulate matter (PM) emissions. Diesel PM is both a toxic air contaminant and a contributor to black carbon, a powerful short-lived climate pollutant. Near-source exposure to emissions of this particulate matter is associated with health risks, especially near distribution centers, railyards, and seaports, many of which impact disadvantaged communities. Emissions from freight transport also account for over one third of the statewide nitrogen oxides (NOx) that forms fine particles.

Proposition 1B (Prop. 1B), approved by voters in 2006, authorizes \$1 billion in bond funding to CARB to cut freight emissions in four priority trade corridors, including the Los Angeles/Inland Empire trade corridor in the South Coast Air Basin. The funding categories include heavy-duty diesel trucks, freight locomotives, ships at berth, commercial harbor craft, cargo handling equipment, transport refrigeration units (TRU), and infrastructure for electrification of truck stops, distribution centers and other places where trucks congregate.

The Program supplements existing regulations and may be combined with other funding programs to cut diesel emissions by funding projects "not otherwise required by law or regulation." The Program funds provide an incentive to equipment owners to upgrade to cleaner equipment and achieve early or extra emission reductions beyond those required by applicable rules, regulations or enforceable agreements.

# III. <u>DEFINITIONS</u>

### a) Freight Facility

Distribution centers, warehouses, retail and wholesale outlets, and agricultural processing centers, and other places where trucks congregate (other than truck stops.)

### b) Freshly Manufactured Locomotive Engine

Freshly manufactured locomotive engine" means, pursuant to Code of Federal Regulations Title 40, Part 92.2, a new locomotive engine that has not been remanufactured.

### c) "Goods"

Defined as having the same meaning in Commercial Code section 2105, which essentially requires that:

South Coast Air Quality Management District 21865 Copley Dr. Diamond Bar, CA 91765



- The goods must be movable.
- The goods being moved must be part of a transaction that involves a contract for the sale of the goods.

### d) Locomotive Retrofit

Locomotive retrofit" means one or more of the following, pursuant to Code of Federal Regulations Title 40, Part 92.2(1):

- To replace, or inspect and qualify, each and every power assembly of a locomotive or locomotive engine, whether during a single maintenance event or cumulatively within a five-year period;
- To upgrade a locomotive or locomotive engine;
- To convert a locomotive or locomotive engine to enable it to operate using a fuel other than it was originally manufactured to use; or
- To install a remanufactured engine or a freshly manufactured engine into a previously used locomotive.

Or pursuant to Code of Federal Regulations Title 40, Part 92.2,

• Replacement of the engine in a previously used locomotive with a freshly manufactured locomotive engine.

The project option "retrofit" includes rebuild, repower, remanufacture, filter installation, and all other modifications other than replacement.

# IV. <u>OWNERSHIP REQUIREMENTS</u>

Applications shall be signed and submitted by the current legal owner of the existing equipment that will be upgraded or replaced. Locomotive emissions capture and control system projects shall be signed and submitted by the future owner of the Program-funded equipment.

Non-owner applications are not eligible for funding. Third party applications are not allowed.

Ownership of the existing equipment shall not change from the time an equipment project application is submitted through receiving Program funding.

Individuals or companies that operate the existing equipment under a lease agreement with the equipment owner are prohibited from applying for bond funding.

### V. FUNDING AND REQUIREMENTS

Program requirements specific to the four project options are summarized below:

### Locomotives

Eligible costs may include a new chassis, freshly manufactured or retrofitted engine(s), new generator set(s), filter, and diesel oxidation catalyst for PM control, exhaust gas recirculation and selective cata-

South Coast Air Quality Management District 21865 Copley Dr. Diamond Bar, CA 91765



lytic reduction device for NOx control, other emission control equipment, and new or upgraded mechanical/electrical/control system components necessary for safe operation.

Ineligible costs include auto start/stop devices required by regulation or agreements, GPS devices and associated monitoring and reporting costs, design, engineering, consulting, license, registration, taxes, insurance, operation, maintenance, and repair.

### Option 1: Switcher Locomotive (1,006 hp to 2,300 hp)

Partial funding to replace or retrofit an uncontrolled, or Tier 0 through Tier 2 switcher locomotive with a new engine or alternative technology that is certified at or below the U. S. EPA Tier 4 emission standards (1.30 grams per brake horsepower-hour(g/bhp-hr) for NOx and 0.03 g/bhp-hr for PM).

### **Funding Table**

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Year Project is Operational	Funding Amount*
2016	85% up to \$2,125,000
2017	80% up to \$2,000,000
2018	75% up to \$1,875,000

\*If the equipment is banned from California operation instead of scrapped, the funding amount will be reduced by 20%. Note: Equipment owner must demonstrate at least 50% operation or equivalent locomotive horsepower operation within the four California trade corridors for the past 2 years.

### Requirements

The new or upgraded equipment must meet the required emission levels or standards as evidenced by a U.S. EPA Certificate of Conformity (if available) and CARB Verification Letter of the emission levels achieved.

Equipment certification or verification may still be pending at the time of application or contract execution, however, equipment must be verified or certified prior to the payment.

In addition to the General Requirements, equipment owner shall:

- Commit to 90% or 100% California-only operation for the duration of the project life; equipment is permitted to temporarily travel out-of-state for periodic maintenance, if outlined in the contract between the local agency and equipment owner.
- Commit to at least 50% of operation within the four California trade corridors for duration of the project life.
- Commit to a project life of 15 years.
- Commit to the funded locomotive using CARB diesel fuel unless CARB approves an exemption and it is included in the contract between the local agency and equipment owner.
- Scrap the old engine/locomotive, or ban old engine/locomotive from California operation (replacements and retrofits involving engine replacement).
- Install an active GPS device on both the old equipment (if not scrapped) and the new equipment, fund and commit to data collection, and report location data.



# **Option 2: Medium Horsepower Locomotive (2,301 to 4,000 hp)**

Partial funding to replace or retrofit an uncontrolled, or Tier 0 through Tier 2 medium horsepower locomotive with a new engine or alternative technology that is certified at or below the U. S. EPA Tier 4 emission standards (1.30 g/bhp-hr for NOx and 0.03 g/bhp-hr for PM). Equipment owner must demonstrate at least 50% operation or equivalent locomotive horsepower operation within the four California trade corridors for the past 2 years.

### **Funding Table**

Year Project is Operational	Funding Amount*
2016	85% up to \$2,550,000
2017	80% up to \$2,400,000
2018	75% up to \$2,250,000

\*If the equipment is banned from California operation instead of scrapped, the funding amount will be reduced by 20%. Note: Equipment owner must demonstrate at least 50% operation or equivalent locomotive horsepower operation within the four California trade corridors for the past 2 years.

### Requirements

The new or upgraded equipment must meet the required emission levels or standards as evidenced by a U.S. EPA Certificate of Conformity (if available) and CARB Verification Letter of the emission levels achieved.

Equipment certification or verification may still be pending at the time of application or contract execution, however, equipment must be verified or certified prior to the payment.

In addition to the General Requirements listed previously, equipment owner shall:

- Commit to 90% California or 100% California-only operation for the duration of the project life; equipment is permitted to temporarily travel out-of-state for periodic maintenance, if outlined in the contract between the local agency and equipment owner.
- Commit to at least 50% of operation within the four California trade corridors for the duration of the project life.
- Commit to a project life of 15 years.
- Commit to the funded locomotive using CARB diesel fuel unless approves an exemption and it is included in the contract between the local agency and equipment owner.
- Scrap or ban the old engine/locomotive from California operation (replacements and retrofits involving engine replacement).
- Install an active GPS device on both old (if not scrapped) and new equipment, fund and commit to data collection, and report location data.

# **Option 3: Line-Haul Locomotive (4,001 hp or higher)**

Partial funding to replace or retrofit an uncontrolled, or Tier 0 through Tier 2 line-haul locomotive with a new engine or alternative technology that is certified at or below the U. S. EPA Tier 4 emission standards (1.30 g/bhp-hr for NOx and 0.03 g/bhp-hr for PM).



### Funding Table

▶ 90% to 100% California Operation:

Year Project is Operational	Funding Amount*
2016	85% up to \$2,550,000
2017	80% up to \$2,400,000
2018	75% up to \$2,250,000

\*If the equipment is banned from California operation instead of scrapped, the funding amount will be reduced by 20%.

➢ 75% California Operation:

Year Project is Operational	Funding Amount*
2016	70% up to \$2,100,000
2017	65% up to \$1,950,000
2018	60% up to \$1,800,000

\*If the equipment is banned from California operation instead of scrapped, the funding amount will be reduced by 20%.

➢ 50% California Operation:

Year Project is Operational	Funding Amount*
2016	45% up to \$1,350,000
2017	40% up to \$1,200,000
2018	35% up to \$1,050,000

\*If the equipment is banned from California operation instead of scrapped, the funding amount will be reduced by 20%.

111				
	Year Project is Operational	Funding Amount*		
	2016	25% up to \$750,000		
	2017	20% up to \$600,000		
	2018	15% up to \$450,000		

30% California Operation:

\*If the equipment is banned from California operation instead of scrapped, the funding amount will be reduced by 20%.

### Requirements

The new or upgraded equipment must meet the required emission standards as evidenced by a U.S. EPA Certificate of Conformity (if available) and CARB Verification Letter of the emission levels achieved.

Equipment certification or verification may still be pending at the time of application or contract execution, however, equipment must be verified or certified prior to the payment.

In addition to the General Requirements listed previously, equipment owner shall:

• Commit to a minimum percentage of California operation per the appropriate funding level for the duration of the project life. Equipment is permitted to temporarily travel out-of-state for periodic maintenance, if outlined in the contract between the local agency and equipment owner.



- Commit to at least a majority of the percentage California operation being within the four California trade corridors for the duration of the project life.
- Commit to a project life of 15 years.
- Commit to the funded locomotive only using CARB diesel fuel unless CARB approves an exemption and it is included in the contract between the local agency and equipment owner.
- Scrap or ban the old (uncontrolled through Tier 1+) engine/locomotive from California operation for (replacements or retrofits involving engine replacement). If upgrading a Tier 2 engine/locomotive, the Tier 2 equipment may remain in California and a Tier 0 through Tier 1+ engine/locomotive must be scrapped or banned from California operation (replacements and retrofits involving engine replacement).
- Install an active GPS device on both the old (if not scrapped) and the new equipment, fund and commit to data collection, and report location data.

# **Option 4: Locomotive Emissions Capture and Control System**

This option is eligible for funding (contact SCAQMD for more information).

# VI. <u>ELIGIBILITY AND GENERAL REQUIREMENTS</u>

### Eligibility

Project eligibility will be based on the Program Guidelines which can be found at: <u>www.arb.ca.gov/gmbond</u>.

In order to be eligible for funding, the equipment owner must demonstrate:

- Operation or equivalent locomotive horsepower operation in California for the past 2 years.
- For switchers and medium horsepower locomotives: at least 50% operation or equivalent locomotive horsepower operation within the four California trade corridors for the past 2 years.
- For line haul locomotives: a majority of the minimum percentage operation or equivalent locomotive horsepower operation within the four California trade corridors for the past 2 years.
- Estimated diesel fuel usage of 20,000 gallons or equivalent per year or greater.

# **General Requirement**

Equipment owner shall:

- Commit to the project life specified by the applicable equipment project option.
- Adhere to all Program requirements during the project life.
- Agree to equipment inspections.
- Comply with record-keeping, reporting, and Program review or fiscal audit requirements.
- Sign a legally binding contract with the local agency including project milestones and completion deadlines.
- Properly maintain upgraded equipment in good operating condition and according to manufacturer's recommendations.



- Demonstrate proof of equipment warranty and insurance on upgraded equipment.
- Certify that there are no outstanding CARB violations or non-compliance with CARB regulations associated with the equipment or the owner.
- Exclude any Program-funded equipment from the compliance calculations for the 1998 agreement for locomotives operating in the South Coast Air Basin for the duration of the project life (applicable to Union Pacific and BNSF Railway only).

# VII. <u>APPLICATION SUBMITTAL REQUIREMENTS</u>

A complete application must be submitted to SCAQMD by no later than the application deadline (by 4:00 pm on Thursday, March 31, 2016) to be considered for Program funding. It is the applicant's responsibility to ensure the application contains all the required information at the time of submittal to the SCAQMD. The SCAQMD is not required to contact the applicant to obtain required information that is missing from the application. The application forms are provided in the appendices of this Program Announcement.

Union Pacific and BNSF Railway must certify that any locomotive that would operate in the South Coast Air Basin will be excluded from the railroads fleet average emissions calculations under the 1998 agreement.

The applicant should be aware that the application forms require certain information such as a project description, project schedule and project cost information to be provided on the application form if space permit or as an attachment to the application form. The application form and all required attachments must be completed and submitted to SCAQMD by the application deadline.

Applicants must sign the application form indicating their understanding of the requirements, including submittal of additional project information if needed to enable SCAQMD to finalize a contract. To qualify for the specified funding level, please note the equipment must be in operation within the time period prescribed in this PA and in the contract agreement with the equipment owner.

Below is a list of all application forms and attachments for the Prop 1B Program:

- Form A1 Applicant Information (this form is required for all applicants)
- Form B1 Switcher Locomotive
- Form B2 Medium Horsepower Locomotive
- Form B3 Line-Haul Locomotive
- Attachment 1 Business Information Request
- Attachment 2 Disadvantaged Business Certification
- Attachment 3 W-9 Request for Taxpayer Identification Number and Certification
- Attachment 4 Withholding Exemption Certificate
- Attachment 5 Campaign Contribution Disclosure



Note: Each Attachment (#s 1-5) must be completed and submitted with each set of projects. If your application is approved, an updated Attachment 5 may be requested by your assigned Project Officer at a later date.

### VIII. EQUIPMENT PROJECT PURCHASE RESTRICTIONS

An equipment owner <u>may not</u> purchase, receive, install, pay for, or place into operation any engines, equipment, nor may work begin on a repower or retrofit project or a project to install infrastructure, until the project contract is fully executed. The equipment owner may pre-order prior to contract execution at the equipment owner's risk, but can only be purchased once the existing equipment has been pre-inspected and the contract is signed between the equipment owner and SCAQMD. The SCAQMD <u>will not</u> reimburse grantees for orders or any payments on a new engine, piece of equipment, or vehicle that takes place prior to SCAQMD approval of the project through contract execution.

### IX. PAYMENT PROCESS

The SCAQMD shall expend Program funds through invoice payments after the satisfactory completion of a post-inspection by SCAQMD. Invoice payments provide Program funding to equipment owners on a reimbursement basis or to the vendor through a direct payment option provided the SCAQMD receives written instructions and approval from the grantee.

Reimbursement to equipment owner cannot exceed the amount directly paid by the equipment owner.

An invoice shall be itemized to include enough detail to ensure that the local agency provides reimbursement only for the eligible project costs, yet be clear and concise enough to be understandable.

Equipment owner shall not request or receive payment for engines, equipment or infrastructure that are non-operational, taxes, consulting services, license, permit fees, registration, insurance, or any other cost not eligible for Program funds.

Labor expenses are not eligible for payment with program funds. However, labor expenses shall be included in the itemized invoice with the detailed number of hour charged and hourly wage.

Equipment owner may submit a single itemized invoice for multiple, completed equipment projects under this Program. The invoice shall itemize the charges for each equipment project.

Equipment certification or verification may still be pending at the time of application or contract execution, however, equipment must be verified or certified prior to the payment.



# X. PROJECT EVALUATION AND COMPETITIVE RANKING

Complete applications will be evaluated by the SCAQMD and all eligible projects will be competitively ranked according to the procedures specified in the Program guidelines. The ranked list, once approved by CARB, will be posted on the SCAQMD website. SCAQMD will award grant funds to the top project on the ranked list and continue down the list until the Program funds are exhausted. For complete information regarding project evaluation and the competitive ranking process, please refer to Chapter IV of the Final 2015 Staff Report and Guidelines for Implementation found on the CARB Program website at: <a href="https://www.arb.ca.gov/gmbond">www.arb.ca.gov/gmbond</a>.

# XI. ANNUAL REPORTING REQUIREMENTS

Equipment owners shall be responsible for annual reporting to the local agency that includes, but is not limited to:

### **Locomotive Projects:**

- Contact information (owner name, company, address, and phone).
- Build number, date, builder, builder model.
- Date of equipment installation.
- Locomotive type.
- Name and location of home railyard.
- Annual megawatt-hours of operation, notch profile and fuel consumed since last report.
- Representative profile data to determine engine duty cycle.
- Certification and documentation of 90% or 100% California-only operation for switchers and medium horsepower locomotives.
- Certification and documentation of percentage of operation in the four California trade corridors for switcher and medium horsepower locomotives.
- Certification and documentation of percentage of California operation for line-haul locomotives.
- Certification and documentation of percentage of operation in the four California trade corridors for line-haul locomotives.
- Summary of maintenance performed (including location) and inspections conducted.
- GPS data in a usable format.
- The estimated percentage of annual travel in each of the four California trade corridors:
  - $\circ$  Bay Area trade corridor.
  - Central Valley trade corridor.
  - Los Angeles/Inland Empire trade corridor.
  - San Diego trade corridor.
- Certification that Program-funded equipment was used in accordance with the signed contract and that all information submitted is true and accurate.
- Other information as requested by CARB or the local agency.

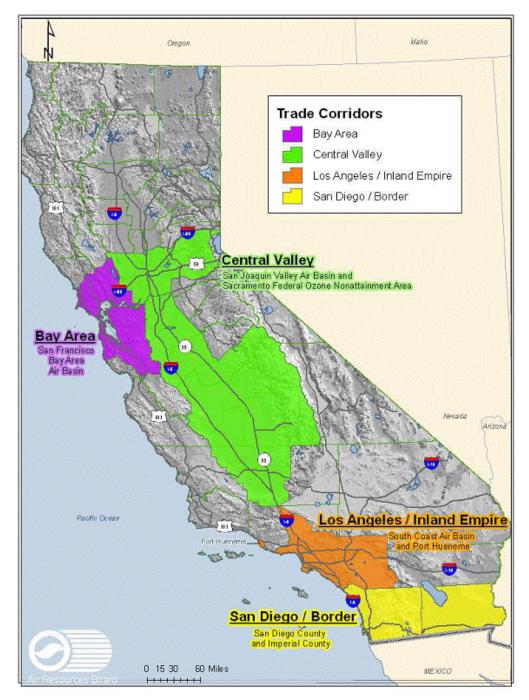


# XII. <u>USEFUL RESOURCES</u>

- CARB Goods Movement Emission Reduction Program: <u>http://www.arb.ca.gov/bonds/gmbond/gmbond.htm</u>
- SCAQMD Prop. 1B Website (where a copy of the solicitation and application forms can be found) <u>http://www.aqmd.gov/Prop1B</u>



# MAP OF THE TRADE CORRIDORS



South Coast Air Quality Management District 21865 Copley Dr. Diamond Bar, CA 91765



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### FORM A1: Applicant Information (Complete one form per company)-Locomotive Projects

#### I. APPLICANT INFORMATION(Required Information)

Organization/Agency/Company Name:				
Railroad Class (1,2, or3):				
Primary Contact Full Name:		Email:		
Mailing Address:		Phone Number:		
City:	State:		Zip Code:	
Person with Equipment Contract Signing Authority (owner):				
Total Number of Locomotives: Total Nu		tal Number of Employees:		
BNSF and Union Pacific applicants please sign the statement included in Section III of this form.				

#### **II. PROJECT INFORMATION**

	What type of project are you applying for?			
Project Type		Total Number of Equipment	Additional Forms to Complete	
	Switcher Locomotive     Number of switchers being replaced:		Form B1 for each switcher included in the application	
	Medium Horsepower Locomotive	Number of locomotives being replaced:	Form B2 for each locomotive included in the application	
	Line-Haul Locomotive	Number of locomotives being replaced:	Form B3 for each locomotive included in the application	

#### III. SUPPLEMENTAL INFORMATION- PLEASE ATTACH THE FOLLOWING DOCUMENTS TO COMPLETE YOUR APPLICTION

Attach one or more of the following forms to Form A1, as required:
Form B1- Switcher Locomotive
Form B2- Medium Horsepower Locomotive
Form B3- Line-Haul Locomotive
Applicable to BNSF and Union Pacific Only:
We certify that any locomotives that would operate in the South Coast Air Basin will be excluded from the railroads fleet average emission
calculations under the 1998 agreement for the duration of the project life.
Signature of Applicant:

Submit the original completed application (with all required supporting documents and signatures) along with **two (2) copies** of <u>the entire application package</u> via mail delivery, or in person to:

South Coast Air Quality Management District 21865 Copley Dr., Diamond Bar, CA 91765 Attn: Procurement Application Deadline: March 31, 2016

**<u>NOTE</u>**: Facsimile or email submittals <u>will not be accepted</u>. You must submit total of 3 copies including the original application.

Form A1 Page 1 of 2



### FORM A1: Applicant Information (Complete one form per company)-Locomotive Project

I am the owner of the existing equipment, have the legal authority to apply for incentive funding for the entity described in this application, and agree to the following statement by signing below:

- I (equipment owner) have reviewed the information provided in this application, including all supporting documentation, and certify the application information is true and correct, and meet the minimum requirements of the Proposition 1B –Goods Movement Emission Reduction Program;
- I agree to follow all requirements of the Proposition 1B Goods Movement Emission Reduction Program- Final 2015 Staff Report and Guidelines for Implementation;
- The Program-funded equipment shall be placed into operation and post-inspected prior to the applicable operational deadline to remain eligible for funding;
- I understand that the Program-funded equipment may not be used by the equipment owner to comply with any applicable CARB regulations for the specified timeframe;
- Neither the owner nor equipment identified in the application has any outstanding violations or non-compliance with CARB regulations;
- I have not and will not apply for additional Proposition 1B Goods Movement Emission Reduction Program grant funds from any other local agency or funding from any other CARB incentive program for the equipment included in this application.
- I will disclose any other source(s) of funding that has been applied for and will be used for the same project, including the source of funds, amount, and the purpose of the funding;
- I will disclose the value of any existing financial incentive that directly reduces the project cost, including tax credits or deductions, grants, or other public financial assistance for the same equipment project;
- Grant funds shall only be used to offset the capital cost of the equipment and/or shall reduce the principal owed to purchase the equipment;
- New equipment must **not** be purchased, received, installed, paid for, or placed into operation prior to contract execution unless specified by the Program Guidelines, and if allowed, equipment owner shall assume all financial risk and is in no way assured Program funds;
- New equipment purchased outside of California may be subject to California sales and/or use taxes;
- I have all the information needed to understand what must be done to maintain eligibility for Program funds. This includes maintaining registration and ownership; keeping equipment in legal operating condition within California; correcting any air pollution citations; complying with all CARB regulations; and reporting, repairing, or replacing equipment that has been damaged, destroyed, or stolen;
- I understand that an incomplete or illegible application, including applications that are missing required documentation, may be rejected by the SCAQMD at their discretion;
- I acknowledge that the SCAQMD may release information contained in the application to third parties if required by state and federal public records laws;
- I understand that for switcher and medium horsepower locomotive projects; the equipment owner must commit to operating the Program-funded equipment at least 50% of the time within the four California trade corridors during the project life; for line-haul locomotive projects: the equipment owner must commit at least a majority of the percentage California operation within the four CA trade corridors during the project life;
- Any additional non-Program funding needed to complete the equipment project according to the proposed timeframe is reasonably available; and
- I understand as an applicant that incentive programs have limited funds and shall terminate upon depletion of program funding.

Printed Name of Owner:	Title:
Signature of Owner:	Date:



**FORM B1: Equipment Information – Switcher Locomotive (1,006 hp - 2,300 hp)** (*Complete one form per switcher*)

I. EXISTING EQUIPIVIENT INFORMA	I. EXISTING EQUIPMENT INFORMATION			
EXISTING SWITCHER INFORMATION				
Locomotive Type (diesel/electric, alternative technolo	gy):			
Builder Name:	Build Number:		Build Date:	
Locomotive Make:	Model		Serial Number:	
Annual Fuel Consumption (in Gallons):		Annual Megawatt Hours of Operation:		
Name and location of home railyard:				
Identify the trade corridors in which the equipment is	routinely operated dur	ing the past 2 years:		
LA/Inland Empire Trade Corridor: Fuel Consumption (GAL):       Megawatt Hours:         Bay Area Trade Corridor: Fuel Consumption (GAL):       Megawatt Hours:         Central Valley Trade Corridor: Fuel Consumption (GAL):       Megawatt Hours:         San Diego Trade Corridor: Fuel Consumption (GAL):       Megawatt Hours:				

ENGINE DATA (PER ENGINE)				
Engine Configurations (Roots blown, turbo-charged, other):				
Emission Control Level (Uncontrolled, Tier 0 through Tier 2):				
Engine Family Number:	Engine Make and Type:	Engine Model:		
Engine Year:	Engine Serial Number:	Horsepower:		
Number of Cylinders:	Fuel Type:			
Electronic Monitoring Unit Device Type and Model (if equipped):				

#### **II. NEW EQUIPMENT INFORMATION**

NEW SWITCHER INFORMATION		
□ Replace(New Purchase)		
Retrofit, including ( Rebuild Repower Remanufacture	Filter Installation Other:)	
Locomotive Type (diesel/electric, gen-set, alternative technology):		
Builder Name:	Locomotive Make and Family Name:	
Locomotive Family Name:		
U.S. EPA Certification of Conformity (if available) and CARB Verification Letter of the Emission Levels Achieved? 🗌 Yes 🗌 No		



**FORM B1: Equipment Information – Switcher Locomotive (1,006 hp - 2,300 hp)** (*Complete one form per switcher*)

NEW ENGINE DATA (PER ENGINE)	
Engine Configurations (Roots blown, turbo-charged, other):	
Engine Family Number:	Engine Make:
Engine Year:	Horsepower:
Number of Cylinders:	Fuel Type:
For new switcher gen-sets, provide the number of engines, and each engine horsepower and kilowatts-hour:	
Emission Control Equipment Installed? Diesel PM filter Diesel Oxidation Catalyst Exhaust Gas Recirculation Selective Catalytic Reduction Other	
Electronic monitoring unit device type and a description or sample of the type/format of reportable data:	

#### ITEMIZED COST INFORMATION FOR ELIGIBLE EXPENSES

Locomotive, engine, or generator set cost:

Emission Control Equipment cost:

Other Equipment/Material and cost:

PREDICTED ACTIVITY DATA OF NEW EQUIPMENT	
Percentage of future operation in California: 🗆 90% 🔲 100% 🗆 Other%	
Percentage of future operation in four California trade corridors:%	
Estimated Annual Fuel Consumption (GAL): Estimated Annual Megawatt-Hours of Operation (if applicable):	
Name and location of home railyard:	

#### EQUIPMENT PROJECT FUNDING DEMONSTRATION

Project Funds Requested:

Funding Sources and amount of other funding: 
□ Private □ Local □ Other State □ Federal

Total Project Cost:



FORM B1: Equipment Information – Switcher Locomotive (1,006 hp - 2,300 hp) (Complete one form per switcher)

#### SUPPLEMENTAL INFORMATION-PLEASE ATTACH THE FOLLOWING DOCUMENTS TO YOUR APPLICATION

- Ownership Documentation of Current Ownership
- □ Activity data for the past 2 years (for existing unit or units of comparable horsepower and function)
  - Annual fuel consumption (gallons of fuel) or annual megawatt hours of operation.
- □ Activity documentation for past 2 years (for existing unit or units of comparable horsepower and function)
  - Documentation of percentage of operation within the four California trade corridors.
    - Documentation of fuel consumption.
    - o Documentation of megawatt hours of operation.
    - ARB staff may post on the program website additional instructions for applicants demonstrating eligibility based on units of comparable horsepower and function.
- Itemized cost information- attach price quote for all equipment and materials. This price quote must itemize all eligible costs, including locomotive, engine, generator set, and other equipment, as applicable.



FORM B2: Equipment Information – Medium Horsepower Locomotive (2,301 hp - 4,000 hp) (Complete one form per Locomotive)

I. EXISTING EQUIPMENT INFORMATION			
	EXISTING LOCOMO	TIVE INFORMATION	
Locomotive Type (diesel/electric, alternative technolog	gy):		
Builder Name:	Build Number:		Build Date:
Locomotive Make:	Model		Serial Number:
Annual Fuel Consumption (in Gallons):	Fuel Consumption (in Gallons): Annual Megawatt Hours of Operation:		Operation:
Name and location of home railyard:			
Identify the trade corridors in which the equipment is routinely operated during the past 2 years:			
LA/Inland Empire Trade Corridor: Fuel Consumption (GAL):       Megawatt Hours:         Bay Area Trade Corridor: Fuel Consumption (GAL):       Megawatt Hours:         Central Valley Trade Corridor: Fuel Consumption (GAL):       Megawatt Hours:         San Diego Trade Corridor: Fuel Consumption (GAL):       Megawatt Hours:			

ENGINE DATA (PER ENGINE)			
Engine Configurations (Roots blown, turbo-charged, other):			
Emission Control Level (Uncontrolled, Tier 0 through Tier 2):			
Engine Family Number:	Engine Make and Type:	Engine Model:	
Engine Year:	Engine Serial Number:	Horsepower:	
Number of Cylinders: Fuel Type:			
Electronic Monitoring Unit Device Type and Model (if equipped):			

#### II. NEW EQUIPMENT INFORMATION

NEW LOCOMOTIVE INFORMATION		
Replace(New Purchase)	Replace(New Purchase)	
□ Retrofit, including (□ Rebuild □ Repower □ Remanufacture □ Filter Installation □Other:)		
Locomotive Type (diesel/electric, gen-set, alternative technology):		
Builder Name: Locomotive Make:		
U.S. EPA Certification of Conformity (if available) and an ARB Verification Letter of the emission Levels Achieved? 🗆 Yes 📄 No		



**FORM B2: Equipment Information – Medium Horsepower Locomotive (2,301 hp - 4,000 hp)** (*Complete one form per Locomotive*)

NEW ENGINE DATA (PER ENGINE)	
Engine Configurations (Roots blown, turbo-charged, other):	
Engine Family Number:	Engine Make:
Engine Year:	Horsepower:
Number of Cylinders:	Fuel Type:
For new switcher gen-sets, provide the number of engines, and each engine horsepower and kilowatts-hour:	
Emission Control Equipment Installed? Diesel PM filter Diesel Oxidation Catalyst Exhaust Gas Recirculation Selective Catalytic Reduction Other	
Electronic monitoring unit device type and a description or sample of the type/format of reportable data:	

#### ITEMIZED COST INFORMATION FOR ELIGIBLE EXPENSES

Locomotive, engine, or generator set cost:

Emission Control Equipment cost:

Other Equipment/Material and cost:

#### PREDICTED ACTIVITY DATA OF NEW EQUIPMENT

Percentage of future operation in California:
90%
100%
Other \_\_\_\_\_%

Percentage of future operation in four California trade corridors:
\_\_\_\_\_%

Estimated Annual Fuel Consumption (GAL):
Estimated Annual Megawatt-Hours of Operation (if applicable):

Name and location of home railyard:

#### EQUIPMENT PROJECT FUNDING DEMONSTRATION

Project Funds Requested:

Funding Sources and amount of other funding: 
□ Private □ Local □ Other State □ Federal

Total Project Cost:



### **PROPOSITION 1B - GOODS MOVEMENT EMISSION REDUCTION PROGRAM APPLICATION**

FORM B2: Equipment Information – Medium Horsepower Locomotive (2,301 hp - 4,000 hp) (Complete one form per Locomotive)

#### SUPPLEMENTAL INFORMATION-PLEASE ATTACH THE FOLLOWING DOCUMENTS TO YOUR APPLICATION

□ Ownership –Documentation of Current Ownership

Activity data for the past 2 years (for existing unit or units of comparable horsepower and function)
 Annual fuel consumption (gallons of fuel) or annual megawatt hours of operation.

- Activity documentation for past 2 years (for existing unit or units of comparable horsepower and function)
  - Documentation of percentage of operation within the four California trade corridors.
    - Documentation of fuel consumption.
    - Documentation of megawatt hours of operation.
    - ARB staff may post on the program website additional instructions for applicants demonstrating eligibility based on units of comparable horsepower and function.
- Itemized cost information- attach price quote for all equipment and materials. This price quote must itemize all eligible costs, including locomotive, engine generator set, and other equipment, as applicable.



**FORM B3: Equipment Information – Line-Haul Locomotive (4,001 hp or higher)** (Complete one form per Locomotive)

#### I. EXISTING EQUIPMENT INFORMATION

EXISTING LOCOMOTIVE INFORMATION			
Locomotive Type (diesel/electric, alternative technology):			
Builder Name:	Build Number: Build Date:		Build Date:
Locomotive Make:	Model		Serial Number:
Annual Fuel Consumption (in Gallons):		Annual Megawatt Hours of Operation:	
Name and location of home railyard:			
Identify the trade corridors in which the equipment is routinely operated during the past 2 years:			
LA/Inland Empire Trade Corridor: Fuel Consumption (GAL): Megawatt Hours:			
Bay Area Trade Corridor: Fuel Consumption (GAL): Megawatt Hours:			
Central Valley Trade Corridor: Fuel Consumption (GAL): Megawatt Hours:			
San Diego Trade Corridor: Fuel Consumption (GAL): Megawatt Hours:			

ENGINE DATA (PER ENGINE)			
Engine Configurations (Roots blown, turbo-charged, other):			
Emission Control Level (Uncontrolled, Tier 0 through Tier 2):			
Engine Family Number:	Engine Make and Type:	Engine Model:	
Engine Year:	Engine Serial Number:	Horsepower:	
Number of Cylinders:     Fuel Type:			
Electronic Monitoring Unit Device Type and Model (if equipped):			

#### II. NEW EQUIPMENT INFORMATION

NEW LOCOMOTIVE INFORMATION			
Replace(New Purchase)	Replace(New Purchase)		
□ Retrofit, including (□ Rebuild □ Repower □ Remanufacture	□ Filter Installation □Other:)		
Locomotive Type (diesel/electric, gen-set, alternative technology):			
Builder Name:	Locomotive Make and Family Name:		
U.S. EPA Certification of Conformity (if available) and CARB Verification Letter of the Emission Levels Achieved? 🗌 Yes 🔲 No			



FORM B3: Equipment Information – Line-Haul Locomotive (4,001 hp or higher) (Complete one form per Locomotive)

NEW ENGINE DATA (PER ENGINE)	
Engine Configurations (Roots blown, turbo-charged, other):	
Engine Family Number:	Engine Make:
Engine Year:	Horsepower:
Number of Cylinders:	Fuel Type:
For new switcher gen-sets, provide the number of engines, and each engine horsepower and kilowatts-hour:	
Emission Control Equipment Installed? Diesel PM filter Diesel Oxidation Catalyst Exhaust Gas Recirculation Selective Catalytic Reduction Other	
Electronic monitoring unit device type and a description or sample of the	type/format of reportable data:

#### ITEMIZED COST INFORMATION FOR ELIGIBLE EXPENSES

Locomotive, engine, or generator set cost:

Emission Control Equipment cost:

Other Equipment/Material and cost:

PREDICTED ACTIVITY DATA OF NEW EQUIPMENT		
Percentage of future operation in California% Must be in between 30 and 100%		
Percentage of future operation in four California trade corridors:%		
Estimated Annual Fuel Consumption (GAL): Estimated Annual Megawatt-Hours of Operation (if applicable):		
Name and location of home railyard:		

#### EQUIPMENT PROJECT FUNDING DEMONSTRATION

Proi	oct	Funds	Ren	uested:
PIU	ecι	runus	neq	uesteu.

Funding Sources and amount of other funding: 
□ Private □ Local □ Other State □ Federal

Total Project Cost:



FORM B3: Equipment Information – Line-Haul Locomotive (4,001 hp or higher) (Complete one form per Locomotive)

#### SUPPLEMENTAL INFORMATION-PLEASE ATTACH THE FOLLOWING DOCUMENTS TO YOUR APPLICATION

- Ownership Documentation of Current Ownership
- Activity data for the past 2 years (for existing unit or units of comparable horsepower and function)
  - Annual fuel consumption (gallons of fuel) or annual megawatt hours of operation.
- □ Activity documentation for past 2 years (for existing unit or units of comparable horsepower and function)
  - o Documentation of percentage of operation within the four California trade corridors.
    - Documentation of fuel consumption.
    - o Documentation of megawatt hours of operation.
    - ARB staff may post on the program website additional instructions for applicants demonstrating eligibility based on units of comparable horsepower and function.
- Itemized cost information- attach price quote for all equipment and materials. This price quote must itemize all eligible costs, including locomotive, engine generator set, and other equipment, as applicable.



# **Business Information Request**

Dear SCAQMD Contractor/Supplier:

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

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

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

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

Sincerely,

Michael B. O'Kelly Chief Financial Officer

DH:tm

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

REV 9/15



# **BUSINESS INFORMATION REQUEST**

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business Check One:	<ul> <li>Individual</li> <li>DBA, Name, County Filed in</li> <li>Corporation, ID No</li> <li>LLC/LLP, ID No</li> <li>Other</li> </ul>

### **REMITTING ADDRESS INFORMATION**

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

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

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

### **BUSINESS STATUS CERTIFICATIONS**

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

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

#### Statements of certification:

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

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

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

Check all that apply:	
<ul> <li>Small Business Enterprise/Small Business Joint Venture</li> <li>Local business</li> <li>Minority-owned Business Enterprise</li> </ul>	<ul> <li>Women-owned Business Enterprise</li> <li>Disabled Veteran-owned Business Enterprise/DVBE Joint Venture</li> <li>Most Favored Customer Pricing Certification</li> </ul>
Percent of ownership:%	
Name of Qualifying Owner(s):	
State of California Dath's Warks Contractor D	

### State of California Public Works Contractor Registration No. \_\_\_\_\_ INCLUDED IF BID PROPOSAL IS FOR PUBLIC WORKS PROJECT.

**MUST BE** 

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

NAME

TITLE

TELEPHONE NUMBER

DATE

### **Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

Most Favored Customer as used in this policy means that the SCAQMD will receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services.

Depart	W-9 December 2014) ment of the Treasury I Revenue Service	Request for Taxpayer Identification Number and Certifi	cation		Give Form to the requester. Do not send to the IRS.	
	1 Name (as shown	on your income tax return). Name is required on this line; do not leave this line blank.				
ge 2.	2 Business name/o	lisregarded entity name, if different from above				
Print or type See Specific Instructions on page	Composition of the following seven boxes:     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Corporation     Source and the following seven boxes:     Individual/sole proprietor or     Source and the following seven boxes:     Individual/sole proprietor or     Source and the following seven boxes:     Individual/sole proprietor or     Source and the following seven boxes:     Individual/sole proprietor or     Source and the following seven boxes:     Individual/sole proprietor or     Source and the following seven boxes:     Individual/sole proprietor or     Source and the following seven boxes:     Individual/sole proprietor or     Source and the following seven boxes:     Source and the following seven					
t i		company. Enter the tax classification (C=C corporation, S=S corporation, P=partners		Exempt payee code (if any) Exemption from FATCA reporting		
stru		ngle-member LLC that is disregarded, do not check LLC; check the appropriate box in cation of the single-member owner.	the line above for	code (if any)		
e Li	Other (see inst	ructions) ►		(Applies to accounts maintained outside the U.S.)		
scifi	5 Address (numbe	and address	(optional)			
See Sp	6 City, state, and ZIP code					
	7 List account nun	iber(s) here (optional)				
Par	tl Taxpa	/er Identification Number (TIN)				
		propriate box. The TIN provided must match the name given on line 1 to av		urity numb	er	
backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a</i>						
	n page 3.	,,	or			
Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for				identificati	on number	
guide	lines on whose nu			-		
Par	t II Certifi	cation				

Under penalties of perjury, I certify that:

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

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign	Signature of
Here	U.S. person ►

#### General Instructions

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

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

#### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

Form 1099-INT (interest earned or paid)

- · Form 1099-DIV (dividends, including those from stocks or mutual funds)
- · Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- · Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- · Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
- If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.
- By signing the filled-out form, you:

Date 🕨

- 1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- 2. Certify that you are not subject to backup withholding, or
- 3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
- Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See What is FATCA reporting? on page 2 for further information.

#### Form W-9 (Rev. 12-2014)

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

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

An individual who is a U.S. citizen or U.S. resident alien;

 A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;

An estate (other than a foreign estate); or

A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

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

 In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;

 In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and

In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

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

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

 The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

The type and amount of income that qualifies for the exemption from tax.
 Sufficient facts to justify the exemption from tax under the terms of the treaty

Example. Article 20 of the U.S.-China income tax treaty allows an exemption

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

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

#### Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

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

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,

2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

 The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

 You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See Exempt payee code on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see Special rules for partnerships above.

#### What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See Exemption from FATCA reporting code on page 3 and the Instructions for the Requester of Form W-9 for more information.

#### Updating Your Information

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

#### Penalties

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

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

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

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

#### Specific Instructions

#### Line 1

You must enter one of the following on this line; do not leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. Individual. Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note. ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. Sole proprietor or single-member LLC. Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation. Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. Other entities. Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

#### Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

#### Line 3

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

Limited Liability Company (LLC). If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

#### Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

#### Exempt payee code.

 Generally, individuals (including sole proprietors) are not exempt from backup withholding.

 Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.

 Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

 Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2-The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5-A corporation

6-A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession

7-A futures commission merchant registered with the Commodity Futures Trading Commission

8-A real estate investment trust

 $9-\mathrm{An}$  entity registered at all times during the tax year under the Investment Company Act of 1940

10-A common trust fund operated by a bank under section 584(a)

11-A financial institution

12-A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947 The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for	THEN the payment is exempt for		
Interest and dividend payments	All exempt payees except for 7		
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.		
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4		
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 5 <sup>2</sup>		
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4		

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

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A-An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C-A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E-A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G-A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I-A common trust fund as defined in section 584(a)

J-A bank as defined in section 581

K-A broker

L-A trust exempt from tax under section 664 or described in section 4947(a)(1)

M-A tax exempt trust under a section 403(b) plan or section 457(g) plan Note. You may wish to consult with the financial institution requesting this form to

Note. You may wish to consult with the infancial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

#### Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

#### Line 6

Enter your city, state, and ZIP code.

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

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

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

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

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

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

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

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

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

#### Form W-9 (Rev. 12-2014)

#### Part II. Certification

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

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

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

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

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

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

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

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

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

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

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

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

<sup>4</sup>List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 2.

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

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

#### Secure Your Tax Records from Identity Theft

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

To reduce your risk:

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

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

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

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

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

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

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

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

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

#### **Privacy Act Notice**

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

YEAR	CALIFORNIA FORM
2015 Withholding Exemption Certifica	te 590
The payee completes this form and submits it to the withholding agent.	
Withholding Agent (Type or print)	
Name	
Payee	
Name	SSN or ITIN FEIN CA Corp no. CA SOS file no.
Address (apt./ste., room, PO Box, or PMB no.)	
City (If you have a foreign address, see instructions.)	State ZIP Code
Exemption Reason	
Check only one reason box below that applies to the payee.	
By checking the appropriate box below, the Payee certifies the reason for the requirements on payment(s) made to the entity or individual.	e exemption from the California income tax withholding
<ul> <li>Individuals — Certification of Residency:         <ul> <li>I am a resident of California and I reside at the address shown aboundify the withholding agent. See instructions for General Information</li> </ul> </li> </ul>	
Corporations: The corporation has a permanent place of business in California a California Secretary of State (SOS) to do business in California. The corporation ceases to have a permanent place of business in California the withholding agent. See instructions for General Information D, I	ne corporation will file a California tax return. If this ornia or ceases to do any of the above, I will promptly notify
Partnerships or Limited Liability Companies (LLCs): The partnership or LLC has a permanent place of business in Calif California SOS, and is subject to the laws of California. The partne or LLC ceases to do any of the above, I will promptly inform the with partnership (LLP) is treated like any other partnership.	rship or LLC will file a California tax return. If the partnership
Tax-Exempt Entities: The entity is exempt from tax under California Revenue and Taxation Internal Revenue Code Section 501(c) (insert number). If the the withholding agent. Individuals cannot be tax-exempt entities.	on Code (R&TC) Section 23701 (insert letter) or is entity ceases to be exempt from tax, I will promptly notify
Insurance Companies, Individual Retirement Arrangements (IRAs) The entity is an insurance company, IRA, or a federally qualified per termination of the entity of the e	
California Trusts: At least one trustee and one noncontingent beneficiary of the above California fiduciary tax return. If the trustee or noncontingent beneficiary notify the withholding agent.	
Estates — Certification of Residency of Deceased Person: I am the executor of the above-named person's estate or trust. The The estate will file a California fiduciary tax return.	e decedent was a California resident at the time of death.
Nonmilitary Spouse of a Military Servicemember: I am a nonmilitary spouse of a military servicemember and I meet requirements. See instructions for General Information E, MSRRA.	
CERTIFICATE OF PAYEE: Payee must complete and sign below.	
Under penalties of perjury, I hereby certify that the information provided in the correct. If conditions change, I will promptly notify the withholding agent.	his document is, to the best of my knowledge, true and
Payee's name and title (type or print)	Telephone ( )
Payee's signature ►	
	Dut
For Privacy Notice, get FTB 1131 ENG/SP. 7061153	Form 590 c2 2014

# 2015 Instructions for Form 590

Withholding Exemption Certificate

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

#### **General Information**

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

#### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding.

Form 590 does not apply to payments of backup withholding. For information on California backup withholding, go to **ftb.ca.gov** and search for **backup withholding**.

Form 590 does not apply to payments for wages to employees. Wage withholding is administered by the California Employment Development Department (EDD). For more information, go to edd.ca.gov or call 888.745.3886.

**Do not** use Form 590 to certify an exemption from withholding if you are a **Seller of California real estate**. Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

#### The following are excluded from withholding and completing this form:

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

#### B Income Subject to Withholding

California Revenue and Taxation Code (R&TC) Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

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

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

- Payments to nonresidents for royalties from activities sourced to California.
   Distributions of California source income to
  - nonresident beneficiaries from an estate or trust.
- Endorsement payments received for services performed in California.
  Prizes and winnings received by
- Prizes and winnings received by nonresidents for contests in California.
   However, withholding is optional if the total

payments of California source income are \$1,500 or less during the calendar year. For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Cuidelings. To get a withholding

Withholding Guidelines. To get a withholding publication, see Additional Information.

#### C Who Certifies this Form

Form 590 is certified by the payee. California residents or entities exempt from the withholding requirement should complete Form 590 and submit it to the withholding agent before payment is made. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless notified by the Franchise Tax Board (FTB) that the form should not be relied upon.

An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee's taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

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

The grantor of a grantor trust shall be treated as the payee for withholding purposes. Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled "Individuals — Certification of Residency."

#### **D** Definitions

For California non-wage withholding purposes, **nonresident** includes all of the following:

- Individuals who are not residents of California.
- Corporations not qualified through the California Secretary of State (CA SOS) to do business in California or having no permanent place of business in California.
- Partnerships or limited liability companies (LLCs) with no permanent place of business in California.
- Any trust without a resident grantor, beneficiary, or trustee, or estates where the decedent was not a California resident.

Foreign refers to non-U.S.

For more information about determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status. Military servicemembers have special rules for residency. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

#### Permanent Place of Business:

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

#### E Military Spouse Residency Relief Act (MSRRA)

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

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

Domicile is defined as the one place:

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

Form 590 Instructions 2014 Page 1

### Attachment 4

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

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

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

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

#### Specific Instructions

#### Payee Instructions

Enter the withholding agent's name.

Enter the payee's information, including the taxpayer identification number (TIN) and check the appropriate TIN box.

You must provide an acceptable TIN as requested on this form. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp no.); or CA SOS file number.

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

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

Check the box that reflects the reason why the payee is exempt from the California income tax withholding requirement.

#### Withholding Agent Instructions

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

For more information, contact Withholding Services and Compliance, see Additional Information. The payee must notify the withholding agent if any of the following situations occur:

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

If any of these situations occur, then withholding may be required. For more information, get Form 592, Resident and Nonresident Withholding Statement, Form 592-B, Resident and Nonresident Withholding Tax Statement, and Form 592-V, Payment Voucher for Resident and Nonresident Withholding.

#### Additional Information

For additional information or to speak to a representative regarding this form, call the Withholding Services and Compliance telephone service at: Telephone: 888.792.4900 916.845.4900 Fax: 916.845.9512 OR write to: WITHHOLDING SERVICES AND **COMPLIANCE MS F182** FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0651 You can download, view, and print California tax forms and publications at ftb.ca.gov.

OR to get forms by mail write to: TAX FORMS REQUEST UNIT FRANCHISE TAX BOARD PO BOX 307 RANCHO CORDOVA CA 95741-0307

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

#### Internet and Telephone Assistance

- Website: **ftb.ca.gov** Telephone: 800.852.5711 from within the United States 916.845.6500 from outside the United States
- TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

#### Asistencia Por Internet y Teléfono

- Sitio web: **ftb.ca.gov** Teléfono: 800.852.5711 dentro de los Estados Unidos 916.845.6500 fuera de los Estados Unidos TTY/TDD: 800.822.6268 para personas con
  - 1Y/1DD: 800.822.6268 para personas con discapacidades auditivas o del habla

Page 2 Form 590 Instructions 2014



### CAMPAIGN CONTRIBUTIONS DISCLOSURE

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

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

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

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

### **SECTION I.**

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

DBA, Name	. County Filed in
Corporation, ID No	
LLC/LLP, ID No.	
See definition below).	

List any parent, subsidiaries. or otherwise affilibusiness ated entities of Contractor:

(5

### **SECTION II.**

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

Yes No No

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

### Attachment 5

# Campaign Contributions Disclosure, continued:

Nar	ne of	Contributor			
	Gove	erning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution	
Nar	ne of	Contributor			
	Gove	erning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution	
Nar	ne of	Contributor			
	Gove	erning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution	
Nar	ne of	Contributor			
	Gove	erning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution	
Titl	e:				
	c. <u> </u>	]	DEFINITIONS		
		Parent, Subsidiary, or Otherwise Related	Business Entity (2 Cal. Code of Reg	gs., §18703.1(d).)	
(1)		t subsidiary. A parent subsidiary relationship exists when one g power of another corporation.	corporation directly or indirectly ov	vns shares possessing more th	an 50 percent of the
(2)		wise related business entity. Business entities, including corp or profit, which do not have a parent subsidiary relationship a			and enterprises oper-
	(A)	One business entity has a controlling ownership interest in	the other business entity.	-	
	(B)	There is shared management and control between the entiti should be given to the following factors:	-	hared management and contro	l, consideration
	(C)	<ul> <li>(i) The same person or substantially the same person own</li> <li>(ii) There are common or commingled funds or assets;</li> <li>(iii) The business entities share the use of the same offices</li> <li>(iv) There is otherwise a regular and close working relation</li> <li>A controlling owner (50% or greater interest as a sharehold</li> </ul>	s or employees, or otherwise share ac onship between the entities; or	-	-



The South Coast Air Quality Management District (SCAQMD) is pleased to announce the availability of funds from the Proposition 1B - Goods Movement Emission Reduction Program (hereafter "Program"). The Program is administered by a partnership between the California Air Resources Board (CARB) and local agencies to quickly reduce air pollution emissions and health risk from freight movement along California's trade corridors. Projects funded under this Program must achieve early or extra emission reductions not otherwise required by law or regulation. Approximately \$14.5 million in Program funding is expected to be available to SCAQMD for cargo ship berth or terminal operators to install shore power systems (grid-based and non-grid-based power) or ship emissions capture and control systems. This funding is also for equipment owners to replace or convert cargo handling equipment (CHE) with zero-emission technology.

# **WHO:** Owners/operators of the following, located within the four California trade corridors, may apply for funding through this solicitation:

- 1. Existing cargo ship berth or terminal,
- 2. Existing diesel-powered rubber-tired gantry (RTG) crane,
- 3. Existing diesel yard truck,
- 4. Existing diesel powered lift (forklift, side handler, top pick, or reach stacker)
- 5. If there is no existing equipment, the owner of the future Program-funded equipment shall sign and submit the project application.

WHAT: There are nine project options available as part of this solicitation.

- 1. Grid Based Power
- 2. Non-Grid Based Power
- 3. Ship Emissions Capture and Control System
- 4. RTG Crane Conversion/Replacement
- 5. Yard Truck Conversion to Electric

- 6. Yard Truck Replacement Electric or Fuel Cell
- 7. Multi-Unit Battery Charger
- 8. Forklift Replacement Electric or Fuel Cell
- 9. Lift Replacement Electric or Fuel Cell

Equipment specifications for each of these project options can be found in Appendix C and E of the 2015 Program Guidelines at: <u>www.arb.ca.gov/gmbond</u>

**HOW:** The application forms with instructions are attached to this Program Announcement (PA). For guidance on which application forms are required for your project type, please see Section VII of this PA. A copy of the application forms can be found at: <u>http://www.aqmd.gov/Prop1B</u>

WHERE: Three (3) copies of a <u>completed application (with all required supporting</u> <u>documents and signatures)</u> must be submitted via mail delivery, or in person to: <u>South Coast Air Quality Management District</u> <u>21865 Copley Dr., Diamond Bar, CA 91765</u> <u>Attn: Procurement</u> NOTE: Facsimile or email submittals will not be accepted.



WHEN: Applications must be received by no later than <u>4:00 PM</u> on <u>March 31, 2016</u> to be considered for funding. If you submit an application in person to the SCAQMD, you must obtain a receipt from SCAQMD's Public Information Center located in the lobby that verifies the date and time of your submittal.

### Schedule:

### Solicitation Opens Application Deadline

Anticipated: SCAQMD Evaluation Period CARB's Approval of Ranked List SCAQMD Board Approval of Awards SCAQMD to Issue Contracts Expenditure Deadline\* February 5, 2016 March 31, 2016 (no later than 4 pm)

April 2016 – May 2016 June 2016 July 2016 July-August 2016

- Ships At-Berth (non-grid based power/ship emissions capture and control) – 24 months after contract execution.
- Ships At-Berth (grid based power) 48 months after contract execution.
- Cargo Handling Equipment (if commercially available) 18 months after contract execution.
- Cargo Handling Equipment (if not commercially available) – 36 months after contract execution.

\* Note that the close out payment must be completed by the applicable deadline. SCAQMD may take 30 business days to process the close out payment upon receipt of an approved invoice package. Payment processing should be included in any project scheduling.

For general information or questions about the SCAQMD Proposition 1B – Goods Movement Emission Reduction Program, please contact:

Gregory Ushijima, Air Quality Specialist • (909) 396-3301 • gushijima@aqmd.gov



### **SUMMARY**

The purpose of this Program Announcement (PA) is to provide funding for projects under the State's Proposition 1B – Goods Movement Emission Reduction Program to reduce diesel emissions from freight transportation. This PA will include projects of the following equipment types:

- Shore power for ships at berth
- Emissions capture and control systems for ships at berth
- RTG cranes
- Yard trucks
- Lifts (forklifts, side handler, top pick, or reach stacker)
- Multi-unit battery chargers (with the replacement or conversion of 3 yard trucks with Program funds)

### I. <u>BACKGROUND</u>

The diesel engines in trucks, locomotives, ships, harbor craft, and cargo handling equipment are major contributors to the State's air pollution challenges. These sources account for nearly half of the statewide particulate matter (PM) emissions. Diesel PM is both a toxic air contaminant and a contributor to black carbon, a powerful short-lived climate pollutant. Near-source exposure to emissions of this particulate matter is associated with health risks, especially near distribution centers, railyards, and seaports, many of which impact disadvantaged communities. Emissions from freight transport also account for over one third of the statewide nitrogen oxides (NOx) that form fine particles.

Proposition 1B (Prop. 1B), approved by voters in 2006, authorizes \$1 billion in bond funding to CARB to cut freight emissions in four priority trade corridors, including the Los Angeles/Inland Empire trade corridor in the South Coast Air Basin. To date, CARB has expended approximately \$760 million for the Program in the first four funding cycles (2008, 2010, 2011 and 2013). This leaves a balance of about \$240 million that CARB plans to grant local agencies for additional projects (including administrative costs). The project categories include heavy-duty diesel trucks, freight locomotives, ships at berth, commercial harbor craft, cargo handling equipment, transport refrigeration units (TRU), and infrastructure for electrification of truck stops, distribution centers and other places where trucks congregate.

The Program supplements existing regulations and may be combined with other funding programs to cut diesel emissions. The Program funds provide an incentive to equipment owners to upgrade to cleaner equipment and achieve early or extra emission reductions beyond those required by applicable rules, regulations or enforceable agreements.

### SCAQMD Program Announcement For



# Ships at Berth and Cargo Handling Equipment Proposition 1B - Goods Movement Emission Reduction Program PA #2016-03

### II. <u>DEFINITIONS</u>

### a) Air Quality Improvement Program (AQIP)

AQIP is a voluntary incentive program administered by CARB to fund clean vehicle and equipment projects, research of biofuels production and the air quality impacts of alternative fuels, and workforce training. AQIP was created in 2007 by AB 118, the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Núñez, Chapter 750, Statutes of 2007). AB 8 (Perea, Chapter 401, Statutes of 2013) reauthorized the fees that support AQIP through 2023.

CARB has focused AQIP investments on technology advancing projects that support California's long-term air quality and climate change goals in addition to providing immediate emission benefits. AQIP investments have concentrated on three main categories: commercial deployment of clean vehicles, pre-commercial advanced technology demonstrations, and finance assistance to small trucking fleets. For the latest information on the AQIP, please visit:

http://www.arb.ca.gov/msprog/aqip/aqip.htm

### b) Conversion

ARB-approved aftermarket replacement of the fueling system in a diesel powered equipment to a natural gas, hybrid technology, or zero-emission fueling system. Engines must have CARB approval as an aftermarket conversion to be sold in California. The proposed engine in conversion projects are not fueled by diesel.

### c) Forklift

An off-road industrial truck used to hoist and transport materials by means of steel fork(s) under the load.

### d) Freight Facility

Distribution centers, warehouses, retail and wholesale outlets, and agricultural processing centers, and other places where trucks congregate (other than truck stops.)

### e) Goods

Defined as having the same meaning in Commercial Code section 2105, which essentially requires that:

- A. The goods must be movable.
- B. The goods being moved must be part of a transaction that involves a contract for the sale of the goods.
- C. Rental equipment does not qualify as "Goods".

### f) Lift

Includes top pick, side handler, reach stacker, or forklift



### g) Port

A publically or privately owned property located at a harbor or along a waterway where marine and port terminals typically load and unload water-borne commerce onto and from ocean-going vessels; a port includes all property within the physical boundaries of the port or demarcated as the port on city or county land maps as well as other contiguous or adjacent properties owned or operated by the port. A port includes military terminals that operate cargo handling equipment when located as part of, or on contiguous properties with, non-military terminals.

### h) Reach Stacker

An off-road truck-like cargo container handler that uses an overhead telescopic boom that can reach across two or more stacks of cargo containers and lift the containers from the top.

### i) Replacement

To replace a higher-emitting diesel vehicle or piece of diesel equipment, with a loweremitting vehicle or piece of equipment (e.g., replacement of one or two old trucks with a new one).

### j) Rubber-Tired Gantry Crane or RTG Crane

An off-road overhead cargo container crane with the lifting mechanism mounted on a crossbeam supported on vertical legs which run on rubber tires. RTG cranes do not include gantry cranes that operate on steel wheels and rails.

### k) Side Handler or Side Pick

An off-road truck-like cargo container handler that uses an overhead telescopic boom to lift empty or loaded cargo containers by grabbing either two top corners on the longest side of a container, both arms of one side of a container, or both top and bottom sides of a container.

### l) Terminal

A facility, including one owned or operated by the Department of Defense or the U.S. military services, that operates cargo handling equipment at a port or intermodal rail yard.

### m) Top Handler or Top Pick

An off-road truck-like cargo container handler that uses an overhead telescopic boom to lift empty or loaded cargo containers by grabbing the top of the containers.

### n) Yard Truck

An off-road mobile utility vehicle used to carry cargo containers with or without chassis; also known as utility tractor rig (UTR), yard tractor, yard goat, yard hostler, yard hustler, or prime mover.



### III. <u>OWNERSHIP REQUIREMENTS</u>

Applications shall be signed and submitted by the current legal owner of the existing equipment that will be upgraded or replaced. For infrastructure projects, if there is no existing equipment, the application must be signed and submitted by the future owner of the Program-funded equipment.

Applications for Ships at Berth projects may be the port or terminal operators. Notwithstanding, non-owner applications are not eligible for funding.

Individuals or companies that operate the existing equipment under a lease agreement with the equipment owner are prohibited from applying for bond funding.

Third party applications are not allowed.

### IV. FUNDING TABLES

For the funding tables below, please also reference the Definitions in Section III above for descriptions of equipment.

	Eligible Equipment	Equipment Upgrade	Proposed Program Funding	Project Life	Other Conditions (partial description)
A	Existing cargo ship berth that receives visits solely by ships not subject to the control	Install grid-based shore power (landside	Lower of: 50 percent of eligible cost or \$2.50M/per berth.	10 years	Ship visits must result in a cost effectiveness of 0.10 lbs/State \$ or higher.
В	requirements of the Ships At Berth Rule in effect as of 2015.	infrastructure to berth).	Lower of: 60 percent of eligible cost or \$3.50M/per berth.	10 years	Ship visits must result in a cost effectiveness of 0.20 lbs/State \$ or higher.
С	Existing cargo ship berth or terminal that receives visits solely by ships not subject to the control requirements of the Ships At Berth Rule in effect as of 2015.	Install non-grid-based shore power (zero emission system or natural gas engine with selective catalytic reduction to control NOx emissions).	\$200,000 per megawatt of eligible costs.	5 years	Ports of Los Angeles and Long Beach: 1,500 hrs/yr (2015 onwards). Other ports: 1,000 hrs/yr (2015 onwards).

### Table 1: Ships at Berth



D	Existing cargo ship berth or terminal.	Install an emissions capture and control system (a.k.a. hood or bonnet) that achieves a minimum control effectiveness of 80 percent for NOx and PM. <sup>1</sup>	Lower of 50 percent of eligible cost or a level with a cost- effectiveness of 0.10 lbs/State \$ or higher.	10 years	Ports of Los Angeles and Long Beach: 1,500 hrs/yr (2015 onwards). Other ports: 1,000 hrs/yr (2015 onwards).
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Table 1 Notes:

1. The hood or bonnet technology requires CARB approval and a 10 year warranty.

	Table 2: Heavy-Duty Trucks – Cargo Handling Equipment				
	Eligible Equipment	Equipment Upgrade <sup>1</sup>	Proposed Program Funding	Project Life <sup>2</sup>	
A	Existing diesel engine rubber-tired gantry crane.	Convert or replace with a zero emission powered system. <sup>3</sup>	Lower of 50 percent of eligible cost or \$500,000/crane.	15 years	
В	Existing diesel powered yard truck.	Replace with a zero emission electric yard truck. <sup>3</sup>	Lower of 80 percent of eligible cost or \$100,000/yard truck.	5 years	
С	Existing diesel powered yard truck.	Convert to a zero emission electric yard truck. <sup>3</sup>	vert to a zeroLower of 80 percent of eligible cost or5		
D	Existing diesel powered yard truck.	Replace with a zero emission fuel cell powered yard truck. <sup>3</sup>	Lower of 80 percent of eligible cost or \$200,000/yard truck.	5 years	
E	Multi-unit battery chargers with the conversion or replacement of 3 yard trucks.	Install a multiple-unit battery charger <sup>4</sup> with the conversion or replacement of 3 yard trucks with zero emission electric yard trucks.	Lower of 50 percent of eligible cost or \$35,000 for the cost a multi-unit battery charger plus the lower of 80 percent of eligible cost or \$80,000 (conversion) or \$100,000 (replacement) per yard truck.	5 years	

<b>Fable 2: Heavy</b>	y-Duty Tru	icks – Cargo	Handling E	quipment



#### Table 2 Notes:

- 1. Program funded equipment cannot be used to comply with the regulatory requirement for replacing noncompliant equipment with electric or zero emission equipment associated with obtaining third and/or fourth years of "No VDECS (Verified Diesel Emission Control Systems) Available" compliance extension.
- 2. Program funded equipment is not eligible to be counted towards compliance for a two year period.
- 3. Requires a 5 year warranty.
- 4. Battery charger projects require a 3 year warranty. Associated zero emission yard truck projects still require a 5 year warranty.

	Eligible Equipment	Equipment Lift Capacity	Equipment Upgrade <sup>1</sup>	Proposed Program Funding	Project Life <sup>2</sup>	
	Existing diesel powered	3,000 – 8,000 lbs	Replace 3 forklifts with 3 Class I electric powered zero	Lower of 50 percent of eligible cost or \$45,000 for all 3. <sup>3</sup>	_	
F	forklift. <sup>7</sup>	8,001 – 12,000 lbs	emission forklifts, including batteries, and chargers. <sup>8,9</sup>	Lower of 50 percent of eligible cost or \$55,000 for all 3. <sup>4</sup>	5 years	
G	Existing diesel powered	3,000 – 8,000 lbs	Replace 3 forklifts with 3 Class 1 fuel cell powered forklifts	Lower of 50 percent of eligible cost or \$75,000 for all 3. <sup>5</sup>	5 years	
G	forklift. <sup>7</sup>	8.001 – 12.000 lbs batter.	including batteries, and chargers. <sup>8,9</sup>	Lower of 50 percent of eligible cost or \$90,000 for all 3. <sup>6</sup>		
н	Existing diesel powered lift, including: forklift, side handler, top pick, or reach stacker.	Greater than 12,000 lbs	Replace an existing lift with a Class I electric powered zero emission lift. <sup>8,9</sup>	Lower of 50 percent of eligible cost or \$50,000.	5 years	
Ι	Existing diesel powered lift, including: forklift, side handler, top pick, or reach stacker.	Greater than 12,000 lbs	Replace an existing lift with a fuel cell powered zero emission lift. <sup>8</sup>	Lower of 50 percent of eligible cost or \$80,000.	5 years	

#### Table 3: Cargo Handling Equipment – Lifts



#### Table 3 Notes:

- 1. Program funded equipment cannot be used to comply with the regulatory requirement for replacing noncompliant equipment with electric or zero emission equipment associated with obtaining third and/or fourth years of "No VDECS (Verified Diesel Emission Control Systems) Available" compliance extension.
- 2. Program funded equipment is not eligible to be counted towards compliance for a two year period.
- 3. Additional forklifts, battery and charger, may be funded at the lower of 50 percent of eligible cost or \$15,000.
- 4. Additional forklifts, battery and charger, may be funded at the lower of 50 percent of eligible cost or \$18,000.
- 5. Additional forklifts, battery and charger, may be funded at the lower of 50 percent of eligible cost or \$25,000.
- 6. Additional forklifts, battery and charger, may be funded at the lower of 50 percent of eligible cost or \$30,000.
- 7. Engine must be greater than 25 horsepower.
- 8. Equipment warranty shall be one year or 1,600 hours, whichever comes first.
- 9. Electric chargers must be California Energy Commission (CEC) compliant to be eligible for funding.

#### **IMPORTANT NOTES:**

- Clear all outstanding CARB violations for equipment and/or fleet, and maintain compliance with all applicable CARB regulations.
- Determine the equipment lift capacity as identified on the manufacturer's sticker/label on the piece of equipment. If this tag is missing or cannot be read, please check with your local dealer.
- For replacement projects, keep the equipment in legal operating condition until delivered to a dismantler.
- For replacement projects, old equipment must be scrapped in accordance to the requirements in the Guidelines.
  - Applicants may request reduced funding amounts to improve cost-effectiveness and competitiveness of the project.
- Make sure your equipment has a readable/legible serial number tag on the unit and engine tag on the engine prior to any inspection (project pre-inspection and post-inspection).

For complete Program requirements, please refer to the latest 2015 Update to the Program Guidelines and related supplemental materials listed on the CARB Program website at <u>www.arb.ca.gov/gmbond</u> or call Gregory Ushijima at the South Coast Air Quality Management District for guidance at (909) 396-3301.

### V. ELIGIBILITY

Project eligibility will be based on the Program Guidelines which can be found at: <u>www.arb.ca.gov/gmbond</u>.

For grid-based and non-grid-based power projects, eligible projects include existing cargo ship berths or terminals at a seaport located within the four California trade corridors that receives visits solely by vessels not subject to the control requirements of ARB's Ships at-Berth Rule in effect as of 2015.

For ship emissions capture and control system projects, eligible projects include existing cargo ship berths or terminals at a seaport located within the four California trade corridors.

# SCAQMD Program Announcement For



# Ships at Berth and Cargo Handling Equipment Proposition 1B - Goods Movement Emission Reduction Program PA #2016-03

### Ineligible Equipment

- Any Cargo Handling Equipment not in compliance with applicable CARB regulations.
- Existing Cargo Handling Equipment that is to be replaced shall in no case be a zero emissions unit.
- Any ships at-berth project that is listed as a mitigation measure as part of a final, certified California Environmental Quality Act (CEQA) or National Environmental Policy Act (NEPA) document is not eligible for funding.

### **General Requirements for All Ships at Berth Projects**

Selected applicants must sign a contract with SCAQMD including project milestone and completion deadlines and commit to the following:

- Certify that there are no outstanding CARB violations or non-compliance with CARB regulations associated with the equipment or the owner.
- Commit to the project life specified with the applicable equipment project option.
- Have written commitments from the tenant shipping line(s) to:
  - Meet the minimum number of ship visits or hours.
  - Sign the equipment project contract (or other written agreement as approved by CARB).
- Adhere to all Program requirements during the project life.
- Comply with record-keeping, reporting, and Program review or fiscal audit requirements.
- Properly maintain all equipment in good operating condition and according to manufacturer's recommendations.
- Demonstrate proof of equipment warranty and insurance on new equipment.
- Comply with local permitting requirements.
- Comply with the Supplemental Procedures available on the Program website.

### **Program Requirements for Grid-Based Power Projects:**

- Commit to a project life of 10 years.
- Demonstrate operability with a cargo ship fully powered by shore-based electrical power supplied by the grid-based equipment.

### **Program Requirements for Non-Grid-Based Power Projects:**

- Commit to a project life of 5 years of 100% California operation at the following levels or greater:
  - Port of Los Angeles and Port of Long Beach:
    - 1,500 hours per year.
  - All other ports within the four California trade corridors:
    - 1,000 hours per year.
- Demonstrate operability with a cargo ship fully powered by shore-based electrical power supplied by the electricity generating unit.

### SCAQMD Program Announcement For ps at Berth and Cargo Handling Equipme



# Ships at Berth and Cargo Handling Equipment Proposition 1B - Goods Movement Emission Reduction Program PA #2016-03

- Obtain a 5 year manufacturer's warranty which includes labor and materials to repair and/or replace system component(s) as needed to correct any mechanical, electrical or control system equipment or installation problems resulting in significant loss of usability. The manufacturer's warranty may exclude minor items that are subject to normal wear and tear if approved by ARB.
- Perform source testing to measure emissions from the unit every 1,000 hours of operation, according to the source test requirements contained in ARB's Ships at-Berth Rule.

\*Additional requirements specific to certain Ships at Berth project options can be found in Appendix C of the Proposition 1B: Goods Movement Emission Reduction Program-Final 2015 Staff Report and Guidelines for Implementation and the September 2015 Supplemental Procedures for Ships at Berth and Cargo Handling Equipment Projects available at: www.arb.ca.gov/gmbond.

### **General Requirements for All Cargo Handling Equipment Projects**

Selected applicants must sign a contract with SCAQMD including project milestone and completion deadlines and commit to the following:

- Certify that there are no outstanding CARB violations or non-compliance with CARB regulations associated with the equipment or the owner.
- Agree to equipment inspections.
- Comply with record-keeping, reporting, and Program review or fiscal audit requirements.
- Properly maintain upgraded equipment in good operating condition and according to manufacturer's recommendations.
- Demonstrate proof of equipment warranty and insurance on upgraded equipment that covers the replacement of the equipment.

### **Program Requirements for RTG Crane Projects:**

- Commit to 15 years of 100% California operation in a port, or intermodal railyard, or freight facility service in the four trade corridors.
- Be permitted to keep the existing diesel engine installed and operational for a limited number of hours each year and do the following at their own expense: (1) install an hour meter on the existing diesel engine and (2) provide activity reports when requested by the local agency or ARB, in a format defined by ARB staff.
- Commit to a maximum limit of diesel engine usage to 30 hours annually based on a rolling 3 year average.
- Comply with all local permitting requirements.
- Demonstrate proof of equipment warranty for 5 years



### **Program Requirements for Yard Truck Projects:**

- Agree to accept an on-board electronic monitoring unit at any time during the project life.
- Commit to 5 years of 100% California operation in a port, or intermodal railyard, or freight facility service in the four trade corridors.
- Demonstrate proof of equipment warranty for the project life and insurance on upgraded equipment.
- Insurance on upgraded equipment shall cover the replacement of the equipment for fuel cell projects.

### **Program Requirements for Multi-Unit Battery Charger Projects:**

- Commit to 5 years of 100% California operation in a port, or intermodal railyard, or freight facility service in the four trade corridors.
- Demonstrate proof of equipment warranty of at least 3 years for the charger and 5 years for the trucks.
- Convert a minimum of 3 diesel yard truck to electric powered yard trucks. (Option 2) or replace a minimum of 3 electric powered yard trucks (Option 3).
- Meet all requirements for project Option 2 or 3.

### Program Requirements for Forklift (Lift Capacities of 3,000 lbs to 12,000 lbs) Projects:

- Not replace existing zero emission equipment with new electric powered equipment (electric projects) or new fuel cell equipment (fuel cell projects).
- Commit to 5 years of 100% California operation in a port, or intermodal railyard, or freight facility service in the four trade corridors.
- Demonstrate proof of equipment warranty for one year or 1,600 hours, whichever comes first.
- The replacement equipment must serve the same function as the existing equipment.
- The equipment engine must be greater than 25 horsepower.

### Program Requirements for Lift (Lift Capacities Greater Than 12,000 lbs) Projects:

- Not replace existing zero emission equipment with new electric powered equipment (electric projects) or new fuel cell equipment (fuel cell projects).
- Commit to 5 years of 100% California operation in a port, or intermodal railyard, or freight facility service in the four trade corridors.
- Demonstrate proof of equipment warranty for one year or 1,600 hours, whichever comes first and insurance that covers the replacement of the equipment.
- The replacement equipment must serve the same function as the existing equipment.

### Modifying an Application

Equipment owners are limited in what they can change after the application is submitted, as changes will affect a project's competitive ranking. Equipment owners are encouraged to select the option that best suits their company as changes may not be possible at a later date. For program-funded projects, equipment owners are able to select any make/model equipment or engine as long as it meets the required emission levels and is in the same vehicle class as the existing equipment or engine (with limited exceptions). Equipment must meet all other program requirements. Please note that your funding amount may change.

Equipment owners may change the project option after the solicitation period has closed subject to the following requirements:

- The change must result in a funding amount equal to or less than the amount that was requested in the original application.
- The change must result in calculated project cost-effectiveness equal to or greater than the project listed in the original application.
- The change must result in the project remaining above the funding line on the ranked list.

Equipment owners <u>cannot</u> substitute a different equipment or change the ownership of the existing equipment identified on the application after the solicitation period has closed.

If a piece of equipment identified as a certain weight capacity in the application is later determined to be in a different weight capacity, the SCAQMD may reduce the amount of funding requested to the amount associated with the appropriate weight capacity or as specified above in Table 3.

### VI. <u>APPLICATION SUBMITTAL REQUIREMENTS</u>

An equipment owner **is not allowed to** submit a Proposition 1B application for the same equipment to multiple local agencies. Equipment owners must disclose all funding sources and amounts planned for the project at time of application.

The following documentation must be completed, signed and submitted to SCAQMD by the due date:

Project Type	Require application forms, and attachments		
Ships at Berth	Form A for each project in the application, including all supplemental information, Form C, and Attachments 1 through 5.		
Cargo Handling Equipment	Form B for each project in the application, including all supplemental information, Form C, and Attachments 1 through 5.		

# South Coast AQMD

# SCAQMD Program Announcement For Ships at Berth and Cargo Handling Equipment Proposition 1B - Goods Movement Emission Reduction Program PA #2016-03

Below is a list of all application forms and attachments for this Program Announcement. Please refer to the above table for the specific application forms required for your project type.

- Form A Ships at Berth
- Form B Cargo Handling Equipment
- Form C Application Statement
- Attachment 1 Business Information Request
- Attachment 2 Disadvantaged Business Certification
- Attachment 3 W-9 Request for Taxpayer Identification Number and Certification
- Attachment 4 Withholding Exemption Certificate
- Attachment 5 Campaign Contribution Disclosure

Note: <u>Each attachment (#s 1-5) must be completed and submitted for each individual applicant</u>. If your application is approved, an updated Attachment 5 may be requested by your assigned Project Officer at a later date.

### VII. EQUIPMENT PROJECT PURCHASE RESTRICTIONS

An equipment owner <u>may not</u> purchase, receive, install, pay for, or place into operation any engines, equipment, or vehicles, nor may work begin on a repower project or a project to install electrical infrastructure, until the project contract is fully executed. For all equipment, an equipment owner may pre-order prior to contract execution at the equipment owner's risk. The SCAQMD <u>will not</u> reimburse grantees for orders or any payments on a new engine, piece of equipment, or vehicle that takes place prior to SCAQMD approval of the project through contract execution.

Dealers ordering engines, equipment, or vehicles prior to contract execution assume all financial risk, and are in no way assured grant funds.

Applicant has 24 months from contract execution date to verify project completion/close out payment for ships at-berth (non-grid based power/ship emissions capture and control) projects.

Applicant has 48 months from contract execution date to verify project completion/close out payment for ships at-berth (grid based power) projects.

Applicant has 18 months from contract execution date to verify project completion/close out payment for cargo handling equipment (if commercially available) projects.

Applicant has 36 months from contract execution date to verify project completion/close out payment for cargo handling equipment (if not commercially available) projects.



Note that SCAQMD may take 30 business days to process the close out payment upon receipt of an approved invoice package. Payment processing should be included in any project scheduling.

Project Type	Eligible Costs	Ineligible Costs
Grid-Based Power	May include design, engineering,	Shipside modifications to accept shore-
	equipment necessary to purchase and	based electrical power, consulting,
	install infrastructure to supply electrical	environmental review, legal fees,
	power, utility construction, and costs	permits, licenses and associated fees,
	associated with increasing the capacity	taxes, metered costs, insurance,
	of electrical power to the port.	operation, maintenance, and repair.
Non-Grid-Based Power	May include equipment necessary to	Construction and protection of
	generate electrical power and connect	infrastructure (e.g., natural gas lines)
	the equipment to cargo ships at berth.	used to supply fuel for non-grid-based
		electrical generation, shipside
		modifications to accept electrical
		power, barge or other acquisition and
		modification for a portable system,
		design, engineering, consulting,
		environmental review, legal fees,
		permits, licenses and associated fees,
		taxes, utility construction or metered
		costs, insurance, operation,
		maintenance, and repair.
Ship Emissions Capture	May include purchase and installation	Shipside modifications to accept capture
and Control System	of the emission treatment system and	and control system, barge or other
	ducting, and hoods or bonnets necessary	acquisition and modification for a
	to connect to cargo ships at berth.	portable system, design, engineering,
		consulting, environmental review, legal
		fees, permits, licenses and associated
		fees, taxes, utility construction or
		metered costs, insurance, operation,
		maintenance, and repair.
RTG Crane	May include purchase of a new crane or	Design, engineering, consulting,
	installation of a zero emission engine,	environmental review, legal fees,
	necessary parts for an existing RTG	permits, licenses and associated fees,
	crane including directly related vehicle	taxes, metered costs, insurance,
	modifications, and infrastructure to	operation, maintenance, and repair.
	supply electrical power, utility	
	construction, and costs associated with	
	increasing the capacity of electrical	
	power to the crane.	
Yard Truck Conversion	May include purchase of the vehicle	License, registration, taxes (other than
	drive train and control system.	federal excise and sales tax), insurance,
Yard Truck Replacement	May include purchase of the	operation, maintenance, and repair.
	replacement truck	

### Eligible and Ineligible Equipment Costs:



Forklift Replacement (Lift capacities of 3,000	Partial funding of the replacement forklift including any batteries and	
lbs to 12,000 lbs)	California Energy Commission (CEC)	
Lift	compliant chargers (for electric units).	
(Lift capacities greater		
than 12,000 lbs)		

### VIII. PAYMENT PROCESS

The SCAQMD shall expend Program funds through invoice payments after the satisfactory completion of a post-inspection by SCAQMD. Invoice payments provide Program funding to equipment owners on a reimbursement basis or to the vendor (or dealership) through a direct payment option provided the SCAQMD receives written instructions and approval from the grantee. For the direct payment option, an authorized representative of the dealership must have signed a Memorandum of Understanding agreement with the SCAQMD certifying their understanding of the program requirements. Grant funds shall only be used toward the capital cost of the equipment.

<u>For ships at berth, grid-based power projects only</u>, up to 80% of eligible project costs are authorized for early reimbursement provided that the equipment owner has expended all non-Program match funding and remains in compliance with the equipment project contract (Chapter IV.B.2.e of Proposition 1B Guidelines). Final payment of funds held in retention shall be paid upon completion of a satisfactory post-inspection

### **Invoice Payments**

Payment of the grant funds will only be made after the new equipment, converted equipment, and/or replacement equipment has passed a post-inspection by the SCAQMD and the SCAQMD has received a valid invoice package for the new engine or piece of equipment. The SCAQMD may issue the grant payment to the equipment owner upon submission of a valid invoice once the following requirements have been met:

- For ships at berth projects:
  - Equipment owner must successfully complete a post-inspection with a ship plugged in to the power system or ship being controlled by the emissions capture and control system.
- For ships at berth, non-grid-based power projects, equipment owner shall submit proof of a 5 year manufacturer's warranty which includes labor and materials to repair and/or replace system component(s) as needed to correct any mechanical, electrical or control system equipment or installation problems resulting in significant loss of usability.

### SCAQMD Program Announcement For



# Ships at Berth and Cargo Handling Equipment Proposition 1B - Goods Movement Emission Reduction Program PA #2016-03

- For ships at berth, ship emissions capture and control systems, equipment owner shall submit proof of a 10-year manufacturer's warranty (including labor and materials) to repair and/or replace system component(s) as needed to correct any mechanical, electrical or control system equipment or installation problems which may cause significant loss of capture, treatment efficiency or usability.
- For cargo handling equipment projects:
  - Equipment owner must impound and transport the old engine or equipment to a licensed dismantler (yard truck) or dismantler (all other equipment) up to 30 days after the new power system or equipment is placed into operation.
- For RTG crane projects, equipment owner shall demonstrate proof of equipment warranty for 5 years.
- For yard truck conversion and yard truck electric replacement projects, equipment owner shall demonstrate proof of equipment warranty for the project life and insurance on upgraded equipment.
- For yard truck fuel cell replacement projects, equipment owner shall demonstrate proof of equipment warranty for the project life and insurance on upgraded equipment that covers the replacement of the equipment.
- For multi-unit battery charger projects, equipment owner shall demonstrate proof of equipment warranty of at least 3 years for the charger and 5 years for the trucks that would connect to the chargers.
- For forklift electric replacement projects, equipment owner shall demonstrate proof of equipment warranty for one year or 1,600 hours, whichever comes first.
- For all other forklift and lift projects, equipment owners shall demonstrate proof of equipment warranty for one year or 1,600 hours, whichever comes first, and insurance that covers the replacement of the equipment.
- For all reimbursements, the equipment owner must submit proof of payment and a copies of all invoices from the vendors with all ineligible costs deducted. Additional information may be required by the SCAQMD.
- For reimbursements, the SCAQMD will require verification from the dismantler that the old equipment has been delivered to the dismantling site and is in custody of the dismantler.
- The payment of grant funds will not exceed the amount directly paid by the equipment owner.

### IX. PROJECT EVALUATION AND COMPETITIVE RANKING

Only those applications that contain all required information will be evaluated by the SCAQMD and all eligible projects will be competitively ranked according to the procedures specified in the Program Guidelines. The ranked list, once approved by CARB, will be posted on the SCAQMD website. SCAQMD will award grant funds to the top project on the ranked list and continue down the list until the Program funds are exhausted. If the Program funds are not exhausted, SCAQMD will seek CARB's approval to start funding any backup projects in the order they appear on the ranked list. For complete information regarding project evaluation and the competitive ranking process, please refer to Chapter IV of the Final 2015 Staff Report and Guidelines for Implementation found on the CARB Program website at: www.arb.ca.gov/gmbond.

### X. <u>ANNUAL REPORTING REQUIREMENTS</u>

### Shore Power (Grid- and Non-Grid-Based Power)

Equipment owners that are awarded funding will be responsible for annual reporting to the SCAQMD for the project life. The equipment owner annual reports shall include, but is not limited to:

- Contact information (owner name, company, address, phone).
- Equipment description and type providing electrical power.
- Port and berth name(s)/identifier(s).
- Date of installation of equipment.
- Vessel type, name, and Lloyd's number utilizing berth.
- Total ship visits utilizing berth.
- Ship visits utilizing Program-funded equipment.
- Documentation of Program-funded equipment's electricity usage at berth (for gridbased power).
- Power, in megawatts, supplied to the vessels (for non-grid-based power).
- Episodes of electrical service interruption by local utility company (for grid-based power).
- Date and description of any equipment failure that prevented a ship from using the shore-based power (for non-grid-based power).
- Summary of maintenance and inspections conducted.
- Signed certification statement that the bond-funded project was operated in accordance with the signed contract and that all information submitted is true and accurate.
- Project records must be retained for at least 2 years after contract expiration or 3 years after final project payment, whichever is later.
- Summary of source testing (for non-grid-based power).
- Other information as requested by the SCAQMD.

South Coast Air Quality Management District

# **SCAQMD Program Announcement**



### For Ships at Berth and Cargo Handling Equipment Proposition 1B - Goods Movement Emission Reduction Program PA #2016-03

### Ship Emissions Capture and Control Systems

Equipment owners that are awarded funding will be responsible for annual reporting to the SCAQMD for the project life. The equipment owner annual reports shall include, but is not limited to:

- Contact information (owner name, company, address, phone).
- Description of ship emissions capture and control system.
- Port and berth name(s)/identifier(s).
- Date and location of equipment installation.
- Vessel type, name, and Lloyd's number of vessels utilizing the system.
- Total ship visits utilizing the system by berth.
- Power usage (kW-hr) to run the hood and source of power (grid- vs. non-grid-based).
- Natural gas usage (if any) for heating selective catalytic reduction duct burner.
- Date and description of any equipment failure that prevented a ship from using the system to reduce emissions.
- Summary of maintenance, source testing and inspections conducted.
- Signed certification statement that the bond-funded project was operated in accordance with signed contract and that all information submitted is true and accurate.
- Other information as requested by the SCAQMD.

### Cargo Handling Equipment

Equipment owners that are awarded funding will be responsible for annual reporting to the SCAQMD for the project life. The equipment owner annual reports shall include, but is not limited to:

- Contact information (owner name, company, address, phone).
- Date and location of installation of equipment.
- Equipment type and name of home port, railyard or freight facility.
- RTG crane, side pick, top pick, reach stacker and yard truck or yard truck and battery charging station, make, model, year, serial number, and power rating.
- Annual hours of operation.
- Summary of maintenance and inspections conducted.
- Signed certification statement that the bond-funded technology was installed on the equipment for which it was approved, and that all information submitted to the local agency is true and accurate.
- Other information as requested by the SCAQMD.

# XI. <u>USEFUL RESOURCES</u>

- CARB Goods Movement Emission Reduction Program: <u>http://www.arb.ca.gov/bonds/gmbond/gmbond.htm</u>
- Supplemental Procedures for Ships at Berth and Cargo Handling Equipment Projects (September 2015)
   http://www.orb.co.gov/bonds/cmbond/doos/prop\_1b\_goods\_movement\_ships\_at\_barth\_supplement

http://www.arb.ca.gov/bonds/gmbond/docs/prop\_1b\_goods\_movement\_ships\_at\_berth\_suppleme\_ntal\_procedures\_year\_5.pdf

- CARB Cargo Handling Equipment Website: <u>http://www.arb.ca.gov/ports/cargo/cargo.htm</u>
- CARB Shore Power for Ocean-going Vessels Website: <u>http://www.arb.ca.gov/ports/shorepower/shorepower.htm</u>
- CARB In-Use Off-Road Diesel Vehicle Regulation
   <u>http://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm</u>
- CARB Diesel Off-road On-line Reporting System (DOORS)
   <u>https://ssl.arb.ca.gov/ssldoors/doors\_reporting/doors\_login.html</u>
- DOORS Compliance Validation http://www.arb.ca.gov/doors/compliance\_cert1.html
- CARB Off-Road Compliance Flow Chart http://www.arb.ca.gov/msprog/ordiesel/faq/applicability\_flow\_chart.pdf
- SCAQMD Prop. 1B Website (where a copy of the solicitation and application forms can be found) <u>http://www.aqmd.gov/home/programs/business/goods-movement-ships-at-berth</u>



## MAP OF THE TRADE CORRIDORS



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### SECTION 1 - APPLICANT INFORMATION (PLEASE PRINT OR TYPE)

A. ORGANIZATION INFORMATION						
Organization, Company or Proprieto	Organization, Company or Proprietor's Name (as it appears on Form W-9):					
Address:						
City:	5	State:		Zip Code:		
Mailing Address (if different from abo	ove):					
City:	Ş	State:		Zip Code:		
Brief Project Overview (e.g., the num	ber of berths or	vessels pi	roposed for	this project):		
B. PRIMARY CONTACT INFORMATION						
First and Last Name:						
Phone Number:		Fax Num	ber:			
Alternate Contact Number:	Email:					
C. CONTRACT SIGNING AUTHORITY IN	FORMATION (e.g.	., Equipme	entOwner)			
First and Last Name:						
Title:		Phone N	umber:			
		l project ec	quipment, pl	ease specify the owner's name here:		
D. PROJECT BUDGET AND FUNDING R						
Total Project Cost:	Funding Reques	t:	Nu	umber of Units Proposed:		
Other Funding/Source of other fundi	ng (private, loca	II, other Sta	ate, federal)	:		

Submit the original completed application (with all required supporting documents and signatures) along with **two (2) copies** of **the entire application package** (*a total of 3 copies including the original application*) via mail delivery, or in person to:

South Coast Air Quality Management District 21865 Copley Dr., Diamond Bar, CA 91765 Attn: Procurement / PA 2016-03

### Application Deadline: March 31, 2016 by no later than 4pm

NOTE: Facsimile or email submittals will not be accepted.



(THE INFORMATION BELOW IS REQUIRED FOR **EACH**BERTH. FOR MULTIPLE BERTHS, YOU MAY PROVIDE AN EXCEL SPREADSHEET CONTAINING THE REQUIRED INFORMATION)

### **SECTION 2 – PROJECT INFORMATION**

Project Type (Check One):

- Grid-Based Shore Power
- Non-Grid-Based Shore Power
- □ Ship Emissions Capture and Control System

Applicant Type: (Checkone):
Terminal Owner
Terminal Lessee
Port Authority
Other, please specify:
List project partners and match funding sources (include documentation of match funding availability):
Port where the project berth/equipment is located:
Berth name/identifier and location within the Port:
Name of Owner and Operator of the Berth:
<b>Project Description</b> : Attach a project description, including but not limited to: the type of equipment to be installed, the need to bring additional power to the project site, design information including the maximum power demand (kWh-hr), utility provider, etc. For Ship Emissions Capture and Control system projects, be sure to include the number of emissions capture subsystems (bonnets) per unit, number of emissions treatment subsystems, a description of the support structure and other key components. <b>Title this attachment "Project Description"</b> .
<ul> <li>Project Acknowledgement:</li> <li>If the applicant does not own the site where the equipment will be installed, the applicant shall obtain and include a written project acknowledgement from the site owner with the application submittal or thereafter if allowed by the local agency. The project acknowledgement shall acknowledge/agree in writing, at a minimum: <ul> <li>The equipment owner will be allowed to install and operate the Program-funded equipment at the site address.</li> <li>Program-funded equipment will be the property of the applicant listed in the equipment project application.</li> <li>The SCAQMD, ARB, or their designees will be allowed to access the site, equipment, and associated records for inspections, Program reviews, or fiscal audits.</li> </ul> </li> <li>The project acknowledgement is valid over the entire project life.</li> </ul>



**Project Cost Information:** Attach an overall project budget and a cost breakdown summary. The cost breakdown summary should include cost estimates for all phases of the project (e.g., design, environmental, construction, etc.). The cost information should be itemized for each eligible expense by phase of the project. Provide vendor quotes when available. Note that verifiable vendor quotes are <u>required</u> to be submitted with the application for all non-grid based projects. **Title this attachment "Project Cost Information**".

A representative example of a cost breakdown summary for a grid-based shore power project includes the following items:

- Design
- Engineering
- Electrical service connection
- Power upgrade project (prorated by berth if applicable)
- Breakers and secondary breakers
- High-voltage cables
- Step down transformer
- Switchgear
- Power control equipment
- Power connection vaults
- Cable reels, cables, and connectors to connect at the vessel
- Control cable and equipment
- Other costs (as applicable)

**Emission Control Equipment Data**: For Ship Emission Capture and Control System projects only, provide the name of the equipment vendor(s), specific emission control technology and <u>attach</u> documentation of the CARB approval letter specifying the percentage of PM and NOx reductions.



### SECTION 3 – BERTH ACTIVITY DATA FOR THE PAST TWO YEARS (FOR GRID- AND NON-GRID-BASED SHORE POWER PROJECTS ONLY)

I otal Number of Ship Visits to the Berth:	(2014)	(2015)
Please specify below if this number represents the tota 93118.3 OR all vessels that visited the berth:	al visits by vessels re	gulated under CCR Section
Number of Visits (per ship) per year:		
Average hoteling time per visit (hours/visit):		
Ship Type and Size (e.g., twenty-foot equivalent unit,	TEU, capacity) for ea	ach Ship that Visits the Berth:
Ship Description (including number of engines, fuel ty auxiliary power (kW) and net hotelling load (kW)):	pe, power demand, i	ncluding both total

### SECTION 4 – <u>PREDICTED</u> BERTH ACTIVITY WITH NEW EQUIPMENT (FOR GRID- AND NON-GRID-BASED SHORE POWER PROJECTS ONLY)

Total estimated annual ship visits:

Estimated annual ship visits using electrical power:

Estimated ship types, description of each ship and associated power demands:

Estimated annual hotelling hours:

Estimated annual MW usage:

Information demonstrating future visits by vessels will **not** be subject to ARB's Ships at Berth Rule:

### SECTION 5 – <u>PREDICTED</u> SHIP ACTIVITY WITH NEW SYSTEM AND PROJECTED EMISSIONS BENEFITS (FOR SHIP EMISSION CAPTURE AND CONTROL SYSTEM PROJECTS ONLY)

Number and type of ships (both subject to and not subject to the control requirements of the Ships at-Berth Rule) that will be under the hood:

Average time ships (by type of ship) will spend under the hood (hours per visit; visits per month/year):

Power usage (kWh) to run the system and source of power (grid- versus non-grid-based):

Natural gas usage (if any) for heating the selective catalytic reduction (SCR) duct burner:

Provide a detailed projection of the emissions reduction benefits of the ship emissions capture and control project. Include an estimate (showing all calculations and assumptions) of PM and NOx emissions with and without the project over ten (10) years of operation. Also discuss the emission reductions attributable to the project that are surplus to any laws or regulations for 10 years. Demonstrate that the weighted emission reductions are equal to or higher/better than 0.1 pound of weighted emissions per State dollar invested. For more information on the application requirements for Ship Emission Capture and Control projects, please see Appendix C of the program guidelines. **Title this attachment "Emission Reduction Benefits"**.



### **SECTION 6 – PROJECT SCHEDULE**

Attach a project schedule that includes project milestone completion dates. For grid-based shore power projects, the project schedule should include milestone dates for the following activities:

- Preliminary Design.
- Environmental Clearance (if applicable).\*
- Final Design.
- Equipment ordering (with delivery dates consistent with timely completion of project milestones).
- Receipt of delivery date confirmations from manufacturers (with dates consistent with timely completion of project milestones).
- Equipment delivery (for all equipment with lead times over 1 month). \*
- Power upgrade project (if applicable).
- Execution of construction contract(s) for installation services. \*
- Permits.
- Start construction (material and equipment installation). \*
- Finish construction (material and equipment installation).
- Commissioning/testing.
- Demonstration of a fully operational system (with ship plugged-in).

\* Key milestone dates specified by CARB.

#### Notes:

- If more than one milestone completion date applies to separate activities within a particular category, applicants should provide additional breakdowns. For example, if a transformer and cable reel are both identified to have a procurement lead time of over 1 month, they must be itemized separately in the project schedule.
- 2) The equipment owner may update the milestone dates after the application is submitted, but prior to the execution of the contract. The updated schedule will then be agreed to by the local agency and incorporated into the equipment project contract. The contract will require the equipment owner to provide updates to the project schedule at least quarterly. A schedule recovery plan will be required by the equipment owner if one of the following occurs: 1) one or more berths fail to meet a key milestone date listed in the contract, or 2) the equipment owner or AQMD becomes aware of a change that will cause one or more berths to miss the original project completion date listed in the contract. If the equipment owner fails to meet the commitments in the approved schedule recovery plan, the AQMD may terminate the contract.
- 3) For shore power projects, existing cargo ship berths or existing cargo ship terminals should be at a seaport located within the four California trade corridors that receives visits solely by vessels not subject to the control requirements of ARB's Ships at-Berth Rule in effect as of 2015.
- 4) For ship emissions capture and control systems, existing cargo ship berth or existing cargo ship terminal shall be located at a seaport located within the four California trade corridors.

Title this attachment "Project Schedule".



### SECTION 1 - APPLICANT INFORMATION (PLEASE PRINT OR TYPE)

A. ORGANIZATION INFORMATION	A. ORGANIZATION INFORMATION				
Organization, Company or Proprietor's Name (as it appears on Form W-9):					
Address:					
City:	ity:		:	Zip Code:	
Mailing Address (if different from above):					
City:	State:			Zip Code:	
No. of employees:	Number of Diese Handling Units:			Cargo	
Fleet Size:	Total HP of Flee		otal HP of Fleet		
*Attach documentation showing compliance with the appropriate CARB regulations. Freight facilities applying for CHE funding should provide certification of compliance with Diesel Off-road Online Reporting System (DOORS).					
B. PRIMARY CONTACT INFORMATIC	NC				
First and Last Name:	and Last Name:		Contact Title:		
Phone Number:	nber: Fa		Fax Number:		
Alternate Contact Number:	Iternate Contact Number: E		Email:		
C. CONTRACT SIGNING AUTHORITY	Y INFORMATION (e.g., I	Eauipr	mentOwner)		
First and Last Name:					
Title:		Phon	Phone Number:		
If the above person is not the owner of the proposed project equipment, please specify the owner's name here: D. PROJECT BUDGET AND FUNDING REQUEST					
Total Project Cost:				Funding request per unit:	
	Total Funding Request:				

Submit the original completed application (with all required supporting documents and signatures) along with **two (2) copies** of **the entire application package** (*a total of 3 copies including the original application*) via mail delivery, or in person to:

South Coast Air Quality Management District 21865 Copley Dr., Diamond Bar, CA 91765 Attn: Procurement / PA 2016-03

### Application Deadline: March 31, 2016 by no later than 4pm

**NOTE:** Facsimile or email submittals will not be accepted.



FORM B: Cargo Handling Equipment

(THE INFORMATION BELOW IS REQUIRED FOR **EACH**PIECE OF EQUIPMENT.

FOR MULTIPLE UNITS YOU MAY PROVIDE AN EXCEL SPREADSHEET CONTAINING THE REQUIRED INFORMATION)

### **SECTION 2 – PROJECT INFORMATION**

#### Project Type (Check One):

- □ RTG Crane Conversion/Replacement with Zero-Emission Power System
- □ Yard Truck Conversion to Electric Power
- Yard Truck Replacement (Electric or Fuel Cell)
- □ Forklift Replacement (Electric or Fuel Cell), capacity of 3,000-12,000 lbs.
- □ Lift Replacement (Electric or Fuel Cell), capacity of greater than 12,000 lbs.
- □ Multi-Unit Battery Charger (Requires purchase of 3 eligible yard trucks)

#### Applicant Type: (Check one):

- □ Terminal Owner
- □ Terminal Lessee
- □ Port Authority
- Rail Yard
- □ Freight Facility
- Other, please specify: \_\_\_\_\_

List project partners and match funding sources (include documentation of match funding availability):

Port, Rail Yard, or Freight Facility where the project equipment is located:

Terminal name/identifier and/or location within the facility (RTG cranes only):

Identify the trade corridors in which the equipment is routinely operated:

Equipment Registered Owner and Operator, if different from applicant:

Specify Diesel Off-road Online Reporting System (DOORS) id, if applicable:

Equipment (RTG, yard truck, or lift) identification number, VIN, or serial number (for each unit):

Equipment (RTG, yard truck, or lift) make, model and model year (for each unit):

Annual hours of operation (per unit):

Attach documentation that supports this operation covering the most recent two-year period.

Title this attachment "Section 2 – CHE Activity Documentation".



FORM B: Cargo Handling Equipment

#### FOR EACH EXISTING UNIT/EQUIPMENT:

Engine Make:	Engine Model:
Engine Model Year:	Horsepower Rating:
Engine Serial Number:	Fuel Type:
Engine Type (Yard Trucks/RTG Cranes):	Engine Family Name (All Lifts):
Engine Emission Certification Standard or Retrofit Verification Level (include Emission Control Group name) (All Lifts):	
Do you request a direct payment to the vendo	r?
(check one) □ YES □ NO	

### **SECTION 3 – PROPOSED EQUIPMENT PROJECT INFORMATION**

Describe the RTG electrification technology (if applicable):	

#### For Each Proposed Zero Emission RTG or Yard Truck:

Equipment Make:	Equipment Model:
Equipment Model Year:	Horsepower/Power Rating:
Estimated Annual Hours of Operation:	
Estimated Eligible Costs:	
<b>3</b> • • • • • • •	

### For Each Proposed Multi-Unit Battery Charger:

Equipment Manufacturer:	Equipment Power Rating (voltage, amperage, wattage, efficiency):
Equipment Serial Number:	Number of Charging Ports:
Equipment Recharge Rate:	
Estimated Annual Truck Connections to Charger:	Estimated Average Connection Time to Charger:
Anticipated Cost of Eligible Equipment:	

FORM B: Cargo Handling Equipment

#### For Each Lift Project:

FORKLIFT, TOP PICK, SIDE HANDLER, OR REACH STACKER INFORMATION		
Equipment Make:	Equipment Model:	
Equipment Model Year:	Equipment Lift Capacity:	
Identification Number or Vehicle Identification Number (VIN):		
Diesel Engine Make:	Diesel Engine Model:	
Diesel Engine Model Year:	Diesel Engine Horsepower:	
Diesel Engine Family Name:	Diesel Engine Serial Number:	
BATTERY CHARGER INFORMATION		
Equipment Manufacturer:	Equipment Power Rating (voltage, amperage, wattage, efficiency):	
Equipment Serial Number:	Number of Charging Ports:	
Equipment Location:		
Equipment Recharge Rate:	Predicted Activity:	

# SECTION 4 – DETAILED PROJECT SCOPE AND ADDITIONAL REQUIRED ATTACHMENTS

Attach a detailed project scope of work and project schedule that covers, at a minimum, the following key project milestones:

- Preliminary Design (if applicable)
- Environmental Clearance (if applicable)
- Final Design (if applicable)
- Equipment Order
- Equipment acquisition/installation
- Commissioning (if applicable)
- Post-Inspection project completion
- Submittal of invoice(s) to AQMD for reimbursement.

For applicants subject to CARB's Cargo Handling Equipment regulation, attach a copy of the reports required to be submitted to the CARB by January 31<sup>st</sup> each year in order to comply with the reporting requirements for the Regulation for Mobile Cargo Handling Equipment at Ports and Intermodal Rail Yards.



### **Please Read and Sign**

All information provided in this application will be used by SCAQMD staff to evaluate the eligibility of this application to receive program funds. SCAQMD staff reserves the right to request additional information and can deny the application if such requested information is not provided by the requested deadline. Incomplete or illegible applications will be returned to applicant or vendor, without evaluation. An incomplete application is an application that is missing information critical to the evaluation of the project.

- I certify to the best of my knowledge that the information contained in this application is true and accurate and meets the minimum requirements of the proposition 1B –Good Movement Emission Reduction Program.
- I agree to follow all requirements of the Proposition 1B Goods Movement Emission Reduction Program- Final 2015 Staff Report and Guidelines for Implementation and September 2015 Supplemental Procedures for Ships at Berth and Cargo Handling Equipment Projects.
- I understand that the Program-funded equipment may not be used by the equipment owner to comply with any applicable CARB regulations for the specified timeframe.
- I understand that, if awarded funding under the, development and submittal of a detailed work statement, with deliverables and schedule is a requirement of the contracting process.
- I understand that there may be conditions placed upon receiving a grant and agree to refund the grant (or a pro-rated portion if applicable) if it is found that at any time I do not meet those conditions and if directed by the SCAQMD in accordance with the contract agreement.
- I understand that, for this equipment, I will be prohibited from applying for any other form of emission reduction credits for Program-funded equipment, including: Fleet Emission Credits (CARB's Ships at Berth Regulation), Emission Reduction Credit (ERC); Mobile Source Emission Reduction Credit (MSERC) and/or Certificate of Advanced Placement (CAP), for all time, from the SCAQMD, CARB or any other Air Quality Management or Air Pollution Control District. However, the project may be co-funded with additional federal or local funds in accordance with the Proposition 1B Guidelines.
- The proposed project has not been funded and is not being considered for incentive funds by another air district, CARB, or any other public agency.
- In the event that the equipment does not complete the minimum term of any agreement eventually reached from this application, I agree to notify SCAQMD and return grant funds to the SCAQMD if required by the contract.
- I have the legal authority to apply for grant funding for the entity described in this application.
- I have disclosed the value of any current financial incentive that directly reduces the project price, including tax credits or deductions, grants, or other public financial assistance for the same engine/equipment below as part of this application statement. To avoid double counting of incentives, all tax credits or deductions, grants, or other public financial assistance may be deducted from the funding request.
- A statement verifying that installation or construction activities prohibited prior to contract execution have not started at any of the berths included in the equipment project contract.
- I agree to actively cooperate with the SCAQMD, CARB, or their designees during any ongoing evaluation or audit of the project site, schedule or records. This cooperation includes, but is not limited to, providing contact information and open access (if requested) to communicate directly with key project personnel, contractors, subcontractors, public utilities and material or equipment suppliers.



- I understand that third party contracts are not permitted. A third party may, however complete an application on an owner's behalf. Third parties are required to list how much compensation, if any, they are receiving to prepare the application(s), and to certify that no Program funds are being used for this compensation. (see below)
- I understand that additional project information may be required by SCAQMD to finalize a contract, and that I will be responsible for providing this information to SCAQMD when requested.
- I understand that an incomplete or illegible application, including applications that are missing required documentation, may be rejected by the SCAQMD at their discretion
- I understand that new equipment must not be purchased, received, installed, paid for, or placed into operation prior to contract execution unless specified by the Program Guidelines, and if allowed, equipment owner shall assume all financial risk and is in no way assured program funds.
- I understand that new equipment purchased outside of California may be subject to California sales and/or use tax
- I understand that all equipment funded by this program must be operational within a prescribed time from the date of contract execution. I confirm that I know the specific time requirement for the type of project and equipment for which I am applying. The required project completion dates for eligible project types are specified in the Program Announcement.

applicable, otherwise attach separate sheet describing the potential conflict.)

• I, the equipment owner, disclose that I have applied for the following other source(s) of funding (if any) for the same equipment project:

Source of funds:

How much applied for: \_\_\_\_\_

What the funding will be used for: \_\_\_\_\_

• I, the equipment owner, disclose the following value of any existing financial incentive that directly reduces the project cost, including tax credits or deductions, grants, or other public financial assistance, for the same equipment project:

Value:

- I certify that the equipment owner has reviewed the application and that the application information is correct.
- I certify that neither the owner nor equipment identified in the equipment project application has any outstanding violations of CARB regulations.
- I understand as an applicant that incentive programs have limited funds and shall terminate upon depletion of program funding

**FORM C: Application Statement** 

Applicant Signature

Applicant Name (please print)

If this application was prepared by an entity other than the applicant, please provide the information requested below.

Applicant Preparer's Signature

Applicant Preparer's Name (please print)

Compensation for application preparation:

I certify that no Program funds are the source for this compensation:

Signature of Preparer

Date

Phone Number/E-mail

Date

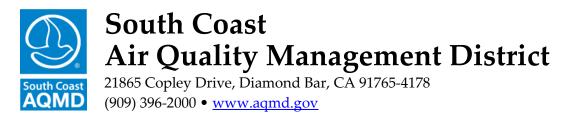
Title



FORM C: Application Statement

#### Please initial each section.

	e emission reductions that will result from this project are <b>NOT</b> required by anylocal, e, and/or federal rule or regulation.
03)	e types of eligible projects are described in this Program Announcement (PA#2016- These definitions have been reviewed and this application is consistent with those nitions.
	e equipment will be committed to 100% operation within the four California trade idors for the duration of contract term.
The	grant contract language cannot be modified without the written consent of all parties.
und	derstand that an IRS Form 1099 may be issued to me for incentive funds received ler this Program Announcement. I understand that it is my responsibility to determine tax liability associated with participating in the Program.
veh	derstand that an AQMD-funded electronic monitoring unit will be installed on icles/equipment if deemed necessary by AQMD. I will submit data as requested and erwise cooperate with all data reporting requirements.
full	derstand that the AQMD has the right to conduct unannounced inspections for the project life to ensure the project equipment is fully operational at the activity level mitted to by the contract.
To a may	derstand that all emission reductions resulting from funded projects will be retired. avoid double counting of emission reductions, project vehicles and/or equipment y not receive funding from any other government grant program that is designed to uce mobile source emissions.
	derstand that any tax credits claimed must be deducted from the Program request. ase check one:
	do not plan to claim a tax credit or deduction for costs funded by the
	Program. I <b>do</b> plan to claim a tax credit or deduction for costs funded by the
	Program. If so, please indicate amount here: \$
	plan to claim a tax credit or deduction only for the portion of incremental costs not funded by the Program. If so, please indicate amount here: \$



# **Business Information Request**

Dear SCAQMD Contractor/Supplier:

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

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

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

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

Sincerely,

Michael B. O'Kelly Chief Financial Officer

DH:tm

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

REV 9/15



# **BUSINESS INFORMATION REQUEST**

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business Check One:	<ul> <li>Individual</li> <li>DBA, Name, County Filed in</li> <li>Corporation, ID No</li> <li>LLC/LLP, ID No</li> <li>Other</li> </ul>

### **REMITTING ADDRESS INFORMATION**

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

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

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

#### **BUSINESS STATUS CERTIFICATIONS**

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

- is certified by the Small Business Administration or ٠
- is certified by a state or federal agency or
- is an independent MBE(s) or WBE(s) business concern which is at least 51 percent owned and controlled by minority group member(s) who are citizens of the United States.

#### Statements of certification:

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

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

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

Check all that apply:	
<ul> <li>Small Business Enterprise/Small Business Joint Venture</li> <li>Local business</li> <li>Minority-owned Business Enterprise</li> </ul>	<ul> <li>Women-owned Business Enterprise</li> <li>Disabled Veteran-owned Business Enterprise/DVBE Joint Venture</li> <li>Most Favored Customer Pricing Certification</li> </ul>
Percent of ownership:%	
Name of Qualifying Owner(s):	
State of California Dublic Works Contractor D	MUST DI

#### State of California Public Works Contractor Registration No. **INCLUDED IF BID PROPOSAL IS FOR PUBLIC WORKS PROJECT.**

MUST BE

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

NAME

TITLE

**TELEPHONE NUMBER** 

DATE

#### **Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

Most Favored Customer as used in this policy means that the SCAQMD will receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services.

Depart	W-9 December 2014) ment of the Treasury I Revenue Service	Request for Taxpayer Identification Number and Certifi	cation		Give Form to the requester. Do not send to the IRS.
	1 Name (as shown	on your income tax return). Name is required on this line; do not leave this line blank.			
ge 2.	2 Business name/o	lisregarded entity name, if different from above			
Print or type See Specific Instructions on page	Individual/sole single-membe		Trust/estate	certain ent instruction	ons (codes apply only to ties, not individuals; see s on page 3): yee code (if any)
t i		company. Enter the tax classification (C=C corporation, S=S corporation, P=partners			from FATCA reporting
stru		ngle-member LLC that is disregarded, do not check LLC; check the appropriate box in cation of the single-member owner.	the line above for	code (if an	
e Li	Other (see inst	ructions) ►			ounts maintained outside the U.S.)
scifi	5 Address (numbe	, street, and apt. or suite no.)	Requester's name a	and address	(optional)
See Sp	6 City, state, and 2	1P code			
	7 List account nun	iber(s) here (optional)			
Par	tl Taxpa	/er Identification Number (TIN)			
		propriate box. The TIN provided must match the name given on line 1 to av		urity numb	er
reside	ent alien, sole prop	individuals, this is generally your social security number (SSN). However, for rietor, or disregarded entity, see the Part I instructions on page 3. For other ver identification number (EIN). If you do not have a number, see <i>How to ge</i>		-	-
	n page 3.	,,	or		
	Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for Employer identification number				on number
guide	lines on whose nu			-	
Par	t II Certifi	cation			

Under penalties of perjury, I certify that:

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

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign	Signature of
Here	U.S. person

#### General Instructions

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

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

#### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

Form 1099-INT (interest earned or paid)

- · Form 1099-DIV (dividends, including those from stocks or mutual funds)
- · Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- · Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- · Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
- If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.
- By signing the filled-out form, you:

Date 🕨

- 1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- 2. Certify that you are not subject to backup withholding, or
- 3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
- Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See What is FATCA reporting? on page 2 for further information.

#### Form W-9 (Rev. 12-2014)

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

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

An individual who is a U.S. citizen or U.S. resident alien;

 A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;

An estate (other than a foreign estate); or

A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

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

 In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;

 In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and

In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

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

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

 The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

The type and amount of income that qualifies for the exemption from tax.
 Sufficient facts to justify the exemption from tax under the terms of the treaty

Example. Article 20 of the U.S.-China income tax treaty allows an exemption

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

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

#### Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

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

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,

2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

 The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

 You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See Exempt payee code on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see Special rules for partnerships above.

#### What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See Exemption from FATCA reporting code on page 3 and the Instructions for the Requester of Form W-9 for more information.

#### Updating Your Information

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

#### Penalties

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

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

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

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

#### Specific Instructions

#### Line 1

You must enter one of the following on this line; do not leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. Individual. Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note. ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. Sole proprietor or single-member LLC. Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation. Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. Other entities. Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

#### Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

#### Line 3

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

Limited Liability Company (LLC). If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

#### Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

#### Exempt payee code.

 Generally, individuals (including sole proprietors) are not exempt from backup withholding.

 Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.

 Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

 Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2-The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5-A corporation

6-A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession

7-A futures commission merchant registered with the Commodity Futures Trading Commission

8-A real estate investment trust

 $9-\mathrm{An}$  entity registered at all times during the tax year under the Investment Company Act of 1940

10-A common trust fund operated by a bank under section 584(a)

11-A financial institution

12-A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947 The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for	THEN the payment is exempt for
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 5 <sup>2</sup>
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

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

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A-An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C-A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E-A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G-A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I-A common trust fund as defined in section 584(a)

J-A bank as defined in section 581

K-A broker

L-A trust exempt from tax under section 664 or described in section 4947(a)(1)

M-A tax exempt trust under a section 403(b) plan or section 457(g) plan Note. You may wish to consult with the financial institution requesting this form to

Note. You may wish to consult with the infancial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

#### Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

#### Line 6

Enter your city, state, and ZIP code.

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

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

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

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

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

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

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

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

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

#### Form W-9 (Rev. 12-2014)

#### Part II. Certification

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

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

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

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

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

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

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

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

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

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

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

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

<sup>4</sup>List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 2.

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

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

#### Secure Your Tax Records from Identity Theft

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

To reduce your risk:

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

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

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

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

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

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

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

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

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

#### **Privacy Act Notice**

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

YEAR	CALI	FORNIA FORM
2015 Withholding Exemption Certificate	-	590
The payee completes this form and submits it to the withholding agent.		
Withholding Agent (Type or print)		
Name		
Payee		
Name	SSN or ITIN FEIN CA Corp no.	CA SOS file no.
Address (apt./ste., room, PO Box, or PMB no.)		
City (If you have a foreign address, see instructions.)	State ZIP Code	
Exemption Reason		
Check only one reason box below that applies to the payee.	m the California income tax with	bolding
By checking the appropriate box below, the Payee certifies the reason for the exemption fro requirements on payment(s) made to the entity or individual.	on the California Income tax with	inoiding
Individuals — Certification of Residency: I am a resident of California and I reside at the address shown above. If I become notify the withholding agent. See instructions for General Information D, Definition		promptly
Corporations: The corporation has a permanent place of business in California at the address si California Secretary of State (SOS) to do business in California. The corporation v corporation ceases to have a permanent place of business in California or ceases the withholding agent. See instructions for General Information D, Definitions.	will file a California tax return. If ti	nis
Partnerships or Limited Liability Companies (LLCs): The partnership or LLC has a permanent place of business in California at the ad California SOS, and is subject to the laws of California. The partnership or LLC wi or LLC ceases to do any of the above, I will promptly inform the withholding agent partnership (LLP) is treated like any other partnership.	ill file a California tax return. If the	e partnership
□ Tax-Exempt Entities: The entity is exempt from tax under California Revenue and Taxation Code (R&TC Internal Revenue Code Section 501(c) (insert number). If this entity ceases the withholding agent. Individuals cannot be tax-exempt entities.		letter) or mptly notify
Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified I The entity is an insurance company, IRA, or a federally qualified pension or profit-		
California Trusts: At least one trustee and one noncontingent beneficiary of the above-named trust California fiduciary tax return. If the trustee or noncontingent beneficiary becomes notify the withholding agent.		
Estates — Certification of Residency of Deceased Person: I am the executor of the above-named person's estate or trust. The decedent was The estate will file a California fiduciary tax return.	a California resident at the time	of death.
Nonmilitary Spouse of a Military Servicemember: I am a nonmilitary spouse of a military servicemember and I meet the Military Spore requirements. See instructions for General Information E, MSRRA.	ouse Residency Relief Act (MSR	RA)
CERTIFICATE OF PAYEE: Payee must complete and sign below.		
Under penalties of perjury, I hereby certify that the information provided in this document is	s, to the best of my knowledge, tr	ue and
correct. If conditions change, I will promptly notify the withholding agent.		
Payee's name and title (type or print)	Telephone ()	
Payee's signature	Date	
For Privacy Notice, get FTB 1131 ENG/SP. 7061153	Form 590 c2	2014

# 2015 Instructions for Form 590

Withholding Exemption Certificate

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

#### **General Information**

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

#### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding.

Form 590 does not apply to payments of backup withholding. For information on California backup withholding, go to **ftb.ca.gov** and search for **backup withholding**.

Form 590 does not apply to payments for wages to employees. Wage withholding is administered by the California Employment Development Department (EDD). For more information, go to edd.ca.gov or call 888.745.3886.

**Do not** use Form 590 to certify an exemption from withholding if you are a **Seller of California real estate**. Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

#### The following are excluded from withholding and completing this form:

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

#### B Income Subject to Withholding

California Revenue and Taxation Code (R&TC) Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

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

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

- Payments to nonresidents for royalties from activities sourced to California.
   Distributions of California source income to
  - nonresident beneficiaries from an estate or trust.
- Endorsement payments received for services performed in California.
  Prizes and winnings received by
- Prizes and winnings received by nonresidents for contests in California.
   However, withholding is optional if the total

payments of California source income are \$1,500 or less during the calendar year. For more information on withholding get FTB Pub. 1017, Resident and Nonresident Withholding Cuidelings. To get a withholding

Withholding Guidelines. To get a withholding publication, see Additional Information.

#### C Who Certifies this Form

Form 590 is certified by the payee. California residents or entities exempt from the withholding requirement should complete Form 590 and submit it to the withholding agent before payment is made. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless notified by the Franchise Tax Board (FTB) that the form should not be relied upon.

An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee's taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

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

The grantor of a grantor trust shall be treated as the payee for withholding purposes. Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled "Individuals — Certification of Residency."

#### **D** Definitions

For California non-wage withholding purposes, **nonresident** includes all of the following:

- Individuals who are not residents of California.
- Corporations not qualified through the California Secretary of State (CA SOS) to do business in California or having no permanent place of business in California.
- Partnerships or limited liability companies (LLCs) with no permanent place of business in California.
- Any trust without a resident grantor, beneficiary, or trustee, or estates where the decedent was not a California resident.

Foreign refers to non-U.S.

For more information about determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status. Military servicemembers have special rules for residency. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

#### Permanent Place of Business:

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

#### E Military Spouse Residency Relief Act (MSRRA)

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

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

Domicile is defined as the one place:

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

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

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

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

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

#### Specific Instructions

#### Payee Instructions

Enter the withholding agent's name.

Enter the payee's information, including the taxpayer identification number (TIN) and check the appropriate TIN box.

You must provide an acceptable TIN as requested on this form. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp no.); or CA SOS file number.

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

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

Check the box that reflects the reason why the payee is exempt from the California income tax withholding requirement.

#### Withholding Agent Instructions

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

For more information, contact Withholding Services and Compliance, see Additional Information. The payee must notify the withholding agent if any of the following situations occur:

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

If any of these situations occur, then withholding may be required. For more information, get Form 592, Resident and Nonresident Withholding Statement, Form 592-B, Resident and Nonresident Withholding Tax Statement, and Form 592-V, Payment Voucher for Resident and Nonresident Withholding.

#### Additional Information

For additional information or to speak to a representative regarding this form, call the Withholding Services and Compliance telephone service at: Telephone: 888.792.4900 916.845.4900 Fax: 916.845.9512 OR write to: WITHHOLDING SERVICES AND **COMPLIANCE MS F182** FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0651 You can download, view, and print California tax forms and publications at ftb.ca.gov.

OR to get forms by mail write to: TAX FORMS REQUEST UNIT FRANCHISE TAX BOARD PO BOX 307 RANCHO CORDOVA CA 95741-0307

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

#### Internet and Telephone Assistance

- Website: **ftb.ca.gov** Telephone: 800.852.5711 from within the United States 916.845.6500 from outside the United States
- TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

#### Asistencia Por Internet y Teléfono

- Sitio web: **ftb.ca.gov** Teléfono: 800.852.5711 dentro de los Estados Unidos 916.845.6500 fuera de los Estados Unidos TTY/TDD: 800.822.6268 para personas con
  - 1Y/1DD: 800.822.6268 para personas con discapacidades auditivas o del habla

Page 2 Form 590 Instructions 2014



### CAMPAIGN CONTRIBUTIONS DISCLOSURE

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

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

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

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

### **SECTION I.**

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

DBA, Name	, County Filed in	List any parent, subsidiaries, or
Corporation, ID No		otherwise affiliated
LLC/LLP, ID No.		business entities of Contractor:
(See definition below).		

**SECTION II.** 

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

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

# Campaign Contributions Disclosure, continued:

Nan	ne of	Contributor			
	Gove	erning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution	
Nan	ne of	Contributor			
	Gove	erning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution	
Nan	ne of	Contributor			
	Gove	erning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution	
Nan	ne of	Contributor			
	Gove	erning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution	
Dat	<u> </u>	I	DEFINITIONS		
		Parent, Subsidiary, or Otherwise Related	Business Entity (2 Cal. Code of Reg	zs., §18703.1(d).)	
(1)		t subsidiary. A parent subsidiary relationship exists when one g power of another corporation.	corporation directly or indirectly ov	vns shares possessing more than	50 percent of the
(2)		wise related business entity. Business entities, including corpo ted for profit, which do not have a parent subsidiary relationsl			
	(A)	One business entity has a controlling ownership interest in	the other business entity.		
	(B)	There is shared management and control between the entities should be given to the following factors:	es. In determining whether there is s	hared management and control,	consideration
	(C)	<ul> <li>(i) The same person or substantially the same person owr</li> <li>(ii) There are common or commingled funds or assets;</li> <li>(iii) The business entities share the use of the same offices</li> <li>(iv) There is otherwise a regular and close working relation</li> <li>A controlling owner (50% or greater interest as a sharehold</li> </ul>	or employees, or otherwise share ad nship between the entities; or	-	-

1 Back to Agenda

BOARD MEETING DATE: February 5, 2016 AGENDA NO. 7

PROPOSAL: Issue RFP for Technical Assistance for Advanced, Low- and Zero-Emissions Mobile and Stationary Source Technologies and Implementation of Incentive Programs

- SYNOPSIS: This action is to issue an RFP to solicit statements of qualifications from individuals and organizations capable of providing technical expertise in a variety of specialized areas to support SCAQMD's technology advancement activities and implementation efforts. It is anticipated that multiple awards for level-of-effort contracts will be made from these solicitations.
- COMMITTEE: Technology, January 22, 2016; Recommended for Approval

### **RECOMMENDED ACTION:**

Approve the release of the attached RFP #P2016-15 for technical assistance for advanced, low- and zero-emissions mobile and stationary source technologies and for implementation of incentive programs.

Barry R. Wallerstein, D.Env. Executive Officer

MMM:FM

### Background

The Technology Advancement Office (TAO) administers and manages both the implementation of incentive programs as well as the pre-commercial research, development, demonstration, and deployment (RDD&D) of low- and zero-emission technologies. The TAO program is a far-reaching effort, incorporating a mix of short-, medium-, and long-term goals, representing a continuum of technology improvements to achieve clean air in the Basin.

TAO periodically releases Request for Proposals (RFPs) for consultants to augment inhouse expertise and assist staff in technical reviews, coordination of projects, comparative analyses, and implementation of incentive programs. Due to the rapid pace at which technologies are evolving, additional assistance is required for advanced, pre-commercial technology demonstration programs. In addition, there are multiple state incentive programs, specifically the Carl Moyer, the Proposition 1B-Goods Movement, and the Lower Emission School Bus Programs, which are anticipated to provide over \$150 million to the South Coast region. Expert consultants and administrative resources are required to assist staff in establishing the procedures for implementation of these programs.

# Proposal

The RFP for technical assistance solicits experts in the following areas:

# Mobile Applications

Low- and zero-emissions technologies for light-, medium-, and heavy-duty vehicles (on- and off-road applications), including:

- Fuel cells, hybrids (electric, plug-in, hydraulic, and others), and alternative fuels;
- Components (e.g., batteries and ultracapacitors) and system expertise (e.g., software controllers);
- Engines and exhaust treatment technologies (e.g. catalyst and trap systems); and
- Demonstration of low- and zero-emissions technologies in fleets.

## Fuels

Fuel processing, reformulation, and emission analyses for:

- Alternative and conventional fuels;
- Biofuels (ethanol, biodiesel, and biomass);
- Hydrogen infrastructure; and
- Gas to liquid (GTL) fuels.

### Stationary Applications

- Advanced combustion technologies;
- Advanced or innovative aftertreatment control technologies;
- Renewable technologies; and
- Fuel cell, hybrid, and hydrogen-energy co-production.

# Emissions and Analyses

- Toxic air contaminants from motor vehicles and their potential formation;
- Health and safety issues related to new technologies;
- Mobile source data compilation and analyses;
- Advanced technology transition (bridging) analyses; and
- Advanced technology assessments, including market penetration and consumer acceptance studies.

### Incentive Programs

Support for implementing incentive program activities including but not limited to:

- Technology analyses and comparisons, including cost-effectiveness;
- Development, evaluation and implementation of program guidelines;
- Proposal evaluations and emission analyses;
- Infrastructure evaluation and inspections;
- Outreach to fleets for implementing clean technologies; and
- Data gathering and reporting.

The RFP will solicit statements of qualifications from individuals and organizations capable of providing technical assistance in a variety of areas to support the TAO activities. In each case, it will first be determined whether the work can be performed in-house.

# **Bid Evaluation**

Consultants will be selected through an open bidding process according to SCAQMD's Consultant Selection Policy and Proposals. Successful bidders shall be retained by level-of-effort contracts; therefore work assignments can be issued for specific needs and projects without requiring lengthy consultant selection processes for each individual project. It is anticipated that multiple awards for level-of-effort contracts will be made from these solicitations.

# Outreach

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

Additionally, potential bidders may be notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP will be emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website <u>http://www.aqmd.gov</u> where it can be viewed by making the selection "Grants & Bids."

# **Benefits to SCAQMD**

The proposed project supports the implementation of TAO's RDD&D and incentive programs. In addition, outside expertise will provide an effective means of evaluating new technologies and assessing emission reductions.

### **Resource Impacts**

Due to the indefinite nature of the work, the actual contract amounts cannot be determined at this time. Multiple awards are anticipated from this RFP. The total amount of funding to be recommended for the Board's consideration for each contract will be dependent upon the consultant's qualifications and SCAQMD needs. The Clean Fuels Fund and the administrative portions of the incentive program funds will be used for awards made under this RFP.

### Attachment

RFP #P2016-15 - Technical Assistance for Advanced, Low- and Zero-Emissions Mobile and Stationary Source Technologies and for Implementation of Incentive Programs SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT



### **REQUEST FOR PROPOSALS**

### Technical Assistance for Advanced, Low- and Zero-Emissions Mobile and Stationary Source Technologies and for Implementation of Incentive Programs

#### #P2016-15

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

### PURPOSE

The purpose of this RFP is to obtain Proposals from qualified consultants who can provide specialized technical assistance to Technology Advancement Office (TAO) staff pertaining to advanced, low- and zero-emission mobile and stationary source technologies, and implementation of incentive programs.

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

Section I Section II Section IV Section V Section VI Section VII Section VIII Section IX Section X Section XI	Background/Information Contact Person Schedule of Events Participation in the Procurement Process Statement of Work/Schedule of Deliverables Required Qualifications Proposal Submittal Requirements Proposal Submission Proposal Evaluation/Contractor Selection Criteria Funding Sample Contract
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Attachment A - Participation in the Procurement Process Attachment B - Certifications and Representations

### SECTION I: BACKGROUND/INFORMATION

The SCAQMD is a regional governmental agency responsible for meeting air quality health standards in Orange County and the non-desert portions of Los Angeles, Riverside, and San Bernardino counties.

Mobile sources emit the majority of air pollution in the South Coast Air Basin (Basin). In particular, heavy-duty diesel vehicles emit high levels of nitrogen oxides (NOx), a precursor to photochemical smog, as well as diesel particulate exhaust, which has been categorized by the California Air Resources Board (CARB) as a toxic air contaminant.

The Air Quality Management Plan (AQMP) for the Basin identifies the application of cleanburning alternative fuels (e.g., natural gas, ethanol, and hydrogen), advanced vehicle technologies (e.g., fuel cells, hybrid electric and plug-in hybrid electric vehicles) and advanced stationary source pollution control technologies to meet the national ambient air quality standards. These air quality gains, however, may only be realized if programs are in place to develop, commercialize, and implement these technologies. As a result, the SCAQMD seeks to implement aggressive programs to develop and demonstrate pre-commercial technologies as well as incentivize early-commercial technologies.

### SECTION II: <u>CONTACT PERSON:</u>

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

#### Mobile and Stationary Source

Naveen Berry Technology Demonstration Manager SCAQMD 21865 Copley Drive Diamond Bar, CA 91765-4178 (909) 396-2363 Email: nberry@aqmd.gov

#### **Incentive Programs**

Vicki White Program Supervisor SCAQMD 21865 Copley Drive Diamond Bar, CA 91765-4178 (909) 396-3436 Email: vwhite@aqmd.gov

### SECTION III: SCHEDULE OF EVENTS

Date	Event
February 5, 2016	RFP Released
April 8, 2016	RFP Closes - No Later Than 1:00 p.m.
June 17, 2016	Technology Committee Approval of Awards
July 8, 2016	SCAQMD Board Approval of Awards

### SECTION IV: PARTICIPATION IN THE PROCUREMENT PROCESS

It is the policy of SCAQMD to ensure that all businesses including minority business enterprises, women business enterprises, disabled veteran business enterprises and small businesses have a fair and equitable opportunity to compete for and participate in SCAQMD contracts. Attachment A to this RFP contains definitions and further information.

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

### A. Objective

The objective of this RFP is to solicit proposals from consultants with strong technical expertise in areas, or any combination of areas, including but not limited to, the following:

### Mobile Applications

Low- and zero-emission technologies for light-, medium-, and heavy-duty vehicles (onand off-road applications), including:

- Fuel cells, hybrids (electric, plug-in, hydraulic, and others), and alternative fuels;
- Component (e.g., batteries and ultracapacitors) and system expertise (e.g., software controllers); and
- Engines and exhaust treatment technologies (e.g. catalyst and trap systems).

### <u>Fuels</u>

Fuel processing, reformulation, and emission analyses for:

- Alternative and conventional fuels;
- Biofuels (ethanol, biodiesel, and biomass);
- Hydrogen infrastructure; and
- Gas to liquid (GTL) fuels.

### Stationary Applications

- Advanced combustion technologies;
- Advanced or innovative aftertreatment control technologies;
- Renewable technologies; and
- Fuel cell, hybrid, and hydrogen energy co-production.

### Emissions and Analyses

- Toxic air contaminants from motor vehicles and their potential formation;
- Health and safety issues related to new technologies;
- Mobile source data compilation and analyses;
- Advanced technology transition (bridging) analyses; and
- Advanced technology assessments, market penetration, and acceptance studies.

### Incentive Programs

- Technology analyses and comparisons, including cost-effectiveness;
- Development, evaluation and implementation of program guidelines;
- Proposal evaluations and emissions analyses;
- Infrastructure evaluation and inspections;
- Marine vessel shore power and other ship emission control technologies;
- Locomotive emission reduction or control technologies
- Outreach to fleets for implementing clean technologies;
- Review and commenting on State and Federal guidelines;
- Staff training on technical issues and electronic evaluation tools;
- Assistance in reporting and verification of equipment operation; and
- Interface with State and Federal staff to represent SCAQMD positions on technical issues.

This solicitation is being used to leverage staff resources with specialized outside expertise. The selected consultant(s) shall perform various tasks and functions designed to facilitate cooperation and ensure adequate information exchange to SCAQMD staff, key government agencies, existing and potential end users of advanced vehicle and stationary technologies, and industry organizations. Important issues to be monitored, assessed, and acted upon may include the status of major alternative fuel technology developmental efforts, promotion of commercially available alternative-fuel engines, advanced technology development and assistance to entities implementing alternative fuel technologies among others.

B. Statement of Work

The selected Consultant(s) shall perform tasks on an as-needed basis upon receiving written notification from the SCAQMD's Deputy Executive Officer for Science & Technology Advancement. All work will be assigned and pre-approved by the Project Manager and the Deputy Executive Officer. Each assignment will have specific tasks to be conducted and resources to be utilized. No work can be implemented without authorized parties prior approval and acceptance of specific, detailed task assignments. Potential tasks include the following:

- Assist SCAQMD staff in evaluating the emission benefits, availability, cost effectiveness, and obstacles to the commercialization of alternative fuel technologies for on- and off-road vehicles and equipment, including but not limited to trucks, cargohandling equipment, marine vessels, construction equipment, and locomotives.
- Assist SCAQMD staff in evaluating the technical progress and emissions data of demonstration projects relating to hybrid, hydraulic and alternative fueled vehicles.
- Assist SCAQMD staff in evaluating the technical status and emissions data of demonstration projects relating to control of diesel emissions.
- Assist SCAQMD staff with impact analysis of SCAQMD rules that are specific to mobile sources including light-, medium-, and heavy-duty fleet operations.
- Assist with SCAQMD efforts to facilitate the development and commercialization of zero-tailpipe emission technologies for vehicles (light-duty and transit applications) and stationary applications.
- Assist SCAQMD staff in preparing briefings and technical papers, and participate in technical forums in support of alternative fuel and fuel cell development demonstration and commercialization, and other advanced mobile and stationary technologies.
- Draft briefings and technical papers for technical symposia sponsored by the Society of Automotive Engineers (SAE), Air Pollution Technology Association (APTA), and other organizations.
- Assist SCAQMD staff in evaluating the current status of advanced chemical and mechanical energy storage technologies for application to vehicles as well as other applications, e.g., cargo handling equipment.
- Assist SCAQMD staff in evaluating the current status of renewable energies for mobile and stationary sources.

- Assist SCAQMD staff in evaluating the current status of hydrogen storage, hydrocarbon reforming technologies, and innovative components for hydrogen infrastructure.
- Assist SCAQMD staff in evaluating zero-emission goods movement technologies.
- Assist SCAQMD staff in evaluating electric, plug-in electric, and hybrid vehicle technologies and EV charging infrastructure.
- Assist SCAQMD staff in technical evaluation of proposals submitted to Technology Advancement for funding consideration pertaining to alternative fuels, battery, hydrogen, fuel cells and other advanced vehicle and stationary technologies.
- Perform other tasks relating to low- and zero-emission vehicle and/or stationary source technologies, or to the implementation of SCAQMD incentive programs as directed by SCAQMD's Deputy Executive Officer.
- Assist SCAQMD staff with technical assistance, applications, and evaluations for state incentive programs.
- Assist SCAQMD staff in preparing briefings, presentations and technical papers, and participate in technical forums and incentive program workshops.
- Assist SCAQMD staff in technical evaluation of proposals submitted to Technology Advancement for funding consideration pertaining to incentive programs.
- Assist SCAQMD staff by providing clerical support for incentive program implementation, including but not limited to: filing, data entry, photocopying, workshop assistance, contracting, disseminate program information, translation and collection of annual report information.
- Interface with other SCAQMD contractors to develop technical information, plan and implement conferences, and provide outreach and publication materials.

#### Schedule of Deliverables

Specific deliverables and time schedules for task completion will be established by the Deputy Executive Officer, or his designee, in writing when each task is authorized. Deliverables may include but not be limited to one or more of the following: written and/or oral technical reports, newsletters, articles, draft position papers, language for control measures, attendance at meetings with follow-up reports, etc.

### SECTION VI: REQUIRED QUALIFICATIONS

A. The SCAQMD requests submittal of detailed expertise and capabilities from consultants who meet a combination of the technical qualifications listed below. Individuals can team to submit a joint bid if they have complementary expertise and qualifications that

collectively meet the requirements. Statements of qualifications should include evidence documenting experience, expertise, and capabilities wherever possible.

- B. Bidder(s) shall be selected for contract award based on the best combinations of qualifications.
  - 1. Advanced college degree in an engineering, chemistry or related discipline.
  - 2. At least 5 years professional experience in the area(s) of expertise.
  - 3. The ability to quickly respond, on short notice, to requests for technical assistance.
  - 4. Working knowledge of CARB and SCAQMD programs, policies, regulations, etc. regarding toxic contaminants, stationary source control technologies, fuel processing, off-road vehicles, and alternative fuel vehicles.
  - 5. Knowledge of state and local permitting requirements for the establishment of alternative fuel refueling facilities, including different technologies being used and types of vehicles using these facilities.
  - 6. Working knowledge of EPA and CARB emission regulations, and CARB, CEC, and federal incentive programs.
  - 7. Proven expertise in any of the technical areas or any combination of areas as listed in Section V: Statement of Work / Schedule of Deliverables.
  - 8. Extensive knowledge of major research and development programs involving the technologies listed in Section V: Statement of Work / Schedule of Deliverables.
  - 9. Experience drafting, reviewing, and assessing legislation in the field(s) of expertise.
  - 10. Authorship of peer-reviewed technical papers and/or articles on the field(s) of expertise.
  - 11. Established relationships with equipment manufacturers and industry and professional associations.
  - 12. Experience in implementation of incentive programs designed to reduce emissions from diesel equipment and vehicles and other sources of air pollution.

### SECTION VII: PROPOSAL SUBMITTAL REQUIREMENTS

Submitted proposals must follow the format outlined below and all requested information must be supplied. Failure to submit proposals in the required format will result in elimination from proposal evaluation. SCAQMD may modify the RFP or issue supplementary information or guidelines during the proposal preparation period prior to the due date. Please check our website for updates (<u>http://www.aqmd.gov/grants-bids</u>). The cost for developing the proposal is the responsibility of the Contractor, and shall not be chargeable to SCAQMD.

Each proposal must be submitted in three separate volumes:

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

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

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

A separate Table of Contents should be provided for Volumes I and II.

#### VOLUME I - TECHNICAL PROPOSAL

#### DO NOT INCLUDE ANY COST INFORMATION IN THE TECHNICAL VOLUME

<u>Summary (Section A)</u> - State overall approach to meeting the objectives and satisfying the scope of work to be performed, the sequence of activities, and a description of methodology or techniques to be used.

<u>Program Schedule (Section B)</u> - Provide projected milestones or benchmarks for completing the project (to include reports) within the total time allowed.

<u>Project Organization (Section C)</u> - Describe the proposed management structure, program monitoring procedures, and organization of the proposed team. Provide a statement detailing your approach to the project, specifically address the Firm's ability and willingness to commit and maintain staffing to successfully complete the project on the proposed schedule.

<u>Qualifications (Section D)</u> - Describe the technical capabilities of the Firm. Provide references of other similar studies or projects performed during the last five years demonstrating ability to successfully complete the work. Include contact name, title, and telephone number for any references listed. Provide a statement of your Firm's background and related experience in performing similar services for other governmental organizations.

<u>Assigned Personnel (Section E)</u> - Provide the following information about the staff to be assigned to this project:

- 1. List all key personnel assigned to the project by level, name and location. Provide a resume or similar statement describing the background, qualifications and experience of the lead person and all persons assigned to the project. Substitution of project manager or lead personnel will not be permitted without prior written approval of SCAQMD.
- 2. Provide a spreadsheet of the labor hours proposed for each labor category at the task level.
- 3. Provide a statement indicating whether or not 90% of the work will be performed within the geographical boundaries of SCAQMD.
- 4. Provide a statement of education and training programs provided to, or required of, the staff identified for participation in the project, particularly with reference to management consulting, governmental practices and procedures, and technical matters.
- 5. Provide a summary of your Firm's general qualifications to meet required qualifications and fulfill statement of work, including additional Firm personnel and resources beyond those who may be assigned to the project.

<u>Subcontractors (Section F)</u> - This project may require expertise in multiple technical areas. List any subcontractors that will be used, identifying functions to be performed by them, their related qualifications and experience and the total number of hours or percentage of time they will spend on the project.

<u>Conflict of Interest (Section G)</u> - Address possible conflicts of interest with other clients affected by actions performed by the Firm on behalf of SCAQMD. SCAQMD recognizes that prospective Contractors may be performing similar projects for other clients. Include a complete list of such clients for the past three (3) years with the type of work performed and the total number of years performing such tasks for each client. Although the Proposer will not be automatically disqualified by reason of work performed for such clients, SCAQMD reserves the right to consider the nature and extent of such work in evaluating the proposal.

<u>Additional Data (Section H)</u> - Provide other essential data that may assist in the evaluation of this proposal.

### VOLUME II - COST PROPOSAL

<u>Name and Address</u> - The Cost Proposal must list the name and complete address of the Proposer in the upper left-hand corner.

<u>Cost Proposal</u> – SCAQMD anticipates awarding a Time and Materials (T&M) contract. Cost information must be provided as listed below:

- 1. Detail must be provided by the following categories:
  - A. <u>Labor</u> The Cost Proposal must list the fully-burdened hourly rates and the total number of hours estimated for each level of professional and administrative staff to be used to perform the tasks required by this RFP. A breakdown of the proposed billing rates must identify the direct labor rate, overhead rate and amount, fringe benefit rate and amount, General and Administrative rate and amount, and proposed profit or fee. Also, include the proposed annual escalation formula for the proposed billing rates. Provide a basis of estimate justifying the proposed labor hours and proposed labor mix. Costs should be estimated for each of the components of the work plan.
  - B. <u>Subcontractor Costs</u> List subcontractor costs and identify subcontractors by name. Itemize subcontractor charges per hour or per day.
  - C. <u>Travel Costs</u> Indicate amount of travel cost and basis of estimate to include trip destination, purpose of trip, length of trip, airline fare or mileage expense, per diem costs, lodging and car rental.
  - D. <u>Other Direct Costs</u> -This category may include such items as postage and mailing expense, printing and reproduction costs, etc. Provide a basis of estimate for these costs.
- 2. It is the policy of the SCAQMD to receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services. SCAQMD will give preference, where appropriate, to vendors who certify that they will provide "most favored customer" status to the SCAQMD. To receive preference points, Proposer shall certify that SCAQMD is receiving "most favored customer" pricing in the Business Status Certifications page of Volume III, Attachment B Certifications and Representations.

**VOLUME III - CERTIFICATIONS AND REPRESENTATIONS** (see Attachment B to this RFP)

#### SECTION VIII: PROPOSAL SUBMISSION

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

<u>Signature</u> - All proposals must be signed by an authorized representative of the Proposer.

# Due Date - All proposals are due no later than 1:00 p.m., April 8, 2016, and should be directed to:

Procurement Unit South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765-4178 (909) 396-3520

<u>Submittal</u> - Submit eight (8) complete copies of the proposal in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the Proposer and the words "Request for Proposals #P2016-15."

#### Late bids/proposals will not be accepted under any circumstances.

Grounds for Rejection - A proposal may be immediately rejected if:

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

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

#### SECTION IX: PROPOSAL EVALUATION/CONTRACTOR SELECTION CRITERIA

- A. Proposals will be evaluated by a panel of three to five SCAQMD staff members familiar with the subject matter of the project. The panel shall be appointed by the Executive Officer or his designee. In addition, the evaluation panel may include such outside public sector or academic community expertise as deemed desirable by the Executive Officer. The panel will make a recommendation to the Executive Officer and/or the Governing Board of SCAQMD for final selection of a contractor and negotiation of a contract.
- B. Each member of the evaluation panel shall be accorded equal weight in his or her rating of proposals. The evaluation panel members shall evaluate the proposals according to the specified criteria and numerical weightings set forth below.

1. Proposal Evaluation Criteria

(a) Technical Criteria	<u>Points</u>
Technical expertise, training, and education	30
Previous experience, including relevant positions held, number of years and actual work done in the selected area of expertise, evaluations conducted, papers published, etc.	40
(b) Cost-effectiveness* *Cost effectiveness shall be based upon the fully burdened labor rates for the proposed technical expert and the clerical/technical support. The maximum percentage of time allotted to clerical support shall not exceed 25 percent of the hours allotted to the proposed technical expert.	
TOTAL:	100
(c) Additional Points	
Small Business or Small Business Joint Venture DVBE or DVBE Joint Venture	10 10
Use of DVBE or Small Business Subcontractors	7
Low-Emission Vehicle Business	5
Local Business (Non-Federally Funded Projects Only)	5
Off-Peak Hours Delivery Business	2
Most Favored Customer	2

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

### Self-Certification for Additional Points

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

2. To receive additional points in the evaluation process for the categories of Small Business or Small Business Joint Venture, DVBE or DVBE Joint Venture or Local Business (for non-federally funded projects), the proposer must submit a self-certification or certification from the State of California Office of Small Business Certification and Resources at the time of proposal submission certifying that the proposer meets the requirements set forth in Section III. To receive points for the use of DVBE and/or Small Business subcontractors, at least 25 percent of the total contract value must be subcontracted to DVBEs and/or Small Business. To receive points as a Low-Emission Vehicle Business, the proposer must demonstrate to the Executive Officer, or designee, that supplies and materials delivered to SCAQMD are delivered in

vehicles that operate on either clean-fuels or if powered by diesel fuel, that the vehicles have particulate traps installed. To receive points as an Off-Peak Hours Delivery Business, the proposer must submit, at proposal submission, certification of its commitment to delivering supplies and materials to SCAQMD between the hours of 10:00 a.m. and 3:00 p.m. To receive points for Most Favored Customer status, the proposer must submit, at proposal submission, certification of its commitment to provide most favored customer status to the SCAQMD. The cumulative points awarded for small business, DVBE, use of Small Business or DVBE Subcontractors, Local Business, Low-Emission Vehicle Business and Off-Peak Hour Delivery Business shall not exceed 15 points.

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

- 3. For procurement of Research and Development (R & D) projects or projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, technical factors including past experience shall be weighted at 70 points and cost shall be weighted at 30 points. A proposal must receive at least 56 out of 70 points on R & D projects and projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, in order to be deemed qualified for award.
- 4. The lowest cost proposal will be awarded the maximum cost points available and all other cost proposals will receive points on a prorated basis. For example if the lowest cost proposal is \$1,000 and the maximum points available are 30 points, this proposal would receive the full 30 points. If the next lowest cost proposal is \$1,100 it would receive 27 points reflecting the fact that it is 10% higher than the lowest cost (90% of 30 points = 27 points).
- C. During the selection process the evaluation panel may wish to interview some proposers for clarification purposes only. No new material will be permitted at this time. Additional information provided during the bid review process is limited to clarification by the Proposer of information presented in his/her proposal, upon request by SCAQMD.
- D. The Executive Officer or Governing Board may award the contract to a Proposer other than the Proposer receiving the highest rating in the event the Governing Board determines that another Proposer from among those technically qualified would provide the best value to SCAQMD considering cost and technical factors. The determination shall be based solely on the Evaluation Criteria contained in the Request for Proposal (RFP), on evidence provided in the proposal and on any other evidence provided during the bid review process.

- E. Selection will be made based on the above-described criteria and rating factors. The selection will be made by and is subject to Executive Officer or Governing Board approval. Proposers may be notified of the results by letter.
- F. The Governing Board has approved a Bid Protest Procedure which provides a process for a Bidder or prospective Bidder to submit a written protest to SCAQMD Procurement Manager in recognition of two types of protests: Protest Regarding Solicitation and Protest Regarding Award of a Contract. Copies of the Bid Protest Policy can be secured through a request to SCAQMD Procurement Department.
- G. The Executive Officer or Governing Board may award contracts to more than one proposer if in (his or their) sole judgment the purposes of the (contract or award) would best be served by selecting multiple proposers.
- H. If additional funds become available, the Executive Officer or Governing Board may increase the amount awarded. The Executive Officer or Governing Board may also select additional proposers for a grant or contract if additional funds become available.
- <u>Disposition of Proposals</u> Pursuant to SCAQMD's Procurement Policy and Procedure, SCAQMD reserves the right to reject any or all proposals. All proposals become the property of SCAQMD, and are subject to the California Public Records Act. One copy of the proposal shall be retained for SCAQMD files. Additional copies and materials will be returned only if requested and at the proposer's expense.
- J. If proposal submittal is for a Public Works project as defined by State of California Labor Code Section 1720, Proposer is required to include Contractor Registration No. in Attachment B. Proposal submittal will be deemed as non-responsive and Bidder may be disqualified if Contractor Registration No. is not included in Attachment B. Proposer is alerted to changes to California Prevailing Wage compliance requirements as defined in Senate Bill 854 (Stat. 2014, Chapter 28), and California Labor Code Sections 1770, 1771 and 1725.

### SECTION X: FUNDING

Due to the indefinite nature of the work, the actual contract amount and contract duration cannot be determined at this time. Multiple awards may result from this RFP. Work will be awarded on an as needed basis. Consultant will be reimbursed on a Time and Materials (T&M) basis for work performed against tasks.

### SECTION XI: SAMPLE CONTRACT

A sample contract to carry out the work described in this RFP is available on SCAQMD's website at <u>http://www.aqmd.gov/grants-bids</u> or upon request from the RFP Contact Person (Section II).

# ATTACHMENT A

### PARTICIPATION IN THE PROCUREMENT PROCESS

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

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

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

# ATTACHMENT A

### PARTICIPATION IN THE PROCUREMENT PROCESS

- c. is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.
- 4. "Local business" as used in this policy means a company that has an ongoing business within geographical boundaries of SCAQMD at the time of bid or proposal submittal and performs 90% of the work related to the contract within the geographical boundaries of SCAQMD and satisfies the requirements of subparagraph H below.
- 5. "Small business" as used in this policy means a business that meets the following criteria:
  - a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
    - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
    - A manufacturer with 100 or fewer employees.
  - b. Manufacturer means a business that is both of the following:
    - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
    - 2) Classified between Codes 311000 and 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.
- 6. "Joint ventures" as defined in this policy pertaining to certification means that one party to the joint venture is a DVBE or small business and owns at least 51 percent of the joint venture.
- "Low-Emission Vehicle Business" as used in this policy means a company or contractor that uses low-emission vehicles in conducting deliveries to SCAQMD. Low-emission vehicles include vehicles powered by electric, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), ethanol, methanol, hydrogen and diesel retrofitted with particulate matter (PM) traps.
- 8. "Off-Peak Hours Delivery Business" as used in this policy means a company or contractor that commits to conducting deliveries to SCAQMD during off-peak traffic hours defined as between 10:00 a.m. and 3:00 p.m.

# ATTACHMENT A

# PARTICIPATION IN THE PROCUREMENT PROCESS

- 9. "Benefits Incentive Business" as used in this policy means a company or contractor that provides janitorial, security guard or landscaping services to SCAQMD and commits to providing employee health benefits (as defined below in Section VIII.D.2.d) for full time workers with affordable deductible and co-payment terms.
- 10. "Minority Business Enterprise" as used in this policy means a business that is at least 51 percent owned by one or more minority person(s), or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more or minority persons.
  - a. a business whose management and daily business operations are controlled by one or more minority persons.
  - b. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
  - c. "Minority person" for purposes of this policy, means a Black American, Hispanic American, Native-American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian (including a person whose origins are from India, Pakistan, and Bangladesh), Asian-Pacific-American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan).
- 11. "Most Favored Customer" as used in this policy means that the SCAQMD will receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services.
- 12. "Disadvantaged Business Enterprise" as used in this policy means a business that is an entity owned and/or controlled by a socially and economically disadvantaged individual(s) as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d)(8% statute), respectively;
  - a Small Business Enterprise (SBE);
  - a Small Business in a Rural Area (SBRA);
  - a Labor Surplus Area Firm (LSAF); or
  - a Historically Underutilized Business (HUB) Zone Small Business Concern, or a concern under a successor program.
- C. Under Request for Quotations (RFQ), DVBEs, DVBE business joint ventures, small businesses, and small business joint ventures shall be granted a preference in an amount equal to 5% of the lowest cost responsive bid. Low-Emission Vehicle Businesses shall be granted a preference in an amount equal to 5 percent of the lowest cost responsive bid. Off-Peak Hours Delivery Businesses shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid. Local businesses (if the procurement is not funded in whole or in part by federal grant funds) shall be granted a preference in an amount

# ATTACHMENT A

## PARTICIPATION IN THE PROCUREMENT PROCESS

equal to 2% of the lowest cost responsive bid. Businesses offering Most Favored Customer status shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid.

- D. Under Request for Proposals, DVBEs, DVBE joint ventures, small businesses, and small business joint ventures shall be awarded ten (10) points in the evaluation process. A non-DVBE or large business shall receive seven (7) points for subcontracting at least twenty-five (25%) of the total contract value to a DVBE and/or small business. Low-Emission Vehicle Businesses shall be awarded five (5) points in the evaluation process. On procurements which are not funded in whole or in part by federal grant funds local businesses shall receive five (5) points. Off-Peak Hours Delivery Businesses shall be awarded two (2) points in the evaluation process.
- E. SCAQMD will ensure that discrimination in the award and performance of contracts does not occur on the basis of race, color, sex, national origin, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint in the performance of SCAQMD contractual obligations.
- F. SCAQMD requires Contractor to be in compliance with all state and federal laws and regulations with respect to its employees throughout the term of any awarded contract, including state minimum wage laws and OSHA requirements.
- G. When contracts are funded in whole or in part by federal funds, and if subcontracts are to be let, the Contractor must comply with the following, evidencing a good faith effort to solicit disadvantaged businesses. Contractor shall submit a certification signed by an authorized official affirming its status as a MBE or WBE, as applicable, at the time of contract execution. SCAQMD reserves the right to request documentation demonstrating compliance with the following good faith efforts prior to contract execution.
  - 1. Ensure Disadvantaged Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
  - 2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
  - 3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and Local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.

# ATTACHMENT A

# PARTICIPATION IN THE PROCUREMENT PROCESS

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

# ATTACHMENT B

# **CERTIFICATIONS AND REPRESENTATIONS**



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178 (909) 396-2000 • <u>www.aqmd.gov</u>

# **Business Information Request**

Dear SCAQMD Contractor/Supplier:

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

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

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

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

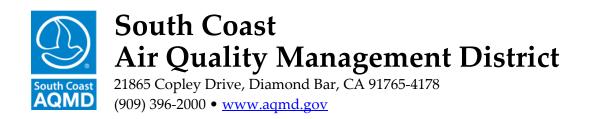
Sincerely,

Michael B. O'Kelly Chief Financial Officer

DH:tm

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

REV 9/15



# **BUSINESS INFORMATION REQUEST**

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business Check One:	<ul> <li>Individual</li> <li>DBA, Name, County Filed in</li> <li>Corporation, ID No</li> <li>LLC/LLP, ID No</li> <li>Other</li> </ul>

# **REMITTING ADDRESS INFORMATION**

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

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

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

## **BUSINESS STATUS CERTIFICATIONS**

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE),

minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

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

### Statements of certification:

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

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

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

Check all that apply:	
<ul> <li>Small Business Enterprise/Small Business Joint Venture</li> <li>Local business</li> <li>Minority-owned Business Enterprise</li> </ul>	<ul> <li>Women-owned Business Enterprise</li> <li>Disabled Veteran-owned Business Enterprise/DVBE Joint Venture</li> <li>Most Favored Customer Pricing Certification</li> </ul>
Percent of ownership:%	
Name of Qualifying Owner(s):	

# State of California Public Works Contractor Registration No. \_\_\_\_\_\_. MUST BE INCLUDED IF BID PROPOSAL IS FOR PUBLIC WORKS PROJECT.

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

NAME

TITLE

TELEPHONE NUMBER

DATE

## **Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Most Favored Customer** as used in this policy means that the SCAQMD will receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services.

page 2.	2 Business name/disregarded entity name, if different from above		
Print or type Specific Instructions on pa	Check appropriate box for federal tax classification; check only one of the following seven boxes:     Individual/sole proprietor or		Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) Exemption from FATCA reporting code (if any) (Applies to accounts maintained outside the U.S.)
pecific	5 Address (number, street, and apt. or suite no.)	Requester's name :	and address (optional)
See	6 City, state, and ZIP code		
	7 List account number(s) here (optional)		
Par	t I Taxpayer Identification Number (TIN)		
backu reside entitie	your TIN in the appropriate box. The TIN provided must match the name given on line 1 to av up withholding. For individuals, this is generally your social security number (SSN). However, f ent alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other es, it is your employer identification number (EIN). If you do not have a number, see <i>How to ge</i> n page 3.	ora	
guidel	If the account is in more than one name, see the instructions for line 1 and the chart on page lines on whose number to enter.	4 for Employer	-
Par	Certification		

Under penalties of perjury, I certify that:

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

3. I am a U.S. citizen or other U.S. person (defined below); and

4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of
liele	U.S. person 🕨

## **General Instructions**

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

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- · Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- · Form 1099-K (merchant card and third party network transactions)

Date 🕨

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- · Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
- If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.
- By signing the filled-out form, you:
- 1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- 2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

 Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See What is FATCA reporting? on page 2 for further information. Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

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

An individual who is a U.S. citizen or U.S. resident alien;

 A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;

· An estate (other than a foreign estate); or

A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

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

 In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;

 In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and

 In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

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

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

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

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

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

#### Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

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

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

1. You do not furnish your TIN to the requester,

 You do not certify your TIN when required (see the Part II instructions on page 3 for details), 3. The IRS tells the requester that you furnished an incorrect TIN,

 The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

 You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See Exempt payee code on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see Special rules for partnerships above.

### What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See Exemption from FATCA reporting code on page 3 and the Instructions for the Requester of Form W-9 for more information.

#### Updating Your Information

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

#### Penalties

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

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

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

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

## Specific Instructions

#### Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. Individual. Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note. ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. Sole proprietor or single-member LLC. Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation. Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. Other entities. Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the entity is also complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

#### Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

#### Line 3

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

Limited Liability Company (LLC). If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

#### Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

#### Exempt payee code

 Generally, individuals (including sole proprietors) are not exempt from backup withholding.

 Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.

 Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

 Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2-The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5-A corporation

6-A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8-A real estate investment trust

9-An entity registered at all times during the tax year under the Investment Company Act of 1940

10-A common trust fund operated by a bank under section 584(a)

11-A financial institution

12-A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947 The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for	THEN the payment is exempt for
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 5 <sup>2</sup>
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

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

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B-The United States or any of its agencies or instrumentalities

C-A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E-A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G-A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I-A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K\_A broker

L-A trust exempt from tax under section 664 or described in section 4947(a)(1) M-A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note. You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

#### Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

### Line 6

Enter your city, state, and ZIP code.

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

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

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

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

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

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an TIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-82-93676).

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

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

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

### Part II. Certification

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

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see Exempt payee code earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

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

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

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

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

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

## What Name and Number To Give the Requester

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

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

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

Circle the minor's name and furnish the minor's 55N.

- <sup>3</sup>You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.
- <sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see Special rules for partnerships on page 2.

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

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

#### Secure Your Tax Records from Identity Theft

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

To reduce your risk:

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

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

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

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

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

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

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

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

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

#### Privacy Act Notice

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

#### 2015 Withholding Exemption Certificate

The payee completes this form and submits it to t	he withholding agent.		
Withholding Agent (Type or print)			
Name			
Payee	<u> </u>		
Name		Ľ	SSN or ITIN 🗆 FEIN 💷 CA Corp no. 🗆 CA SOS file no.
Address (apt./ste., room, PO Box, or PMB no.)			
City (If you have a foreign address, see instructions.)			State ZIP Code

### Exemption Reason

Check only one reason box below that applies to the payee.

By checking the appropriate box below, the Payee certifies the reason for the exemption from the California income tax withholding requirements on payment(s) made to the entity or individual.

### Individuals — Certification of Residency:

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

#### Corporations:

The corporation has a permanent place of business in California at the address shown above or is gualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

### Partnerships or Limited Liability Companies (LLCs):

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

#### Tax-Exempt Entities:

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

#### □ Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans: The entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

## California Trusts:

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

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

I am the executor of the above-named person's estate or trust. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return.

### □ Nonmilitary Spouse of a Military Servicemember:

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

### CERTIFICATE OF PAYEE: Payee must complete and sign below.

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

Payee's name and title (type or print)	Telephone (	)	

Payee's signature 🕨

For Privacy Notice, get FTB 1131 ENG/SP.

7061153

Form 590 c2 2014

Date

# 2015 Instructions for Form 590

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

### **General Information**

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

## A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding.

Form 590 does not apply to payments of backup withholding. For information on California backup withholding, go to **ftb.ca.gov** and search for **backup withholding**.

Form 590 does not apply to payments for wages to employees. Wage withholding is administered by the California Employment Development Department (EDD). For more information, go to edd.ca.gov or call 888.745.3886.

Do not use Form 590 to certify an exemption from withholding if you are a Seller of California real estate. Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

#### The following are excluded from withholding and completing this form:

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

## B Income Subject to Withholding

California Revenue and Taxation Code (R&TC) Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

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

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

- Payments to nonresidents for royalties from activities sourced to California.
- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Endorsement payments received for services performed in California.
- Prizes and winnings received by nonresidents for contests in California.

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

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

## **C** Who Certifies this Form

Form 590 is certified by the payee. California residents or entities exempt from the withholding requirement should complete Form 590 and submit it to the withholding agent before payment is made. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless notified by the Franchise Tax Board (FTB) that the form should not be relied upon.

An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee's taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

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

The grantor of a grantor trust shall be treated as the payee for withholding purposes. Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled "Individuals — Certification of Residency."

### D Definitions

For California non-wage withholding purposes, nonresident includes all of the following:

- · Individuals who are not residents of
- California. • Corporations not qualified through the California Secretary of State (CA SOS) to do business in California or having no permanent place of business in California.
- Partnerships or limited liability companies (LLCs) with no permanent place of business in California.
- Any trust without a resident grantor, beneficiary, or trustee, or estates where the decedent was not a California resident.

#### Foreign refers to non-U.S.

For more information about determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status. Military servicemembers have special rules for residency. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

#### Permanent Place of Business:

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

## E Military Spouse Residency Relief Act (MSRRA)

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

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

Domicile is defined as the one place:

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

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

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

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

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

## Specific Instructions

### **Payee Instructions**

Enter the withholding agent's name.

Enter the payee's information, including the taxpayer identification number (TIN) and check the appropriate TIN box.

You must provide an acceptable TIN as requested on this form. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp no.); or CA SOS file number.

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

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

Check the box that reflects the reason why the payee is exempt from the California income tax withholding requirement.

### Withholding Agent Instructions

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

For more information, contact Withholding Services and Compliance, see Additional Information

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

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

If any of these situations occur, then withholding may be required. For more information, get Form 592, Resident and Nonresident Withholding Statement, Form 592-B, Resident and Nonresident Withholding Tax Statement, and Form 592-V, Payment Voucher for Resident and Nonresident Withholding.

### Additional Information

For additional information or to speak to a representative regarding this form, call the Withholding Services and Compliance telephone service at:

Telephone: 888.792.4900 916.845.4900 916.845.9512 Fax:

OR write to: WITHHOLDING SERVICES AND **COMPLIANCE MS F182** FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0651

You can download, view, and print California tax forms and publications at ftb.ca.gov.

OR to get forms by mail write to:

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

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

information below Internet and Telephone Assistance

### Wohoito: fth ea a

websile.	itu.ca.yov
Telephone:	800.852.5711 from within the
	United States
	916.845.6500 from outside the
	United States
TTY/TDD:	800.822.6268 for persons with

hearing or speech impairments Asistencia Por Internet y Teléfono

- Sitio web: **ftb.ca.gov** Teléfono: 800.852.5711 dentro de los Estados Unidos 916.845.6500 fuera de los Estados Unidos
- 800.822.6268 para personas con TTY/TDD: discapacidades auditivas o del habla

Page 2 Form 590 Instructions 2014



# CAMPAIGN CONTRIBUTIONS DISCLOSURE

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

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

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

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

## SECTION I.

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

DBA, Name\_\_\_\_\_, County Filed in\_\_\_\_\_

Corporation, ID No.\_\_\_\_\_

LLC/LLP, ID No.

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

## SECTION II.

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

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

## Campaign Contributions Disclosure, continued:

Name	e of Contributor		
	Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
Name	e of Contributor		
	Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
Name	e of Contributor		
	Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
Name	e of Contributor		
	Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
	DEFINIT	IONS	
	Parent, Subsidiary, or Otherwise Related Business	Entity (2 Cal. Code of Regs., §187	/03.1(d).)
(1)	Parent subsidiary. A parent subsidiary relationship exists when more than 50 percent of the voting power of another corporat	· ·	ctly owns shares possessing
(2)	Otherwise related business entity. Business entities, include organizations and enterprises operated for profit, which do no any one of the following three tests is met:		
	(A) One business entity has a controlling ownership interest	est in the other business entity.	
	(B) There is shared management and control between the and control, consideration should be given to the following the following of the following states and the following states are shown in the following state		here is shared management
	<ul> <li>(i) The same person or substantially the same person</li> <li>(ii) There are common or commingled funds or asset</li> <li>(iii) The business entities share the use of the same of personnel on a regular basis;</li> </ul>	ts;	
	<ul><li>(iv) There is otherwise a regular and close working re</li><li>(C) A controlling owner (50% or greater interest as a sharel owner in the other entity.</li></ul>		



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178 (909) 396-2000 • <u>www.aqmd.gov</u>

## **Direct Deposit Authorization**

## STEP 1: Please check all the appropriate boxes

- Individual (Employee, Governing Board Member)
- Vendor/Contractor
- Changed Information

New RequestCancel Direct Deposit

## STEP 2: Payee Information

Last Name	First Name		Middle Initial	Title
Vendor/Contractor Business Name (if applicable)				
Address			Apartment or P.O. Box	Number
, iduloso			Aparaneni er 1.0. Dex	Number
City		State	Zip	Country
Taxpayer ID Number	Telephone Number		Email	Address

## Authorization

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

## <u>STEP 3</u>:

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

ere	Name of Bank/Institution					
Staple Voided Check Here	Account Holder Name(s)					
	Saving Checking	Account Number		Routing Number		
	Bank Representative Printed Name		Bank Representative Signature		Date	
Ś	ACCOUNT HOLDER SIGNATURE:				Date	

## To be Completed by your Bank

For SCAQMD Use Only

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## BOARD MEETING DATE: February 5, 2016

## AGENDA NO. 8

- PROPOSAL: Approve Reallocation of Funds Between Existing Programs Previously Approved for Implementation of U.S. EPA's Targeted Air Shed Grant and Modify Contract with Mean Green Products, LLC
- SYNOPSIS: On March 4, 2011, the Board approved funding allocations from U.S. EPA's Targeted Air Shed Grant Program for \$2,913,123 million to implement incentive programs to reduce criteria pollutant emissions in the two Clean Communities Plan pilot areas of Boyle Heights and San Bernardino. Board actions are needed to reallocate funds within previously approved programs and to amend an existing contract with Mean Green Products, LLC to purchase electric lawnmowers for the City of Colton and Colton Unified School District. This action is to: 1) authorize the Executive Officer to reallocate \$45,000 from the boiler efficiency upgrades program to the aqueous brake washing program; 2) authorize the Procurement Manager to issue purchase orders to vendors of aqueous brake washers, up to \$900 per system; 3) authorize the Executive Officer to purchase commercial electric lawnmowers through an existing contract with Mean Green Products, LLC at a not-to-exceed amount of \$60,000 for the City of Colton and Colton Unified School District; and 4) authorize the Executive Officer to redistribute funds among Targeted Air Shed programs to address demand for a not-to-exceed total of \$800,000 within Fund 17.

COMMITTEE: Stationary Source, January 22, 2016; Recommended for Approval

## **RECOMMENDED ACTIONS:**

- 1. Authorize the Executive Officer to reallocate \$45,000 from the boiler efficiency upgrades program to the aqueous brake washing program;
- 2. Authorize the Procurement Manager to issue purchase orders to vendors of aqueous brake washers from Fund 17, up to \$900 per system;
- 3. Authorize the Executive Officer to purchase commercial electric lawnmowers for the City of Colton and Colton Unified School District through an existing contract

with Mean Green Products, LLC at a not-to-exceed amount of \$60,000 to be paid from the Targeted Air Shed Grant fund, Fund 17;and

4. Authorize the Executive Officer to reallocate funds among the Targeted Air Shed Grant programs to address demand for the various programs for a not-to-exceed total of \$800,000 from Fund 17.

Barry R. Wallerstein, D.Env. Executive Officer

PF:SN:MM

## Background

On March 4, 2011, the Board approved funding allocations from U.S. EPA's Targeted Air Shed Grant Program for \$2,913,123 for eight incentive programs for the reduction of toxic air contaminants and criteria air pollutants in the two Clean Communities Plan pilot areas of Boyle Heights and San Bernardino. Over the duration of this grant, the Board has approved several modifications to programs under the Targeted Air Shed Grant. Staff is continuing to implement weatherization of homes, aqueous brake cleaners for auto repair shops, commercial electric lawn mowers, and replacing wood burning stoves and fireplaces with gas logs. Staff is working with U.S. EPA to identify additional projects that can be implemented to use the remaining funds of approximately \$800,000 and will return to the Board later this year to the extent new programs are identified.

## Proposal

Staff is recommending to reallocate \$45,000 from the boiler efficiency upgrade program to the aqueous brake washers program where auto repair shops can receive an aqueous brake washer of their choice for up to \$900 per washer. SCAQMD staff has been working with individual auto repair shops in Boyle Heights and San Bernardino to educate operators on the air quality benefits of using an aqueous brake cleaning system as opposed to high VOC aerosol brake cleaners. Staff has experienced success with outreach to individual auto repair shops and is proposing to reallocate additional funds towards aqueous brake washers for auto repair shops.

In addition, during implementation of the Commercial Electric Lawn Mowers, the U.S. Forest Services opted out of the program leaving approximately \$60,000 in this program. Staff is proposing to amend the contract that the Board approved in 2014 with Mean Green Products, LLC to fund commercial electric lawn mowers for the City of Colton and Colton Unified School District. There would not be any change in the allocation of funds for this program as the amount of the contract will remain the same but will be spent on lawn mowers for the City of Colton and Colton Unified School District. Due to the uncertainty of the actual demand for these and future programs, staff is also proposing that the Board authorize the Executive Officer to

reallocate, as needed, the remaining Targeted Air Shed Grant funds among the Boardapproved programs in an amount not to exceed \$800,000. The funds remaining to be spent could be reallocated between various Board approved programs, based on demand, to ensure the \$2,913,213 is fully utilized.

## **Benefits to SCAQMD**

The proposal supports the implementation of the Clean Communities Plan to identify strategies to reduce emissions and exposure to criteria and toxic pollutants and ultrafine PM, help residents accelerate clean air efforts in these communities, and help offset the costs of pollution reduction strategies while also promoting more livable neighborhoods. Reallocating additional funds for Aqueous Brake Cleaners for Auto Repair will help auto repair shops in Boyle Heights and San Bernardino replace high VOC aerosol brake cleaners with aqueous brake washers.

# **Resource Impacts**

The proposed action will not have an impact on SCAQMD financial resources. Funding will be provided under the U.S. EPA Targeted Air Shed grant program recognized by the Board on March 4, 2011.

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# BOARD MEETING DATE: February 5, 2016 AGENDA NO. 9

PROPOSAL: Approve Discontinuation of Parking Cash-Out Program as Required Component Under Rule 2202 – On-Road Motor Vehicle Mitigation Options, Employee Commute Reduction Program

- SYNOPSIS: This item presents the status of the required Parking Cash-Out Program (PCOP) component included in the Rule 2202 Employee Commute Reduction Program Guidelines; as well as the SCAQMD staff recommendation to discontinue the mandatory aspect of this program. PCOP will continue to be a program strategy that employers can voluntarily choose to include in their annual Employee Commute Reduction Program submittals. This action is to approve staff's recommendation to discontinue the Parking Cash-Out Program as a mandatory component of the Rule 2202 Employee Commute Reduction Program Guidelines.
- COMMMITEE: Mobile Source, November 20, 2015, Reviewed; and January 22, 2016, Recommended for Approval

## **RECOMMENDED ACTION:**

Approve discontinuation of the Parking Cash-Out Program mandatory requirement as part of the Rule 2202 Employee Commute Reduction Program Guidelines.

Barry R. Wallerstein, D.Env Executive Officer

JW:CG:AT

## Background

Rule 2202 – On-Road Motor Vehicle Mitigation Options (Rule 2202) requires employers who employ 250 or more employees at a worksite to implement an emission reduction program to reduce emissions related to employee commutes from home to work. The rule includes a menu of flexible options that can be implemented to meet the emission reduction targets, which are expressed as Average Vehicle Ridership (AVR) targets for worksites. There are three primary ways an employer can comply with Rule 2202:

- 1) by paying into the Air Quality Investment Program (AQIP);
- 2) by purchasing equivalent emission credits or performing other onsite emission reductions for the Emission Reduction Strategies (ERS) program; or
- 3) by maintaining an Employee Commute Reduction Program (ECRP).

This Board letter addresses one component of the ECRP. The ECRP is an onsite rideshare program to reduce vehicle trips to the worksite. Employers who choose to implement an ECRP are required to submit an annual compliance program that demonstrates a good faith effort toward achieving their worksite's AVR target, and must do so in conformance with the ECRP Guidelines as required in paragraph (1)(3) of Rule 2202. The ECRP Guidelines provide the basis for the implementation of this rule option and have been in effect since the initial adoption of Rule 2202 in 1995.

The Parking Cash-Out Program (PCOP) was created by AB 2109. Adopted in 1992 and found in Health and Safety Code §43845, PCOP requires employers with 50 or more employees to provide a cash allowance to their employees in lieu of a parking space that the employer would otherwise provide. PCOP applies to worksites where the employer leases employee parking, the parking lease is not included or bundled into the building lease, and the employer is able to reduce the number of parking spaces without penalty. CARB is responsible for enforcement of this regulation; however, Senate Bill 728 (Lowenthal), adopted in October 2009, allowed air districts or local governments the option to enforce parking cash-out provided that certain procedures are also implemented.

Since the adoption of the ECRP Guidelines amendments in October 2011, PCOPqualified employers opting to comply with Rule 2202 through an ECRP are required to incorporate a PCOP reporting component into their annual ECRP submittal. The October 2011 amendments to the ECRP Guidelines identified those employers as those that:

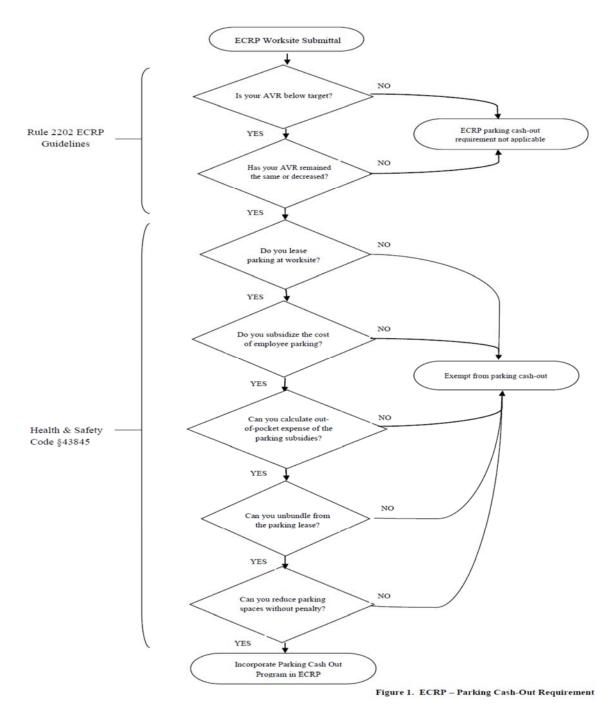
- 1) elect to participate in the ECRP option;
- 2) meet the requirements of the Health and Safety Code §43845;
- 3) have not achieved the AVR target; and
- 4) have an AVR that fails to show an overall improvement from the previous submittal.

As shown in Figure 1, based on the above employer conditions and because the SCAQMD's program only applies to employees with 250 employees or more, there are significantly fewer employers subject to the ECRP's PCOP reporting requirement than are otherwise subject to the state law.

Because the ECRP Guidelines affected only a small subset of employers subject to PCOP, the ECRP Guidelines were amended in October 2011 to include the following

language: "This parking cash-out requirement shall remain in effect until January 1, 2016, at which time the Executive Officer will evaluate the effectiveness of the parking cash-out program to determine if it should be continued, with recommendation back to the Governing Board." To address the narrow scope of the ECRP Guidelines, additional language was included to make it clear that although certain employers may not be required to implement the PCOP to meet the ECRP standards, all employers who are subject to the provisions of Health and Safety Code §43845 must still comply with their existing legal obligations under the State program.

Current participation in the PCOP is less than 1% of all Rule 2202 ECRP submittals, although all employers using an ECRP are required to disclose if they are subject to PCOP under Rule 2202.



## **Program Activity**

Data from 2012 - 2015 is summarized in Table 1 below. The table includes the number of worksites under Rule 2202, the ECRP submittals per year, and information related to parking and leases. The table then breaks down the number of worksites that meet the ECRP guideline provisions, shows the number of sites to be subtracted because they are exempted by legislation, and finally the last row lists the number of sites that qualify for the ECRP PCOP requirement. Four worksites reported implementation of a PCOP in 2012. In 2013, three of these worksites were no longer required to implement PCOP

due to the fact that these worksites increased their AVRs, and one new worksite was added, for a total of two PCOP implementing sites. In 2014, one worksite was added, one was exempted due to an AVR increase, with the remaining worksite continuing to be required to implement parking cash-out. Data for 2015 shows that the same two worksites that were implementing PCOP in 2014 still continue to implement this program in 2015 and one new worksite was added for a total of three worksites implementing PCOP. One of these worksites has consistently reported implementing a PCOP over the last three consecutive years.

Year	2012	2013	2014	2015
Total Rule 2202 Worksites	1,394	1,357	1,338	1,334
ECRP Worksites	530	498	494	489
% of Rule 2202 Worksites Implementing ECRPs	38.0%	36.7%	36.9%	36.7%
Worksites without Leased Parking	454	424	422	426
Worksites with Leased Parking	76	74	72	63
Worksites Subject to Guideline Provisions <sup>1</sup>	30	23	24	23
Parking Cash-out Exempt <sup>2</sup>	26	21	22	20
Parking Cash-out Implemented	4	2	2	3

Table 1. ECRP Worksite Parking Cash-Out Summary

1. Worksite AVR is below target and no improvement has been shown compared to the previous submittal

2. Exempt pursuant to H&S Code Parking §43845, i.e., parking cannot be reduced without penalty or un-bundled from building lease

While all worksites submitting an ECRP are required to complete the PCOP applicability documentation, only seven different worksites during the analysis period (2012 - 2015) have reported a Rule 2202 qualified PCOP for at least one compliance year. Although certain employers may not be required to include PCOP to meet the ECRP requirements, all employers who are subject to the provisions of the Health and Safety Code §43845 must still comply with their existing legal obligations under State law.

The level of participation in the PCOP is less than 1% of the Rule 2202 ECRP submittals. Only one worksite has continuously implemented PCOP during the period

of analysis. The remaining worksites have been exempted from the PCOP requirement due to improvements to their AVR's. According to the ECRP Guidelines, when a worksite improves the AVR from the prior year, the PCOP requirement does not apply.

Despite the fact that worksites have dropped out of the PCOP requirement due to an increase in AVR, the improvement cannot be directly attributed to the implementation of PCOP. In general, worksite AVR improvements for these sites can be attributed to a combination of several factors, such as improved survey results (from a higher response rate), better marketing, and/or impacts of rideshare incentives offered to participating employees.

# Recommendation

Staff recommends that the Parking Cash-Out Program as included in the ECRP Guidelines be discontinued as a required program element. PCOP is and will continue to be included as one of the programs that worksites required by the State to implement can claim as a strategy in their programs. Worksites that are not legally required to implement a PCOP can also choose to implement this program and include it as a voluntary strategy in their ECRPs.

Since all the worksites that submit ECRPs currently are required to complete the PCOP applicability information each year, discontinuing the mandatory reporting will streamline the document submittal and staff review process. Future amendments to Rule 2202 and the ECRP Guidelines are being considered that will continue the SCAQMD's efforts to streamline Rule 2202 implementation while achieving the Rule's emission reduction targets.

The PCOP recommendation was reviewed at the November 2015 Mobile Source Committee as an informational item. At the January 2016 Mobile Source Committee meeting, it was recommended to be forwarded to the Board for approval.

The approval of the staff recommendation will require the ECRP Guideline document to be amended to reflect the discontinuation of the required PCOP reporting component from Rule 2202. An amended ECRP Guidelines document noting the proposed language changes to PCOP as well as several minor grammatical edits in underline/strikeout, is attached.

# Attachment

Rule 2202 – On-Road Motor Vehicle Mitigation Options, Employee Commute Reduction Program Guidelines

# SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

# RULE 2202 – ON-ROAD MOTOR VEHICLE MITIGATION OPTIONS EMPLOYEE COMMUTE REDUCTION PROGRAM GUIDELINES

**February 5, 2016** 

## **Deputy Executive Officer**

Planning, Rule Development, and Area Sources Philip Fine, Ph.D.

Assistant Deputy Executive Officer Planning, Rule Development, and Area Sources Jill Whynot

# Planning and Rules Manager

Planning, Rule Development, and Area Sources Carol A. Gomez

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# SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT GOVERNING BOARD

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**Executive Officer:** BARRY R. WALLERSTEIN, D.Env.

# PREFACE

Implementation of an Employee Commute Reduction Program (ECRP) is strictly optional under Rule 2202. This program is designed to meet ambient air quality standards mandated by the Federal Clean Air Act. As an indirect mobile source emission control strategy it is intended to reduce vehicle miles traveled and increase the average vehicle ridership (AVR) of work related trips at subject worksites.

Rule 2202 and the guidelines for the ECRP are consistent with the Health and Safety Code §40717 which establishes compliance requirements for California transportation performance standards.

This document has been prepared to assist employers in understanding the development and implementation requirements of the ECRP at their worksites. The ECRP focuses on reducing work related vehicle trips and vehicle miles traveled to a worksite with the purpose of achieving and maintaining the employers' designated AVR targets.

SCAQMD staff is available to answer questions and to provide assistance to employers who are developing and implementing programs. The entire guidance document should be read in order to fully understand the program requirements. Direct any questions concerning these guidelines to the Transportation Programs Hotline at (909) 396-3271.

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# I. PROGRAM OVERVIEW

# A. Introduction

Rule 2202 is designed to reduce mobile source emissions from employee commutes. The Rule provides employers with a menu of emission reduction strategies that can be implemented to meet the designated emission reduction target (ERT) for their worksite. As an alternative to meeting an ERT, Rule 2202 also allows employers the option to implement an Employee Commute Reduction Program (ECRP) that meets the rule exemption requirements. The implementation of an ECRP is expected to lead to achievement and maintenance of the employer's designated average vehicle ridership (AVR) target, determined by the worksite's AVR Performance Zone pursuant to Rule 2202 (1)(3), through the reduction of work related vehicle trips.

# B. Applicability

This program can be implemented by any employer that employs 250 or more employees at a worksite, on a full or part-time basis, calculated as a monthly average over the prior six consecutive months. Each monthly employee population for the prior consecutive six months is added and then divided by six to determine whether the employer's average employee population figure is 250 or more.

# 1. Program Notification

Employers with 250 or more employees upon becoming subject to Rule 2202 shall notify the SCAQMD in writing within 30 days and include the following information:

- a. Employer's name;
- b. Worksite and mailing address of the business;
- c. Name, title, phone number, and email address of the highest ranking official at the worksite;
- d. Name, title, phone number, and email address for a contact person at the worksite; and,
- e. Number of employees at the worksite.

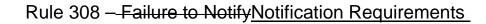
Once the employer has notified the SCAQMD, within 90 calendar days from that notification, the employer must submit an initial ECRP, if that compliance option is chosen.

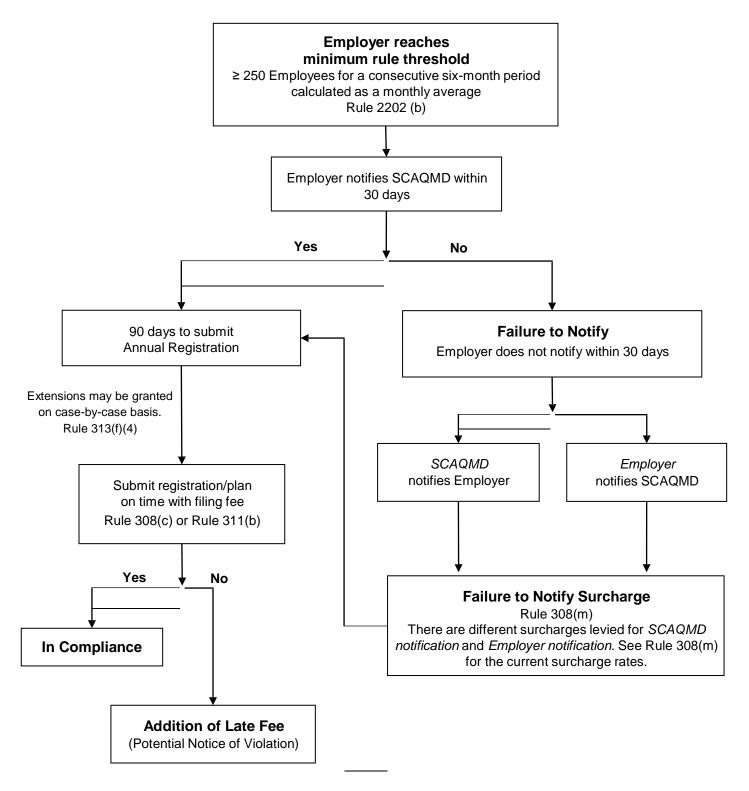
Any employer that is subject to Rule 2202 but fails to notify the SCAQMD within 30 calendar days of becoming subject to the rule will be subject to the Failure to Notify Surcharge as set forth in Rule 308 – On-Road Motor Vehicle Mitigation Options Fees and may be subject to civil or criminal enforcement action (see Figure 1).

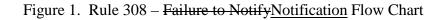
# C. Types of Employee Commute Reduction Programs

On the program due date, or within 90 calendar days of becoming subject to the Rule, an employer choosing to comply through this option must submit one of the following ECRP annual programs:

- a. A single-site employer must submit a single site ECRP.
- b. A multi-site employer may submit either a Multi-Site ECRP, separate single site programs, or a combination of multi-site and single site programs.







# D. Program Submittal Schedule

Employers must submit an annual ECRP by the established due date. The ECRP reports the AVR status for the current year and, when not achieving the target AVR, an implementation plan that will achieve or make progress toward the AVR target for the worksite. Worksites included in a Multi-Site program submittal must all have the same annual due date and be located within the same AVR Performance Zone. Annual due dates shall remain permanent unless modified by the Executive Officer or designee or a written request to change the due date is submitted by the employer and approved in writing by the SCAQMD.

# E. Program Types

An ECRP that reports the results of an AVR data collection method and calculation, and/or a plan that the employer will implement to meet the AVR target, must be submitted to the SCAQMD by the program due date. ECRPs must be submitted in the format approved by SCAQMD and include the following elements:

# 1. Single Site Program

- a. A management commitment endorsed by the highest-ranking official at the worksite or the person responsible for allocating the resources necessary to implement the program. This endorsement shall include a commitment to fully implement the program and that all data in the program is accurate to the best of the employer's knowledge. The endorsement, commitment, and signature line can be found in the ECRP compliance forms;
- b. The name of the Employee Transportation Coordinator (ETC), On-site Coordinator, and/or Consultant ETC;
- c. The name of the worksite contact person, if different from the ETC;
- d. The number of employees that begin work during a typical work week within the peak commute window;
- e. The AVR calculation and AVR data collection method;
- f. Specific strategies as defined in section II.F. Good Faith Effort Determination Elements, the employer will implement;
- g. Emission credit offset calculations and the emission reduction credit amounts or the Air Quality Investment Program (AQIP) fee amount required to meet the worksite AVR target if the option in Rule 2202 (l)(3)(A) is selected; and,
- h. Any applicable supporting documentation.

# 2. Multi-Site Program

In addition to submitting the elements described above for each worksite, employers submitting Multi-Site ECRPs shall submit a matrix that identifies specific strategies offered at each individual worksite. Worksites can only be added to or removed from a multi-site program during the annual submittal or a program amendment submittal. New worksites may be added to a multi-site program provided the multi-site submittal is within the 90 calendar days specified for new worksites in section *I.B. Applicability*; otherwise new worksites shall remain as a single site program until the appropriate time to become part of the multi-site program.

Employers submitting Multi-Site ECRPs should consider the following:

- a. The option of aggregating AVR for worksite submittals located within the same AVR Performance Zone, as described in section *II.D. Aggregating AVR for Multi-site Employers*;
- b. In lieu of attaining the designated AVR at each employer worksite, surplus vehicle reductions from sites in the multi-site plan that exceed their designated AVR may be credited towards an employer's worksite that has not met the target AVR for those worksites located within the same AVR Performance Zone;
- c. Implementation of a Centralized Rideshare Service Center (CRSC) in lieu of having a trained ETC at each worksite in the multi-site plan;
- d. Designation of On-Site Coordinators for each worksite; and/or,
- e. The option of voluntarily including worksites with fewer than 250 worksite employees in the aggregated AVR and/or employees of other businesses located at the worksite not subject to the Rule.

# 3. High AVR Program

Any worksite submitting a High AVR Program, one that meets or exceeds the target AVR, is eligible for the reduced annual filing fees established in Rule 308 (c)(1)(A) and (c)(1)(B). To qualify, the following conditions must be met:

- a. The annual employee survey must be conducted and the resulting AVR calculation must meet or exceed the target AVR;
- b. It cannot be a first-time submittal resulting from a change of ownership as described in section *IV.C. Change of Ownership* unless the new owners submit a commitment letter which states they will continue to implement the previous owner<u>'s ECRP</u>;
- c. The target AVR must be met only through the implementation of an ECRP and cannot be met using emission credits or AQIP fees; and,
- d. The employer submits an ECRP in the format approved by SCAQMD and includes the elements describe in section I.E. Program Types and Features, excluding the Good Faith Effort Determination Elements.

# 4. AVR Improvement Program

Any worksite submitting an ECRP that has an improvement of 0.05 or greater in the worksite AVR compared to the previous compliance year submittal, or demonstrates a minimum AVR increase of 0.01 per year when compared to the previous two compliance years is eligible for a 20% reduction of the annual filing fees established in Rule 308 (c)(2) and a reduced program submittal as described in paragraph f. below. To qualify, the following conditions must be met:

- a. The annual employee survey must be conducted and the resulting AVR calculation must have an AVR increase of 0.05 or greater when compared to the previous compliance year submittal or has an AVR increase of 0.01 per year when compared to the previous two compliance years;
- b. The worksite must have an approved ECRP for the compliance years that are used for the AVR comparison as described above;

- c. The program cannot be a first-time submittal resulting from a change of ownership as described in section *IV.C. Change of Ownership* unless the new owners submit a commitment letter which states they will continue to implement the previous owners ECRP;
- d. For multi-site programs, the aggregate AVR may be used to qualify for this reduction provided that a multi-site program with an aggregated AVR that is improved in comparison to the previous compliance year or previous two years;
- e. The AVR improvement must be only through the implementation of an ECRP and cannot be met by using emission credits or AQIP fees;
- f. The employer submits an ECRP in the format approved by SCAQMD and includes the elements describe<u>d</u> in section I.E. Program Types and Features, excluding the Good Faith Effort Determination Elements; and,
- g. The employer shall continue to implement the approved program strategies until the next program submittal that requires inclusion of strategies or submittal of a program amendment.

# Examples of Qualifying and Non-Qualifying Submittals

If Employer A is submitting its ECRP in 2015 and has an AVR improvement of 0.01 every year when compared to the previous two years then it could submit an AVR Improvement Program. Employer B has an improvement of 0.01 when compared to the previous year, but there was a decline in AVR when compared to the submittal two years ago, it would not be eligible. If employer C has an increase of 0.05 over the previous year submittal it would be eligible. When an employer has a different program submittal option, they cannot use any prior year for the AVR Improvement, as shown by Employer D. The AVR Improvement Program examples are summarized in Table 1 below.

Submittal Year AVR	2012	2013	2014	2015	AVR Improvement
Employer A	1.30	1.31	1.32	1.33	Yes
Employer B	1.30	1.31	1.30	1.31	No
Employer C	1.30	1.30	1.30	1.35	Yes
Employer D	1.29	1.30	AQIP submit	1.35	No

 Table 1. AVR Improvement Program Submittal Examples

# F. Program Administration

# 1. Program Submittal and Compliance

All employers who choose to implement an ECRP shall submit an annual program plan that will lead to the achievement and maintenance of the annual AVR target. Employers unable to increase their AVR or meet the annual AVR target must submit one of the options listed in section *II.E. Annual AVR Performance Requirement*.

### 2. Program Implementation

Employers shall implement their ECRP within 30 days of receipt of their written program approval. An alternative program implementation date may be used if included in the Program submittal that has been approved or if otherwise stated in the written program approval. Any ECRP previously approved by the SCAQMD will remain in effect until:

- a. A new program is approved;
- b. An approved alternative is used to comply with Rule 2202;
- c. The employer receives notification from SCAQMD that they are no longer subject to the Rule; or
- d. Rule 2202 is rescinded.

# G. Record Retention Requirements

Employers must maintain records using the following criteria:

- a. The employer must keep detailed records of the documents which verify the AVR calculation for a minimum of three compliance years.
- b. Records which verify that all strategies in the ECRP have been marketed and offered shall be kept at the worksite for a minimum of three compliance years. Examples of records include but are not limited to: AVR calculation data; employee surveys; marketing materials; meeting agendas; proof of incentive purchases and distributions; and/or, plug-in hybrid electric vehicle (PHEV) type and home to work trip distances for the zero emission AVR credit.
- c. Employers who have a qualifying AVR Improvement Program shall keep all records at the worksite, records as specified in paragraph b above, of the most recently approved ECRP which describes the good faith effort determination elements. This may require maintaining records longer than the minimum three compliance years as specified in paragraphs a and b above.
- d. Employers who implement their programs using a Centralized Rideshare Service Center (CRSC) as described in section III.C., shall maintain records and documents at the CRSC, unless, upon written approval by the Executive Officer or designee, other record retention arrangements have been made.
- e. Records may be maintained electronically provided that the materials can be viewed by commonly available software.

### H. Compliance

Failure to comply with any provisions of this Rule or this ECRP Guideline document is a violation of Rule 2202 and is subject to the penalties outlined in the Health and Safety Code §42400 *et seq*. Examples of violations include, but are not limited to:

- a. Failure to maintain records as described in section G. Record Retention Requirements;
- b. Falsification of records;
- c. Failure to submit an annual program;
- d. Failure to submit proper fees in accordance with the provisions of Rule 308 On-Road Motor Vehicle Mitigation Options Fees, Rule 311 - Air Quality Investment Program (AQIP) Fees, and Rule 313 - Authority to Adjust Fees and Due Dates;

- e. Failure to submit a management commitment verifying implementation of the program as approved by the SCAQMD, and/or;
- f. Failure to implement components of an approved annual program.

The SCAQMD will not impose any ECRP requirements that are not a part of Rule 2202, the ECRP Guidelines, Rule 308, Rule 311, or Rule 313, and will only request information to determine compliance with these rules.

If a final determination that an element of an approved ECRP violates any provision of law is issued by any agency or court with jurisdiction to make such determination, then the employer shall, within 45 calendar days, submit a proposed program revision to the SCAQMD which shall be designed to achieve an AVR equivalent to the previously approved program.

# II. PROGRAM IMPLEMENTATION

### A. Program Review

The SCAQMD staff will review ECRPs using the following criteria:

- a. ECRPs will be approved provided the program complies with all requirements of Rule 2202, the ECRP Guidelines, Rule 308 - On-Road Motor Vehicle Mitigation Options Fees, Rule 311 - Air Quality Investment Program (AQIP) Fees, and Rule 313 - Authority to Adjust Fees and Due Dates:
- b. Employer continues to demonstrate a good faith effort towards achieving the target AVR or has made appropriate changes/additions to the strategies when AVRs have declined or remained consistently low. Program submittals which fail to show an overall improvement in AVR from the previously submitted ECRP and do not provide revisions or additions to the strategy section are not considered to be a good faith effort on the part of the employer and may not be approved as submitted;
- c. Within 90 calendar days of receipt of the program submittal, the SCAQMD will in writing, approve, preliminarily disapprove the program, or request up to 30 additional days to review the program, indicating to the employer the reasons for requiring additional review time;
- d. If a program is not approved or disapproved within 90 calendar days, or if the SCAQMD has not requested additional review time, the program shall be deemed approved;
- e. After the employer submits an ECRP, the SCAQMD will contact the employer to provide an opportunity to discuss any program inadequacies; and,
- f. If these inadequacies are not addressed, the SCAQMD will preliminarily disapprove the ECRP and provide in writing the reasons for the preliminary disapproval;
  - 1. Any ECRP preliminarily disapproval by the SCAQMD must be revised by the employer and resubmitted within 30 calendar days of receipt of the notice of the preliminary disapproval;
  - 2. The SCAQMD has 90 calendar days to approve or issue a final disapproval of the resubmitted ECRP;
  - 3. If a notice of final disapproval is given, the employer will be in violation of Rule 2202 until a revised ECRP is submitted and approved by the SCAQMD or a successful appeal is taken, in accordance with Rule 216 – Appeals, to the Hearing Board.

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# B. Calculating AVR

# 1. Employee Categories

Employees that do not begin work at least one day during the 6:00 a.m. - 10:00 a.m. peak commute window are not included in the peak AVR calculation. Employees that are classified in the "Other Days Off" category are included in the AVR calculation if they begin work in the window at least one day during the survey week. The net effect of "Other Days Off" on the AVR calculation will be neutral. Employees in this category include, but are not limited to, the following:

- employees on vacation, sick, or furlough;
- employees on per-diem or on-call that do not meet the definition of field personnel;
- employees on jury duty, military duty;
- employees who begin work outside the window provided they begin in the window at least one other day during the week;
- employees not scheduled to work that day;
- employees that are home dispatched;
- employees on maternity leave;
- employees on bereavement leave; and/or,
- employees on medical /disability leave.

The following employee categories, as defined in the Glossary, are not considered for rule applicability or in calculating AVR:

- temporary employees;
- seasonal employees;
- volunteers;
- field personnel;
- field construction workers; and/or,
- independent contractors.

# 2. Police, Sheriff, and Federal Field Agents

Police, Sheriff, and Federal Field Agents, as defined in the Glossary, are included for rule applicability but are not required to be included in the 6:00 a.m. - 10:00 a.m. peak window survey or included in the AVR calculation. It is the discretion of the employer whether to include them in the window count. Surveying only part of this group is not acceptable. Those worksites electing to exclude such employees from the AVR survey and calculation must provide the basic ridesharing support strategies including, but not limited to, ride matching and transit information for all employees as well as preferential parking and guaranteed return trips for employees who are ridesharing. Employees who perform non-field work or non- investigative functions are required to be included in the peak window survey and included in the AVR calculation. Examples of Federal Field Agents include, but are not limited to, field employees of the Federal Bureau of Investigation (FBI), Customs and Border Protection or US Coast Guard.

### 3. AVR Adjustments

- Carpools are counted as 2-6 people traveling together for 51% of the total trip distance. a. The credit is given by dividing the total weekly number of occupants in the vehicle by the maximum occupancy in the vehicle.
- Vanpools are counted as 7-15 people traveling together for 51% of the total trip b. distance. The credit is given by dividing the total weekly number of occupants in the vehicle by the maximum occupancy in the vehicle.
- Employees walking, bicycling, telecommuting, using public transit, using a zero c. emissions vehicle (ZEV) or other vehicles as approved by the Executive Officer or designee, or on their day off under a compressed work week, should be counted as employees arriving at the worksite with no vehicle.
  - i. Carpool occupants of a ZEV may be counted as arriving at the worksite with no vehicle by marking the zero emission option on the AVR survey.
  - ii. Employees arriving to work in a plug-in hybrid electric vehicle (PHEV) can be considered to be using a ZEV provided that the entire home-to-work trip is made exclusively under electric power without use of the gasoline engine or cogeneration system.
  - iii. None of the employee ZEVs can be included in the AVR calculation if the employer has implemented a ZEV charging program that will result in the generation of emission reduction credits pursuant to Rule 2202 (f)(6) or other approved SCAQMD emission credit programs.
- d. Compressed Work Week (CWW) credit will only be granted when all days worked and all CWW days off fall within the established AVR survey period.

Employers may develop alternatives to the recognized compressed work week schedules of 3/36, 4/40, and 9/80 upon written approval by the SCAQMD. The proposed alternative must ensure that the resulting trip reductions are real, surplus, quantifiable, and enforceable.

The types of CWW day(s) off must be clearly indicated on the AVR survey as follows:

- 3/36 3 days work, 12 hours per day, 2 days off during the survey week; i.
- ii. 4/40 - 4 days work, 10 hours per day, 1 day off during the survey week; or
- iii. 9/80 - 9 days work, 80 hours per two weeks, 1 day off in a 2 week period during the survey.

If a person on a 3/36 scheduled work week works a 4<sup>th</sup> day during the established work week, an employer may take credit for one (1) CWW day off.

e. Non-commuting AVR credit is allowed for employees who remain at the worksite (if in the SCAQMD's jurisdiction), or entirely out of the SCAQMD's jurisdiction, for at least a full 24-hour period, to complete work assignments, and who generate no vehicle trips during the AVR window associated with arriving at the worksite. Non-commuting AVR credit is calculated as arriving at the worksite with no vehicle. Examples of employees who may be considered to be in this category are firemen, airline pilots, or flight attendants.

- f. AVR credit for all employees leaving the worksite, during the window, may be calculated and averaged with employees arriving at the worksite during the window to obtain an aggregate AVR. However, if off-peak credits are used in the AVR calculation this credit cannot be used.
- g. Off-Peak Credits Employers may receive additional credits from employee trip reductions that occur outside of the peak window. An AVR survey or an alternative approved data collection method is required to obtain this data. This AVR survey cannot be older than 6 months at the time of program submittal. This credit may be calculated as follows:

 $AVR = \frac{E}{V - [CCVR \div 2.3]}$ Where: E = Total number of weekly window employees in the peak window. V = Total number of weekly window vehicle trips in the peak window. CCVR = Creditable commute vehicle reductions that occur outside of the peak window. 2.3 = Discount factor.

- h. Non-Regulated Worksite Credits Employers may voluntarily include worksites with less than 250 employees as described in section *II.D. Aggregating AVR for Multi-site Employers* and/or employees of other businesses located at the worksite not subject to the Rule.
- i. Reduced Staffing Employers may receive additional trip reduction credits, that have been discounted, from reduced staffing that occurs during events that are longer than five consecutive work days, such as school recesses/breaks, inventory, or temporary facility closures, as approved by SCAQMD. A separate AVR survey is required to obtain this data. This AVR survey cannot be older than 12 months old at the time of program submittal. This credit is not allowed for staff reductions resulting from actions such as layoffs, relocations, transfers, facility closures or temporary closures that are part of regularly schedule facility vacations. This credit may be calculated as follows:

$$AVR = \frac{E \times T}{[Vn \times Tn] + [Vr \times Tr \times 1.15]}$$

Where:

- E = Total number of weekly window employees during the regular operating schedule.
- T = Total number of annual operating workdays for the worksite, which is the sum of Tn and Tr. For example, the default value is 260 days for employers with a 5 day work schedule, and a default value of 365 days for a 7 day work schedule.
- Vn = Total number of weekly window vehicle trips during the regular operating schedule.
- Tn = Total number of regularly scheduled operating days for the worksite.
- Vr = Total number of weekly window vehicle trips that occur during the reduced staffing schedule.
- Tr = Total number of reduced staffing schedule days.
- 1.15 = Discount factor.

The same methodology used for determining the total number of annual workdays for the worksite (T) shall be applied to determine the values for Tn and Tr.

- j. Employees that begin work during the window and do not respond to the survey must be calculated as one employee per vehicle arriving at the worksite.
- k. Drive alones count as one person per vehicle arriving at the worksite.
- 1. Reporting errors resulting from missing or incorrect information must be calculated as one employee per vehicle arriving at the worksite. Reporting errors that do not indicate the time when the employee begins work must be assumed to occur in the peak window.

# C. AVR Data Collection Methods

Each employer must collect AVR data by one of the following applicable methods:

# 1. AVR Survey

Employers must conduct an AVR survey approved by the SCAQMD. The survey should be taken over five consecutive workdays, Monday through Friday, and identify the transportation modes that employees used to travel to the worksite and begin work during the 6:00 a.m. - 10:00 a.m. window, each day during the survey week. The AVR survey data must be available and traceable to an individual employee. This may be through employee identification numbers, employee signature, or a pre-approved electronic identifier specific to each employee. The surveys shall be distributed at the end of or following the planned survey week so that the survey responses will represent actual commute activity. An SCAQMD approved employee survey form can be found in the ECRP forms.

# a) AVR Survey Parameters

The AVR survey data cannot be more than six months old at the time of program submittal. The six month period begins on the final day of the survey period. The response rate to the survey must be at least 60 percent of those employees who begin work during the window. The remaining non-responses over 60 percent to 100 percent shall be treated as single occupant vehicle commuters, however, if an employer achieves a 90 percent response rate or higher, the remaining non-response percentage can be reported in the "Other Days Off" category. The net effect on the AVR calculation will be neutral. The AVR survey must be conducted during a typical work week. The weeks to be specifically excluded from the AVR survey week are the weeks including the following dates:

New Year's Day	January	1
Martin Luther King Jr. Birthday	January	(Third Monday)
Presidents Day	February	(Third Monday)
Memorial Day	May	(Last Monday)
Independence Day	July	4
Labor Day	September	(First Monday)
California Rideshare Week	October	(First Week)
Veteran's Day	November	11
Thanksgiving Day	November	(Fourth Thursday)
Thanksgiving Day	November	(Fourth Thursday)
Christmas Day	December	25

AVR surveys shall not be conducted during these weeks even if the employer does not observe these holidays or is open for business. Nor shall employers conduct an AVR survey during a week in which they observe a holiday not listed above.

The days these holidays are observed may vary from year to year; therefore, it will be the responsibility of the employer to obtain these specific holiday dates to ensure exclusion of these weeks from their AVR survey week.

### b) Window Period for AVR Calculation

The employer must calculate the AVR based on the 6:00 a.m. - 10:00 a.m., Monday through Friday window except for businesses operating seven days a week. The AVR window for businesses operating seven days a week is 6:00 a.m. - 10:00 a.m. and the AVR reporting period is the five consecutive days, of the seven operating days, when the majority of the employees are scheduled to begin work. Businesses operating seven days a week may survey over a seven day period so that for purposes of AVR reporting, they will account for individual employees over that portion of their five day work week that falls within the five consecutive days.

The employer may use an alternative window or week upon writing the SCAQMD and receiving written approval. The alternative window must be a consecutive four hour period between 4:00 a.m. and 11:00 a.m. and a consecutive five day period of the seven day week when the majority of their employees are scheduled to report to the worksite in the peak window. Consequently, the reporting period must be the same five consecutive days for all employees included in the AVR calculation.

### c) AVR Calculation

The AVR calculation is based on data obtained from an approved SCAQMD survey method, random sampling, or recordkeeping, and shall include all employees who begin work in the 6:00 a.m. - 10:00 a.m. window.

The AVR is calculated by dividing the number of employees who report to the worksite, by the number of vehicles that arrive at the worksite, during the five day window period. The AVR figure should be rounded off to the second decimal place. For example: 1.4576 becomes 1.46 AVR.

### 2. Random Sampling

Employers with a minimum of 400 employees reporting to the worksite during the peak window, have the option of determining AVR by a random sample method. The random sample method and sample size must receive written approval from the SCAQMD prior to administration of the survey. The random sample method shall comply with all of the following criteria:

- a. Members of the sample must be selected on a probability basis (random selection) that assures that each population member is given an equal chance of selection;
- b. All employees reporting in the window for calculating AVR must be considered as the relevant population from which the sample is drawn;

- c. The sample must measure all potential commute modes for employees arriving at the worksite during the window and shall account for all employees not arriving at the worksite during the window due to compressed workweek day off, vacation, sick leave, furlough day, or other (e.g., maternity leave, bereavement leave, etc.);
- d. Any employees designated for the random sample that do not respond to the survey are counted as solo drivers;
- e. At least 60 percent survey response rate must be achieved;
- f. Data from the last three compliance years shall be kept at the worksite and available for inspection;
- g. Any data submitted via electronic media must be compatible with SCAQMD's software;
- h. The random sample survey must be taken not more than six months prior to submittal of the Annual Program, with the six month period beginning on the last day of the survey week; and,
- i. The random sample method must be re-certified 60 calendar days prior to the program due date, only when the employer proposes to modify its approved certification method or upon amendments to Rule 2202 or guidelines that changes AVR data collection, calculations or methodologies.

# 3. Alternative AVR Data Collection

Employers have the option of selecting an alternative AVR data collection method for calculating the worksite AVR. Alternative AVR data collection methods must be certified by the SCAQMD prior to use, in accordance with the ECRP guidelines and the following criteria:

- a. Employers, vendors, consultants, or other entities requesting certification for alternative AVR data collection methods must request certification at least 60 calendar days prior to the annual ECRP due date;
- b. Data must be gathered from all employees who begin work during the window;
- c. The response rate to the data collection method must be at least 60 percent of those employees who begin work during the peak window. The remaining non-responses over 60 percent to 89 percent shall be treated as single occupant vehicle commuters. However, if an employer achieves a 90 percent response rate or higher, the remaining non-response percentage can be reported in the "Other Days Off" category in the AVR calculation;
- d. The data collected must reflect the daily commuting activity of employees and their modes of travel that occur during each month or quarter of the program cycle;
- e. Quarterly or monthly AVR must be calculated separately, and must be aggregated to determine the yearly AVR calculation;
- f. Data from the last three compliance years shall be kept at the worksite and be made available upon request;
- g. The following data must be available, and traceable to individual employee records: travel mode for each day data is collected; any data that is specified in section *II.C. AVR Data Collection Methods*; and, employee ID number or other individual identification;
- h. Any data submitted via electronic media must be compatible with the SCAQMD's software;
- i. The data used for the AVR calculations cannot be more than six months old, with the six month period beginning on the last day of the survey week; and,

j. The alternative AVR data collection method shall be re-certified 60 calendar days prior to each program due date, when the employer proposes to modify its approved method or upon amendments to Rule 2202 or guidelines that changes AVR data collection, calculations or methodologies.

# D. Aggregating AVR for Multi-site Employers (Optional)

Employers that submit a multi-site plan may choose to aggregate the AVR data for all of the regulated worksites in that ECRP. For worksites that belong to the multi-site employer, the aggregate AVR is the total number of window employees divided by the total number of vehicle trips for all the worksites in the multi-site plan. All worksites that are to be included in the aggregate AVR calculation must be within the same AVR Performance Zone.

Aggregate AVR can be obtained in three steps. First, the number of peak window employees used in calculating each worksite AVR must be added. This sum will yield the total number of window employees for all worksites. Second, the number of vehicle trips used in calculating each worksite AVR must be added. This total will yield the total number of vehicle trips for all worksites. Finally, the total number of employees must be divided by the total number of vehicle trips to obtain the combined AVR for all worksites. This calculation will then yield the aggregate AVR for the multi-site employer.

Example:

 $AVR = \frac{\text{Window employees for site } 1 + \text{window employees for site } 2 \dots}{\text{Vehicle trips for site } 1 + \text{vehicle trips for site } 2 \dots}$ 

Employers submitting multi-site programs may also voluntarily include worksites with fewer than 250 worksite employees in the aggregated AVR and/or employees of other businesses located at the worksite not subject to the Rule. In order to do so, all provisions of the AVR Data Collection section must be met, and the employer must demonstrate that an AVR baseline calculation has been established. Employers at non-regulated worksites are not required to implement other ECRP elements, such as having an on-site ETC or offering employer incentives and good faith effort determination elements. Employers voluntarily including worksites that have less than 250 worksite employees, must provide a letter of declaration signed by an official authorized to contract on behalf of and/or legally bind the employer which declares the following:

- a. The employer is voluntarily agreeing to subject itself to the authority and requirements of Rule 2202 for the worksites which currently have fewer than 250 employees, and that they are doing so freely and wholly voluntarily without any duress on behalf of the SCAQMD;
- b. The employer waives its right to challenge the applicability of Rule 2202 to any and all included sites within the SCAQMD should enforcement action be taken against the employer; and,
- c. The employer is receiving a benefit from agreeing in that they are being allowed to claim vehicle trip credit toward their aggregate AVR.

### E. Annual AVR Performance Requirement

Employers shall submit an ECRP and demonstrate that they have met the annual average vehicle ridership target for the AVR Performance Zone in which the worksite is located. Employers unable to meet the annual AVR target and are not submitting a High AVR or AVR Improvement plan must submit:

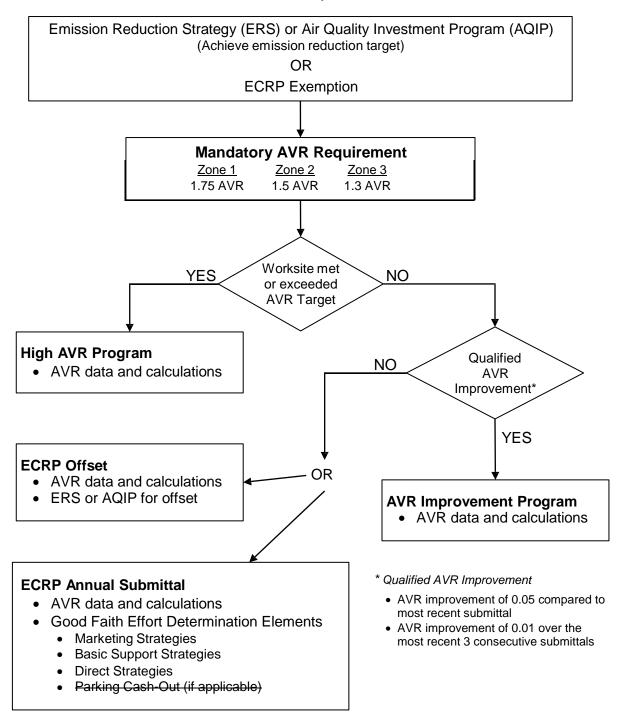
- a. An ECRP Offset annual plan where the difference between the worksite AVR and the target AVR Performance Zone is offset through participation in the Air Quality Investment Program (AQIP) or implementation of Emission Reduction Strategies (ERS) in accordance with the provisions of Rule 2202; or
- b. An ECRP annual plan that includes the requirements described in section *II.F. Good Faith Effort Determination Elements* subject to the following conditions:
  - i. Unless otherwise stated, the good faith determination elements must be implemented such that they are reasonably likely to improve a worksite AVR by at least 0.01 annually. Employers must continue to demonstrate a good faith effort toward achieving the AVR target.
  - ii. If a worksite AVR decreases, remains the same, or does not improve from the previously submitted ECRP, the selection of strategies must be modified, the number of strategies increased, or an ECRP offset, AQIP, or ERS be implemented.
  - iii. Employers shall implement all currently approved good faith effort plan strategies until a new ECRP is approved.
  - iv. Employers may choose to implement programs or strategies offered by third party service providers (e.g., County Transportation Commissions, TMA/TMO, contracted services). If any plan strategy offered by a third party service provider is discontinued, the employer shall continue to implement the discontinued strategy or amend the plan.
  - v. Deletion or substitution of any plan strategies is not allowed unless approved by the Executive Officer or designee in writing.

A flow chart that identifies the good faith effort determination elements and the various rule options that employers may use to comply with the Rule requirements is shown in Figure 2.

# F. Good Faith Effort Determination Elements

Employers submitting an ECRP who have not attained their target AVR, and are not submitting a High AVR or AVR Improvement Program plan, shall demonstrate that the elements for the required strategies in each of the four (4)three (3) listed categories are implemented. Descriptions of each element can be found in section *V. Employee Commute Reduction Strategies*.

- 1. Marketing Strategies. Must include at least five (5) of the following strategies:
  - a. Attendance at a marketing class,
  - b. Direct communication by the highest ranking official,
  - c. Employer newsletter, flyer, announcements, memos or letters
  - d. Employer rideshare events, New hire orientation,
  - e. Rideshare bulletin boards, Rideshare website,
  - f. Rideshare meetings or focus group(s), or
  - g. Other marketing strategies that have been approved by the SCAQMD.



# Rule 2202 Requirements

Figure 2. Rule 2202 Requirements - Compliance Flow Chart

- 2. Basic Support Strategies. Must include at least five (5) of the following strategies:
  - a. Commuter Choice Programs,
  - b. Flex time schedules,
  - c. Guaranteed return trip,
  - d. Personalized commute assistance,
  - e. Preferential parking for ridesharers,
  - f. Ride matching services,
  - g. Transit information center, or
  - h. Other basic support strategies that have been approved by the SCAQMD.
- 3. Direct Strategies. Must include at least five (5) of the following strategies:
  - a. Auto services,
  - b. Bicycle program,
  - c. Compressed work week schedules,
  - d. Direct financial awards,
  - e. Discounted or free meals,
  - f. Employee clean vehicle purchase program,
  - g. Gift certificates,
  - h. Off-peak rideshare program,
  - i. Parking charge or subsidy program,
  - j. Parking cash-out/parking management (voluntary)
  - k. Points program,
  - l. Prize drawings,
  - m. Startup incentive,
  - n. Telecommuting,
  - o. Time off with pay,
  - p. Transit subsidy,
  - q. Vanpool program, or
  - r. Other direct strategies that have been approved by the SCAQMD.

4. Parking Cash-out (if applicable).

# III. ADMINISTRATION OF THE ECRP

# A. Employee Transportation Coordinators

Employers must designate an employee to serve as an Employee Transportation Coordinator (ETC) for each worksite with 250 or more employees or per Multi-Site program. This person must successfully complete an SCAQMD ETC certification course.

This training provides the individual with the necessary information to conduct the survey process, prepare and implement the program, market the program and track the program results.

Employers submitting a multi-site program may designate an ETC at one worksite and designate On-Site Coordinators for all other worksites. The On-Site Coordinator is a person designated and instructed by the employer to have knowledge of the employer's ECRP and marketing methods. The On-Site Coordinator is accountable for program implementation rather than plan development. The ETC or the On-site Coordinator must be at the worksite and available during normal business hours when the majority of employees are at the worksite.

In the event of an absence of a trained ETC, Consultant ETC, or On-site Coordinator, exceeding eight consecutive weeks, a replacement must be designated and trained. The SCAQMD must be notified of this change in writing by the employer within 12 weeks after the beginning of the absence.

# B. Consultant Employee Transportation Coordinator

An employer may use a Consultant ETC in lieu of an ETC, provided the Consultant ETC meets the definition of an ETC and the same minimum certification requirements as the ETC. A Transportation Management Association/Transportation Management Organization (TMA/TMO) may be considered a Consultant ETC provided its staff, acting in this capacity, meets the same certification requirements as the ETC. As an alternative to having a Consultant ETC available during normal business hours, the employer shall designate an On-Site Coordinator for each worksite.

# C. Centralized Rideshare Service Center

The Centralized Rideshare Service Center (CRSC) may be used by employers submitting a Multi-Site ECRP to provide equivalent services in lieu of having a certified ETC at each worksite. Employers must have written approval from the SCAQMD prior to implementing a CRSC. The request for approval must include information describing the CRSC in detail and show how it will provide equivalent ETC services to the specific worksite(s).

The request for implementing a CRSC must have the following elements:

- a. Identification of the CRSC location;
- b. Description of the process of employee access to rideshare information and services, including an explanation of how it will provide services equivalent to having an ETC at each worksite;
- c. Description of how each worksite will market, implement and maintain records in a manner equivalent to having an ETC or On-Site Coordinator at the worksite;
- d. Explanations of the ETC availability and accessibility to employees affected by the program; and,
- e. Assurance that copies of all relevant supporting program materials is maintained at the CRSC, unless, upon written approval, other record retention arrangements have been made. Program materials include, but are not limited to, all marketing materials, flyers, brochures, pamphlets, schedules, and copies of the most recently approved Multi-Site ECRPs.

SCAQMD staff will review each request on a case by case basis to determine whether the CRSC meets the following criteria:

a. Identifies the CRSC facility location and demonstrates availability and accessibility to the ETC by all employees;

- b. Demonstrates that the Multi-Site ECRP is adequately marketed and implemented at all included worksites; and,
- c. Ensures that all other sites in the Multi-site program submittal have identified a worksite contact person who:
  - i. Has knowledge of the employer's Multi-Site ECRP;
  - ii. Has knowledge of the employer's marketing methods; and,
  - iii. Is available to meet with SCAQMD compliance staff.

# IV.SPECIAL PROCEDURES

# A. Extensions

If an employer needs more time to submit a program to meet the requirements of these Guidelines and Rule 2202, additional time may be requested from the SCAQMD. An employer may request an extension to the program due date under the following:

- a. The request must be in writing, state the reason for the extension request, the length of time needed, and include the appropriate filing fee, as specified in Rule 308 (n) and Rule 313 (f)(4);
- b. All extension requests and fees must be received by the SCAQMD, no later than 15 calendar days prior to the program due date;
- c. Requests are considered on a case-by-case basis and shall include reasonable justification for the extension request, such as, but not limited to, organizational restructuring, or the unforeseen long-term absence of an ETC;
- d. An employer may request an extension to the program due date after the program has been disapproved for the first time. The request must be received within 15 calendar days of the receipt of the plan disapproval. The SCAQMD will inform the employer in writing within 15 calendar days of receipt of request, whether the extension has been granted;
- e. An employer may, upon receipt of a written objection to the terms of the proposed program by an employee, employee representative or employee organization; request a single extension of 30 calendar days. A copy of the written objection should be attached to the request. One such request shall be granted by the SCAQMD; no subsequent extension may be granted for this purpose; and,
- f. Any change in the permanent due date that results in additional time to submit a plan will be considered an extension of time and shall be subject to the extension filing fee, as specified in Rule 308 (n) and Rule 313 (f)(4).

# B. Program Amendments

An approved ECRP may be amended between program submittal dates by submitting a proposed program amendment in writing to the SCAQMD along with the applicable fee. Any change to the implementation of an approved program requires written SCAQMD approval. The program amendment must include the following:

- a. Letter of explanation of proposed amendment signed by the highest ranking official;
- b. A copy of each affected strategy page from the last approved plan;
- c. A copy of each of the proposed replacement strategy pages; and,

d. Applicable amendment fee as specified in Rule 308.

Employers proposing changes in strategies are encouraged to consider comparable ones that will continue making progress towards attaining the target AVR. Section *V. Employee Commute Reduction Strategies*, identifies a number of strategies that can be selected to substitute for those being changed. Any previously approved ECRP shall remain in effect until the amendment is approved by SCAQMD in writing. SCAQMD will either approve or disapprove the amendment within 90 calendar days of receipt.

Amendment requests may be approved if the employer demonstrates to the satisfaction of the Executive Officer or designee that the new strategy will result in an AVR which is equal to or better than the strategy it is replacing.

The amendment fees shall not apply when the amendment consists solely of the addition of strategies to the program or improvements to the existing strategies of an approved program. Improvements to existing strategies may include, but are not limited to, increased meeting frequency or increases to subsidy amounts.

# C. Change of Ownership

In the case of ownership mergers or change of ownership, the new owner must notify the SCAQMD of this change within 30 calendar days of the new ownership. The new employer, within 90 calendar days must submit a new ECRP or other compliance option to the SCAQMD which adheres to all provisions of Rule 2202 and Guidelines, or submit a letter which states they will continue to implement the program approved by the SCAQMD for the prior owner(s).

# D. Relocation

Any employer relocating to a new worksite must notify the SCAQMD within 30 calendar days of the relocation. Relocations fall into two categories:

- a. Employers relocating within two miles of the previous worksite address may elect to continue to implement the most recently approved ECRP or the employer may elect to submit a new ECRP. The employer must inform SCAQMD of the preference in the notification of relocation letter.
- b. Employers relocating more than two miles from the previous worksite must submit a new ECRP within 90 calendar days of the relocation.

Worksite relocations that occur over time are subject to applicability requirements as described in section *I.B. Applicability* and Rule 2202 (b).

# E. Declared Bankruptcy

An employer who has declared bankruptcy for the official business or governmental operations of its organization or employer through a judicial court filing and confirmation process may request the SCAQMD grant a temporary waiver from complying with the requirements of this Rule. Upon demonstration of the filing and confirmation of bankruptcy, the SCAQMD will grant an exemption for the duration of bankruptcy, not to exceed two years from the date of the waiver.

Employers shall submit an ERCP within 90 days of the bankruptcy waiver expiration unless they have submitted a written request for an exemption from the rule requirements pursuant to Rule 2202 (l)(1).

# F. Declared State of Emergency

During a period of significant impairment of transportation systems associated with an event resulting in a local, state or federally declared state of emergency, the SCAQMD may approve programs or program amendments including strategies which decrease trips associated with any location in the SCAQMD, including locations other than a worksite included in the program. Such strategies may be included in any program and may be a substitution for measures contained in an approved program. In the event of substitution, the employer shall demonstrate that any decrease in AVR at a worksite subject to the program will be offset by trips reduced elsewhere in the SCAQMD.

# G. Program Disapproval Appeals

The SCAQMD has 90 calendar days to review the resubmitted Annual Program submittal. If the employer believes that the program meets the requirements of Rule 2202 and the Guidelines, and that the program was improperly disapproved, the employer may appeal the disapproval to the SCAQMD Hearing Board in accordance with Rule 216 - Appeals. A petition for appeal of disapproval must be made within 30 calendar days after the employer receives the notice of disapproval.

# H. Delay Program Review Request

If an employer, employee, employee representative or employee organization requests a delay in action of program review, the request must be in writing to the SCAQMD within 30 calendar days of program submittal and cannot delay the period of time to exceed the 90th day after submittal.

# V. EMPLOYEE COMMUTE REDUCTION STRATEGIES

# A. Commute Reduction Strategies

Below are the descriptions of the Good Faith Effort Determination Elements that employers can choose to implement. These strategies can be developed and implemented to meet the individual needs of employers in achieving the designated AVR target. Direct financial strategies are not required for program approval.

- 1. Auto Services The employer provides auto services for employees participating in the commute reduction program. The employer must provide the type of service (e.g., oil changes, car washes, fuel, oil change, tune-up, repair certificate, etc), monetary value, frequency, eligibility, and minimum requirements to participate in the program.
- 2. Bicycle Program The employer provides eligible employees, who commute by bicycle, unique incentives and tools only available to bicyclists and not offered elsewhere in the plan. Examples of incentives that can be included in a program are:

- Bicycle matching/meetings;
- Shoes, clothing, helmets, etc.;
- Lockers, racks, etc.;
- Bicycle repair services;
- Tools or repair kits;
- Discounts at local bicycle shops; or
- Other bicycle related services.
- 3. Commuter Choice Programs The employer provides a Commuter Choice tax benefits program, based on Section 132(f) of the federal tax code. This program allows employees to set aside pre-tax income for qualified commute modes. Section 132(f) covers transit, vanpool and bicycle benefits as well as qualified parking.
- 4. Compressed Work Week A Compressed Work Week (CWW) schedule applies to employees who, as an alternative to completing the basic work requirements in five eighthour workdays in one week, or ten eight-hour days in two weeks, are scheduled in a manner which reduces trips to the worksite. Employers must indicate if the CWW is offered to all employees, or eligible employees and the total number of employees participating in each type of CWW schedule. It is recommended, but not required, that employers implementing this strategy have a formal written policy on CWW schedules.
- 5. Direct Communication Direct communication by the employer's highest ranking official at the worksite, to introduce and/or promote alternative commute modes, outline incentives and encourage participation in a rideshare program. This must occur, at a minimum, on an annual basis and may occur as electronic or written communication.
- 6. Direct Financial Awards The employer, or other funding sources, provides eligible employees with cash subsidies for participation in the organization's commute reduction program. The employer must provide the monetary value of the award, frequency, eligibility, and minimum requirements to participate in the program.
- 7. Discounted/Free Meals The employer provides eligible employees with free or discounted meals for their participation in the commute reduction program. The employer must provide the monetary value of the award, frequency, eligibility, and minimum requirements to participate in the program.
- 8. Employee Clean Vehicle Purchase/Lease Program Encourage and offer incentives for employees who purchase or lease partial zero emission vehicles (PZEV), advance technology PZEV (AT-PZEV), or zero emission vehicles (ZEV) (e.g., credit union loan rate discounts, financial incentives).
- 10. Employee Newsletter, Flyer, Announcements, Memos or Letters A communication tool to introduce and/or promote alternative commute modes, outline incentives and encourage participation in a rideshare program that is updated and distributed, at a minimum, on a quarterly basis. If provided electronically, an update or notice must be sent to all employees of the communication's availability.
- 11. Employee Rideshare Events Employer sponsored events which promote rideshare opportunities that occur, at minimum, annually.
- 12. Flex Time The employer permits employees to adjust their work hours in order to accommodate public transit schedules or rideshare arrangements. Ideally, employers

would have a formal written policy on Flex Time. Do not select this strategy unless flex time is linked to your rideshare program.

- 13. Gift Certificates The employer or other funding source provides eligible employees with gift certificates for participation in the commute reduction program. The employer must provide the certificate's monetary value, frequency, eligibility, and minimum requirements to participate in the program.
- 14. Guaranteed Return Trip The employer provides eligible employees with a return trip to the point of commute origin, when a need for the return trip arises. This need may be a personal emergency, an unplanned situation, or business-related activities (such as overtime). The employer needs to indicate if this service would be provided by employer vehicle, rental car, taxi, another employee, TMA/TMO, or other entities.
- 15. Marketing Class The ETC attends a marketing class within 12 months prior to plan submittal. Proof of attendance must be included along with the submittal. The marketing class may include, but is not limited to:
  - Development of a communication/marketing plan;
  - Development of marketing materials;
  - Development of presentation materials;
  - Use of existing programs (e.g., Rideshare Week, rideshare fairs, etc.); and,
  - Fundamentals of marketing (including promotion techniques and consumer behavior).
- 16. New Hire Orientation The employer provides newly hired employees an overview of alternative commute options and employer incentives to promote and encourage participation in a rideshare program.
- 17. Off Peak Rideshare Program The employer may voluntarily expand their commute reduction program to include employees who commute outside of the peak window.
- 18. Other Strategy(ies) The employer can provide many types of strategies designed to encourage solo commuters to participate in the employee commute reduction program under each strategy heading. These strategies can include, but are not limited to, educational programs, use of clean fuel vehicles for commuting, employer vehicles for ridesharing, carsharing, mobility hub services, rideshare clubs, on-site amenities, electric vehicle infrastructure, voluntary worksite transfers, or the use of TMA/TMO services. Employers who list more than one strategy may receive credit for each individual strategy.
- 19. Parking Charge/Subsidy A parking fee is charged to employees who drive alone to the worksite and/or in exchange, employers may provide a subsidy to employees that can be used for the cost of alternative transportation modes. The employer must provide the monetary value of the charge/subsidy, frequency, eligibility, and minimum requirements to participate in the program. Employers who implement a Parking Charge/Subsidy strategy cannot claim credit as a Parking Cash-out program unless both are independent strategies.
- 20. Parking Cash-Out/Parking Management Strategies The employer may voluntarily choose to offer a cash allowance to an employee, at a minimum equivalent to the parking value that the employer would otherwise pay to provide the employee with a parking space as described in the provisions of the Health and Safety Code §43845. Employers may select

this strategy as a Good Faith Determination Element provided they are not legally obligated to implement this requirement.

- 21. Personalized Commute Assistance The employer provides personalized assistance such as transit itineraries, carpool matching and personal follow-up to employees. Examples of ways an employer can provide this service to employees are:
  - Organize carpool/vanpool formation meeting(s);
  - Assist in identifying park and ride lots;
  - Assist in identifying bicycle and pedestrian routes;
  - Assist in providing personalized transit routes and schedule information; or
  - Provide personalized follow-up assistance to maintain participation in the commute reduction program.
- 22. Points Program Employees earn points for each day of participation in the employer's commute reduction program. Points are redeemed for such rewards as time off, gift certificates, cash or merchandise. The employer must provide the monetary value of the points, frequency, eligibility, and minimum requirements to participate in the program.
- 23. Preferential Parking for Ridesharers The employer provides eligible employees with preferential parking spaces to park their vehicles. These spaces must be clearly posted or marked in a manner that identifies them for carpool or vanpool use only. The employer shall provide, at a minimum, the following information:
  - Number of preferential parking spaces,
  - Minimum number of persons per vehicle required to be eligible,
  - Minimum number of days or percentage of ridesharing required to be eligible, and
  - Method of vehicle identification (e.g., tags, stickers, or license plate number).
- 24. Prize Drawings The employer provides eligible employees, at a minimum, quarterly, with a chance to win prizes for participation in the commute reduction program. The employer must provide the monetary value of the prizes, frequency, eligibility, and minimum requirements to participate in the program.
- 25. Rideshare Bulletin Board A physical display with materials that encourage and promote rideshare participation, publicizes incentives and, provides information about the employer's rideshare program. The bulletin board should be in a location that would be most likely viewed by the majority of employees and must contain different information than the Transit Information Center. It may be necessary to have more than one bulletin board depending on the size of the worksite or employee population.
- 26. Rideshare Matching Services The employer provides, at a minimum, annually, rideshare matching services, zip code lists, or assistance in finding commute alternatives for all employees. The employer must indicate how and when employees are matched (e.g., during new hire orientation, as part of the employer's annual AVR survey, or on demand). The employer must also indicate how the service is provided to employees, such as:
  - Employer based system;
  - Regional commute management agency;
  - TMA/TMO system;
  - Zip code lists/maps; and/or
  - Outside service (e.g., consulting services).

- 27. Rideshare Meetings / Focus Groups Meetings conducted with employees, at a minimum, semi-annually, to solicit input on commute behavior, incentives to rideshare, and to discuss ways to overcome the constraints to participating in alternative commute modes. These meetings may also be used to introduce employees who live in similar areas to foster the development of carpools and vanpools.
- 28. Rideshare Website An employer's website that is designed to act as a repository for information on the rideshare plan, that is updated, at a minimum, quarterly and is readily accessible to all employees. Employers may also implement other social marketing applications that are administered by the employer for the purposes of encouraging site specific employee trip reductions. At a minimum, quarterly notices must be given to the employees about the availability of the web site.
- 29. Startup Incentives Incentives designed to reward solo commuters for joining a carpool, vanpool, or other alternative commute modes, and are generally provided over a short period of time. The employer must provide the monetary value of the incentives, frequency, eligibility, duration, and minimum requirements to participate in the program.
- 30. Telecommuting Telecommuting means working at home, off-site, or at a telecommuting center for a full workday that eliminates the trip to work or reduces travel distance to the worksite by more than 51%. Ideally, employers would have a formal written policy on telecommuting. Employers must state if telecommuting is offered to all employees or eligible employees/units, the total number of employees participating in the program, the number of days per week employee's work at home or at a satellite work center, if a formal written policy exists, and if any training/orientation sessions are held in support of the program.
- 31. Time Off With Pay The employer provides eligible employees additional time off with pay for participation in the commute reduction program. The employer must provide the monetary value of the incentive, the amount of earned time off, frequency, eligibility, and minimum requirements to participate in the program.
- 32. Transit Information Center The employer provides a transit information center that makes available general transit information and/or the on-site sale of public transit passes, tickets or tokens to the worksite employees. At a minimum, the information must be updated quarterly.
- 33. Transit Subsidy Employers pay for all or part of the cost of commuting by local mass transit, commuter rail, train, or other public transit. The employer must provide the monetary value of the transit subsidy, frequency, eligibility, and minimum requirements to participate in the program.
- 34. Vanpool Program The employer provides eligible employees with a vanpool program designed to encourage the use of existing vanpools or the development of new vanpools. The employers must provide:
  - Total number of vans participating in the program;
  - If the vans are employer owned or leased vans;
  - If the vans are third-party owned or leased vans;
  - If the vans are employee owned or leased vans;
  - Amount and type of subsidies provided for insurance;

- Amount and type of subsidies for fuel and/or maintenance;
- If empty seats are subsidized, and value and length of time this subsidy is offered; and,
- Any other benefit unique to vanpoolers that is not duplicated elsewhere in the ECRP submittal.

### B. Parking Cash-out Program

Employers who are subject to the parking cash-out provisions of the Health and Safety Code \$43845 shall implement a parking cash-out program pursuant to the Health and Safety Code when the worksite ECRP has not achieved the AVR target and the current AVR fails to show an overall improvement in comparison to the previously submitted ECRP.

This parking cash-out requirement shall remain in effect until January 1, 2016, at which time the Executive Officer will evaluate the effectiveness of the parking cash-out program to determine if it should be continued, with recommendation back to the Governing Board.

Parking cash out requires that employers are required to offer a cash allowance to employees in lieu of a parking space when the employer would otherwise pay to provide the employee with a parking space. Parking cash-out applies to worksites where the employer leases employee parking, the parking lease is not included or bundled in the building lease, and the employer is able to reduce the number of parking spaces without penalty.

All employers subject to Health and Safety Code §43845 have a legal obligation to comply with state law regardless of whether an employer incorporates parking cash-out as one of the strategies in Rule 2202.

Employers not legally required to implement the parking cash-out provision, may voluntarily choose to offer a parking cash-out allowance to their employees and claim credit as a Good Faith Effort Determination Element.

# VI.GLOSSARY

- 1. AGGREGATE AVR means the weighted average AVR of an employer that has several different worksites within the same AVR Performance Zone that are included within one Employee Commute Reduction Program.
- 2. AVERAGE VEHICLE RIDERSHIP (AVR) is the current number of employees that begin work during the window for calculating AVR divided by the number of vehicles arriving at the worksite during the same window.
- 3. AVR CALCULATION means the numerical method used to determine the worksite's AVR, calculated to two decimal places, in accordance with these guidelines.
- 4. AVR DATA COLLECTION METHOD is a method for gathering employee commute mode data needed to calculate an employer's AVR.
- 5. AVR PERFORMANCE ZONE is a geographic area that determines the average vehicle ridership performance requirement or target for a worksite pursuant to the map in Attachment I of this guideline. The AVR Performance Zones are as follows:

Zone 1: 1.75 AVR Zone 2: 1.5 AVR Zone 3: 1.3 AVR

- 6. AVR WINDOW is the period of time, Monday through Friday between the hours of 6:00 a.m. and 10:00 a.m. used to calculate AVR in accordance with these guidelines. AVR Window, as applied to businesses operating seven days a week, is the period of time, Sunday through Saturday between the hours of 6:00 a.m. and 10:00 a.m., used to calculate AVR in accordance with these guidelines.
- 7. CARPOOL is a vehicle occupied by two to six people traveling together between their residences and their worksites or destinations for 51% of the total trip distance. Employees, who work for different employers, as well as non-employed people, are included within this definition as long as they are in the vehicle for 51% of the total trip distance.
- 8. CENTRALIZED RIDESHARE SERVICE CENTER (CRSC) may be used by employers submitting Multi-site programs that will provide equivalent services in lieu of having a trained ETC and implementation records at each worksite.
- 9. COMPLIANCE YEAR is the time period beginning when an ECRP is approved until a new ECRP is approved. Program amendments and extensions do not affect the compliance year.
- 10. COMPRESSED WORK WEEK (CWW) is an alternative schedule used to complete basic work requirements in a manner which reduces vehicle trips to the worksite. The recognized compressed work week schedules for this Rule are, but not limited to, 36 hours in three days (3/36), 40 hours in four days (4/40), or 80 hours in nine days (9/80).
- 11. CONSULTANT ETC means a person that meets the definition of and serves as an ETC at a worksite other than the Consultant's employer.
- 12. DIRECT FINANCIAL AWARD means an employee commute reduction strategy in which the employer awards cash subsidies to an employee for specified rideshare behavior.
- 13. DISABLED EMPLOYEE means an individual with a physical impairment that prevents the employee from traveling to the worksite by means other than a single-occupant vehicle.

- 14. EMPLOYEE means any person employed full or part-time by a person(s), firm, business, educational institution, non-profit agency or corporation, government or other entity. This term excludes the following: seasonal employees, temporary employees, volunteers, field personnel, field construction workers, and independent contractors.
- 15. EMPLOYEE COMMUTE REDUCTION PROGRAM (ECRP) means an Annual Program, under the Employee Commute Reduction Program option, submitted to the SCAQMD, in accordance with these guidelines.
- 16. EMPLOYEE TRANSPORTATION COORDINATOR (ETC) is an employee who has completed an SCAQMD certified training course and has been appointed to develop, market, administer, and monitor the Employee Commute Reduction Program at a single worksite. The ETC must be at the worksite during normal business hours when the majority of employees are at the worksite.
- 17. FEDERAL FIELD AGENT means any employee who is employed by any federal entity whose main responsibility is National Security and performs field enforcement and/or investigative functions. This does not include employees in non-field or non-investigative functions.
- 18. FIELD CONSTRUCTION WORKER means an employee who reports directly to work at a construction site.
- 19. FIELD PERSONNEL means employees who spend 20 percent or less of their work time, per week, at the worksite and who do not report to the worksite during the peak period for pick-up and dispatch of an employer-provided vehicle.
- 20. HOLIDAYS are those days designated as National or State Holidays that shall not be included in the AVR survey period.
- 21. INDEPENDENT CONTRACTOR means an individual who enters into a direct written contract or agreement with an employer to perform certain services and is not on the employer's payroll.
- 22. LOW-INCOME EMPLOYEE means an individual whose salary is equal to, or less than, the current individual income level set in the California Code of Regulations, Title 25, Section 6932, as lower income for the county in which the employer is based. Higher income employees may be considered to be "low-income" if the employees demonstrate that the program strategy would create a substantial economic burden.
- 23. MULTI-SITE EMPLOYER means any person(s), firm, business, educational institution, non-profit agency or corporation, government agency or other entity which has more than one worksite located within the SCAQMD where 250 or more employees report to each worksite.
- 24. MULTI-SITE PROGRAM means an Employee Commute Reduction Program submitted to the SCAQMD to comply with these guidelines that encompasses more than one worksite within a single AVR Performance Zone that belongs to a multi-site employer.
- 25. NONCOMMUTING AVR CREDIT applies to employees who arrive at the worksite during the window for calculating AVR, and remains at the worksite or out of the SCAQMD's jurisdiction for a full 24 hour period or more to complete work assignments.

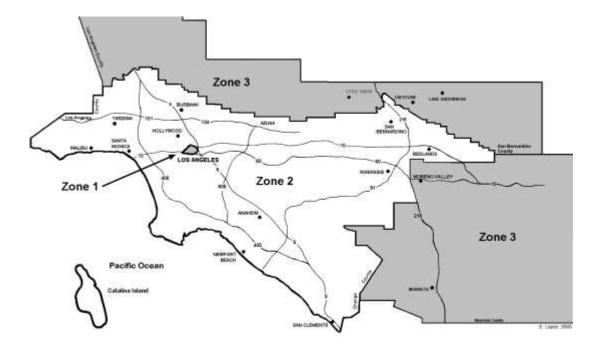
- 26. OFF PEAK COMMUTE TRIP is a commute trip that occurs outside the peak commute window of 6:00 a.m. 10:00 a.m., Monday through Friday.
- 27. ON-SITE COORDINATOR is a person who has been designated by the employer as such and has knowledge of the employer's ECRP and marketing methods. The On-Site Coordinator is limited to program implementation rather than program development.
- 28. PARKING CASH-OUT is a program where an employer offers to provide a cash allowance to an employee, at a minimum equivalent to the parking subsidy that the employer would otherwise pay to provide the employee with a parking space pursuant to the provisions of the Health and Safety Code §43845.
- 29. PART-TIME EMPLOYEE means any employee who reports to a worksite fewer than 32 hours per week, but more than four hours per week. These employees shall be included in the employee count for purposes of Rule applicability and for AVR calculations of the employer, provided the employees begin work during the window for calculating AVR.
- 30. POLICE/SHERIFF means an employee who is certified as a law enforcement officer and is employed by any state, county or city entity. Such employees are police officers and sheriffs, who perform field enforcement and/or investigative functions. This would not include employees in non-field or non-investigative functions.
- 31. SEASONAL EMPLOYEE means a person who is employed for less than a continuous 90day period or an agricultural employee who is employed for up to a continuous 16-week period.
- 32. STRATEGY means an Employee Commute Reduction Program element developed, offered and/or implemented by employers for the purpose of encouraging employees to use alternative modes of transportation other than single occupant vehicles when reporting to work during the window.
- 33. STUDENT WORKER means a person who is enrolled and gainfully employed (on the payroll) by an educational institution. Student workers who work more than four hours per week are counted for rule applicability and if they begin work during the 6:00 a.m. 10:00 a.m. window are counted for AVR calculation.
- 34. TELECOMMUTING means working at home, off-site, at a satellite office or at a telecommuting center, for a full workday that eliminates the trip to work or reduces travel distance by more than 51 percent.
- 35. TEMPORARY EMPLOYEE means any person employed by an employment service or agency that reports to a worksite other than the employment agency's worksite, under a contractual arrangement with a temporary employer. Temporary employees are only counted as employees of the temporary agency for purposes of Rule applicability and calculating AVR.
- 36. TRANSIT is a shared passenger transportation service which is available for use by the general public, as distinct from modes such as taxicabs, carpools, or vanpools which are not shared by strangers without private arrangement. Transit include buses, ferries, trams, trains, rail, or other conveyance which provides to the general public a service on a regular and continuing basis. Also known as public transportation, public transit or mass transit.

- 37. TRANSPORTATION MANAGEMENT ASSOCIATION OR TRANSPORTATION MANAGEMENT ORGANIZATION (TMA/TMO) means a non-profit association that has a financial dues structure joined together in a legal agreement for the purpose of achieving mobility and air quality goals and objectives within a designated area.
- 38. VANPOOL is a vehicle occupied by seven to 15 people traveling together between their residences and their worksites or destinations for 51% of the total trip distance. Employees, who work for different employers, as well as non-employed people, are included within this definition as long as they are in the vehicle for 51% of the total trip distance.
- 39. VEHICLE TRIP is determined by the means of transportation used for the greatest distance of an employee's home-to-work commute trip for employees who begin work during the peak period. Each vehicle trip to the worksite shall be calculated as follows:

```
Single-occupant vehicle = 1
Carpool = 1 divided by number of people in carpool
Vanpool = 1 divided by number of people in vanpool
Motorcycle, moped, motorized scooter, motor bike = 1 divided by number of people on
bike
Public transit = 0
Bus pool = 0
Bicycle = 0
Walking and other non-motorized transportation modes = 0
Non-commuting = 0
Telecommuting = 0 on days employee is telecommuting for the entire day
Compressed Workweek = 0 on employee's compressed day(s) off
Zero-emission vehicles = 0
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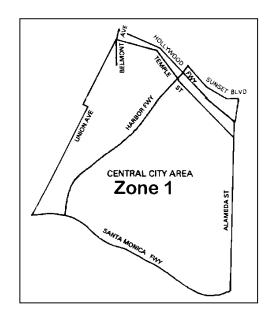
- 40. VOLUNTEER means any person(s) at a worksite who, of their own free will, provides goods or services, without financial gain.
- 41. WORKSITE means a structure, building, portion of a building, or grouping of buildings that are in actual physical contact or are separated solely by a private or public roadway or other private or public right-of-way, and that are occupied by the same employer. Employers may opt to treat more than one structure, building or grouping of buildings as a single worksite, even if they do not have the above characteristics, if they are located within a 2 mile radius and are in the same AVR Performance Zone.
- 42. WORKSITE EMPLOYEE THRESHOLD means 250 employees employed at a single worksite for the prior consecutive six month period calculated as a monthly average, and 33 or more employees scheduled to report to work during the window any one day during the prior consecutive 90 days.

# **VIII. ATTACHMENT I**



### AVR PERFORMANCE ZONES

- A worksite's AVR Performance Zone depends on its location.
- District's Source/Receptor Areas are shown in Attachment 3 of Rule 701 - Air Pollution Emergency Contingency Actions.
- **Zone 1** is the Central City Area of Downtown Los Angeles within the SCAQMD's Source/Receptor Area 1.
- **Zone 2** corresponds to the SCAQMD's Source/Receptor Areas 2 through 12, 16 through 23, and 32 through 35, excluding the Zone 1 Central City Area.
- Zone 3 corresponds to the SCAQMD's Source/Receptor Areas 13, 15, 24 through 31, and 36 through 38.





BOARD MEETING DATE: February 5, 2016

### AGENDA NO. 10

TITLE: Issue RFP for Deferred Compensation Plan Consultant Services

SYNOPSIS: SCAQMD sponsors a 457 Deferred Compensation Plan for its employees. State law governs the fiduciary requirement for the operation and investment of 457 plans sponsored by governmental entities. This action is to issue an RFP for consultant services focused on assisting staff in maintaining the Deferred Compensation Plan Committee Charter and Investment Policy Statements providing analysis of plan assets and investment options and administrative support. These consultant services will be funded by fees paid by plan participants that are returned through an agreement with the Deferred Compensation Plan record-keeper, MassMutual, and will result in no cost to SCAQMD.

COMMITTEE Administrative, January 15, 2016; Recommended for Approval

### **RECOMMENDED ACTION:**

Approve the release of attached RFP #P2016-16 to solicit proposals for Deferred Compensation Plan Consultant Services.

Barry R. Wallerstein, D.Env. Executive Officer

WJJ:BR:tc

### Background

SCAQMD sponsors and administers a 457 Deferred Compensation Program for its employees (in reference to Section 457 of the Internal Revenue Code). State law governs the fiduciary requirement for the operation and investment of 457 plans sponsored by governmental entities. Subsections (a), (b) and (c) of Article XVI, Section 17, of the California Constitution contain the provisions governing the fiduciary duties for the administration of public pension and retirement systems. Since 457 plans are deferred compensation plans for state and local governments, a 457 plan satisfies the definition of public pension and retirement funds for purposes of the California Constitution. To meet its fiduciary responsibilities, the Board, at the time it established SCAQMD's 457 Plan also established a Deferred Compensation Plan Committee to oversee the administration of the Plan. The current committee is composed of the General Counsel, Chief Financial Officer, Assistant Deputy Executive Officer/Administrative and Human Resources, and a Human Resources Manager.

### **Request for Proposals**

This action is to issue an RFP for consultant services focused on discharging this agency's fiduciary responsibilities, which includes maintaining the Deferred Compensation Plan Committee Charter and Investment Policy Statements; and in providing ongoing analysis of plan assets and investment options and administrative support.

### **Bid Evaluation**

The contractor will be selected through an open bid process according to SCAQMD's Consultant Selection Policy and Proposals. It is anticipated that a single award will be made from this solicitation.

### Outreach

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

Additionally, potential bidders may be notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP will be emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (http://www.aqmd.gov) where it can be viewed by making the selection "Grants & Bids."

### **Benefits to SCAQMD**

The proposed consultant services will assist SCAQMD in optimizing its 457 program bringing it up to date with current fiduciary and administrative practices, and ensuring regulatory compliance.

### **Resource Impacts**

These consultant services will be funded on a cost reimbursement basis by the 457 plan record-keeper, MassMutual, as provided for under the Internal Revenue Code.

### Attachment

RFP #P2016-16 - Deferred Compensation Plan Consultant Services

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT



### **REQUEST FOR PROPOSALS**

#### DEFERRED COMPENSATION PLAN CONSULTANT SERVICES

#### #P2016-16

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

### <u>PURPOSE</u>

The purpose of this Request for Proposals (RFP) is to solicit qualified firms to represent and advise SCAQMD on the administration of its 457 Deferred Compensation program. Consultant will provide advice regarding plan compliance with applicable federal and State laws; analysis and recommendations regarding investment plan performance, participant cost and plan/investment management; and administrative support to the Deferred Compensation Committee.

Funding for this RFP will be from moneys set aside and held by the 457 plan vendor in a separate trust account established to pay for SCAQMD's ongoing qualified expenses to administer its 457 plan. The term of the contract will be three years, beginning approximately June 2016.

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

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

Attachment A - Participation in the Procurement Process Attachment B - Certifications and Representations

### SECTION I: BACKGROUND/INFORMATION

SCAQMD is a regional air quality regulatory agency with jurisdiction in a four-county area of Southern California, including metropolitan Los Angeles. SCAQMD's major areas of activities include developing rules and regulations to reduce air pollution, monitoring and analyzing air quality data from stations throughout the region, reviewing permits to construct and operate for facilities which emit air pollution, and inspecting commercial and industrial facilities for compliance with SCAQMD, state, and federal rules and regulations.

SCAQMD employs approximately 800 scientific, technical, and administrative support staff, and has a budget of \$137 million for Fiscal Year 2015-16. SCAQMD offers its employees a 457 Deferred Compensation program, which currently has 828 participants and assets of approximately \$136 million. Plan assets are currently administered by MassMutual Financial Group and deferred compensation plan consulting services are provided by Benefit Funding Services Group.

### SECTION II: <u>CONTACT PERSON:</u>

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

Bill Richards, Human Resources Manager SCAQMD - Administrative and Human Resources 21865 Copley Drive Diamond Bar, CA 91765-4178 (909) 396-3326

### SECTION III: SCHEDULE OF EVENTS

Date	Event
February 5, 2016	RFP Released
March 8, 2016	Proposals Due to SCAQMD - No Later Than 5:00 pm
March 9-10, 2016	Proposal Evaluations
April 8, 2016	Administrative Committee Approval
May 6, 2016	Governing Board Approval
June 2016	Anticipated Contract Execution

### SECTION IV: PARTICIPATION IN THE PROCUREMENT PROCESS

It is the policy of SCAQMD to ensure that all businesses including minority business enterprises, women business enterprises, disabled veteran business enterprises and small businesses have a fair and equitable opportunity to compete for and participate in SCAQMD contracts. Attachment A to this RFP contains definitions and further information.

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

#### Statement of Work

Under the direction of the Assistant Deputy Executive Officer of Administrative and Human Resources and the Deferred Compensation Plan Committee, the Consultant will provide advice regarding plan compliance with applicable federal and State laws; analysis and recommendations regarding investment plan performance, participant cost and plan/investment management; and administrative support to the Deferred Compensation Plan Committee. Such services may include, but is not necessarily limited to the following:

- 1. Preparation and presentation of the quarterly investment review
- 2. Preparation and presentation of the annual plan report to SCAQMD's Governing Board
- 3. Charter and policy monitoring and updates
- 4. Analysis and recommendations regarding investment options
- 5. Administrative support to quarterly investment review meetings
- 6. Documentation and records retention of all Committee meetings and decisions.

### SECTION VI: <u>REQUIRED QUALIFICATIONS</u>

- A. Persons or firms proposing to bid on this proposal must be qualified and experienced in providing deferred compensation plan consulting services and demonstrate the following qualifications:
  - 1. Thorough knowledge of and experience with all fiduciary and legal requirements governing the operation and investment of 457 plans sponsored by governmental entities.
  - 2. Recent experience in drafting and/or updating Deferred Compensation Plan Committee Charters and Investment Policy Statements.
  - 3. Experience in investment consulting.
  - 4. Status as an independent firm qualified to do business within the State of California.
- B. Proposer must submit the following:
  - 1. Resumes or similar statement of qualifications of person or persons who may be designated to work on this engagement.
  - 2. List of representative clients who may be contacted for references.

3. Summary of proposer's general qualifications to meet required qualifications and fulfill statement of work, including additional Firm personnel and resources beyond those designated on this engagement.

### SECTION VII: PROPOSAL SUBMITTAL REQUIREMENTS

Submitted proposals must follow the format outlined below and all requested information must be supplied. Failure to submit proposals in the required format will result in elimination from proposal evaluation. SCAQMD may modify the RFP or issue supplementary information or guidelines during the proposal preparation period prior to the due date. Please check our website for updates (<u>http://www.aqmd.gov/grants-bids</u>). The cost for developing the proposal is the responsibility of the Contractor, and shall not be chargeable to SCAQMD.

Each proposal must be submitted in three separate volumes:

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

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

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

A separate Table of Contents should be provided for Volumes I and II.

#### VOLUME I - TECHNICAL PROPOSAL

#### DO NOT INCLUDE ANY COST INFORMATION IN THE TECHNICAL VOLUME

<u>Summary (Section A)</u> - State overall approach to meeting the objectives and satisfying the scope of work to be performed, the sequence of activities, and a description of methodology or techniques to be used.

<u>Program Schedule (Section B)</u> - Provide projected milestones or benchmarks for completing the project (to include reports) within the total time allowed.

<u>Project Organization (Section C)</u> - Describe the proposed management structure, program monitoring procedures, and organization of the proposed team. Provide a statement detailing your approach to the project, specifically address the Firm's ability and willingness to commit and maintain staffing to successfully complete the project on the proposed schedule.

<u>Qualifications (Section D)</u> - Describe the technical capabilities of the Firm. Provide references of other similar studies or projects performed during the last five years demonstrating ability to successfully complete the work. Include contact name, title, and telephone number for any

references listed. Provide a statement of your Firm's background and related experience in performing similar services for other governmental organizations.

<u>Assigned Personnel (Section E)</u> - Provide the following information about the staff to be assigned to this project:

- 1. List all key personnel assigned to the project by level, name and location. Provide a resume or similar statement describing the background, qualifications and experience of the lead person and all persons assigned to the project. Substitution of project manager or lead personnel will not be permitted without prior written approval of SCAQMD.
- 2. Provide a spreadsheet of the labor hours proposed for each labor category at the task level.
- 3. Provide a statement indicating whether or not 90% of the work will be performed within the geographical boundaries of SCAQMD.
- 4. Provide a statement of education and training programs provided to, or required of, the staff identified for participation in the project, particularly with reference to management consulting, governmental practices and procedures, and technical matters.
- 5. Provide a summary of your Firm's general qualifications to meet required qualifications and fulfill statement of work, including additional Firm personnel and resources beyond those who may be assigned to the project.

<u>Subcontractors (Section F)</u> - This project may require expertise in multiple technical areas. List any subcontractors that will be used, identifying functions to be performed by them, their related qualifications and experience and the total number of hours or percentage of time they will spend on the project.

<u>Conflict of Interest (Section G)</u> - Address possible conflicts of interest with other clients affected by actions performed by the Firm on behalf of SCAQMD. SCAQMD recognizes that prospective Contractors may be performing similar projects for other clients. Include a complete list of such clients for the past three (3) years with the type of work performed and the total number of years performing such tasks for each client. Although the Proposer will not be automatically disqualified by reason of work performed for such clients, SCAQMD reserves the right to consider the nature and extent of such work in evaluating the proposal.

<u>Additional Data (Section H)</u> - Provide other essential data that may assist in the evaluation of this proposal.

### VOLUME II - COST PROPOSAL

<u>Name and Address</u> - The Cost Proposal must list the name and complete address of the Proposer in the upper left-hand corner.

<u>Cost Proposal</u> – SCAQMD anticipates awarding a fixed price contract. Cost information must be provided as listed below:

- 1. Detail must be provided by the following categories:
  - A. <u>Labor</u> The Cost Proposal must list the fully-burdened hourly rates and the total number of hours estimated for each level of professional and administrative staff to be used to perform the tasks required by this RFP. Costs should be estimated for each of the components of the work plan.

- B. <u>Subcontractor Costs</u> List subcontractor costs and identify subcontractors by name. Itemize subcontractor charges per hour or per day.
- C. <u>Travel Costs</u> Indicate amount of travel cost and basis of estimate to include trip destination, purpose of trip, length of trip, airline fare or mileage expense, per diem costs, lodging and car rental.
- D. <u>Other Direct Costs</u> -This category may include such items as postage and mailing expense, printing and reproduction costs, etc. Provide a basis of estimate for these costs.
- 2. It is the policy of SCAQMD to receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services. SCAQMD will give preference, where appropriate, to vendors who certify that they will provide "most favored customer" status to SCAQMD. To receive preference points, Proposer shall certify that SCAQMD is receiving "most favored customer" pricing in the Business Status Certifications page of Volume III, Attachment B Certifications and Representations.

### **VOLUME III - CERTIFICATIONS AND REPRESENTATIONS** (see Attachment B to this RFP)

#### SECTION VIII: PROPOSAL SUBMISSION

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

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

# Due Date - All proposals are due no later than 5:00 p.m., March 8, 2016, and should be directed to:

Procurement Unit South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765-4178 (909) 396-3520

<u>Submittal</u> - Submit four (4) complete copies of the proposal in a sealed envelope, plainly marked in the upper left-hand corner with the name and address of the Proposer and the words "Request for Proposals #P2016-16."

#### Late bids/proposals will not be accepted under any circumstances.

<u>Grounds for Rejection</u> - A proposal may be immediately rejected if:

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

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

### SECTION IX: PROPOSAL EVALUATION/CONTRACTOR SELECTION CRITERIA

- A. Proposals will be evaluated by a panel of three to five SCAQMD staff members familiar with the subject matter of the project. The panel shall be appointed by the Executive Officer or his designee. In addition, the evaluation panel may include such outside public sector or academic community expertise as deemed desirable by the Executive Officer. The panel will make a recommendation to the Executive Officer and/or the Governing Board of SCAQMD for final selection of a contractor and negotiation of a contract.
- B. Each member of the evaluation panel shall be accorded equal weight in his or her rating of proposals. The evaluation panel members shall evaluate the proposals according to the specified criteria and numerical weightings set forth below.
  - 1. <u>Proposal Evaluation Criteria</u>

Understanding the Scope of Work	30
Demonstrated Technical Expertise	20
Previous Experience on Similar Projects	20
Cost	<u>30</u>
TOTAL	100

#### Additional Points

Small Business or Small Business Joint Venture	10
DVBE or DVBE Joint Venture	10
Use of DVBE or Small Business Subcontractors	7
Low-Emission Vehicle Business	5
Local Business (Non-Federally Funded Projects Only)	5
Off-Peak Hours Delivery Business	2
Most Favored Customer	2

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

#### Self-Certification for Additional Points

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

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

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

- 3. For procurement of Research and Development (R & D) projects or projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, technical factors including past experience shall be weighted at 70 points and cost shall be weighted at 30 points. A proposal must receive at least 56 out of 70 points on R & D projects and projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, in order to be deemed qualified for award.
- 4. The lowest cost proposal will be awarded the maximum cost points available and all other cost proposals will receive points on a prorated basis. For example if the lowest cost proposal is \$1,000 and the maximum points available are 30 points, this proposal would receive the full 30 points. If the next lowest cost proposal is \$1,100 it would receive 27 points reflecting the fact that it is 10% higher than the lowest cost (90% of 30 points = 27 points).

- C. During the selection process the evaluation panel may wish to interview some proposers for clarification purposes only. No new material will be permitted at this time. Additional information provided during the bid review process is limited to clarification by the Proposer of information presented in his/her proposal, upon request by SCAQMD.
- D. The Executive Officer or Governing Board may award the contract to a Proposer other than the Proposer receiving the highest rating in the event the Governing Board determines that another Proposer from among those technically qualified would provide the best value to SCAQMD considering cost and technical factors. The determination shall be based solely on the Evaluation Criteria contained in the RFP, on evidence provided in the proposal and on any other evidence provided during the bid review process.
- E. Selection will be made based on the above-described criteria and rating factors. The selection will be made by and is subject to Executive Officer or Governing Board approval. Proposers may be notified of the results by letter.
- F. The Governing Board has approved a Bid Protest Procedure which provides a process for a Bidder or prospective Bidder to submit a written protest to SCAQMD Procurement Manager in recognition of two types of protests: Protest Regarding Solicitation and Protest Regarding Award of a Contract. Copies of the Bid Protest Policy can be secured through a request to SCAQMD Procurement Department.
- G. The Executive Officer or Governing Board may award contracts to more than one proposer if in (his or their) sole judgment the purposes of the (contract or award) would best be served by selecting multiple proposers.
- H. If additional funds become available, the Executive Officer or Governing Board may increase the amount awarded. The Executive Officer or Governing Board may also select additional proposers for a grant or contract if additional funds become available.
- <u>Disposition of Proposals</u> Pursuant to SCAQMD's Procurement Policy and Procedure, SCAQMD reserves the right to reject any or all proposals. All proposals become the property of SCAQMD, and are subject to the California Public Records Act. One copy of the proposal shall be retained for SCAQMD files. Additional copies and materials will be returned only if requested and at the proposer's expense.

## SECTION X: <u>SAMPLE CONTRACT</u>

A sample contract to carry out the work described in this RFP is available on SCAQMD's website at <u>http://www.aqmd.gov/grants-bids</u> or upon request from the RFP Contact Person (Section II).

### PARTICIPATION IN THE PROCUREMENT PROCESS

- A. It is the policy of SCAQMD to ensure that all businesses including minority business enterprises, women business enterprises, disabled veteran business enterprises and small businesses have a fair and equitable opportunity to compete for and participate in SCAQMD contracts.
- B. Definitions:

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

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

## PARTICIPATION IN THE PROCUREMENT PROCESS

- c. is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.
- 4. "Local business" as used in this policy means a company that has an ongoing business within geographical boundaries of SCAQMD at the time of bid or proposal submittal and performs 90% of the work related to the contract within the geographical boundaries of SCAQMD and satisfies the requirements of subparagraph H below.
- 5. "Small business" as used in this policy means a business that meets the following criteria:
  - a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
    - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
    - A manufacturer with 100 or fewer employees.
  - b. Manufacturer means a business that is both of the following:
    - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
    - Classified between Codes 311000 and 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.
- 6. "Joint ventures" as defined in this policy pertaining to certification means that one party to the joint venture is a DVBE or small business and owns at least 51 percent of the joint venture.
- "Low-Emission Vehicle Business" as used in this policy means a company or contractor that uses low-emission vehicles in conducting deliveries to SCAQMD. Low-emission vehicles include vehicles powered by electric, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), ethanol, methanol, hydrogen and diesel retrofitted with particulate matter (PM) traps.
- 8. "Off-Peak Hours Delivery Business" as used in this policy means a company or contractor that commits to conducting deliveries to SCAQMD during off-peak traffic hours defined as between 10:00 a.m. and 3:00 p.m.
- 9. "Benefits Incentive Business" as used in this policy means a company or contractor that provides janitorial, security guard or landscaping services to SCAQMD and commits to

## PARTICIPATION IN THE PROCUREMENT PROCESS

providing employee health benefits (as defined below in Section VIII.D.2.d) for full time workers with affordable deductible and co-payment terms.

- 10. "Minority Business Enterprise" as used in this policy means a business that is at least 51 percent owned by one or more minority person(s), or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more or minority persons.
  - a. a business whose management and daily business operations are controlled by one or more minority persons.
  - b. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
  - c. "Minority person" for purposes of this policy, means a Black American, Hispanic American, Native-American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian (including a person whose origins are from India, Pakistan, and Bangladesh), Asian-Pacific-American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan).
- 11. "Most Favored Customer" as used in this policy means that SCAQMD will receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services.
- 12."Disadvantaged Business Enterprise" as used in this policy means a business that is an entity owned and/or controlled by a socially and economically disadvantaged individual(s) as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d)(8% statute), respectively;
  - a Small Business Enterprise (SBE);
  - a Small Business in a Rural Area (SBRA);
  - a Labor Surplus Area Firm (LSAF); or

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

C. Under Request for Quotations (RFQ), DVBEs, DVBE business joint ventures, small businesses, and small business joint ventures shall be granted a preference in an amount equal to 5% of the lowest cost responsive bid. Low-Emission Vehicle Businesses shall be granted a preference in an amount equal to 5 percent of the lowest cost responsive bid. Off-Peak Hours Delivery Businesses shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid. Local businesses (if the procurement is not funded in whole or in part by federal grant funds) shall be granted a preference in an amount equal to 2% of the lowest cost responsive bid. Businesses offering Most Favored Customer

### PARTICIPATION IN THE PROCUREMENT PROCESS

status shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid.

- D. Under Request for Proposals, DVBEs, DVBE joint ventures, small businesses, and small business joint ventures shall be awarded ten (10) points in the evaluation process. A non-DVBE or large business shall receive seven (7) points for subcontracting at least twenty-five (25%) of the total contract value to a DVBE and/or small business. Low-Emission Vehicle Businesses shall be awarded five (5) points in the evaluation process. On procurements which are not funded in whole or in part by federal grant funds local businesses shall receive five (5) points. Off-Peak Hours Delivery Businesses shall be awarded two (2) points in the evaluation process.
- E. SCAQMD will ensure that discrimination in the award and performance of contracts does not occur on the basis of race, color, sex, national origin, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint in the performance of SCAQMD contractual obligations.
- F. SCAQMD requires Contractor to be in compliance with all state and federal laws and regulations with respect to its employees throughout the term of any awarded contract, including state minimum wage laws and OSHA requirements.
- G. When contracts are funded in whole or in part by federal funds, and if subcontracts are to be let, the Contractor must comply with the following, evidencing a good faith effort to solicit disadvantaged businesses. Contractor shall submit a certification signed by an authorized official affirming its status as a MBE or WBE, as applicable, at the time of contract execution. SCAQMD reserves the right to request documentation demonstrating compliance with the following good faith efforts prior to contract execution.
  - 1. Ensure Disadvantaged Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
  - 2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
  - 3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and Local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
  - 4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.

## PARTICIPATION IN THE PROCUREMENT PROCESS

- 5. Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
- 6. If the prime contractor awards subcontracts, require the prime contractor to take the above steps.
- H. To the extent that any conflict exists between this policy and any requirements imposed by federal and state law relating to participation in a contract by a certified MBE/WBE/DVBE as a condition of receipt of federal or state funds, the federal or state requirements shall prevail.
- I. When contracts are not funded in whole or in part by federal grant funds, a local business preference will be awarded. For such contracts that involve the purchase of commercial off-the-shelf products, local business preference will be given to suppliers or distributors of commercial off-the-shelf products who maintain an ongoing business within the geographical boundaries of SCAQMD. However, if the subject matter of the RFP or RFQ calls for the fabrication or manufacture of custom products, only companies performing 90% of the manufacturing or fabrication effort within the geographical boundaries of SCAQMD shall be entitled to the local business preference.
- J. In compliance with federal fair share requirements set forth in 40 CFR Part 33, SCAQMD shall establish a fair share goal annually for expenditures with federal funds covered by its procurement policy.

## **CERTIFICATIONS AND REPRESENTATIONS**



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178 (909) 396-2000 • <u>www.aqmd.gov</u>

## **Business Information Request**

Dear SCAQMD Contractor/Supplier:

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

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

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

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

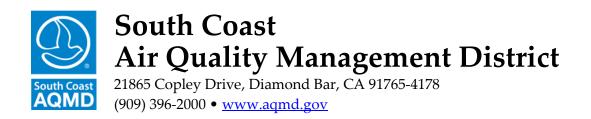
Sincerely,

Michael B. O'Kelly Chief Financial Officer

DH:tm

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

REV 9/15



## **BUSINESS INFORMATION REQUEST**

Business Name	
Division of	
Subsidiary of	
Website Address	
Type of Business <i>Check One:</i>	<ul> <li>Individual</li> <li>DBA, Name, County Filed in</li> <li>Corporation, ID No</li> <li>LLC/LLP, ID No</li> <li>Other</li> </ul>

### **REMITTING ADDRESS INFORMATION**

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

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

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

### **BUSINESS STATUS CERTIFICATIONS**

Federal guidance for utilization of disadvantaged business enterprises allows a vendor to be deemed a small business enterprise (SBE),

minority business enterprise (MBE) or women business enterprise (WBE) if it meets the criteria below.

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

#### Statements of certification:

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

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

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

Check all that apply:	
<ul> <li>Small Business Enterprise/Small Business Joint Venture</li> <li>Local business</li> <li>Minority-owned Business Enterprise</li> </ul>	<ul> <li>Women-owned Business Enterprise</li> <li>Disabled Veteran-owned Business Enterprise/DVBE Joint Venture</li> <li>Most Favored Customer Pricing Certification</li> </ul>
Percent of ownership:%	
Name of Qualifying Owner(s):	

# State of California Public Works Contractor Registration No. \_\_\_\_\_\_. MUST BE INCLUDED IF BID PROPOSAL IS FOR PUBLIC WORKS PROJECT.

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

NAME

TITLE

TELEPHONE NUMBER

DATE

### **Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Most Favored Customer** as used in this policy means that the SCAQMD will receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services.

page 2.	2 Business name/disregarded entity name, if different from above		
Print or type Specific Instructions on pa	Check appropriate box for federal tax classification; check only one of the following seven boxes:     Individual/sole proprietor or		Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) Exemption from FATCA reporting code (if any) (Applies to accounts maintained outside the U.S.)
pecific	5 Address (number, street, and apt. or suite no.)	Requester's name :	and address (optional)
See	6 City, state, and ZIP code		
	7 List account number(s) here (optional)		
Par	t I Taxpayer Identification Number (TIN)		
backu reside entitie	your TIN in the appropriate box. The TIN provided must match the name given on line 1 to av up withholding. For individuals, this is generally your social security number (SSN). However, f ent alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other es, it is your employer identification number (EIN). If you do not have a number, see <i>How to ge</i> n page 3.	ora	
guidel	If the account is in more than one name, see the instructions for line 1 and the chart on page lines on whose number to enter.	4 for Employer	-
Par	Certification		

Under penalties of perjury, I certify that:

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

3. I am a U.S. citizen or other U.S. person (defined below); and

4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of
liele	U.S. person 🕨

### **General Instructions**

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

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

#### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- · Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- · Form 1099-K (merchant card and third party network transactions)

Date 🕨

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- · Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
- If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.
- By signing the filled-out form, you:
- 1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- 2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

 Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See What is FATCA reporting? on page 2 for further information. Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

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

An individual who is a U.S. citizen or U.S. resident alien;

 A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;

· An estate (other than a foreign estate); or

A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

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

 In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;

 In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and

 In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

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

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

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

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

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

#### Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

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

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

1. You do not furnish your TIN to the requester,

 You do not certify your TIN when required (see the Part II instructions on page 3 for details), 3. The IRS tells the requester that you furnished an incorrect TIN,

 The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

 You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See Exempt payee code on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see Special rules for partnerships above.

#### What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See Exemption from FATCA reporting code on page 3 and the Instructions for the Requester of Form W-9 for more information.

#### Updating Your Information

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

#### Penalties

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

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

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

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

#### Specific Instructions

#### Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. Individual. Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note. ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. Sole proprietor or single-member LLC. Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation. Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. Other entities. Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the entity is also complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

#### Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

#### Line 3

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

Limited Liability Company (LLC). If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

#### Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

#### Exempt payee code

 Generally, individuals (including sole proprietors) are not exempt from backup withholding.

 Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.

 Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

 Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2-The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5-A corporation

6-A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8-A real estate investment trust

9-An entity registered at all times during the tax year under the Investment Company Act of 1940

10-A common trust fund operated by a bank under section 584(a)

11-A financial institution

12-A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947 The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for	THEN the payment is exempt for
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 5 <sup>2</sup>
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

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

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B-The United States or any of its agencies or instrumentalities

C-A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E-A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G-A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I-A common trust fund as defined in section 584(a)

J-A bank as defined in section 581

K\_A broker

L-A trust exempt from tax under section 664 or described in section 4947(a)(1) M-A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note. You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

#### Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

#### Line 6

Enter your city, state, and ZIP code.

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

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

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

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

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

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at *www.ssa.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an TIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-82-93676).

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

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

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

#### Part II. Certification

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

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see Exempt payee code earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

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

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

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

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

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

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

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

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

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

Circle the minor's name and furnish the minor's 55N.

- <sup>3</sup>You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.
- <sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see Special rules for partnerships on page 2.

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

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

#### Secure Your Tax Records from Identity Theft

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

To reduce your risk:

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

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

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

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

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

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

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

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

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

#### Privacy Act Notice

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

#### 2015 Withholding Exemption Certificate

The payee completes this form and submits it to t	he withholding agent.		
Withholding Agent (Type or print)			
Name			
Payee	<u> </u>		
Name		Ľ	SSN or ITIN 🗆 FEIN 💷 CA Corp no. 🗆 CA SOS file no.
Address (apt./ste., room, PO Box, or PMB no.)			
City (If you have a foreign address, see instructions.)			State ZIP Code

#### Exemption Reason

Check only one reason box below that applies to the payee.

By checking the appropriate box below, the Payee certifies the reason for the exemption from the California income tax withholding requirements on payment(s) made to the entity or individual.

#### Individuals — Certification of Residency:

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

#### Corporations:

The corporation has a permanent place of business in California at the address shown above or is gualified through the California Secretary of State (SOS) to do business in California. The corporation will file a California tax return. If this corporation ceases to have a permanent place of business in California or ceases to do any of the above, I will promptly notify the withholding agent. See instructions for General Information D, Definitions.

#### Partnerships or Limited Liability Companies (LLCs):

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

#### Tax-Exempt Entities:

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

#### □ Insurance Companies, Individual Retirement Arrangements (IRAs), or Qualified Pension/Profit Sharing Plans: The entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

#### California Trusts:

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

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

I am the executor of the above-named person's estate or trust. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return.

#### □ Nonmilitary Spouse of a Military Servicemember:

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

#### CERTIFICATE OF PAYEE: Payee must complete and sign below.

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

Payee's name and title (type or print)	Telephone (	)	

Payee's signature 🕨

For Privacy Notice, get FTB 1131 ENG/SP.

7061153

Form 590 c2 2014

Date

## 2015 Instructions for Form 590

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

#### **General Information**

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

#### A Purpose

Use Form 590, Withholding Exemption Certificate, to certify an exemption from nonresident withholding.

Form 590 does not apply to payments of backup withholding. For information on California backup withholding, go to **ftb.ca.gov** and search for **backup withholding**.

Form 590 does not apply to payments for wages to employees. Wage withholding is administered by the California Employment Development Department (EDD). For more information, go to edd.ca.gov or call 888.745.3886.

Do not use Form 590 to certify an exemption from withholding if you are a Seller of California real estate. Sellers of California real estate use Form 593-C, Real Estate Withholding Certificate, to claim an exemption from real estate withholding.

#### The following are excluded from withholding and completing this form:

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

#### B Income Subject to Withholding

California Revenue and Taxation Code (R&TC) Section 18662 requires withholding of income or franchise tax on payments of California source income made to nonresidents of California.

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

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

- Payments to nonresidents for royalties from activities sourced to California.
- Distributions of California source income to nonresident beneficiaries from an estate or trust.
- Endorsement payments received for services performed in California.
- Prizes and winnings received by nonresidents for contests in California.

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

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

#### **C** Who Certifies this Form

Form 590 is certified by the payee. California residents or entities exempt from the withholding requirement should complete Form 590 and submit it to the withholding agent before payment is made. The withholding agent is then relieved of the withholding requirements if the agent relies in good faith on a completed and signed Form 590 unless notified by the Franchise Tax Board (FTB) that the form should not be relied upon.

An incomplete certificate is invalid and the withholding agent should not accept it. If the withholding agent receives an incomplete certificate, the withholding agent is required to withhold tax on payments made to the payee until a valid certificate is received. In lieu of a completed certificate on the preprinted form, the withholding agent may accept as a substitute certificate a letter from the payee explaining why the payee is not subject to withholding. The letter must contain all the information required on the certificate in similar language, including the under penalty of perjury statement and the payee's taxpayer identification number. The withholding agent must retain a copy of the certificate or substitute for at least four years after the last payment to which the certificate applies, and provide it upon request to the FTB.

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

The grantor of a grantor trust shall be treated as the payee for withholding purposes. Therefore, if the payee is a grantor trust and one or more of the grantors is a nonresident, withholding is required. If all of the grantors on the trust are residents, no withholding is required. Resident grantors can check the box on Form 590 labeled "Individuals — Certification of Residency."

#### D Definitions

For California non-wage withholding purposes, nonresident includes all of the following:

- · Individuals who are not residents of
- California. • Corporations not qualified through the California Secretary of State (CA SOS) to do business in California or having no permanent place of business in California.
- Partnerships or limited liability companies (LLCs) with no permanent place of business in California.
- Any trust without a resident grantor, beneficiary, or trustee, or estates where the decedent was not a California resident.

#### Foreign refers to non-U.S.

For more information about determining resident status, get FTB Pub. 1031, Guidelines for Determining Resident Status. Military servicemembers have special rules for residency. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

#### Permanent Place of Business:

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

#### E Military Spouse Residency Relief Act (MSRRA)

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

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

Domicile is defined as the one place:

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

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

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

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

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

#### Specific Instructions

#### **Payee Instructions**

Enter the withholding agent's name.

Enter the payee's information, including the taxpayer identification number (TIN) and check the appropriate TIN box.

You must provide an acceptable TIN as requested on this form. The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp no.); or CA SOS file number.

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

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

Check the box that reflects the reason why the payee is exempt from the California income tax withholding requirement.

#### Withholding Agent Instructions

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

For more information, contact Withholding Services and Compliance, see Additional Information

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

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

If any of these situations occur, then withholding may be required. For more information, get Form 592, Resident and Nonresident Withholding Statement, Form 592-B, Resident and Nonresident Withholding Tax Statement, and Form 592-V, Payment Voucher for Resident and Nonresident Withholding.

#### Additional Information

For additional information or to speak to a representative regarding this form, call the Withholding Services and Compliance telephone service at:

Telephone: 888.792.4900 916.845.4900 916.845.9512 Fax:

OR write to: WITHHOLDING SERVICES AND **COMPLIANCE MS F182** FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0651

You can download, view, and print California tax forms and publications at ftb.ca.gov.

OR to get forms by mail write to:

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

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

information below Internet and Telephone Assistance

#### Wohoito: fth ea a

websile.	itu.ca.yov
Telephone:	800.852.5711 from within the
	United States
	916.845.6500 from outside the
	United States
TTY/TDD:	800.822.6268 for persons with

hearing or speech impairments Asistencia Por Internet y Teléfono

- Sitio web: **ftb.ca.gov** Teléfono: 800.852.5711 dentro de los Estados Unidos 916.845.6500 fuera de los Estados Unidos
- 800.822.6268 para personas con TTY/TDD: discapacidades auditivas o del habla

Page 2 Form 590 Instructions 2014



## CAMPAIGN CONTRIBUTIONS DISCLOSURE

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

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

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

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

### <u>SECTION I.</u>

### Contractor (Legal Name):

DBA, Name\_\_\_\_\_, County Filed in\_\_\_\_\_

Corporation, ID No.\_\_\_\_\_

LLC/LLP, ID No.

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

### SECTION II.

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

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

### Campaign Contributions Disclosure, continued:

Name of	Contributor		
Gover	rning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
Name of	Contributor		
Gover	rning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
	2		
Name of (	Contributor		
Gover	rning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
Name of	Contributor		
Gover	rning Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution
		-	
	DEFINIT	IONS	
	Parent, Subsidiary, or Otherwise Related Business	Entity (2 Cal. Code of Regs., §187	/03.1(d).)
	nt subsidiary. A parent subsidiary relationship exists whe e than 50 percent of the voting power of another corpora		ctly owns shares possessing
orga	erwise related business entity. Business entities, includ nizations and enterprises operated for profit, which do no one of the following three tests is met:		
(A)	One business entity has a controlling ownership inter	-	
(B)	There is shared management and control between the and control, consideration should be given to the following		here is shared management
	<ul> <li>(i) The same person or substantially the same perso</li> <li>(ii) There are common or commingled funds or asse</li> <li>(iii) The business entities share the use of the same o personnel on a regular basis;</li> </ul>	ts;	
(C)	(iv) There is otherwise a regular and close working r A controlling owner (50% or greater interest as a share owner in the other entity.		



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178 (909) 396-2000 • <u>www.aqmd.gov</u>

### **Direct Deposit Authorization**

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

- Individual (Employee, Governing Board Member)
- Vendor/Contractor
- Changed Information

New RequestCancel Direct Deposit

### STEP 2: Payee Information

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

#### Authorization

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

### <u>STEP 3</u>:

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

			protoa ny jean zanit			
ە	Name of Bank/Institution					
Hero						
×	Account Holder Name(s)					
Staple Voided Check Here						
D pe		Account Number	Routing Number			
oide	Saving Checking					
e <	Bank Representative Printed Name		Bank Representative Signature		Date	
tapl						
Ś					Date	
	ACCOUNT HOLDER SIG	NATURE:				

### To be Completed by your Bank

Back to Agenda

### BOARD MEETING DATE: February 5, 2016

AGENDA NO. 11

- PROPOSAL: Amend Contracts to Provide Short- and Long-Term Systems Development, Maintenance and Support Services
- SYNOPSIS: SCAQMD currently has contracts with several companies for short- and long-term systems development, maintenance and support services. These contracts are periodically amended to add budgeted funds as additional needs are defined. This action is to amend the contracts approved by the Board to add additional funding of \$571,050 for needed development and maintenance work.

COMMITTEE: Administrative, January 15, 2016; Recommended for Approval

## **RECOMMENDED ACTIONS:**

- Transfer \$194,050 from Information Management's FY 2015-16 Budget, Services and Supplies, Professional and Specialized Services account to Information Management's FY 2015-16, Capital Outlays Major Object, Computer Software Account.
- 2. Authorize the Executive Officer to execute amendments to the contracts for systems development services in the amount of \$42,500 to AgreeYa Solutions, \$285,000 to Sierra Cybernetics, and \$243,550 to Varsun eTechnologies from the FY 2015-16 budget for the specific task orders listed in the Attachment.

Barry R. Wallerstein, D.Env. Executive Officer

JCM:OSM:mc

## Background

At the October 3, 2014 meeting, the Board authorized staff to initiate level-of-effort contracts with several vendors for systems development, maintenance and support services. At the time these contracts were executed, it was expected that they would be modified in the future to add funding from approved budgets as system development requirements were identified and sufficiently defined so that task orders could be prepared.

The contracts are Basic Ordering Agreements: Individual task orders are issued on both a competitive and sole-source basis (depending on the size and complexity of the systems), after review of prior successful experience of the company and associated administrative costs of the bid process relative to the costs associated with the work effort.

System development and maintenance efforts are currently needed (see Attachment) to enhance system functionality and to provide SCAQMD staff with additional automation for improving productivity. The estimated cost to complete the work on these additional tasks exceeds the amount of funding in the existing contracts.

The current contracts are for one year with the option to renew for two one-year periods. Renewal of these contracts is contingent upon performance, competitiveness, percent of tasks bid and overall customer satisfaction. This item is listed on the "Status Report on Major Projects for Information Management."

## Proposal

Staff proposes the contracts be amended to add additional funding of \$571,050 in the amount of \$42,500 to AgreeYa Solutions, \$285,000 to Sierra Cybernetics, and \$243,550 to Varsun eTechnologies for the specific task orders listed in the Attachment.

In addition, staff proposes a transfer of \$194,050 from Information Management's FY 2015-16 Professional & Special Services account to Information Management's FY 2015-16 Capital Outlays Major Object to facilitate software development work.

## **Resource Impacts**

Sufficient funding is included in the FY 2015-16 Budget.

### Attachment

Task Order Summary

## Attachment

## Task Order Summary

## Section A – Funding Totals by Contract

CONTRACTOR	PREVIOUS FUNDING	THIS ADDITION	TOTAL FUNDING	
AgreeYa Solutions	\$160,000	\$42,500	\$202,500	
Prelude Systems	\$241,500	\$0	\$241,500	
Sierra Cybernetics	\$492,500	\$285,000	\$777,500	
Varsun eTechnologies	\$605,000	\$243,550	\$848,550	
TOTAL	\$1,499,000	\$571,050	\$2,070,050	

## Section B – Task Orders Scheduled for Award

TASK	DESCRIPTION	ESTIMATE	AWARDED TO
Finance and PeopleSoft System Enhancements	ystem Enhancements Voucher System, SBCERA support, enhanced vacation leave and accrual processes, HSA interface, Residential EV Charger Rebate, e-		Varsun
R1113 Architectural Coatings System Enhancements	benefits self-service module. Enhance the R1113 system to provide user requested enhancements and modification of Product Search to responsive design for viewing by PC, laptop, tablet, mobile, etc.	\$40,650	Varsun
Permit, Enforcement and Finance eGovernment /eCommerce Expansion	Continue expansion and infrastructure development to support web-based portals for Compliance, Permitting, and Finance users.	\$102,000	Varsun
Permitting Systems Enhancements	Enhance/modify Permitting Systems (PAATS, PPS) to support various user requested enhancements.	\$42,500	AgreeYa
Security Portal System Enhancements	Modify the web-core security portal to support electronic identity verification via a third-party service provider.	\$25,000	Sierra
CLASS Systems Maintenance and Database Support	Ongoing maintenance and support for on- demand data extract, business intelligence and public records programming support.	\$85,000	Sierra
Web Application Maintenance and Support	Enhancements and maintenance of SCAQMD's suite of web applications, web services and application program interfaces (APIs).	\$110,000	Sierra
Web Application Design Services	User Interface design services for new and enhanced web applications: Wire frames, mockups and user flows.	\$65,000	Sierra
TOTAL		\$571,050	



BOARD MEETING DATE: February 5, 2016 AGENDA NO. 12

- PROPOSAL: Establish List of Prequalified Vendors to Provide Computer, Network, Printer, Hardware and Software
- SYNOPSIS: On November 6, 2015, the Board approved the release of a Request for Qualifications and Quotations (RFQQ) to prequalify vendors for computer, network, printer, hardware and software. As a result of successful responses to this RFQQ, eight vendors were identified as capable of providing these products. This action is to approve these eight vendors to provide these products for a twoyear period. Funds (\$300,000) for these purchases are included in the FY 2015-16 Budget.

COMMITTEE: Administrative, January 15, 2015; Recommended for Approval

## **RECOMMENDED ACTION:**

Approve list of prequalified vendors in the Attachment for a two-year period to provide computer, network, printer, hardware and software.

Barry R. Wallerstein, D.Env. Executive Officer

JCJM:MH:agg

## Background

On November 6, 2015 SCAQMD released Request for Qualifications and Quotations (RFQQ) #Q2016-02 for computer, network, printer, hardware and software. The purpose of this RFQQ is to invite eligible vendors to submit quotations for seven categories, consisting of: 1) computer equipment (desktop and file server), 2) parts (desktop and file server), 3) software (desktop and network), 4) printers, 5) printer parts, 6) network LAN/WAN equipment, and 7) desktop computer hardware upgrade systems. Vendors may bid on any one, or all, of the categories. The selected vendors resulting from this RFQQ will be used to compile a prequalified vendor list. Purchase orders may be placed with any or all of the vendors on the prequalified vendor list. This prequalified vendor list will be in effect for a period of two years, and will expire on February 7, 2018. Orders for equipment purchased under this RFQQ will be placed with the vendors who are determined to be the most advantageous to the SCAQMD at the time of placing the order. It is expected that product orders will be placed

throughout the duration of the qualification period. Consideration will be given to cost advantage, technical superiority, length of warranty, and services provided.

## Outreach

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

Additionally, potential bidders may have been notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFQQ has been emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD's website (http://www.aqmd.gov).

## **Bid Evaluation**

Sixty-six copies of the RFQQ were mailed out and nine vendors responded when final bidding closed at 1:00 p.m. on December 9, 2015. Of the eight complete responses,\*\* one was a disabled veteran-owned business enterprise; one was a women-owned business enterprise; six were minority-owned business enterprises; five were local business enterprises; and five were small business enterprises. All eight bids met the minimum requirements specified in the RFQQ and are recommended for prequalification in the appropriate categories.

The Attachment lists the eight vendors prequalified to provide computer, network, and printer hardware and software; and desktop computer hardware upgrades.

## **Panel Composition**

The panel consisted of four staff from Information Management: a Systems and Programming Supervisor, two Telecommunication Supervisors and a Telecommunication Technician II. Of the four panelists, three are Asian-Pacific Islanders, and one is Hispanic; all are male.

## **Resource Impacts**

Funds for the purchase of desktop computer hardware upgrade systems are included in the FY 2015-16 Budget.

## Attachment

List of Prequalified Vendors for Computer, Network, Printer, Hardware and Software, and Desktop Computer Hardware Upgrades

<sup>\*</sup> One respondent declined to bid.

### List of Prequalified Vendors for Computer, Network, and Printer Hardware and Software, and Desktop Computer Hardware Upgrades

	Vendor	Cat 1	Cat 2	Cat 3	Cat 4	Cat 5	Cat 6	Cat 7
1	JPK MICRO SUPPLY	Yes						
2	GOLDEN STAR							
	TECHNOLOGY, INC.	Yes						
3	PEACOCK SYSTEMS	Yes						
4	CALIFORNIA							
	INTEGRATED							
	SOLUTIONS, INC.	Yes						
5	BUSINESS SERVICES	Yes						
6	GENESIS COMPUTER							
	SYSTEMS, INC.	Yes						
7	DI TECHNOLOGY							
	GROUP INC.	Yes	Yes	Yes	Yes	Yes	Yes	No
8	ZONES, INC.	Yes						

Categories of Supplies and Services:

- 1. Computer Systems
- 2. Computer Parts
- 3. Computer Software
- 4. Printers
- 5. Printer Parts/Accessories
- 6. Network Equipment
- 7. Desktop Computer Hardware Upgrade Systems



BOARD MEETING DATE: February 5, 2016 AGENDA NO. 13

- PROPOSAL: Approve Charter for SCAQMD's Environmental Justice Community Partnership Advisory Council
- SYNOPSIS:This action is to approve the SCAQMD Environmental Justice<br/>Community Partnership Advisory Council Charter
- COMMITTEE: Administrative, January 15, 2016; Recommended for Approval

## **RECOMMENDED ACTION:**

Approve the Charter for the SCAQMD Environmental Justice Community Partnership Advisory Council that details the formation of the Advisory Council, which will provide advice and input to SCAQMD staff regarding the Environmental Justice Community Partnership program events, including the 2016 Environmental Justice Conference.

Barry R. Wallerstein, D.Env
Executive Officer

## Background

LBS:DJA:MC:dia

The goal of the Environmental Justice Community Partnership (the Partnership) is to both strengthen and build upon SCAQMD's relationships and alliances with community members and organizations to work towards achieving clean air and healthy sustainable communities for everyone. The Partnership will host a series of events and workshops throughout the year to facilitate open dialogue and information sharing on air quality issues between SCAQMD and community members, government officials, government representatives, businesses, and academic institutions. The outreach efforts will include forums, training opportunities, and special presentations to inform and to receive feedback from the participants on air quality, SCAQMD rules and programs, and other related topics.

Discussions at the February 2015 Environmental Justice conference highlighted the need for ongoing dialogue and an external advisory council to ensure that the Partnership initiative remains relevant and represents the diverse communities and concerns throughout the South Coast Air Basin. Those discussions also included recommendations that SCAQMD hold subsequent environmental justice conferences to

continue bringing stakeholders together. All efforts will be designed to facilitate a twoway discussion between SCAQMD and community stakeholders.

In July 2015, the Board authorized the release of RFP #P2016-05 to solicit proposals from qualified individuals and organizations with Public Relations and/or Public Affairs expertise to assist SCAQMD with the planning, development and implementation of the Environmental Justice Community Partnership Initiative.

Among the tasks listed for the consultant selected through the RFP process was the formation, coordination, and regular interaction with the Environmental Justice Community Partnership Advisory Council (Advisory Council). This new advisory group is distinct and different from SCAQMD's long standing Environmental Justice Advisory Group. The existing advisory group provides input on a much broader set of issues and programs, whereas the community partnership's related effort is strictly associated with the Partnership program.

The Advisory Council will assist with the creation and implementation of air quality related events or workshops that best address the needs of environmental justice communities in Los Angeles, Orange, Riverside, and San Bernardino counties. The Advisory Council will also provide SCAQMD with valuable feedback on how to best promote a two-way flow of communication with stakeholders.

## **Charter Proposal**

Pursuant to the terms in the RFP, the charter shall be a detailed document that includes the Partnership's objective, the composition of the Advisory Council membership, the desired qualifications of its membership, and the operational guidelines for the Partnership.

Once SCAQMD's Administrative Committee approves the charter, the contractor shall, in coordination with SCAQMD review and approval, identify, secure and formalize the membership of the Advisory Council as well as schedule and convene its meetings.

The draft charter is attached and meets the requirements outlined in the RFP.

## **Resource Impacts**

There will be a cost of \$100.00 for per diem per meeting and mileage/parking reimbursement for each participating Advisory Council member. There are sufficient funds in the Legislative & Public Affairs budget to cover these costs.

## Attachment

SCAQMD Environmental Justice Community Partnership Advisory Council Charter



## South Coast Air Quality Management District Environmental Justice Community Partnership Advisory Council Charter

January 2016

## Synopsis of History

The Environmental Justice Community Partnership (the Partnership) was launched during the 2015 Environmental Justice Conference as an agency initiative to strengthen and build upon SCAQMD's relationships and alliances with community stakeholders and organizations, to work towards achieving clean air and healthy sustainable communities for everyone. The Conference highlighted the need for ongoing dialogue and the establishment of an external advisory council to ensure that the Partnership initiative continually represents the diverse communities and air quality concerns identified throughout the South Coast Air Basin. Consequently, in 2016 the Environmental Justice Community Partnership Advisory Council (Advisory Council) was formed.

## Advisory Council Mission

The mission of the Advisory Council is to provide input to ensure that the Partnership programs are relevant and address the air quality concerns of diverse communities throughout SCAQMD's jurisdiction.

## <u>Goals</u>

- 1. Support SCAQMD's Environmental Justice Community Partnership efforts;
- 2. Advise SCAQMD so the Partnership, where appropriate, can address environmental justice issues affecting the South Coast Air Basin; and
- 3. Help strengthen and build upon SCAQMD's relationships and alliances with community stakeholders.

## **Objectives**

The Advisory Council shall achieve its goals by meeting four times per year (once each quarter), to:

- 1. Provide community updates regarding the Partnership's activities as they pertain to local environmental justice issues;
- 2. Discuss the Partnership's current environmental justice efforts;
- 3. Assist with the creation and implementation of the Partnership's air quality related events and workshops that best address the needs of environmental justice communities in Los Angeles, Orange, Riverside, and San Bernardino Counties;
- 4. Promote a two-way flow of communication between SCAQMD and community stakeholders; and
- 5. Identify next steps and action items, and set the agenda for upcoming meetings.

## **Membership Qualifications and Composition**

The Advisory Council shall reflect the ethnic and geographic diversity of the South Coast Air Basin. Members shall represent a variety of backgrounds and expertise, including, but not limited to, representatives of environmental justice, community, business and health organizations.

The Advisory Council will consist of no more than 16 members, with at least two members from each county within SCAQMD's jurisdiction: Los Angeles, Orange, Riverside, and San Bernardino Counties. The potential members, who represent some of the most highly impacted communities within SCAQMD's jurisdiction, will be recommended to and appointed by the Chairman of the SCAQMD Board, and will serve a one-year term with the possibility of being reappointed for extended one-year terms.

## **Operational Guidelines**

Agendas for the meetings will be prepared and distributed to members according to legal (Brown Act) requirements. Members may submit questions, comments, and guest speaker recommendations to SCAQMD staff, to be considered for upcoming meetings. Meetings may be held at SCAQMD, off site, or via teleconference or conference call. A quorum shall consist of a majority of the total number of individuals serving on the panel.

## **Reporting**

The Governing Board's Administrative Committee shall be the Advisory Council's Board's liaison. The Advisory Council shall provide the Administrative Committee and Governing Board with an annual written report outlining its goals and accomplishments, and proposing its agenda for the coming year.

## **Compensation**

The standing members of this Advisory Council shall be eligible for per diem of \$100 per meeting and reimbursement of mileage and parking expenses, in accordance with District policy, associated with attendance at meetings of this Advisory Council.

## Brown Act

All meetings will be subject to the Brown Act, and will adhere to SCAQMD's public meeting and notification protocols.

Back to Agenda

BOARD MEETING DATE: February 5, 2016 AGENDA NO. 14

- PROPOSAL: Special Meeting of Brain & Lung Tumor and Air Pollution Foundation
- SYNOPSIS: This item is to replace one director of the Brain & Lung Tumor and Air Pollution Foundation. Ben Benoit has indicated a willingness to replace Dennis R. Yates.
- COMMITTEE: No Committee Review

### **RECOMMENDED ACTION:**

Ratify the appointment of Ben Benoit as a Foundation Director, replacing former Board Member Dennis R. Yates.

Barry R. Wallerstein, D.Env. Executive Officer

KRW:ML

### Background

For this item, the Board is conducting a special meeting of the Brain & Lung Tumor and Air Pollution Foundation to replace Dennis R. Yates as a director of the Foundation.

In February 2003, the Board established the Brain Tumor and Air Pollution Foundation. In March 2004 the Foundation amended its Articles of Incorporation to change its name to Brain & Lung Tumor and Air Pollution Foundation (Foundation) and to specify that its purpose is related to the effects of air pollution on brain tumors and lung cancer. The mission of the Foundation is to support research studies on the association between air pollution and brain and lung tumors, as well as research for the development of novel therapeutics for such tumors. To carry out this purpose, the Foundation has funded research projects investigating the links between air pollution and brain and lung tumors.

The Foundation has sponsored over \$5.6 million in studies with leading medical researchers in Southern California. As a result of these studies, it has been learned that

exposure of laboratory animals to particulate pollutants is associated with biochemical changes in the brain tissue that are consistent with the biochemical pattern found in human brain tumors. Another project found preliminary associations of particulate matter levels and the risk of childhood brain tumors.

The SCAQMD Board authorized in June 2015 the transfer of an additional \$2,500,000 from the Health Effects Research Fund to the Foundation. The Foundation has released an RFP to solicit research proposals within the purposes of the Foundation.

The Directors of the Foundation serve at the pleasure of the SCAQMD Board. The Chairman of the SCAQMD recommends individuals for Board approval to be Directors of the Foundation. The three current Directors are SCAQMD Board Members: Michael Antonovich (Chair), Dr. William A. Burke, and Dr. Clark E. Parker, Sr. The Foundation's bylaws require that the Foundation have four Directors. This action would replace former SCAQMD Board Vice Chairman Dennis R. Yates with current SCAQMD Board Vice Chairman Ben Benoit, as recommended by Chairman Burke.

## Proposal

Approve the replacement of Foundation Director Dennis R. Yates with Ben Benoit.

**Resource Impacts** None.

L Back to Agenda

BOARD MEETING DATE: February 5, 2016 AGENDA NO. 15

PROPOSAL: Legislative and Public Affairs Report

SYNOPSIS: This report highlights December 2015 outreach activities of Legislative and Public Affairs, which include: an Environmental Justice Update, Community Events/Public Meetings, Business Assistance, and Outreach to Business and Federal, State, and Local Government.

COMMITTEE: No Committee Review

RECOMMENDED ACTION: Receive and file.

Barry R. Wallerstein, D.Env. Executive Officer

LBS:DJA:MC:DM

## BACKGROUND

This report summarizes the activities of Legislative and Public Affairs for December 2015. The report includes four major areas: Environmental Justice Update; Community Events/Public Meetings (including the Speakers Bureau/Visitor Services, Communications Center, and Public Information Center); Business Assistance; and Outreach to Business and Federal, State and Local Governments.

## ENVIRONMENTAL JUSTICE UPDATE

The following are key environmental justice-related activities in which SCAQMD staff participated during the month of December 2015. These events involve communities that may suffer disproportionately from adverse air quality impacts.

December 8, 2015

• Staff participated in the "Green Spaces, Environmental Justice, and Public Health Roundtable" in Los Angeles, hosted by the University of Southern California, Community Outreach and Engagement Program. Attendees included professionals from multiple sectors, including public health, land use planning, children's recreation, community organizing, youth leadership, and public policy. Participants discussed how freeways and industrial operations are ongoing sources of outdoor air pollution, affecting parks in environmental justice communities. Staff learned about the different community groups that are mobilizing neighborhoods on these issues.

• Staff attended the City of Los Angeles Planning and Land Use Management Committee meeting in Downtown Los Angeles and learned about land use and environmental issues that could potentially affect environmental justice communities.

# December 14

• Staff attended the "Environmental Justice Symposium" in Los Angeles, hosted by the California Environmental Protection Agency and learned about the environmental justice efforts of multiple agencies, including CARB, Department of Toxic Substances Control, State Water Board, and Cal Recycle, among others.

# December 15

• Staff attended the Northwest San Pedro Neighborhood Council meeting to monitor a discussion on key air quality issues. The Council discussed: China Shipping and the recent Los Angeles City Council motion to request a report from the Port of Los Angeles on compliance with the environmental impact report mitigation measures; and SCAQMD's recent actions related to the RECLAIM program.

# **COMMUNITY EVENTS/PUBLIC MEETINGS**

Each year SCAQMD staff engage with thousands of residents, providing valuable information about the agency, incentive programs, and ways individuals can help reduce air pollution through events and meetings sponsored solely by SCAQMD or in partnership with others. Attendees typically receive the following information:

- Tips on reducing their exposure to smog and its health effects;
- Clean air technologies and their deployment;
- Invitations or notices of conferences, seminars, workshops and other public events;
- SCAQMD incentive programs;
- Ways to participate in SCAQMD's rule and policy development; and
- Assistance in resolving air pollution-related problems.

SCAQMD staff attended and/or provided information and updates at the following events:

# December 3

• Public Community Advisory Group meeting on Exide Technologies, Commerce Senior Center.

## **SPEAKERS BUREAU/VISITOR SERVICES**

SCAQMD regularly receives requests for staff to speak on air quality-related issues from a wide variety of organizations, such as trade associations, chambers of commerce, community-based groups, schools, hospitals and health-based organizations. SCAQMD also hosts visitors from around the world who meet with staff on a wide range of air quality issues.

December 10

• Twelve researchers on Low Carbon Transportation Model, hosted by the Southern California Association of Governments, visited SCAQMD, were provided an overview on the agency, learned about our alternative fuel car fleet, and toured SCAQMD's laboratory.

December 15

• Twenty government officials from the Beijing China National Development and Reformation Commission visited SCAQMD, were provided an overview on the agency, learned about our alternative fuel car fleet, and toured SCAQMD's laboratory.

## **COMMUNICATION CENTER STATISTICS**

The Communication Center handles calls on the SCAQMD main line, 1-800-CUT-SMOG<sup>®</sup> line, the Spanish line, and after hours calls to each of those lines. Calls received in the month of December 2015 were:

Calls to SCAQMD's Main Line and	
1-800-CUT-SMOG <sup>®</sup> Line	4,157
Calls to SCAQMD's Spanish-language Line	18
Total Calls	4,175

# PUBLIC INFORMATION CENTER STATISTICS

The Public Information Center (PIC) handles phone calls and walk-in requests for general information. Information for the month of December is summarized below:

Calls Received by PIC Staff	141
Calls to Automated System	871
Total Calls	1,012
Visitor Transactions	154
E-Mail Advisories Sent	15,849

## **BUSINESS ASSISTANCE**

SCAQMD notifies local businesses of proposed regulations so they can participate in the agency's rule development process. SCAQMD also works with other agencies and governments to identify efficient, cost-effective ways to reduce air pollution and shares that information broadly. Staff provides personalized assistance to small businesses both over the telephone and via on-site consultation. The information is summarized below:

- Provided permit application assistance to 96 companies
- Conducted 9 free on-site consultations
- Issued 19 clearance letters

## Types of businesses assisted

Auto Body Shops	Dry Cleaners	Printing Facilities
Engineering	Gas Stations	Coating Manufacturers
Construction	Restaurants	Metal Plating Facilities
Architecture	Coffee Roasters	<b>Distribution Centers</b>

# OUTREACH TO COMMUNITY GROUPS AND FEDERAL, STATE, AND LOCAL GOVERNMENTS

Field visits and/or communications were conducted with elected officials or staff from the following cities:

Aliso Viejo	Lake Forest	Palm Desert
Anaheim	Laguna Hills	Rancho Mirage
Banning	Laguna Niguel	Redlands
Beaumont	La Quinta	Rosemead
Chino	Los Angeles	Riverside
Claremont	Los Alamitos	San Bernardino
Covina	Long Beach	San Gabriel
Corona	Lynwood	San Jacinto
Compton	Menifee	Seal Beach
Fontana	Monrovia	Temple City
Fountain Valley	Mission Viejo	Temecula
Hemet	Murrieta	Tustin
Huntington Beach	Newport Beach	Villa Park
Indio	Ontario	Westminster
Irvine	Norco	Yorba Linda
Lake Elsinore	Pasadena	Yucaipa

Visits and/or communications were conducted with elected officials or staff from the following State and Federal Offices:

- U.S. Congresswoman Lucille Roybal-Allard
- U.S. Congressman Xavier Becerra
- U.S. Congressman Ken Calvert
- U.S. Congresswoman Judy Chu
- U.S. Congressman Mark Takano
- Governor Edmund G. Brown
- State Senator Joel Anderson
- State Senator Mike Morrell
- State Senator Richard Roth
- State Senator Jeff Stone
- Assembly Member Bill Brough
- Assembly Member Ed Chau
- Assembly Member Cristina Garcia
- Assembly Member Young Kim
- Assembly Member Eric Linder
- Assembly Member Chad Mayes
- Assembly Member Jose Medina
- Assembly Member Melissa Melendez
- Assembly Member Anthony Rendon
- Assembly Member Miguel Santiago
- Assembly Member Scott Wilk

Staff represented SCAQMD and/or provided updates or a presentation to the following governmental agencies and business organizations:

Arcadia Chamber of Commerce Association of California Cities, Orange County Healthy Chino, City Organization California Apartment Association, Greater Inland Empire California Environmental Protection Agency Greater Riverside Chamber of Commerce League of California Cities, Los Angeles Division League of California Cities, Orange County Division Murrieta Chamber of Commerce Orange County Association of Realtors Orange County Business Council Orange County Transportation Authority Redlands Chamber of Commerce Riverside Transit Agency (RTA) Riverside County Transportation Commission San Bernardino Associated Governments San Gabriel Valley Economic Partnership San Gabriel Valley Council of Governments San Gabriel Valley Public Affairs Network Southern California Gas Company Southern California Association of Governments Upland Chamber of Commerce WDC Consulting Company, San Bernardino County Western Riverside Council of Governments Western Riverside County Transportation NOW (RTA)

- Greater Riverside Chapter
- Hemet/San Jacinto Chapter
- Northwest Chapter
- San Gorgonio Pass Chapter
- Southwest Chapter

Staff represented SCAQMD and/or provided updates or a presentation to the following community groups and organizations:

Flintridge Center, Pasadena Harbor Gateway North Neighborhood Council Inland Action, Inland Empire Northwest San Pedro Neighborhood Council Riverside County Health Coalition Save Porter Ranch Group, Los Angeles University of California, Riverside



AGENDA NO. 16

BOARD MEETING DATE: February 5, 2016

REPORT: Hearing Board Report

SYNOPSIS: This reports the actions taken by the Hearing Board during the period of December 1 through December 31, 2015.

COMMITTEE: No Committee Review

RECOMMENDED ACTION: Receive and file this report.

> Edward Camarena Chairman of Hearing Board

SM

Two summaries are attached: Rules From Which Variances and Orders for Abatement Were Requested in 2015 and December 2015 Hearing Board Cases.

The total number of appeals filed during the period December 1 to December 31, 2015 is 0; and total number of appeals filed during the period of January 1 to December 31, 2015 is 1.

	Rules fro	om whic	h Varian	ces and (	Order for	Abateme	ents were	Reques	ted in 20 <sup>°</sup>	15				
	2015	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Actions
# of HB Actions Involving Rules														
109														0
109(c)														0
109(c)(1)														0
201														0
201.1		_	_	_	_	_	_	_	_	_	_	_	_	0
202		1			4		4		4		1			0
202(a)		1			1		1		1		1			4
202(b) 202(c)														0
202(c) 203			1										1	2
203 203(a)		1	1			3					1		I	6
203(b)		5	2	7	4	3	6	5	4	5	6	2	3	52
203(0) 204		5	2	1	4	5	0		4	5	0	2	3 1	52 1
204													1	0
218(c)(1)(B)(i)				1										1
218.1				1										0
218.1(b)(4)(C)				1										1
218(b)(2)						1								1
218(c)(1)(A)						•								0
218(d)(1)(A)														0
218(d)(1)(B)														0
219														0
219(s)(2)		1												1
221(b)		1												1
221(c)														0
221(d)		1												1
222 222(d)(1)(C)			1											1
222(d)(1)(C)														0
222(e)(1)														0
401														0
401(b)														0
401(b)(1)									1		1	1		3
401(b)(1)(A)														0
401(b)(1)(B)									1					1
402		1						1						2
403											1			1
403(d)(1)														0
403(d)(1)(A)														0
403(d)(2)														0
404														0
404(a)												1		1
405														0
405(a)												1		1
405(b)														0
405(c)									4		4			0
407(a)									1		1			2
407(a)(1)														0

	Rules fro	om whic	h Varian	ces and (	Order for	Abateme	ents were	Reques	ted in 201	15				
	0045				•						<u> </u>			<b>-</b>
400	2015	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Actions
409												1		1
410												1		1
430(b)(3)(A)(iv)		_	_	_	_	_	_	_	_	_	_	_	_	0
431.1														0
431.1														0
431.1(c)(1)														0
431.1(c)(2)														0
431.1(c)(3)(C)														0
431.1(d)(1)														0
431.1(d)(1), Att A(1)														0
442														0
444														0
444(a)														0
444(c)														0
444(d)														0
461						1								1
461(c)(1)														0
461(c)(1)(A)														0
461(c)(1)(B)														0
461(c)(1)(C)														0
461(c)(1)(E)														0
461(c)(1)(F)(i)														0
461(c)(1)(F)(iv)														0
461(c)(1)(F)(v)														0
461(c)(1)(H)														0
461(c)(2)										1				1
461(c)(2)(A)														0
461(c)(2)(B)										1				1
461(c)(2)(C)														0
461(c)(3)														0
461(c)(3)(A)														0
461(c)(3)(B)														0
461(c)(3)(C)														0
461(c)(3)(D)(ii)														0
461(c)(3)(E)														0
461(c)(3)(H)														0
461(c)(3)(M)														0
461(c)(4)(B)														0
461(c)(4)(B)(ii)														0
461(d)(5)(A)														0
461(e)(1)														0
461(e)(2)				1										
														0
461(e)(2)(A) 461(c)(2)(A)(i)														0
461(e)(2)(A)(i)														0
461(e)(2)(B)(i)														0
461(e)(2)(C)														0
461(e)(3)														0
461(e)(3)(A)														0

	Rules fr	om whic	h Varian	ces and (	Order for	Abateme	ents were	Reques	ted in 201	15				
	2015	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Actions
461(e)(3)(C)(i)(l)	2013	Jan	160	Mai	Арі	may	Jun	547	Aug	Jep	001	1107	Dec	0
461(e)(3)(D)														0
461(e)(3)(E)														0
461(e)(5)												1		1
461(e)(7)														0
462														0
462(c)(4)(B)(i)														0
462(c)(7)(A)(ii)														0
462(d)														0
462(d)(1)														0
462(d)(1)(A)														0
462(d)(1)(A)(i)														0
462(d)(1)(B)														0
462(d)(1)(C)														0
462(d)(1)(E)(ii)														0
462(d)(1)(F)														0
462(d)(1)(G)														0
462(d)(5)														0
462(e)(1)														0
462(e)(1)(E)														0
462(e)(1)(E)(ii)														0
462(e)(1)(E)(i)(II)														0
462(e)(2)(A)(i)														0
462(e)(4)														0
462(h)(1)														0
463														0
463(c)														0
463(c)(1)														0
463(c)(1)(A)(I)-(iv)														0
463(c)(1)(B)														0
463(c)(1)(C)														0
463(c)(1)(D)														0
463(c)(1)(E)														0
463(c)(2)														0
463(c)(2)(B)														0
463(c)(2)(C)														0
463(c)(3)														0
463(c)(3)(A)														0
463(c)(3)(B)														0
463(c)(3)(C)														0
463(d)														0
463(d)(2)														0
463(e)(3)(C)														0
463(e)(4)														0
463(e)(5)(C)														0
464(b)(1)(A)									1	1				2
464(b)(2)									1	1				2
468														0

	Rules fro	om whic	h Varian	ces and (	Order for	Abateme	nts were	Reques	ted in 201	15				
	2015	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Actions
468(a)	2013	Jan	160	mai		May	Jun	501	Aug	Jep	001	Nov	Dec	0
468(b)														0
1102														0
1102(c)(2)														0
1102(e)(1)						1								1
1102(f)(1)						1								1
1105.1						•								0
1105.1(d)(1)												1		1
1105.1(d)(1)(A)(iii)												•		0
1106(c)(1)														0
1106.1(c)(1)														0
1106.1(c)(1)(A)														0
1100.1(c)(1)(A) 1107(c)(1)														0
														0
1107(c)(2) 1107(c)(7)														0
1107														0
1110.1			4							4	1			0
1110.2			1							1	1			3
1110.2(c)(14)														0
1110.2(d)														0
1110.2(d)(1)(A)														0
1110.2(d)(1)(B)														0
1110.2(d)(1)(B)(ii)		1												1
1110.2(d)(1)(D)														0
1110.2(d)(1)(E)														0
1110.2(e)(1)(A)														0
1110.2(e)(1)(B)(i)(II)														0
1110.2(e)(1)(B)(i)(III)														0
1110.2(e)(4)(B)														0
1110.2(f)														0
1110.2(f)(1)(A)														0
1110.2(f)(1)(c)														0
1113(c)(2)														0
1113(d)(3)														0
1118(c)(4)														0
1118(c)(5)														0
1118(d)(1)(2)														0
1118(d)(1)(2)														0
1118(d)(2)														0
1118(d)(3)														0
1118(d)(4)(B)														0
1118(d)(5)(A)														0
1118(d)(5)(B)														0
1118(d)(10)														0
1118(d)(12)														0
1118(e)														0
1118(f)(1)(C)		1												1
1118(g)(3)					1									1

	Rules fro	om whic	h Varian	ces and (	Order for	Abateme	ents were	Reques	ted in 20 <sup>°</sup>	15				
	2015	Jan	Feb	Mar	Apr	Mov	Jun	Jul	Aug	Son	Oct	Nov	Dec	Total Actions
1118(g)(5)	2015	Jan	rep	war	Apr	Мау	Jun	Jui	Aug	Sep	001	NOV	Dec	
1118(g)(5)(A)					1									1
1118(i)(5)(B)(i)					•									0
1118(i)(5)(B)(ii)														0
1118(j)(1)(A)(ii)														0
1118(j)(1)(B)(ii)														0
1118(j)(1)(C)														0
1121(c)(2)(C)														0
1121(c)(3)														0
1121(c)(6)														0
1121(c)(7)														0
1121(c)(8)														0
1121(e)(3)														0
1121(h)														0
1121(h)(1)														0
1121(h)(2)														0
1121(h)(3)														0
1122(c)(2)(A)														0
1122(c)(2)(E)														0
1122(d)(1)(A)														0
1122(d)(1)(B)														0
1122(d)(3)														0
1122(e)(2)(A)														0
1122(e)(2)(B)														0
1122(e)(2)(C)														0
1122(e)(2)(D)														0
1122(e)(3)														0
1122(e)(4)(A)														0
1122(e)(4)(B)														0
1122(g)(3)														0
1122(j)														0
1124														0
1124(c)(1)(A)														0
1124(c)(1)(E)														0
1124(c)(4)(A)														0
1125(c)(1)														0
1125(c)(1)(C)														0
1125(d)(1)														0
1128(c)(1)														0
1128(c)(2)														0
1130														0
1130(c)(1)														0
1130(c)(4)														0
1131														0
1131(d)														0
1132(d)(2)														0
1132(d)(3)														0
1133(d)(8)														0

	Rules fro	om whic	h Varian	ces and (	Order for	Abateme	nts were	Reques	ted in 20 <sup>4</sup>	15				
	2015	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Actions
1133.2(d)(8)	2010	oun	100	mai	7.07	may	oun	our	Jug	Cop	001	nor	200	0
1134(c)														0
1134(c)(1)														0
1134(d)														0
1134(d)(1)														0
1134(d)(2)(B)(ii)														0
1134(f)														0
1134(g)(2)														0
1135(c)(3)														0
1135(c)(3)(B)														0
1135(c)(3)(C)														0
1135(c)(4)														0
1135(c)(4)(D)														0
1136														0
1136(c)(1)(A)(i)														0
1137(d)(2)														0
1145														0
1145(c)(1)														0
1145(c)(2)														0
1145(g)(2)														0
1145(h)(1)(E)														0
1146					1									1
1146(c)(1)(A)				1										1
1146(c)(1(G)			1	1			1							2
1146(c)(1(0) 1146(c)(1)(l)			I	1										1
1146(c)(2)				1										0
														0
1146(c)(2)(A)														0
1146(d)(8)														
1146.1														0
1146.1(a)(2)														0
1146.1(a)(8)														0
1146.1(b)(3)														0
1146.1(c)(1)														0
1146.1(c)(2)														0
1146.1(d)(4)														0
1146.1(d)(6)														0
1146.1(e)(1)														0
1146.1(e)(1)(B)														0
1146.1(e)(2)														0
1146.2														0
1146.2(c)(1)		1												1
1146.2(c)(4)		1	1											2
1146.2(c)(5)		1												1
1146.2(e)														0
1147		1				1					1			3
1147(c)(1)								2			1	1		4
1147(c)(10)														0
1147(c)(14)(A)											1			1

	Rules fro	m whic	h Varian	ces and (	Order for	Abateme	ents were	Reques	ted in 201	15				
	0045	lan	Esh.	Max	<b>A</b>			1.1	<b>A</b>	Car	Oat	Nex	Dee	Total Astisma
1147(c)/(14)(P)	2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Actions
1147(c)(14)(B) 1150 1(d)(1)(C)(i)		1												1
1150.1(d)(1)(C)(i)		1												0
1150.1(d)(4)														0
1150.1(d)(5) 1150.1(d)(40)														
1150.1(d)(10)														0
1150.1(d)(11)														0
1150.1(d)(12)														0
1150.1(d)(13)														0
1150.1(d)(14)														0
1150.1(e)(1)														0
1150.1(e)(2)		_												0
1150.1(e)(3)														0
1150.1(e)(1)(B)(C)														0
1150.1(e)(1)(C)														0
1151.1(e)(2)(B)(C)														0
1150.1(e)(2)(C)														0
1150.1(e)(3)(B)														0
1150.1(e)(3)(B)(C)														0
1150.1(e)(3)(C)														0
1150.1(e)(4)														0
1150.1(e)(6)(A)(I)														0
1150.1(e)(6)(A)(ii)														0
1150.1(f)(1)(A)(iii)(I)														0
1150.1(f)(1)(H)(i)														0
1151														0
1151(c)(8)														0
1151(2)														0
1151(5)														0
1151(d)(1)														0
1151(e)(1)														0
1151(e)(2)														0
1151(f)(1)														0
1153(c)(1)														0
1153(c)(1)(B)														0
1156(d)(5)(C)(i)														0
1158														0
1158(d)(2)														0
1158(d)(5)														0
1158(d)(7)														0
1158(d)(7)(A)(ii)														0
1158(d)(10)														0
1164(c)(1)(B)														0
1164(c)(1)(b) 1164(c)(2)														0
														0
1166(c)(2) 1166(c)(2)(E)														
1166(c)(2)(F)			4											0
1166, Part 12			1											1
1168														0
1168(c)(1)														0

	Rules fro	om whic	h Varian	ces and (	Order for	Abateme	nts were	Reques	ted in 20 <sup>4</sup>	15				
	2015	Jan	Feb	Mar	4.04	Mov	Jun	Jul	A.u.~	Sep	Oct	Nov	Dec	Total Actions
1169(c)(13)(ii)	2015	Jan	reb	ividi	Apr	May	Jun	Jui	Aug	Sep	001	1407	Dec	
1171														0
1171(c)														0
1171(c)(1)														0
1171(c)(1)(A)(i)														0
1171(c)(1)(b)(i)														0
1171(c)(4)														0
1171(c)(5)														0
1171(c)(5)(A)(i)														0
1171(c)(6)														0
1173														0
1173(c)														0
1173(d)														0
1173(e)(1)														0
1173(f)(1)(B)														0
1173(g)														0
1175														0
1175(c)(2)														0
1175(c)(4)(B)														0
1175(c)(4)(B)(i)														0
1175(c)(4)(B)(ii)														0
1175(c)(4)(B)(ii)(I)														0
1175(b)(1) (C)														0
1175(d)(4)(ii)(II)														0
1176														0
1176(e)														0
1176(e)(1)									1	1				2
1176(e)(2)									•	•				0
1176(e)(2)(A)														0
1176(e)(2)(A)(i)									1	1				2
1176(e)(2)(B)(v)									1	1				2
1176(f)(3)									·					0
1177(d)(2)(D)														0
1178(d)(1)(A)(xiii)														0
1178(d)(1)(A)(xiv)														0
1178(d)(1)(B)														0
1178(d)(1)(C)														0
1178(d)(3)(C)														0
1178(d)(3)(D)														0
1178(d)(3)(E)														0
1178(d)(4)(A)(i)														0
1178(g)														0
1186.1														0
1186.1														0
1189(c)(3)														0
1195														0
1195(d)(1)(D)														0
1303(a)														0

	Rules fr	om whic	h Varian	ces and (	Order for	Abateme	ents were	Reques	ted in 201	15				
	2015	Jan	Feb	Mar	Amr	May	lum	11	A.u.a.	Son	Oct	Nov		Total Actions
1303(a)(1)	2015	Jan	гер	war	Apr	May	Jun	Jul	Aug	Sep	Oct	NOV	Dec	Total Actions
1303(b)(1)														0
1401														0
1401(d)														0
1401(d)(1)(A)														0
														0
1401(d)(1)(B) 1405(d)(3)(C)														0
1407(d)														0
1407(d)(1)														0
1407(d)(2)		4					4							0
1407(d)(5)		1					1							2
1407(f)(1)														0
1415(d)(3)		_	_	_	_	_	_	_	_	_	_	_	_	0
1418(d)(2)(A)														0
1420(d)(1)		1												1
1420.1(f)(3)														0
1420.1(g)(4)														0
1420.1(k)(13)(B)														0
1420.2(j)(2)													1	1
1421(d)														0
1421(d)(1)(C)														0
1421(d)(1)(G)														0
1421(d)(3)(A)														0
1421(e)(2)(c)														0
1421(e)(1)(A)(vii)														0
1421(e)(3)(B)														0
1421(h)(1)(A)														0
1421(h)(1)(B)														0
1421(h)(1)(C)														0
1421(h)(1)(E)														0
1421(h)(3)														0
1421(i)(1)(C)														0
1425(d)(1)(A)														0
1469														0
1469(c)														0
1469(c)(8)														0
1469(c)(11)(A)														0
1469(c)(13)(ii)														0
1469(d)(5)														0
1469(e)(1)														0
1469(e)(7)														0
1469(g)(2)														0
1469(h)														0
1469(I)														0
1469(j)(4)(A)														0
1469(j)(4)(A) 1469(j)(4)(D)														0
1469(k)(3)(A)												1		0
1470														

Rules from which Variances and Order for Abatements were Requested in 2015														
	2015	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Actions
1470(c)(2)(C)(i)(I)	2015	Jdii	rep	Widi	Арі	way	Jun	Jui	Aug	Sep	001	NOV	Dec	
1470(c)(2)(C)(iv)														0
1470(c)(3)(B)(ii)						1								1
1470(c)(3)(C)(iii)						4	1							5
1470(c)(4)						4	1							0
1470(c)(4)(B)			1											1
1470(c)(5)														0
1470(d)(2)(B)														0
1470(e)(2)(A)														0
2004(c)(1)		3						3						6
2004(c)(1)(C)		3						3						0
				4	2	1	2		2	3	4	1	3	22
2004(f)(1) 2004(f)(2)				4	۷.	1	2		Ζ	3	4		3	
2004(f)(2)														0
2004(k)														0
2005														0
2009(b)(2)														0
2009(c)														0
2009(f)(1)														0
2009(f)(2)														0
2009.1														0
2009.1(c)														0
2009.1(f)(1)														0
2009.1(f)(2)														0
2009.1(f)(3)														0
2011														0
2011 Attachment C														0
2011(c)(2)								1		1				2
2011(c)(2)(A)					1									1
2011(c)(2)(B)														0
2011(c)(3)(A)					1									1
2011(e)(1)														0
2011(f)(3)														0
2011(g)														0
2011(g)(1)														0
2011(k)								1						1
2011(k) Appen. A, Chap. 2, except E & Attach C														0
2011(k) Appen. A, Chap. 2, Section A.3 a-c, A.5 and B.	1-4													0
and Appen. A, Chap. 2, Section C.2.a, c & d														0
2011, Appen. A, Attach. C, Section B.2.a.								1						1
2012 Chapter 2														0
2012 Attach. C, B.2.a														0
2012 Appen. A, Attach. C, Section B.2.				1										1
2012 Appen. A, Attach. C, Section B.2.a. & b.														0
2012 Appen. A														0
2012 Appen. A, Chap. 2														0
2012 Appen A, Chap. 2, Sec. A														0
2012 Appen A. Chap. 2. Sec. A(1)						1								1
2012 Appen A, Chap. 2, Sec. B														0

Rule	s from whi	ch Varian	ces and	Order for	Abateme	ents were	Reques	ted in 20 <sup>°</sup>	15				
2	015 <b>Jan</b>	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Actions
2012, Appen. A, Protocol 2012, Chap. 2, B.5.		100	mai	Д	may	oun	our	Aug	Сср	000	nor	200	0
2012, Appen A, Chap. 2, B.5.a													0
2012, Appen A, Chap. 2, B.10													0
2012, Appen A, Chap. 2, B.11													0
2012, Appen A, Chap. 2, B.12													0
2012, Appen A, Chap. 2, B.17			1										1
2012, Appen A, Chap.2, B.18			•										0
2012, Appen A, Chap.2, B.20													0
2012, Chapter 2, E.2.b.i.													0
2012, Chapter 2, E.2.b.ii.													0
2012 Appen A, Chap. 4.A.4													0
													0
2012(B)(5)(e) 2012(a)(2)(A)				1	4							1	
2012(c)(2)(A)				1	1		4		_1			I	3
2012(c)(2)							1		1				2
2012(c)(3)				4	4								0
2012(c)(3)(A)				1	1								2
2012(c)(3)(B)													0
2012(c)(10)													0
2012(d)(2)													0
2012(d)(2)(A)													0
2012(d)(2)(D)													0
2012(f)(2)(A)			1										1
2012(g)(1)			1		1								2
2012(g)(3)													0
2012(g)(7)													0
2012(h)(3)													0
2012(h)(4)													0
2012(h)(5)													0
2012(h)(6)													0
2012(i)													0
2012(j)(1)													0
2012(j)(2)													0
2012, Protocol (Appen. A) Chap. 2, Part A.1.a													0
2012, Protocol (Appen. A) Chap. 2, Part B.4													0
2012, Protocol, (Appen A) Chap. 2, Part B.5.e													0
2012 Chapter 2, B.5.f													0
2012(m)													0
2012(m) Table 2012-1, and Appen. A, Chp 2, & Attachment C													0
2012(m) Appen. A, Attach. C													0
2012(m) Appen. A, Chap. 2, Sections 2.A.1 a-c, e.g,													0
and B. 1-4 and Appendix A, Chapter 3, Section C.2 a, c & d													0
2012(m) Appen. A, Chap 3, Section (A)(6)													0
2012(m) Appen. A, Chap 5, Para G, Table 5B and Att. D													0
2202			1										
3002			1										1
3002(c)			-										0
3002(c)(1)	3	1	3		1	2	3	2	4	5	1	2	27
3002(c)(2)	5	1	5		I	4	5	~		5	I	<u> </u>	0
0002(0)(2)													0

	Rules fro	om whic	h Varian	ces and (	Order for	Abateme	ents were	Reques	ted in 20 <sup>4</sup>	15				
	2015	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Actions
3004										1	1			2
Regulation II														0
Regulation IX														0
Regulation IX, 40 CFR Part 60, Subpart J														0
Regulation XI														0
Regulation XIII														0
H&S 39152(b)														0
H&S 41510														0
H&S 41700		1										1		2
H&S 41701									2		1			2
H&S 93115.6(c)(2)(C)(1)														0
H&S 42303														0
Title 13 Code of Regulations §2452														0

# **Report of December 2015 Hearing Board Cases**

С	ase Name and Case No.	Rules	Reason for Petition	District Position/ Hearing Board Action	Type and Length of Variance or Order	Excess Emissions
1.	Chevron Products Company Case No. 831-379 (N. Feldman)	203(b) 2004(f)(1) 3002(c)(1)	EPA mandated tuning requirements for three heaters in conflict with permit conditions.	Not Opposed/Granted	SV granted commencing 12/2/15 and continuing through 1/31/16. Variance coverage shall be for 15 minutes within a window of three days.	CO: 18 lbs/total
2.	Los Angeles Department of Water and Power Case No. 1263-74 (L. Nevitt)	203(b) 2004(f)(1) 3002(c)(1)	Petitioner cannot do required NH3 test because boiler problems prevent operating it at minimum load.	Not Opposed/Granted	SV granted commencing 12/31/15 and continuing through 3/29/16.	None
3.	Ramcar Batteries, Inc. Case No. 6039-1 (L. Nevitt)	1420.2(j)(2)	Failed to complete required tests by 12/31/15.	Not Opposed/Granted	Ex Parte EV granted commencing 12/23/15 and continuing for 30 days or until the SV hearing scheduled for 1/13/16, whichever comes first.	None
4.	Southern California Gas Company Case No. 137-74 (M. Reichert)	203(b) 2004(f)(1) 2012(c)(2)(A)	Three outdated CEMS, each serving three turbines must be disconnected for replacement.	Not Opposed/Granted	SV granted commencing 12/1/15 and continuing through 1/31/16.	None
5.	TNT C-Store Case No. 6040-1 (T. Barrera)	203 204	Petitioner's GDF failed vent blockage test.	Not Opposed/Granted	Ex Parte EV granted commencing 12/31/15 and continuing for 30 days or until the SV hearing scheduled for 1/21/16, whichever comes first.	None

#### Acronyms

AOC: Alternative Operating Conditions CEMS: Continuous Emissions Monitoring System CO: Carbon Monoxide EV: Emergency Variance EPA: Environmental Protection Agency FCD: Final Compliance Date GDF: Gasoline Dispensing Facility H2S: Hydrogen Sulfide IV: Interim Variance MFCD/EXT: Modification of a Final Compliance Date and Extension of a Variance Mod. O/A: Modification of an Order for Abatement

NH3: Ammonia
NOx: Oxides of Nitrogen
N/A: Not Applicable
O/A: Order for Abatement
PM: Particulate Matter
RV: Regular Variance
SCR: Selective Catalytic Reduction
SOx: Oxides of Sulfur
SV: Short Variance
TBD: To be determined
VOC: Volatile Organic Compound



## BOARD MEETING DATE: February 5, 2016 AGENDA NO. 17

REPORT: Civil Filings and Civil Penalties Report

SYNOPSIS: This reports the monthly penalties from December 1 through December 31, 2015, and legal actions filed the General Counsel's Office from December 1 through December 31, 2015. An Index of District Rules is attached with the penalty reports.

COMMITTEE: Stationary Source, January 22, 2016, Reviewed

RECOMMENDED ACTION: Receive and file this report.

> Kurt R. Wiese General Counsel

KRW:lc

No Civil Action Filings

Attachments December 2015 Penalty Reports Index of District Rules and Regulations

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

December 2015 Settlement Penalty Report

#### **Total Penalties**

Civil Settlements:	\$236,700.00
MSPAP Settlements:	\$28,007.00
Hearing Board Settlements:	\$3,040.00
Total Cash Settlements:	\$267,747.00
Total SEP Value:	\$0.00
Fiscal Year through December 2015 Cash Total:	\$1,529,977.00
Year through December 2015 SEP Value Only Total:	\$0.00

Fiscal

FAC ID	COMPANY NAME	RULE NUMBER	SETTLED DATE	ATTY INT	NOTICE NO.	TOTAL SETTLEMENT
CIVIL SET	TLEMENTS:					
166246	3M ENTERPRISES, INC.	203 (B) 203 (B) 203(B), 461 203 (B) 203 (B)	12/11/2015	BTG	P62248 P61762 P58523 P62232 P62209	\$15,500.00
115394	AES ALAMITOS, LLC	2004	12/16/2015	TRB	P62058	\$1,000.00
145836	AMERICAN APPAREL DYEING & FINISHING	2004	12/11/2015	NSF	P53149	\$1,000.00
162631	APRO LLC #48	203 (B) 203 (B)	12/10/2015	TRB	P61760 P62246	\$9,000.00
82554	CHURCH OF SCIENTOLOGY WESTERN U S	2202 2202	12/23/2015	TRB	P60305 P55279	\$15,000.00
800372	EQUILON ENTER. LLC, SHELL OIL PRODUCTS	2004, 3002 1173, 1178, 2004, 3002	12/18/2015	TRB	P56572 P56569	\$20,000.00
136011	GRAND CHEVRON, BHUPINDER S MAC DBA	203	12/10/2015	NSF	P62433	\$1,000.00
129816	INLAND EMPIRE ENERGY CENTER, LLC.	2004	12/31/2015	TRB	P53148	\$2,500.00
115563	NCI GROUP INC., DBA, METAL COATERS	2004	12/23/2015	KCM	P62053	\$1,000.00
80492	OPERATING ENGINEERS PENSION TRUST FUND	203 (B), 1470	12/16/2015	TRB	P48497	\$500.00
171941	Q.E.P. INC.	3002(C)(1), 3003	12/31/2015	NSF	P61723	\$1,500.00

FAC ID	COMPANY NAME	RULE NUMBER	SETTLED DATE	ATTY INT	NOTICE NO.	TOTAL SETTLEMENT
20604	RALPHS GROCERY COMPANY	2004	12/11/2015	KCM	P57087	\$2,200.00
151582	RIVERDALE VIEW, INC.	203(B), 461(C)(2)(B)	12/10/2015	NAS	P61671	\$1,000.00
23487	ROYAL PAPER BOX COMPANY	3002(C)(1), 3003	12/10/2015	SH	P60502	\$5,000.00
85943	SIERRA ALUMINUM COMPANY	2012 2004(F)(1), 3002(C)(1) 2012 2012	12/11/2015	NAS	P61191 P57812 P57818 P57817	\$25,000.00
172968	S. VANN INC DBA BP PRODUCTS	1113(C)(1) 314, 1113(C)(1)	12/11/2015	NSF	P60333 P55893	\$20,000.00
800026	ULTRAMAR INC (NSR USE ONLY)	1173 109, 1158, 1168, 1173 1176, 1178, 3002, 40 CFR 1176(E)(1)	12/23/2015	TRB	P61016 P61015 P61019	\$115,500.00
		1176(E)(1)			P61018	
		221, 1118 3002			P61002 P61003	
		3002			P61002	
		1176			P61007	
		2004			P61004	
TOTAL ON		1173			P61008	
TUTAL CI	/IL SETTLEMENTS: \$236,700.00					

FAC ID	COMPANY NAME	RULE NUMBER	SETTLED DATE	ATTY NOT INT NO	
MSPAP SI	ETTLEMENTS:				
155088	4701 SLAUSON INC.	203(A), 461(C), 41960.2, 41954	12/11/2015	P61	264 \$400.00
169847	ARCO AM/PM	461, 41960.2	12/31/2015	P61	\$60 \$1,282.00
154947	BELL CHEVRON	461(C), 461(C)(2)(B), 41960.2	12/3/2015	P61	\$630.00
173161	BENZENE POWER OF PACOIMA GAS	461(C)	12/11/2015	P60	\$320.00
75142	CORECARE III C/O MORNINGSIDE	222, 1146.2	12/3/2015	P64	200 \$2,750.00
158231	DE ANZA CLEANERS, HOWARD KIM	1102	12/3/2015	P59	\$900.00
179636	DMJ OIL, INC	461 (E) (2)	12/11/2015	P58	\$800.00
91699	EXPRESS 1 CLEANERS	1421	12/11/2015	P60	\$400.00
29404	FOOD N' FUEL INC #23	461(C), 461(C)(1)(A), 41960.2	12/15/2015	P59	797 \$650.00
172416	GAREY 76	203(B), 461, 461(C)(2)(B)	12/31/2015	P60	939 \$1,000.00
160798	HUGO'S GARDENING	PE ATCM 93116 PERP 2460, TITLE 13	12/3/2015	P59	642 \$425.00
152386	JERRY'S AUTO SERVICE, INC.	461(C), 461(C)(2)(B)	12/3/2015	P60	940 \$500.00
2748	LA CO, PUBLIC WORK DEPT.	461	12/11/2015	P56	731 \$500.00
35972	MADRONA CAR WASH, RAMESH G BAJARIS	203(B), 461, 461(E)(2)	12/31/2015	P63	\$1,050.00

FAC ID	COMPANY NAME	RULE NUMBER	SETTLED DATE	ATTY INT	NOTICE NO.	TOTAL SETTLEMENT
165514	MENTONE GAS AND MINI MART	461, 41960.2	12/3/2015		P59790	\$4,000.00
142115	OASIS FUELS/FIONA C ROCHE-LUCE	461(C), 461(C)(2)(B), 461(E)(2)	12/11/2015		P63058	\$1,550.00
131573	PETER FRIO & SON CHEVRON	203(A), 203 (B), 461(C)(2)(B) 41960.2	12/3/2015		P61261	\$1,800.00
177684	POMONA MOBIL	461	12/16/2015		P60916	\$300.00
60442	RIALTO CONCRETE PRODUCTS INC.	403, 1157	12/15/2015		P62017	\$1,100.00
180266	ROSE PAVING COMPANY	203 (A)	12/3/2015		P59678	\$250.00
158341	SHAATH & OUDEH GROUP, INC.	203	12/31/2015		P59791	\$1,200.00
159208	SHAHKOT PETROLEUM, INC.	461(C), 461(C)(2)(B) 41960.2	12/16/2015		P62449	\$1,000.00
175609	STURGEON SERVICES INTERNATIONAL	1166	12/31/2015		P61023	\$3,200.00
178225	US GASOLINE INC.	461, 461(C), 461(C)(2)(B) 41960.2	12/3/2015		P63052	\$1,200.00
147549	VALERO, THREE FOUR INC.	203 (B)	12/31/2015		P60815	\$800.00

## TOTAL MSPAP SETTLEMENTS: \$28,007.00

FAC ID	COMPANY NAME	RULE NUMBER	SETTLED DATE	ATTY INT	NOTICE NO.	TOTAL SETTLEMENT
HEARING	BOARD SETTLEMENTS:					
131310	BECTON DICKINSON & COMPANY Hearing Board Case No. 6026-1 Facility will pay \$1,000/month penalty for the ongoing operation of the facility's ICE under stipulated Order for	203	12/18/2015	BTG	HRB2312	\$1,000.00
72040	KTLA INC Hearing Board Cse No. 6027-1 Facility to pay \$100/month until non-compliant generator is removed from service and replaced with a compliant generator.	1470	12/18/2015	RRF	HRB2311	\$100.00
6384	LA CO., RANCHO LOS AMIGOS NAT. REHABILATION CENTER Hearing Board Case No. 6013-1 Facility will pay monthly penalty of \$440 for any of the four boilers in non-compliance with the 9ppm Nox emissions limits.	1146	12/18/2015	RRF	HRB2313	\$440.00
123715	STERLING INTERNATIONAL TOWERS Hearing Board Case No. 6029-1 Penalty for ongoing operation of the ICE engine during the terms of the stipulated Order for Abatement.	1470	12/23/2015	MJR	HRB2314	\$1,500.00

### TOTAL HEARING BOARD SETTLEMENTS: \$3,040.00

## DISTRICT RULES AND REGULATIONS INDEX FOR DECEMBER 2015 PENALTY REPORTS

#### **REGULATION I - GENERAL PROVISIONS**

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

#### **REGULATION II – PERMITS**

List and Criteria Identifying Information Required of Applicants Seeking A Permit to Construct from the South Coast Air Quality Management - District (Amended 4/10/98)

- Rule 203 Permit to Operate (Amended 1/5/90)
- Rule 221 Plans (Adopted 1/4/85)
- Rule 222 Filing Requirements for Specific Emission Sources Not Requiring a Written permit Pursuant to Regulation II. (Amended 5/19/00)

#### **REGULATION III – FEES**

Rule 314 Fees for Architectural Coatings

#### **REGULATION IV - PROHIBITIONS**

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

#### **REGULATION XI - SOURCE SPECIFIC STANDARDS**

- Rule 1102 Petroleum Solvent Dry Cleaners (Amended 11/17/00)
- Rule 1113 Architectural Coatings (Amended 6/20/01)
- Rule 1118 Emissions From Refinery Flares (Adopted 2/13/98)
- Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters (*Amended 11/17/00*)
- Rule 1146.2 Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers (Adopted 1/9/98)
- Rule 1157 PM10 Emission Reductions From Aggregate And Related Operations
- Rule 1158 Storage, Handling and Transport of Petroleum Coke (Amended 6/11/99)
- Rule 1166 Volatile Organic Compound Emissions from Decontamination of Soil (Amended 5/11/01)
- Rule 1168 Adhesive and Sealant Applications (Amended 9/15/00)

- Rule 1173 Fugitive Emissions of Volatile Organic Compounds (Amended 5/13/94)
- Rule 1176 Sumps and Wastewater Separators (Amended 9/13/96)
- Rule 1178 Further Reductions of VOC Emissions from Storage Tanks at Petroleum Facilities (Amended 4/7/06)

#### **REGULATION XIV - TOXICS**

- Rule 1421 Control of Perchloroethylene Emissions from Dry Cleaning Operations (Amended 6/13/97)
- Rule 1470 Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines

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

- Rule 2004 Requirements (Amended 5/11/01)
- Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NO<sub>X</sub>) Emissions (*Amended 5/11/01*)

#### **REGULATION XXII ON-ROAD MOTOR VEHICLE MITIGATION**

Rule 2202 On-Road Motor Vehicle Mitigation Options (Amended 10/9/98)

#### **REGULATION XXX - TITLE V PERMITS**

- Rule 3002 Requirements (Amended 11/14/97)
- Rule 3003 Applications (Amended 3/16/01)

#### CALIFORNIA HEALTH AND SAFETY CODE § 41700

- 41954 Compliance for Control of Gasoline Vapor Emissions
- 41960.2 Gasoline Vapor Recovery

#### CALIFORNIA AIR RESOURCES BOARD PORTABLE ENGINE AIR TOXICS CONTROL MEASURES (PE ATCM)

Rule 93116 - Airborne Toxic Control Measure For Diesel Particulate Matter From Portable Engines Rated At 50 Horsepower And Greater

#### CALIFORNIA CODE OF REGULATIONS

- Title 13 Mobile Sources and Fuels
- PERP 2460 Portable Equipment Testing Requirements

t	Back	to	Agenda
			-

BOARD MEETING DATE: February 5, 2016 AGENDA NO. 18

REPORT:	Lead Agency Projects and Environmental Documents Received By
	SCAQMD

SYNOPSIS: This report provides, for the Board's consideration, a listing of CEQA documents received by the SCAQMD between December 1, 2015 and December 31, 2015, and those projects for which the SCAQMD is acting as lead agency pursuant to CEQA.

COMMITTEE: Mobile Source, January 22, 2016, Reviewed

RECOMMENDED ACTION: Receive and file.

PF:JW:IM:JW:AK

Barry R. Wallerstein, D.Env.
Executive Officer

**CEQA Document Receipt and Review Logs (Attachments A and B)** – Each month, the SCAQMD receives numerous CEQA documents from other public agencies on projects that could adversely affect air quality. A listing of all documents received and reviewed during the reporting period of December 1, 2015 and December 31, 2015 is included in Attachment A. A list of active projects from previous reporting periods for which SCAQMD staff is continuing to evaluate or has prepared comments is included in Attachment B.

The Intergovernmental Review function, which consists of reviewing and commenting on the adequacy of the air quality analysis in CEQA documents prepared by other lead agencies, is consistent with the Board's 1997 Environmental Justice Guiding Principles and Environmental Justice Initiative #4. Furthermore, as required by the Environmental Justice Program Enhancements for FY 2002-03 approved by the Board in October 2002, each of the attachments notes those proposed projects where the SCAQMD has been contacted regarding potential air quality-related environmental justice concerns. The SCAQMD has established an internal central contact to receive information on projects with potential air quality-related environmental justice concerns. The public may contact

the SCAQMD about projects of concern by the following means: in writing via fax, email, or standard letters; through telephone communication; as part of oral comments at SCAQMD meetings or other meetings where SCAQMD staff is present; or by submitting newspaper articles. The attachments also identify for each project the dates of the public comment period and the public hearing date, if applicable, as reported at the time the CEQA document is received by the SCAQMD. Interested parties should rely on the lead agencies themselves for definitive information regarding public comment periods and hearings as these dates are occasionally modified by the lead agency.

At the January 6, 2006 Board meeting, the Board approved the Workplan for the Chairman's Clean Port Initiatives. One action item of the Chairman's Initiatives was to prepare a monthly report describing CEQA documents for projects related to goods movement and to make full use of the process to ensure the air quality impacts of such projects are thoroughly mitigated. In response to describing goods movement, CEQA documents (Attachments A and B) are organized to group projects of interest into the following categories: goods movement projects; schools; landfills and wastewater projects; airports; and general land use projects, etc. In response to the mitigation component, guidance information on mitigation measures were compiled into a series of tables relative to: off-road engines; on-road engines; harbor craft; ocean-going vessels; locomotives; fugitive dust; and greenhouse gases. These mitigation measure tables are on the CEQA webpages portion of the SCAQMD's website. Staff will continue compiling tables of mitigation measures for other emission sources, including airport ground support equipment, etc.

As resources permit, staff focuses on reviewing and preparing comments for projects: where the SCAQMD is a responsible agency; that may have significant adverse regional air quality impacts (e.g., special event centers, landfills, goods movement, etc.); that may have localized or toxic air quality impacts (e.g., warehouse and distribution centers); where environmental justice concerns have been raised; and those projects for which a lead or responsible agency has specifically requested SCAQMD review. If the SCAQMD staff provided written comments to the lead agency as noted in the column "Comment Status," there is a link to the "SCAQMD Letter" under the Project Description. In addition, if the SCAQMD staff testified at a hearing for the proposed project, a notation is provided under the "Comment Status." If there is no notation, then SCAQMD staff did not provide testimony at a hearing for the proposed project. During the period December 1, 2015 through December 31, 2015, the SCAQMD received 79 CEQA documents. Of the total of 90 documents\* listed in Attachments A and B:

- 20 comment letters were sent;
- 22 documents were reviewed, but no comments were made;
- 27 documents are currently under review;
- 5 documents did not require comments (e.g., public notices, plot plans, Final Environmental Impact Reports);
- 0 documents were not reviewed; and
- 16 documents were screened without additional review.

\* These statistics are from December 1, 2015 to December 31, 2015 and may not include the most recent "Comment Status" updates in Attachments A and B.

Copies of all comment letters sent to lead agencies can be found on the SCAQMD's CEQA webpage at the following internet address: http://www.aqmd.gov/home/regulations/ceqa/commenting-agency.

**SCAQMD Lead Agency Projects (Attachment C)** – Pursuant to CEQA, the SCAQMD periodically acts as lead agency for stationary source permit projects. Under CEQA, the lead agency is responsible for determining the type of CEQA document to be prepared if the proposal is considered to be a "project" as defined by CEQA. For example, an Environmental Impact Report (EIR) is prepared when the SCAQMD, as lead agency, finds substantial evidence that the proposed project may have significant adverse effects on the environment. Similarly, a Negative Declaration (ND) or Mitigated Negative Declaration (MND) may be prepared if the SCAQMD determines that the proposed project will not generate significant adverse environmental impacts, or the impacts can be mitigated to less than significance. The ND and MND are written statements describing the reasons why proposed projects will not have a significant adverse effect on the environment and, therefore, do not require the preparation of an EIR.

Attachment C to this report summarizes the active projects for which the SCAQMD is lead agency and is currently preparing or has prepared environmental documentation. As noted in Attachment C, the SCAQMD continued working on the CEQA documents for five active projects during December.

## Attachments

- A. Incoming CEQA Documents Log
- B. Ongoing Active Projects for Which SCAQMD Has or Will Conduct a CEQA Review
- C. Active SCAQMD Lead Agency Projects

	DECEMBER 1, 2015 TO DEC	2013 CENIDER 51, 2013			
<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION		TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Warehouse & Distribution Centers	The proposed project consists of an industrial development proj	ect consisting of one 446,173-	Draft	City of Eastvale	SCAQMD
<b>RVC151208-01</b> LBA Realty Eastvale Industrial Development Project	square-foot industrial warehouse building, parking, utility and stormwater infrastructure and landscaping on a 23.5-acre parcel. The project is located on Cantu-Galleano Ranch Road.				staff commented 1/15/2016
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/ja	anuary/deireastvale.pdf			
	Comment Period: 12/9/2015 - 1/25/2016	Public Hearing: N/A			
Warehouse & Distribution Centers RVC151230-01 Optimus Logistics Center	The proposed project consists of constructing two high-cube wa 1,455,781 square feet, with another 10.76 acres left undeveloped development fronting Ramona Expressway and 9.6 acres set asia Expressway on-ramp at the I-215 Freeway. The project is located between the I-215 Freeway and Webster Avenue. Reference RVC150818-07	d for a future commercial de for the future Ramona	Notice of Availability of a Final Environmental Impact Report	City of Perris	Document reviewed - No comments
	Comment Period: N/A	Public Hearing: 1/12/2016			
Warehouse & Distribution Centers           SBC151209-01           Slover Avenue Distribution Facility	The proposed project consists of redeveloping a property with a warehouse structure. The project is located on the north side of Jasmine Street. Reference SBC150708-01, SBC141105-01		Notice of a Public Hearing and Final Environmental Impact Report	City of Fontana	Document reviewed - No comments
	Comment Period: N/A	Public Hearing: 12/15/2015			
Warehouse & Distribution CentersThe proposed project consists of a proposal to redevelop an approximately 211.9-acre accommodate eight industrial buildings. The project is located on the south side of M Avenue, west of Carpenter Avenue and east of Baker Avenue. Reference SBC151215-05		roximately 211.9-acre property to	Final Environmental Impact Report	City of Chino	Document reviewed - No comments
	Comment Period: N/A	Public Hearing: 1/19/2016			
Warehouse & Distribution Centers	The proposed project consists of the construction and operation of an approximately 155,000- square-foot high-cube industrial warehouse and/or manufacturing facility on approximately 7.12- acres located on the southeast corner of the terminus of Lexington Way.		Draft Mitigated Negative Declaration	City of San Bernardino	Document
SBC151229-05 Lexington Way Warehouse Project Development Permit D-15-02					reviewed - No comments
	Comment Period: 12/22/145 - 1/12/2016	Public Hearing: N/A			

\*Sorted by Land Use Type (in order of land uses most commonly associated with air quality impacts), followed by County, then date received.

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

SCAQMD LOG-IN NUMBER	PROJECT DESCRIP	·	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE	r KOJECT DESCRIPTION		DOC.		STATUS
Airports	The proposed project consists of developing a 14-gate replacement passenger terminal building		Initial Project	Burbank-Glendale-	Document
LAC151201-06 Bob Hope Airport Replacement Terminal Project	and related improvements at the Bob Hope Airport on on the City of Burbank.		Consultation	Pasadena Airport Authority	reviewed - No comments
	Comment Period: N/A	Public Hearing: N/A			
Airports	This document consists of a notice of availability of a Ma	ster Plan and Mitigation Monitoring and	Other	Los Angeles World	Document
LAC151222-01 LAX Master Plan Mitigation Monitoring and Reporting Program (MMRP) 2014 Annual Progress Report	Reporting Program, 2014 Annual Progress Report.			Airports	reviewed - No comments
	Comment Period: N/A	Public Hearing: N/A			
Airports LAC151229-02 Bob Hope Airport Replacement Terminal Project	The proposed project consists of developing a 14-gate rep and related improvements at the Bob Hope Airport on on the City of Burbank.		Notice of Preparation	Burbank-Glendale- Pasadena Airport Authority	SCAQMD staff commented 1/6/2016
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters.	/2016/january/nopbobhope.pdf			
	Comment Period: 12/29/2015 - 1/31/2016	Public Hearing: N/A			
Industrial and Commercial	The proposed project consists of a new plant that will use		Draft Mitigated	City of Los Angeles	
LAC151210-03 Asphalt Plant Replacement and Modernization project	pavement material as part of an enhanced asphalt product 2484 East Olympic Boulevard	ion system. The project is located at	Negative Declaration		staff commented 1/14/2016
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/january/mndasphalt1.pdf				
	Comment Period: 12/10/2015 - 1/11/2016	Public Hearing: N/A			
Waste and Water-related	The proposed project consists of adoption of an emergend		Preliminary	Department of	Document
ALL151208-08 Adoption of Annual Fee on Metal Shredding Facilities	on metal shredding facilities subject to the requirements of	of Senate Bill 1249.	Review	Toxic Substances Control	does not require comments
	Comment Period: N/A	Public Hearing: N/A			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

	DECEMBER 1, 2015 TO DECEMBER 51, 2015	T		
SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
PROJECT TITLE				
Waste and Water-related LAC151201-02 99th Street Wells Chloramination Station Project	The proposed project consists of the construction of a chloramination station within the 99th Street Wells Pumping Station. The chloramination station would combine liquid ammonium sulfate, a stable non-toxic, non-volatile, non-flammable, odorless chemical, with sodium hypochlorite to disinfect the groundwater supply distributed by the 99th Street Wells Pumping Station complex. The project is located at the intersection of Wadsworth Avenue and 99th Street in the Watts community of City of Los Angeles. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/mnd99th.pdf Comment Period: 12/1/2015 - 1/15/2016 Public Hearing: N/A	Draft Negative Declaration	Los Angeles Department of Water and Power	SCAQMD staff commented 12/15/2015
Waste and Water-related LAC151204-06 Soil Management Plan of the United Technologies Corp. Canoga Avenue Site	The proposed project consists of a Soil Management Plan (SMP) as a continuation of ongoing cleanup efforts. The Draft SMP, including a Human Health Risk Assessment, provides processes and procedures for monitoring, assessing, and remediating impacted soil from ground surface to the water table, associated with the Site's past activities. Impacted material will be disposed of or recycled at appropriate off-site receiver locations. The project is located on Canoga Avenue between Vanowen Street and Victory Boulevard.	Notice of Availability of a Draft Mitigated Negative Declaration	California Water Board	Document reviewed - No comments
	Comment Period: 12/3/2015 - 1/8/2016 Public Hearing: N/A			
Waste and Water-related LAC151208-09 Exide Draft Closure Plan and DEIR	The proposed project consists of permanently closing the Exide facility. The project will require Exide to remove all contaminated equipment, buildings, and soil. The project is located at 2700 South Indiana Street in Vernon. Reference LAC150602-13	Draft Environmental Impact Report	Department of Toxic Substances Control	Under review, may submit written comments
	Comment Period: 12/8/2015 - 2/12/2016 Public Hearing: 2/3/2016			
Waste and Water-related LAC151210-04 CUP No. 623	The proposed project consists of an amendment to the existing Conditional Use Permit to allow for the recycling and storage of electronic waste. The proposed operations consist of the utilization of a bobtail truck to collect e-waste at nearby residential properties on a daily basis. The project is located at 11710 Telegraph Road.	Notice of a Public Hearing	City of Santa Fe Springs	Document does not require comments
	Comment Period: N/A Public Hearing: 12/14/2015			TT 1
Waste and Water-related LAC151215-02 Pond 1 Closure Plan	The proposed project consists of an Interim Measure Work Plan and Revised Pond 2 Closure Plan for a permitted hazardous waste facility located at 8851 Dice Road in Santa Fe Springs. The Work Plan will require the facility to clean up hexavalent chromium in soil near a former underground chromic acid tank.	Community Notice	Department of Toxic Substances Control	Under review, may submit written comments
	Comment Period: 12/15/2015 - 2/15/2016 Public Hearing: N/A			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE		DOC.		STATUS
Waste and Water-related LAC151229-07 Removal of Soil at 9901 S. Alameda Street	The proposed project consists of the removal of contaminated soil. The site has chemicals left over from manufacturing, truck operations and waste storage.	Community Notice	Department of Toxic Substances Control	Document does not require comments
	Comment Period: N/A Public Hearing: N/A			
Waste and Water-related LAC151229-11 Asphalt Plant Replacement and Modernization Project	The proposed project consists of a new plant that will use up to 50% of recycled asphalt pavement material as part of an enhanced asphalt production system. The project is located at 2484 East Olympic Boulevard.	Community Notice	City of Los Angeles	Document reviewed - No comments
	Comment Period: N/A Public Hearing: 1/7/2016			
Waste and Water-related ORC151201-07 City Ventures - Yorba Linda	The proposed project consists of draft Response Plan to address contaminated soil vapors on an approximately 5.5 acre site. The project is located on Prospect Avenue near Imperial Highway.	Community Notice	Department of Toxic Substances Control	Document reviewed - No comments
	Comment Period: 11/20/2015 - 1/11/2015 Public Hearing: N/A			
Waste and Water-related ORC151202-05 Rehabilitation of Western Regional Sewers, Project No. 3-64	The proposed project consists of the rehabilitation and replacement of the entire length of the Orange Western Sub-trunk, Los Alamitos sub-trunk, the Westside Relief Interceptor, and the Seal Beach Boulevard Interceptor sewer lines. The project is located primarily in the Cities of La Palma, Buena Park, Cypress, Anaheim, Los Alamitos, Seal Beach, and Rossmoor.         http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nopsewers3-64.pdf         Comment Period:       12/2/2015 - 12/29/2015	Notice of Preparation	Orange County Sanitation District	SCAQMD staff commented 12/9/2015
Waste and Water-related RVC151202-02 Goetz Road Potable Water Storage Tank and Transmission Pipeline	The proposed project consists of the construction and operation of a 13.4 million gallon potable water storage tank and associated underground potable water transmission pipeline. The tank will be constructed on a 2.85-acre parcel located on the northwest corner of Goetz Road and Sotelo Road in the City of Perris.	Notice of Preparation	Eastern Municipal Water District	SCAQMD staff commented 12/9/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nopgoetz.pdf Comment Period: 12/2/2015 - 12/30/2015 Public Hearing: N/A			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

	DECENIBER 1, 2015 TO DECENIBER 51, 2015	-		
SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE		DOC.		STATUS
Waste and Water-related	The proposed project consists of a Draft Remedial Action Plan which identifies the treatment and	Community	Department of	Document
<b>RVC151208-07</b> Laborde Canyon (Lockheed Martin Beaumont Site 2)	control measures selected to clean up contaminated soil and groundwater at Laborde Canyon, also known as Lockheed Martin Beaumont Site 2, Riverside County. The project is located in unincorporated Riverside County, southwest of the City of Beaumont.	Notice	Toxic Substances Control	reviewed - No comments
	Comment Period: 12/7/2015 - 2/9/2016 Public Hearing: 1/20/2016			
Waste and Water-related	The proposed project consists of a cleanup plan to clean up metals found in subsurface soil and	Community	Department of	Document
RVC151222-04 Former Tyco Electronics Corporation/ Deutsch Facility Site in Banning	volatile organic compounds in soil vapors from former plating operations. The project is located at 700 South Hathaway Street in Banning.	Notice	Toxic Substances Control	reviewed - No comments
	Comment Period: 12/22/2015 - 1/19/2016 Public Hearing: N/A			
Waste and Water-related	The proposed project consists of constructing and operating a 5-million gallon (MG) welded		Eastern Municipal	Document
<b>RVC151223-06</b> Paradise Meadows Potable Water Storage Tank and Transmission Pipeline Project	steel, above-ground potable water storage tank, and an approximately 0.39 MG detention basin. The project is located west of I-215 and south of Newport Road.	Negative Declaration	Water District	reviewed - No comments
	Comment Period: 12/23/2015 - 1/19/2016 Public Hearing: N/A			
Waste and Water-related	The proposed project consists of the construction of a new wastewater treatment facility to treat	Draft	San Bernardino	Document
SBC151217-03 Sterling Natural Resource Center	wastewater generated within the East Valley Water District service area. The facility would be constructed on a 14-acre parcel of land located at the North Del Rosa Drive between East 5th Street and East 6th Street in the City of Highland.	Environmental Impact Report	Municipal Water District	reviewed - No comments
	Comment Period: 12/17/2015 - 2/1/2016 Public Hearing: N/A			
Utilities	The proposed project consists of an amendment to permit licensed security personnel to use	Finding of No	Nuclear Regulatory	Document
<b>ODP151222-02</b> Southern California Edison Company: San Onofre Nuclear Generating Station, Units 2 and 3	certain firearms and ammunition-feeding devices not previously permitted.	Significant Impact	Commission	reviewed - No comments
	Comment Period: N/A Public Hearing: N/A			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE		DOC.		STATUS
Utilities SBC151229-01 Community Recreation Center, 1310 Oak Valley Parkway (15-CUP-14)	The proposed project consists of a disguised wireless telecommunications facility that includes the installation of a 60-foot monopine to include twelve panel antennas and one parabolic antenna. The project is located at 1310 Oak Valley Parkway.	Initial Project Consultation	City of Beaumont	SCAQMD staff commented 1/6/2016
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/january/mndcell15cup14.pdf			
Utilities SBCRVC151222-03 North-South Project	Comment Period: 12/29/2015 - 1/8/2016Public Hearing: N/AThis notice extends the public scoping period. The proposed project consists of the construction, operation and maintenance of a 36-inch diameter natural gas transmission pipeline; the rebuilding of the Adelanto Compressor Station by adding 30,000 horsepower of compression to the system; installation of additional pressure limiting and communications equipment at the Moreno Pressure Limiting Station, Whitewater Pressure Limiting Station, and Desert Center Compressor Station; and the installation of pressure limiting and communications equipment at the proposed Shaver Summit Pressure Limiting Station. The pipeline would be approximately 65 miles long, beginning at Adelanto Compressor Station in the city of Adelanto, proceeding south through the Cajon Pass and the San Bernardino National Forest, and ending at the Moreno Pressure Limiting Station in the City of Moreno Valley.Comment Period: 12/22/2015 - 1/18/2016Public Hearing: N/A	Other	California Public Utilities Commission	Document does not require comments
Transportation	The proposed project consists of a Regional Transportation Plan/Sustainable Communities	Draft Program	Southern California	Preparing
ALL151204-07 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy	Strategy Plan. The Plan provides land use and transportation strategies to help achieve a coordinated balance of land uses and transportation investments.	Environmental Impact Report	Association of Governments	written comments
	Comment Period: 12/4/2015 - 2/1/2016 Public Hearing: 1/19/2016			
Transportation LAC151204-05 Century Boulevard Extension	The proposed project consists of extending Century Boulevard approximately 2,600 feet through the Jordan Downs Urban Village Specific Plan area between Grape Street and Alameda Street in the City of Los Angeles.	Draft Environmental Assessment	California Department of Transportation	Document reviewed - No comments
	Comment Period: 12/4/2015 - 12/30/2015 Public Hearing: 12/17/2015			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE		DOC.		STATUS
Transportation	The proposed project consists of a stand-alone office building with retail, restaurant and office	Draft Mitigated	City of Culver City	Document
LAC151223-09 Ivy Station Transit Oriented Mixed-Use Development	uses. The project would provide a total of 148 hotel rooms, 200 residential units, approximately 185,000 square feet of office use, 36,200 square feet of retail use, and 16,100 square feet of restaurant use. The project is bounded by Venice Boulevard to the northwest; National Boulevard to the northeast, Washington Boulevard to the southeast, and the Metro right-of-way and Metro Station to the South.	Negative Declaration		reviewed - No comments
	Comment Period: 12/21/2015 - 1/19/2016 Public Hearing: N/A			
Transportation	The proposed project consists of widening State Route 55 in both directions from north of the	Draft Mitigated	California	SCAQMD
ORC151202-01	Interstate 405/SR-55 Interchange to south of the Interstate 5/SR-55 Interchange between Post	Negative	Department of	staff
State Route 55 Improvement Project Between Interstate 405 and Interstate 5	Miles 6.4 and 10.3, traversing the cities of Santa Ana, Tustin, and Irvine.	Declaration	Transportation	commented 1/6/2016
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/january/mndsr55.pdf			
	Comment Period: 11/25/2015 - 1/8/2016 Public Hearing: 12/10/2015			
Transportation	The proposed project consists of constructing a new Class I Bikeway, Riding and Hiking Trail,	Draft	Orange County	Document
ORC151209-03 Santa Ana River Parkway Extension Project	and associated amenities on the north and south banks of the Santa Ana River, between Gypsum Canyon Road Bridge and the Orange County boundary.	Environmental Impact Report	Public Works Department	reviewed - No comments
	Comment Period: 12/10/2015 - 1/25/2016 Public Hearing: N/A			
Transportation	The proposed project consists of constructing a new diamond interchange along State Route 210	Final Negative	San Bernardino	Document
SBC151202-03 State Route 210/ Pepper Avenue New Interchange Project	at Pepper Avenue in portions of the Cities of Rialto and San Bernardino. The project would include providing freeway access ramps at each of the four quadrants of the interchange. Reference LAC140521-04	Declaration	Associated Governments	reviewed - No comments
	Comment Period: N/A Public Hearing: N/A			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

	DECEMBER 1, 2015 TO DECEMBER 51, 2015			-		
SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT		
PROJECT TITLE		DOC.		STATUS		
Institutional (schools, government, etc.)	The proposed project consists of a master plan for the Brentwood School, an independent K-12	Draft	City of Los Angeles			
LAC151204-04 Brentwood School Education Master Plan (ENV-2014-572)	coed school with 995 students and facilities on two campuses located approximately one-half mile apart in the Brentwood-Pacific Palisades Community of the City of Los Angeles. The East Campus is approximately 7.5 acres in size and contains existing facilities currently used for grades 7-12. Portions of the East Campus occupy land owned by the West Los Angeles Veterans Administration. The West Campus, located at 12001 Sunset Boulevard is approximately 3.5 acres in size, and contains existing facilities currently used for grades K-6.	Environmental Impact Report		reviewed - No comments		
	Comment Period: 12/3/2015 - 2/3/2016 Public Hearing: N/A					
Institutional (schools, government, etc.) ORC151229-08 Central Energy Plant Expansion	The proposed project consists of demolition of an approximately 6,000-gross-square-foot structure and construction of four components to provide increased chiller capacity to the University of California, Irvine Medical Center.	Draft Mitigated Negative Declaration	University of California, Irvine	SCAQMD staff commented 1/14/2016		
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/january/mnducicentral.pdf Comment Period: 12/23/2015 - 1/22/2016 Public Hearing: N/A					
Institutional (schools, government, etc.)	The proposed project consists of the development of a new three-story, 91,500-square-foot	Draft Mitigated	City of Colton	Document		
<b>SBC151208-03</b> California University of Science and Medicine and Planning Area 21 Master Plan	medical school at one of two locations, either at 300 N. Pepper Avenue within the Arrowhead Regional Medical Center campus, or at the SW corner of San Bernardino and Meridian Avenue.	Negative Declaration		reviewed - No comments		
	Comment Period: 12/7/2015 - 12/28/2015 Public Hearing: 1/12/2016					
General Land Use (residential, etc.)	The proposed project consists of demolition of all existing on-site uses and redevelopment of the	Notice of	City of Los Angeles	SCAQMD staff		
LAC151201-04 6220 West Yucca Project (ENV-2014- 4706)	site with a mixed-use residential, hotel, and commercial/restaurant project. The project would       Preparation         consist of two buildings and would occupy the majority of the project site atop of a six-level       Preparation         podium structure within one semi-subterranean level. The project is located on the south side of       West Yucca Street between Argyle Avenue and North Vista Del Mark Avenue in the Hollywood         Community.       Community.					
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nop20144706.pdf					
	Comment Period: 12/1/2015 - 12/28/2015 Public Hearing: 12/9/2015					

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

	DECEIVIDER 1, 2015 TO DECEIVIDER 51, 2015			
SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE		DOC.		STATUS
General Land Use (residential, etc.) LAC151201-09 9900 Wilshire Boulevard (One Beverly Hills) Project	The proposed project consists of development of 901,514 square feet of floor area and includes up to 193 condominiums and up to a 134-room luxury hotel.	Notice of Preparation	City of Beverly Hills	SCAQMD staff commented 12/9/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/noponebeverly.pdf			
	Comment Period: 11/30/2015 - 12/29/2015 Public Hearing: N/A			
General Land Use (residential, etc.)	The proposed project consists of merging Mullen Avenue, Block A and the majority of Block B		City of Los Angeles	-
LAC151204-01 Wilshire Mullen (ENV-2015-3719)	into a single legal lot for condominium development purposes. The remaining portion of Block will be merged and re-subdivided into six smaller legal lots for development of single-family homes. The project is located on the south side of Wilshire Boulevard bounded by Muirfield Road on the east, Rimpau Boulevard on the west and 8th Street on the south.	B Preparation		staff commented 12/10/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nopwilshire.pdf			
	Comment Period: 12/4/2015 - 1/4/2016 Public Hearing: N/A			
General Land Use (residential, etc.) LAC151204-02 NoHo West	The proposed project consists of redevelopment/reuse of the 16.44 acre project site with a mix of commercial, retail, and residential land uses. Approximately 359,942 square feet of the project site fronting Radford Avenue and Erwin Street would be developed with multi-family residential units. The project includes the demolition of the existing buildings. The existing main Macy's building would be expanded and re-used for approximately 500,000 square feet of office uses. The project also involves the development of the remainder of the Project Site with approximate 300,000 square feet of commercial uses. Approximately 142,513 square feet of retail land uses, 48,687 square feet of restaurant land uses, 40,000 square feet of health club/gym uses, and 68,80 square feet of cinema uses. The project is located on Laurel Canyon Boulevard and Oxnard Stre near the 170 Freeway.	Environmental Impact Report	City of Los Angeles	Document reviewed - No comments
	Comment Period: 12/3/2015 - 1/17/2016 Public Hearing: N/A			
General Land Use (residential, etc.)	The proposed project consist of subdivision and development of a 229-home private community		City of Los Angeles	
<b>LAC151204-03</b> 6433 La Tuna Canyon Road	with gated access on the 58.32-acre site.	Environmental Impact Report		written comments
	Comment Period: 12/3/2015 - 2/3/2016 Public Hearing: N/A			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

	DECEMBER 1, 2015 TO DECEMBER 51, 2015			-
SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE		DOC.		STATUS
General Land Use (residential, etc.)	The proposed project consists of developing 14 single-family detached units on 11.4 acres via a	Draft Mitigated	City of La Verne	Document
<b>LAC151208-06</b> 35-15TTM, 36-15ZC, 37-15ZA, and 38- 15TR	residential subdivision. Two of the homes currently exist on the site and one will be refurbished in the future in conjunction with the new development. The project is located north of Golden Hills Road at Divot Drive.	Negative Declaration		reviewed - No comments
	Comment Period: 12/4/2015 - 1/8/2016 Public Hearing: N/A			
General Land Use (residential, etc.)	The proposed project consists of 1,218 dwelling units, and 300,000 square feet of commercial	Notice of a	City of Los Angeles	
LAC151215-04 Jefferson and La Cienega Project (ENV- 2014-4755)	and office floor area. The project includes the demolition and removal of all existing structures to be replaced with an approximately 1,900,000-square-foot transit-oriented, mixed-use structure consisting of podium-style buildings, ranging in height from 110 feet for the podium buildings and approximately 320 feet for the tower. The project is located on La Cienega Boulevard and Jefferson Boulevard. Reference LAC150724-01	Public Hearing and availability of Final EIR		reviewed - No comments
	Comment Period: N/A Public Hearing: 1/6/2016			
General Land Use (residential, etc.)	The proposed project consists of a proposed License Agreement with an event operator to host a	Draft	City of Pasadena	Under
LAC151223-07 Arroyo Seco Music and Arts Festival	three-day Arroyo Seco Music and Arts Festival on an annual basis at the Rose Bowl Stadium.	Environmental Impact Report		review, may submit written comments
	Comment Period: 12/21/2015 - 2/19/2016 Public Hearing: N/A			
General Land Use (residential, etc.) LAC151223-08 Santa Monica Post Office Productions Project	The proposed project consists of expansion of the floor area in the former U.S. Post Office building for creative office use, arts, and media uses. The project would adaptively reuse the City Landmark building for creative office through additions and interior remodeling to expand the currently available floor area by 12,825 square feet for a total of 46,820 square feet including a 16,022 square foot basement. The project is located at 1248 5th Street.	Draft Mitigated Negative Declaration	City of Santa Monica	Document reviewed - No comments
	Comment Period: 12/16/2015 - 1/19/2016 Public Hearing: N/A			
General Land Use (residential, etc.)	The proposed project consists of an addendum and Revised/New Mitigation for the West Parcel	Draft Addendum	Mt. San Antonio	Document
LAC151229-13 West Parcel Solar Parcel	Solar Project. The project will be developed on the 27.65-acre West Parcel located west of Grand Avenue and south to Temple Avenue. The project will include a 8.9-acre solar array to be installed on a 10.6-acre pad.	to Final Environmental Impact Report	College	reviewed - No comments
	Comment Period: N/A Public Hearing: 1/13/2016			

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	DECEIVIBER 1, 2015 TO DECEIVIBER 51, 2015			
<u>SCAQMD LOG-IN NUMBER</u> PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) LAC151230-02 Martin Expo Town Center	The proposed project consists of removing all existing structures, and constructing a total of 807,200 square feet of new development. The Conceptual Plan includes 516 residential condominium units, 67,000 square feet of retail floor area, 200,000 square feet of creative office floor area, and associated subterranean parking. The proposed uses may also include an auto showroom. Reference LAC141128-01	Final Environmental Impact Report	City of Los Angeles	Document reviewed - No comments
	Comment Period: N/A Public Hearing: N/A			
General Land Use (residential, etc.) LAC160105-10 Aidlin Hill Residential Project	The proposed project consists of developing 102 single-family dwellings and associated supporting insfrastructure including load roadways, water tanks and a pump station, water quality treatment basins, and fire access road on 21.2 acres. The project is located on the 26300 block of Pico Canyon Road in the community of Stevenson Ranch.	Draft Environmental Impact Report	County of Los Angeles	Document reviewed - No comments
General Land Use (residential, etc.)	Comment Period: 12/29/2016 - 1/21/2016     Public Hearing: 1/11/2016       The proposed project consists of development of 14.34 net acres into a 126-unit detached	Initial Project	City of Menifee	SCAQMD
<b>RVC151201-01</b> TR2015-250 (TR 36937)	townhouse development with open space areas, reserved water quality treatment improvements and recreational amenities, at the corner of McLaughlin Road and Interstate 215 Freeway.	Consultation		staff commented 12/15/2015
	Comment Period: 12/1/2015 - 12/17/2015 Public Hearing: N/A			
General Land Use (residential, etc.)	The proposed project consists of subdivision of 7.5 gross acres into two parcels with a minimum	Notice of a	County of Riverside	
RVC151208-02 Tentative Parcel Map No. 36860	size of 2.5 acres. The project is located on the southwest corner of Delgado Way and Pardo Del Sol intersection in the Rancho California Zoning Area.	Public Hearing & Intent to Adopt Mitigated Negative Declaration		reviewed - No comments
	Comment Period: N/A Public Hearing: 12/15/2015			
General Land Use (residential, etc.)	The proposed project consists of the subdivision of approximately 271 acres into 292 single-	Draft	City of Corona	Document
RVC151208-05 Skyline Heights Project	family residential lots. The development will also include non-buildable lettered lots that will be set aside for landscaping and natural open space, streets and utilities. The project is located south of the proposed westerly extension of Foothill Parkway, east of Paseo Grande and west of Trudy Way.	Environmental Impact Report		reviewed - No comments
	Comment Period: 12/4/2015 - 1/20/2016 Public Hearing: N/A			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

	DECEMIDER 1, 2015 TO DECEMIDER 51, 2015	1	1	-
SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE		DOC.		STATUS
General Land Use (residential, etc.) RVC151229-03 MA15183/ PAR 15004	The proposed project consists of a pre-application for a zone change and General Plan amendment to change the property from light industrial to residential and subdivide the vacant land into single-family homes. The project is located at 6501 Clay Street.	Initial Project Consultation	City of Jurupa Valley	SCAQMD staff commented 1/6/2016
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/january/nop15183.pdf			
	Comment Period: 12/29/2015 - 1/6/2015 Public Hearing: N/A			
General Land Use (residential, etc.) SBC151209-02 Ridgeline Development Project	The proposed project consists of redeveloping the project site to provide a retail center with three different users/tenants, with the development consisting of a total of 3,000 square feet of retail/restaurant space. The project is located generally via Interstate 215 at the University Parkway exit.	Draft Mitigated Negative Declaration	City of San Bernardino	Document reviewed - No comments
	Comment Period: 12/9/2015 - 1/7/2016 Public Hearing: N/A			
General Land Use (residential, etc.) SBC151215-03 15-CUP-13	The proposed project consists of a new 7,180-square-foot multi-purpose room and parking lot, located at 1345 Palm Avenue.	Initial Project Consultation	City of Beaumont	Document reviewed - No comments
	Comment Period: 12/15/2015 - 12/29/2015 Public Hearing: N/A			
Plans and Regulations LAC151201-12 Amendment to the Transit-Oriented Development Ordinance (Zoning Code Section 17.50.340)	The proposed project consists of an amendment to the Transit-Oriented Development (TOD) Ordinance. The proposed amendment consists of changing the parking requirements; creation of an optional 1/2 mile TOD area of all TOD areas in the City except Sierra Madre Villa; changes to the options to exceed maximum parking requirements; addition of "Vehicle Services - Vehicle/Equipment Repair" use to the prohibited land use list within the TOD area; and other technical changes.	Notice of Availability of a Draft Mitigated Negative Declaration and Public Hearing	City of Pasadena	Document reviewed - No comments
	Comment Period: 11/19/2015 - 12/9/2015 Public Hearing: 12/9/2015			
Plans and Regulations	The proposed project consists of providing a policy framework with design guidelines and	Notice of	City of San	SCAQMD
LAC151223-02 San Fernando Corridor Specific Plan Amendment	development standards to guide the transformation of Turemand Street, San Fernando Road and Macaly Avenue.	Preparation	Fernando	staff commented 12/29/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nopsanferncorridor.pdf			
	Comment Period: 12/23/2015 - 1/22/2015 Public Hearing: 1/7/2016			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

SCAOMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE		DOC.		STATUS
Plans and Regulations	The proposed project consists of the Downtown Hawthorne Specific Plan. The Plan area totals		City of Hawthorne	SCAQMD
LAC151223-04 Downtown Hawthorne Specific Plan	approximately 794 acres. The Plan designates five land use areas (Residential, Hotel Hub, Commercial, Mixed-Use and Public/Quasi Public) and five opportunity sites known as Transformation Projects. The environmental analysis will examine the potential impacts of the total Specific Plan area in 2035 as Program EIR and the five Transformative Project sites in 202 as a Project EIR.	Environmental Impact Report		staff commented 1/19/2016
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/january/deirhawthorne.pdf			
Plans and Regulations	Comment Period: 12/18/2015 - 2/4/2016         Public Hearing: N/A           The proposed project consists of a long-range master plan that over time would develop a portion	on Notice of	County of Los	SCAQMD
LAC151229-14 Puente Hills Landfill Park Master Plan	of what was formerly the largest landfill in the western United States into a regional park, providing recreational and open space for the greater Los Angeles area. The project is located southeast of the intersection of SR-60 and Interstate 605 freeways in the unincorporated County http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/january/noppuentehills.pdf	Preparation	Angeles	staff commented 1/16/2016
	Comment Period: 12/18/2015 - 2/1/2016 Public Hearing: N/A			
Plans and Regulations	The proposed project consists of amendments to the Cap-and-Trade Regulations and to develop		California Air	SCAQMD
<b>ODP151203-01</b> ARB Amendments to the Cap-and- Trade Regulation & California's Compliance Plan for the Federal Clean Power Plan	and finalize California's Compliance Plan for the Federal Clean Power Plan.	Preparation	Resources Board	staff commented 12/30/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nopcaptrade.pdf			
	Comment Period: 12/3/2015 - 1/2/2016 Public Hearing: 12/14/20	015		
Plans and Regulations	The proposed project consists of amending Title 13, Chapter 1 and Chapter IV to add Article 2		City of Costa Mesa	Document
ORC151222-06 Amendment to Title 13	to Chapter IX for the adoption of new regulations related to prohibiting medical marijuana/marijuana cultivation.	Public Hearing		does not require comments
	Comment Period: N/A Public Hearing: 1/5/2016			
Plans and Regulations	The proposed project consists of updates to the City of Westminster's General Plan and is	Notice of	City of Westminster	-
ORC151223-01 Westminster General Plan Update	intended to shape development in the City over the next 30-plus years.	Preparation		staff commented 12/29/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nopwestminstergp.pdf			
	Comment Period: 12/17/2015 - 1/15/2016 Public Hearing: N/A			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

	DECEMBER 1, 2015 TO DECEMBER 51, 2015			
SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE		DOC.		STATUS
Plans and Regulations	The proposed project consists of expansion of the Spa Resort Casino by up to 68,000 square feet	Notice of	Agua Caliente	SCAQMD
<b>RVC151217-01</b> Vision Agua Caliente Master Plan Project	and the development of up to 350 new hotel rooms in 510,000 square feet of hotel space. The project is bounded by Amado Road, Calle El Segundo, Tahquitz Canyon Way and Indian Canyon Drive. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nopvision.pdf	Preparation	Band of Cahuilla Indians	staff commented 12/29/2015
	Comment Period: 12/17/2015 - 1/15/2016 Public Hearing: N/A			
Plans and Regulations           SBC151210-01           DRC2015-00555, DRC2015-00165,           CUP DRC2015-00166, SUBTPM19619           and Tree Removal Permit DRC2015-           00174	The proposed project consists of a proposal to amend the Development Code to conditionally permit Residential Care Facilities in the Low and Low-Medium Residential Districts, and the review of a proposed 112-unit Residential Care Facility, the proposed subdivision of a 9.55-acre parcel into a 4.07 and 5.48-acre parcel, and the removal of 35 trees on 4.07 acres in the Low Residential District on the north side of Highland Avenue, between Archibald Avenue and Hermosa Avenue, located at 9944 Highland Avenue.	Draft Mitigated Negative Declaration	City of Rancho Cucamonga	Document reviewed - No comments
	Comment Period: 12/7/2015 - 1/13/2016 Public Hearing: N/A			
Plans and Regulations SBC151217-02 City of Yucaipa General Plan Update	The proposed project consists of an update to the City of Yucaipa General Plan. The Plan involves the reorganization of the Current General Plan into the following six required and one optional element: the Land Use Element; Circulation Element; Open Space and Recreation Element; Conservation Element; Safety Element; Noise Element; and Economic Development Element. Build-out of the General Plan Update would allow for up to 77,328 people, 30,077 residential units, 28,380 households, 9,581,104 square feet of non residential uses, and 18,488 jobs.	Draft Environmental Impact Report	City of Yucaipa	Document reviewed - No comments
	Comment Period: 12/15/2015 - 1/29/2016 Public Hearing: N/A			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

#### ATTACHMENT B\* ONGOING ACTIVE PROJECTS FOR WHICH SCAQMD HAS OR IS CONTINUING TO CONDUCT A CEQA REVIEW

SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
<b>PROJECT TITLE</b>		DOC.		STATUS
Goods Movement LAC151110-06 Pasha Stevedoring and Terminals Lease Renewal Project	The proposed project consists of a lease renewal for up to 30 years to allow continued long-term operations including the handling of primarily steel slab and breakbulk at their existing terminals in the Port of Los Angeles.	Draft Negative Declaration	Port of Los Angeles	SCAQMD staff commented 12/9/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/ndpasha.pdf			
	Comment Period: 11/9/2015 - 12/8/2015 Public Hearing: N/A			
Warehouse & Distribution Centers	The proposed project consists of the development of an industrial park/logistics center on an approximately 81.27-acre property that was formerly mined and is currently undergoing	Draft Environmental	City of Arcadia	SCAQMD staff
LAC151020-03 Arcadia Logistics Center	reclamation. The development will include several buildings collectively providing up to 1,688,000 square feet of building space and accommodating a range of building occupant types including e-commerce, general light industrial, high-cube warehouse, industrial park, parcel delivery, manufacturing, and warehousing uses located northwest of Lower Azusa Road, southeast of Durfee Avenue, and southwest of Interstate 605.	Impact Report		commented 12/3/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/deirarcadia.pdf			
	Comment Period: 10/16/2015 - 12/4/2015 Public Hearing: N/A			
Industrial and Commercial RVC151113-01 MA15146 - Rubidoux Commercial Development	The proposed project consists of the development of 10 new industrial buildings located along Caterpillar Court, north of 20th Street.	Initial Project Consultation	City of Jurupa Valley	SCAQMD staff commented 12/1/2015
	Comment Period: 11/13/2015 - 12/10/2015 Public Hearing: N/A			
Waste and Water-related RVC151125-05 Coachella Valley Stormwater Channel Improvements Project - Avenue 54 to Thermal Drop Structure	The proposed project consists of improvements to portions of the Coachella Valley Stormwater Channel extending from approximately Avenue 54 on the north to and including the Thermal Drop Structure on the south, located north of Avenue 58.	Notice of Preparation	Coachella Valley Water District	SCAQMD staff commented 12/2/2015
Therman Drop Structure	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nopstormwater.pdf			
	Comment Period: 11/23/2015 - 12/22/2015 Public Hearing: N/A			
General Land Use (residential, etc.)	The proposed project consists of the subdivision of the 138 acre estate property located at Coto de	Notice of	County of Orange	SCAQMD
ORC151120-01 Lyon Estate Subdivision (PA150054 and VTTM 17950)	Casa Drive near Via Colinas in unincorporated County of Orange.	Preparation		staff commented 12/1/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/noplyon.pdf			
	Comment Period: 11/19/2015 - 12/18/2015 Public Hearing: 12/7/2015			

\*Sorted by Comment Status, followed by Land Use, then County, then date received.

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

#### ATTACHMENT B ONGOING ACTIVE PROJECTS FOR WHICH SCAQMD HAS OR IS CONTINUING TO CONDUCT A CEOA REVIEW

SCAQMD LOG-IN NUMBER	PROJECT DESCRIPTION	TYPE OF	LEAD AGENCY	COMMENT
PROJECT TITLE		DOC.		STATUS
General Land Use (residential, etc.)	The proposed project consists of subdivision of property into 97 single-family lots. The project is	Initial Project	City of Jurupa	SCAQMD
<b>RVC151113-03</b> MA15072/TTM36948/CZ1499/GPA141 0	bounded by the 60 freeway, Canal Street, Kenwood Place and Avalon Street.	Consultation	Valley	staff commented 12/1/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nopma15072.pdf			
	Comment Period: 11/13/2015 - 11/24/2015 Public Hearing: N/A			
Plans and Regulations	The proposed project consists of adoption of amendments to the following General Plan	Notice of	City of Costa Mesa	SCAQMD
ORC151118-02 City of Costa Mesa 2015-2025 General Plan Update	elements: Land Use, Circulation, Growth Management, Conservation, Open Space and Recreation, Noise, Safety, Community Design, and Historic and Cultural Resource.	Preparation		staff commented 12/1/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/nopcm20152025.pdf			
	Comment Period: 11/18/2015 - 12/17/2015 Public Hearing: N/A			
Plans and Regulations	The proposed project consists of the construction of a mixed-use community consisting of three	Notice of	City of La Habra	SCAQMD
ORC151118-04 Rancho La Habra Specific Plan	new residential neighborhoods with a maximum of 420 homes linked by trails and open space area and includes a 12,000-square-foot commercial retail space and 8,000-square-foot fine dining restaurant pad. The project is located east of Beach Boulevard, west of Idaho Street and south of Imperial Highway. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/noprancholh.pdf	Preparation		staff commented 12/1/2015
	Comment Period: 11/18/2015 - 12/14/2015 Public Hearing: N/A			
Plans and Regulations	The proposed project consists of a Specific Plan that proposes 8,244 dwelling units; 4,007,000	Draft	City of Lake	SCAQMD
<b>RVC151105-02</b> Alberhill Villages Specific Plan	square feet of non-residential uses; development of a university campus or similar educational institution to serve up to 6,000 students; and supporting uses including schools, parks, worship centers, and green belt paseos. The project is located south of the I-15 Freeway and west of Lake Street.	Environmental Impact Report	Elsinore	staff commented 12/2/2015
	http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2015/december/deiralberhill.pdf			
	Comment Period: 11/5/2015 - 12/31/2015 Public Hearing: 2/16/2016			

# - Project has potential environmental justice concerns due to the nature and/or location of the project.

#### ATTACHMENT C ACTIVE SCAQMD LEAD AGENCY PROJECTS THROUGH DECEMBER 31, 2015

PROJECT DESCRIPTION	ROUGH DECEM	TYPE OF	STATUS	CONSULTANT
PROJECT DESCRIPTION	PROPONENT		STATUS	CONSULTANT
The Phillips 66 (formerly ConocoPhillips) Los Angeles Refinery Ultra Low Sulfur Diesel project was originally proposed to comply with federal, state and SCAQMD requirements to limit the sulfur content of diesel fuels. Litigation against the CEQA document was filed. Ultimately, the California Supreme Court concluded that the SCAQMD had used an inappropriate baseline and directed the SCAQMD to prepare an EIR, even though the project has been built and has been in operation since 2006. The purpose of this CEQA document is to comply with the Supreme Court's direction to prepare an EIR. Tesoro Refinery proposes to integrate the Tesoro Wilmington Operations with the Tesoro Carson Operations (former BP Refinery).	Phillips 66 (formerly ConocoPhillips), Los Angeles Refinery Tesoro Refining and Marketing	DOCUMENT Environmental Impact Report (EIR) Environmental Impact Report	The Notice of Preparation/ Initial Study (NOP/IS) was circulated for a 30-day public comment period on March 26, 2012 to April 26, 2012. The consultant submitted the administrative Draft EIR to SCAQMD in late July 2013. The Draft EIR was circulated for a 45-day public review and comment period from September 30, 2014 to November 13, 2014. Two comment letters were received and responses to comments are being prepared. A previous Draft Negative Declaration was withdrawn in order for the storage	Environmental Audit, Inc. Environmental Audit, Inc.
The proposed project also includes modifications of storage tanks at both facilities, new interconnecting pipelines, and new electrical connections. In addition, Carson's Liquid Gas Rail Unloading facilities will be modified. The proposed project will be designed to comply with the federally mandated Tier 3 gasoline specifications and with State and local regulations mandating emission reductions.	Company Los Angeles Refinery	(EIR)	tank project to be analyzed in a new CEQA document that also addresses the Tesoro-BP Refinery Integration Project. A NOP/IS was prepared for the integration project and released for a 30- day public review and comment period from September 10, 2014 to October 10, 2014. 86 comment letters were received, and responses to comments are being prepared. The consultant has prepared a Draft EIR which is under review by SCAQMD staff.	
Quemetco is proposing an increase in the daily furnace feed rate.	Quemetco	Environmental Impact Report (EIR)	An Initial Study has been prepared by the consultant and is under review by SCAQMD staff.	Trinity Consultants
DCOR LLC is proposing to install three flares on their off-shore oil Platform Esther.	DCOR LLC	Mitigated Negative Declaration (MND)	A preliminary draft MND has been prepared by the consultant and is under review by SCAQMD staff.	RBF Consulting

#### ATTACHMENT C ACTIVE SCAQMD LEAD AGENCY PROJECTS THROUGH DECEMBER 31, 2015

		,_,_,_		
PROJECT DESCRIPTION	PROPONENT	TYPE OF	STATUS	CONSULTANT
		DOCUMENT		
As part of AB 2588 requirements, Hixson Metal Finishing is proposing	Hixson Metal	Mitigated	The Draft MND was released for a 30-	Environmental
a Risk Reduction Plan at its Newport Beach facility, which would	Finishing	Negative	day public review and comment period	Audit, Inc.
consist of on-site tank relocation, installation of filtration systems and		Declaration	from November 4, 2015 to December 4,	
mesh pads, construction of permanent total enclosures, and installation		(MND)	2015. The Final MND was certified on	
of covers on wastewater treatment tanks.			December 11, 2015.	

1 Back to Agenda

BOARD MEETING DATE: February 5, 2016 AGENDA NO. 19

REPORT: Rule and Control Measure Forecast

SYNOPSIS: This report highlights SCAQMD rulemaking activities and public workshops potentially scheduled for the year 2016.

COMMITTEE: No Committee Review

RECOMMENDED ACTION: Receive and file.

Barry R. Wallerstein, D.Env. Executive Officer

PMF:JW:ct

The Rule and Control Measure Forecast Report provides the Board and interested parties with a monthly update of SCAQMD's rulemaking and control measure implementation schedule.

415	Odors from Animal Rendering Facilities
Proposed Rule 415 is moved from March to April to allow staff additional time to work with stakeholders.	
1401	New Source Review of Toxic Air Contaminants
Rule 1401 is a stakeholders.	moved from March to June to allow staff additional time to work with
1402	Control of Toxic Air Contaminants from Existing Sources
Rule 1402 is a stakeholders.	moved from March to June to allow staff additional time to work with

### 2016 MASTER CALENDAR

Below is a list of all rulemaking activity scheduled for the year 2016. The last three columns refer to the type of rule adoption or amendment. A more detailed description of the proposed rule adoption or amendment is located in the Attachments (A through C) under the type of rule adoption or amendment (i.e. AQMP, Toxics, or Other).

\*An asterisk indicates that the rulemaking is a potentially significant hearing. +This proposed rule will reduce criteria air contaminants and assist toward attainment of ambient air quality standards.

April	Title	AQMP	Toxics	Other
415*	Odors from Animal Rendering Facilities			
1466*	Toxic Air Contaminant Emissions from Decontamination of Soil		$\checkmark$	
May				
Reg. III	Fees			$\checkmark$
1110.2	Emissions from Gaseous- and Liquid- Fueled Internal Combustion Engines	$\checkmark$		
1142	Marine Tank Vessel Operations	$\checkmark$		
1304.2*	Greenfield or Existing Electrical Generating Facility Fee for Use of Offsets for Load Serving Entities			$\checkmark$
1304.3*	Greenfield or Existing Electrical Generating Facility Fee for Use of Offsets for Municipalities			$\checkmark$
Reg. XX	RECLAIM	$\checkmark$		
June				
219	Equipment Not Requiring a Written Permit Pursuant to Regulation II			$\checkmark$
222	Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation I			$\checkmark$
314	Fees for Architectural Coatings			
1401	New Source Review of Toxic Air Contaminants		$\checkmark$	
1402	Control of Toxic Air Contaminants from Existing Sources		$\checkmark$	

# 2016 (continued)

June (cont'd)	Title	AQMP	Toxics	Other
1430.1*	Control of Toxic Air Contaminants from Grinding Operations at Metal Forging Facilities			
July				
430	Breakdown Provisions	$\checkmark$		
1148.2*	Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers			$\checkmark$
1148.3*	Requirements for Oil and Gas Wells and Commercial Suppliers			$\checkmark$
1168+	Adhesive and Sealant Applications (CTS-02)	$\checkmark$		
September				
416	Odors from Kitchen Grease Processing			
1111.1+	Reduction of NOx Emissions from Natural Gas Fired Commercial Furnaces (CMB-01)	$\checkmark$		
1420+	Emissions Standard for Lead		$\checkmark$	
October				
Reg. IX	Standards of Performance for New Stationary Sources (NSPS)	$\checkmark$		
Reg. X	National Emission Standards for Hazardous Air Pollutants (NESHAPS)		$\checkmark$	
1147	NOx Reductions from Miscellaneous Sources	$\checkmark$		
1426	Emissions from Metal Finishing Operations		$\checkmark$	
1469*	Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations		$\checkmark$	

November	Title	AQMP	Toxics	Other
1136*,+	Wood Products Coatings (CTS-02)	$\checkmark$		
1450*	Control of Methylene Chloride Emissions		$\checkmark$	
2202	On-Road Motor Vehicle Mitigation Options			$\checkmark$
December				
1138*,+	Control of Emissions from Restaurant Operations (BCM-01)	$\checkmark$		
1407	Control of Emissions of Arsenic, Cadmium and Nickel from Non-Ferrous Metal Operations		$\checkmark$	
Reg. XXIII <sup>*,+</sup>	Emissions Growth Management of Various Emissions Sources	$\checkmark$		
Reg. XL*	Ensure AQMP Emission Reduction Targets Are Met at Commercial Marine Ports	$\checkmark$		

## 2016 (continued)

#### **2016 TO BE DETERMINED**

TBD	Title	AQMP	Toxics	Other
Reg. II	Permits			
224	Incentives for Super-Compliant Technologies			$\checkmark$
1106 1106.1	Marine Coating Operations Pleasure Craft Coating Operations			
1107+	Coating of Metal Parts and Products (CTS-02)	$\checkmark$		
1118+	Control of Emissions from Refinery Flares	$\checkmark$		
1123+	Refinery Process Turnarounds (MCS-03)	$\checkmark$		
1133 Series	Composting and Related Operations	$\checkmark$		
1146 Series <sup>*,+</sup>	Emissions of Oxides of Nitrogen	$\checkmark$		
1150.1	Control of Gaseous Emissions from Municipal Solid Waste Landfills			$\checkmark$

## 2016 TO BE DETERMINED (continued)

TBD	Title	AQMP	Toxics	Other
1161+	VOC Reductions from Mold Release Agents (CTS-03)	$\checkmark$		
1171+	Solvent Cleaning Operations (CTS-02)	$\checkmark$		
1173+	Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants	$\checkmark$		
1177+	Liquefied Petroleum Gas Transfer and Dispensing (FUG-02)	$\checkmark$		
1188+	VOC Reductions from Vacuum Trucks (FUG-01)	$\checkmark$		
1190 Series <sup>*,+</sup>	Fleet Vehicle Requirements	$\checkmark$		
Reg. XIII	New Source Review			$\checkmark$
1403	Asbestos Emissions from Demolition/Renovation Activities		$\checkmark$	
1411	Recovery or Recycling of Refrigerants from Motor Vehicle Air Conditioners			$\checkmark$
1430*	Control of Toxic Air Contaminants from Metal Forging, Shredding, Grinding and Other Metal Processing Operations		$\checkmark$	
Reg. XVI	Mobile Source Offset Programs			$\checkmark$
1902	Transportation Conformity	$\checkmark$		
Reg. XXV	On-Road and Off-Road Mobile Source Credit Generation Program			$\checkmark$
Reg. XXVII	Climate Change			$\checkmark$

## 2016 TO BE DETERMINED (continued)

TBD	Title	AQMP	Toxics	Other
Reg. III, IV, IX, X, XI, XIV, XX, XXIII, XXX and XXXV Rules	Various rule amendments may be needed to meet the requirements of state and federal laws, implement OEHHA revised risk assessment guidance, address variance issues/ technology-forcing limits, to abate a substantial endangerment to public health or welfare, or to seek additional reductions to meet the SIP short-term measure commitment. The associated rule development or amendments include, but are not limited to, SCAQMD existing rules listed in Table 1 of the December 4, 2015 Rule and Control Measure Forecast and new or amended rules to implement the 2012 AQMP measures in Table 2 of the December 4, 2015 Rule and Control Measure Forecast. The Clean Communities Plan (CCP) has been updated to include new measures to address toxic emissions in the Basin. The CCP includes a variety of measures that will reduce exposure to air toxics from stationary, mobile, and area sources (Table 3 of the December 4, 2015 Rule and Control Measure Forecast). Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures.			
	Mobile and Indirect Source Measures	$\checkmark$	$\checkmark$	
	SIP Implementation	$\checkmark$		

#### AQMP Rule Activity Schedule

This attachment lists those control measures that are being developed into rules or rule amendments for Board consideration that are designed to implement the amendments to the 2012 Air Quality Management Plan.

May	
1110.2	<b>Emissions from Gaseous- and Liquid-Fueled Internal Combustion Engines</b> [Projected Emission Reduction: TBD] At the December 4, 2015 Governing Board meeting, the Board directed staff to return with proposed amendments regarding potential relief for a unique situation at one facility. Philip Fine 909.396.2239 CEQA: Ian MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1142	Marine Tank Vessel Operations [Projected Emission Reduction: N/A] Revisions to Rule 1142 are proposed to address VOC emissions from marine tank vessel operations and provide clarifications. Susan Nakamura 909.396.3104 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
Reg. XX	<b>RECLAIM</b> [Projected Emission Reduction: TBD] At the December 4, 2015 Governing Board meeting, the Board directed staff to further analyze shutdown credits and bring a proposal for the Board's consideration. Philip Fine 909.396.2239 CEQA: Ian MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
July	
430	<b>Breakdown Provisions</b> [Projected Emission Reduction: N/A] This rule will be amended or replaced to address specific issues raised by U.S. EPA regarding start-ups or shut-downs associated with breakdowns. Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1168	Adhesive and Sealant Applications (CTS-02) [Projected Emission Reduction: TBD] Amendments to Rule 1168 will partially implement CTS-02 and reflect improvements in adhesive and sealant technology, as well as remove outdated provisions and include minor clarifications. Philip Fine 909.396.2239 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155

## AQMP Rule Activity Schedule (continued)

September	
1111.1	Reduction of NOx Emissions from Natural Gas Fired Commercial Furnaces [Projected Emission Reduction: TBD] Proposed Rule 1111.1 will establish equipment-specific nitrogen oxides emission limits and other requirements for the operation of commercial space heaters. Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
October	
Reg. IX	<b>Standards of Performance for New Stationary Sources (NSPS)</b> [Projected Emission Reduction: N/A] Proposed amendments will reflect all amendments by U.S. EPA to 40 CFR, Parts 60 and 61 from January 1, 2015 to June 30, 2016. Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1147	NOx Reductions from Miscellaneous Sources [Projected Emission Reduction: N/A] Amendments may be necessary to address findings of ongoing technology assessment. Joe Cassmassi 909.396.3155 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
November	
1136	Wood Products Coatings (CTS-02) [Projected Emission Reduction: TBD] Amendments to existing rule limits and other provisions. Philip Fine 909.396.2239 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
December	
1138	Control of Emissions from Restaurant Operations (BCM-01) [Projected Emission Reduction: TBD] Proposed amendments will seek to reduce PM2.5 and related emissions from under-fired charbroilers. Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155

## AQMP Rule Activity Schedule (continued)

December	(continued)
Reg. XXIII	<b>Emissions Growth Management of Various Emissions Sources</b> [Includes Proposed Rule 2301 - Projected Emission Reduction: Committed to reduce 0.5 tons per day of VOC, 0.8 tons per day of NOx, and 0.5 tons per day of PM2.5 in 2023.] Regulation XXIII will contain rules related to emissions growth management of various emission sources including, but not limited to, new or redevelopment projects and other sources where criteria pollutant emissions associated with the region's growth may cause or exacerbate exceedance of an air quality standard. Proposed rule(s) will implement the 2007 AQMP Control Measure EGM-01 – Emission Reductions from New or Redevelopment Projects and control measures identified in the 2016 AQMP. Proposed rules will consider the co-benefits of VOC, NOx, and PM 2.5 emission reductions from the 2012 and 2016 Regional Transportation Plan/Sustainable Communities Strategy and San Joaquin Valley Air Pollution Control District's Rule 9510 – Indirect Source Review to meet the "all feasible measures" requirement. Regulation XXIII may include other sources as provided in the Final 2016 AQMP to be submitted to U.S. EPA in July 2016. Henry Hogo 909.396.3184 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
Reg. XL	<b>Ensure AQMP Emission Reduction Targets Are Met at Commercial</b> <b>Marine Ports</b> [Projected Emission Reduction: TBD] Regulation XL will contain rules applicable to the region's commercial marine ports and to port-related emission sources that operating within or travel in and out of the ports. These sources include on-road heavy-duty trucks, ocean-going vessels, locomotives, commercial harborcraft, and cargo handling equipment. Regulation XL implements the 2007 AQMP Control Measure MOB-03, 2012 AQMP Control Measure IND-01, and control measures identified in the 2016 AQMP. Regulation XL may include other sources as provided in the Final 2016 AQMP to be submitted to U.S. EPA in July 2016. Henry Hogo 909.396.3184 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155

## AQMP Rule Activity Schedule (continued)

To-Be Determined	
1107	Coating of Metal Parts and Products (CTS-02) [Projected Emission Reduction: TBD] Potential amendments to Rule 1107 would further reduce VOC emissions and improve rule clarity and enforceability. Philip Fine 909.396.2239 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1118	<b>Control of Emissions from Refinery Flares</b> [Projected Emission Reduction: TBD] Amendments may be necessary to address findings from the additional analysis required by the adopting resolution for the last amendment. Amendments may also be necessary to implement an AB 32 measure. Susan Nakamura 909.396.3105 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1123	Refinery Process Turnarounds (MCS-03) [Projected Emission Reduction: N/A] Proposed amendments will implement Control Measure MSC-03 of the 2007 AQMP by establishing procedures that better quantify emission impacts from start-up, shutdown or turnaround activities. Susan Nakamura 909.396.3105 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1133 Series	Composting and Related Operations (BCM-10) [Projected Emission Reduction: TBD] Amendments may be proposed in conjunction with the 2016 AQMP. Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1146 Series	<b>Emissions of Oxides of Nitrogen</b> [Projected Emission Reduction: TBD] Amendments to Rules 1146, 1146.1, and 1146.2 may be necessary to respond to advancements in ultra-low NOx burner technology and selective catalytic reduction (SCR) applicability. Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1161	<b>VOC Reductions from Mold Release Agents (CTS-03)</b> [Projected Emission Reduction: TBD] The proposed rule will establish requirements for mold release products used in composite, fiberglass, metal and plastic manufacturing, and concrete stamping operations. Philip Fine 909.396.2239 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155

## AQMP Rule Activity Schedule (continued)

To-Be Determined	
1171	<b>Solvent Cleaning Operations (CTS-02)</b> [Projected Emission Reduction: TBD] The proposed amendments will review existing exemptions and include clarifications that may arise due to compliance verification activities or manufacturer and public input, including the sales prohibition clause. Philip Fine 909.396.2239 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1173	Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants [Projected Emission Reduction: TBD] Proposed revisions to Rule 1173 are being considered based on recent U.S. EPA Regulations. Susan Nakamura 909.396.3104 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1177	Liquefied Petroleum Gas Transfer and Dispensing (FUG-02) [Projected Emission Reduction: TBD] Potential amendments may be proposed to include additional sources of emissions from the dispensing and transfer of LPG. Philip Fine 909.396.2239 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1188	<b>VOC Reductions from Vacuum Trucks (FUG-01)</b> [Projected Emission Reduction: TBD] The proposed rule will establish VOC emission standards and other requirements associated with the operation of vacuum trucks not covered by Rule 1149 – Storage Tank and Pipeline Cleaning and Degassing. Susan Nakamura 909.396.3105 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1190 Series	<b>Fleet Vehicle Requirements</b> [Projected Emission Reduction: TBD] Amendments to Rule 1190 series fleet rules may be necessary to address remaining outstanding implementation issues and in the event the court's future action requires amendments. In addition, the current fleet rules may be expanded to achieve additional air quality and air toxic benefits. Dean Saito 909.396.2647 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1902	Transportation Conformity [Projected Emission Reduction: TBD]Amendments to Rule 1902 may be necessary to bring the District's Transportation Conformity rule in line with current U.S. EPA requirements. MacMillan 909.396.3244 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155

## AQMP Rule Activity Schedule (continued)

To-Be Determined	(continued)
Reg. IV, IX, X, XI, XIV, XIV, XX, XXX AND XXXV Rules	Various rule amendments may be needed to meet the requirements of state and federal laws, implement OEHHA revised risk assessment guidance, address variance issues/ technology-forcing limits, to abate a substantial endangerment to public health or welfare, or to seek additional reductions to meet the SIP short-term measure commitments and/or long-term emission reduction commitments. The associated rule development or amendments include, but are not limited to, SCAQMD existing rules listed in Table 1 of the December 4, 2015 Rule and Control Measure Forecast and new or amended rules to implement the 2012 AQMP measures in Table 2 of the December 4, 2015 Rule and Control Measure Forecast.
	Mobile and Indirect Source Measures [Projected Emission Reduction: TBD] The District may adopt measures to limit emissions from mobile sources, both on-road and off-road (nonroad) sources, consistent with the Board's direction to counsel at the October 2014 meeting to explore the District's regulatory authority over mobile sources. These measures may include but are not limited to, transportation control measures, operational limits, fleet rules, credit generation rules, and indirect source rules, such as an indirect source rule for railyards and/or other sources which attract mobile sources. Henry Hogo 909.396.3184 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
	<b>SIP Implementation</b> [Projected Emission Reduction: TBD] The District may adopt additional measures to carry out the State Implementation Plan for PM2.5 or ozone, or other pollutants if required, as deemed necessary to meet commitments and federal requirements. Philip Fine 909.396.2239 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155

#### **Toxics Rule Activity Schedule**

This attachment lists those rules or rule amendments for Board consideration that are designed to implement the Air Toxics Control Plan.

2016
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April	
1466	<b>Toxic Air Contaminant Emissions from Decontamination of Soil</b> Proposed Rule 1466 would establish requirements to control toxic metal emissions from activities involving storing, handling and transporting soils with toxic metals. <i>Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</i>
June	
1401 1402	New Source Review for Toxic Air Contaminants Control of Toxic Air Contaminants from Existing Sources Revisions to Rule 1402 are proposed to add a voluntary risk reduction program for certain AB 2588 core facilities and other amendments to streamline and clarify provisions. Revisions to Rule 1401 are also proposed to revise procedures for adding and revising toxic air contaminants on the Rule 1401 list. <i>Susan Nakamura 909.396.3105 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</i>
1430.1	Control of Toxic Air Contaminants from Grinding Operations at Metal Forging Facilities Proposed Rule 1430.1 will establish emission reduction requirements to control emissions from grinding operations at forging facilities. Susan Nakamura 909.396.3105 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
September	
1420	<b>Emissions Standard for Lead</b> In October 2008, U.S. EPA lowered the National Ambient Air Quality Standard (NAAQS) for lead from 1.5 to 0.15 ug/m3. Proposed Rule 1420 will establish requirements for lead-emitting sources that are not covered under Rules 1420.1 and Rule 1420.2 to ensure compliance with the lead NAAQS. <i>Susan Nakamura</i> 909.396.3105 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155

## Toxic Rule Activity Schedule (continued)

October	
Reg. X	National Emissions Standards for Hazardous Air Pollutants (NESHAPS) Proposed amendments will reflect all amendments by U.S. EPA to 40 CFR, Parts 60 and 61 from January 1, 2015 to June 30, 2016. Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1426	<b>Emissions from Metal Finishing Operations</b> Proposed amendments to Rule 1426 will establish requirements to reduce nickel, cadmium and other air toxics from plating operations. <i>Susan Nakamura</i> 909.396.3105 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1469	Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations Proposed Amended Rule 1469 will strengthen requirements to address potential fugitive emissions from hexavalent chrome plating and anodizing operations. Provisions to address changes to the U.S. EPA NESHAP may be needed to address use of perfluorooctane sulfonate (PFOS) in fume suppressants. Susan Nakamura 909.396.3104 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
November	
1450	<b>Control of Methylene Chloride Emissions</b> The proposed amendment is to reduce exposure to methylene chloride from furniture stripping, remove potential regulatory loopholes, achieve emission reductions where possible and cost effective, include reporting requirements, and clarify the rule language to improve consistency with other SCAQMD VOC rules. <i>Philip Fine 909.396.2239 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</i>
December	
1407	Control of Emissions of Arsenic, Cadmium and Nickel from Non- Ferrous Metal Operations Proposed Rule 1407 will establish additional requirements to minimize air toxics from metal operations. Susan Nakamura 909.396.3105 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155

## Toxic Rule Activity Schedule (continued)

To-Be Determined	
1403	Asbestos Emissions from Demolition/Renovation Activities Amendments to Rule 1403 will include specific requirements when conducting asbestos-emitting demolition/renovation activities at schools, daycares, and possibly establishments that have sensitive populations. Amendments may include other provisions to improve the implementation of the rule. Susan Nakamura 909.396.3105 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1430	Control of Toxic Air Contaminants from Metal Forging, Shredding, Grinding and Other Metal Processing Operations Proposed Rule 1430 will establish emission reduction requirements for metal grinding operations. Susan Nakamura 909.396.3105 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
Reg. IV, IX, X, XI, XIV, XIV, XX, XXX and XXXV Rules	The Clean Communities Plan (CCP) has been updated to include new measures to address toxic emissions in the Basin. The CCP includes a variety of measures that will reduce exposure to air toxics from stationary, mobile, and area sources (Table 3 of the December 4, 2015 Rule and Control Measure Forecast). Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures. In addition, rule developments/amendments may be needed to address revisions to the 2015 OEHHA Health Risk Guidelines.
	<b>Mobile and Indirect Source Measures</b> The District may adopt measures to limit emissions from mobile and indirect sources, both on-road and off-road (nonroad) sources, consistent with the Board's direction to counsel at the October 2014 meeting to explore the District's regulatory authority over mobile sources. These measures may include but are not limited to, transportation control measures, operational limits, fleet rules, credit generation rules, and indirect source rules, such as an indirect source rule for railyards and/or other sources which attract mobile sources. <i>Henry Hogo</i> 909.396.3184 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155

#### **Other Rule Activity Schedule**

This attachments lists rules or rule amendments for Board consideration that are designed to improve rule enforceability, SIP corrections, or implementing state or federal regulations.

April	
415	Odors from Animal Rendering Proposed Rule 415 will provide protection to the public from odors created during animal rendering operations. The proposed rule will incorporate a preventative approach to odors by establishing Best Management Practices and will consider enclosure and odor control requirements for the receipt and processing of rendering material and wastewater. The proposed rule may also contain requirements for an Odor Mitigation Plan for continuing odor issues at facilities subject to the rule. <i>Tracy Goss</i> 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
May	
Reg. III	<b>Fees</b> This regulation is automatically updated to adjust specified fees by the California Consumer Price Index (CPI). Further amendments may be necessary if so directed by the Board in conjunction with the annual budget approval process. <i>Tracy Goss</i> 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1304.2	Greenfield or Existing Electrical Generating Facility Fee for Use of Offsets for Load Serving Entities
1304.3	<ul> <li>Greenfield or Existing Electrical Generating Facility Fee for Use of Offsets for Municipalities</li> <li>Proposed Rules 1304.2 and 1304.3 would provide for new, greenfield or additions at existing electrical generating facilities to access the SCAQMD's internal offset account, subject to qualifying conditions, eligibility, and the payment of a fee to invest in air quality improvement projects consistent with the AQMP. These rules are a companion to Rule 1304.1. Proposed Rule 1304.2 will provide offsets so that new, proposed and other existing electrical generating facilities with utility steam boilers, and implement the State's plan to maintain grid reliability.</li> <li>Proposed Rule 1304.3 will provide offsets so that new, proposed and other existing electrical generating facilities run by local municipalities can meet the electricity reliability needs of their customers.</li> <li>Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</li> </ul>

## Other Rule Activity Schedule (continued)

June	
219	Equipment Not Requiring a Written Permit Pursuant to Regulation
222	II Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation I Amendments to Rules 219 and 222 may be proposed in tandem to exclude equipment with de minimis emissions from the requirement to obtain written permits by adding additional equipment categories to the
	streamlined file/registration program of Rule 222. Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
314	Fees for Architectural CoatingsAmendments to existing rule limits and other provisions.Philip Fine 909.396.3106CEQA: MacMillan 909.396.3244Socio: Cassmassi 909.396.3155
July	
1148.2	Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers
1148.3	<b>Requirements for Oil and Gas Wells and Commercial Suppliers</b> Proposed Rule 1148.3 will establish best management practices during specific well stimulation activities. Additional revisions to Rule 1148.2 may also be needed. <i>Susan Nakamura 909.396.3104 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</i>
September	
416	Odors from Kitchen Grease Processing Proposed Rule 416 will provide protection to the public from odors created during kitchen grease processing operations. The proposed rule will establish Best Management Practices to address odors created during delivery and processing of trap grease to affected facilities. In addition, the proposed rule will examine enclosure for wastewater treatment operations and filter cake storage. The proposed rule may also contain requirements for an Odor Mitigation Plan for continuing odor issues at facilities subject to the rule. <i>Tracy Goss 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</i>

## Other Rule Activity Schedule (continued)

## 2016

November	
2202	On-Road Motor Vehicle Mitigation Options
	Rule 2202 will be amended to streamline implementation while achieving
	the Rule's target emission reductions.
	Carol Gomez 909.396.3264 CEQA: Krause 909.396.2706 Socio: Cassmassi 909.396.3155

To-Be Determined	
Reg. II 224	PermitsIncentives for Super-Compliant TechnologiesThis regulatory effort will outline strategies and requirements to incentivize the development, establishment and use of super-compliant technologies. It may be considered as a part of Rule 219 amendments or proposed as a separate incentive Rule 224.Tracy Goss 909.396.3106CEQA: MacMillan 909.396.3244Socio: Cassmassi 909.396.3155
1106 1106.1	Marine Coating Operations Pleasure Craft Coating Operations (This item was previously submitted to the Board, but rejected. It will be brought back for Board direction.) The proposed amendment is two-fold: first, Rule 1106.1 is proposed to be rescinded and second, Rule 1106 will subsume the requirements of 1106.1, and revise VOC content limits for pretreatment wash primers, antenna, repair and maintenance thermoplastic, inorganic zinc, and specialty marking coatings in order to align limits with U.S. EPA Control Techniques Guidelines and other California air districts, and adds new categories for marine aluminum antifoulant, mist, nonskid and organic zinc coatings and marine deck primer sealant. The proposed amendment also adds provisions for pollution prevention measures, enhanced enforceability, and to promote clarity and consistency. <i>Philip Fine 909.396.2239 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</i>

## Other Rule Activity Schedule (continued)

To-Be Determined	(continued)
1150.1	<b>Control of Gaseous Emissions from Municipal Solid Waste Landfills</b> Proposed amendments will address U.S. EPA revisions to the Standards of Performance for Municipal Solid Waste Landfills (NSPS) and Existing Guidelines and Compliance Timelines (EG) for Municipal Solid Waste Landfills, as well as CARB GHG requirements. <i>Tracy Goss</i> 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
Reg. XIII	New Source Review Amendments may be necessary to implement newly approved requirements or to address U.S. EPA comments on SIP approvability issues and/or requirements. Amendments may also be proposed for clarity and improved enforceability. <i>Tracy Goss</i> 909.396.3106 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155
1411	<b>Recovery or Recycling of Refrigerants from Motor Vehicle Air</b> <b>Conditioners</b> The proposed amendments to Rule 1411 will align with existing Clean Air Act Requirements to prevent the release of refrigerants during the servicing of motor vehicle air conditioning systems, address other clarifications, and enhance enforceability. <i>Philip Fine 909.396.2239 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</i>
Reg. XVI	Mobile Source Offset Programs Amendments to various Regulation XVI rules will be proposed to address the recent U.S. EPA proposed disapproval of such rules including Rule 1610. <i>Henry Hogo 909.396.3184 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</i>
Reg. XXV	<b>On-Road and Off-Road Mobile Source Credit Generation Programs</b> Regulation XXV will contain rules to allow generation of criteria pollutant mobile source emission reduction credits from various on-road and off-road sources, such as on-road heavy-duty trucks, off-road equipment, locomotives, and marine vessels. Credits will be generated by retrofitting existing engines or replacing the engines with new lower- emitting or zero-emission engines. <i>Henry Hogo 909.396.3184 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</i>

## Other Rule Activity Schedule (continued)

To-Be Determined	(continued)
Reg. IV, IX,	Climate Change Changes may be needed for Regulation XXVII to add or update protocols for GHG reductions, and other changes may be needed. <i>Jill Whynot 909.396.3104 CEQA: MacMillan 909.396.3244 Socio: Cassmassi 909.396.3155</i> Various rule amendments may be needed to meet the requirements of
X, XI, XIV, XX, XXX and XXXV Rules	state and federal laws, implement OEHHA revised risk assessment guidance, address variance issues/ technology-forcing limits, to abate a substantial endangerment to public health or welfare, or to seek additional reductions to meet the SIP short-term measure commitment. The associated rule development or amendments include, but are not limited to, SCAQMD existing rules listed in Table 1 of the December 4, 2015 Rule and Control Measure Forecast and new or amended rules to implement the 2012 AQMP measures in Table 2 of the December 4, 2015 Rule and Control Measure Forecast. The CCP has been updated to include new measures to address toxic emissions in the Basin. The CCP includes a variety of measures that will reduce exposure to air toxics from stationary, mobile, and area sources (Table 3 of the December 4, 2015 Rule and Control Measure Forecast). Rule amendments may include updates to provide consistency with CARB Statewide Air Toxic Control Measures.



BOARD MEETING DATE: February 5, 2016 AGENDA NO. 20

PROPOSAL: Status Report on Major Projects for Information Management Scheduled to Start During Last Six Months of FY 2015-16

SYNOPSIS: Information Management is responsible for data systems management services in support of all SCAQMD operations. This action is to provide the monthly status report on major automation contracts and projects to be initiated by Information Management during the last six months of FY 2015-16.

COMMITTEE: No Committee Review

RECOMMENDED ACTION: Receive and file.

Barry R. Wallerstein, D.Env. Executive Officer

#### JCM:MAH:OSM:agg

#### Background

Information Management (IM) provides a wide range of information systems and services in support of all SCAQMD operations. IM's primary goal is to provide automated tools and systems to implement Board-approved rules and regulations, and to improve internal efficiencies. The annual Budget specifies projects planned during the fiscal year to develop, acquire, enhance, or maintain mission-critical information systems.

#### **Summary of Report**

The attached report identifies each of the major projects/contracts or purchases that are expected to come before the Board between January 1 and June 30, 2016. Information provided for each project includes a brief project description, FY 2015-16 Budget, and the schedule associated with known major milestones (issue RFP/RFQ, execute contract, etc.).

#### Attachment

Information Management Major Projects for Period January 1 through June 30, 2016

#### ATTACHMENT February 5, 2016 Board Meeting Information Management Major Projects for the Period January 1 through June 30, 2016

Item	Brief Description	Budgeted Funds	Schedule of Board Actions	Status
SCAQMD Cross-Media Electronic Reporting Regulation (CROMERR) Application Package Submission to U.S. EPA	Seek approval for submission of the SCAQMD consolidated application package to U.S. EPA for review and approval.	Not Applicable	Approve CROMERR application package, January 8, 2016)	Completed
Prequalify Vendor List for PCs, Network Hardware, etc.	Establish list of prequalified vendors to provide customer, network, and printer hardware and software, and to purchase desktop computer hardware upgrades	\$300,000	Release RFQQ November 6, 2015; Approve Vendors List and Award Purchase February 5, 2016	On Schedule
Systems Development, Maintenance, and Support	<ul> <li>Provide development, maintenance and support for:</li> <li>Web application system development</li> <li>CLASS systems enhancements</li> <li>CLASS systems maintenance</li> </ul>	\$529,900	February 5, 2016	On Schedule
Enterprise Content Management System	Select vendor to provide a high quality ECM solution to capture, store and manage a robust workflow; and deliver documents and electronic files related to the organizational processes.	TBD	Release RFP December 4, 2015; Award Contract April 1, 2016	On Schedule

Double-lined Rows - Board Agenda items current for this month
Shaded Rows - activities completed

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#### BOARD MEETING DATE: February 5, 2016 AGENDA NO. 22

REPORT: Administrative Committee

SYNOPSIS: The Administrative Committee met on Friday, January 15, 2016. The Committee discussed various issues detailed in the Committee report. The next Administrative Committee meeting is scheduled for Friday, February 12, 2016 at 10:00 a.m.

RECOMMENDED ACTION: Receive and file.

Dr. William A. Burke, Chair Administrative Committee

nv

**Attendance**: Attending the January 15, 2016 meeting were Committee Member Judith Mitchell at SCAQMD headquarters, and Committee Chair Dr. William A. Burke and Committee Member Dr. Clark E. Parker, Sr. via videoconference. Dr. Burke appointed Mayor Ben Benoit to the Committee for this meeting, participating at SCAQMD headquarters.

#### **ACTION/DISCUSSION ITEMS:**

- 1. Board Members' Concerns: None to report.
- 2. **Chairman's Report of Approved Travel:** Executive Officer Barry Wallerstein reported on Councilmember Mitchell's upcoming travel to the monthly CARB Board meeting in Sacramento.
- 3. **Approval of Compensation for Board Member Assistant(s)/Consultant(s):** Dr. Wallerstein reported that Mayor McCallon has selected Ron Ketcham as a Board Consultant. Since Mr. Ketcham is already serving as a Board Consultant to Board Member Cacciotti, staff will confirm if Mr. Ketcham will continue to work for Councilmember Cacciotti. Dr. Burke inquired as to the total amount of

compensation. Dr. Wallerstein responded that the total amount of compensation is \$19,374.96 through June, 2016.

Moved by Mitchell; seconded by Parker; unanimously approved.

# 4. **Report of Approved Out-of-Country Travel:** None to report.

5. **Issue RFP for Deferred Compensation Plan Consultant Services:** Assistant DEO/Human Resources Bill Johnson reported that SCAQMD has maintained a Deferred Compensation Plan for its employees since 1988. Currently, Mass Mutual is the recordkeeper. In 2008, SCAQMD retained a fiduciary consultant for overseeing the plan. Staff is requesting to issue an RFP to reevaluate the services provided by the fiduciary consultant and to determine whether the SCAQMD is getting the best service possible.

Moved by Parker; seconded by Mitchell; unanimously approved.

6. Amend Contracts to Provide Short- and Long-Term Systems Development, Maintenance and Support Services: Assistant DEO/Information Management Chris Marlia reported that this item is before the Administrative Committee and the Board twice a year. This item identifies budgeted projects requiring computer software development work. SCAQMD has four companies under a Board-approved umbrella contract for software development; periodically money is placed into these contracts to perform work that has gone out for bid. Staff is seeking approval to add monies to those contracts for software development work as follows: \$42,500 to AgreeYa Solutions, \$285,000 to Sierra Cybernetics, and \$243,550 to Varsun eTechnologies. Dr. Parker inquired whether these additional items are ongoing annual renewable items? Mr. Marlia responded that most of the systems involved are ones already in place that require enhancements based on rules that have passed or if new functionality is required to improve their productivity. Dr. Parker further inquired whether there are new software items, or whether this is in addition to projects already in place? Mr. Marlia affirmed the latter. Dr. Burke inquired who evaluates the need for the software? Mr. Marlia responded that each division has their own set of requirements that they have at the beginning of the year and have placed into the budget. Dr. Wallerstein clarified that he appoints amongst the staff a budget committee that reviews these matters, which results in a report with a set of recommendations, with Dr. Wallerstein making appropriate adjustments, and then it becomes a part of the overall budget that is presented to the Board for approval. Dr. Burke inquired how the actual need is evaluated. Dr. Wallerstein responded that he meets with staff and goes through item-by-item and discusses what the implications are of not proceeding, as well as proceeding, and what it means to

stakeholders and the affected businesses or others that may be utilizing the software and what it means in terms of SCAQMD's staff time.

Moved by Parker; seconded by Benoit; unanimously approved.

7. Establish List of Prequalified Vendors to Provide Computer, Network, Printer, Hardware and Software: Mr. Marlia reported that this item is to establish a prequalified vendor's list to purchase items for computer systems, computer parts, computer software, printers with printer parts and accessories, network equipment and desktop computers as needed for replacement. An RFQQ was released in December to bid in these categories. Eight responses were received and all of the respondents were deemed qualified to be on the vendor's list. The vendor's list is valid for two years which results in coming back to the Board for reapproval every two years. Councilmember Mitchell inquired is the RFQQ limited to these vendors or do we solicit to other vendors outside of this list? Dr. Wallerstein responded that it involves a bid process where they have applied for an RFP and they are placed on a vendor's list; if something is needed, a request is sent to all on the vendor's list, inquiring if they sell something in particular and if they meet the specifications and what their cost is. Councilmember Mitchell further inquired would the Request For Ouote only go to these vendors? Mr. Marlia responded in the affirmative. Dr. Wallerstein clarified that we are making a distinction between a Request for Proposal and a Request for a Quote. Councilmember Mitchell inquired are we sure we are getting the best price when we are limited to these vendors? Mr. Marlia responded that the RFP includes specifications for the type of equipment that is needed and these bidding companies have the lowest price. Dr. Wallerstein added if something appears expensive, then staff would consult with him. Doing an RFP is an efficient process, establishing a list of qualified vendors so that if a piece of equipment is needed in a short period of time, the pre-qualified vendor's list would be utilized. Mr. Marlia added that all of the contractors on the vendor's list are part of the Western States Contracting Alliance for multi-state contracting which ensures cost-effective acquisition for computer parts and systems.

Moved by Mitchell; seconded by Benoit; unanimously approved.

8. Approve Charter for SCAQMD's Environmental Justice Community Partnership Advisory Council: DEO/Legislative and Public Affairs Lisha Smith reported that this item is to seek approval of the charter for the Environmental Justice Community Partnership Advisory Group. In December the Board approved a contract for consultant services for SCAQMD's environmental justice outreach and initiatives, specific to the EJ Community Partnership. Formation of this community-based advisory group will help SCAQMD and consultants successfully plan and execute eight community outreach meetings and an EJ conference. The Advisory Group will only assist with activities specific to the EJ Community Partnership initiative. The charter proposal details the following: the mission, goals of the advisory council, EJ Community Partnership objective, composition of the Advisory Group membership, desired qualifications of its membership, operational guidelines and details on reporting compensation and Brown Act Requirements. Councilmember Mitchell inquired are there going to be 16 members? Ms. Smith confirmed there will be 16 members and they will be allocated equally throughout the four-county region within the district to ensure equal representation. Dr. Burke inquired how are the members selected? Ms. Smith responded that staff will provide recommendations and the SCAQMD's consultants have already identified some potential members.

Moved by Mitchell; seconded by Parker; unanimously approved.

- 9. Local Government & Small Business Assistance Advisory Group Minutes for the November 13, 2015 Meeting: Attached for information only are the minutes from the November 13, 2015 meeting of the Local Government & Small Business Assistance Advisory Group.
- 10. Review of the February 5, 2016 Governing Board Agenda: Dr. Wallerstein reported that there are three items under Public Hearings; one of which is the Architectural Coatings Rule where there is one company that has already been in compliance with proposed new limits for many years and then there are two other companies that are asking for a delay in the new limits in the provision pertaining to a small container exemption. Also coming to the Board are proposed guidelines for disbursement and tracking of funds received pursuant to Rule 1304.1, where a power plant provider can access credits from the SCAQMD, and lastly, reaffirmation of certain select provisions in the RECLAIM rule that the Board previously approved. Dr. Parker asked for clarification. Dr. Wallerstein responded that at last Friday's Board meeting the SCAQMD did a Set Hearing because there were some amendments that were made to the RECLAIM rule where some of the staff materials had been inconsistent between the Set Hearing package and the Final Hearing package in terms of some of the text. While the action that the Board took to adopt the RECLAIM amendments was a valid legal action, staff is concerned that there might be some confusion with some of the stakeholders. Staff doesn't think that those provisions are controversial, but staff thought that this item should be brought back to the Board so that there is absolute clarity in everyone's mind, and bringing the item back would allow everyone the opportunity to comment to the Board. Dr. Burke inquired that he thought the odor rule (Rule 415) would go in February. Dr. Wallerstein responded that he is still working with a company that will be

principally impacted by the rule. Dr. Wallerstein plans to meet with the company; the company has committed to bringing in some new information that will help potentially refine the staff proposal. Dr. Burke appreciated this update.

# 11. **Other Business:** None.

# 12. **Public Comment:** None.

Meeting adjourned at 10:20 a.m.

## Attachment

Local Government & Small Business Assistance Advisory Group Minutes from the November 13, 2015 Meeting



# LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE ADVISORY GROUP FRIDAY, NOVEMBER 13, 2015 MEETING MINUTES

#### **MEMBERS PRESENT:**

Dennis Yates, Mayor, City of Chino and LGSBA Chairman Ben Benoit, Mayor, City of Wildomar and LGSBA Vice Chairman Felipe Aguirre Paul Avila, P.B.A. & Associates Geoffrey Blake, Metal Finishers of Southern California/All Metals Rita Loof, RadTech International David Rothbart, Los Angeles County Sanitation District

#### **MEMBERS ABSENT:**

Todd Campbell, Clean Energy Maria Elena Kennedy, Kennedy Communications Lupe Ramos Watson, Councilmember, City of Indio

#### **OTHERS PRESENT:**

Mark Abramowitz, Board Member Assistant (*Lyou*) Earl Elrod, Board Member Assistant (*Yates*) Dave Czamanske, Board Member Assistant (Cacciotti)

#### **SCAQMD STAFF:**

Derrick J. Alatorre, Asst. Deputy Executive Officer/Public Advisor Marc Carrel, Program Supervisor Nancy Feldman, Principal Deputy District Counsel Elaine-Joy Hills, AQ Inspector II Henry Hogo, Asst. Deputy Executive Officer Lori Langrell, Secretary Ian MacMillan, Planning & Rules Manager William Sanchez, Senior Public Affairs Manager

#### Agenda Item #1 - Call to Order/Opening Remarks

Mayor Dennis Yates called the meeting to order at 11:35 a.m.

#### <u>Agenda Item #2 – Approval of October 9, 2015 Meeting Minutes/Review of Follow-</u> <u>Up/Action Items</u>

Chair Yates called for approval of the October 9, 2015 meeting minutes. The Minutes were approved unanimously.

Mr. William Sanchez advised the only action item arising out of the October 9<sup>th</sup> meeting was a request to agendize Rule 1147, which will be placed on the January agenda, or as soon as staff is available to present.

### <u>Agenda Item #3 – Federal Update</u>

Mr. Marc Carrel presented an overview of the Surface Transportation Reauthorization & Reform Act of 2015.

Mr. Paul Avila asked if hydrogen is feasible due to lower gas prices and whether hydrogen would still be feasible when gas prices increase again. Mr. Carrel replied that more money should come in to the local treasury, but historically, people drive less and spend less when gas prices are higher. Mr. Carrel also indicated that the price of gas does not affect monies collected as the federal gas tax is a set amount per gallon sold (\$0.18/gallon). As this amount is not adjusted for inflation, there are efforts to increase the gas tax, but that provision did not go to a vote in the budget process as there is so much opposition. Mr. Avila further asked if this is just on regular gas itself, or diesel as well. Mr. Carrel replied that diesel fuel is taxed as well.

Ms. Rita Loof inquired how the \$180 billion shortfall is computed. Mr. Carrel indicated that the amount is a total over ten years of not being funded - approximately \$20 billion per year.

Mr. David Rothbart asked, assuming the demand falls on highway improvements, if there is a set amount of what is expected and how much money can go where. Mr. Carrel replied that while he cannot give an exact total, it is approximately one tenth of what is needed. The biggest expenditure is for retrofits or repairs of infrastructure, bridges, overpasses and roadways throughout the nation, especially those nearing the end of their lifespan such as the Missouri Bridge that collapsed. Mr. Rothbart further inquired if there is a system or criteria to indicate the priority level of projects. Mr. Carrel indicated that the individual states are given the money, and they make the decision as to what the priority projects are.

# Agenda Item #4 - Renewal Natural Gas (RNG) Production, Uses and Benefits

Mr. Henry Hogo presented an overview of the expanded use of natural gas and renewable fuels throughout the transportation sector.

Mr. Avila inquired what the average mileage range on a well-maintained Cummings diesel truck was. Mr. Hogo indicated approximately three million miles.

Mr. Blake asked what the efficiency of natural gas automobiles was. Mr. Hogo indicated they have improved substantially. Associated Diesel in Long Beach maintained the Class C City of Los Angeles trucks, but personally they would drive diesel trucks converted to liquefied natural gas (LNG).

Mr. Avila asked whether ethanol was a bust or is still used to a degree. Mr. Hogo indicated that ethanol is blended into gas, with some concern on the potential of ozone forming at higher concentrations.

Mr. Dave (Czamanske) asked what is being looked at more in terms of alternative vehicles, electric, CNG or hydrogen; and does the SCAQMD have a position advocating one type over the other. Mr. Hogo replied yes, relative to the cleanness of the technology. However, the District is technology neutral and we need all forms of technology in order to achieve clean air. Importantly, we want to reduce exposure. We want all of the above when it comes to commercialization. In research and development, we look at factors about maturity, and currently ten projects are being looked at feature zero emission trucks. Historically, we have been funding natural gas engine technology as that was the most promising at the time, but the focus shifts as research progresses.

### Agenda Item #5 – 2014 Annual Report on AB 2588 Air Toxics Hot Spots Program

Mr. Ian MacMillan provided an update on the AB 2588 Air Toxics Hot Spots program, and additional SCAQMD activities related to air contaminants.

Mr. Blake asked if the toxic emissions reporting/inventory were available in FIND, and when the 2014 results would be available. Mr. MacMillan indicated that it is being worked on and anticipate the results being available soon.

Ms. Loof inquired about the cancer risk over 25 in a million, as what was presented at the Board where some facilities were at 1500 in a million. Mr. MacMillan replied that there is one chrome plating facility, Hixson Metal Finishing in Newport Beach at 1500 in a million with their health risk assessment. Their risk has come down substantially, but is still too high, well above 25 in a million today. Ms. Loof further asked if a facility is at 25 in a million versus 1500 in a million, would the steps be the same as far as the percentage. Mr. MacMillan indicated that the 1% includes two facilities, Exide and Hixson. Exide is going through its own process with closure, etc. They are both over 25 per million, but two totally different situations. Per Ms. Loof, the report indicated that the highest was Hixson at 1500 and the next highest was Exide at 150 in million; therefore, Ms. Loof asked if they have the same rate of reduction. Mr. MacMillan replied the risk reduction plan requires facilities to get 25 in a million or less no matter where they are at. Under Rule 1402 the facilities are allowed three years to reduce their risk, with provisions to go to the Governing Board, if needed, to extend the time frame, and under the health and safety code there is a hard limit of ten years assuming all appeals happened through the District.

Ms. Loof asked why Tesoro is the only facility required for public notification, as indicated on the slide. Mr. MacMillan replied they were the only facility that conducted a public notification meeting during the time frame of annual notification.

Mr. Avila asked in regards to source testing, if bags are still placed on the stacks to collect data. Mr. MacMillan indicated there are different methods for source testing, depending on the source they are looking for.

Ms. Loof inquired whether the numbers compiled in the report presented to the Board used the new OEHHA guidance or the old version. Mr. MacMillan indicated it was based on the guidance available at the time. Ms. Loof further asked if the new OEHHA guidelines were applied, would the risk numbers be higher. Mr. MacMillan indicated yes; however, many facilities, through time, have health risk assessments from 1998 and emissions have come down. Therefore, you can't necessarily apply and multiply since the emissions also make a big difference.

#### Agenda Item #6 –Monthly Report on Small Business Assistance Activities No comments.

Agenda Item #7 - Other Business No comments.

# Agenda Item #8 - Public Comment No comments.

<u>Adjournment</u> The meeting adjourned at 12:36 p.m.

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# BOARD MEETING DATE: February 5, 2015 AGENDA NO. 23

REPORT: Legislative Committee

SYNOPSIS:The Legislative Committee held a meeting on Friday,<br/>January 15, 2016. The next Legislative Committee meeting is<br/>scheduled for Friday, February 12, 2016 at 9 a.m. in Conference<br/>Room CC8.

RECOMMENDED ACTION: Receive and file this report.

Judith Mitchell Chair Legislative Committee

LBS:GSA

#### Attendance [Attachment 1]

The Legislative Committee met on January 15, 2016. Committee Chair Judith Mitchell was present at the South Coast Air Quality Management District's (SCAQMD) Diamond Bar headquarters. Committee Members Michael D. Antonovich, Dr. William A. Burke, Dr. Clark E. Parker, Sr. and Joe Buscaino attended via videoconference. Committee Member Janice Rutherford was absent.

#### **Report on Federal Legislative Issues**

Committee Chair Judith Mitchell reported that SCAQMD's federal legislative staff and she had just returned from Washington D.C. where they visited with key members of Congress, outlined the Agency's needs and priorities, and laid the groundwork of what may be achieved over the following year. Chair Mitchell characterized the visit as productive, but acknowledged that, given the presidential elections, it would be a short legislative session.

Mark Kadesh of Kadesh & Associates, SCAQMD's federal legislative consultant, added that he felt the trip was excellent in that we were able to effectively communicate our frustration with federal regulatory bodies imposing tight compliance requirements without the tools needed to achieve attainment. He further commented that with the budget discussions about to begin and the [primary] nominating sessions occurring in July there was little hope for a large agenda this session.

SCAQMD's federal legislative consultant Gary Hoitsma of the Carmen Group also noted that visits also included a successful SCAQMD-led panel on Zero-Emission Freight at the Transportation Research Board's annual meeting. In addition, meetings were held with key House appropriations staff and other key environmental staff in the Administration, setting the stage for future progress for SCAQMD's federal agenda.

Tom Dennis of Cassidy & Associates, SCAQMD's newest federal consultant, emphasized the value such visits have. Not only was it an invaluable opportunity for his firm to better understand SCAQMD's issues, but such one-on-one visits are important to leave lasting impressions with the members who otherwise have a limited amount of time to process endless demands for their attention.

During the federal legislative update, Committee Member Dr. Clark E. Parker, Sr. inquired on the status of the lawsuit demanding that U.S. EPA retroactively classify SCAQMD in "severe" rather than "moderate" non-attainment for PM2.5. SCAQMD Chief Deputy Counsel Barbara Baird reported that the case was argued on November 5, 2015; however since then U.S. EPA has approved our voluntary request to be reclassified as serious PM2.5 on the basis that we will not be able to attain the standard by the end of 2015. SCAQMD filed a motion for judicial notice with the court that would render this matter moot, but the court has not yet made its determination.

# Update on State Legislative Issues

SCAQMD's state legislative consultant Will Gonzalez of Gonzalez, Quintana, Hunter & Cruz provided the committee with an update on various key Sacramento issues. Given the great attention given to greenhouse gas issues in Sacramento, the Aliso-Canyon Porter Ranch methane leak has garnered much attention. In response, the Senate leadership announced a legislative package that would include:

- An immediate moratorium on any new natural gas injections at Aliso Canyon pending a determination that it would not pose a risk to the public;
- Ensuring that the polluters, not the public, pay for damages;
- Establishing a single state government point of accountability for future leaks;
- Prohibiting the California Public Utilities Commission from allocating any Aliso Canyon costs to the ratepayers;
- Increasing inspections and updating health and safety measures; and
- Establishing targets to achieve a 50% reduction in black carbon emissions and a 40% reduction in methane emissions.

Will Gonzalez also noted that it was still very early in the session, but identified two recently introduced bills that he will be tracking:

- AB 742 (Gallagher, R-Yuba City). This bill would prohibit the state board from enforcing a regulation that restricts emissions from in-use diesel-fueled vehicles until the state board receives a completed comprehensive study of the safety of any particulate matter filters required to be installed on affected vehicles as reviewed from an independent private firm.
- AB 550 (Waldron, R-Escondido). This bill would allow owners of certain motor vehicles that are subject to the Smog Check program to pay a \$200 smog abatement fee in lieu of passing a smog test.

SCAQMD's state legislative consultant Paul Gonsalves of Joe A. Gonsalves & Son also provided the committee with an update on various key Sacramento issues.

First, he reported on key legislative deadlines to the Committee. All two-year bills must be heard and passed out of their house of origin by January 31, and February 19, 2016 is the deadline to introduce new legislation for this session.

Second, Paul Gonsalves reported on the new Speaker, Anthony Rendon, who was officially elected and will transition to the position in March. Speaker Rendon has nine years left in the Assembly, which gives him the opportunity to be the longest serving Speaker since Willie Brown.

Third, Paul Gonsalves reported on the 2016-17 proposed budget released by Governor Brown on January 7. The Governor's proposal reflects his efforts to balance fiscal restraint while meeting the growing needs of the state. Key elements include:

- \$122.6 billion General Fund budget.
- State's rainy day fund increases from \$4.5 billion to \$8 billion.
- \$36 billion over the next decade to improve the maintenance of highways and roads, expand public transit, and improve critical trade routes.
- A \$3.1 billion Greenhouse Gas Cap and Trade expenditure plan.
  - Includes this year's funding and the remaining funding from last year that was unallocated.
  - 10% of these funds to be spent within disadvantaged communities and 25% of the revenues to projects that benefit disadvantaged communities.
  - 60%, or \$1.2 billion, of the projected auction proceeds are continuously appropriated to support public transit, sustainable communities, and high-speed rail.
  - \$1 billion for the following programs that reduce emissions in the transportation sector:
    - \$500 million for the Low Carbon Transportation program

- \$400 million for the intercity rail capital program
- \$100 million for the Low Carbon Road Program
- \$25 million for the Alternative and Renewable Fuel and Vehicle Technology Program
- \$100 million for the Transformational Climate Communities Program, which focuses on the top 5% of disadvantaged communities.
- o \$100 million to expand waste management infrastructure
- o \$150 million for water conservation and restoration of habitats.

Budget negotiations will continue until June 15, 2016, the constitutional deadline for the Legislature to adopt a budget.

# Report from SCAQMD Home Rule Advisory Group [Attachment 2]

Please refer to Attachment 2 for written report.

# **Other Business:**

None

**Public Comment Period:** 

No public comment.

# Attachments

- 1. Attendance Record
- 2. SCAQMD Home Rule Advisory Group Report

#### **ATTACHMENT 1**

#### ATTENDANCE RECORD – January 15, 2016

#### SCAQMD BOARD MEMBERS:

Councilmember Judith Mitchell, Chair Supervisor Michael Antonovich (Videoconference) Dr. William A., Burke (Videoconference) Councilmember Joe Buscaino (Videoconference) Dr. Clark E. Parker, Sr. (Videoconference)

#### **STAFF TO COMMITTEE:**

Lisha B. Smith, Deputy Executive Officer Guillermo Sanchez, Senior Public Affairs Manager Julie Franco, Senior Administrative Secretary

#### **SCAQMD STAFF:**

Leeor Alpern, Senior Public Information Specialist (Videoconference) Naveen Berry, Planning & Rules Manager Barbara Baird, Chief Deputy Counsel Marc Carrel, Program Supervisor Tina Cox, Senior Public Information Specialist Bayron Gilchrist, Assistant Chief Deputy Counsel Chris Marlia, Assistant Deputy Executive Officer Matt Miyasato, Deputy Executive Officer Robert Paud Telecommunications Supervisor Laki Tisopulous, Assistant Deputy Executive Officer Kim White, Public Affairs Specialist Rainbow Yeung, Senior Public Information Specialist (Videoconference) Barry R. Wallerstein, Executive Officer

#### **OTHERS PRESENT:**

Mark Abramowitz, Governing Board Member Consultant (Lyou) David Czamanske, Governing Board Member Consultant (Cacciotti) Tom Dennis, Cassidy & Associates Jason Gonsalves, Joe A. Gonsalves & Son (teleconference) Paul Gonsalves, Joe A. Gonsalves & Son (teleconference) Will Gonzalez, Gonzalez, Quintana, Hunter & Cruz (teleconference) Sue Gornick, WSPA Stewart Harris, The Carmen Group Gary Hoitsma, The Carmen Group Mark Kadesh, Kadesh & Associates Chris Kierig, Kadesh & Associates Bill LaMarr, California Small Business Alliance Chung Liu, Governing Board Member Consultant (Mitchell) Rita Loof. RadTech Margot Malarkey, Association of American Railroads Debra Mendelsohn, Governing Board Member Consultant (Antonovich) David Rothbart, Los Angeles County Sanitation Districts Andy Silva, Governing Board Member Consultant (Rutherford) Susan Stark, Tesoro Mark Taylor, County of San Bernardino Warren Weinstein, Kadesh & Associates Peter Whittingham, CP & A

#### ATTACHMENT 2

#### SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

### LEGISLATIVE REPORT FROM HOME RULE ADVISORY GROUP MEETING OF NOVEMBER 20, 2015

HRAG members present: Dr. Joseph Lyou, Chairman Dr. Philip Fine, SCAQMD Patrick Au on behalf of Chris Gallenstein, CARB (participated by phone) Curt Coleman, Southern California Air Quality Alliance Sue Gornick, WSPA Jayne Joy, Eastern Municipal Water District Bill LaMarr, California Small Business Alliance Dan McGivney, SoCalGas Art Montez, AMA International Terry Roberts, American Lung Association of California David Rothbart, Los Angeles County Sanitation Districts Larry Rubio, Riverside Transit (participated by phone) Larry Smith, Cal Portland Cement Andy Steckel on behalf of Elizabeth Adams, EPA (participated by phone) TyRon Turner, WCAY Janet Whittick on behalf of Bill Quinn, CCEEB

Others: Mark Abramowitz (Board Consultant to Dr. Lyou); Rita Loof (RadTech); Noel Muyco (SoCalGas); and Susan Stark (Tesoro).

SCAQMD Staff: Philip Crabbe, Amir Dejbakhsh, Jill Whynot, Bill Wong, and Marilyn Traynor

#### **LEGISLATIVE UPDATE**

Philip Crabbe reported on the following items that were discussed at the Legislative Committee meeting on November 13, 2015:

#### <u>Federal</u>

U.S. Representative Paul Ryan of Wisconsin replaced John Boehner as the Speaker of the U.S. House of Representatives. Representative Kevin McCarthy from California remains the Majority Leader. Before he resigned from Congress, Boehner brokered a comprehensive two-year budget deal that raised the debt ceiling through March 2017 and lifted the government-wide spending caps by \$50 billion in FY 2016 and by \$30 billion in FY 2017. This deal will most likely help avoid government shutdowns through next year's election. Recently the House passed its version of the MAP-21 bill—the Surface Transportation Reauthorization and Reform Act (the STRR Act). The Senate passed its version, the DRIVE Act, in July. Both bills will go to a House-Senate conference committee to resolve differences, with the expectation of reaching agreement to pass a final bill by November 20<sup>th</sup>, when the current authorizations expire. The House bill, like the Senate bill, is a six-year authorization but is only funded for three years through a General Fund transfer, which is offset with a patchwork of tax code adjustments and other measures that raise money over ten years to pay for just three years of funding. The bill

only maintains current levels of funding; however, this level of funding falls short of what many believe is needed to maintain and improve the nation's transportation infrastructure. Congress is adamant against any gas tax increases for transportation; therefore, neither the House nor the Senate will allow a vote on the tax increase issue. Both the House and Senate bills include new freight sections and related language making at least incremental improvements in the air quality area. Both bills call for a designation of special fueling corridors with infrastructure to support electric and natural gas fueled vehicles. The Appropriations Committees are now working to negotiate final agreements on the various appropriations bills before the end of the year and before the Continuing Resolution expires on December 11, 2015. The consultants are continuing to follow the House Interior U.S. EPA Appropriations bill in particular. This bill includes \$20 million for the Targeted Airshed Grant Program, which is double the previous year's funding. SCAQMD has worked with their consultants and with Congressman Ken Calvert to try to ensure that this funding remains in the bill. With the raising of the debt ceiling and the two-year budget deal that Congress struck in October, it is expected that the Continuing Resolution that expires December 11 will be the last for the fiscal year and that instead there will be an omnibus appropriations bill. SCAQMD may benefit from the Diesel Emission Reduction Act (DERA) funding in the Senate Interior Appropriations bill. The Senate DERA Program proposes \$15 million, which includes \$5 million to address wood-fires stove emissions.

#### <u>State</u>

The legislature will continue to focus on climate change in 2016. A number of prominent climate change bills either became two-year bills or failed and will be readdressed in 2016, including:

- SB 32 (Pavley)
- A reintroduction of AB 1288 (Atkins)
- Clean up bills related to SB 350 (de León)

A big issue will be determining how to spend the approximately \$3 billion in the Greenhouse Gas Reduction Fund from the cap and trade auctions. There is also a renewed interest by state elected officials in the criteria pollution emission reductions. This attention has been driven by SCAQMD's advocacy efforts as well as efforts by environmental justice advocates and Assembly and Senate leaders who represent EJ communities. In the 2015 legislative sessions, 2,354 bills were introduced. The Governor considered 941 bills, signing 808 and vetoing 133. Although there are a significant number of the approximately 1,400 two-year bills that have remained from the 2015 legislative session, many died in Appropriations. The statutes that passed in 2015 will take effect on January 1, 2016 and the Legislature reconvenes on January 4, 2016. Not much resulted from the special legislative session on transportation that was held after the regular legislative session ended. Two informational hearings were held-one in Sacramento and the other in Carson, CA. The Governor released his proposal on how to address California's transportation needs over the next ten years, which was the topic of that special session. However, the Democrats do not feel that the plan went far enough. The Governor's plan included taxes, fees, and cap and trade funding amounting to approximately \$3.6 billion in total, with 50% allotted to state governments and 50% to local governments. Democrats agree on funding sources but want the total amount increased to \$6 billion. The largest hurdle in the debate is finding enough Republican votes for a tax increase. The Republicans have their own plan of about \$6.6 billion that gets some of its funding from eliminating approximately 3,500

"redundant" positions at Caltrans. There is little likelihood that a deal can be reached in the near term. The Legislative Committee discussed, amended, and approved (as amended) the 2016 Federal and State Legislative Goals and Objectives.

#### **Discussion**

Mr. LaMarr asked how the focus on criteria pollutants will be translated into SCAQMD's rulemaking. Dr. Fine responded that SCAQMD has always focused on criteria pollutants. Mr. Crabbe added that inquiries on criteria pollutant issues from elected officials have increased recently in addition to increased interest in obtaining co-benefits. Mr. Smith asked what the duration is of the surface transportation bill. Mr. Crabbe responded both versions are six year plans that will have to go to a conference committee to work out the differences--the House bill only funds three of the six years. Mr. Montez asked if the cap and trade funds will be used to fund programs in the impacted communities. Mr. Crabbe responded that debate continues on how to spend the funds. Mr. Montez asked how the expenditures are tracked. Dr. Lyou responded that the agencies that are given the money are responsible for tracking expenditures and have guidelines that they must follow. Mr. LaMarr asked if the Carl Moyer Program will be receiving additional funding. Mr. Crabbe responded that the sunsets for the Carl Moyer Program were already extended. Dr. Lyou added that the current legislation is to make the guidelines more effective.



# BOARD MEETING DATE: February 5, 2016 AGENDA NO. 24

REPORT: Mobile Source Committee

SYNOPSIS: The Mobile Source Committee met on Friday, January 22, 2016. Following is a summary of that meeting. The next Mobile Source Committee meeting is scheduled for Friday, February 19, 2016 at 9:00 a.m.

RECOMMENDED ACTION: Receive and file.

Dr. Clark E. Parker, Sr., Chair Mobile Source Committee

PMF:afm

#### Attendance

Committee Chair Dr. Clark E. Parker, Sr. attended via videoconference; Committee Members Dr. Joseph Lyou, Ben Benoit, Larry McCallon and Judith Mitchell attended at SCAQMD headquarters. Committee Member Shawn Nelson was absent. Dr. Parker called the meeting to order at 9:04 a.m.

#### **ACTION ITEMS:**

1. Approve Discontinuation of Parking Cash-Out Program as Required Component Under Rule 2202 – On-Road Motor Vehicle Mitigation Options, Employee Commute Reduction Program

Carol Gomez, Planning and Rules Manager, presented information regarding the status of the Rule 2202 Parking Cash-Out Program (PCOP) component status. This item was presented as an informational item at the November 2015 Mobile Source Committee, and was presented today as an action item. The complete 2015 data and proposed changes to the program's guidelines were included in this briefing. PCOP is a state program adopted in 1992 which applies to employers with 50 or more employees, have lease parking, can unbundle their parking from their building lease,

and can reduce parking spaces without a financial penalty. In 2009, SB 728 was adopted which authorized local governments as well as air quality management districts to enforce PCOP.

A 2011 amendment to the Rule 2202 Employee Commute Reduction Program (ECRP) Guidelines required PCOP when:

- The ECRP compliance option is chosen;
- The worksite is not meeting or making progress toward their average vehicle rideshare (AVR) target; and
- The worksite is subject to the PCOP legislation.

The amendment included a provision that this new PCOP program component would remain in effect until January 1, 2016. Staff was then to return to the Board with a recommendation to continue or discontinue the required PCOP program component.

Evaluation of the worksite data for 2012 through 2015 shows that this program applied to only three worksites in 2015, less than 1% of all Rule 2202 submittals. Therefore, staff's recommendation is that PCOP be discontinued as a required program element, but continue as a voluntary trip reduction strategy within the ECRP. This will streamline reporting for over 400 companies. All employers subject to the PCOP law must still comply with their existing legal obligations.

Moved by Lyou; seconded by Benoit; unanimously approved.

Ayes:Parker, Lyou, B. Benoit, McCallon, MitchellNoes:NoneAbsent:Nelson

2) Approve Implementation of 2016 Year-Round Electric Lawn Mower Rebate Program

Staff recommended pulling this item from the agenda.

# **INFORMATIONAL ITEM:**

# 3) AQMP Update

Dr. Philip Fine, Deputy Executive Officer/Planning, Rule Development and Area Sources, provided an update to the development of the 2016 Air Quality Management Plan (AQMP or Plan). Ten white papers addressing policy issues regarding VOC controls, PM controls, goods movement, energy, passenger transportation, and off-road equipment have been finalized and available online. A list of specific chapter contents in the Plan was shown along with technical appendices that legally support the content in the main document. The new Health Effects Officer is preparing the health effects report to satisfy the Health & Safety Code and will be included as Appendix I. The emissions inventory is completed and modeling scenarios are taking place. All chapters and appendices are currently under development including control strategy, a new air toxics control program, climate and energy evaluation, and compliance demonstration of all federal and state requirements. CARB's mobile source strategy and SCAG's transportation control measures will also be incorporated into the Plan.

Dr. Fine described the contents of the socioeconomic assessment and the draft CEQA initial study for the 2016 AQMP. The projected PM2.5 concentrations measured at the Mira Loma station were presented illustrating that without additional PM controls, the annual NAAQS (at 12  $\mu$ g/m3) will be close to attainment in 2025 at 12.4  $\mu$ g/m3; however, with the co-benefits from the ozone strategy, additional impacts are expected. The table of concentrations also highlighted that the previous 1997 annual PM2.5 NAAQS (at 15  $\mu$ g/m3) was met back in 2012. In addition, the 24-hour NAAQS (at 35  $\mu$ g/m3) is anticipated to be met by the statutory deadline in 2019 at 31.7  $\mu$ g/m3. A discussion will be added evaluating potential drought conditions in the future years and the effect on the 24-hour standard.

Dr. Fine acknowledged that the current Plan development schedule has been delayed partly due to the attention shifted onto other priority projects but the most critical documents should be publicly released late February/early March, and considerations for Plan approval in the spring/summer timeframe to meet the U.S. EPA submittal deadline. Finally, the next AQMP Advisory Group meeting will be scheduled after the proposed control strategy is released, and outreach continues with government councils, business stakeholders and environmental organizations.

Dr. Parker asked for an explanation of the implications of serious nonattainment for the 24-hour PM2.5 standard. Dr. Fine provided background information to clarify. The 2012 AQMP demonstrated attainment of the 24-hour PM2.5 NAAQS by 2014 followed by a supplement that demonstrated attainment by 2015 pursuant to the requirements of Subpart 4 of Part D, Title I of the Clean Air Act. In early 2015, it was determined that it will be impracticable to meet the 24-hour PM2.5 NAAQS by the end of 2015 primarily due to the continuing drought conditions. The SCAQMD requested U.S. EPA to "bump up" the nonattainment designation to a "serious" area from a "moderate" nonattainment area. In doing so, Subpart 4 requires attainment of the standard in "serious" areas no later than the end of the 10th year from the

effective date of the designation, which occurred in 2009. Thus, attainment would be required by 2019.

One member of the public commented on high public interest regarding the 2016 AQMP and while a delay in the schedule is understandable given the number of high priority projects, it is important to provide adequate public review time for the material released, in particular the control measure strategy. The Committee Members and staff acknowledged the comment.

# WRITTEN REPORTS:

# 4) Rule 2202 Activity Report

The report was received as submitted.

# 5) Monthly Report on Environmental Justice Initiatives – CEQA Document Commenting Update

The report was received as submitted.

# **OTHER BUSINESS:**

None.

# **PUBLIC COMMENT:**

None.

The meeting was adjourned at 9:30 a.m.

# Attachment

Attendance Roster

# SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT MOBILE SOURCE COMMITTEE MEETING Attendance Roster – January 22, 2016

NAME	AFFILIATION
Dr. Clark E. Parker (videoconference)	SCAQMD Governing Board
Dr. Joseph Lyou	SCAQMD Governing Board
Mayor Ben Benoit	SCAQMD Governing Board
Mayor Larry McCallon	SCAQMD Governing Board
Councilmember Judith Mitchell	SCAQMD Governing Board
Board Consultant Mark Abramowitz	SCAQMD Governing Board (Lyou)
Board Consultant David Czamanske	SCAQMD Governing Board (Cacciotti)
Board Consultant Chung Liu	SCAQMD Governing Board (Mitchell)
Board Consultant Ron Ketcham	SCAQMD Governing Board (McCallon)
Board Consultant Ruthanne Taylor Berger	SCAQMD Governing Board (Benoit)
Curtis Coleman	SoCal Air Quality Alliance
Noel Muyco	SoCal Gas
Bill Quinn	California Council for Environmental and Economic Balance
David Rothbart	Los Angeles County Sanitation Districts
Susan Stark	Tesoro
Lee Wallace	SoCal Gas
Philip Fine	SCAQMD Staff
Barbara Baird	SCAQMD Staff
Henry Hogo	SCAQMD Staff
Matt Miyasato	SCAQMD Staff
Kurt Wiese	SCAQMD Staff
Jill Whynot	SCAQMD Staff
Joe Cassmassi	SCAQMD Staff
Jo Kay Ghosh	SCAQMD Staff
Lisha Smith	SCAQMD Staff
Laki Tisopulos	SCAQMD Staff
Carol Gomez	SCAQMD Staff
Lane Garcia	SCAQMD Staff

# SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT MOBILE SOURCE COMMITTEE MEETING Attendance Roster – January 22, 2016

Kathryn Higgins	SCAQMD Staff
Michael Krause	SCAQMD Staff
Dean Saito	SCAQMD Staff
Kim White	SCAQMD Staff

1 Back to Agenda

# BOARD MEETING DATE: February 5, 2016 AGENDA NO. 25

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee met Friday, January 22, 2016. Following is a summary of that meeting.

RECOMMENDED ACTION: Receive and file.

Ben Benoit, Chair Stationary Source Committee

MN:am

#### Attendance

The meeting began at 10:30 a.m. In attendance at SCAQMD Headquarters were Committee Chair Ben Benoit and Committee Members Judith Mitchell, Dr. Joseph Lyou and Larry McCallon. Committee Member Shawn Nelson attended via videoconference (left the meeting at 11:28 a.m.). Absent was Committee Member Janice Rutherford. Mayor Ben Benoit announced that item #3 would be taken out of order.

#### **ACTION ITEM**

1. Approve Reallocation of Funds Between Existing Programs Previously Approved by the Board for Implementation of U.S. EPA's Targeted Air Shed Grant and Modify a Contract with Mean Green Products, LLC Susan Nakamura, Director of Strategic Initiatives, provided an update on the U.S. EPA's Targeted Air Shed Grant and highlighted the successful aqueous brake washer and commercial electric lawn mower programs. Ms. Nakamura discussed the proposed changes to the program including funding additional commercial electric lawn mowers and aqueous brake washers and allowing the Executive Officer to redistribute funds among approved programs to address demand. Dr. Lyou asked if the aqueous brake washer technology was more expensive than the aerosol cans it replaced. Ms. Nakamura answered that the aqueous brake washers provided a cost savings to auto repair shops.

Moved by Mitchell; seconded by Benoit; unanimously approved.

Ayes:Benoit, Mitchell, McCallen, Lyou, Nelson.Noes:NoneAbsent:Rutherford

(Items were taken out of order)

# **INFORMATIONAL ITEMS**

# 3. Proposed Guidelines for Disbursement and Tracking of Funds Received Pursuant to Rule 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption

Tracy Goss, Planning and Rules Manager, provided an overview of the Proposed Guidelines for Disbursement and Tracking of Funds Received Pursuant to Rule 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption, including an overview of the geographic locations of anticipated Electrical Generating Facility (EGF) projects subject to the rule and the proximity to Environmental Justice (EJ) areas. Public comments were received from three individuals from the City of Huntington Beach, including two city council members, Mike Posey and Barbara Delgleize, who requested that the distance criteria be larger than six miles. In addition, the city council members asked that "shovel-ready" projects be given priority and that SCAQMD consider using CalEnviroscreen™ to identify EJ areas. Mary Urashima, a Huntington Beach resident, noted that the six mile proximity could exclude many communities of color and lower income within the area.

Dr. Joe Lyou cautioned regarding use of a points driven system for project approval prioritization and requested that funds be allocated based on required percentages to ensure appropriate distribution, and further questioned the basis for the proposed six mile proximity criteria. Councilmember Judy Mitchell suggested that the funding threshold prior to releasing a request for proposals (RFP) might be reviewed to accommodate projects with a more immediate air quality benefit.

Mayor Benoit, Councilmember Mitchell and Mayor McCallon were supportive of extending the proximity criteria to capture more EJ areas.

Supervisor Nelson questioned why the criteria for EJ areas did not include proximity as representative of an impacted area and suggested a defined distance, such as a 15 mile radius for funding projects in such areas.

Barry Wallerstein, Executive Officer, indicated that the CalEnviroscreen<sup>™</sup> model was a developing tool that was broader in application than the approach used historically by the SCAQMD, which focuses primarily on air quality impacts in identifying EJ areas, although future consideration could be given for use of emerging tools. He further indicated that the six mile proximity recommendation was based on the criteria in state law (AB 1318) and what is used by the California Energy Commission (CEC) as part of their California Environmental Quality Act (CEQA) assessment. With respect to RFPs, an approved list based on priority considerations was envisioned for recommendation to the Board based on required percentages, although proposed projects could qualify under either the proximity or EJ funding as appropriate, and RFPs could be released on a periodic rather than a dollar threshold basis.

Mayor Benoit summarized the Committee's direction that staff return to the Committee and revisit the proposal to include distribution of funding of 50% based on a 10 mile radius proximity and 50% for EJ areas located within a 15 mile radius, as well as for staff to identify specific proposal evaluation criteria. The Committee supports an RFP release based on receiving at least \$1M per repowering project on annual basis as funds are received.

#### 2. Status Report on Reg. XIII - New Source Review

Mohsen Nazemi, Deputy Executive Officer of Engineering and Compliance, gave a presentation on the history and current status of the District's compliance with federal New Source Review (NSR) offset requirements. The presentation covered some of the history of the District's NSR Tracking and the current and projected balances, as well as the trends, of the District's internal offset accounts. Rule 1315 was adopted by the Board and further amended in February 2011. This rule establishes procedures to demonstrate equivalency with federal NSR offset requirements. According to these procedures, both the preliminary Calendar Year (CY) 2014 and the projected CY 2015-2016 federal offsets account balances are determined to remain positive thus indicating continued compliance with federal NSR offset requirements. Mr. Nazemi also explained that this is a preliminary determination of equivalency for CY 2014, and therefore includes only debits not credits so as to be conservative, and that credits will be included in the final determination of equivalency for CY 2014, which will be presented to Stationary Source Committee in July 2016 and to the Board in September 2016. There were no public comments or questions related to the presentation.

# 4. RECLAIM Provisions Regarding Emission Factors for Rule 219 Exempt Equipment and Revise Definition of Standard Gas Conditions

Joe Cassmassi, Planning and Rules Director, presented the item related to Regulation XX, which include an affirmation of amendments adopted at the December 4, 2015 Board Meeting for the use of certified emission factors for Rule 219 exempt equipment and an amendment to a definition which was included in the November 2015 Set Hearing package but inadvertently omitted from the December 2015 Board package.

There were no comments from the public. Councilmember Mitchell asked if industry representatives prefer the option to be able to use certified emission factors for Rule 219 exempt equipment. Joe Cassmassi replied that this option is preferred by industry.

# 5. Report on RECLAIM RTC Reduction Schedule

Joe Cassmassi provided the Committee with the schedule of RTC reductions adopted at the December 5, 2015 Board meeting for the two categories subject to the RTC shave.

Sue Gornick (WSPA) commented on BARCT adjustments and a discrepancy in some trades occurring around the freeze date which result in a lower calculated shave percentage.

Mr. Cassmassi responded that the shave remains the same as was proposed by Supervisor Nelson's motion and adopted by the Board, and subsequently posted on the SCAQMD's website. Dr. Philip Fine, Deputy Executive Officer, highlighted the source of WSPA's discrepancies in the calculation, such as the mischaracterization of an investor as a facility and transactions that were postmarked on the freeze date and processed. Dr. Fine also mentioned that the BARCT adjustment of 0.8 tpd was discussed extensively throughout the rule development process.

#### 6. Rule 1147 Technical Assessment

Joe Cassmassi presented a summary of SCAQMD actions providing relief to owners of Rule 1147 equipment, the findings of a Draft Rule 1147 Technology Assessment and the upcoming third party review of the draft document. Mr. Bill LaMarr and Mr. Anthony Endres expressed concern that stakeholders did not have enough input into the draft document. Mr. LaMarr requested the draft document be made available to the public and that staff hold a Rule 1147 Task Force meeting to discuss the document. Committee Members recommended that this item be brought back for the February 2016 Stationary Source Committee meeting after the draft document is released to the public and staff meets with stakeholders to discuss the report. Councilmember Mitchell recommended that the RFP for the independent review be presented to the Board for approval at the March 2016 meeting along with the Rule 1147 Technology Report.

# WRITTEN REPORTS

All written reports were acknowledged by the Committee.

# **PUBLIC COMMENTS**

There were no Public Comments.

The next Stationary Source Committee meeting is scheduled for February 19, 2016. The meeting was adjourned at 12:20 p.m.

Attachment Attendance Roster

# SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT STATIONARY SOURCE COMMITTEE January 22, 2016 ATTENDANCE ROSTER (Voluntary)

NAME	AFFILIATION
Mayor Ben Benoit	SCAQMD Governing Board Member
Councilmember Judith Mitchell	SCAQMD Governing Board Member
Supervisor Shawn Nelson (Videoconference)	SCAQMD Governing Board Member
Mayor Larry McCallon	SCAQMD Governing Board Member
Dr. Joseph Lyou	SCAQMD Governing Board Member
Board Consultant Andrew Silva	SCAQMD Governing Board (Rutherford)
Board Consultant Chung Liu	SCAQMD Governing Board (Mitchell)
Board Consultant Marisa Perez	SCAQMD Governing Board (Mitchell)
Barry Wallerstein	SCAQMD staff
Kurt Wiese	SCAQMD staff
Barbara Baird	SCAQMD staff
Philip Fine	SCAQMD staff
Mohsen Nazemi	SCAQMD staff
Jill Whynot	SCAQMD staff
Joe Cassmassi	SCAQMD staff
Matt Miyasato	SCAQMD staff
Tina Cox	SCAQMD staff
Kim White	SCAQMD staff
Bill LaMarr	California Small Business Alliance
David Rothbart	Los Angeles County Sanitation Districts
Susan Stark	Tesoro
Sue Gornick	Western States Petroleum Association
Tony Endres	FDI
Aaron Klemm	California State University Chancellor's Office
MTS	MTS/Global Finishing
Bill Quinn	CCEEB
Rita Loof	RadTech



# BOARD MEETING DATE: February 5, 2016 AGENDA NO. 26

REPORT: Special Meeting of the Stationary Source Committee

SYNOPSIS: The Stationary Source Committee met Tuesday, January 5, 2016. Following is a summary of that meeting.

RECOMMENDED ACTION: Receive and file.

Dr. Joseph Lyou, Vice Chair Stationary Source Committee

MN:am

#### Attendance

The meeting began at 10:00 a.m. In attendance at SCAQMD Headquarters were Committee Chair Dennis Yates and Committee Member Dr. Joseph Lyou. Committee Members Judith Mitchell and Shawn Nelson attended via videoconference and Ben Benoit attended via teleconference.

#### **INFORMATIONAL ITEM**

#### Update on Rule 1113 – Architectural Coatings

David De Boer, Program Supervisor, presented a summary of the staff proposal and updates on key issues since the Stationary Source Committee Meeting on October 16, 2015. Mayor Yates asked if other air district requirements were similar to SCAQMD's and pointed out that products are sometimes purchased outside of the Basin and used in the South Coast. Members representing industry made the following comments.

David Darling of the American Coatings Association commented that the rule amendments are not needed because we have already met our emission reduction goals. He stated that the elimination of the small container exemption (SCE) will restrict the products to touch-up only. Useful coatings such as rust preventatives, historical preservation and high gloss coatings for doors would be lost. The SCE provides an alternative compliance mechanism. A sell-through provision should be included in the rule to avoid businesses being burdened with removing inventory and products that would be thrown away. He supported staff's recommendations on tertiary-butyl acetate (tBAc) and Test Method 313. He wants to continue working on issues regarding lab precision, an exclusionary pathway, and non-film forming oils and asked that the Resolution regarding this topic include 'internal and external.'

John Long of Vista Corporation said in 2007 their company introduced an alkyd line of rust preventative coatings and they have not had any corrosion failure with their product. He passed out handouts with test results from the CRGI Laboratory of 19 manufacturers' products tested, showing their rust preventative coatings had superior test results. He disagreed with Rust-Oleum's October 2015 presentation to this Committee, and stated that a 100 percent increase in price to manufacture water-based products was incorrect as the price of those products is only a few dollars more. He suggested pint containers for the SCE. Dr. Lyou asked whether the rust preventative product that Vista developed in 2007 works well and is cost competitive, and was given confirmation by Mr. Long.

Curt Coleman on behalf of Lyondell (tBAc manufacturer) commented that the tBAC exemption for industrial maintenance coatings should be kept. He said tBAC is not on the toxic air contaminant list nor on the Proposition 65 list as a carcinogen. He explained that the Scientific Review Panel (SRP) is reviewing the Office of Environmental Health Hazard Assessment (OEHHA) recommendation, and suggested that staff wait until the SRP process is completed.

Megan Gaughan of Rust-Oleum Corporation addressed their zero-volatile organic compound (VOC) acrylic product and said it offers some corrosion prevention but does not meet Rust-Oleum's definition of rust preventative coating (RPC). It is considered a direct metal paint and is reported as a non-flat. She commented that in the 2005 test, corrosion prevention and flash rusting was not tested. The proposed implementation date would not provide sufficient time. She requested a three-year sell-through and a two-year extension to the proposed compliance date.

Katy Wolf of the Institute of Research and Technical Assistance commented on tBAc exemption. She commented that Industrial Maintenance Coatings have been approved to be used at schools and a Disneyland bathroom, posing risk to workers, teachers, and students. She noted the SRP has not signed off on the OEHHA risk factor; however, that had not occurred when the SCAQMD added the exemption in the rule. She said the risk posed to workers by tBAc is higher than the risk people near Exide experienced. She requested the exemption for tBAc be removed from the rule. Dr. Lyou asked Ms. Wolf to send him a report on anti-graffiti coatings.

Robert Wendoll of Dunn Edwards Corporation supports the comments made by Rust-Oleum. He stated that Dunn Edwards manufactures both oil and waterborne coatings. He commented that water-based coatings are preferred by consumers based on the ease of use; however, the water-based coatings do not perform as well as the oil-based. He noted both tests are used by industry with the salt fog test being fast and aggressive, with continuous spray, and completed in 100 hours, compared to the prohesion test simulating more real-world effects, cycling on and off, and completed in 1,000 hours. He stated that the prohesion test is better suited for making fine distinctions between coatings that have very similar performance characteristics and that is what they use in their lab. They develop formulas for products and often they differ only slightly in the ingredients or the amount of ingredients and they want to see which one performs the best.

Committee Member comments are summarized below.

Councilmember Judith Mitchell inquired about the sell-through period. Jill Whynot, Assistant Deputy Executive Officer, explained that the staff proposal for the three-year timeline should be sufficient time for product changes and any necessary sell-through. Vista reformulated their water-based product in a two-year period. David De Boer mentioned the sell-through has traditionally been used for a VOC limit change, and not for a removal from the SCE. Councilmember Mitchell requested a response from staff on Dave Darling's statement on meeting the VOC requirements. Mr. De Boer responded that manufacturers have compliant products, and the original intent of the SCE was for niche categories, and to allow time for manufacturers to reformulate. The only category with issues on the removal of the SCE was Rust Preventative Coatings. Based on sales data, other products for which the SCE is proposed to be eliminated currently meet the VOC limits. Ms. Whynot mentioned that this rule amendment partially implements reductions in the 2012 Air Quality Management Plan (AQMP).

Councilmember Mitchell asked staff about the manufacturer requesting more time to do research and development of a product. Mr. De Boer said they were requesting a 2021 effective date with a three-year sell-through. Ms. Whynot mentioned that this is a competitive disadvantage issue, with a smaller company having invested money into developing a compliant product many years ago. Mr. De Boer mentioned removing the SCE exemption has been in discussion for many years.

Councilmember Mitchell asked about Robert Wendoll's comments on the water-based RPC not being as adequate as solvent-based RPC. Mr. De Boer mentioned that products are available. Past test data has shown these products perform as well if not better than the solvent-based products, and other companies have products that work. Supervisor Shawn Nelson commented that the market will drive increased use of better products and suggested staff look into creating subcategories for special niches for the RPC category. Mayor Benoit agreed with this comment.

Dr. Lyou asked if staff could provide information about emissions impacts if coatings are applied more frequently. He inquired about sell-through and what happens to the containers. Mr. De Boer replied they are typically redistributed to other places or taken back by the manufacturer. Dr. Lyou asked if it was possible to require personal protective equipment (PPE) when products with tBAc are used. Kurt Wiese, General Counsel, said he would look into it, but it has never been done before. Dr. Lyou also asked staff to check with OEHHA when they expected to have final results for tBAc. He also asked that staff provide risk estimates. If the exemption for tBAc was removed from the rule, how much would VOC emissions increase?

Mayor Yates questioned whether Rust-Oleum was at a disadvantage because they do not have their own retail stores. Vista and Dunn Edwards representatives mentioned that they carry Rust-Oleum products in their retail stores. Mr. De Boer mentioned that products at "big box" retailers have quick turn-around and most products will not be on shelves more than six months.

There were no public comments. The meeting was adjourned at 11:05 a.m. The next regularly scheduled Stationary Source Committee meeting will be held on January 22, 2016.

Attachment Attendance Roster

# SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT SPECIAL STATIONARY SOURCE COMMITTEE MEETING January 5, 2016 ATTENDANCE ROSTER (Voluntary)

NAME	AFFILIATION
Mayor Dennis Yates	SCAQMD Governing Board Member
Councilmember Judith Mitchell (Videoconference)	SCAQMD Governing Board Member
Supervisor Shawn Nelson (Videoconference)	SCAQMD Governing Board Member
Mayor Ben Benoit (Teleconference)	SCAQMD Governing Board Member
Dr. Joseph Lyou	SCAQMD Governing Board Member
Board Consultant Chung Liu	SCAQMD Governing Board (Mitchell)
Board Consultant Debra Mendelsohn	SCAQMD Governing Board (Antonovich)
Board Consultant Andrew Silva	SCAQMD Governing Board (Rutherford)
Kurt Wiese	SCAQMD staff
Mohsen Nazemi	SCAQMD staff
Jill Whynot	SCAQMD staff
Dave De Boer	SCAQMD staff
Bill Wong	SCAQMD staff
Bayron Gilchrist	SCAQMD staff
Tina Cox	SCAQMD staff
Curt Coleman	So Cal Air Quality Alliance
David Rothbart	LA County Sanitation Districts
Aileen Santos	So Cal Gas
Susan Stark	Tesoro
Sue Gornick	Western States Petroleum Association
Jon Long	Vista Paint
Rita Loof	RadTech



AGENDA NO. 27

# BOARD MEETING DATE: February 5, 2016

REPORT: Technology Committee

SYNOPSIS: The Technology Committee met on January 22, 2016. Major topics included Technology Advancement items reflected in the regular Board Agenda for the February Board meeting. A summary of these topics with the Committee's comments is provided. The next Technology Committee meeting will be held on February 19, 2016.

RECOMMENDED ACTION: Receive and file.

John J. Benoit Technology Committee Chair

MMM:pmk

**Attendance:** Supervisor John J. Benoit and Supervisor Janice Rutherford participated by videoconference. Mayor Larry McCallon, Councilmember Judith Mitchell and Councilmember Dwight Robinson were in attendance at SCAQMD headquarters. Councilmember Joe Buscaino was absent due to a conflict with his schedule.

# FEBRUARY BOARD AGENDA ITEMS

1. Execute Contracts Under Diesel Emissions Reduction Act, Carl Moyer Program, and Rule 2202 Program, and Amend Contract

SCAQMD was awarded \$1,045,993 under the 2012 Diesel Emissions Reduction Act (DERA). These funds were originally awarded to Electric Vehicles International (EVI) for 52 battery electric truck replacements in the UPS fleet. Due to certain product deficiencies identified by UPS, the project could not be implemented. The U.S. EPA has approved cofunding eligible projects with the Carl Moyer Program that also meet the DERA requirements. Furthermore, there is a need to implement projects under Rule 2202 to generate NOx emissions credits. These actions are to execute contracts in an amount not to exceed \$6,623,636 under the aforementioned programs, and to amend a contract with no change in the award amount.

Supervisor Rutherford asked how the cost-effectiveness of the projects was calculated. Staff explained that the cost-effectiveness of all the projects was calculated uniformly according to the Carl Moyer Program guidelines, which is based on the amount of funding provided relative to the emissions reductions of NOx, PM, and ROG.

Supervisor Benoit asked about the issues encountered for the project with EVI and UPS. Staff explained there were a few technical issues relative to the performance, charging capacity and range of the vehicles. Supervisor Benoit requested further discussion with staff outside committee.

Moved by Rutherford; seconded by McCallon; unanimously approved.

Ayes:J. Benoit, McCallon, Mitchell, Robinson, RutherfordNoes:NoneAbsent:Buscaino

2. Issue RFP for Technical Assistance for Advanced, Low- and Zero-Emissions Mobile and Stationary Source Technologies and Implementation of Incentive Programs

This action is to issue an RFP to solicit statements of qualifications from individuals and organizations capable of providing technical expertise in a variety of specialized areas to support SCAQMD's technology advancement activities and implementation efforts. It is anticipated that multiple awards for level-of-effort contracts will be made from these solicitations.

In response to a question from Councilmember Robinson, staff explained that several entities may be recommended to provide clerical support due to the high volume of reporting and monitoring of the incentive programs at certain periods to meet the programs' milestones. Mayor McCallon asked how the proposals were evaluated. Staff explained that a panel of at least three members evaluate the proposals based on the scoring criteria listed in the RFP. The panel then recommends a number of contractors to the Board for approval.

Moved by Robinson; seconded by Mitchell; unanimously approved.

Ayes:J. Benoit, McCallon, Mitchell, Robinson, RutherfordNoes:NoneAbsent:Buscaino

# 3. Issue Program Announcements for Locomotives, Ships at Berth and Cargo Handling Equipment Projects Under Proposition 1B-Goods Movement Program

In September 2015, CARB approved Proposition 1B-Goods Movement Program funding awards to local agencies for projects that will reduce emissions from freight transportation. The awards include a total of \$137.9 million for the Los Angeles/Inland Empire trade corridor. About \$100.9 million of these funds are set aside for heavy-duty diesel truck projects, zero-emission transportation refrigeration units and supporting infrastructure. The remaining \$37 million are allocated for locomotives, ships at berth and cargo handling equipment projects. This action is to issue Program Announcements for locomotives, ships at berth and cargo handling equipment projects under the Proposition1B-Goods Movement Program.

Supervisor Benoit stated the majority of the Program funding is allocated to trucks and asked about the status of this category. Staff explained that a Program Announcement for truck projects was issued back in September, which closed on November 20, 2015. Applications requesting approximately \$70 million in program funding were received, and these applications are currently being evaluated. Since the truck program was undersubscribed, staff plans to issue another Program Announcement for truck projects later this year.

Councilmember Mitchell asked what types of vessels qualify for Prop 1B funding. Staff responded that the solicitation includes non-containerized vessels (i.e., tankers, vehicle carriers, and bulk and general cargo vessels). SCAQMD does not expect many applications for ships-at-berth projects due to the impact of the CARB regulation.

Moved by McCallon; seconded by Mitchell; unanimously approved.

Ayes:J. Benoit, McCallon, Mitchell, Robinson, RutherfordNoes:NoneAbsent:Buscaino

# 4. Execute Contract to Evaluate Ozone and Secondary Aerosol Formation from Diesel Fuels

Diesel vehicle exhaust and unburned diesel fuel are major sources of intermediate volatility organic compounds (IVOCs) and contribute to the formation of urban ozone and secondary organic aerosol (SOA), which is an important component of PM2.5. The characterization of IVOC emissions is critical in assessing ozone and SOA precursor production rates. Traditionally, laboratory measurements of IVOCs have been prohibitively difficult. Novel experimental measurements and emissions modelling of typical diesel blends under varying temperatures and wind speeds will be used to determine potential ozone and SOA yields in urban areas. This action is

to execute a contract with the University of California, Berkeley in an amount not to exceed \$110,000 to perform studies of ozone and PM2.5 formation from diesel blends.

Staff presented a summary of the project to evaluate Ozone and Secondary Organic Aerosol Formation from Diesel. Councilmember Robinson inquired about the percent of diesel from tailpipe emissions compared to other potential sources. Staff explained that this is an initial assessment of the underlying atmospheric reactions contributing to criteria pollutants, and if significant contribution is confirmed, staff will follow-up with a more detailed inventory of sources. Mayor McCallon inquired if the University of California (UC), Berkeley had a wind tunnel. Staff explained that UC Berkeley has a small tunnel with controlled air flow to assess impacts from variations in wind speed.

Moved by Robinson; seconded by McCallon; unanimously approved.

Ayes:J. Benoit, McCallon, Mitchell, Robinson, RutherfordNoes:NoneAbsent:Buscaino

Supervisor Rutherford excused herself from the meeting.

5. Execute Contract for Demonstration and Evaluation of Plug-in Electric Vehicle Smart Charging Algorithm at Multiple Electric Grid Scales

The University of California, Irvine (UCI), Advanced Power and Energy Program (APEP) proposes to develop and demonstrate smart charging of plug-in electric vehicles (PEVs) to support grid resource operation without compromising the ability of PEV drivers to meet their transportation needs. The proposed project leverages an existing algorithm developed by APEP and preliminarily evaluated through two CEC projects for coordination of PEV charging. This project will simulate the deployment of the PEV Smart Charging (PEVSC) algorithm at two different grid scales using ten Kia Soul EVs with smart charging capability. This action is to execute a contract with UCI to cofund the demonstration and evaluation of PEVSC at multiple electric grid scales in an amount not to exceed \$250,000 from the Clean Fuels Fund (31).

Mayor McCallon commented on Southern California Edison's limited contribution. Supervisor Benoit suggested that due to the rapid evolution of technologies and social behaviors, workplace and residential charging may need to be re-evaluated. Councilmember Mitchell suggested that the study may also show potential excess solar power during the day, and the potential benefits of daytime charging. Councilmember Robinson commented that he has owned a battery electric vehicle (BEV) for 14 months and has two chargers at his business to encourage his staff to use BEVs. Councilmember Robinson also inquired why other municipal utilities are not participating. Staff responded that UCI submitted an unsolicited proposal, working with their local utility provider (SCE), and that staff will recommend the involvement of other municipal utilities.

Moved by Mitchell; seconded by Robinson; unanimously approved.

Ayes:J. Benoit, McCallon, Mitchell, RobinsonNoes:NoneAbsent:Buscaino and Rutherford

6. Renew SCAQMD's Membership in CaFCP for Calendar Year 2016, Provide Office Space for CaFCP, and Receive and File California Fuel Cell Partnership Executive Board Meeting Agenda and Quarterly Updates

The SCAQMD has been a member of the California Fuel Cell Partnership (CaFCP) since March 2000. This action is to renew SCAQMD's membership in the CaFCP in an amount not to exceed \$85,000 for calendar year 2016 and cofund 50 percent of the CaFCP Regional Coordinator position located at SCAQMD, in addition to office space and utilities, in an amount not to exceed \$50,000 from the Clean Fuels Fund (31). Further actions are to continue providing in-kind office space and utilities for CaFCP employees in 2016 in an effort to educate the public and increase CaFCP's presence in Southern California. Finally, this action is to receive and file the CaFCP Executive Board Meeting Agenda for October 20, 2015, and Quarterly Updates beginning April and July 2015.

Moved by Mitchell; seconded by Robinson; unanimously approved.

Ayes:J. Benoit, McCallon, Mitchell, RobinsonNoes:NoneAbsent:Buscaino and Rutherford

7. Other Business

There was no other business.

8. Public Comment Period

There was no public comment.

#### Next Meeting: February 19, 2016

Attachment Attendance

Supervisor John J. Benoit (via videoconference)	SCAOMD Governing Board
Mayor Larry McCallon	· · · · · ·
Councilmember Judith Mitchell	
Councilmember Dwight Robinson	
Supervisor Janice Rutherford (via videoconference)	
Mark Abramowitz	
Ron Ketcham	
Marisa Perez	
Andrew Silva	
John Olvera, Principal Deputy District Counsel	
Matt Miyasato, STA	-
Fred Minassian, STA	-
Laki Tisopulos, STA	
Naveen Berry, STA	
Dean Saito, STA	-
Brian Choe, STA	SCAQMD
Drue Hargis, STA	SCAQMD
Patricia Kwon, STA	SCAQMD
Lisa Mirisola, STA	SCAQMD
Mei Wang, STA	SCAQMD
Vicki White, STA	SCAQMD
Scott Epstein, PRDAS	-
Gregory Rowley, IM	
Donna Vernon, STA	-
Pat Krayser, STA	
Danielle Robinson	
Tom Gross	
Dawn Wilson	
Noel Muyco	
1 10 01 111 M y 00	



#### BOARD MEETING DATE: February 5, 2016 AGENDA NO. 28

- REPORT: California Air Resources Board Monthly Meeting
- SYNOPSIS: The California Air Resources Board met on January 21, 2016, in Sacramento. The following is a summary of this meeting.

RECOMMENDED ACTION: Receive and File.

Judith Mitchell, Member SCAQMD Governing Board

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The Air Resources Board's (ARB or Board) January meeting was held on January 21, 2016 in Sacramento at the California Environmental Protection Agency Headquarters Building. Key items presented are summarized below.

**Consent Item** 

#### 1. Pubic Meeting to Consider a Research Proposal

The Board approved a revision to the research project "Heavy-Duty On-Road Vehicle Inspection and Maintenance Program," University of California, Riverside, Proposal No. 2799-284. This project was developed in response to the Board-approved Fiscal Year 2015-2016 Annual Research Plan.

#### **Discussion Items**

## 1. Report to the Board on the Air Resources Board Program Priorities for 2016

Executive Officer Richard Corey briefed the Board on ARB's priorities for 2016. Mr. Corey highlighted major air quality and climate achievements in 2015, priorities and objectives for 2016, and key actions coming to the Board in 2016. Mr. Corey noted the importance of effective implementation of current programs, as well as the need for a comprehensive transformation of the transportation and energy sectors to meet California's air quality and climate goals over the next fifteen years. 2016 will be a pivotal planning year, but the necessary transformation has already begun, through introduction of advanced technologies, cleaner fuels, and more efficient and sustainable systems.

#### 2. Public Meeting to Hear an Update on Sustainable Freight Activities

The Board heard an update on sustainable freight activities. The presentation included a status report on actions identified in ARB's Sustainable Freight: Pathways to Zero and Near-Zero Emissions Discussion Document (Pathways), released last April. The Pathways document identified both immediate actions such as enhanced enforcement and incentive programs, as well as near-term measures to deploy cleaner technologies. The Board also heard activities underway to develop the 2016 California Sustainable Freight Action Plan (Plan) in response to Governor's Executive Order B-32-15. Actions being considered to support 2030 freight targets include bringing advanced technologies to market, developing freight and fuel infrastructure, supporting use of alternative and renewable fuels, enhancing system efficiencies, and addressing freight facilities and hubs. As part of the Plan, ARB and other state agencies will also establish a framework for corridor-level pilot projects.

## **3.** Public Meeting to Hear an Update on Heavy-Duty Diesel Truck and Freight Enforcement

The Board heard an update on ARB's diesel program enforcement activities and enhanced efforts underway in response to the Sustainable Freight Pathways document. The presentation described enforcement tools utilized by ARB's Enforcement Division, as well as recent efforts to build partnerships with disadvantaged communities and to increase enforcement at freight hubs. The Board also heard about Enforcement Division's efforts to improve and streamline enforcement programs and the Division's priorities for 2016.

#### 4. Public Meeting to Hear a Preview of Upcoming State Implementation Plans

The Board heard a preview of State Implementation Plans (SIP) the Board will consider for approval in 2016. The upcoming SIPs will address the recent, more healthprotective air quality standards for ozone and PM2.5. Staff highlighted the variety of air quality challenges these SIPs will address, along with the approaches needed to meet air quality standards in each region of the State, including the South Coast and the San Joaquin Valley. SIPs for ozone are due in July 2016 and for PM2.5 in October 2016.

#### 5. Public Meeting to Hear an Update on Strategies to Reduce Near-Roadway Air Pollution Exposure

The Board heard an overview of ARB research projects related to near-roadway air pollution exposure. The presentation discussed results of a comprehensive literature review that identified eight research-supported strategies to reduce near-roadway pollution and exposure.

Attachment CARB January 21, 2016 Meeting Agenda

## California Environmental Protection Agency

#### PUBLIC MEETING AGENDA

January 21, 2016

#### **Webcast**

#### LOCATION:

California Environmental Protection Agency Air Resources Board Byron Sher Auditorium, 2<sup>nd</sup> Floor 1001 I Street Sacramento, California 95812

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website: <u>http://www.sacrt.com</u> (This facility is accessible to persons with disabilities.)

TO SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO: <u>http://www.arb.ca.gov/lispub/comm/bclist.php</u>

#### Thursday <u>January 21, 2016</u> 9:00 a.m.

#### **CONSENT CALENDAR:**

The following item on the consent calendar will be presented to the Board immediately after the start of the public meeting, unless removed from the consent calendar either upon a Board member's request or if someone in the audience wishes to speak on it.

#### Consent Item #

#### 16-1-1: Public Meeting to Consider a Research Proposal

The Board will consider approval of a revision to a previously approved research proposal that was developed in response to the Board-approved Fiscal Year 2015-2016 Annual Research Plan.

1) "Heavy-Duty On-Road Vehicle Inspection and Maintenance Program," University of California, Riverside, Proposal No. 2799-284.

More Information

Proposed Resolution

#### **DISCUSSION ITEMS:**

Note: These agenda items may be heard in a different order at the Board meeting.

#### Agenda Item #

#### 16-1-2: Report to the Board on the Air Resources Board Program Priorities for 2016

Executive Officer Richard Corey will provide the Board with an overview of anticipated Air Resources Board priorities for 2016.

Staff Presentation

#### 16-1-6: Public Meeting to Hear an Update on Sustainable Freight Activities

The Board will hear an update on immediate steps and potential actions identified in the Sustainable Freight: Pathways to Zero and Near-Zero Emissions Discussion Document. The Board will also hear activities underway to develop the California Sustainable Freight Action Plan.

More Information

Staff Presentation

#### 16-1-7: Public Meeting to Hear an Update on Heavy-Duty Diesel Truck and Freight Enforcement

The Board will hear an update on enforcement activities focused on trucks, ocean-going vessels, cargo handling equipment, and other sources in disadvantaged communities and across the State.

More Information

Staff Presentation

#### 16-1-3: Public Meeting to Hear a Preview of Upcoming State Implementation Plans

The Board will hear a preview of State Implementation Plan requirements for ozone and fine particulate matter (PM2.5). State Implementation Plans for ozone are due in July 2016 and for PM2.5 in October 2016. The Board will also be briefed on the air quality challenges in the San Joaquin Valley.

More Information

Staff Presentation

### 16-1-5: Public Meeting to Hear an Update on Strategies to Reduce Near-Roadway Air Pollution Exposure

The Board will hear an overview of the Air Resources Board's research related to near-roadway air pollution exposure, including the results of a comprehensive literature review that identified research-supported strategies to reduce near-roadway pollution and exposure.

More Information

Staff Presentation

#### **CLOSED SESSION**

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding these pending or potential litigation, and as authorized by Government Code section 11126(a):

POET, LLC, et al. v. California Air Resources Board, et al., Superior Court of California (Fresno County), Case No. 15CECG03380.

American Fuels and Petrochemical Manufacturers, et al. v. Jane O'Keeffe, et al., U.S. District Court (D. Ore. Portland), Case No. 3:15-CV-00467; Plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 15-35834.

Sarah Farley v. California Air Resources Board, Superior Court of California (Sacramento County), Case No. 34-2015-80002044.

POET, LLC, et al. v. Corey, et al., Superior Court of California (Fresno County), Case No. 09CECG04850; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394. [remanded to trial court].

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09–CV–02234–LJO–DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 09-CV-02234 [remanded to trial court].

American Fuels and Petrochemical Manufacturers, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB's interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163 [remanded to trial court].

California Chamber of Commerce et al. v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2012-80001313; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075930.

Morning Star Packing Company, et al. v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2013-800001464; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075954.

Kimberly-Clark Worldwide, Inc. v. California Air Resources Board, et al., Sacramento County Superior Court, Case No. 34-2015-80002246.

Richard Sowinski v. California Air Resources Board, et al., Orange County Superior Court, Case No. 30-2015-00822179-CU-BT-CXCCX-105.

State of West Virginia et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1363.

California Dump Truck Owners Association v. Nichols, U.S. District Court (E.D. Cal. Sacramento), Case No. 2:11-CV-00384-MCE-GGH; plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 13-15175.

Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774; ARB's successful appeal, California Court of Appeal, Third District, Case No. C071891 [remanded to the trial court].

Truck and Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2013-00150733.

Alliance of Automobile Manufacturers v. California Air Resources Board; Sacramento Superior Court, Case No. 34-2013-00152974.

Delta Construction Company, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 11-1428.

Owner Operator Independent Drivers Association, Inc., United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 14-1192.

Alliance for California Business v. Nichols et al., Glenn County Superior Court, Case No. 13CV01232.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283.

Owner-Operator Independent Drivers Association Inc. et al. v. Richard W. Corey et al., U.S. District Court, (E.D. Cal. Fresno) Case No. 1:13-CV-01998-LJO-SAB (transferred by court to E.D.Cal. Sacramento, Case No. 2:14-CV-00186-MCE-AC).

Jack Cody dba Cody Transport v. California Air Resources Board, et al. (Sacramento Superior Court, Case No. 34-2015-80002116.

CO-AL Transport v. California Environmental Protection Agency et al., (United States Court of Appeals, Ninth Circuit, Case No. 15-70839).

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494.

Transportation Solutions Defense and Education Fund v. California Air Resources Board, Fresno County Superior Court, Case No. 14CECG01788 (plaintiff's transfer to Sacramento Superior).

California Air Resources Board v. BP West Coast Products LLC, Contra Costa County Superior Court, Case No. C12-00567.

Sacramento Metropolitan Air Quality Management District v. Hardesty Sand & Gravel, et al. (Sacramento County Superior Court, Case No. 34-2011-00101272).

#### **OPPORTUNITY FOR MEMBERS OF THE BOARD TO COMMENT ON MATTERS OF INTEREST**

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

#### OPEN SESSION TO PROVIDE AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON SUBJECT MATTERS WITHIN THE JURISDICTION OF THE BOARD

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but that do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

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#### SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR RESOURCES BOARD



BOARD MEETING DATE: February 5, 2016 AGENDA NO. 29

REPORT: Status Report on Regulation XIII – New Source Review

- SYNOPSIS: This report presents the federal preliminary determination of equivalency for January 2014 through December 2014. As such, it provides information regarding the status of Regulation XIII – New Source Review in meeting federal NSR requirements and shows that SCAQMD's NSR program is in preliminary compliance with applicable federal requirements from January 2014 through December 2014.
- COMMITTEE: Stationary Source, January 22, 2016, Reviewed

RECOMMENDED ACTIONS: Receive and file the attached report.

Barry R. Wallerstein, D.Env. Executive Officer

MN:AD:WCT:DRH

#### SUMMARY

SCAQMD's NSR Rules and Regulations are designed to comply with federal and state Clean Air Act requirements and to ensure that emission increases from new and modified sources do not interfere with efforts to attain and maintain federal and state air quality standards, while economic growth in the South Coast region is not unnecessarily impeded. Regulation XIII - New Source Review regulates and accounts for all emission changes (both increases and decreases) from the permitting of new, modified, and relocated stationary sources within SCAQMD, excluding NOx and SOx sources that are subject to Regulation XX – Regional Clean Air Incentives Market (RECLAIM)<sup>1</sup>. Rule 1315 – Federal New Source Review Tracking System, was most recently adopted by the Board on February 4, 2011 to maintain SCAQMD's ability to issue permits to

<sup>&</sup>lt;sup>1</sup> While the RECLAIM program is different than command and control rules for NOx and SOx and it provides greater regulatory flexibility to businesses, its NSR requirements, as specified in Rule 2005, are designed to comply with the governing principles of NSR contained in the federal Clean Air Act (CAA) and the California State Health and Safety Code.

major sources that require offsets, but obtain offset credits from the SCAQMD's Priority Reserve under Rule 1309.1, and/or that are exempt from offsets under SCAQMD Rule 1304. In addition, Rule 1315 requires that, commencing with calendar year 2010, and for each calendar year thereafter, the Executive Officer prepare a Preliminary Determination of Equivalency (PDE) and Final Determination of Equivalency (FDE) which cover NSR activities for twelve-month periods. The calendar year 2014 PDE and FDE are required to be reported to the SCAQMD Board at the February and September 2016 Board meetings, respectively. Rule 1315 also requires the Executive Officer to aggregate and track offsets debited from and deposited to SCAQMD's offset accounts for specified periods between October 1, 1990 and December 31, 2005 and each calendar year from 2006 through 2030 for purpose of making periodic determinations of compliance. The last annual report submitted to the SCAQMD Board on September 4, 2015 presented the FDE for calendar year 2013 and demonstrated that SCAQMD's NSR program continues to meet the federal offset requirements for calendar year 2013.

This report, which presents the PDE covering the calendar year 2014 reporting period, demonstrates compliance with federal NSR requirements by establishing aggregate equivalence with federal offset requirements for sources that were not exempt from federal offset requirements, but were either exempt from offsets or obtained their offsets from SCAQMD pursuant to Regulation XIII.

The PDE for the calendar year 2014 is summarized in Table 1. Additionally, the projections of SCAQMD's federal offset account balances for January 2015 through December 2015 and January 2016 through December 2016 as specified and required pursuant to Rule 1315(e) are presented in Table 2. These results demonstrate that there were, and project that there will be, adequate offsets available to mitigate all applicable emission increases during these reporting periods. This report, therefore, demonstrates that, for calendar years 2014 through 2016, SCAQMD's NSR program continues to meet and is projected to meet federal offset requirements and is equivalent to those requirements on an aggregate basis<sup>2</sup>. Although the United States Environmental Protection Agency (U.S. EPA) designated the SCAQMD as attainment with the federal CO standard effective June 11, 2007, SCAQMD will continue to track and report CO accumulated credits and account balances for informational purposes only.

<sup>&</sup>lt;sup>2</sup> SCAQMD's NSR program is deemed to be equivalent to federal offset requirements because SCAQMD's ending offset account balances remained positive, indicating there were adequate offsets during this reporting period.

DESCRIPTION	VOC	NOx	SOx	СО	PM10
2013 Final Ending Balance <sup>a</sup> (ton/day)	92.23	26.21	3.31	12.71	14.17
2014 Discount of Credits for Surplus Adjustment <sup>b</sup> (ton/day)	0	-1.10	0	0	0
2014 Starting Balance (ton/day)	92.23	25.11	3.31	12.71	14.17
2014 Total Credits <sup>c</sup> (lb/day)	0	0	0	0	0
2014 Total Credits <sup>c</sup> (ton/day)	0	0	0	0	0
2014 Actual Total Debits <sup>d</sup> (lb/day)	-246	-31	0	-3,137	-29
2014 Actual Total Debits <sup>d</sup> (ton/day)	-0.12	-0.02	0	-1.57	-0.01
2014 Preliminary Ending Balance <sup>e</sup> (ton/day)	92.11	25.09	3.31	11.14	14.16

Table 1PDE for January 2014 through December 2014

<sup>a</sup> "2013 Actual Ending Balance" is from Table 1 of the 2013 FDE report dated September 4, 2015.

<sup>b</sup> This adjustment is surplus at the time of use discount, which is also discussed in Rule 1315(c)(4).

<sup>c</sup> PDE does not account for any credits for calendar year 2014, however, credits will be included in the Final Determination of Equivalency.

<sup>d</sup> For an explanation of the sources of debits please refer to page 7 of this report, as well as Rule 1315(c) and the February 4, 2011 Rule 1315 staff report.

<sup>e</sup> "2014 Preliminary Ending Balance" equals the "2013 Actual Ending Balance" reduced by any surplus adjustments and the sum of actual debits. 2014 credits will be added in the Final Determination of Equivalency to be presented in September 2016.

# Table 2Projections of SCAQMD's Federal Offset Account Balances for<br/>January 2015 through December 2015, and<br/>January 2016 through December 2016

DESCRIPTION		NOx	SOx	CO	<b>PM10</b>
2014 Preliminary Ending Balance <sup>a</sup> (ton/day)	92.11	25.09	3.31	11.14	14.16
2015 Projected Discount of Credits for Surplus Adjustment <sup>b</sup> (ton/day)	-0.47	-1.27	0	-0.10	-0.02
2015 Projected Starting Balance (ton/day)	91.64	23.82	3.31	11.04	14.14
2015 Total Projected Credits <sup>c</sup> (lb/day)	11,894	2,408	477	4,516	1,716
2015 Total Projected Debits <sup>c</sup> (lb/day)	-701	-640	-7	-3,191	-179
2015 Sum of Projected Credits/Debits <sup>c</sup> (lb/day)	11,193	1,767	470	1,324	1,538
2015 Sum of Projected Credits/Debits <sup>c</sup> (ton/day)	5.60	0.88	0.24	0.66	0.77
2015 Projected Ending Balance <sup>d</sup> (ton/day)	97.24	24.70	3.55	11.70	14.91
2016 Projected Discount of Credits for Surplus Adjustment <sup>b</sup> (ton/day)	-0.49	-1.25	0	-0.10	-0.02
2016 Projected Starting Balance (ton/day)	96.75	23.45	3.55	11.60	14.89
2016 Total Projected Credits <sup>c</sup> (lb/day)	11,894	2,408	477	4,516	1,716
2016 Total Projected Debits <sup>c</sup> (lb/day)	-701	-640	-7	-3,191	-179
2016 Sum of Projected Credits/Debits <sup>c</sup> (lb/day)	11,193	1,767	470	1,324	1,538
2016 Sum of Projected Credits/Debits <sup>c</sup> (ton/day)		0.88	0.24	0.66	0.77
2016 Projected Ending Balance <sup>e</sup> (ton/day)	102.35	24.33	3.79	12.26	15.66

<sup>a</sup> "2014 Preliminary Ending Balance" is as shown in Table 1.

<sup>b</sup> This adjustment is surplus at the time of use discount, which is also discussed in Rule 1315(c)(4).
 <sup>c</sup> For an explanation of the sources of debits and credits please refer to page 7 of this report, as well as Rule 1315(c) and the Rule 1315 staff report. Credits are shown as positive and debits as negative, while the sum of credits/debits are shown as positive or negative, as appropriate.

<sup>d</sup> "2015 Projected Ending Balance" equals the "2014 Projected Ending Balance" plus any projected surplus adjustments and the sum of projected credits and projected debits.

<sup>e</sup> "2016 Projected Ending Balance" equals the "2015 Projected Ending Balance" plus any projected surplus adjustments and the sum of projected credits and projected debits.

#### BACKGROUND

SCAQMD originally adopted its New Source Review Rules and Regulations (NSR program) in 1976. U.S. EPA approved SCAQMD's NSR program into California's State Implementation Plan (SIP) initially on January 21, 1981 (46 FR 5965) and again on December 4, 1996 (61 FR 64291). Most recently, U.S. EPA approved SCAOMD's May 3, 2002 Rule 1309.1 amendments into the SIP on June 19, 2006 (71 FR 35157). The original program has evolved into the current version of the Regulation XIII rules in response to federal and state legal requirements and the changing needs of the local environment and economy. Specific amendments to the NSR rules were adopted by SCAQMD's Board on December 6, 2002 to facilitate and provide additional options for credit generation and use. Rule 1315 was adopted and re-adopted on September 8, 2006 and August 3, 2007, respectively. Rule 1309.1 was amended and replaced on September 8, 2006 and August 3, 2007, respectively. On November 3, 2008, in response to a lawsuit filed by a group of environmental organizations, a California State Superior Court Judge in the County of Los Angeles invalidated the August 3, 2007 adopted Rule 1315 and amendments to Rule 1309.1, and prohibited SCAQMD from taking any action to implement Rule 1315 or the amendments to Rule 1309.1 until it had prepared a new environmental assessment under the California Environmental Quality Act (CEQA). On February 4, 2011 SCAQMD adopted a revised and enhanced version of Rule 1315. which included a new CEQA assessment. U.S. EPA has approved Rule 1315 (May 25, 2012: 77 FR 31200).

One element of SCAQMD's NSR program design is to offset emission increases in a manner at least equivalent to federal and state statutory NSR requirements. To this end, SCAQMD's NSR program implements the federal and state statutory requirements for NSR and ensures that construction and operation of new, relocated, and modified stationary sources does not interfere with progress towards attainment of the National and State Ambient Air Quality Standards. SCAQMD's computerized emission tracking system is utilized to demonstrate equivalence with federal and state offset requirements on an aggregate basis. Specific NSR requirements of federal law are presented below.

#### **Federal Law**

The NSR requirements of federal law vary with respect to the area's attainment status and classification. Based on their classification, the South Coast Air Basin (SOCAB) and Salton Sea Air Basin (SSAB) must comply with the requirements for extreme and severe non-attainment areas, respectively, for ozone precursors (i.e., VOC and NOx). During the equivalency period, both the SOCAB and the SSAB complied with the requirements for serious non-attainment areas for PM10 and its precursors (i.e., VOC, NOx and SOx)<sup>1</sup>. SSAB is considered attainment for CO. Although effective June 11, 2007, U.S. EPA designated the SOCAB as attainment with federal CO standards, SCAQMD will continue to track and report CO accumulated credits and account balances for informational purposes only. Both SOCAB and SSAB are considered attainment for SO<sub>2</sub> and NO<sub>2</sub>, however SOx and NOx are precursors to pollutants for which both SOCAB and SSAB are designated as non-attainment<sup>2</sup>. The Mojave Desert Air Basin (MDAB) is currently classified as moderate non-attainment for ozone precursors (i.e., VOC and NOx) and as attainment for NOx, SOx, and CO. Federal law requires the use of Lowest Achievable Emission Rate (LAER) and offsets for emissions of nonattainment pollutants (or their precursors) for new, modified, and relocated stationary sources, when the source is considered a major stationary source<sup>3</sup> for the nonattainment pollutants (or their precursors). Federal law requires the use of LAER and offsets for new, modified, and relocated major stationary sources. This report demonstrates compliance with the federal NSR offsets requirements.

#### **OVERVIEW OF ANALYSIS METHODOLOGY**

The two most important elements of federal non-attainment NSR requirements are LAER and emission offsetting for major sources. As set forth in SCAQMD's *Best Available Control Technology (BACT) Guidelines*, SCAQMD's BACT requirements are at least as stringent as federal LAER for major sources. Furthermore, the NSR emission offset requirements that SCAQMD implements through its permitting process ensure that sources provide emission reduction credits (ERCs) to offset their emission increases in compliance with federal requirements. As a result, these sources each comply with federal offset requirements by providing their own ERCs. However, certain sources are exempt from SCAQMD's offset requirements pursuant to Rule 1304 or qualify for offsets from SCAQMD's Community Bank (applications received between October 1, 1990 and February 1, 1996 only) or Priority Reserve, both pursuant to Rule 1309.1.

<sup>&</sup>lt;sup>3</sup> The major source thresholds for SOCAB, SSAB, and MDAB, based on their attainment status during the calendar year 2007 through 2010 reporting periods are summarized below:

Pollutant	SOCAB	SSAB	MDAB
VOC	10 ton/vear	25 ton/vear	100 ton/vear
NOx	10 ton/year	25 ton/year	100 ton/year
Sox	100 ton/year	100 ton/year	100 ton/year
PM10	70 ton/year	70 ton/year	100 ton/year
СО	50 ton/year	100 ton/year	100 ton/year

<sup>&</sup>lt;sup>1</sup> As of July 26, 2013, SOCAB was redesignated as attainment for the federal 24-hour PM10 standard and U.S. EPA approved a PM10 maintenance plan; however, Rule 1303 still requires offsets for PM10 since SOCAB is considered non-attainment for state PM10 Ambient Air Quality Standards, so that pollutant continues to be tracked. Although the Clean Air Act no longer requires offsets for PM10 major sources in SOCAB, PM2.5 is not covered by Rule 1315 or Rule 1304 and is subject to its own NSR Rule, 1325.

<sup>&</sup>lt;sup>2</sup> SOx is a precursor to PM10 and NOx is a precursor to both PM10 and ozone.

well as the previously-administered Community Bank) is important to the NSR program and the local economy while encouraging installation of BACT. Therefore, SCAQMD has assumed the responsibility of providing the necessary offsets for exempt sources, the Priority Reserve, and the Community Bank. This report examines withdrawals from SCAQMD's emission offset accounts during calendar year 2014 and demonstrates programmatic equivalence on an aggregate basis with federal emission offset requirements for the sources exempt from providing offsets and the sources that receive offsets from the Priority Reserve or the Community Bank.

#### **SCAQMD's Offset Accounts**

For the purposes of this report, federal debit and credit accounting for SCAQMD's offset accounts was conducted pursuant to the same procedures previously agreed to by U.S. EPA and as delineated in Rule 1315 and described in the staff report. Each of the pollutants subject to offset requirements and covered by Rule 1315 has its own federal offset account. SCAQMD's NSR program is considered to provide equivalent or greater offsets of emissions as required by federal requirements for each subject pollutant provided the balance of offsets left in SCAQMD's federal offset account for each pollutant remains positive, indicating that there were adequate offsets available.

#### Debit Accounting

SCAQMD tracks all emission increases that are offset through the Priority Reserve or the Community Bank, as well as all increases that are exempt from offset requirements pursuant to Rule 1304 – Exemptions. These increases are all debited from SCAQMD's federal offset accounts when they occur at federal major sources. For federal equivalency demonstrations, SCAQMD uses an offset ratio of 1.2-to-1.0 for extreme non-attainment pollutants (ozone and ozone precursors, i.e., VOC and NOx) and uses 1.0-to-1.0 for all other non-attainment pollutants (non-ozone precursors, *i.e.*, SOx, CO, and PM10) to offset any such increases. That is, 1.2 pounds are deducted from SCAQMD's offset accounts for each pound of maximum allowable permitted potential to emit VOC or NOx increase at a federal source and 1.0 pound is deducted for each pound of maximum allowable permitted potential to emit SOx, CO, or PM10 at a federal source. A more detailed description of federal debit accounting is provided in the Rule 1315 staff report and Rule 1315(c)(2).

#### Credit Accounting

When emissions from a permitted source are permanently reduced (e.g., installation of control equipment, removal of the source) and the emission reduction is not required by rule or law and is not called for by an AQMP control measure that has been assigned a

target implementation date<sup>4</sup>, the permit holder may apply for ERCs for the pollutants reduced. If the permit holder for the source generating the emission reduction had previously received offsets from SCAQMD or has a "positive NSR balance" (i.e., pre-1990 net emission increase), the quantity of SCAQMD offsets used or the amount of the positive NSR balance is subtracted from the reduction and "paid back" to SCAQMD's accounts prior to issuance of an ERC pursuant to Rule 1306. In certain other cases, permit holders do not always submit applications to claim ERCs or do not qualify to obtain ERCs for their equipment shutdowns or other eligible emission reductions. These unclaimed reductions are referred to as "orphan shutdowns" and are deposited in SCAQMD's offset accounts. ERCs provided as offsets by major sources in excess of the applicable federally-required offset ratio and all ERCs provided as offsets by minor sources not subject to federal offset requirements are also deposited in SCAQMD's federal offset accounts. A more detailed description of federal credit accounting is provided in Rule 1315(c)(3)(A) and its staff report.

#### DETERMINATION OF EQUIVALENCY WITH FEDERAL OFFSET REQUIREMENTS

The federal offset requirements PDE for calendar year 2014 and the projections for calendar years 2015 and 2016 are summarized in Tables 1, and 2, respectively. The detailed listing of actual final withdrawals, deposits, and sum of withdrawals and deposits are shown in Tables A and B of Attachment I to this letter.

These account balances, shown in Tables A and B reflect the tracking sequence described under Rule 1315(c)(5).

#### CONCLUSIONS

The analysis presented in this report demonstrates the following:

- For calendar year 2014, SCAQMD's NSR program provides equivalent offsets to those required by federal NSR requirements and is at least preliminarily equivalent to the federal requirements on an aggregate basis. This conclusion is based on the fact that the preliminary ending offset account balances for the calendar year reporting period, as shown in Table 1, remained positive for all pollutants.
- SCAQMD's projected offset account balances for 2015 and 2016 are projected to remain positive. This means that the sum of the estimated deposits to and withdrawals from SCAQMD's offset accounts during 2015 and 2016 are projected to remain positive.

<sup>&</sup>lt;sup>4</sup> Refer to Rule 1309(b) for a complete explanation of eligibility requirements.

#### ATTACHMENT

Detailed listing of actual debits, preliminary credits, and sum of debits and credits.

DISTRICT OFFSETS USED	VOC	NOx	SOx	СО	PM10
Priority Reserve (lb/day)	-7	-10	0	-3,001	-26
Community Bank (lb/day)	0	0	0	0	0
Rule 1304 Exemptions (lb/day)	-239	-21	0	-136	-3
Sum Total of SCAQMD Offsets (lb/day)	-246	-31	0	-3,137	-29
1.2-to-1.0 Offset Ratio (lb/day)	-49	-6	N/A	N/A	N/A
Total Actual Debits to SCAQMD Account (lb/day)		-37	0	-3,137	-29
Total Actual Debits to SCAQMD Account (ton/day)	-0.15	-0.02	0	-1.57	-0.01

Table ATotal Actual Debits from SCAQMD's Federal Offset Accounts(January 2014 through December 2014)

# Table BSum of Preliminary Credits/Debits Activities in SCAQMD's Federal Offset<br/>Accounts<br/>(January 2014 through December 2014)

	VOC	NOx	SOx	CO	<b>PM10</b>
Total Actual Debits* (lb/day)	-295	-37	0	-3,137	-29
Total Actual Credits* (lb/day)	0	0	0	0	0
Sum of Actual Debits(-)/Credits(+)* (lb/day)	-295	-37	0	-3,137	-29
Sum of Actual Debits(-)/Credits(+)* (ton/day)	-0.15	-0.02	0	-1.57	-0.01

\* Debits are shown as negative and Credits as positive, while their sum is shown as negative or positive, as appropriate. No credits are accounted for in the Preliminary Determination of Equivalency analysis; they will be presented in the Final Determination of Equivalency due in September 2016.



BOARD MEETING DATE: February 5, 2016 Agenda No. 30

PROPOSAL: Amend Rule 1113 – Architectural Coatings

- SYNOPSIS: Amendments are being proposed to restrict the small container exemption (SCE) for high use coating categories; eliminate the SCE for categories that do not use the exemption and for highvolatile organic compound (VOC) specialty categories; lower some VOC limits; carve out new categories and establish VOC limits; revise definitions, clarify rule language, and remove outdated language.
- COMMITTEE: Stationary Source, October 16, 2015 & January 5, 2016, Reviewed

#### **RECOMMENDED ACTIONS:**

Adopt the attached Resolution:

- 1. Certifying the Final Environmental Assessment for Proposed Amended Rule 1113 Architectural Coatings; and
- 2. Amending Rule 1113 Architectural Coatings.

Barry R. Wallerstein, D.Env.
Executive Officer

#### PF:JW:DD:HF:DT

#### Background

Architectural coatings are one of the largest non-mobile sources of VOC emissions in the South Coast Air Basin (Basin). Rule 1113 applies to manufacturers, distributors, specifiers, and end-users of architectural coatings. These coatings are used to enhance the appearance of and to protect stationary structures and their appurtenances, including homes, office buildings, factories, pavements, curbs, roadways, racetracks, bridges, other structures, on a variety of substrates. Architectural coatings are typically applied using brushes, rollers, or spray guns by homeowners, painting contractors, and maintenance personnel. Rule 1113 was first adopted in 1977, and has undergone numerous amendments, most recently on September 6, 2013, to provide regulatory relief for labeling requirements of containers holding four fluid ounces or less. Although successive amendments to Rule 1113 contributed to significantly reduced emissions, architectural coatings continue to be one of the largest sources of VOC emissions in the SCAQMD, with the exception of consumer products and mobile sources.

#### Proposal

The proposed amendments will achieve approximately 0.88 tons of VOC reduction per day. The amendments will also clarify the rule and improve enforceability.

The proposed amendments are summarized as follows:

- Remove all references to the averaging compliance option which sunset on January 1, 2015 and remove outdated language
- Add, clarify, delete, and phase out definitions
- Establish a VOC limit for new coating categories
  - Reduce the VOC limit for Building Envelope Coatings and Recycled Coatings
- Include an exception for Recycled Coatings from the most restrictive clause
- Include colorants in the labeling requirements
- Include new test methods to more accurately test low-VOC coatings and support new or amended coating definitions
- Amend the Small Container Exemption (SCE) such that the exemption is:
  - Restricted for Flat Coatings, Industrial Maintenance Coatings (IMCs), Nonflat Coatings, and Rust Preventative Coatings (RPCs) to containers having less than eight fluid ounces or for touch-ups, and
  - Eliminated for high-VOC specialty coatings and coating categories not using the exemption
- Include a two year sell-through provision for the SCE phase out
- Clarify other rule language

#### **Key Issues**

#### 1. Phase Out SCE for RPCs

Staff is proposing to eliminate the SCE for RPCs because the exemption is now being used for more than half of all RPC sales. The original intent of the exemption was for small niche uses and/or touch-ups. The SCAQMD, with assistance from the Technical Advisory Committee, concluded in 2006 that the compliant, commercially-available 100 g/L RPCs (e.g. waterborne alkyd emulsions) performed as well as their high-VOC counterparts. Since that study, advancement in resin technology has further improved the performance of waterborne and low-VOC RPCs. A little under half of the volume sold is below the 100 g/L limit (141,000 gallons in 2014) and almost all coating manufacturers have a compliant product line, either using waterborne technology or exempt solvents. The implementation date in 2019 allows sufficient time to phase out and/or color match or reformulate the limited currently-marketed high-VOC products. A local manufacturer has successfully reformulated and commercialized compliant RPCs (i.e., those with VOC content < 100 g/L) in

small containers for the last seven years. The elimination of the SCE for these coatings would yield greater than 70 percent of the emissions reductions from this rule proposal.

#### 2. Sell-Through Provision

Staff has received feedback from some coating manufacturers requesting an extended effective date for the phase out of the SCE for RPCs and a sell-through provision for the removal of existing inventory at retail outlets. Representatives from two manufacturers have requested an implementation date of 2021 with a three year sell-through. Since the Special Stationary Source Committee meeting on January 5, 2016, one manufacturer requested an implementation date of 2021 with a two year sell-through. However, another manufacturer has supported the proposed implementation date of 2019 with no sell-through because they have successfully sold compliant coatings for many years.

Rule 1113 includes a three year sell-through provision when there is a VOC limit change in the Table of Standards. As currently written, that is the only time the sell-through provision applies. The sell-through provision allows time for the coatings to sell at the retail level, so the manufacturer does not have to incur the expense of clearing retail or commercial shelves. Depending on the size of the retailer, the coatings may sell-through much quicker than three years (big box store versus a small mom and pop paint shop). In 2006, when the SCE was removed for the Clear Wood Finish category, a one year sell-through period was allowed.

Based on the comments received, the proposed rule will include a two year sellthrough period for all coating categories phased out of the SCE and retain the existing proposed effective dates. No additional environmental impacts are expected to occur with a sell-through provision. Staff does not believe an extended effective date is necessary because compliant coatings already exist, technology is currently available for reformulation, and a competitive disadvantage could occur for manufacturers with compliant coatings.

#### 3. Add VOC Test Method 313

Method 313 is being proposed as a test method in Rule 1113. Staff collaborated closely with industry over the past year and a half on an improved VOC test method (SCAQMD Method 313 - Determination of Volatile Organic Compounds VOC by Gas Chromatography-Mass Spectrometry). Through this work, an exclusion pathway for semi-volatile compounds evolved and more recently, discussion began for an alternative method for non-film forming coatings. SCAQMD staff and the U.S. Environmental Protection Agency (U.S. EPA) are committed to continuing this work with industry involvement. Industry is generally supportive of the test method, but would like to be included in

discussions regarding the implementation details. SCAQMD staff will hold quarterly meetings with industry until all of the remaining issues have been resolved.

Staff also committed to conducting a small-scale round robin study (interlaboratory) on Method 313 as well as the intra-laboratory study required by the U.S. EPA. However, staff does not intend to rely on the ASTM round robin results conducted on ASTM D 6886 - Standard Test Method for Determination of the Weight Percent Individual Volatile Organic Compounds in Waterborne Air-Dry Coatings by Gas Chromatography, which is a different analytical method. While the SCAQMD participated in that round robin testing, ASTM did not use the SCAQMD laboratory results since they utilized a different method (SCAQMD Method 313 and not ASTM D 6886). Again, staff plans to include industry stakeholders in all future discussions pertaining to the round robin study, including laboratory and coatings selection.

4. *Removal of Limited VOC Exemption for Tertiary-Butyl Acetate (tBAc)* TBAc was given a limited exemption from the Rule 1113 definition of a VOC in 2006. Due to concerns about potential toxicity, the exemption was limited to IMCs (including non-sacrificial anti-graffiti coatings) where a large number of alternative coatings were not available and the coating applicators were more likely to be highly trained to employ personal protection equipment. For the 2006 amendment, a CEQA analysis was conducted using the interim Office of Environmental Health Hazard Assessment (OEHHA) unit risk factor as a surrogate for tBAc because of the limited toxicity information available. Those values reflected the best available information at the time and the factors were used to conservatively estimate potential cancer risk and non-cancer effects from tBAc in IMCs. At the time, staff also considered California Air Resources Board (CARB) documents asserting tBAc's ozone reduction benefits. Staff's conservative analysis from the use of tBAc-based products for IMCs indicated the potential chronic cancer risks and acute cancer risks were below the SCAQMD's toxic air contaminants (TAC) significant health risk thresholds (CEQA). Staff did not recommend expanding the exemption for tBAc to other categories because numerous alternative compliant products exist, whereas IMCs for extraordinary long durability were limited in availability. Limiting the exemption for tBAc to IMCs provided manufacturers flexibility in formulating products compliant with the future limits in PAR 1113.

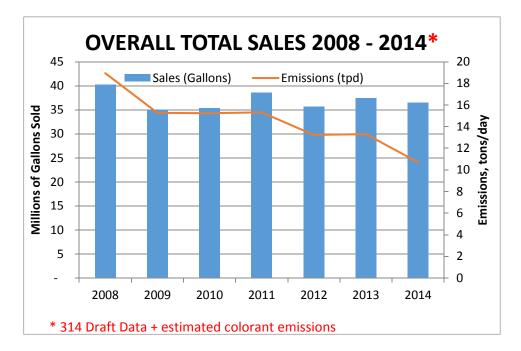
Final risk factors for tBAc have not yet been formally approved by OEHHA's Scientific Review Panel. The final risk factors are expected in the first quarter of 2016 and staff will re-evaluate the potential risks associated with the use of tBAc in IMCs once the risk factors are finalized. Early in 2016, the results of the recent CARB coatings survey will also be available which will include the

volume of tBAc used in IMCs. The new data will provide a basis for a more accurate analysis of the risks associated with tBAc in IMCs.

Potential impacts from removing the current exemption for tBAc were not analyzed as part of this proposed rule amendment. As a result, any proposed removal of the exemption will have to undergo a new rulemaking with a new CEQA analysis.

#### **Emissions Inventory and Emissions Reductions**

The emission inventory of architectural coatings is based on the Rule 314 – *Fees for Architectural Coatings* Annual Quantity and Emissions Reports. Rule 314 requires that any manufacturer that sells architectural coatings into or within the SCAQMD report their sales annually and pay fees based on those sales. The following chart illustrates the sales and emissions trends of architectural coatings in the Basin since the 2008 adoption of Rule 314:



Emission reductions from PAR 1113 will be 0.88 tons of VOC reductions per day (tpd), as summarized below.

	Emission Re	duction (tpd)
Rule Change	January 1, 2018	January 1, 2019
VOC Limit Change		
Building Envelope Coating		0.01
Recycled Coating		0.06
SCE Restriction		-
Flat Coatings		0.002
Industrial Maintenance Coatings		0.01
High Temperature IMC		0.001
Zinc-Rich Primers		0.003
Nonflat Coatings		0.15
Reactive Penetrating Sealers	0.0001	
<b>Rust Preventative Coatings</b>		0.63
Shellacs	0.0007	
Tub and Tile Coatings	0.01	
<b>Total Emissions Reductions (tpd)</b>	0.8	88

#### **Cost Effectiveness**

Cost effectiveness is \$1,150 per ton of VOC reduced from lowering the VOC limits and restricting and/or eliminating the SCE for certain categories.

#### California Environmental Quality Act

PAR 1113 is considered a "project" as defined by the California Environmental Quality Act (CEQA), and the SCAQMD is the designated lead agency. Pursuant to CEQA Guidelines §15252 and SCAQMD Rule 110, SCAQMD staff reviewed PAR 1113 and concluded that an EA with no significant impacts was the appropriate CEQA document for the proposed project. Staff released the Draft EA for a 30-day public review period from September 15, 2015 to October 15, 2015. One comment letter was received and the response to the comments has been included in the Final EA. Since the close of the comment period, revisions have been proposed to PAR 1113. Staff has analyzed these proposed revisions and have determined that they do not trigger recirculation pursuant to CEQA Guidelines §15073.5.

#### Socioeconomic Analysis

PAR 1113 affects all architectural coating manufacturers who sell architectural coatings into or within the SCAQMD. The proposed amendments will affect approximately 200 manufacturers and wholesalers who sell architectural coatings into or within the SCAQMD. The annual cost of compliance will be approximately \$368,000. It has been standard socioeconomic practice that, when the annual compliance cost is less than one million current U.S. dollars, the Regional Economic Impact Model (REMI) is not used

to simulate jobs and macroeconomic impacts. This is because the resultant impacts would be diminutive relative to the baseline regional economy.

#### **AQMP and Legal Mandates**

The California Health and Safety Code requires the SCAQMD to adopt an AQMP to meet state and federal ambient air quality standards in the South Coast Air Basin. In addition, the California Health and Safety Code requires the SCAQMD to adopt rules and regulations that carry out the objectives of the AQMP. The proposed amendments will implement, in part, Control Measure CM#2012 CTS-01 – Further VOC Reductions from Architectural Coatings.

#### **Implementation Plan and Resource Impact**

Existing SCAQMD resources will be sufficient to implement the proposed changes to this rule with minimal impact on the budget.

#### Attachments

- A. Summary of Proposed Amendments
- B. Rule Development Process
- C. Key Contacts List
- D. Resolution
- E. Rule Language for Proposed Amended Rule 1113
- F. Final Staff Report
- G. Final Environmental Assessment

ATTACHMENT A

#### SUMMARY OF PROPOSED AMENDMENTS TO RULE 1113 – ARCHITECTURAL COATINGS.

#### SUMMARY OF PROPOSED AMENDMENTS TO

#### **RULE 1113 – ARCHITECTURAL COATINGS**

Staff proposes the following amendments to achieve emission reductions and clarify rule implementation issues for improved enforceability:

- Change the applicability section of the rule by eliminating references to the phased out averaging compliance option (ACO) and clarifying that the rule is applicable to all architectural coating manufacturers who sell into or within the South Coast Air Quality Management District (SCAQMD).
- Add, clarify, delete, and phase out definitions.
- Change paragraphs (c)(1) and (c)(2) to remove reference to the default category (included in the proposed Table of Standards) and clarify the requirements on the Volatile Organic Compound (VOC) limit for colorants.
- Change and update the Table of Standards 1.
- Establish VOC limits for new coating categories and include proposed changes to VOC limits:

Category	Current VOC limit (g/L)	Proposed VOC limit (g/L)	Current Category	New Category
Building Envelope	100	50 <sup>1</sup>	Waterproofing Sealers	Yes
<b>Graphic Arts Coatings</b>	150	200 <sup>2</sup>	N/A - Same	No
Color Indicating Safety Coatings	100	480 <sup>2,3</sup>	Industrial Maintenance	Yes
Recycled Coatings	250	150 <sup>1</sup>	N/A - Same	No
Tile and Stone Sealers	100	100	Waterproofing Concrete/Masonry Sealers	Yes
Tub and Tile Refinishing Coatings	100	420 <sup>2,3</sup>	Flat/Nonflat	Yes
Wood Conditioners	100	100	Default	Yes

1. Effective January 1, 2019

- 2. Effective upon Rule adoption
- 3. Previously sold under Small Container Exemption
- Include an exception to the most restrictive clause (paragraph (c)(3)) for recycled coatings.
- Include colorants in the labeling requirements for the date of manufacturer and the VOC content.
- Include the following test methods for VOC content:
  - SCAQMD Method 313 Determination of Volatile Organic Compounds VOC by Gas Chromatography-Mass Spectrometry.
  - ASTM Test Method D6886 Standard Test Method for Determination of the Weight

#### SUMMARY OF PROPOSED AMENDMENTS TO

#### **RULE 1113 – ARCHITECTURAL COATINGS**

Percent Individual Volatile Organic Compounds in Waterborne Air-Dry Coatings by Gas Chromatography.

- Include additional performance test methods used for specific coating categories.
- Amend the Small Container Exemption (SCE) such that the exemption is eliminated and/or restricted for:
  - Coating categories not using the exemption (effective upon adoption).
  - High-VOC specialty coatings (effective January 1, 2018)
  - High volume categories (effective January 1, 2019):
    - Coating sales are allowed over the VOC limit in eight fluid ounce or smaller containers for touch-up only.
    - To prevent rule circumvention.
- Add a two year sell-through provision for the SCE phase out.
- Clarify the rule language.

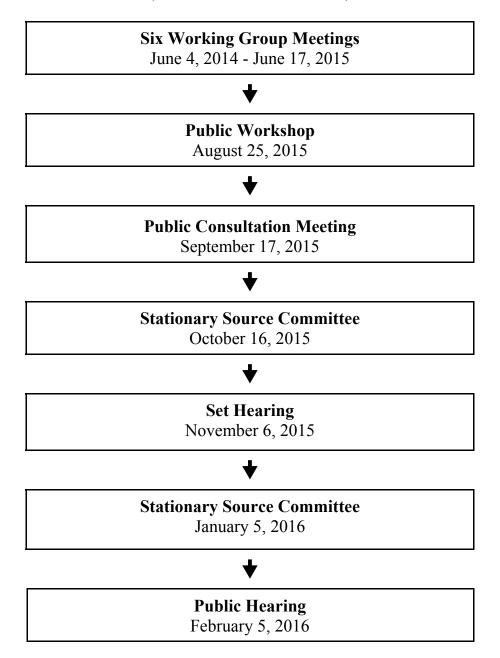
ATTACHMENT B

**RULE DEVELOPMENT PROCESS FOR** 

**PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS** 

#### **Rule Development Process**

#### Proposed Amended Rule 1113 – Architectural Coatings (2012 AQMP CM#CTS-01)



ATTACHMENT C

**KEY CONTACTS FOR** 

**PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS** 

#### **KEY CONTACTS**

Name	Affiliation
Catherine F. Jacobson	3M
Brian Brittain	Acrylatex
Leslie Berry	American Chemistry Council
David Darling	American Coatings Association
Tim Serie	American Coatings Association
Martin Bergstedt	Amazon
Kent Alexander	Angus Chemical Company
John Gilbert	BEHR
Michael Butler	BEHR Process Corporation
Paul Giunhe	BEHR
Gerald E Thompson	BonaKemi USA, Inc
Lisa King	BonaKemi USA, Inc
Lizette Bonvin	Bostik
Sue Gornick	BP
Dane Jones, Ph.D.	Cal Poly, San Luis Obispo
Barry Marcks	Caltrans
Tom Whitelock	Can-Am Coatings
Jenna Latt	CARB
Terry Link	Cardinal Paint
Mely Escalante Hendricks	Chevron
Mario Fragosa	Chemco
David Podgornik	Clayton
Hao Jiang	Disneyland
Elke Jensen	Dow Corning Corporation
Robert Wendoll	Dunn-Edwards Paints
Emily Taylor	DuPont
Ayaz Khan	Elementis
Jason Stalk	Ellis Paint Company
Joseph Tashjian	Ellis Paint Company
Pat Lutz	Engineered Polymer Solutions
Howard Berman	Environmental Mediation, Inc.
Daniel Goldberg	Evonik Degussa Corporation
Craig Sakamoto	ExxonMobil
John Lund	Ferro
James Dunn	Ferro
Lisa A. Presutti	Fluid Management, Inc.
Ben Gavett	Golden Artists Colors, Inc
Bob Hoppe	HBS Painting
Stacy-Ann Taylor	Henry Company

Name	Affiliation
Joe Reilly	JCR
Aaron Mann	JFB Hart
David Rothbart	Los Angeles County Sanitation Districts
Eunice Leung	Los Angeles Society for Coatings Technology
Curtis Coleman	Law Offices of Curtis Coleman
Don Vulich	Los Angeles Painting & Finishing Contractors Association
Daniel B. Pourreau, Ph.D	Lyondell
Greg Sarnecki	Masco Coatings Group
Joe Salvo	Miracle Sealants
Bob Sypowicz	Modern Masters
Henry Lum	Modern Masters
Jim Rogers	Modern Masters
Carol Yip Kaufman	Metropolitan Water District
Janet Bell	Metropolitan Water District
John Wallace	Metropolitan Water District
James Heumann	Northrop Grumman
Mark Huck	California State Parks Office of Historic Preservation
Joe Malato	Pacific Polymers & Schnee-Morehead Inc.
Wayne Nelson	PPG Architectural Finishes, Inc
Ida Lin	PPG Architectural Finishes, Inc
Bob Clemons	Praxair
Charles McDonald	Praxair
Dwayne Fuhlhage	Prosoco
Ron Webber	Quest
Rita Loof	Radtech International North America
Claude Florent	Rainguard
Doug Raymond	Raymond Regulatory Resources (3R), LLC
Laurel Jamison	Rudd Company, Inc.
Bruce Varne	Rust-Oleum
Megan Gaughan	Rust-Oleum
Mike Murphy	Rust-Oleum
Barrett Cupp	Sherwin-Williams
Fred Anwari	Sherwin-Williams
John A. Fidler	Simpson Gumpertz & Heger
Erica Yee	Southern California Gas Company
Zacharie Muepo	Southern California Gas Company
John Ciente	Solomon Colors, Inc.
Mike Gernon	Taminco
Mike Hakos	Taminco
Susan Stark	Tesoro
Ben York	Texture Coat of America
Mark Gierki	Texture Coat of America

Name	Affiliation
Dustin Kaatz	Tnemec Corporation
Kyle Frakes	Tnemec Corporation
Michael Schmeida	Tremco CS&W Division
Amy Woodard	Tremco CS&W Division
Joseph C. Bellas	Universal Studios
Stanley Tong	U.S. EPA
Tina Glomstead	Valspar
Patrick Gieske	Valspar
Hamid Pourshirazi	Vista Paint
John Long	Vista Paint
Dave Carol	W.R. Meadows
David Carey	W.R. Meadows
Sue Gornick	Western States Petroleum Association
Dixie Richards	Yorke

ATTACHMENT D

## **RESOLUTION FOR**

**PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS** 

## **RESOLUTION NO. 16-\_\_\_\_**

A Resolution of the South Coast Air Quality Management District (SCAQMD) Governing Board certifying the Final Environmental Assessment for Proposed Amended Rule 1113 – Architectural Coatings.

A Resolution of the SCAQMD Governing Board amending Rule 1113 - Architectural Coatings.

WHEREAS, the SCAQMD Governing Board has determined that a need exists to amend Rule 1113 – Architectural Coatings to clarify rule language and reduce emissions from the use of architectural coatings in order to help achieve air quality standards; and

WHEREAS, the SCAQMD Governing Board finds and determines that the proposed amendments to Rule 1113 – Architectural Coatings, are considered a "project" pursuant to the California Environmental Quality Act (CEQA) and that the proposed project would not have a significant adverse effect on the environment; and

**WHEREAS**, the SCAQMD has had its regulatory program certified pursuant to Public Resources Code §21080.5 and has conducted CEQA review and analysis pursuant to such program (SCAQMD Rule 110); and

**WHEREAS**, the SCAQMD staff has prepared a Draft Environmental Assessment (EA) pursuant to its certified regulatory program and pursuant to CEQA Guidelines §15252, setting forth the potential environmental consequences of Proposed Amended Rule 1113 - Architectural Coatings; and

**WHEREAS**, the Draft EA was circulated for a 30-day public review from September 15, 2015 to October 15, 2015; and

**WHEREAS**, one comment letter was received during the comment period relative to the analysis presented in the Draft EA and responses to the comments have been prepared and included in the Final EA; the Draft EA has been revised such that it is now a Final EA; and

**WHEREAS**, it is necessary that the adequacy of the Final EA, including any responses to comments, be determined by the SCAQMD Governing Board prior to its certification; and

**WHEREAS**, a Mitigation Monitoring Plan pursuant to Public Resources Code §21081.6 has not been prepared since no mitigation measures are necessary; and WHEREAS, Findings pursuant to Public Resources Code §21081.6 and CEQA Guidelines §15091 and a Statement of Overriding Considerations pursuant to CEQA Guidelines §15093 were not prepared because the analysis of the proposed project shows that Proposed Amended Rule 1113 - Architectural Coatings would not have a significant adverse effect on the environment, and thus, are not required; and

**WHEREAS,** the SCAQMD Governing Board voting on Proposed Amended Rule 1113 – Architectural Coatings has reviewed and considered the Final EA prior to its certification; and

**WHEREAS,** the SCAQMD Governing Board finds and determines, taking into consideration the factors in Section (d)(4)(D) of the Governing Board Procedures, that the modifications which have been made to Proposed Rule 1113 – Architectural Coatings since notice of public hearing was published do not significantly change the meaning of the proposed project within the meaning of Health and Safety Code §40726 and would not constitute significant new information requiring recirculation of the Draft EA pursuant to CEQA Guidelines §15073.5; and

**WHEREAS**, the staff report, the Final EA and the Socioeconomic Analysis, this January 8, 2016 Board letter, and other supporting documentation was presented to the SCAQMD Governing Board and that the Board has reviewed and considered the entirety of this information prior to approving the project; and

WHEREAS, the SCAQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 39002, 40000, 40001, 40440, 40441, 40702, 40725 through 40728, and 41508 of the California Health and Safety Code; and

**WHEREAS**, the SCAQMD staff conducted a public workshop regarding Proposed Rule 1113 – Architectural Coatings on August 25, 2015; and

WHEREAS, California Health and Safety Code §40727 requires that prior to adopting, amending or repealing a rule or regulation, the SCAQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the public hearing and in the staff report; and

WHEREAS, the SCAQMD Governing Board has determined that a need exists to amend Rule 1113 - Architectural Coatings to achieve further VOC emission reductions for architectural coatings by implementing Control Measure CM#2012 CTS-01 – Further VOC Reductions from Architectural Coatings of the 2012 AQMP in order to achieve federal PM2.5 standards by 2019 and ozone standards by 2024; and

**WHEREAS,** the SCAQMD Governing Board has determined that Rule 1113 - Architectural Coatings, as proposed to be amended, is written and displayed so that its meaning can be easily understood by persons directly affected by them; and

WHEREAS, the SCAQMD Governing Board has determined that Rule 1113 - Architectural Coatings, as proposed to be amended, is in harmony with, and not in conflict with, or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, the SCAQMD Governing Board has determined that Rule 1113 - Architectural Coatings, as proposed to be amended, does not impose the same requirements as any existing state or federal regulation, and the proposed amended rule is necessary and proper to execute the powers and duties granted to, and imposed upon, the SCAQMD; and

WHEREAS, Health and Safety Code §40727.2 requires the SCAQMD to prepare a written analysis of existing federal air pollution control requirements applicable to the same source type being regulated whenever it adopts, or amends a rule, and that the SCAQMD's comparative analysis of Proposed Rule 1113 – Architectural Coatings is included in the staff report; and

WHEREAS, the SCAQMD Governing Board in amending the regulation, references the following statutes which the SCAQMD hereby implements, interprets or makes specific: Health and Safety Code Sections 40001(a) (air quality standards and enforcement of federal standards), 40440(a) (rules to carry out plan), 40440(b)(1) (BARCT), 40702 (adopt regulation to execute duties), and Federal Clean Air Act Sections 116 (state standards at least as stringent as federal standards); and

WHEREAS, the SCAQMD Governing Board determines that there is a problem that Proposed Amended Rule 1113 - Architectural Coatings will alleviate, (i.e., the South Coast Air Basin does not meet state or federal standards for ozone and PM2.5) and the proposed amendment will promote the attainment or maintenance of such air quality standards; and

**WHEREAS**, the SCAQMD Governing Board has determined that Proposed Amended Rule 1113 - Architectural Coatings should be adopted in order to provide air quality benefits at a reasonable cost; and

WHEREAS, the SCAQMD Governing Board has determined that the Socioeconomic Assessment contained in the staff report is consistent with the provisions of the March 17, 1989 and October 14, 1994, Board Resolution for rule adoption and Health and Safety Code Sections 40440.8, 40728.5 and 40920.6; and

WHEREAS, the SCAQMD Governing Board has reviewed and considered the staff's findings related to cost impacts of Proposed Rule 1113 – Architectural Coatings set forth in the staff report, and hereby finds and determines that cost and impacts are as set forth in that assessment; and

**WHEREAS**, the SCAQMD Governing Board has actively considered the staff report's findings relative to costs and has made a good faith effort to minimize such impacts; and

**WHEREAS**, the proposed amendments to Rule 1113 – Architectural Coatings help achieve emission reductions of VOCs from the various coating categories, estimated to be approximately 0.88 ton/day, and that even after considering the Socioeconomic Assessment, the adoption of such amendments is necessary for achieving the federal and state standards for ozone and for implementing the AQMP; and

**WHEREAS,** a public hearing has been properly noticed in accordance with all provisions of Health and Safety Code, Section 40725; and

**WHEREAS,** the SCAQMD Governing Board has held a public hearing in accordance with all provisions of law; and

WHEREAS, the SCAQMD specifies the Program Supervisor for Rule 1113 as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of this proposed amendment is based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California; and

**WHEREAS**, the SCAQMD staff will continue to work with the U.S. EPA and members representing the coatings industry to continue the work on Test Method 313 - Determination of Volatile Organic Compounds VOC by Gas Chromatography-Mass Spectrometry and the exclusion pathway for early eluting semi-volatile compounds, including the internal and external precision and bias demonstration and potential method improvements for the VOC determination of non-film forming oils; and

**WHEREAS**, the SCAQMD staff will continue to work with members representing the coatings industry on a Best Practice Guidance Document for the application of architectural coatings; and

**WHEREAS**, Rule 1113 contains a limited exemption of tertiary butyl acetate for industrial maintenance coatings and a final peer reviewed assessment by the Office of Environmental Health Hazard Assessment is expected later this year; and

WHEREAS, the SCAQMD Governing Board, has reviewed, considered, and approve the Final EA including the responses to comments prior to acting on

Proposed Amended Rule 1113 – Architectural Coatings; and

**NOW, THEREFORE, BE IT RESOLVED,** that the SCAQMD Governing Board does hereby certify the Final EA for Proposed Amended Rule 1113 - Architectural Coatings, which was completed in compliance with CEQA and Rule 110 provisions; and

**BE IT FURTHER RESOLVED**, that because no significant adverse environmental impacts were identified as a result of implementing Proposed Amended Rule 1113 – Architectural Coatings, a Statement of Findings, a Statement of Overriding Considerations, and a Mitigation Monitoring Plan are not required; and

**BE IT FURTHER RESOLVED,** that the SCAQMD Governing Board does hereby direct staff to immediately begin a re-evaluation of potential toxic risk to workers due to exposure to tertiary butyl acetate, such that upon finalization of the assessment by the Office of Environmental Health Hazard Assessment, staff will be prepared to quickly propose amendments to SCAQMD rules, as needed, to reduce potential risks; and

**BE IT FURTHER RESOLVED,** that the SCAQMD Governing Board does hereby amend, pursuant to the authority granted by law, Rule 1113 - Architectural Coatings, as set forth in the attached, and incorporated herein by this reference; and

**BE IT FURTHER RESOLVED**, that the Executive Officer is hereby directed to forward a copy of this Resolution and Proposed Amended Rule 1113 – Architectural Coatings to the California Air Resources Board for approval and subsequent submittal to the U.S. Environmental Protection Agency for inclusion into the State Implementation Plan.

Attachment

DATE:

CLERK OF THE BOARD

#### ATTACHMENT E

#### **RULE LANGUAGE FOR**

# PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS

<u>Single underline</u> text shows new language added to the existing rule language. <u>Double underline</u> text shows new language added to the rule subsequent to the Set Hearing.

*Italicized Strikeout* text shows new deletions from the rule subsequent to the Set Hearing. <u>Underline Strikeout</u> text shows language proposed for addition to the Set Hearing Package, which is now being deleted from the Public Hearing Package. (Adopted Sept. 2, 1977)(Amended Dec. 2, 1977)(Amended Feb. 3, 1978) (Amended Sept. 5, 1980)(Amended Apr. 3, 1981)(Amended July 3, 1981) (Amended by California Air Resources Board Oct. 21, 1981) (Amended Aug. 5, 1983)(Amended Mar. 16, 1984)(Amended Aug. 2, 1985) (Amended Nov. 1, 1985)(Amended Feb. 6, 1987)(Amended Jan. 5, 1990) (Amended Feb. 2, 1990)(Amended Nov. 2, 1990)(Amended Dec. 7, 1990) (Amended Sept. 6, 1991)(Amended March 8, 1996)(Amended August 9, 1996) (Amended November 8, 1996)(Amended May 14, 1999; Vacated) (Amended July 20, 2001)(Amended December 6, 2002)(Amended December 5, 2003) (Amended July 9, 2004)(Amended June 9, 2006)(Amended July 13, 2007) (Amended June 3, 2011)(Amended September 6, 2013) <u>Proposed Amended February 5, 2016</u>)

## PROPOSED AMENDED RULE 1113. ARCHITECTURAL COATINGS

(a) Applicability

This rule is applicable to any person who supplies, sells, markets, offers for sale, or manufactures any architectural coating in the District that is intended to be field applied <u>within the District</u> to stationary structures or their appurtenances, and to fields and lawns; as well as any person who applies, stores at a worksite, or solicits the application of any architectural coating within the District. The purpose of this rule is to limit the VOC content of architectural coatings used in the District or to allow the averaging of such coatings, as specified, so their actual emissions do not exceed the allowable emissions if all the averaged coatings had complied with the specified limits.

(b) Definitions

For the purpose of this rule, the following definitions shall apply:

- (1) AEROSOL COATING PRODUCT means a pressurized coating product containing pigments, resins, and/or other coatings solids that dispenses product ingredients by means of a propellant, and is packaged in a disposable aerosol container for hand-held application, or for use in specialized equipment for ground marking and traffic marking applications.
- (2) ALUMINUM ROOF COATINGS are roof coatings containing at least 0.7 pounds per gallon (84 grams per liter) of coating as applied, of elemental aluminum pigment.
- (3) APPURTENANCES are accessories to a stationary structure, including, but not limited to: hand railings, cabinets, bathroom and kitchen fixtures, fences, raingutters and down-spouts, window screens, lamp-posts, heating and air conditioning equipment, other mechanical equipment, large fixed stationary tools, signs, motion picture and television production sets, and concrete forms.

- (4) ARCHITECTURAL COATINGS are any coatings applied to stationary structures or their appurtenances, or to fields and lawns.
- (5) BELOW-GROUND WOOD PRESERVATIVES are wood preservatives formulated to protect below-ground wood.
- (6) BITUMINOUS COATING MATERIALS are black or brownish coating materials, soluble in carbon disulfide, consisting mainly of hydrocarbons and which are obtained from natural deposits, or as residues from the distillation of crude petroleum oils, or of low grades of coal.
- (7) BITUMINOUS ROOF PRIMERS are primers formulated for or applied to roofing that incorporate bituminous coating materials.
- (8) BOND BREAKERS are coatings formulated for or applied between layers of concrete to prevent the freshly poured top layer of concrete from bonding to the substrate over which it is poured. <u>Bond breakers will be exempt from Rules 1113</u> and 314 upon adoption of Rule 1161 – Release Agents or any other Regulation XI rule limiting the VOC content of bond breakers.
- (9) BUILDING ENVELOPE is the ensemble of exterior and demising partitions of a building that enclose conditioned space.
- (10) BUILDING ENVELOPE COATINGS are fluid applied coatings applied to the building envelope to provide a continuous barrier to air or vapor leakage through the building envelope that separates conditioned from unconditioned spaces. Building Envelope Coatings are applied to diverse materials including, but not limited to, concrete masonry units (CMU), oriented stranded board (OSB), gypsum board, and wood substrates and must meet the following performance criteria:
  - (A) Air Barriers formulated to have an air permeance not exceeding 0.004 cubic feet per minute per square foot under a pressure differential of 1.57 pounds per square foot (0.004 cfm/ft<sup>2</sup> @ 1.57 psf), [0.02 liters per square meter per second under a pressure differential of 75 Pa (0.02 L/(s m2) @ 75 Pa)] when tested in accordance with ASTM E2178; and/or
  - (B) Water Resistive Barriers formulated to resist liquid water that has penetrated a cladding system from further intruding into the exterior wall assembly and is classified as follows:
    - (i) Passes water resistance testing according to ASTM E331, and
    - (ii) Water vapor permeance is classified in accordance with ASTM E96/E96M.

- (9) CLEAR WOOD FINISHES are clear and semi-transparent coatings, including lacquers and varnishes, applied to wood substrates, including floors, decks and porches, to provide a transparent or translucent solid film.
- (10)(11) COATING is a material which is applied to a surface in order to beautify, protect, or provide a barrier to such surface.

(11)(12) COLORANTS are solutions of dyes or suspensions of pigments.

- (13) COLOR INDICATING SAFETY COATINGS are industrial maintenance coatings for safety management of process streams to prevent or minimize the consequences of the release of toxic, reactive, flammable or explosive substances, and include chemical and thermal color indicating coatings.
- (12)(14) CONCENTRATES are coatings supplied in a form that must be diluted with water or an exempt compound, prior to application, according to the architectural coatings manufacturer's application instructions in order to yield the desired coating properties.
- (13)(15) CONCRETE-CURING COMPOUNDS are coatings formulated for or applied to freshly poured concrete to retard the evaporation of water. Concretecuring compounds manufactured and used for roadways and bridges (does not include curbs and gutters, sidewalks, islands, driveways and other miscellaneous concrete areas) are those concrete-curing compounds that meet ASTM Designation C309, Class B, and meet a loss of water standard of less than 0.15kg/m<sup>2</sup> in 24 hours as determined by the California Transportation Department, California Test 534.
- (14)(16) CONCRETE SURFACE RETARDERS are coatings containing one or more ingredients such as extender pigments, primary pigments, resins, and solvents that interact chemically with the cement to prevent hardening on the surface where the retarder is applied, allowing the mix of cement and sand at the surface to be washed away to create an exposed aggregate finish.
- (17) DEFAULT COATINGS are specialty coatings (those other than flat or nonflat coatings) that are not defined in section (b) as any other coating category.
- (15)(18) DRIVEWAY SEALERS are coatings that are applied to worn asphalt driveway surfaces in order to:
  - (A) Fill cracks;
  - (B) Seal the surface to provide protection; or
  - (C) Restore or preserve the surface appearance.

- (16)(19) DRY-FOG COATINGS are coatings which are formulated only for spray application so that when sprayed, overspray droplets dry before falling on floors and other surfaces.
- (17)(20) EXEMPT COMPOUNDS (See Rule 102-Definition of Terms.)
- (18)(21) FAUX FINISHING COATINGS are coatings that meet one or more of the following subcategories:
  - (A) CLEAR TOPCOATS are clear coatings used to enhance, seal and protect a Faux Finishing coating that meets the requirements of subsection (b)(21)(B), (C), (D) or (E). These clear topcoats must be sold and used solely as part of a Faux Finishing or graphic arts coating system, and must be labeled in accordance paragraph (d)(7).
  - (B) DECORATIVE COATINGS are coatings used to create a gonioapparent appearance, such as metallic, iridescent, or pearlescent appearance, that contain at least 48 grams of pearlescent mica pigment or other iridescent pigment per liter of coating as applied (at least 0.4 pounds per gallon).
  - (A)(C) GLAZES, which are coatings formulated and recommended to be used (or to be mixed with another coating) designed for:
    - (i) <u>wWet-in-wet techniques, where a wet coating is applied over</u> <u>another wet coating used</u> to create artistic effects, including <u>simulated marble or wood grain, or</u>
    - (ii) Wet-in-dry techniques, where a wet coating is applied over a prepainted or a specially prepared substrate or base coat and is either applied or is treated during the drying period with various tools, such as a brush, rag, comb, or sponge to create artistic effects such asbut not limited to dirt, old age, smoke damage, simulated marble and wood grain finishes, decorative patterns, or color blending, and wet edge techniques.
  - (B) DECORATIVE COATINGS, which are coatings used to create a gonioapparent appearance, such as metallic, iridescent, or pearlescent appearance, that contain at least 48 grams of pearlescent mica pigment or other iridescent pigment per liter of coating as applied (at least 0.4 pounds per gallon).
  - (C)(D) JAPANS, which are pure concentrated pigments, finely ground in a slow drying vehicle used by Motion Picture and Television Production Studios to create artistic effects, including, but not limited to, dirt, old age, smoke damage, water damage, and simulated marble, and wood grain.

- (D)(E) TROWEL APPLIED COATINGS, which are coatings exclusively applied by trowel that are used to create aesthetic effects, including, but not limited to, polished plaster, clay, suede and dimensional, tactile textures.
- (E) CLEAR TOPCOATS, which are clear coatings used to enhance, seal and protect a Faux Finishing coating that meets the requirements of subsection (b)(18)(A), (B), (C) or (D). These clear topcoats must be sold and used solely as part of a Faux Finishing <u>or graphic arts</u> coating system, and must be labeled in accordance paragraph (d)(7).
- (19)(22) FIRE-PROOFING COATINGS are opaque coatings formulated to protect the structural integrity of steel and other construction materials and listed by Underwriter's Laboratories, Inc. for the fire protection of steel.
- (20)(23) FLAT COATINGS are coatings that register a gloss of less than 15 on an 85-degree meter or less than 5 on a 60-degree meter according to ASTM Test Method D 523-as specified in paragraph (e)(5).
- (21)(24) FLOOR COATINGS are opaque coatings that are formulated for or applied to flooring; including, but not limited to, flooring for garages, decks, and porches. Floor coatings also include, and clear coatings formulated for or applied to concrete flooring. Floor coatings, but do not include Industrial Maintenance Coatings.
- (22)(25) FORM RELEASE COMPOUNDS are coatings designed for or applied to a concrete form to prevent the freshly poured concrete from bonding to the form. The form may consist of metal, wood, or some material other than concrete. Form release compounds will be exempt from Rules 1113 and 314 upon adoption of Rule 1161 – Release Agents or any other Regulation XI Rule limiting the VOC content of form release compounds.
- (23)(26) FORMULATION DATA is the actual product recipe which itemizes all the ingredients contained in a product including VOCs and the quantities thereof used by the manufacturer to create the product. Material Safety Data Sheets (MSDS) are not considered formulation data.
- (24)(27) GONIOAPPARENT means a change in appearance with a change in the angle of illumination or the angle of view, as defined according to ASTM E 284.
- (25)(28) GRAMS OF VOC PER LITER OF COATING OR COLORANT, LESS WATER AND LESS EXEMPT COMPOUNDS, is the weight of VOC per combined volume of VOC and coating or colorant solids and can be calculated by the following equation:

Grams of VOC per Liter of Coating, Less	=	Ws	-	Ww	-	Wes	_
Water and Less Exempt Compounds		Vm	-	Vw	-	Ves	

Where:	Ws	=	weight of volatile compounds in grams
	Ww	=	weight of water in grams
	Wes	=	weight of exempt compounds in grams
	Vm	=	volume of material in liters
	Vw	=	volume of water in liters
	Ves	=	volume of exempt compounds in liters

For coatings that contain reactive diluents, the Grams of VOC per Liter of Coating, Less Water and Less Exempt Compounds, shall be calculated by the following equation:

Grams of VOC per Liter of Coating, Less	=	Ws	-	Ww	-	Wes
Water and Less Exempt Compounds		Vm	-	Vw	-	Ves

Where:	Ws	= weight of volatile compounds emitted during							
			curing, in grams						
	Ww	=	weight of water emitted during curing, in grams						
	Wes	=	weight of exempt compounds emitted during						
			curing, in grams						
	Vm	=	volume of the material prior to reaction, in liters						
	Vw	=	volume of water emitted during curing, in liters						
	Ves	=	volume of exempt compounds emitted during						
			curing, in liters						

(26)(29) GRAMS OF VOC PER LITER OF MATERIAL is the weight of VOC per volume of material and can be calculated by the following equation:

Grams of VOC	per Liter	of M	aterial = <u>Ws - Ww - Wes</u>
Where:	Ws	=	Vm weight of volatile compounds in grams
	Ww	=	weight of water in grams
	Wes	=	weight of exempt compounds in grams
	Vm	=	volume of the material in liters

### 1113 - 6

- (27)(30) GRAPHIC ARTS COATINGS (Sign Paints) are coatings formulated for hand-application by artists using brush or roller techniques to indoor and outdoor signs (excluding structural components) and murals, including lettering enamels, poster colors, copy blockers, and bulletin enamels.
- (28)(31) HIGH-TEMPERATURE INDUSTRIAL MAINTENANCE COATINGS are industrial maintenance coatings formulated for or applied to substrates exposed continuously or intermittently to temperatures above 400 degrees Fahrenheit.
- (29)(32) INDUSTRIAL MAINTENANCE COATINGS are coatings, including primers, sealers, undercoaters, intermediate coatings and topcoats, formulated for or applied to substrates, including floors, that are exposed to one or more of the following extreme environmental conditions:
  - (A) Immersion in water, wastewater, or chemical solutions (aqueous and nonaqueous solutions), or chronic exposure of interior surfaces to moisture condensation;
  - (B) Acute or chronic exposure to corrosive, caustic or acidic agents, or similar chemicals, chemical fumes, chemical mixtures, or solutions;
  - (C) Repeated exposure to temperatures in excess of 250 degrees Fahrenheit;
  - (D) Repeated heavy abrasion, including mechanical wear and repeated scrubbing with industrial solvents, cleaners, or scouring agents; or
  - (E) Exterior exposure of metal structures.
- (30)(33) INTERIOR STAINS are stains labeled and formulated exclusively for use on interior surfaces.
- (31)(34) LACQUERS are clear or pigmented wood finishes topcoats, including or clear lacquer sanding sealers, <u>both</u> formulated with nitrocellulose or synthetic resins to dry by evaporation without chemical reaction.
- (32)(35) LOW-SOLIDS COATINGS are coatings containing one pound or less of solids per gallon of material.
- (33)(36) MAGNESITE CEMENT COATINGS are coatings formulated for or applied to magnesite cement decking to protect the magnesite cement substrate from erosion by water.
- (34)(37) MANUFACTURER is any person, company, firm, or establishment who imports, blends, assembles, produces, packages, repackages, or re-labels an architectural coating, excluding retail outlets where labels or stickers may be affixed to containers or where colorant is added at the point of sale.

#### 1113 - 7

- (35)(38) MARKET means to facilitate sales through third party vendors, including, but not limited to, catalog or ecommerce sales that bring together buyers and sellers. For the purposes of this rule, market does not mean to generally promote or advertise coatings.
- (36)(39) MASTIC COATINGS are coatings formulated to cover holes and minor cracks and to conceal surface irregularities, <u>excluding roof coatings</u>, and applied in a thickness of at least 10 mils (dry, single coat).
- (37)(40) METALLIC PIGMENTED COATINGS are decorative coatings, excluding industrial maintenance and roof coatings, containing at least 0.4 pounds per gallon (48 grams/liter) of coating, as applied, of elemental metallic pigment (excluding zinc).
- (38)(41) MULTI-COLOR COATINGS are coatings which exhibit more than one color when applied, and which are packaged in a single container, and applied in a single coat.
- (39)(42) MULTI-COMPONENT COATINGS are reactive coatings requiring the addition of a separate catalyst or hardener before application to form an acceptable dry film.
- (40)(43) NONFLAT COATINGS are coatings that are not defined under any other definition in this rule and that register a gloss of 5 or greater on a 60 degree meter and a gloss of 15 or greater on an 85 degree meter according to ASTM Test Method D 523-*as specified in paragraph (e)(5)*.
- (41)(44) NON-SACRIFICIAL ANTI-GRAFFITI COATINGS are clear or opaque Industrial Maintenance Coatings formulated and recommended to deter adhesion of graffiti and to resist repeated scrubbing and exposure to harsh solvents, cleansers, or scouring agents used to remove graffiti.
- (42)(45) PEARLESCENT means exhibiting various colors depending on the angles of illumination and viewing, as observed in mother-of-pearl.
- (43)(46) PIGMENTED means containing colorant or dry coloring matter, such as an insoluble powder, to impart color to a substrate.
- (44)(47) POST-CONSUMER COATINGS are finished coatings that would have been disposed of in a landfill, having completed their usefulness to a consumer, and does not include manufacturing wastes.
- (45)(48) PRE-TREATMENT WASH PRIMERS are coatings which contain a minimum of <u>1/2</u> 0.5 percent acid, by weight, applied directly to bare metal surfaces to provide necessary surface etching.

- (46)(49) PRIMERS are coatings applied to a surface to provide a firm bond between the substrate and subsequent coats.
- (47) PRODUCT LINE is a line of coatings reported under one product number and name and subject to one coating VOC limit as specified in subdivision (c) Table of Standards.
- (48)(50) QUICK-DRY ENAMELS are non-flat, high gloss coatings which comply with the following:
  - (A) Shall be capable of being applied directly from the container by brush or roller under normal conditions, normal conditions being ambient temperatures between 60°F and 80°F; and
  - (B) When tested in accordance with ASTM D 1640 they shall÷ set-to-touch in two hours or less, dry-hard in eight hours or less, and be tack-free in four hours or less by the mechanical test method. Coatings classified as quickdry enamels are subsumed by the non-flat coating category.
- (49)(51) QUICK-DRY PRIMERS, SEALERS, AND UNDERCOATERS are primers, sealers, and undercoaters which are intended to be applied to a surface to provide a firm bond between the substrate and subsequent coats and which are dry-to-touch in one-half hour and can be recoated in two hours <u>when tested in accordance with (ASTM D 1640)</u>. Coatings classified as quick-dry primers, sealers, and undercoaters are subsumed by the primer, sealer, undercoater category.
- (50)(52) REACTIVE DILUENT is a liquid, which is a VOC during application and one in which, through chemical and/or physical reaction, such as polymerization, becomes an integral part of the coating.
- (51)(53) REACTIVE PENETRATING SEALERS are clear or pigmented coatings labeled and formulated for application to above-grade concrete and masonry substrates to provide protection from water and waterborne contaminants, including, but not limited to, alkalis, acids, and salts. \_Reactive Penetrating Sealers must meet the following criteria:
  - (A) Used only for reinforced concrete bridge structures for transportation projects within 5 miles of the coast or above 4,000 feet elevation; or for restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect.
  - (B) Penetrate into concrete and masonry substrates and chemically react to form covalent bonds with naturally occurring minerals in the substrate.

- (C) Line the pores of concrete and masonry substrates with a hydrophobic coating, but do not form a surface film.
- (D) Improve water repellency at least 80 percent after application on a concrete or masonry substrate. This performance must be verified on standardized test specimens, in accordance with one or more of the following standards: ASTM C67, or ASTM C97/97M, or ASTM C140.
- (E) Not reduce the water vapor transmission rate by more than 2 percent after application on a concrete or masonry substrate. Provide a breathable waterproof barrier for concrete or masonry surfaces that does not prevent or substantially retard water vapor transmission. This performance must be verified on standardized test specimens, in accordance with ASTM E96/E96M or ASTM D6490.
- (F) Meet the performance criteria listed in the National Cooperative Highway Research Report 244 (1981), surface chloride screening applications, for products labeled and formulated for vehicular traffic.
- (52)(54) RECYCLED COATINGS are coatings manufactured by a certified recycled paint manufacturer and formulated such that 50 percent or more of the total weight consists of secondary and post-consumer coatings and 10 percent or more of the total weight consists of post-consumer coatings.
- (53)(55) RESTORATION ARCHITECT is an architect that has a valid certificate of registration as an architect issued by the California State Board of Architectural Examiners or the National Council of Architectural Registration Boards and working on registered historical restoration and/or preservation projects.
- (54)(56) RETAIL OUTLET means any establishment at which architectural coatings are sold or offered for sale to consumers.
- (55)(57) ROOF COATINGS are coatings formulated for application to exterior roofs for the primary purpose of preventing penetration of the substrate by water, or reflecting heat and ultraviolet radiation.
- (56)(58) RUST PREVENTATIVE COATINGS are coatings formulated for use in preventing the corrosion of metal surfaces in residential and commercial situations.
- (57)(59) SACRIFICIAL ANTI-GRAFFITI COATINGS are non-binding, clear coatings which are formulated and recommended for applications that allow for the removal of graffiti primarily by power washing.

- (58)(60) SANDING SEALERS are clear wood coatings formulated for or applied to bare wood for sanding and to seal the wood for subsequent application(s) of coatings.
- (59)(61) SEALERS are coatings applied to either block materials from penetrating into or leaching out of a substrate, to prevent subsequent coatings from being absorbed by the substrate, or to prevent harm to subsequent coatings by materials in the substrate.
- (60)(62) SECONDARY (REWORK) COATINGS are fragments of finished coatings or finished coatings from a manufacturing process that has converted resources into a commodity of real economic value, but does not include excess virgin resources of the manufacturing process.
- (61)(63) SHELLACS are clear or pigmented coatings formulated solely with the resinous secretions of the lac insect (laccifer lacca). Shellacs are formulated to dry by evaporation without a chemical reaction providing a quick-drying, solid, protective film for priming and sealing stains and odors; and for wood finishing excluding floors-effective January 1, 2007.
- (62)(64) SOLICIT is to require for use or to specify, by written or oral contract.
- (63)(65) SPECIALTY PRIMERS are coatings formulated for or applied to a substrate to seal fire, smoke or water damage, or to condition excessively chalky surfaces. An excessively chalky surface is one that is defined as having chalk rating of four or less as determined by ASTM D-4214 – Photographic Reference Standard No. 1 or the Federation of Societies for Coatings Technology "Pictorial Standards for Coatings Defects".
- (64)(66) STAINS are opaque or semi-transparent coatings which are formulated to change the color but not conceal the grain pattern or texture.
- (65)(67) STATIONARY STRUCTURES include, but are not limited to, homes, office buildings, factories, mobile homes, pavements, curbs, roadways, racetracks, and bridges.
- (66)(68) STONE CONSOLIDANTS are coatings that are labeled and formulated for application to stone substrates to repair historical structures that have been damaged by weathering or other decay mechanisms. Stone Consolidants must meet <u>all of</u> the following criteria:
  - Used only for restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect.
  - (B) Penetrate into stone substrates to create bonds between particles and consolidate deteriorated material.

#### 1113 – 11

- (C) Specified and used in accordance with ASTM E2167.
- (67)(69) SWIMMING POOL COATINGS are coatings specifically formulated for or applied to the interior of swimming pools, including, but not limited to, water park attractions, ponds and fountains, to resist swimming pool chemicals.
- (68)(70) SWIMMING POOL REPAIR COATINGS are chlorinated, rubber-based coatings used for the repair and maintenance of swimming pools over existing chlorinated, rubber-based coatings.
- (71) TILE AND STONE SEALERS are clear or pigmented sealers that are used for sealing tile, stone or grout to provide resistance against water, alkalis, acids, ultraviolet light or staining and which meet one of the following subcategories:
  - (A) Penetrating sealers are polymer solutions that cross-link in the substrate and must meet the following criteria:
    - (i) A fine particle structure to penetrate dense tile such as porcelain with absorption as low as 0.10 percent % per ASTM C373, ASTM C97/C97M, or ASTM C642,
    - (ii) Retain or increase static coefficient of friction per ANSI A137.1,
    - (iii) Not create a topical surface film on the tile or stone, and
    - (iv) Allow vapor transmission per ASTM E96/96M.
  - (B) Film forming sealers which leave a protective film on the surface.
- (69)(72) TINT BASE is an architectural coating to which colorants are added.
- (73) TOPCOAT is any final coating, applied in one or more coats, to the interior or exterior of a stationary structure or their appurtenances.
- (70)(74) TRAFFIC COATINGS are coatings formulated for or applied to public streets, highways, and other surfaces including, but not limited to, curbs, berms, driveways, and parking lots.
- (75) TUB AND TILE REFINISHING COATINGS are clear or opaque coatings that are used exclusively for refinishing the surface of a bathtub, shower, or sink and which-must meet all of the following criteria:
  - (A) Have a scratch hardness of 3H or harder and a gouge hardness of 4H or harder as determined on bonderite 1000 in accordance with ASTM D3363,
  - (B) Have a weight loss of 20 milligrams or less after 1000 cycles as determined with CS-17 wheels on bonderite 1000 in accordance with ASTM D4060.
  - (C) Must withstand 1,000 hours or more of exposure with few or no #8 blisters as determined on unscribed bonderite in accordance with ASTM D4585, and ASTM D714, and

- (D) Must have an adhesion rating of 4B or better after 24 hours of recovery as determined on unscribed bonderite in accordance with ASTM D4585 and ASTM D3359.
- (71)(76) UNDERCOATERS are coatings formulated for or applied to substrates to provide a smooth surface for subsequent coats.
- (72)(77) VARNISHES are clear or pigmented wood <u>finishes\_topcoats</u> formulated with various resins to dry by chemical reaction.
- (73)(78) VOLATILE ORGANIC COMPOUND (VOC) is as defined in Rule 102 Definition of Terms. For the purpose of this rule, tertiary butyl acetate (tBAc) shall be considered exempt as a VOC only for purposes of VOC emissions limitations or VOC content requirements and will continue to be a VOC for purposes of all recordkeeping, emissions reporting, photochemical dispersion modeling, and inventory requirements which apply to VOCs, when used in industrial maintenance coatings, including zinc-rich industrial maintenance coatings and non-sacrificial anti-graffiti coatings.
- (74)(79) WATERPROOFING SEALERS are coatings which are formulated for the primary purpose of preventing penetration of porous substrates by water.
- (75)(80) WATERPROOFING CONCRETE/MASONRY SEALERS are clear or pigmented sealers that are formulated for sealing concrete and masonry to provide resistance against water, alkalis, acids, ultraviolet light, or staining.
- (81) WOOD COATINGS are film forming coatings used for application to wood substrates only, which are applied to substrates including floors, decks and porches. The Wood Coating category includes all lacquers, varnishes and sanding sealers, regardless of whether they are clear, semi-transparent or opaque.
- (82) WOOD CONDITIONERS are coatings that are formulated for or applied to prepare-bare wood, for prior to applying a staining, to provide uniform penetration of the stain.
- (76)(83) WOOD PRESERVATIVES are coatings formulated to protect wood from decay or insect attack by the addition of a wood preservative chemical registered by the California Environmental Protection Agency.
- (77)(84) WORKSITE means any location where architectural coatings are stored or applied.
- (78)(85) ZINC-RICH INDUSTRIAL MAINTENANCE PRIMERS are primers formulated to contain a minimum of 65 percent metallic zinc powder (zinc dust) by weight of total solids for application to metal substrates.

- (c) Requirements
  - (1) Except as provided in paragraphs (c)(3), (c)(4), and designated coatings averaged under (c)(6), no person shall supply, sell, offer for sale, market, manufacture, blend, repackage, apply, store at a worksite, or solicit the application of any architectural coating within the District: that is listed in the Table of Standards 1 and contains VOC (excluding any colorant added to tint bases) in excess of the corresponding VOC limit specified in the table, after the effective date specified.
    - (A) That is listed in the Table of Standards 1 and contains VOC (excluding any colorant added to tint bases) in excess of the corresponding VOC limit specified in the table, after the effective date specified; or
    - (B) That is not listed in the Table of Standards 1, and contains VOC (excluding any colorant added to tint bases) in excess of 250 grams of VOC per liter of coating (2.08 pounds per gallon), less water, less exempt compounds, until January 1, 2014, at which time the limit drops to 50 grams of VOC per liter of coating, less water, less exempt compounds (0.42 pounds per gallon).
  - (2) No person within the District shall, at the point of sale of any architectural coating subject to paragraph (c)(1), add to such coating any colorant at the point of sale that is listed in the Table of Standards 2 and contains VOC in excess of the corresponding applicable\_VOC limit specified in the Table of Standards 2, after the effective date specified.

## TABLE OF STANDARDS 1 VOC LIMITS

## Grams of VOC Per Liter of Coating, Less Water and Less Exempt Compounds

COATING CATEGORY	Category Codes	Ceiling Limit <sup>1</sup>	Current Limit <sup><u>1</u><sup>2</sup></sup>	Effective Date					<u>Small</u> <u>Container</u> Exemption
				<del>7/1/0</del> <del>8</del>	<del>1/1/1</del> <del>2</del>	1/1/14	1/1/16 Date of adoption	<u>1/1/19</u>	
Bond Breakers	<u>5</u>		350						<u> </u>
Building Envelope Coating	<u>62</u>		<u>100</u>					<u>50</u>	<u> </u>
Clear Wood Finishes			<del>275</del>						
<del>Varnish</del>	<u>46,47</u>	<del>350</del>	<del>275</del>						
Sanding Sealers	<u>36</u>	<del>350</del>	<del>275</del>						
Lacquer	<u>20</u>		<del>275</del>						
Concrete-Curing Compounds	7		100						<u> </u>
Concrete-Curing Compounds For Roadways and Bridges <sup>23</sup>	7		350						<u>√</u> 3
Concrete Surface Retarder	<u>58</u>		<del>2</del> 50			50			<u>√</u>
Default	51		<u>50</u>			<u>50</u>			✓
Driveway Sealer	52		10050		<del>50</del>				✓
Dry-Fog Coatings	8		<u>+50</u>			50			$\overline{\checkmark}$
Faux Finishing Coatings									
Clear Topcoat	<u>9a</u>		<del>350</del> 100		200	100			✓
Decorative Coatings	9		350						$\overline{\checkmark}$
Glazes	9b		350						$\overline{\checkmark}$
Japan	<u>9c</u>		350						$\overline{\checkmark}$
Trowel Applied Coatings	<u>9d</u>		<u>35050</u>		<del>150</del>	50			$\overline{\checkmark}$
Fire-Proofing Coatings	10		350150			150			$\checkmark$
Flats	13	<del>250</del>	50	<del>50</del>					√5
Floor Coatings	14	100	50						✓
Form Release Compound	<u>16</u>		<u>250100</u>			100			<u>_</u>
Graphic Arts (Sign) Coatings	<u>17</u>		<u>500200</u>			150	200		<u> </u>
Industrial Maintenance (IM) Coatings	<u>19</u>	420	100						<u>√</u> <sup>5</sup>
Color Indicating Safety Coatings			<u>480</u>						<u>√</u> <sup>5</sup>
High Temperature IM Coatings	<u>18</u>		420						<u>√</u> <sup>5</sup>
Non-Sacrificial Anti-Graffiti Coatings	<u>19a</u>		100						<u>√</u> <sup>5</sup>
Zinc-Rich IM Primers	<u>56</u>		100						<u>√</u> <sup>5</sup>
Magnesite Cement Coatings	<u>22</u>		450						<u>√</u> <sup>3</sup>
Mastic Coatings	<u>23</u>		<u>300100</u>			100			<u>✓</u>
Metallic Pigmented Coatings	<u>24</u>	<del>500</del>	<u>500150</u>			150			<u> </u>
Multi-Color Coatings	<u>25</u>		250						<u>√</u> 3
Nonflat Coatings	<u>26, 27,</u> <u>28</u>	<del>150</del>	50						<u>√</u> <sup>5</sup>
Pre-Treatment Wash Primers	29		420						<u>√</u> <sup>3</sup>
Primers, Sealers, and Undercoaters	30		100						<u>√</u>
Reactive Penetrating Sealers	59		350						$\checkmark$
Recycled Coatings	33		250					150	
Roof Coatings	34		50						<u> </u>
Roof Coatings, Aluminum	53		100						✓

COATING CATEGORY	Category Codes	Ceiling Limit <sup>1</sup>	Current Limit <sup><u>1</u>2</sup>	Effective Date					<u>Small</u> <u>Container</u> Exemption
				<del>7/1/0</del> 8	<del>1/1/1</del> <del>2</del>	1/1/14	<u>1/1/16</u> Date of adoption	<u>1/1/19</u>	
Roof Primers, Bituminous	<u>4</u>		350						<u>√</u> <sup>3</sup>
Rust Preventative Coatings	<u>35</u>	400	100						<u>√</u> <sup>5</sup>
Sacrificial Anti-Graffiti Coatings	<u>60</u>		<u>10050</u>		<del>50</del>				<u>√3</u>
Shellac									
Clear	<u>37</u>		730						<u>√4</u>
Pigmented	<u>38</u>		550						$\checkmark^4$
Specialty Primers	<u>39</u>		100						$\checkmark$
Stains	<u>41</u>	<del>350</del>	100						<u> </u>
Stains, Interior	<u>40</u>	<del>250</del>	250						$\checkmark$
Stone Consolidants	<u>61</u>		450						<u>√</u> <sup>3</sup>
Swimming Pool Coatings									
Repair	<u>43</u>		340						<u>√</u> 3
Other	<u>42</u>		340						<u>√</u> 3
Tile and Stone Sealers	<u>63</u>		<u>100</u>						<u>√</u>
Traffic Coatings	<u>45</u>		100						$\checkmark$
Tub and Tile Refinishing Coatings	<u>64</u>		<u>420</u>						$\checkmark^4$
Waterproofing Sealers	<u>48</u>		100						$\checkmark$
Waterproofing Concrete/Masonry Sealers	<u>49</u>		100						$\checkmark$
Wood Coatings			<u>275</u>						
Varnish	46,47	<del>350</del>	<u>275</u>						
Sanding Sealers	<u>36</u>	<u>350</u>	<u>275</u>						
Lacquer	<u>20</u>		<u>275</u>						
Wood Conditioners	<u>65</u>		<u>100</u>						
Wood Preservatives			<del>350</del>						
Below-Ground	<u>50</u>		<u>350</u>						$\checkmark^3$
Other	<u>55</u>		<u>350</u>						<u>√</u> <sup>3</sup>

1. The specified ceiling limits are applicable to products sold under the Averaging Compliance Option.

1. 2. The specified limits remain in effect unless revised limits are listed in subsequent columns in the Table of Standards.

2. 3. Does not include compounds used for curbs and gutters, sidewalks, islands, driveways and other miscellaneous concrete areas.

3. Effective  $\frac{01}{01}$  (date of adoption), the small container exemption no longer applies per (f)(1).

4. Effective 01/01/2018, the small container exemption no longer applies per (f)(1).

5. Effective 01/01/2019, the small container exemption is further restricted per (f)(1).

## TABLE OF STANDARDS 1 (cont.) VOC LIMITS

## Grams of VOC Per Liter of Material

COATING	Limit
Low-Solids Coating	120

## TABLE OF STANDARDS 2VOC LIMITS FOR COLORANTS

### Grams of VOC Per Liter of Colorant Less Water and Less Exempt Compounds

Limit <sup>4</sup>
50
600
50
-

4. Effective January 1, 2014.

- (3) Coating Categorization
  - (A) If anywhere on the container of any coating listed in either Table of Standards, on any sticker or label affixed thereto, or in any sales or advertising literature, any representation is made that the coating may be used as, or is suitable for use as, a coating for which a lower VOC standard is specified in the table or in paragraph (c)(1), then the lowest VOC standard shall apply.
  - (B) The provisions of paragraph (c)(3)(A) shall not apply to a coating described in part as a flat coating; nonflat coating; or primer, -sealer, and undercoater coating; or represented in part for use on flooring, provided that all of the following requirements are met:
    - The coating meets the definition of a specific coating category for which a higher VOC standard is specified in the Table of Standards, *and*
    - (ii) The coating is labeled in a manner consistent with the definition and all the specific labeling requirements for that specific coating category, and
    - (iii) The coating is suitable and only recommended for the intended uses of that specific coating category.
  - (C) The provisions of paragraph (c)(3)(A) shall not apply to recycled coatings.
- (4) Sell-Through Provision
  - (A) Any coating that is manufactured prior to the effective date of the applicable limit specified in the Table of Standards 1, and that has a VOC content above that limit (but not above the limit in effect on the date of manufacture), may be sold, supplied, offered for sale, or applied for up to three years after the specified effective date. The manufacturer shall

maintain sales and distribution records, as applicable, for any coating manufactured prior to the effective date if that coating volume is not included in an approved Averaging Compliance Option [specified in paragraph (c)(6) of this rule] Program that includes the same coating manufactured on or after the effective date. Such records shall clearly indicate the date of manufacture (or date code or batch code) and volume of coating sold or distributed to distinguish between those coatings subject to the provisions of this paragraph and those subject to the provisions of Appendix A section (K). These records shall be made available to the Executive Officer upon request and shall be maintained for a period of at least three years after the end of a compliance period of the Averaging Compliance Option Program.

- (B) Any coating sold in a one-liter or smaller container that has a VOC content above the applicable limit specified in the Table of Standards 1 for that coating, which is manufactured prior to the effective date of the elimination or restriction of the small container exemption listed in subparagraph (f)(1)(B) through (f)(1)(E), may be sold, supplied, offered for sale, or applied for up to two years after the specified date.
- (5) All architectural coating or colorant containers from which the contents -are used by pouring, siphoning, brushing, rolling, padding, ragging or other means, shall be closed when not in use. These containers include, but should not be limited to: drums, buckets, cans, pails, trays or other storage or application containers.
- (6) Averaging Compliance Option

Until January 1, 2015, in lieu of specific compliance with the applicable limits in the Table of Standards, manufacturers may average designated coatings such that their actual cumulative emissions from the averaged coatings are less than or equal to the cumulative emissions that would have been allowed under those limits over a compliance period not to exceed one year.

- (A) The following coatings may be averaged: floor coatings; industrial maintenance coatings; interior stains; metallic pigmented coatings; rust preventative coatings; sanding sealers; stains; varnishes; as well as flats and nonflats (excluding recycled coatings).
- (B) Manufacturers using the Averaging Compliance Option shall:
  - (i) Comply with the averaging provisions contained in Appendix A, as well as maintain all records for the Averaging Compliance Option (ACO) Program and make these records available to the Executive

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Officer upon request, for a period of at least three years after the end of the compliance period; and

- (ii) Use only the sell through provision in Appendix A for each coating included in the ACO Program in lieu of the sell through provision of subparagraph (c)(4).
- (7)(6) No person shall apply or solicit the application within the District of any industrial maintenance coatings, except non-sacrificial anti-graffiti coatings, for residential use or for use in areas such as office space and meeting rooms of industrial, commercial or institutional facilities not exposed to such extreme environmental conditions described in the definition of industrial maintenance coatings.
- (8)(7) General Prohibition

No person shall supply, sell, market, offer for sale, manufacture, blend, or repackage any architectural coating or colorant in the District subject to the provisions of this rule with any materials that contain in excess of 0.1% percent by weight any Group II exempt compounds listed in Rule 102. Cyclic, branched, or linear, completely methylated siloxanes (VMS) are not subject to this prohibition.

- (d) Administrative Requirements
  - Containers for all coatings, or any colorants manufactured on and after January 1, 2017, subject to this rule shall display the date of manufacture of the contents or a code indicating the date of manufacture. The manufacturers of such coatings or <u>colorants</u> shall file with the Executive Officer of the District and the Executive Officer of the Air Resources Board an explanation of each code.
  - (2) Containers for all coatings subject to the requirements of this rule shall carry a statement of the manufacturer's recommendation regarding thinning of the coating. This requirement shall not apply to the thinning of architectural coatings with water. The recommendation shall specify that the coating is to be employed without thinning or diluting under normal environmental and application conditions, unless any thinning recommended on the label for normal environmental and application conditions do not cause a coating to exceed its applicable standard.
  - (3) Each container of any coating, or any colorant manufactured on and after January <u>1, 2017</u>, subject to this rule shall display the maximum VOC content in grams per liter, as follows:

- (A) For coatings <u>or colorants</u> packaged in a single container, the VOC per liter of coating (less water and less exempt compounds, and excluding any colorant added to the tint base) as supplied, after any recommended thinning;
- (B) For multi-component coatings, the VOC per liter of coating (less water and exempt compounds, and excluding any colorant added to the tint base) after mixing the components, as recommended for use by the architectural coatings manufacturer;
- (C) For concentrates, the VOC per liter of coating (less water and exempt compounds, and excluding any colorant added to the tint base) at the minimum dilution recommended for use by the architectural coatings manufacturer;
- (D) For low solids coatings, the VOC per liter of material (excluding any colorant added to the tint bases) after any recommended thinning; and
- (E) VOC content displayed may be calculated using product formulation data, or may be determined using the test method in subdivision (e). VOC content calculated from formulation data shall be adjusted by the manufacturer to account for cure volatiles (if any) and maximum VOC content within production batches. Effective January 1, 2014, tThe VOC content shall be displayed on the coating container such that the required language is:
  - (i) Noticeable and in clear and legible English;
  - (ii) Separated from other text; and
  - (iii) Conspicuous, as compared with other words, statements, designs, or devices in the label as to render it likely to be read and understood by an ordinary individual under customary conditions of purchase or use.
- (4) The labels of all rust preventative coatings shall <u>prominently display include</u> the statement "For Metal Substrates Only"<u>prominently displayed</u>.
- (5) The labels of all specialty primers shall prominently display one or more of the following descriptions:
  - (A) For fire-damaged substrates.
  - (B) For smoke-damaged substrates.
  - (C) For water-damaged substrates.
  - (D) For excessively chalky substrates.

- (6) The labels of concrete-curing compounds manufactured and used for roadways and bridges shall <u>prominently display include</u> the statement "FOR ROADWAYS AND BRIDGES ONLY (Not for Use on Curbs and Gutters, Sidewalks, Islands, Driveways and Other Miscellaneous Concrete Areas)" prominently displayed.
- (7) All Clear Topcoat for Faux Finishing coatings shall prominently display the statement "This product can only be sold as a part of a Faux Finishing coating system".
- (8) A manufacturer, distributor, or seller of a coating meeting the requirements of this rule, who supplies that coating to a person who applies it in a non-compliant manner, shall not be liable for that non-compliant use, unless the manufacturer, distributor, or seller knows that the supplied coating would be used in a non-compliant manner.
- (9) Manufacturers of recycled coatings shall submit a letter to the Executive Officer certifying their status as a Recycled Paint Manufacturer.
- (e) Test Methods

For the purpose of this rule, the following test methods shall be used:

(1) VOC Content of Coatings and Colorants

The VOC content of coatings subject to the provisions of this rule shall be determined by:

- U.S. EPA Reference Test Method 24 (Determination of Volatile Matter Content, Water Content, Density, Volume Solids, and Weight Solids of Surface Coatings, Code of Federal Regulations Title 40, Part 60, Appendix A) with the exempt compounds' content determined by Method 303 (Determination of Exempt Compounds) in the South Coast Air Quality Management District's (SCAQMD) "Laboratory Methods of Analysis for Enforcement Samples" manual, or
- (B) Method 304 <u>f(Determination of Volatile Organic Compounds (VOC) in</u> Various Materials<u>)</u> in the SCAQMD's "Laboratory Methods of Analysis for Enforcement Samples" manual.
- (C)Method 313 f(Determination of Volatile Organic Compounds VOC byGasChromatography-MassSpectrometry)inintheSCAQMD's"Laboratory Methods of Analysis for Enforcement Samples" manual.
- (D) ASTM Test Method 6886 (Standard Test Method for Determination of the Weight Percent Individual Volatile Organic Compounds in Waterborne Air-Dry Coatings by Gas Chromatography).

(C)(E) Exempt Perfluorocarbons

The following classes of compounds:

- cyclic, branched, or linear, completely fluorinated alkanes
- cyclic, branched, or linear, completely fluorinated ethers with no unsaturations
- cyclic, branched, or linear, completely fluorinated tertiary amines with no unsaturations

sulfur-containing perfluorocarbons with no unsaturations and with sulfur bonds only to carbon and fluorine

will be analyzed as exempt compounds for compliance with subdivision (c), only when manufacturers specify which individual compounds are used in the coating formulations. In addition, the manufacturers must identify the U.S. EPA, CARB, and SCAQMD approved test methods, which can be used to quantify the amount of each exempt compound.

(2) Acid Content of Coatings

The acid content of a coating subject to the provisions of this rule shall be determined by ASTM Test Method D 1613-85 (Acidity in Volatile Solvents and Chemical Intermediates Used in Paint, Varnish, Lacquer, and Related Products).

(3) Metal Content of Coatings

The metallic content of a coating subject to the provisions of this rule shall be determined by Method 318 (Determination of Weight Percent Elemental Metal in Coatings by X-Ray Diffraction) in the SCAQMD's "Laboratory Methods of Analysis for Enforcement Samples" manual.

(4) Drying Times

The set-to-touch, dry-hard, dry-to-touch, and dry-to-recoat times of a coating subject to the provisions of this rule shall be determined by ASTM Test Method D 1640 (Standard Test Methods for Drying, Curing, or Film Formation of Organic Coatings at Room Temperature). The tack-free time of a coating subject to the provisions of this rule shall be determined by ASTM Test Method D 1640, according to the Mechanical Test Method.

- (5) Gloss DeterminationThe gloss shall be determined by ASTM Test Method D 523 (Specular Gloss).
- (6) Gonioapparent Characteristics for Coatings
   A coating will be determined to have a gonioapparent appearance by ASTM E
   284 (Standard Terminology of Appearance).

- (7) <u>Performance criteria for Water Repellency for Reactive Penetrating Sealers shall</u> be determined by <del>any of</del> the following:
  - (A) Water Repellency
    - (A)(i) ASTM C67 (Standard Test Methods for Sampling and Testing Brick and Structural Clay Tile);
    - (B)(ii)ASTM C97/97M (Standard Test Methods for Absorption and Bulk Specific Gravity of Dimension Stone); or
    - (C)(iii) ASTM C140 (Standard Test Methods for Sampling and Testing Concrete Masonry Units and Related Units).
  - (B) Water Vapor Transmission
    - (i) ASTM E96/96M (Standard Test Methods for Water Vapor Transmission of Materials); or
    - (ii) ASTM D6490 (Standard Test Method for Water Vapor Transmission of Nonfilm Forming Treatments Used on Cementitious Panels).
  - (C) Chloride Screening shall be determined using the National Cooperative Highway Research Report 244 (1981), "Concrete Sealers for the Protection of Bridge Structures".
- (8) <u>Performance criteria for Water Vapor Transmission for Reactive Penetrating</u> <u>Sealers and Building Envelope Coatings</u> shall be determined by <u>the following:</u>

(A) Air Barriers:

(i)—ASTM E2178 (Standard Test Method for Air Permeance of Building Materials).

- (B) Water Resistive Barriers
  - (i) ASTM E331 (Standard Test Method for Water Penetration of Exterior Windows, Skylights, Doors, and Curtain Walls by Uniform Static Air Pressure Difference); and
    - (ii) ASTM E96/96M (Standard Test Methods for Water Vapor Transmission of Materials).
- (9) Selection and Use of Stone Consolidants shall be determined by ASTM E2176<u>7</u> (Standard Guide for Selection and Use of Stone Consolidants).
- (10) Chloride Screening for Reactive Penetrating Scaler shall be determined using the National Cooperative Highway Research Report 244 (1981), "Concrete Scalers for the Protection of Bridge Structures".

- (10) Performance criteria for Tub and Tile Refinishing Coatings shall be determined by the following :
  - (A) ASTM D3363 (Standard Test Method for Film Hardness by Pencil Test);
  - (B) ASTM D4060 (Standard Test Method for Abrasion Resistance of Organic Coatings by the Taber Abraser);
  - (C) ASTM D4585 (Standard Practice for Testing Water Resistance of Coatings Using Controlled Condensation):
  - (D) ASTM D714 (Standard Test Method for Evaluating Degree of Blistering of Paints); and
  - (E) ASTM D3359 (Standard Test Methods for Measuring Adhesion by Tape Test).
- (11) Performance criteria for penetrating Tile and Stone Sealers shall be determined by the following:
  - (A) Penetration of <u>dDense tTile</u>
    - (i) ASTM C373 (Standard Test Method for Water Absorption, Bulk Density, Apparent Porosity, and Apparent Specific Gravity of Fired Whiteware Products, Ceramic Tiles, and Glass Tiles);
    - (ii) ASTM C97/C97M (Standard Test Methods for Absorption and Bulk Specific Gravity of Dimension Stone); or
    - (iii) ASTM C642 (Standard Test Method for Density, Absorption, and Voids in Hardened Concrete).
  - (B) Static Coefficient of Friction by American National Standard Specification for Ceramic Tile (ANSI A137.1).
  - (C) Water Vapor Transmission by ASTM E96/96M (Standard Test Methods for Water Vapor Transmission of Materials).
- (12) Degree of Chalking Determination
   <u>ASTM D4214 (Standard Test Methods for Evaluating the Degree of Chalking of Exterior Paint Films).</u>
- (11)(13) Equivalent Test Methods

Other test methods determined to be equivalent after review by the Executive Officer, CARB, and the U.S. EPA, and approved in writing by the District Executive Officer may also be used.

(12)(14) Multiple Test Methods

When more than one test method or set of test methods are specified for any testing, a violation of any requirement of this rule established by any one of the

specified test methods or set of test methods shall constitute a violation of the rule.

- (13)(15) All test methods referenced in this subdivision shall be the version most recently approved by the appropriate governmental entities.
- (f) Exemptions
  - (1) Small Container Exemption

Until December 31, 2013, the provisions of this rule shall not apply to any architectural coatings in containers having capacities of one liter (1.057 quart) or less, excluding clear wood finishes, varnishes, sanding sealers, lacquers, and pigmented lacquers, provided that the provisions in the subparagraphs below are met. Effective January 1, 2014, tThe provisions of the Table of Standards 1 and paragraph (c)(1) of this rule shall not apply to <u>any</u>\_architectural coatings in containers having capacities of one liter (1.057 quart) or less, <u>excluding but shall</u> apply to the following:elear wood finishes<u>coatings</u>, varnishes, sanding sealers, lacquers, and pigmented lacquers, provided the provisions in the subparagraphs below are below are met.

- (A) Wood Coatings, including Lacquers, Varnishes, and Sanding Sealers.
- (B) Effective January 1, 2016(date of adoption), Concrete-Curing Compounds For Roadways and Bridges; Magnesite Cement Coatings; Multi-Color Coatings; Pre-Treatment Wash Primers; Roof Primers, Bituminous; Sacrificial Anti-Graffiti Coatings; Stone Consolidants; Repair and Other Swimming Pool Coatings; and Below-Ground and Other Wood Preservatives.
- (C) Effective January 1, 2018, Tub and Tile <u>Refinishing</u> Coatings; Clear and <u>Pigmented Shellacs; and Reactive Penetrating Sealers.</u>
- (D) Effective January 1, 2019, Flats, Nonflats, and Rust Preventative Coatings that are sold:

(i) In containers having capacities greater than eight fluid ounce, or
 (ii) Sold f For purposes other than touch up.

- (E) Effective January 1, 2019, Industrial Maintenance Coatings, including Color Indicating Safety Coatings, High Temperature IM Coatings, Non-Sacrificial Anti-Graffiti Coatings, and Zinc-Rich IM Primers that are sold:
  - (i) In containers having capacities greater than one liter, or
  - (ii) <u>Sold f</u>For purposes other than touch up, or
  - (iii) Displayed or advertised for sale at a retail outlet.

- (2) The small container exemption only applies if the following conditions are met:
  - (B)(A) The manufacturer reports the sales in the Rule 314 Annual Quantity and Emissions Report. The loss of this exemption due to the failure of the manufacturer to submit the Rule 314 Annual Quantity and Emissions Report shall apply only to the manufacturer.
  - (C)(B) The coating containers of the same specific coating category listed in the <u>Table of Standards 1</u>, are not bundled together to be sold as a unit that exceeds one liter (1.057 quarts), or eight fluid ounces for coatings under <u>subparagraph (f)(1)(D) as of January 1, 2019</u>, excluding containers packed together for shipping to a retail outlet.
  - (D)(C) The label or any other product literature does not suggest combining multiple containers so that the combination exceeds one liter (1.057 quarts) or eight fluid ounces under (f)(1)(D) as of January 1, 2019.
- (2)(3) The provisions of subparagraph (d)(1) through (d)(7) shall not apply to architectural coatings in containers having capacities of two fluid ounces (59mL) or less.
- (3)(4) The provisions of this rule shall not apply to:
  - (A) Architectural coatings supplied, sold, offered for sale, marketed, manufactured, blended, repackaged or stored in this District for shipment outside of this District or for shipment to other manufacturers for repackaging.
  - (B) Emulsion type bituminous pavement sealers.
  - (C) Aerosol coating products.
  - (D) Use of stains and lacquers in all areas within the District at an elevation of 4,000 feet or greater above sea level or sale in such areas for such use.
- (4)(5) The provisions of paragraph (c) shall not apply to facilities which apply coatings to test specimens for purposes of research and development of those coatings.
- (g) Solvent Cleaning
  - (1) Solvent cleaning that is conducted as part of a business including solvent cleaning of architectural coating application equipment and the storage and disposal of VOC-containing materials used in cleaning operations are subject to the provisions of Rule 1171 - Solvent Cleaning Operations.
  - (2) Solvent cleaning that is not conducted as part of a business and solvent thinning of coatings including solvent cleaning of architectural coating application

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equipment and solvent thinning of architectural coatings are subject to the provisions of Rule 1143 – Consumer Paint Thinner and Multi-Purpose Solvents.

APPENDIX A: Averaging Compliance Option (ACO) Provision

The manufacturer shall demonstrate that actual emissions from the coatings being averaged are less than or equal to the allowable emissions, for the specified compliance period using the following equation:

 $Mi = Material VOC content of Product (i), as pounds per gallon; {as defined in paragraph (b)(22)}$ 

Vi = Percent by Volume Solids and VOC in Product (i), {as defined in paragraph (b)(21)}

$$\frac{Vm - Vw - Ves}{Vm}$$

 <i>For Non-Zero VOC Coatings</i> : Material VOC-
 Coating VOC <i>For Zero VOC coatings</i> :

= % solids by volume

Li = Regulatory VOC Content Limit for Product (i), as pounds per gallon; {as listed in subdivision (c) Table of Standards}

The averaging is limited to coatings that are designated by the manufacturer. Any coating not designated in the ACO Program shall comply with the VOC limit in the Table of Standards. The manufacturer shall not include any quantity of coatings that it knows or should have known will not be used in the District.

In addition to the requirements specified in Section (A), a manufacturer shall not include in an ACO Program or supply, sell, offer for sale, manufacture, blend, or repackage for use within the District any architectural coating with a VOC content in excess of the ceiling limit in the Table of Standards or the VOC content limits specified in the National VOC Emission Standard, whichever is less.

#### ACO Program

At least six months prior to the start of the compliance period, manufacturers shall submit an ACO Program, which is subject to all the provisions of Rule 221 Plans and Rule 306 Plan

Fees, to the Executive Officer. Averaging may not be implemented until the ACO Program is approved in writing by the Executive Officer.

Within 45 days of submittal of an ACO Program, the Executive Officer shall approve, disapprove or deem the ACO Program incomplete. The ACO Program applicant and the Executive Officer may agree to an extension of time for the Executive Officer to take action on the ACO Program.

#### **General Requirements**

The ACO Program shall include all necessary information for the Executive Officer to make a determination as to whether the manufacturer may comply with the averaging requirements over the specified compliance period in an enforceable manner. Such information shall include, but is not limited to, the following.

An identification of the contact persons, telephone numbers, and name of the manufacturer who is submitting the ACO Program.

An identification of each coating that has been selected by the manufacturer for inclusion in this ACO Program that exceeds the applicable VOC limit in the Table of Standards, their VOC content specified in units of both grams of VOC per liter of coating, and grams of VOC per liter of material and the designation of the coating category.

A detailed demonstration showing that the projected actual emissions will not exceed the allowable emissions for a single compliance period that the ACO Program will be in effect. In addition, the demonstration shall include VOC content information for each coating that is below the compliance limit in the Table of Standards. The demonstration shall use the equation specified in paragraph (A) of this Appendix for projecting the actual emissions and allowable emissions during each compliance period. The demonstration shall also include all VOC content levels and projected volume to be sold and distributed, as applicable, within the District for each coating listed in the ACO Program during each compliance period. The requested data can be summarized in a matrix form.

A specification of the compliance period(s) and applicable reporting dates. The length of the compliance period shall not be more than one year nor less than six months.

An identification and description of specific records to be used to calculate emissions and track coating volume for the ACO Program and subsequent reporting. This shall include a detailed explanation as to how the records are to be used to demonstrate compliance with the averaging requirements of the ACO Program. Such records or electronic versions (if hardcopy originals are not generated) shall be made available to the Executive Officer upon request. These records shall include records from each of the following categories:

Product formulation records (including both coating and material VOCs):

Lab reports [including percent weight of non-volatiles, water, and exempts (if applicable); density of the coating; and raw laboratory data] of test methods conducted as specified in paragraph (e)(1) of the rule or

Product formulation data, including physical properties analyses, as applicable, with a VOC calculation demonstration; and

Production records consisting of batch tickets including the date of manufacture, batch weight and volume; and

**Distribution records:** 

Customer lists or store distribution lists or both (as applicable) and

Shipping manifests or bills of lading or both (as applicable); and

Sales records consisting of point of sale receipts or invoices to local distributors or both, as applicable.

If the manufacturer requests to demonstrate compliance with the ACO Program by using records other than those specifically listed above, those records must be approved by the U.S. EPA, CARB, and the Executive Officer before an ACO Program can be approved. The Executive Officer may request additional records, as necessary, as a condition of approving the ACO Program or to verify compliance.

A statement, signed by a responsible party for the manufacturer, certifying that all information submitted is true and correct, and that records will be made available to the Executive Officer upon request.

#### **Reporting Requirements**

For every single compliance period, the manufacturer shall submit to the Executive Officer a mid-term report listing all coatings subject to averaging during the first half of the compliance period, detailed analysis of the actual and allowable emissions at the end of the mid-term, and if actual emissions exceed allowable emissions an explanation as to how the manufacturer intends to achieve compliance by the end of the compliance period. The report shall be signed by the responsible party for the manufacturer, attesting that all information submitted is true and correct. The mid-term report shall be submitted within 45 days after the midway date of the compliance period. A manufacturer may request, in writing, an extension of up to 15 days for submitted of the mid-term report.

Within 60 days after the end of the compliance period or upon termination of the ACO Program, whichever is sooner, the manufacturer shall submit to the Executive Officer a final report, providing a detailed demonstration of the balance between the actual and allowable emissions for the compliance period, an update of any identification and description of specific records used by the manufacturer to verify compliance with the averaging requirement, and any other

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information requested by the Executive Officer to determine whether the manufacturer complied with the averaging requirements over the specified compliance period. The report shall be signed by the responsible party for the manufacturer, attesting that all information submitted is true and correct, and that records will be made available to the Executive Officer upon request. A manufacturer may request, in writing, an extension of up to 30 days for submittal of the final report.

#### Renewal of an ACO Program

An ACO Program automatically expires at the end of the compliance period. The manufacturer may request a renewal of the ACO Program by submitting a renewal request that shall include an updated ACO Program, meeting all applicable ACO Program requirements. The renewal request will be considered conditionally approved until the Executive Officer makes a final decision to deny or approve the renewal request based on a determination of whether the manufacturer is likely to comply with the averaging requirements. The Executive Officer shall base such determination on all available information, including but not limited to, the mid-term and final reports of the preceding compliance period. The Executive Officer shall make a decision to deny or approve a renewal request no later than 45 days from the date of the final report submittal, unless the manufacturer and the Executive Officer agree to an extension of time for the Executive Officer to take action on the renewal request.

#### Modification of an ACO Program

A manufacturer may request a modification of the ACO Program at any time prior to the end of the compliance period. The Executive Officer shall take action to approve or disapprove the modification request no longer than 45 days from the date of its submittal. No modification of the compliance period shall be allowed. An ACO Program need not be modified to specify additional coatings to be averaged that are below the applicable VOC limits.

#### Termination of an ACO Program

A manufacturer may terminate its ACO Program at any time by filing a written notification to the Executive Officer. The filing date shall be considered the effective date of the termination, and all other provisions of this rule including the VOC limits shall immediately thereafter apply. The manufacturer shall also submit a final report 60 days after the termination date. Any exceedance of the actual emissions over the allowable emissions over the period that the ACO Program was in effect shall constitute a separate violation for each day of the entire compliance period.

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The Executive Officer may terminate an ACO Program if any of the following circumstances occur:

The manufacturer violates the requirements of the approved ACO Program, and at the end of the compliance period, the actual emissions exceed the allowable emissions.

The manufacturer demonstrates a recurring pattern of violations and has consistently failed to take the necessary steps to correct those violations.

#### **Change in VOC Limits**

If the VOC limits of a coating listed in the ACO Program are amended such that its effective date is less than one year from the date of adoption, the affected manufacturer may base its averaging on the prior limits of that coating until the end of the compliance period immediately following the date of adoption.

#### Labeling

Each container of any coating that is included in an ACO Program, and that exceeds the applicable VOC limit in the Table of Standards shall display the following statement: "This product is subject to the averaging provisions of SCAQMD Rule 1113". A symbol specified by the Executive Officer may be used as a substitute.

#### **Violations**

The exceedance of the allowable emissions, as defined in Appendix A, Section (A), at the end of any compliance period shall constitute a separate violation for each gallon of each coating product line that is over the VOC limit specified in the Table of Standards for each day of the compliance period. However, any violation of the requirements of the ACO Provision of this rule, which the violator can demonstrate, to the Executive Officer, did not cause or allow the emission of an air contaminant and was not the result of negligent or knowing activity may be considered a minor violation (pursuant to District Rule 112).

#### Sell-Through Provision

A coating that is included in an approved ACO Program that does not comply with the specified limit in the Table of Standards may be sold, supplied, offered for sale, or applied for up to three years after the end of the compliance period specified in the approved ACO Program. This section of Appendix A does not apply to any coating that does not display on the container either the statement: "This product is subject to architectural coatings averaging provisions of the SCAQMD Rule 1113" or a designated symbol specified by the Executive Officer of the SCAQMD.

ATTACHMENT F

FINAL STAFF REPORT FOR PROPOSED AMENDED RULE 1113 – ARCHITECTURAL COATINGS

## SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Staff Report Proposed Amended Rules 1113– Architectural Coatings

February 2016

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#### ACRONYMS USED IN THIS REPORT

ACA American Coatings Association AMP 2-Amino-2-Methyl-1-Propanol AQMP Air Quality Management Plan ASTM American Society for Testing and Materials CARB California Air Resources Board CEQA California Environmental Quality Act DBP Dibutyl Phthalate GC/MS Gas Chromatography/Mass Spectrometry g/L Grams per Liter IMC Industrial Maintenance Coatings MP Methyl Palmitate NOx Oxides of Nitrogen **OEHHA** Office of Environmental Health Hazard Assessment PAR Proposed Amended Rule PSU Primer, Sealer, & Undercoater **RPC Rust Preventative Coating** SCE Small Container Exemption SCM Suggested Control Measure SCAQMD South Coast Air Quality Management District SIP State Implementation Plan SWA Sales Weighted Average SVOC semi-volatile organic compound TGA Thermogravimetric Analysis tpd Tons per day **USEPA** United States Environmental Protection Agency VOC Volatile Organic Compound WPCMS Waterproofing Concrete/Masonry Sealer

## **EXECUTIVE SUMMARY**

Rule 1113 - Architectural Coatings, was originally adopted by the South Coast Air Quality Management District (SCAQMD) on September 2, 1977, to regulate the Volatile Organic Compound (VOC) emissions from the application of architectural coatings, and has since undergone numerous amendments. The 2012 Air Quality Management Plan (AQMP), included Control Measure CM#2012 CTS-01 - Further VOC Reductions from Architectural Coatings, to achieve 2-4 tons of VOC emission reductions per day by 2019. Rule 314 – Fees for Architectural Coatings, was adopted on June 6, 2008, requiring manufacturers to pay fees, as well as report sales and emissions of architectural coatings into the SCAQMD. Based on the sales data collected from Rule 314, numerous site visits, technical research, and working group meetings, staff has developed PAR 1113 in regard to the following:

PAR 1113:

- Eliminate and restrictLimit the small container exemption (SCE) for certain categories
- Include a two year sell-through provision for the SCE phase out
- Propose new categories with VOC limits and eliminate categories that will be regulated under a prospective new different rule
- Clarify existing definitions and requirements, as necessary
- Reduce the VOC limit of some architectural coating categories to reflect currently available coatingsinventory
- Include colorants in the labeling requirements
- Include several new test methods
- Remove outdated language

Staff has held six working group meetings, a Public Workshop, and Public Consultation Meeting with stakeholders beginning June 5, 2014, as well as met with individual architectural coating manufacturers and the American Coatings Association (ACA). The current proposal incorporates and addresses numerous comments and concerns expressed by the stakeholders.

Staff proposes the following amendments to achieve emission reductions and clarify rule implementation issues for improved enforceability:

#### **PAR 1113:**

- Remove all references to the averaging provision which sunset on January 1, 2015.
- Remove outdated language.
- Add 8 definitions, amend 10 definitions, delete 1 definition, and phase out 2 definitions:

- Add Building Envelope, Building Envelope Coatings, Color Indicating Safety Coatings, Default Coatings, Tile and Stone Sealers, Topcoat, Tub and Tile Refinishing Coatings, and Wood Conditioners.
- Amend <u>Clear Wood Finishes (renamed to Wood Coatings)</u>, Faux <u>Finishing Coatings</u> Glazes, Flat Coatings, Floor Coatings, <u>Lacquers</u>, Mastic Coatings, Nonflat Coatings, <u>Lacquers</u>, Reactive Penetrating Sealers, Shellacs, <u>and</u> Varnishes, <u>and Clear Wood</u> <u>Finish (re-named Wood Coatings)</u>.
- <u>Delete definition Product Line.</u>
- Phase out Bond Breakers and Form Release Compounds.
- Clarify the requirements in paragraph (c)(1) and (c)(2).
- Establish a VOC limit for the following new coating categories:
  - Building Envelope Coatings, Color Indicating Safety Coatings, Tile and Stone Sealers, Tub and Tile Refinishing Coatings, and Wood Conditioners.
- Reduce the VOC limit on the following categories:
  - Building Envelope Coatings and Recycled Coatings.
- Amend and update the Table of Standards (TOS) 1 for clarifications.
- Include an exception for <u>R</u>recycled <u>C</u>reoatings <u>from</u>to the most restrictive clause (c)(3).
- Include colorants in the labeling requirements for the date of manufacturer and the VOC content.
- Include the following test methods:
  - VOC content:
    - SCAQMD Method 313 (<u>M313</u>) Determination of Volatile Organic Compounds VOC by Gas Chromatography(<u>GC</u>)-Mass Spectrometry(<u>MS</u>).
    - ASTM Test Method D6886 (<u>M6886</u>) Standard Test Method for Determination of the Weight Percent Individual Volatile Organic Compounds in Waterborne Air-Dry Coatings by <u>GC Gas Chromatography</u>.
  - Reactive Penetrating Sealers
    - ASTM D6490 Standard Test Method for Water Vapor Transmission of Non\_Film Forming Treatments Used on Cementitious Panels.

- Building Envelope Coatings:
  - ASTM E2178 Standard Test Method for Air Permeance of Building Materials.
  - ASTM E331 Standard Test Method for Water Penetration of Exterior Windows, Skylights, Doors, and Curtain Walls by Uniform Static Air Pressure Difference.
  - ASTM E96/96M Standard Test Methods for Water Vapor Transmission of Materials.
- Tub and Tile Refinishing Coating:
  - ASTM D3363 Standard Test Method for Film Hardness by Pencil Test.
  - ASTM D4060 Standard Test Method for Abrasion Resistance of Organic Coatings by the Taber Abraser.
  - ASTM D4585 Standard Practice for Testing Water Resistance of Coatings Using Controlled Condensation.
  - ASTM D714 Standard Test Method for Evaluating Degree of Blistering of Paints.
  - ASTM D3359 Standard Test Methods for Measuring Adhesion by Tape Test.
- Tile and Stone Sealers:
  - ASTM C373 Standard Test Method for Water Absorption, Bulk Density, Apparent Porosity, and Apparent Specific Gravity of Fired Whiteware Products, Ceramic Tiles, and Glass Tiles.
  - ASTM C97/C97M Standard Test Methods for Absorption and Bulk Specific Gravity of Dimension Stone.
  - ASTM C642 Standard Test Method for Density, Absorption, and Voids in Hardened Concrete.
  - American National Standard Specification for Ceramic Tile (ANSI A137.1).
  - $\circ\,$  ASTM E96/96M Standard Test Methods for Water Vapor Transmission of Materials.
  - Degree of Chalking (method was referenced in section (b) but not section (e)):
    - ASTM D4214 Standard Test Methods for Evaluating the Degree of Chalking of Exterior Paint Films.
- Amend the <u>SCE Small Container Exemption</u> such that:
  - The exemption is eliminated for high-VOC specialty coatings and coating categories not <u>using needing</u> the exemption,

- Restrict the exemption for Flat Coatings, Nonflat Coatings, Rust Preventative Coatings, and Industrial Maintenance Coatings, and
- Include a two year sell-through provision for the SCE phase out
- Clarify the language.

The overall estimated emission reductions from PAR 1113 are-0 0.88 tons per day (tpd) by January 1, 2019, and will implement portions of CM#2012 CTS-01.

## BACKGROUND

Architectural coatings are one of the largest non-mobile sources of VOC emissions in the SCAQMD. Rule 1113 is applicable to manufacturers, distributors, specifiers, and end-users of architectural coatings. These coatings are used to enhance the appearance of and to protect stationary structures and their appurtenances, including homes, office buildings, factories, pavements, curbs, roadways, racetracks, bridges, other structures; and their appurtenances, on a variety of substrates. Architectural coatings are typically applied using brushes, rollers, or spray guns by homeowners, painting contractors, and maintenance personnel. Rule 1113 was first adopted in 1977, and has undergone numerous amendments, most recently on September 6, 2013, to provide regulatory relief for labeling requirements of containers holding four fluid ounces or less. Although successive amendments to Rule 1113 contributed to significantly reduced emissions, architectural coatings continue to be one of the largest sources of VOC emissions in the SCAQMD, with the exception of consumer products and mobile sources.

Rule 314, which is the fee and reporting rule that applies to architectural coatings, affects about 200 architectural coatings manufacturers. Beginning in 2009 and each subsequent calendar year, Rule 314 requires architectural coatings manufacturers to report to the SCAQMD the total annual quantity (in gallons) and emissions of each of their architectural products distributed or sold into or within the SCAQMD for use in the SCAQMD, during the previous calendar year. Fees are assessed on the manufacturers' reported annual quantity of architectural coatings as well as the cumulative VOC emissions from the reported annual quantity of coatings. Data collected from the manufacturers also provides SCAQMD with an annual emissions inventory that is used for planning purposes.

The 2012 AQMP projected the 2014 Annual Average Emissions for architectural coatings would be 16 tons per day (tpd), with a Summer Planning Inventory of 19 tpd. According to more recent Rule 314 data for products shipped in 2014, the emissions in the SCAQMD that can be attributed to architectural coatings is approximately 10 tpd with another 0.2 tpd and 0.4 tpd contributed by colorant and clean-up solvent. Staff notes that the Rule 314 data has not been fully audited, and volumes and emissions may be under or over-reported. The data may be revised upon more detailed audits and subsequent compliance reviews. The following represents the sales and emissions totals. Note the data is not finalized and could change as additional and/or amended data is received.

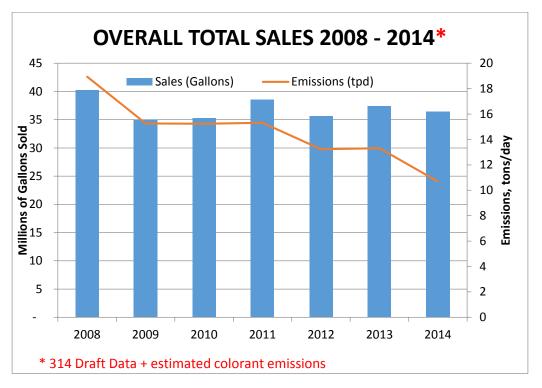


Figure 1: Rule 314 Quantity and Emissions Summary – 2008 - 2014

## **RULE DEVELOPMENT PROCESS**

Staff initiated outreach with stakeholders regarding the intent to amend Rule 1113 in April 2014, 20 months prior to the scheduled Public Hearing. Over that period, staff held six working group meetings and a Public Workshop, see Figure <u>2</u>+, including several meetings with sub-groups for more in-depth discussions on Faux Finishing Coatings and VOC Test Methods. Numerous stakeholders participated both in person and via teleconference. Over the course of the discussions, the ACA and the manufacturers provided feedback on rule language, requirements, and appropriate effective dates for the rule proposal. Additionally, staff met individually with local and national manufacturers, both large and small, to discuss the proposal and obtain feedback on the status of technology and desired implementation dates.

# 2012 AQMP CM#CTS 01 Six Working Group Meetings June 4 2014 June 17, 2015 Public Workshop August 25, 2015 Public Consultation Meeting September 17, 2015 Stationary Source Committee October 16, 2015 Set Hearing November 6, 2015 Stationary Source Committee November 20, 2015 January 5, 2015 Public Hearing December 4, 2015 February 5, 2016

#### Figure 2: Rule Development Flow Chart

#### STAFF ASSESSMENT FOR THE PROPOSED AMENDMENTS

## PAR 314

Staff initially proposed to amend Rule 314 to include a tiered sales fee in lieu of the 25 g/L VOC limits for <u>F</u>flat coatings, <u>N</u><del>n</del>onflat <u>C</u>eoatings, and <u>P</u><del>p</del>rimer, <u>S</u><del>se</del>aler, <u>U</u><del>u</del>ndercoaters (PSU)</u>. The proposal was for a lower fee for coatings that contain less than 25 g/L (\$0.01 from \$0.04) and a higher fee for coatings exceeding the VOC limit, e.g. coatings sold under the SCE or self-reported violations (\$0.40 from \$0.04). The proposal is being removed to allow time for additional data analysis and research regarding the impact of a recent court decision regarding fees.

## PAR 1113

## Applicability

Staff is removing the reference to the phased out averaging compliance <u>option (ACO)</u> plan which sunset on January 1, 2015. Based on feedback at the Public Workshop and Public Consultation Meeting, staff is changing the wording of the first sentence to make it clear that the rule applies to all coatings manufacturers who sell architectural coatings into and within the District and not just architectural coating manufacturers that operate within the District. Staff further clarified the language to indicate that individuals who sell architectural coatings outside the District are not necessarily culpable for coatings that end up being used within the District. <u>Staff receivedheard a concern during the Stationary Source Committee Meeting about coatings that could be sold at a retailer outside of the SCAQMD jurisdiction, unbeknownst to the retailers, and is applied within the SCAQMD. The proposed rule language clarifies this concern. In addition, the manufacturer and retailer will not be liable because subsection (d)(8) of the rule makes it clear they are not liable for that non-compliant use.</u>

## Definitions

For rule clarification, staff is proposing several new or amended definitions and is proposing to delete several definitions.

#### Bond Breakers and Form Release Compounds

Staff is proposing to phase out these two definitions upon the future adoption of Rule 1161 – Release Agents or any other Regulation XI rule limiting the VOC content of bond breakers or form release compounds, which will directly address these categories.

#### Building Envelope and Building Envelope Coatings

Staff is proposing a new coating category for Building Envelope Coatings. These coatings currently fall under the waterproofing sealer category, but there has been confusion amongst manufacturers if Rule 1113 applies to these coatings. Staff is proposing to include a specific category for these coatings to make it clear that Rule 1113 applies to Building Envelope Coatings, as this is a growing category. Staff is proposing a VOC limit of 100 g/L, the current VOC limit for waterproofing sealers, with a future reduction to 50 g/L by 2019. The 2019 VOC limit for this category is based on feedback from the majority of manufacturers of these types of products, stating that they can achieve it by that future date.

### Color Indicating Safety Coatings

As the SCE is being further restricted, certain small niche categories need to be carved out in the rule. Amongst those coatings are Color Indicating Safety Coatings. These coatings are used by refineries as a safety precaution and include coatings that change color to indicate an acid leak as well as coatings that change color to indicate a temperature change. Staff is proposing a VOC limit of 480 g/L, which is the current VOC content for these coatings, and as such, these coatings will not be given the SCE as it should not be needed.

#### Default Coating

Rule 1113 has always contained a default category for specialty coatings that are not listed in the Table of Standards (TOS). This category was not defined or included in the TOS but was described in subparagraph (c)(1)(B). For clarification, staff is proposing to add an entry in the TOS and a definition in section (b).

#### Faux Finishing Coatings

Staff is changing the order of the subcategories to reflect their alphanumeric order. In addition, staff is proposing to update the definition of a Faux Glaze to reflect what is being offered in the marketplace. The Faux definitions underwent considerable revisions during the 2011 rule amendment, but the <u>Gg</u>laze definition was not altered significantly at that time. Since the 2011 changes, staff became aware that most of what was being offered in the marketplace did not reflect staff's interpretation of the current Glaze definition. Considerable time and effort was put into the proposed definitions, such that both SCAQMD staff and the regulated industry agree as to what exactly can be categorized as a Faux Glaze. The Faux Trowel definition is also being amended to indicate that these coatings must be applied by trowel to meet the definition.

#### Flat Coating

Staff is proposing to amend the definition of a <u>F</u> flat coating to harmonize it with the <u>N</u> nonflat definition by including the ASTM method for measuring gloss.

#### Floor Coating

Staff is proposing to amend the floor coating definition for clarification.

#### Lacquers

Staff is proposing to amend the definition of a <u>L</u>łacquer to clarify that the <u>L</u>łacquer category only applies to <u>L</u>łacquer topcoats and sanding sealers. There has been confusion in the past that <u>L</u>łacquer undercoaters are allowed for architectural use at a 275 g/L VOC limit. Lacquer undercoaters with a VOC limit of 275 g/L are allowed in Rule 1136; but they have always been categorized as <u>PSUsprimer, sealer, undercoaters</u> with a VOC limit of 100 g/L in Rule 1113. This change is for rule clarification.

#### Mastic Coating

Staff is proposing to amend the definition of a <u>M</u>mastic <u>C</u>eoating in response to a comment received at the Public Workshop. The Roof Coatings Manufacturers Association expressed concern the current definition could lead to confusion on commonly used mastic cements that fall under Rule 1168 – Adhesives and Sealants. Excluding roof coatings from the Rule 1113 definition of <u>M</u>mastic <u>C</u>eoatings will address this confusion.

## Nonflat Coating

Staff is proposing to amend the definition of a <u>Nn</u>onflat <u>C</u>eoating because as written, it overlapped with the Default definition. A Nonflat Coating will now only be defined by the gloss level, which is the same approach used for the Flat Coating definition.

## Product Line

Staff is proposing to delete this definition because it is no longer necessary and obsolete. It was only referenced in the ACO and it has been phased out.

## Reactive Penetrating Sealer

Staff is proposing to amend the definition of this coating category that was added in 2011. These coatings were added to address the needs of the California Department of Transportation (CalTrans) for infrastructure projects near the coast or above 4,000 feet. The definition was adopted based on the California Air Resources Board (CARB) Suggested Control Measure (SCM). Since adoption of the category, CalTrans has conducted a series of tests on potential coatings, and none of them could pass the criteria listed in current Rule 1113 paragraph (51)(E) defining Reactive Penetrating Sealers that includes not reducing the water transmission rate by more than 2 percent after application on a concrete or masonry substrate. Based on the extensive testing conducted, staff is proposing to change that criterion. In addition, since this niche category was adopted with a high-VOC limit to reflect the coatings that were available, staff is also proposing to restrict this category from using the SCE.

### Shellacs

Staff is proposing to remove the outdated effective date. Also, staff is proposing to remove this category from the SCE as it currently has a high-VOC limit to reflect the limitations of the shellac chemistry (e.g. coatings formulated solely with the resinous secretions of the lac insect cannot be reformulated to a lower VOC limit due to the unique chemistry of the resin).

#### Tile and Stone Sealers

Staff is proposing to add a definition for Tile and Stone Sealers. These coatings are currently included under the broad category of Waterproofing Concrete and Masonry Sealers (WPCMS). Tile and Stone Sealers, which include both penetrating sealers and film forming sealers, are a smaller subset of the WPCMS and carving out a category will assist staff in tracking the sales of these products.

## Topcoat

Staff is proposing to add a definition for <u>T</u>topcoat as the term is included in the definitions of <u>L</u>tacquers and <u>V</u> $\tau$ arnishes.

#### Tub and Tile Refinishing Coatings

This is another category carve out that is necessary as the SCE is being further restricted. Staff has always interpreted these coatings as Industrial Maintenance Coatings (IMC) that are sold under the SCE, but manufacturers have been reporting these coatings in Rule 314 as either Flat, Nonflat, or Default Coatings; therefore, staff did not add this category under the IMC umbrella. The

proposed definition and VOC limit is based on CARB's SCM, and since this is a high-VOC category carve out, the SCE will not be allowed.

#### Varnish

Staff is proposing to amend the definition of a varnish to clarify that for the purposes of Rule 1113,  $\underline{V}$ -varnishes only refer to topcoats and not to undercoats.

#### Volatile Organic Compound

Prior to the August 25, 2015 Public Workshop, staff proposed to amend the definition of a volatile organic compound (VOC) to include 2-Amino-2-Methyl-1-Propanol (AMP) as an exempt compound. On September 15<sup>th</sup> the Office of Environmental Health Hazard Assessment (OEHHA) issued their final interim reference exposure levels (RELs) for AMP which were low enough to cause concern about the proposed exemption. AMP would largely replace ammonia in low-VOC coatings. AMP is primarily used as a neutralizer to control the pH of waterborne coatings. Some manufacturers switched from AMP to ammonia or sodium hydroxide, as the latter are not defined as VOCs. AMP is used in small quantities in some waterborne coatings, between 0.1% - 1.0%. Based on data from a paint manufacturer and the volatility of ammonia, more ammonia is needed to replace AMP. The initial proposal to exempt AMP was thought to lower the toxicity of coatings as it was assumed that ammonia was more toxic than AMP but the new RELs do not support that conclusion:

#### Table 1: AMP and Ammonia RELs

	Acute REL	Chronic REL
AMP	990 µg/m3	1 μg/m3
Ammonia	3200 µg/m3	200 µg/m3

Staff used a simple box model to estimate if the exposure of painting a small room (10 x 10 x 8) could approach the RELs for AMP and therefore, constitutinge a risk for the painter or homeowner. Staff assumed it would take two2 gallons of paint with a density of 1.4 g/mL and assumed the AMP will volatilize into the air with the exposure duration. The following are the estimated concentrations of AMP in the room during the painting operation:

#### Table 2: AMP Exposure Calculations

Air Exchange Rate (hourly)	0.3	1	2	5
Acute Concentration (µg/m3)	1,799,546	1,169,705	779,803	389,902
Chronic Concentration (µg/m3)	428,463	278,501	185,667	92,834

Based on the above exposure calculations <u>and the RELs of AMP</u>, staff is not proposing to exempt AMP from the definition of a VOC at this time.

#### Wood Coatings

Staff is proposing to change the Clear Wood Finish definition to Wood Coatings. This change is to address the inconsistency of having pigmented Lacquers and Varnishes fall under the Clear Wood Finish umbrella<u>even though they are not "clear</u>". In addition, the definition is being changed to more closely reflect the definition in the CARB SCM, but with limited categories included (e.g. only <u>V</u>+arnish topcoats, <u>L</u>+acquer topcoats and sanding sealers). The definition is also being changed to clearly indicate that it only applies to Lacquer and Varnish topcoats and not to undercoaters.

#### Requirements

Several changes are being proposed to subdivision (c):

- Paragraph (c)(1): staff is proposing the following amendments:
  - Remove references to the default category and the VOC limit for the default category since it will now be included in the TOS.
  - Remove the reference to the ACO
- Paragraph (c)(2): based on feedback from the Public Workshop, staff is proposing to amend (c)(2) to further clarify that the VOC limit for colorants apply to colorant that is added to architectural coatings at the point of sale. This change is just for clarification. The reference to the effective date is also being removed as the effective date has already passedt.
- Paragraph (c)(3) the most restrictive clause: staff is proposing to amend the paragraph to indicate that <u>R</u>recycled <u>C</u>eoatings are exempt from the most restrictive clause. This change will allow coatings that contain 50 percent or more of secondary and post-consumer coatings to be marketed for use as coating categories other than <u>F</u>flat, <u>N</u>ronflat or <u>PSUsprimer, sealer, undercoaters</u>. This change was prompted by an inquiry during the Public Workshop about a potential future market, using <u>R</u>recycled <u>C</u>eoatings as a base for a waterproofing coating. Staff further evaluated the usages of <u>R</u>recycled <u>C</u>eoatings and

realized the current sales of sacrificial anti-graffiti coatings (a common application of <u>R</u>recycled <u>C</u>eoatings) runs afoul of the most restrictive clause. Since Rule 1113 contains a coating category for sacrificial anti-graffiti coatings with a lower-VOC limit (50 g/L), those coatings must comply with the 50 g/L VOC limit and not the 250 g/L VOC limit for <u>R</u>recycled <u>C</u>eoatings. It is not the intent to discourage this usage of <u>R</u>recycled <u>C</u>eoatings; therefore, staff is proposing to exempt <u>R</u>recycled <u>C</u>eoatings from (c)(3). This change will not likely result in higher emissions from <u>R</u>recycled <u>C</u>eoatings but staff will track the sales volumes and future coating categories where they are used.

• Paragraphs (c)(4) and (c)(6): staff is removing all references to the phased out averaging compliance option.

## Table of Standards (TOS)

Several changes are being proposed to the TOS for clarification.

- Category Column: the newly proposed categories are being added to the coating category column.
- Category Codes: a column for the CARB category codes is being included. These codes are used for Rule 314 reporting so including them in the TOS could be helpful for reporting purposes.
- Ceiling Limit: the ceiling limit in the rule was used for the averaging compliance options (ACO). As the ACO has been phased out, this column is no longer needed and will be eliminated.
- Current Limit: this column is being renamed Limit because if there is a limit listed to the right of that column, the limit listed is not actually the current limit. In addition, all of the VOC limits listed are being updated to reflect any lower limits that have passed the effective date.
- Effective Dates:
  - 7/1/08 and 1/1//12 columns are being removed as they are already in effect and the three year sell\_-through period either is expired or will soon expire.
  - 1/1/14 column is being retained for purposes of tracking the three-year sell-through.
  - 1/1/16 column is being added to include an increase in the VOC limit for graphic arts coatings.
  - 1/1/19 column is being included to address a future effective date for a VOC reduction for Building Envelope Coatings and Recycled Coatings.
  - SCE column is being added as staff is proposing several changes to this exemption. Including a column will help clarify the requirements.

## VOC Limit Changes

As stated above, staff is proposing to change the following VOC limits:

## Building Envelope Coatings

These coatings would currently fall under the waterproofing sealer category which has a VOC limit of 100 g/L. Staff is proposing to initially set the VOC limit at 100 g/L which will be lowered to 50 g/L effective January  $\theta$ 1, 2019. Based on manufacturer feedback, the 50 g/L limit will affect some currently or future available coatings but is achievable in that timeframe. Staff researched the coatings that are currently being offered for sale in the SCAQMD and found the following:

		Adjusted			#	#		
	SWA	SWA			product	product		
Volume	VOC	VOC	Emissions	#	over	s over	Potential	Potential
(gallons)	(g/L)	(g/L)	(tpd)	products	100 g/L	50 g/L	Emissions *	Reductions**
20,295	86	22	0.012	12	2	3	0.01	0.005

#### Table 3: Building Envelope Coatings Available in 2014

Based on staff's findings, from both coatings reported under Rule 314 and coatings not reported under Rule 314, all but three coatings meet the future VOC limit. Of those three, two do not meet the current VOC limit; therefore, are not currently legal for sale. Eliminating the two non-compliant coatings, the sales weighted average is 22 g/L. Staff feels the 50 g/L VOC limit originally proposed and supported by the manufacturers is achievable. The added expense of retesting products that do not meet the future limit is limited to one product, the other two must be re-tested to be sold into the SCAQMD based on the current limit. For this category, staff was striving to set the VOC limit at the current baseline but not so high as to allow higher VOC coatings to enter the market in the future.

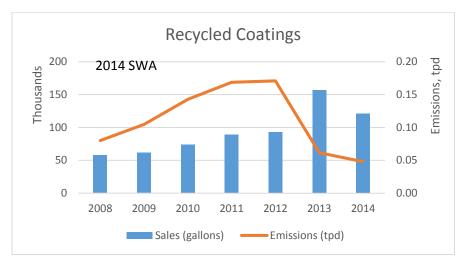
#### Graphic Arts Coatings

During the 2011 amendment to Rule 1113, staff reduced the VOC limit for graphic arts coatings from 500 g/L to 150 g/L based on the coatings that were available at that time. Staff projected an emission reduction of 0.003 tpd when the lower limit was adopted. Since that amendment, the manufacturer who was producing the graphic arts coatings that were less than 150 g/L went out of business. The only graphic arts coatings currently available are being sold under the SCE. The largest manufacturer of these coatings has stated that they will not reformulate to 150 g/L but they can be formulated to 200 g/L. As there currently are no compliant sales of these coatings, staff is not projecting any emissions increase from this change.

#### Recycled Coatings

Based on the currently available <u>R</u><sup>recycled</sup> <u>C</u>eoatings in our jurisdiction, the maximum VOC content is 130 g/L. Staff is proposing to lower the VOC to just above that level at 150 g/L. This change is not to seek emission reductions, but to have the VOC limits reflect what is being offered for sale <u>and prevent any future increases</u>. As <u>R</u>recycled <u>C</u>eoatings are blended from locally available unused paints, it follows that the VOC content of these coatings would decrease over time. Further, with the adoption of PaintCare, the volume of <u>R</u>recycled <u>C</u>eoatings has increased. PaintCare was adopted in California on October 19, 2012, and is a paint stewardship program that requires paint manufacturers to develop a financially and environmentally sustainable program to manage postconsumer coatings. There are currently 738 drop-off sites in California for consumers to bring unused paint. The following table demonstrates the trends in <u>R}recycled <u>C</u>eoating sales:</u>





Staff is striving to have the VOC limits as low as possible to reflect the currently available products, such that the lower emissions achieved from market driven forces can be submitted under the State Implementation Program (SIP) as enforceable reductions. If all of the <u>R</u>recycled <u>C</u>eoatings sold in 2014 (121,355 gallons) were formulated to the currently allowable VOC limit of 250 g/L limit (approximately 100 g/L VOC of Material), the emissions would be 0.14 tpd. The emissions at the proposed VOC limit of 150 g/L (approximately 60 g/L material) would be 0.08 tpd, so this change results in a SIP enforceable reduction of 0.06 tpd.

Based on feedback following the Public Workshop, and subsequent site visits with local <u>R</u>recycled <u>C</u>eoatings manufacturers, staff is proposing to delay the effective date for this VOC change until January 1, 2019. Even though all of the coatings reported under Rule 314 were below the proposed 150 g/L limit (most were well below), the manufacturers had concerns over the required testing of these coatings. Unlike conventional coatings, the <u>R</u>recycled <u>C</u>eoating manufacturers cannot control the coatings they receive, which serve as their raw materials. Various coatings collected by PaintCare or through household waste collections may still contain old, higher-VOC waterborne coatings. According to the <u>R</u>recycled <u>C</u>eoating manufacturers, even some 15 year old coatings can still be good enough to use as a raw material. Staff acknowledges there are occasionally 200 g/L containers of coating collected, but it is offset by increasing quantities of less than 50 g/L coatings, including many 'zero-VOC' coatings.

The manufacturers may blend 1,000 batches annually but only test the VOC content quarterly, and they are concerned over the added cost of testing. One of the biggest selling points of <u>R</u>recycled <u>C</u>eoatings is the lower cost. Some of the manufacturers have a difficult time finding a market for their products, partially due to the high-VOC content as end users seeking <u>R</u>recycled <u>C</u>eoating are also seeking low-VOC coatings. Recycling unused paint is an important mission and the SCAQMD does not want to discourage this practice; therefore, staff is proposing to delay the effective date until January 1, 2019. Over time, the quantities of higher-VOC coatings will diminish. This delay will also mitigate the cost for relabeling coating containers, though one manufacturer already labels their recycled product as less than 100 g/L.

Some manufacturers would prefer not to have any VOC limit for <u>R</u>recycled <u>C</u>eoatings, however, staff opposes this concept. Recently, staff discovered a re-use store stocking 250 g/L <u>N</u>rhonflat <u>C</u>eoating that was shipped in from Florida. Enforcement staff put an end to this practice. Leaving the VOC limit for <u>R</u>recycled <u>C</u>eoatings at 250 g/L could further encourage the practice of importing high-VOC coatings as a raw material. With a population of over 17.5 million people and over 35 million gallons of paint sold annually, staff feels there is more than enough unused coating available locally to serve the local needs for <u>R</u>recycled <u>C</u>eoatings.

#### Averaging Compliance Option (ACO)

All references to the ACO are being removed as this provision was phased out January 1, 2015. This change affects sections (a) Applicability, (c)(4) Sell-Through Provision, (c) Averaging Compliance Option, and Appendix A.

#### Administrative Requirements

Colorants were added to subparagraphs (d)(1) and (d)(3) to indicate that the VOC and date code labeling requirements apply to colorant containers. Although most colorants already contain the proposed labeling requirements, based on industry feedback, staff is proposing to allow manufacturers until January 1, 2017 to comply with this requirement.

#### Tertiary Butyl Acetate (tBAc)

Questions arose during the January 5, 2016 Stationary Source Committee meeting regarding the toxicity of tBAc and how that may affect Rule 1113. Currently tBAc is given a limited exemption as a VOC for use in industrial maintenance and non-sacrificial anti-graffiti coatings under Rule 1113; however, staff is aware that OEHHA is developing new toxicity information for this compound. OEHHA is planning to finalize their determination on the toxicity of tBAc in the first half of 2016. When tBAc was made exempt as a VOC for certain coatings under Rule 1113 in 2006, the environmental analysis did not have official toxicity criteria available from OEHHA and it is assumed that workers using products with tBAc would wear personal protective equipment (PPE), and tBAc was therefore found to not present a significant health risk. Using the draft OEHHA tBAc toxicity information, workers that do not use PPE may have significant health risks. While health risks to workers using PPE would be substantially reduced, the remaining risk may still be significant. The proposed rule amendment does not address the tBAc exemption provision in Rule 1113 at this time. However, a Governing Board adoption resolution is proposed to direct staff to immediately begin a re-evaluation of potential toxic risk to workers due to exposure to tBAc, such that upon finalization of the assessment by the OEHHA, staff will be prepared to quickly propose amendments to SCAQMD rules, as needed, to reduce potential risks. Any change to the current status of tBAc may have repercussions for VOC emissions, other toxic effects, or product performance issues for compounds that might be used as a substitute, which were not analyzed as part of the current rulemaking.

## Test Methods

Several test methods are being added to the rule, most of which are now included to define new coating categories. The following test methods are added <u>as additional performance criteria</u> to reflect the new definitions for specific coating categories:

- ASTM E2178 Standard Test Method for Air Permeance of Building Materials
- ASTM E331 Standard Test Method for Water Penetration of Exterior Windows, Skylights, Doors, and Curtain Walls by Uniform Static Air Pressure Difference
- ASTM D3363 Standard Test Method for Film Hardness by Pencil Test
- ASTM D4060 Standard Test Method for Abrasion Resistance of Organic Coatings by the Taber Abraser
- ASTM D4585 Standard Practice for Testing Water Resistance of Coatings Using Controlled Condensation
- ASTM D714 Standard Test Method for Evaluating Degree of Blistering of Paints
- ASTM D3359 Standard Test Methods for Measuring Adhesion by Tape Test

In addition to the test methods above, staff is proposing to add SCAQMD Method 313 -Determination of Volatile Organic Compounds VOC by GCGas Chromatography-MSMass Spectrometry and ASTM Test Method D6886 (M6886) - Standard Test Method for Determination of the Weight Percent Individual Volatile Organic Compounds in Waterborne Air-Dry Coatings by GCGas Chromatography to measure the VOC content of coatings. There has been a need for an improved VOC test method for a long time, and there has also been consensus that the GC approach used in SCAQMD Method 313 (M313)/M6886 is one way to improve the testing. This approach is already being used by the SCAQMD laboratory and industry laboratories, and therefore is proposed for inclusion in Rule 1113. It is the current practice by both the SCAQMD laboratory and most manufacturers to use a GC method for VOC analysis, and staff intends to clarify this practice in Rule 1113. Methyl Palmitate (MP) will serve as a marker for differentiation between VOCs and semi-volatile VOCs (SVOCs). SVOCs are compounds that have lower volatilities, evaporate less quickly, and have a significant fraction of their mass in both the gas and particle-phase in the atmosphere. Some compounds, such as glycerol, elute or appear in the GC column; although, they are not considered VOCs and should not be included in the VOC calculation. Therefore, M313 will include a reference to the Exclusion Method for Early Eluting SVOCs, and a list of compound(s) that have been determined not to leave the paint film. Staff is open to review methods that consider compounds other than straightforward solvents, such as amines. M313 will also include a precision and bias statement that has been approved by the US E.P.A.

It is current practice for the SCAQMD laboratory to analyze all coating samples using USEPA Method 24 (M24), with a supplemental analysis for low-VOC, high-water coating with a material VOC content of less than 150 g/L using SCAQMD-Method 313 (M313). The USEPA and

SCAQMD staff, along with industry and academia, recognize M24 does not yield accurate results for low-VOC, high-water-containing coatings. M24 is an indirect VOC measurement where the water (titration) and non-volatiles (oven) are measured and everything else is assumed to be VOC. As the VOCs in a coating approach zero, the indirect VOC measurement becomes unreliable. M313 is a direct VOC measurement technique which includes dilution of samples and analysis using Gas Chromatography (GC). The VOCs present are separated in a GC, identified by a Mass Spectrometer and quantified by a Flame Ionization Detector.

The GC approach of M313 is similar to the approach developed at California Polytechnic State University, San Luis Obispo (CAL Poly SLO) that was adopted by ASTM as M6886 in 2003. ASTM is the largest developer of consensus standards, and the committee is comprised of members of industry, academia, and regulatory agencies. M313 differs because of additional quality control requirements, and was the first GC method to include a marker compound to indicate when a compound should no longer be counted as a VOC, which was always an issue with the GC approach. The SCAQMD has participated in round robin studies (M313 versus M6886) with strong correlation between the two methods. It is staff's understanding that industry relies on M6886 for in house or third party testing of their products. Staff is proposing to include M6886 as well as M313 in Rule 1113 because manufacturers rely on this test to ensure their coatings are in compliance. For compliance purposes, the SCAQMD laboratory will rely on the more rigorous M313, and provide a guidance document to explain the differences between the two methods such that a manufacturer utilizing M6886 will be aware of how their results could differ from results obtained by the SCAQMD laboratory.

The 1991 version of M313 (Method 313-91) is approved for inclusion in the State Implementation Plan (SIP) and the SCAQMD laboratory staff has been working with the USEPA, CARB, CAL Poly SLO and industry on revising M313 to enhance quality control parameters, include an endpoint, update the equipment, and address industries concerns about compounds that might remove by washing with a solvent (elute) earlier than the endpoint, but are not driven off when tested by M24. The 1991 version of the method references older technology which is currently not in common use. The addition of Methyl Palmitate (MP) as the marker compound serves as a delineation between VOCs and semi-volatile VOCs (SVOCs) which should not be included in the VOC calculation. This marker compound was further validated based on its non-volatility under ambient evaporation testing over a 6 month period. Prior to the use of MP as a marker compound, everything detected was measured as a VOC. This 'bright line' approach is used as a straight forward, relatively simple mechanism to determine if a compound should be counted as a VOC.

As VOC testing transitioned to a GC method, the lack of an endpoint created a significant source of uncertainty as to what should be included as a VOC. Formulators have themselves struggled with determining whether a particular product was compliant or not, using M24 or M313/M6886 without an endpoint. The intent in choosing MP was to provide clarity on the question of what is, and what is not, counted as a VOC, while at the same time keeping VOC results tethered to M24 over a broad range of samples and compounds, an important characteristic to demonstrate equivalence to the USEPA.

This bright line approach lead to some concerns from industry. M24 determines volatility based on what is driven off in a 110°C forced air oven in an hour, and some compounds are only partially driven off under those conditions. Alternatively, M313 measures everything that elutes prior to MP as 100% VOC, and everything that elutes after MP as 100% non-VOC, thus over counting small amounts of SVOCs that elute prior to the marker compound, but undercounting small amounts of SVOCs that elute after the marker compound.

The issue of SVOCs and how they are treated in M313 versus M24 has been a topic of discussion and research since the formation of the VOC Working Group in 2010, the first time staff proposed including M313 in Rule 1113. The research conducted at Cal Poly SLO, the SCAQMD laboratory, and sponsored by some industry representatives over the past year and a half has been very enlightening, resulting in a general consensus as to how to treat these compounds. The following is a discussion of the progression of that work and the final conclusions.

During the initial 2014 Working Group meetings, many manufacturers brought up concerns about compounds that were not measured as 100% volatile when tested neat by M24. For example, a compound that is 82% volatile when tested neat by M24 would be measured as 100% volatile when analyzed by M313 leading to a potential bias in the method. There was initial concern that if the compound of interest were in a fully formulated coating, even less of it would volatilize leading to a greater bias. These discussions lead to development of an exclusion method for early eluting SVOCs. One concept that was discussed in the Working Group was to perform a film extraction test after completing the oven testing in M24 to determine how much of the compound of interest is retained in the coating. A similar approach was included in a draft version of M6886, but the method was considered too onerous for routine analysis. <u>Under M24, the compounds of interest are primarily high boiling solvents that are designed to leave the paint film, but it is plausible in theory some of the solvent could get trapped within the film and therefore, not considered as VOCs.</u>

The SCAQMD laboratory and Cal Poly SLO conducted film extractions studies using different approaches. The SCAQMD laboratory found very little of any compound retained in the film after conducting a M24 solids analysis (1 hour in a 110°C oven). The results were not conclusive because it could not be demonstrated if the lack of compounds detected was due to the compounds leaving the film or because the film extraction was not effective. Cal Poly SLO used a slightly different approach where they performed a film extraction after 30 minutes, 1 hour, and 2 hours in the oven under M24 conditions. This study showed that the compounds could be detected after 30 minutes, and the concentration of the retained compounds decreased over time. Both studies seemed to indicate that most compounds were in fact not retained in the paint film, but the testing was onerous to perform and there was resistance to continue this line of research.

The next phase of the research focused on evaluating the neat compounds. Industry provided staff with a list of almost 100 compounds to evaluate, and the working group worked to develop an easier method to screen the list of compounds with a simplified neat test to pare down the list. This proved more difficult than anticipated because the USEPA preferred to retain M24 conditions for this testing; however, M24 does not yield reproducible results for SVOCs. M24 is very repeatable for film forming coatings or any matrix that reaches a stable weight after the hour oven

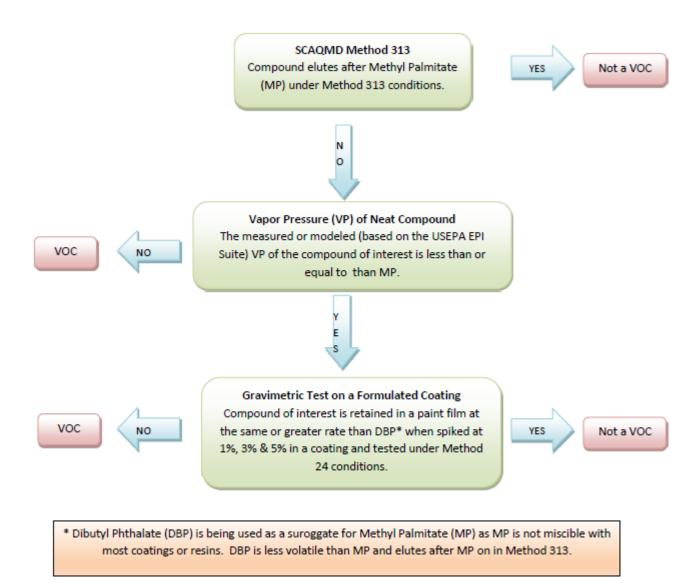
test. Due to their nature, SVOCs do not reach a stable weight, and therefore yield variable results. A method proposed by Cal Poly SLO to address this was to perform M24 on the compound of interest with the reference compound included in the same sample pan. The mixture could be analyzed on a GC before and after the M24 analysis. This was an innovative approach; however, it strayed from a pure neat analysis, and the matrix affects lead to unpredictable results with significant variability. This approach was not deemed viable.

The next approach under consideration was to use a thermogravimetric analysis (TGA) with M24 type parameters. While the SCAQMD laboratory was considering this approach, testing was underway on another Cal Poly SLO designed experiment, film spiking. Cal Poly SLO has conducted a study where they spiked a fully formulated coating and a resin with 1% of a compound of interest, and performed a TGA to determine if the weight loss of that compound could be accurately measured. The SCAQMD took that idea and modified it by spiking the coating/resin with 1%, 3% and 5% of the compound of interest, and then performed a M24 test. As the matrix is a fully formulated coating, M24 was expected to yield repeatable results and duplicate or triplicate sample pans could be tested simultaneously. In addition to the compounds of interest, a reference compound was also tested. The laboratory had difficulty getting the marker compound MP to mix with the coatings, so they experimented with Dibutyl Phthalate (DBP) as a surrogate. Since DBP elutes after MPethyl Palmitate, it is already considered a SVOC. This experiment proved successful, relatively simple, and repeatable.

Also during this time, the SCAQMD started to look at vapor pressures as a way to screen the list of 100 neat compounds. The technique uses measured vapor pressures, or where measured vapor pressures are not available, modeled vapor pressures based on the USEPA EPI Suite. This proved an effective screening test that could take the place of a laboratory test on the neat compounds.

A year and a half into this research, staff is proposing to use the following flow chart to evaluate early eluting SVOCs that should not be included in the VOC calculation when detected by M313:





Note: the only compound that has been demonstrated thus far to stay in the film of the coating was pentaethylene glycol (EG5). Staff is recommending that EG5 not be counted as a VOC when measured by M313 or M6886.

There has been a need for an improved VOC test method for a long time, and there has also been consensus that the GC approach used in M313/M6886 is one way to improve the testing. This approach is already being used by the SCAQMD laboratory and industry laboratories, and therefore is proposed for inclusion in Rule 1113. It is the current practice by both the SCAQMD laboratory and most manufacturers to use a GC method for VOC analysis, and staff intends to clarify this practice in Rule 1113. M313 will include a reference to the Exclusion Method for Early Eluting SVOCs, and a list of compound(s) that have been determined not to leave the paint

film. Staff is open to review methods that consider compounds other than straightforward solvents, such as amines. M313 will also include a precision and bias statement that has been approved by the USEPA.

## Small Container Exemption (SCE)

Staff is proposing several changes to the SCE to achieve VOC emission reductions, address rule circumvention in the field, and reduce market disincentives for new technologies that may have a higher cost. Staff is focusing on the SCE because of the significant emissions from the relatively small volume of sales as the following pie charts demonstrate:

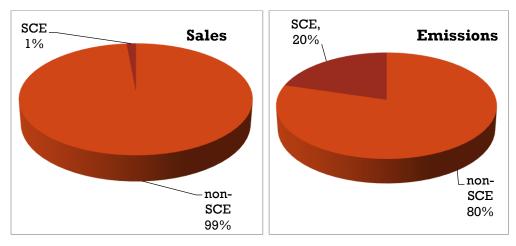


Figure 5: 2014 Sales and Emission Summary for Coatings Sold Under the SCE

The SCE is proposed to be eliminated for specialty categories that are already allowed a high-VOC limit and for the coating categories that have not used the exemption for many years (according to information reported by the manufacturers under Rule 314). The SCE removal will be effective January 1, 2016 upon rule adoption, and includes the following categories:

- Concrete-Curing Compounds For Roadways and Bridges
- Magnesite Cement Coatings
- Multi-Color Coatings
- Pre-Treatment Wash Primers
- Roof Primers, Bituminous
- Sacrificial Anti-Graffiti Coatings
- Stone Consolidants
- Repair and Other Swimming Pool Coatings
- Wood Preservatives

Staff is also proposing to phase out the exemption for the following high-VOC specialty coatings that have used the SCE to a very small extent, but to extend the effective date to January 1, 2018:

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- Clear and Pigmented Shellacs (VOC limit 730g/L/550g/L)
- Reactive Penetrating Sealers (VOC limit 350 g/L)
- Tub and Tile Coatings (proposed VOC limit 420 g/L)

Staff initially proposed to phase out these categories by January 1, 2016 but received feedback that more time was needed, especially for tub and tile coatings. This is a newly proposed category and the VOC limit is based on CARB's SCM. The manufacturers of these coatings stated that through the SCM they can utilize tBAc in their formulations and rely on the SCE. Staff changed the proposed amendment to allow for several years for the reformulation of tub and tile coatings and included other categories where small quantities of high-VOC coatings were sold under the SCE. The following are the estimated VOC reductions from this change:

Category	Est. Emissions Reduction (tpd)
Tub and Tile	0.01
<b>Reactive Penetrating Sealers</b>	0.0001
Shellacs	0.0007
Total	0.01

 Table 4: Specialty Coating Phase out from SCE

In addition, staff is proposing to phase out the exemption for coating categories utilizing this exemption for a large volume of sales. Staff has always acknowledged that the SCE is necessary for <u>certain</u> small niche usages, and for touch up where a small amount of a high-VOC coating could lead to lower emissions than repainting an entire object with a lower-VOC coating. The intent of the SCE is not as a mechanism for end users to utilize large volumes of high-VOC coatings. Staff has been tracking the usage under the SCE since 1999 to look for categories having a high volume of sales or an increase in sales. Based on the current analysis of high volume usage, staff is proposing to phase out the SCE for Flat, Nonflat Coatings and Rust Preventative Coatings (RPCs). Staff is proposing to retain the SCE for 8 fluid ounce or less sample containers for touch up usage only. In regard to touch up as the justification for retaining the SCE, the end user would have to contact the manufacturer of the pre-painted object to determine the exact coating used, in order to perform the proper touch up. In such an instance, having the high-VOC products available on retail shelves would not be necessary.

Due to potential crossover between IMC and RPCs, staff is also proposing to restrict the SCE for IMCs. While staff does not believe these coatings are interchangeable, staff does foresee creative marketing to circumvent this rule change. To address the needs for touch up on larger projects, staff is proposing to allow IMC, and the subcategories falling under IMCs (Color Indicating Safety Coatings, High Temperature IM Coatings, Non-Sacrificial Anti-Graffiti Coatings, and IM Zinc<u></u>Rich Primers) to be sold over the VOC limits in one liter containers or less, but restrict the exemption to touch up only, and restrict the sales to direct sales (e.g. not allow sales at retail outlets). The inclusion of the IMC subcategories is not intended for emission reductions since the SCE is only used for minimal sales. They would have been included along with other coatings not using the exemption, but staff included them with IMC coatings in case of a need for touch up.

One of the reasons for the further restriction on the SCE is to prevent end user rule circumvention. With limited resources, SCAQMD inspectors cannot be at all worksites on any given day considering the jurisdiction contains almost 11,000 square miles. The inspection staff enforcing Rule 1113 during their field activities have encountered several instances of end users utilizing the SCE for higher volume projects to circumvent the VOC limits in Rule 1113. As mentioned, the feedback staff has received from manufacturers is the SCE is necessary for small niche projects, and for touch up of a substrate previously coated with a higher-VOC coating. During field activities, SCAQMD inspection staff received positive feedback about compliant coatings. Contractors have stated they prefer using compliant coatings as opposed to higher-VOC coating, sold under the SCE, due to the lack of odor, ease of use, quick drying times, and simple clean-up. The use of compliant coatings keeps their inventory lower, thus resulting in less overhead costs. Many new construction products are LEED (Leadership in Energy and Environmental Design) certified and require the use of lower-VOC coatings.

SCAQMD inspection staff has received feedback from larger retailers about paint contractors purchasing coatings above the allowable VOC limits in small containers, and then combining them into larger containers to provide uniform color. This practice is not permitted under the SCE. Staff has also received feedback <u>that</u> contractors order large quantities of small containers, which is supported by the Rule 314 data. In addition, regarding one high-VOC product specifically labeled for use on metal substrates only, SCAQMD inspection staff ascertained from a local retailer the product could be used on wood. Sales staff at this local retailer stated that they do not recommend its use on wood, but if the customer is insistent, then they will recommend the use of a good primer prior to its application. Staff believes this practice is more widespread than first thought.

One example of rule circumvention encountered in the field occurred in the spring of 2014. During an inspection at a sizable construction project, staff discovered the use of large quantities of noncompliant RPCs. The original product was in one gallon containers and had a VOC content of 400 g/L. Since the VOC limit for RPCs is 100 g/L, the product was not compliant with Rule 1113. If that same product was in quarts, then the SCE would apply. On a return inspection to the site, staff discovered the local retailer sold the paint contractor empty, labeled quart containers. The contractor then emptied the one gallon container into four quart containers in an attempt to comply with the rule. Furthermore, when they applied the product at the site, they then emptied the quarts into a larger 5 gallon bucket in order to facilitate roller application. The inspection resulted in a Notice of Violation and another example of the circumvention of the rule by taking advantage of the SCE.

In another example, staff spoke with a local paint contractor who was concerned because a coating sales representative had included a high-VOC coating in a specification for a metal fence project. The contractor noted the coating specified was not compliant with Rule 1113. He felt the high-VOC coating was an inferior product compared to new waterborne technologies; therefore, included a waterborne coating in his proposal. His assertion was the waterborne technology had much better color retention, and would not oxidize as quickly as the oil based coating being specified. The sales representative, who is also the manufacturer of the non-compliant product specified, disagreed with this assertion and stated he specifies this non-compliant product on every iron project he manages. The contractor stated he was trying to do the right thing in regards to the rule requirements. He expressed his concerns to staff about getting cited for applying non-compliant coatings as the sales representative directed him to combine the small containers into a

larger container in order to apply the coating, a practice that is not allowed in Rule 1113. This project required 25 gallons of high-VOC coating that could only be purchased in small containers, which reflects up to 100 individual quart size containers. The contractor did not contract for the job; however, another contractor did. This is an example of the SCE being utilized in ways inconsistent with the intent of the exemption. This demonstrates the use of small containers for large projects is not cost prohibitive and is not used only for specialty niche projects.

The assumed cost disincentive of purchasing products in small containers is also not supported by a recent shelf survey of retail prices. Most quart containers had a retail price between \$10.00 and \$15.00, whereas similar products in a gallon container were approximately \$40.00 to \$60.00, about the same cost per quart. In some instances, the gallon price of new, lower-VOC technologies such as waterborne alkyds emulsions were slightly higher on a per quart basis, thus creating an incentive to purchase multiple small containers of higher-VOC conventional solvent based alkyds. Additionally, during a recent retail store inspection, staff saw discounts offering four quarts for the price of three (e.g. buy 3 get one free) accompanied by boxes containing four quarts of higher VOC product. Rule 1113 specifically prohibits bundling small container products <u>of the same category</u>. Since this particular packaging was a shipping box, it was not a clear violation of the rule, but it appeared to have the same intent given the discount offer.

While companies may sell the same or similar products in gallons (lower-VOC) and quarts (potentially higher VOC under the SCE) at about the same cost, the older, higher-VOC technology costs less to manufacture with higher profit margins. All manufacturers have at least one low-VOC compliant product line, many manufacturers have already phased out the older technology, and some have entirely moved away from solvent based coatings. Those manufacturers who continue to sell the older technology under the SCE are benefitting from significantly higher profit margins, have not had to spend the resources to develop lower-VOC technologies and, in some cases, through lower pricing, create a competitive disadvantage for companies that have already switched to lower-VOC compliant products. One factor suppressing the market share of lower-VOC technology, is the availability of the older high-VOC technology at similar or lower prices. Staff has received feedback from a manufacturer who has made the switch to lower-VOC product because they are currently giving up market share to their competitors.

Based on feedback from manufacturers, conventional alkyds, which are typically used as RPCs, can be replaced with either waterborne or exempt solvent technologies. As mentioned, some manufacturers eliminated their solvent based alkyd coatings years ago, others feel they eventually will phase them out, while still others have made it their business model to sell predominately solvent based coatings in small containers. In regard to the waterborne alkyds, several manufactures have stated those products are as good if not better than the solvent based products they replaced (better gloss retention, no chalking, better long term durability, less yellowing) while others contend they are currently inferior in performance (inferior corrosion protection, inferior penetration and adhesion, and application issues). For those companies who want to continue to sell solvent based coatings, compliant alkyd coatings can be formulated using exempt solvents. The drawback of both waterborne and exempt solvent based alkyd RPCs is they cost

more to produce, resulting in a smaller profit margin or a higher cost product for the end user. This is at least one reason these technologies have not made larger inroads in the marketplace.

The VOC limit for RPCs was reduced from 400 g/L to 100 g/L effective July 1, 2006. At that time, a sufficient number of compliant products were available to justify the 100 g/L VOC limit. The following table shows the number of compliant products from the 2006 Annual Staff Report compared to currently available coatings.

Staff received feedback from a manufacturer selling a cabinet refinishing kit, comprised of several small coating containers totaling a volume greater than one liter. The kits are designed to provide convenience for the consumer with all the necessary materials to refurbish a kitchen cabinet. The intent of the anti-bundling language is to eliminate the bundling of small containers of the same coating. As a result staff feels the anti-bundling provision should not apply to these bundled restoration kits because the coatings included are all different types of coatings and not the same specific coating category. As a result, new proposed rule language has been added to provide clarification. Because these small containers could be sold separately, staff does not believe that allowing sales in a bundled unit will increase emissions.

#### Table 5: Comparison of Compliant Rust Preventative Coatings

	Total Products	Total Sales	Products below the 100 g/L VOC Limit			
Listed		Volume (gallons)	# of Products	Sales Volume	% of Products	% of Sales
2000 Sales Volumes from 2001 CARB survey	81	180,522	3	1,047	4%	1%
2014 Data 314 Report	227	299,229	50	141,103	20%	47%

Staff conducted a technology assessment of RPCs (referred to as RP below) that was conducted by the University of Missouri – Rolla Coatings Institute (UMR) and completed in November of 2005 (Final Report "Architectural & Industrial Maintenance Coatings Technology Assessment.", 2006). The following is a conclusion of that study:

"The overall results for the Phase III testing can be broken down into two categories, RP and IMC. Specifically for RP coatings, the low-VOC products had superior dry time characteristics, prohesion, and flash rusting. They were similar in terms of hide, taber abrasion, impact resistance, and adhesion (Battele)."

The technology assessment was designed and developed by the <u>Technical AdvisoryTechnology</u> Advancement Committee, which consisted of members representing industry, other regulatory agencies, academia, the National Paint and Coatings Association, an engineer, and a specifier. They determined the appropriate performance tests to conduct and the coatings to test. The testing was performed by UMR, cyclic prohesion and flash rust tests were recommended and conducted to assess the corrosion protection of the <u>RPCsrust preventative coatings</u>. Those tests demonstrated the superior performance of the low-VOC coatings. As a result of the technology assessment, the Governing Board concluded that the 100 g/L VOC limit was technologically feasible. Based on the Rule 314 data, the percent of compliant products sold had increased from 2008 to 2012 but has since started to decline, as noted in the following table:

Year	Sales ≤ 100g/L (gal)	SCE Sales >100g/L (gal)	Non Compliant Sales or Sell <u></u> Through > 100g/L (gal)	Total Sales (gal)	% Sales ≤100g/L
2008	74,990	123,411	146,090	344,491	22%
2009	104,247	145,367	88,463	338,077	31%
2010	174,590	171,675	17,434	363,700	48%
2011	174,281	190,586	10,284	375,150	46%
2012	200,068	149,381	8,736	358,186	56%
2013	166,289	158,027	7,407	331,722	50%
2014	141,103	151,237	6,889	299,228	47%

### Table 6: Compliant versus Non-Compliant Rust Preventative Sales

The following table demonstrates the potential emission reductions from the restrictions on the SCE:

Category	Estimated Emission Reduction (tpd)	Effective Year
Flat Coatings	0.002	01/01/19
Industrial Maintenance Coatings	0.01	01/01/19
Color Indicating Safety Coatings	N/A	01/01/19
High Temperature IM	0.001	01/01/19
Non-Sacrificial Anti-Graffiti	N/A	01/01/19
Coatings		
Zinc <u>-</u> -Rich Primers	0.003	01/01/19
Nonflat Coatings	0.15	01/01/19
<b>Reactive Penetrating Sealers</b>	0.0001	01/01/18
Rust Preventative Coatings	0.63	01/01/19
Shellacs	0.0007	01/01/18
Tub and Tile	0.01	01/01/18
TOTAL*	<u>0.81</u>	

\*Note: This total is only from the SCE, it excludes emissions reductions from VOC limit changes.

### Sell-Through Provision

Staff has received feedback from some coating manufacturers requesting an extended effective date for the phase out of the SCE for RPCs and a sell-through provision for the removal of existing inventory at retail outlets. Representatives from two manufacturers requested an implementation date of 2021 with a three year sell-through after the Special Stationary Source Committee meeting on January 5, 2016. Staff received comments from one manufacturer later requesting an implementation date of 2021 with a two year sell-through provision. However, a smaller manufacturer has requested staff to keepsupported the proposed implementation date of 2019 with no sell-through because they have compliant coatings.

Rule 1113 includes a three year sell-through provision when there is a VOC limit change in the

Table of Standards. As currently written, that is the only time the sell-through provision applies. The sell-through provision allows time for the coatings to sell at the retail level, so the manufacturer does not have to incur the expense of clearing retail or commercial shelves. Depending on the size of the retailer, the coatings may sell-through much quicker than three years (big box store versus a small mom and pop paint shop). In 2006, when the SCE was removed for the Clear Wood Finish category, a one year sell-through period was allowed.

Based on all comments received, the proposed rule will include a two year sell-through period for all coating categories phased out of the SCE and retain the existing proposed effective dates. No additional environmental impacts are expected to occur with a sell-through provision. Staff does not believe an extended effective date is necessary because compliant coatings already exist, technology is currently available for reformulation, and a competitive disadvantage exists for manufacturers with compliant coatings.

# Rule Clean Up

Staff is proposing to remove the effective dates that have now passed. In addition, provisions that have passed their sunset dates have been struck (i.e. averaging compliance option).

# ALTERNATIVES ANALYSIS

CM#2012 CTS-01 – Further VOC Reductions from Architectural Coatings had three options for achieving the 2 - 4 tpd reductions:

- 1. Lower the VOC limits of <u>F</u>flat, <u>N</u> $_{\text{H}}$ onflat and PSUs to 25 g/L
- 2. Include transfer efficiency standards
- 3. Phase out or restrict the SCE

During the rule making process, the 25 g/L option was deemed to be of the most concern to manufacturers, and staff met with the most resistance to this approach. This change would require extensive reformulations, and feedback from the manufacturers was <u>that</u> the performance and application properties of the coatings would be compromised. In addition, if staff moved forward with this change, there would have to be many subcategories carved out where the high-VOC coatings were needed. An alternative approach suggested by manufacturers was to alter the fee structure in Rule 314. The lower fees for coatings containing less than 25 g/L will reflect the lower cost of compliance for those coatings. The proposal is being removed to allow time for additional data analysis and research regarding the impact of a recent court decision regarding fees.

In regard to transfer efficiency, staff decided not to include spray equipment requirements to improve the transfer efficiency for applying architectural coatings. Instead, staff is going to work with industry, the Los Angeles Painting and Finishing Contractors Association, and possibly local retailers to develop a Best Practices Guideline for painting architectural structures, including a certification program for contractors and end users. This could serve as a pilot project to improve transfer efficiency and reduce paint usage in the SCAQMD.

Staff is moving forward with the proposed restrictions on the SCE, but is not proposing to phase out the exemption entirely. Staff acknowledges that the exemption is useful for specialty uses, and for introducing innovative products into the marketplace. Staff will continue to monitor all coating categories that will retain the exemption, and consider conducting a technology assessment of high usage categories such as stains and tile and stone sealers as new, lower-VOC technology become available.

# Potential Tradeoffs of Using Low-VOC Coatings

Issues were raised by industry representatives in Working Group meetings and Public Workshops regarding the efficacy and potential tradeoffs that may occur as a result of using low-VOC coatings. Some of these tradeoffs included the potential need for more priming, more topcoats, more touch-ups and repair work, and more frequent recoating associated with the use of low-VOC coatings. A detailed analysis was conducted on these potential issues in the May 4, 1999 *Final Subsequent Environmental Assessment for Proposed Amended Rule 1113 – Architectural Coatings.* Notably, similar claims have been raised and found to not have merit in litigation on CEQA documents prepared for previous versions of Rule 1113 (e.g., *Sherwin-Williams v. SCAQMD*, (2001) 86 Cal.App.4th 1258, *Dunn-Edwards v. SCAQMD*, (1993) 19 Cal.App.4th 519). In all of the above potential tradeoff scenarios, the following was concluded:

- Priming It was concluded that the material needed and time necessary to prepare a surface for coating is approximately equivalent for conventional and low-VOC coatings. More Primers were not needed because low-VOC coatings possess comparable coverage to conventional coatings, similar adhesion qualities and consistent resistance to stains, chemicals and corrosion. Low-VOC coatings tend not to require any special surface preparation different from what is required before applying conventional coatings to a substrate. Therefore, it was found that claims of significant adverse air quality impacts resulting from more priming were unfounded.
- Topcoats It was concluded that both low-VOC and conventional coatings had comparable coverage and performance. The low-VOC coatings possess scrub and stain resistant qualities, as well as blocking and resistance to UV exposure for the exterior coatings. Both low-VOC and conventional IM coatings tend to have chemical and abrasion resistant qualities, gloss and color retention, and comparable adhesion qualities. With comparable coverage and equivalent durability qualities, it was found that additional topcoats for low-VOC coatings should not be required.
- Touch-ups and Repair Work Based on the durability characteristics information contained in the coating product data sheets, low-VOC coatings and conventional coatings had comparable durability characteristics. As a result, it was not anticipated that more touch up and repair work would need to be conducted with usage of low-VOC coatings. Consequently, claims of significant adverse air quality impacts resulting from additional touch-up and repair for low-VOC coatings were concluded to be unfounded.

 <u>Recoating</u> – A review of coatings manufacturers' own data sheets indicated that the low-VOC coatings for both architectural and industrial maintenance applications are durable and long lasting. Any durability problems experienced by the low-VOC coatings are not different than those seen with conventional coatings. It was also noted that recent coating technology has improved the durability of new coatings. Because the durability qualities of the low-VOC coatings were comparable to the conventional coatings, it was concluded that more frequent recoatings would not be necessary.

SCAQMD's research and analysis of resin manufacturers' and coating formulators' product information sheets in the 1999 Supplemental EA prepared for Rule 1113 concluded on each separate issue that the low-VOC compliant coatings had comparable performance as current coatings, and therefore, the potential tradeoff issues were unfounded. Since this time, the coating technologies have advanced, and it is staff's current understanding that there is still no additional need to increase coatings usage due to low-VOC requirements of the proposed amendments to Rule 1113.

# COMPARATIVE ANALYSIS

The following analysis compares Rule 1113 with the CARB SCM and the USEPA Architectural Coatings rule. The comparison includes proposed changes to Rule 1113 where applicable.

Section	Rule 1113 Architectural Coatings	California Air Resources Board 2007 Suggested Control Measure	40 CFR, Subpart D National Volatile Organic Compound Emission Standards for Architectural Coatings
Applicability	This rule is applicable to any person who supplies, sells, markets, offers for sale, or manufactures any architectural coating that is intended to be field applied <u>within the District</u> to stationary structures or their appurtenances, and to fields and lawns; as well as any person who applies, stores at a worksite, or solicits the application of any architectural coating within the District. The purpose of this rule is to limit the VOC content of architectural coatings used in the District.	<ul> <li>1.1 Except as provided in subsection 3, this rule is applicable to any person who:</li> <li>1.1.1 Supplies, sells, or offers for sale any architectural coating for use within the District; or</li> <li>1.1.2 Manufactures, blends, or repackages any architectural coating for use within the District; or</li> <li>1.1.3 Applies or solicits the application of any architectural coating within the District.</li> </ul>	<ul> <li>(a) Except as provided in paragraphs (b) and (c) of this section, the provisions of this subpart apply to each architectural coating manufactured on or after September 13, 1999 for sale or distribution in the United States.</li> <li>(b) For any architectural coating registered under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. Section 136, et seq.), the provisions of this subpart apply to any such coating manufactured on or after March 13, 2000 for sale or distribution in the United States.</li> </ul>
	Bond Breakers (350 g/L) and Form Release Compounds (100 g/L)– phased out	Bond Breakers (350 g/L) and Form Release (250 g/L) remain	Bond Breakers (600 g/L) and Form Release (450 g/L) remain
	Building Envelope (100 g/L) – New Category	No Category	No Category
<b>Definition</b> Modifications	Color Indicating Safety Coatings (480 g/L) – subcategory of IM coatings that was sold under SCE	Fall under IMC (250 g/L), sold under SCE	Fall under IMC (450 g/L), sold under SCE
and VOC Content Limits	Default Coatings (50 g/L) – defined instead of just referenced	Un-defined coatings fall under Flat (50 g/L), Nonflat (100 g/L) or Nonflat – High Gloss (150 g/L)	Un-defined coatings fall under Flat (250 g/L) or Nonflat (380 g/L)
	Faux Glaze (350 g/L) – includes wet-in-wet and wet-in-dry applications (artistic as well as architectural uses)	Faux Glaze (350 g/L) includes textured coatings	Faux Glaze (700 g/L) only includes wet-in-wet techniques
	Flat Coatings (50 g/L) – references gloss test method	Flat Coatings (50 g/L) – equivalent definition	Flat Coatings (250 g/L) – equivalent definition

Section	Rule 1113 Architectural Coatings	California Air Resources Board 2007 Suggested Control Measure	40 CFR, Subpart D National Volatile Organic Compound Emission Standards for Architectural Coatings
	Lacquer (275 g/L) – specifies they are only topcoats and sanding sealers	Lacquer (275 g/L) – includes undercoaters	Lacquer (680 g/L) – includes clear <u>L</u> łacquer sanding sealers, not <u>L</u> łacquer stains
	Mastic Coatings (100 g/L) – excludes roof coatings	Mastic Texture Coating (100 g/L) – does not exclude roof coatings	Mastic Texture Coating (300 g/L) – does not exclude roof coatings
	Nonflat (50 g/L) – removed clause stated they are not defined by another category as those coatings could fall under default	Nonflat (100 g/L) – equivalent definition but also includes a Nonflat – High Gloss (150 g/L)	Nonflat (380 g/L) – equivalent definition
	Reactive Penetrating Sealer (350 g/L) – changed the 2% water vapor transmission rate to provide a breathable waterproof barrier	Reactive Penetrating Sealer (350 g/L) – includes the 2% water vapor transmission rate	Waterproofing Sealers and Treatments (600 g/L) – no performance requirements
	Recycled Coatings (150 g/L) – VOC limit change only	Recycled Coatings (250 g/L)	Recycled Coatings - adjusted- VOC content is determined by multiplying the percentage of postconsumer content of the coating by the VOC content of the <u>R</u> #ecycled <u>C</u> eoating, which is then subtracted from the VOC content of the end product.
	Tile and Stone (100 g/L) – new subcategory of waterproofing concrete/masonry sealer	Concrete/Masonry Sealer (100 g/L) – Broader Category	Waterproofing Sealer and Treatments (600 g/L) – Broader Category
	Topcoat – new definition as the term is used in several proposed definitions	Not defined	Not defined
	Tub and Tile Refinishing Coatings (420 g/L) – new high-category that was sold under SCE	Tub and Tile Refinishing Coatings (420 g/L) – equivalent definition	Industrial Maintenance (450 g/L) – due to the immersion in water and heavy abrasion clauses
	Varnish (275 g/L) - specifies they are only topcoats	Wood Coatings (275 g/L) - could include undercoaters	Varnish (450 g/L) – could include undercoaters
	Wood Coatings (275 g/L) – modified from Clear Wood Finish definition to address pigmented <u>L</u> acquers and <u>V</u> +arnishes	Wood Coatings (275 g/L) – includes undercoaters, penetrating oils, clear stains, wood conditioners, and wood sealers	No umbrella category, just Lacquer (including sanding sealers) (680 g/L) and Varnishes (450 g/L)
	Wood Conditioners (100 g/L) – new category to provide clarification, products used to fall under PSU	Wood Coatings (275 g/L) – includes wood conditioners	Primers, Sealers, and Undercoaters (450 g/L) – broader category

Section	Rule 1113 Architectural Coatings	California Air Resources Board 2007 Suggested Control Measure	40 CFR, Subpart D National Volatile Organic Compound Emission Standards for Architectural Coatings
Requirements	Default limit (50 g/L) applies or VOC limits specified in the Table of Standards on listed effective dates.	Coatings default to Flat (50 g/L), Nonflat (100 g/L) or Nonflat – High Gloss (150 g/L) or VOC content not to exceed applicable limit in Table 1.	Coatings default to Flat (250 g/L) or Nonflat (380 g/L) or VOC content not to exceed applicable limit in Table 1 to Subpart D.
Sell-Through Provision	Removed ACO language	No ACO provision	No ACO provision
Administrative Requirements	Require VOC and date of manufacturer on colorant containers	No requirements for colorants	No requirements for colorants
New Test Methods	<ul> <li>VOC Test Methods:</li> <li>Method 313 [Determination of Volatile Organic Compounds VOC by <u>GCGas Chromatography</u> M<u>Sass Spectrometry</u>] in the SCAQMD's "Laboratory Methods of Analysis for Enforcement Samples" manual.</li> <li>ASTM Test Method 6886 (Standard Test Method for Determination of the Weight Percent Individual Volatile Organic Compounds in Waterborne Air-Dry Coatings by <u>GCGas</u> <u>Chromatography</u>).</li> <li>Reactive Penetrating Sealer: Included ASTM D6490 (Standard Test Method for Water Vapor Transmission of Non<u>-</u> Film Forming Treatments Used on Cementitious Panels along with ASTM</li> </ul>	Requires Reference Method 24 Only references ASTM E96/96M.	Requires Reference Method 24

Section	Rule 1113 Architectural Coatings	California Air Resources Board 2007 Suggested Control Measure	40 CFR, Subpart D National Volatile Organic Compound Emission Standards for Architectural Coatings
	<ul> <li>Building Envelope Test Methods:</li> <li>ASTM E2178 (Standard Test Method for Air Permeance of Building Materials).</li> <li>ASTM E331 (Standard Test Method for Water Penetration of Exterior Windows, Skylights, Doors, and Curtain Walls by Uniform Static Air Pressure Difference).</li> <li>ASTM E96/96M (Standard Test Methods for Water Vapor Transmission of Materials).</li> </ul>	No Building Envelope Category	No Building Envelope Category
	<ul> <li>Tub and Tile Refinishing Coatings</li> <li>ASTM D3363 (Standard Test Method for Film Hardness by Pencil Test)</li> <li>ASTM D4060 (Standard Test Method for Abrasion Resistance of Organic Coatings by the Taber Abraser)</li> <li>ASTM D4585 (Standard Practice for Testing Water Resistance of Coatings Using Controlled Condensation)</li> <li>ASTM D714 (Standard Test Method for Evaluating Degree of Blistering of Paints)</li> <li>ASTM D3359 (Standard Test Methods for Measuring Adhesion by Tape Test).</li> </ul>	Same test methods referenced	No Tub and Tile Coatings category

Section	Rule 1113 Architectural Coatings	California Air Resources Board 2007 Suggested Control Measure	40 CFR, Subpart D National Volatile Organic Compound Emission Standards for Architectural Coatings
	<ul> <li>Tile and Stone Sealer</li> <li>ASTM C373 (Standard Test Method for Water Absorption, Bulk Density, Apparent Porosity, and Apparent Specific Gravity of Fired Whiteware Products, Ceramic Tiles, and Glass Tiles).</li> <li>ASTM C97/C97M (Standard Test Methods for Absorption and Bulk Specific Gravity of Dimension Stone).</li> <li>ASTM C642 (Standard Test Method for Density, Absorption, and Voids in Hardened Concrete).</li> <li>Static Coefficient of Friction by American National Standard Specification for Ceramic Tile (ANSI A137.1).</li> <li>ASTM E96/96M (Standard Test Methods for Water Vapor Transmission of Materials).</li> </ul>	No Tile and Stone Sealers category.	No Tile and Stone Sealers category.

Section	Rule 1113 Architectural Coatings	California Air Resources Board 2007 Suggested Control Measure	40 CFR, Subpart D National Volatile Organic Compound Emission Standards for Architectural Coatings
Exemptions	Small Container Exemption:Effective January 1,2016upon rule adoption, remove exemption for: Concrete-Curing Compounds For Roadways and Bridges; Magnesite Cement Coatings; Multi-Color Coatings; Pre-Treatment Wash Primers; Roof Primers, Bituminous; Sacrificial Anti-Graffiti Coatings; Stone Consolidants; Repair and Other Swimming Pool Coatings; and Wood PreservativesEffective January 1, 2018, remove exemption for: Tub and Tile Coatings; Clear and Pigmented Shellacs; and Reactive Penetrating SealersEffective January 1, 2019, limit exemption to 8 fluid 	Rule does not apply to any architectural coating that is sold in a container with a volume of one liter (1.057 quart) or less	The provisions of subpart D do not apply to any architectural coating that is sold in a container with a volume of one liter or less
Averaging Compliance Option	Removed all references to ACO, including Appendix A as ACO sunset effective January 1, 2015	No ACO provision	No ACO provision

# SUMMARY OF POTENTIAL EMISSION REDUCTIONS

The following table represents the potential emission reductions:

### Table 8: Summary of Potential Emission Reductions from PAR 1113

Rule Change	Estimated Emission Reduction (tpd)	Effective Year
VOC Limit Change		
<b>Building Envelope Coatings</b>	0.01	01/01/19
Recycled Coatings	0.06	01/01/19
SCE Restrictions		
Flat Coatings	0.002	01/01/19
Industrial Maintenance Coatings	0.01	01/01/19
High Temperature IMC	0.001	01/01/19
Zinc-Rich Primers	0.003	01/01/19
Nonflat Coatings	0.15	01/01/19
<b>Reactive Penetrating Sealers</b>	0.0001	01/01/18
<b>Rust Preventative Coatings</b>	0.63	01/01/19
Shellacs	0.0007	01/01/18
Tub and Tile Coatings	0.01	01/01/18
Totals	0.88	

# CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The proposed amendments to Rule 1113 - Architectural Coatings has been reviewed pursuant to CEQA and an appropriate CEQA document has been prepared, and will be considered for certification concurrently with the consideration for adoption of PAR 1113.PAR 1113 is considered a "project" as defined by the California Environmental Quality Act (CEQA), and the SCAQMD is the lead agency. Pursuant to CEQA Guidelines §15252 and SCAQMD Rule 110, SCAQMD staff reviewed PAR 1113 and concluded that an Environmental Assessment (EA) with no significant effects was the appropriate CEQA document for the proposed project. Staff released the Draft EA for a 30-day public review period from September 15, 2015 to October 15, 2015. One comment letter was received and the response to the comments have been included in the Final EA. Since the close of the comment period, revisions have been proposed to PAR 1113. Staff has analyzed these proposed revisions and have determined that they do not trigger recirculation pursuant to CEQA Guidelines §15073.5.

# **COST EFFECTIVENESS**

# VOC Reductions (Recycled Coatings and Building Envelope Coatings)

The reductions for <u>R</u>recycled <u>C</u>eoatings will not have any associated costs as the coatings are already formulated at the lower level. Staff has found no evidence of any <u>R</u>recycled <u>C</u>eoatings currently being offered for sale that exceed the proposed VOC limit. Staff received feedback that

extra VOC testing would be required because of the proposed lower VOC limit. Staff addressed this by extending the effective date of the lower limit to January 1, 2019 to allow time for the higher-VOC coatings collected at drop off sites to be processed into <u>R</u>recycled <u>C</u>eoatings. Overtime, there will be less of the high-VOC coatings collected and more low and near-zero VOC coatings collected.

The building envelope coatings may have a high cost associated with reformulation and recertification, if the manufacturer decides to certify the coatings (this is not a requirement of Rule 1113). Staff found only one currently compliant coating that was over the proposed 50 g/L VOC limit. The sales volume of this product was so low that the manufacturer will likely stop sales <u>of this product</u> within the SCAQMD instead of re-formulating. That same manufacturer has a product that meets the 50 g/L VOC limit.

# SCE Phase out for Specialty Products (Reactive Penetrating Sealers, Shellacs, & Tub and Tile Coatings)

For reactive penetrating sealers, there is only one product that is slightly over the VOC limit (by 27 g/L). This manufacturer also has several compliant coatings and will likely discontinue the higher-VOC product.

For Shellacs, there are three out of ten products over the 550 g/L VOC limit for pigmented shellacs and one out of twenty four products over the 730 g/L VOC limit for clear shellacs. The manufacturer can either slightly reduce the VOC content or discontinue marketing those coatings in the SCAQMD. There are new waterborne shellac replacements currently available and staff disagrees that there is any questions the need for pigmented and clear shellacs available for sale and use in the SCAQMD with a VOC limit of 550 and 730 g/L.

Tub and tile coatings are a new carve out requested by industry as the SCE is being restricted for <u>F</u>flat, <u>N</u><del>n</del>onflat and IM coatings. Staff set the limit consistent with the CARB SCM as to not be less restrictive. The VOC limit agreed upon by CARB and industry back in 2007 was 420 g/L, and yet the seven out of twelve coatings reported as tub and tile coatings under Rule 314 exceed this VOC limit. Based on manufacturer's feedback, the reformulated coatings are estimated to cost 20% more than current formulations. These products are supplied in quarts, and the increase would be approximately  $\frac{9}{quart}$ .

# SCE Phase out for High-Volume Products (Flats, Nonflats, IMCs, & RPCs)

For the SCE restrictions, the lower-VOC products are already available <u>fromby</u> most, if not all manufacturers. There will be some higher-VOC product lines that will no longer be available in the SCAQMD, but in all instances, significant quantities of compliant coatings are currently being sold:

	2014 Sales		
Category	Compliant Sales (gal)	SCE Sales (gal)	% Compliant Sales
Flat Coatings	11,311,224	5,983	100%
Industrial Maintenance Coatings	677,054	2,687	100%
Color Indicating Safety Coating	0	0	
High Temperature IMC	4,377	PD	99%
Non-Sacrificial Anti-Graffiti	0	0	
ZincRich Primers	9,670	PD	100%
Nonflat Coatings	11,566,568	83,772	99%
<b>Reactive Penetrating Sealers</b>	PD	PD	77%
<b>Rust Preventative Coatings</b>	141,103	151,237	48%
Shellac	PD	PD	96%
Tub and Tile Coatings	PD	PD	19%

Table 9: Small Container Exemption - Compliant versus non-Compliant Sales

PD = Protected data, less than three companies reported sales.

In the case of RPCs, the restriction on the SCE could result in some reformulation costs and/or reduced profit margins for the manufacturers who have not already switched to compliant technologies. In those instances, the manufacturer could choose to only sell their compliant product lines in the SCAQMD and the market share from the high-VOC sales would be redistributed amongst the available compliant products. Consumers who otherwise would purchase the high-VOC products could purchase the lower-VOC products without a compromise in performance. Alternatively, the manufacturers selling the high-VOC products could replace the higher-VOC products sold in quarts with their compliant products that they now sell in gallons. As previously stated, all manufacturers have a compliant RPC product line. Shelf surveys of the coatings currently being offered for sale in the field, show that the exempt product formulations of RPCs cost a few cents less than the higher-VOC RPCs sold in quart containers. Packaging and shipping in gallon containers instead of 4 quarts is also less expensive for the manufacturer. One manufacturer has indicated that their waterborne line of RPCs is less expensive due to the resin cost and the cost of water versus solvent. Based on this, staff feels that the removal of the SCE will lead to an overall cost savings. However, one manufacturer has indicated that the change in formulation will yield a 100% increase to the cost of their quart containers. This manufacturer is the same one selling the exempt solvent version of their product for several cents less than the high-VOC product. Staff acknowledges that some exempt solvents and low-VOC replacement solvents are more expensive than conventional solvents. As for reformulation costs for switching to the exempt solvent version of RPCs, feedback from the one manufacturer who does not feel the waterborne coatings perform adequately indicated the only work needed is color matching of their current product line.

Staff estimates that the cost per ton for PAR 1113 is \$46,013.93-1,150 per ton. As described previously, there are additional reasons for removing the SCE for certain categories other than VOC emissions reductions (circumvention, pricing disincentives for consumers, and competitive disadvantages).

# SOCIOECONOMIC ASSESSMENT

PAR 1113 affects all architectural coating manufacturers who sell architectural coatings into or within the SCAQMD. The purpose of PAR 1113 is to implement, in part, Control Measure CM#2012 CTS-01 – Further VOC Reductions from Architectural Coatings, limit the <u>SCE small</u> container exemption for certain categories, propose new categories with VOC limits and eliminate categories once they are regulated under a different rule, reduce the VOC limit of some architectural coating categories to reflect currently available inventory, clarify rule language, strengthen the enforceability of the rule, and remove and update outdated provisions.

# Affected Facilities

The proposed amendments will affect <u>approximately 28–200 facilitiesmanufacturers and</u> wholesalers who sell architectural coatings into or within the SCAQMD. Of those 200 facilities, 54 are located in the Basin. <u>TwentyThirty-three</u> of the affected facilities are located in Los Angeles County, while six facilities and two facilities <u>16 facilities</u> are located in Orange <u>County</u>, <u>2 facilities</u> are located in <u>and</u>. San Bernardino County<del>ies respectively</del>, and 3 facilities are located in Riverside <u>County</u>. The affected facilities belong to the sectors of Chemical Manufacturing (NAICS 325), Petroleum and Coal Products Manufacturing (NAICS 324), and Non-Metallic Mineral Product Manufacturing (NAICS 327) and Wholesale Trade (NAICS 423). Table 10 shows the distribution of these facilities by industry.

Industry (NAICS)	Number of Facilities
Chemical Manufacturing (325)	2 <u>12</u>
Petroleum and Coal Products Manufacturing (324)	<u>34</u>
Non-Metallic Mineral Product Manufacturing (327)	4 <u>5</u>
Wholesale Trade (42)	<u>23</u>
Total	<del>28</del> 54

### Table 10: Number of Affected Facilities

# **Cost of Compliance**

Based on the assumptions in the staff report for PAR 1113, tThe annual cost of compliance of \$46,000 is estimated to be approximately \$368,000 for each implementation year from 2016 to 2019 \$15,000 on average, from 2016 to 2019. As Table 11 illustrates, mManufacturers of tub and tile coatings would incur 100% of this cost. Since only 19% of their products sold recently would be compliant, T these manufacturers are expected to incur costs for reformulation and other related expenses, which is anticipated to be approximately a 20% increase based on staff analysis and stakeholder feedback. No tub and tile manufacturers qualify as small businesses.

#### **Table 11: Coating Categories with Socioeconomic Impact**

Rule Change	Annual Cost				
Rust Preventative Coatings (RPCs)	<del>(\$17,590.80)</del>				
Tub and Tile Coatings	<del>\$46,013.93</del>				
Total	<del>\$46,013.93*</del>				

\* Total does not include potential cost saving from RPCs because they represent the status quo.

Manufacturers of waterborne RPCs are <u>will-not expected to</u> incur any additional costs from PAR 1113 given that waterborne RPCs are <u>similarly priced as</u> <del>37 cents cheaper than</del> their higher VOC, solvent-based counterparts in the current marketplace <u>and the manufacturers have already</u> <u>developed both high- and low-VOC product lines</u>. Given this price differential, the annual cost-savings for waterborne RPCs is about \$18,000 and represents business as usual in this analysis. <u>However, if If</u>-manufacturers choose to continue working with exempt solvents rather than switching production to solely waterborne-ed RPCs, then these manufacturers w<u>ouldill</u> incur additional production costs. This will likely have no impact on consumers who can switch to waterborne RPCs, which are not only cheaper, but have also been shown to be equal to, if not superior than, higher VOC RPC products.<sup>1</sup>

It has been standard socioeconomic practice that, when the annual compliance cost is less than one million current U.S. dollars, the Regional Economic Impact Model (REMI) is not used to simulate jobs and macroeconomic impacts. This is because the impact would most likely be diminutive and would fall within the noise of the model This is because the resultant impacts of approximately 10 jobs created or not created is relatively small compared to the baseline economy of about 10 million jobs; therefore, these results would be considered too unreliable to use. REMI results constitute a major component of the SCAQMD's socioeconomic analysis. Therefore, when annual compliance cost is less than one million dollars and REMI is not used, the socioeconomic report can be brief and be included in the staff report, unless otherwise determined on a case-by-case basis.

# **LEGISLATIVE AUTHORITY**

The California Legislature created the SCAQMD in 1977 (The Lewis Presley Air Quality Management Act, Health and Safety Code Section 40400 et seq.) as the agency responsible for developing and enforcing air pollution controls and regulations in the Basin. By statute, the SCAQMD is required to adopt an AQMP demonstrating compliance with all state and federal ambient air quality standards for the Basin [California Health and Safety Code Section 40440(a)].

<sup>&</sup>lt;sup>1</sup> See Response to Comment 3-12.

Furthermore, the SCAQMD must adopt rules and regulations that carry out the AQMP [California Health and Safety Code Section 40440(a)].

# AQMP AND LEGAL MANDATES

The California Health and Safety Code requires the SCAQMD to adopt an AQMP to meet state and federal ambient air quality standards in the South Coast Air Basin. In addition, the California Health and Safety Code requires the SCAQMD to adopt rules and regulations that carry out the objectives of the AQMP.

# DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE

Health and Safety Code Section 40727 requires that prior to adopting, amending or repealing a rule or regulation, the SCAQMD Governing Board shall make findings of necessity, authority, clarity, consistency, non-duplication, and reference based on relevant information presented at the hearing. The draft findings are as follows:

**Necessity** - The SCAQMD Governing Board has determined that a need exists to amend Rule 1113 - Architectural Coatings to clarify rule language, reduce emissions from the use of architectural coatings, including previously unregulated colorants that are used to tint the coatings at the point of sale, and improve rule compliance.

**Authority** - The SCAQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Health and Safety Code Sections 39002, 40000, 40001, 40440, 40702, and 41508.

**Clarity** - The SCAQMD Governing Board has determined that the proposed amendments to Rule 1113 - Architectural Coatings, are written and displayed so that the meaning can be easily understood by persons directly affected by them.

**Consistency** - The SCAQMD Governing Board has determined that PAR 1113 - Architectural Coatings, is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, federal or state regulations.

**Non-Duplication** - The SCAQMD Governing Board has determined that the proposed amendments to Rule 1113 - Architectural Coatings do not impose the same requirement as any existing state or federal regulation, and the proposed amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, the SCAQMD.

**Reference** - In adopting these amendments, the SCAQMD Governing Board references the following statutes which the SCAQMD hereby implements, interprets or makes specific: Health and Safety Code Sections 40001-(a) (air quality standards and enforcement of federal standards), 40440(a) (rules to carry out plan), 40440(b)(1) (BARCT), 40702 (adopt regulation to execute duties), and Federal Clean Air Act Sections 116 (state standards at least as stringent as federal standards) (rules to carry out the Air and Safety Code ambient air quality standards), 40440(a) (rules to carry out the Air

Quality Management Plan), and 40440(c) (cost effectiveness), 40725 through 40728 and Federal Clean Air Act Sections 171 et sq., 181 et seq., and 116.

# REFERENCES

40 CFR Part 59, Subpart D – National Volatile Organic Compound Emission Standards for Architectural Coatings, September 11, 1998.

# **COMMENTS AND RESPONSES**

The following are the comment letters and emails, which have the paragraphs numbered to reference staff responses, that were received after the August 25<sup>th</sup> Public Workshop and the September 17<sup>th</sup> Public Consultation Meeting.

The following are comments from the Institute for Research and Technical Assistance – Comment Letter #1.

Institute for Research and IRTA Technical Assistance a nonprofit organization Comment Letter #1 August 28, 2015 Heather Farr South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765 Dear Ms. Farr: I am writing with comments on the proposed changes to Rule 1113 "Architectural Coatings." I am Director of the Institute for Research and Technical Assistance (IRTA), an environmental technical nonprofit organization that develops and demonstrates low-VOC, low toxicity alternatives, primarily in solvent applications. I attended the workshop on August 26 and provided testimony; I am following up the testimony with written comments. My letter focuses on two issues that are related. First, the District is proposing to exempt 2-methyl-2-amino propanol (AMP), a chemical used in coating formulations as a pH adjuster. SCAQMD asked Dr. Julia Quint to evaluate the toxicity of AMP. Dr. Quint is a toxicologist and the former head of the Hazard Evaluation System and Information Service (HESIS), a 1-1 state agency concerned with worker exposure. Dr. Quint indicates that AMP may be a developmental toxicant and that the chemical itself or impurities in it may lead to the formation of nitrosamines which are potent carcinogens. She goes on to say that, unless it can be demonstrated that these toxic endpoints will not arise, the District should not exempt the chemical. Her review and references was sent to you and is in the record. The District has asked OEHHA to evaluate the toxicity of AMP and that evaluation is apparently still underway. If the OEHHA review indicates that the developmental toxicity endpoint and nitrosamine formation are not viable, then the District could move forward with the exemption. IRTA agrees with Dr. Quint and opposes the exemption unless OEHHA determines that these endpoints are not of concern. The second issue concerns an exemption the District adopted many years ago for tert-butyl acetate (TBAC) in Industrial Maintenance (IM) coatings. TBAC forms a metabolite, tertbutyl alcohol, which is a carcinogen. The issue of exempt chemicals and toxicity has been a problem for the District in several rules over the last three or four years. In two other rules, Rule 1107 "Coating of Metal Parts and Products" and Rule 1168 "Adhesives and Sealant Applications," amendments were cancelled because the District proposed an exemption for TBAC in certain applications and the issue became controversial. In Rule 1168, the District proposed exempting TBAC for use in adhesive applications used in roofing. The District's CEQA staff calculated very high risks to workers and community members based on a 1-2

CEQA staff calculated very high risks to workers and community members based on a cancer unit risk value OEHHA had developed earlier. The District argued that Personal Protective Equipment (PPE) could be used to reduce the risk to workers but there was a question as to the effectiveness of PPE and whether or not the District had the authority to require it. The risks calculated by the CEQA staff also indicated the risk to surrounding

To address the issue of exempt chemical toxicity, which had become an important policy question, the District held a symposium in October of last year where experts provided presentations on the topic. Virtually all the participants indicated that the best option for reducing or eliminating the risk of a toxic chemical is to use a safe alternative and that PPE should be used only as a last resort.

community members was very high and, in that case, PPE could not be used for mitigation.

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45

The District prepared white papers on various topics over the last several months. The VOC white paper addressed the issue of exempt chemical toxicity and it stated that the District would use the precautionary approach to exempting chemicals. The precautionary approach means that chemicals should not be used unless it can be shown that they do not pose a risk. When a chemical is exempted, its use is encouraged and, indeed, promoted. Based on OEHHA's evaluation of toxicity for TBAC and the District's white paper position, TBAC should not have an exemption in any District rule.

Because TBAC became so controversial and because it does pose a carcinogenic risk, OEHHA conducted a further analysis to decide on a final proposed cancer unit risk. In OEHHA's earlier evaluation, the agency indicated that the cancer unit risk factor was 4 X 10-7 per microgram per meter cubed. Dr. Quint, when she was Chief of HESIS, had calculated a risk to workers using the OEHHA risk factor of 74,000 in a million at the current Permissible Exposure Limit (PEL). OEHHA's new evaluation, which is on their website, is that the cancer unit risk factor is now higher, at 1.9 X 10-6 per microgram per meter cubed. This translates into a worker risk of 350,000 in a million at the current PEL. Another way to put the new unit risk factor in perspective is to note that it is almost twice the cancer unit risk factor for methylene chloride which is a potent carcinogen.

Based on the revised OEHHA value for TBAC and the fact that the District is using a precautionary approach, IRTA is requesting that the District remove the exemption for TBAC in Rule 1113. Removing an exemption does not necessarily restrict a chemical. Rather it simply removes the preference given it by reason of the exemption. Once the exemption is removed, it is just considered to be a VOC like many other chemicals. Over the next few months, because of the risk posed by TBAC, the District should also consider covering it in a toxics regulation so users would have to meet the significance level when they use it.

In summary, then, IRTA opposes the exemption of AMP in Rule 1113 unless or until OEHHA indicates the chemical is definitively not a developmental toxin and does not lead to the formation of nitrosamines. IRTA also requests that the District remove the exemption in Rule 1113 for TBAC in industrial maintenance coatings.

I appreciate the opportunity to comment on this important issue. If you have questions on my comments, please call me at (323) 656-1121.

Sincerely, Actin World

1-2

cont

Katy Wolf, Ph.D. Director

cc: Philip Fine, Jill Whynot

#### Response to comment 1-1

As mentioned in the staff report, the OEHHA analysis on AMP was released September 15, 2015. Based on the RELs, which are expected to be the final RELs unless further studies are conducted and submitted for review, staff has removed the proposal to exempt AMP from the definition of a VOC.

#### *Response to comment 1-2*

OEHHA is still in the process of finalizing their analysis on tBAc. Until there is a final peer reviewed analysis on tBAc, staff will not propose any changes to the current tBAc exemption.

The following are comments from the Angus Chemical Company– Comment Letter #2.



Comment Letter #2

August 31, 2015

Ms. Heather Farr Air Quality Specialist South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

Subject: Comments on Draft Rule for 1113

Dear Ms. Farr,

ANGUS Chemical Company (ANGUS) supports the South Coast Air Quality Management District's (SCAQMD) recent proposal to exempt 2-Amino-2-Methyl-1-Propanol (AMP) as a volatile organic compound (VOC) according to Rule 1113 covering Architectural and Industrial Maintenance (AIM) coatings.

ANGUS appreciates the opportunity to comment on the amendments to Rule 1113. The following comments are specific to the VOC exemption for AMP.

As you are aware, AMP's use in AIM coatings is not a new application. AMP has been used for decades without adverse health effects as a multifunctional additive in paints and coatings. Only recently have paint manufacturers moved away from AMP, due to AMP's classification as a VOC. As stated during the public workshop, SCAQMD has learned that paint manufacturers prefer to use AMP over ammonia in many of their low to zero-VOC paints.

In the final ruling exempting AMP as a VOC, the U.S. EPA wrote that "AMP's performance as a multifunctional neutralizer, combined with its reduced ozone potential and favorable toxicity data, makes this product a preferred one compared to more toxic chemicals used for the same purpose."

The U.S. EPA agreed with the findings of Dr. Carter from the University of California, Riverside who determined that AMP forms negligible to no tropospheric ozone, and that under certain scenarios AMP can actually inhibit the formation of tropospheric ozone to a small degree. The U.S. EPA also concluded that AMP has a low potential to contribute to global warming and AMP will not deplete stratospheric ozone. As a result, exempting AMP as a VOC will assist SCAQMD in meeting its clean air goals.

AMP is an established, widely studied compound which is typically used in concentrations at or below one percent of a total formulation. As a specialty amino alcohol, AMP cannot be used in high concentrations in the manner associated with industrial solvents. In addition to AIM coatings, it is used in personal care applications such as hair sprays, hair gels, semi-permanent and permanent hair colors as well as hand sanitizers, where it is valued for its buffering capacity as well as its mildness. AMP also has FDA clearance to be used in adhesives for indirect food contact (such as food packaging).

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In summary, AMP provides paint manufacturers a safe alternative for improving the performance of their low- to -zero-VOC paint formulations. In anticipation of a favorable assessment from the Office of Environment Health Hazard Assessment in September, we support and look forward to SCAQMD's recommendation and approval to exempt AMP as a VOC at its upcoming board meeting currently scheduled for November.

Thank you for the opportunity to provide comments. Please contact me at your convenience if you have any need for additional information.

Sincerely Mike Lewis

Mike Lewis Business Vice President ANGUS Chemical Company E mdlewis@angus.com 0 +1 847 808 3436 M +1 847 828 5986

#### Response to comment 2

As mentioned in the staff report and in response to comment 1-1, based on the OEHHA analysis on AMP, staff is no longer proposing to exempt AMP from the definition of a VOC due to toxicity concerns and potential AMP exposure during painting.

### The following are comments from the Dunn-Edwards Corporation- Comment Letter #3.

Comment Letter #3



THE #1 CHOICE OF PAINTING PROFESSIONALS!

DUNN-EDWARDS CORPORATION 4885 East 52<sup>nd</sup> Place, Los Angeles, CA 90058

> ENVIRONMENTAL AFFAIRS Phone: (323) 826-2663 Fax: (323) 826-2653

September 3, 2015

VIA EMAIL hfarr@aqmd.gov

Heather Farr Air Quality Specialist SOUTH COAST AQMD 21865 Copley Drive Diamond Bar, CA 91765

#### RE: PROPOSED AMENDED RULES 1113 & 314

Dear Ms. Farr:

Dunn-Edwards Corporation is a California-based manufacturer and distributor of architectural coatings, serving the Southwestern United States. Our Main Office, one of two factories, and almost half of our retail outlets are located in the South Coast Air Quality Management District (SCAQMD), where we employ more than 800 people directly, and contribute indirectly to the livelihoods of thousands more professional painting contractors and maintenance staff painters throughout the region.

This letter is a follow-up to the oral comments offered on behalf of Dunn-Edwards Corporation at the Public Workshop on Proposed Amended Rules 1113 (Architectural Coatings) and 314 (Fees for Architectural Coatings) on Wednesday, August 26, 2015. Comments are presented here in order by rule section.

#### RULE 1113: ARCHITECTURAL COATINGS

(a) Applicability

3-1

We agree with the deletion of reference to averaging of coatings, since the Averaging Compliance Option is no longer operative in the rule. We notice, however, that the first sentence of this paragraph, through an apparent mis-wording, inadvertently excludes from rule applicability manufacturers located outside the District: "This rule is applicable to any person who...manufactures any architectural coating in the District...." This can be remedied by moving

3-1 cont. the phrase "in the District" (or "within the District" to be consistent with the second half of the sentence) as follows: "This rule is applicable to any person who supplies, sells, markets, offers for sale, or manufactures any architectural coating that is intended to be field applied to stationary structures or their appurtenances within the District...." etc.

(b) Definitions

3-2

3-3

(21)(c) GLAZES: While the definition is now accurate and acceptable, we think a minor change in the first sentence would make the intent clearer, as follows: "GLAZES are coatings formulated and recommended to be used (or to be mixed with another coating) for:" etc.

(23) FLAT COATINGS: Unlike the definition of Nonflat Coatings, this definition lacks specification of the test method to be used for determination of gloss levels. We recommend including the same language used in the Nonflat Coatings definition, as follows: "FLAT COATINGS are coatings that register a gloss of less than 15 on an 85-degree meter or less than 5 on a 60-degree meter according to ASTM Test Method D 523 as specified in paragraph (e)(5)."

(81) WOOD COATINGS: In the interest of maintaining consistent definitions of categories, which we believe promotes efficient compliance and enforcement, we suggest making this definition functionally equivalent to the definition given this category when it was created in the ARB 2007 SCM, as follows: "WOOD COATINGS are film-forming coatings formulated and labeled for application only to wood substrates, including floors, decks, and porches. The Wood Coatings category includes all lacquers, varnishes, and sanding sealers, whether clear, semi-transparent or opaque. This category also includes penetrating oils, clear stains, wood conditioners for use as undercoats, and wood sealers for use as topcoats."

3-4

The Draft Staff Report indicates that the proposed definition was intended "to clearly indicate that it only applies to Lacquer and Varnish topcoats and not to undercoaters." This seems to us inappropriate, since Wood Coatings are typically applied as finishing systems that involve multiple coats of multiple products. An opaque lacquer system applied to bare wood, for example, requires an undercoater to penetrate and seal the wood before application of topcoats. Options are limited; ideally, an opaque lacquer undercoater would be used. Latex and alkyd undercoaters are not compatible with lacquer topcoats. The only currently available viable product would be pigmented shellac, which has much higher VOC content than the opaque lacquer undercoater – the material VOC content of pigmented shellac is 4 to 5 times greater than that of an opaque lacquer undercoater.

3-5

(82) WOOD CONDITIONERS: This new definition includes the word "used" in a way that would prevent any coating from being categorized as a Wood Conditioner before it is applied. A better wording, consistent with other definitions, would be: "WOOD CONDITIONERS are coatings that

3-5 cont. are formulated and recommended to prepare bare wood for staining, to provide uniform penetration of stain."

(c) Requirements

(2) No person within the District shall add colorant at the point of sale that is listed in the Table of Standards 2 and contains VOC in excess of the corresponding VOC limit specified in the Table of Standards 2 after the effective date specified.

3-6

Because the effective date specified in Table of Standards 2 is proposed to be deleted, the above paragraph should delete reference to the effective date. Also, the wording of this paragraph is somewhat awkward, making it vague and ambiguous as to what the colorant is being added to, what is being sold, and what is listed in the Table of Standards 2. A simple rewording would clarify this paragraph greatly, as follows:

(2) No person within the District shall, at the point of sale of any architectural coating subject to paragraph (c)(1), add to such coating any colorant that is listed in the Table of Standards 2 and contains VOC in excess of the corresponding limit specified in the table.

#### TABLE OF STANDARDS 1

The table includes a proposed new VOC limit for Recycled Coatings, at 150 g/L to be effective on January 1, 2016. We believe this is inappropriate, and may be based on a misunderstanding of the process by which Recycled Coatings are manufactured. The Draft Staff Report indicates that Recycled Coatings "are manufactured from locally available unused paints." This is not, however, the case: unwanted leftover paints used by recyclers to make Recycled Coatings can come from all over the Western United States, or from even further away, and may be as much

3-7

as 10 to 15 years old. All such usable coatings are blended together, with only minor adjustments to color, to make Recycled Coatings. These products are not "formulated" in the same manner as virgin paints. Sorting by VOC content is not a feasible option because labels are often obscured by paint drips, torn, or partly missing. Also, such a sorting process would be too time- and labor-intensive, and would make the price of Recycled Coatings too high for market acceptance. This category should have been made exempt from Rule 1113, although recyclers accepted the 250 g/L limit as equivalent to exemption, since all latex coatings manufactured in the past 20 years or more were at or generally below that level. We recommend leaving the 250 g/L limit in place.

#### (4) Sell-Through Provision

3-8

Previously, this paragraph was amended to add certain recordkeeping requirements applicable to those manufacturers who made use of the rule's Averaging Compliance Option and its

3-8 cont.

3-9

special Sell-Through Provision in Appendix A, Section (K). The portions of this added language that make specific reference to the Averaging Compliance Option are now proposed to be deleted, leaving other portions intact. This would have the effect of imposing special recordkeeping requirements on all manufacturers, not just those who made use of the Averaging Compliance Option. This is burdensome and unnecessary, since adequate recordkeeping requirements are already included in Rule 314 (Fees for Architectural Coatings). We recommend deleting all of the language following the first sentence of this paragraph, leaving the original Sell-Through Provision, as follows: "Any coating that is manufactured prior to the effective date of the applicable limit specified in the Table of Standards 1, and that has a VOC content above that limit (but not above the limit in effect on the date of manufacture), may be sold, supplied, offered for sale, or applied for up to three years after the specified effective date."

(d) Administrative Requirements

Paragraphs (1) and (3) of this section are proposed to be amended to make containers of colorants subject to requirements for displaying date of manufacture and VOC content. As a practical matter, it appears that most colorant manufacturers are already doing so. As a new requirements for any colorant manufacturer, however, we believe it must include an effective date such that the requirements apply only to colorants manufactured on and after the effective date. This is because, without that provision, it is not clear who would have responsibility for relabeling containers of colorants, wherever they may be located: at the manufacturer's warehouse, a distributor's warehouse, or numerous retail locations. Restricting the new requirements to product manufactured on and after the effective date means that a relatively short implementation period is possible, even as little as six months.

(1): This paragraph should be reworded to include the effective date in either one of two ways, as follows:

"Containers for all coatings, and for colorants manufactured on and after [effective date], subject to this rule shall display the date of manufacture of the contents or a code indicating the date of manufacture. The manufacturers of such coatings and colorants shall file with the <u>Executive</u> Officer of the Air Resources Board an explanation of each code."

#### OR

"Containers for all coatings and colorants subject to this rule shall display the date of manufacture of the contents or a code indicating the date of manufacture. The manufacturers of such coatings and colorants shall file with the Executive Officer of the Air Resources Board an explanation of each code. The provisions of this paragraph (d)(1) shall not apply to any colorant manufactured prior to [effective date]."

3-10

3-12

(3): This paragraph needs to have a new subparagraph (E) added, as follows: (E) For colorants manufactured on and after [effective date], the VOC per liter of colorant (less water and exempt compounds).

(f) Exemptions

(1) Small Container Exemption

(B): It seems that the exclusion of numerous categories of coatings that are acknowledged to have made little, if any, use of the Small Container Exemption is an unnecessary complication to the rule and accomplishes nothing of value. The Small Container Exemption remains a necessary "safety valve" in the rule, to allow for small quantities of specialty coatings for uses that may not be anticipated.

(C): As we have discussed previously, Dunn-Edwards would be adversely impacted by deletion of the Small Container Exemption for Rust Preventative Coatings, since it would cause the shutdown of our Los Angeles Factory, which today manufactures only solventborne alkyd Rust Preventative Coatings that are distributed primarily under the Small Container Exemption in the SCAQMD, our major marketing region. This would result in the loss of high-paying union jobs, while having no measurable impact on air quality.

Dunn-Edwards manufactures waterborne Rust Preventative Coatings at our factory in Arizona, as well as the solventborne alkyds in Los Angeles. The performance characteristics of solventborne alkyd Rust Preventative Coatings cannot be fully duplicated in lower-VOC waterborne alternatives at present. Solventborne alkyds have better penetration and adhesion on lightly rusted substrates; require less surface preparation and priming; develop higher gloss and harder finishes; and protect better because of superior film build, flow and leveling.

Additionally, our solventborne alkyds contain primarily low-reactivity mineral spirits (ARB Hydrocarbon Bin 11, MIR value: 0.7) and therefore have little, if any, impact on ozone formation. If no longer available, we believe that some portion of the solventborne alkyd Rust Preventative Coatings would be replaced by aerosol Rust Preventative Coatings, which emit more VOC, and more reactive VOC, per unit of area coated.

For these reasons, among others, we request that the Small Container Exemption for Rust Preventative Coatings be retained. We believe that off-setting emission reductions might be claimed in a variety of alternative ways, and we look forward to discussing these with you at future meetings.

#### RULE 314: FEES FOR ARCHITECTURAL COATINGS

3-13

(g)(2)(A)(i): It is difficult to evaluate whether the proposed graduated fees are appropriately "revenue neutral" as intended, given the limited data available to us. Consequently, we request certain data that were likely used in developing the proposed fees, specifically the following: (1) total 2014 gallons reported under Rule 314; (2) total 2014 Annual Quantity Fees paid; (3) a breakdown of 2014 total gallons by VOC range as given in the Fee Rate table, including a further breakdown of the first range into 0 to 5 g/L and >5 to 10 g/L; and the number of gallons that would fall into the "above applicable VOC limit" category. In addition to the numeric data requested, we would also like to know any assumptions that may have been relied upon in setting the proposed fees.

Thank you for your consideration of our comments. If you have any questions regarding this letter or the suggested revisions, please feel free to call me at (323) 826-2663, or respond by email to <robert.wendoll@dunnedwards.com>

Very truly yours,

### DUNN-EDWARDS CORPORATION

RWendoll

Robert Wendoll Director of Environmental Affairs

cc: David Darling, ACA

### Response to comment 3-1

Staff concurs with this suggested rule change, but altered the suggested language slightly to address another manufacturer's concern about coatings sold at a retailer outside of the SCAQMD that, unbeknownst to the retailers, is applied within the SCAQMD.

Response to comments 3-2, 3-3, 3-5, 3-6, 3-8, & 3-9

Staff concurs with these suggested rule changes.

### Response to comment 3-4

Staff attempted to harmonize the definition of a wood coating in Rule 1113 with the definition in the SCM, but the 2007 SCM definition of a wood coating is much more broad than the Rule 1113 clear wood finish definition. The proposed amendment to the definition was to address the inconsistency of having white pigmented Lacquers as a subcategory of *clear* wood finishes, and not to expand the definition. The CARB definition includes:

- Penetrating oils and clear stains, which are categorized as stains in Rule 1113 with a VOC limit of 100 g/L or 250 g/L.
- Wood Conditioners, which are categorized as PSU in the current version of Rule 1113 (a separate category is being proposed) with a VOC limit of 100 g/L.
- Undercoaters, which are categorized as PSUs with a VOC limit of 100 g/L.

<u>The definition of Lacquer in Rule 1113 does not include Lacquer undercoaters.</u> In regard to lacquer undercoaters, which have never been included in the definition of a lacquer by Rule 1113, there are waterborne alternatives to solvent based lacquers. The statement that the only alternative to <u>L</u>acquer undercoaters are shellacs\_, which have a higher VOC limit, is not true. Switching to a <u>W</u>waterborne <u>L</u>acquer alternatives can be used and system would result in lower VOC emissions.

### Response to comment 3-7

Staff worked with the local <u>R</u>recycled <u>C</u>eoating manufacturers on the suggested change to the VOC limit and there was a consensus that delaying the implementation date to January 1, 2019 would alleviate concerns over the lower VOC limit. This time frame would also allow for the current labels on the containers to be consumed to avoid re-labeling costs. Staff found <u>that</u> one major <u>R</u>recycled <u>C</u>eoating manufacturer already labels their products as less than 100 g/L, which is lower than the suggested VOC limit. Further, Dr. Dane Jones of California Polytechnic University in San Luis Obispo, where numerous architectural coatings are tested for the VOC content, stated that in the last four years they have tested over 250<u>R</u>recycled <u>C</u>eoatings and none were over 120 g/L, most were under 80 g/L. According to the Rule 314 data, the highest VOC reported for <u>R</u>recycled <u>C</u>eoatings in 2014 was 130 g/L.

### Response to comment 3-10

Staff agrees with the statement that clarification is needed on how to determine the VOC content for colorants. Paragraph (d)(3) contains language for determining the VOC content of multi-component coatings, concentrates, low solids coatings, etc. Staff included colorants in subparagraph (d)(3)(A) as the metric for determining the VOC content of colorants is the same as for architectural coatings packaged in a single container.

### Response to comment 3-11

Staff is proposing to phase out the exemption for the SCE in part to prevent backsliding. During the rule amendment process, industry argued that they should get SIP credit for market driven emissions reduction as the current 2014 inventory (approximately 11 tpd) is below the inventory that was projected for 2014 in the 2012 AQMP (12.2 tpd). The USEPA's counterpoint to this argument is <u>that</u> industry could just reformulate to the VOC limits at any time so the reductions that have been achieved are not permanent or enforceable. By proposing to remove the exemption for coating categories that do not take advantage of the ability to sell high-VOC coatings, staff is preventing backsliding. Industry's argument that we should retain the exemption in case there is a need in the future reinforces the position of the USEPA and SCAQMD. If there is a need in the future, staff will consider potentially amending the rule.

### Response to comment 3-12

In regard to the statement that the removal of the SCE for <u>RPCs</u> rust preventative coatings will result in the shutdown of Los Angeles plant. Based on the following statement from Dunn Edwards, they have more than 120 stores and 80 dealers throughout the Southwest:

"With more than 120 company stores in California, Arizona, Nevada, New Mexico and Texas, and more than 80 authorized dealers throughout the Southwest, Dunn-Edwards is one of the nation's largest independent manufacturers and distributors of architectural, industrial and high performance paints and paint supplies. Dunn-Edwards Paints international presence includes authorized dealers in China, Guam, Lebanon, Lithuania, Mexico, Nigeria, Philippines, Saipan, Singapore and South Korea. The company is dedicated to preserving and protecting the environment, and produces its coatings in the world's first and only LEED<sup>®</sup> Gold-certified manufacturing plant. Based in Southern California, the company is composed of approximately 1,500 employees."

According to the list of stores available from the Dunn Edward's website, 58 out of 120 stores are located in the SCAQMD. While the SCAQMD likely represents a significant market share for the company, this is not the only location where their coatings are sold. Prior to the adoption of Rule 314, staff traditionally estimated coating sales in the SCAQMD based on CARB surveys and based the sales volumes on population. The sales in the SCAQMD were estimated to be approximately 45% of California sales. Dunn Edwards also sells their products in Arizona, Nevada, New Mexico and Texas, as well as the countries listed above. The loss of sales for the high-VOC <u>RPCs rust preventative coatings</u> in the SCAQMD eannot would not be the sole cause of the closure of the Los Angeles manufacturing facility, since such coatings would still be sold in many areas. Moreover, Dunn Edwards could convert its Los Angeles plant to manufacturing compliant coatings.

In regard to the performance differences between solvent based and waterborne rust preventative coatingsRPCs, this issue was already addressed by the technology assessment conducted back in 2005 by UMR (Final Report "Architectural & Industrial Maintenance Coatings Technology Assessment.", 2006). The overall results showed that for RPCs, the low-VOC products had superior dry time characteristics, prohesion, and flash rusting. They were similar in terms of hide, taber abrasion, impact resistance, and adhesion (Battele). These results were based on third party testing and resulted in the SCAQMD Governing Board concluding that the 100 g/L VOC limit was technologically feasible in 2006. Since that time, the technology has only improved and advanced. There is also an alternative to switching to waterborne technology, which is exempt solvents. We have multiple statements by another major manufacturer of high-VOC RPCs rust preventative coatings-that the exempt solvent formulation performs just as well as their higher-VOC counterparts. In addition, we have statements from a smaller local manufacturer, of state their waterborne RPCs<del>rust preventative coatings those</del> products perform just as well. The MIR value of the exempt solvent formulation would be even lower than the current formulations and this would eliminate any need to transition into aerosol products. Further, a switch to waterborne or exempt solvent formulations would allow Dunn Edwards to retain manufacturing solvent based RPCs for sale in the SCAQMD at their Los Angeles facility.

The following is an evaluation of the MIR of <u>RPCs</u> rust preventative coatings with different VOC contents that was conducted during the 2006 rule amendment:

VOC Regulatory Ranges (grams/liter)															
	0	51	101	151	201	251	301	351	401	451	501	551	601	651	> 700
	50	100	150	200	250	300	350	400	450	500					
											550	600	650	700	
RPC		0.04	0.11	0.14	0.22	1.25	1.36	0.41	0.64	0.42					1.34
RPC	50									1	550	600	65	0	0 700

The MIR values would be even lower if the <u>RPCs</u> rust preventative coatings were formulated with exempt solvents.

Final Staff Report Proposed Amended Rule 1113

## Response to comment 3-13

Staff is no longer proposing to amend Rule 314 at this time.

### The following are comments from the Rust-Oleum Corporation–Comment Letter #4.

#### Comment Letter #4

Rust-Oleum Corporation

11 Hawthorn Parkway • Vernon Hills, IL 60061 • 847-367-7700 • Fax 847-816-2300



September 8, 2015

#### RE: SCAQMD Rule 1113/Rule 314 Amendments; Rust-Oleum comments

Rust-Oleum appreciates the opportunity to submit written comments on the proposed amendments to Rules 1113 and 314. We also appreciate the time staff has dedicated to meeting with us regarding these amendments.

In a conversation with Heather Farr on 9/3/2015, Rust-Oleum was told the draft Rule 314 will be revised to remove the \$0.051, 0.061 and 0.071 fee tiers. This would leave a maximum fee of \$0.041per gallon for coatings that comply with their category VOC limit. Rust-Oleum supports this change and thanks staff for the consideration given to comments made during the public workshop. Rust-Oleum does not oppose the proposed fee of \$0.41 per gallon for coatings sold over VOC limits. We feel this will incentivize reformulation of products sold under the small container exemption to lower VOC where feasible.

Rust-Oleum opposes the elimination of the small container exemption for rust preventative coatings from Rule 1113.

We do not believe this rule amendment is necessary. Staff has presented the amendments as being necessary to achieve 2012 AQMP goals. However, current VOC emission reductions from architectural coatings already far exceed the 2-4 tons per day committed to in the 2012 AQMP (preliminary 2014 Rule 314 data indicate a 9 tpd reduction over 2008 baseline). If historical trends continue, emissions will be even lower by the 2019 goal date. Staff acknowledges this, but states the amendments are intended to prevent backsliding. However this argument lacks merit as, if coatings sales increase, VOC emissions have the potential to increase no matter where VOC regulatory levels are set.

4-2

4-1

Staff has also stated the small container exemption elimination for rust preventative coatings is necessary to prevent rule circumvention. Staff points to examples of paint stores offering "Buy 3 get 1 free" deals for small containers and contractors buying many small containers and combining the contents in one large container. However, these actions are in violation of Rule 1113 as currently written. Adequate tools are already at the District's disposal to punish illegitimate use of small containers like these. The conduct of these bad actors should not be used as an excuse to deprive those who need small containers of coatings with unique properties access to these products.

The elimination of the small container exemption for rust preventative coatings will lead manufacturers of these coatings, like Rust Oleum, with few options for compliance. The District has pointed to waterbased alkyd enamel technology as a viable option for low



#### **Rust-Oleum Corporation**

#### 11 Hawthorn Parkway . Vernon Hills, IL 60061 . 847-367-7700 . Fax 847-816-2300

# RUST-OLEUM

VOC rust preventative coatings. Rust-Oleum has obtained competitor's products listed by the district as examples of this technology – Vista's Protec 9900 and Dunn Edwards W10 Syn Lustro. We tested these two alkyd enamel products against Rust-Oleum's Stops Rust product in a salt fog chamber. This is a standardized corrosion test method, used to check corrosion resistance of surface coatings. These panels are normally tested for 300 hours. The Dunn Edwards and Vista products had both **rusted completely in less than 92 hours and had to be removed from the test chamber**. We have included pictures of the Vista and Dunn Edwards salt fog panels after 92 hours in the chamber. For contrast, we've also attached pictures of the Rust-Oleum Stops Rust panels after <u>334</u> hours in the chamber. The Stops Rust panels look far superior to the Vista and Dunn Edwards panels, even after running 3.5 times as long in the salt fog chamber. Currently marketed waterbased alkyd enamel products fail at the primary purpose of a rust preventative coating: preventing corrosion.

The preliminary draft staff report states "One factor suppressing the market share of lower-VCC technology, is the availability of the older high-VOC technology at similar or lower prices. Staff has received feedback from a manufacturer who has made the switch to lower-VOC coatings, stating that if the SCE remains in place, they will go back to reformulating the higher-VOC product because they are currently giving up market share to their competitors. "Staff has presented data indicating low VOC and exempt, higher VOC products are sold at approximately the same cost per gallon to consumers. The reason lower VOC coatings are giving up market share is due to results like those seen in our salt fog chamber testing: consumers are choosing higher VOC products because they work better, not because they cost less.

If the small container exemption is eliminated for rust preventative coatings our only option would be to reformulate these products with exempt solvents in order to provide our customers the performance they expect from a Rust-Oleum Stops Rust paint. Given the solvents currently exempted by the District for architectural coatings, we anticipate the consumer would see the cost of one quart of our Stops Rust paint increase by nearly 100% in the South Coast. By any measure, this would be a significant impact on Rust-Oleum and the consumer living in the greater Los Angeles area.

Although we do not feel further VOC reductions from architectural coatings are necessary for the aforementioned reasons, if Staff insists on realizing these reductions, Rust-Oleum would be more in support of lowering the VOC limit for primers, sealers and undercoaters to 50 g/L than the currently proposed small container exemption elimination. In the October 30, 2014 PAR1113 Working Group Meeting Slides, Staff states that a reduction in the VOC limit for PSU to 50 g/L would result in a 0.57 ton per day VOC reduction. This is virtually equivalent to the 0.63 tpd reduction that would be realized from eliminating the small container exemption. This has the added benefit of not forcing the elimination of the small container exemption for flats, non-flats and industrial maintenance coatings to avoid manufacturer reclassification. Rust-Oleum



4-2 cont.

#### Rust-Oleum Corporation 11 Hawthorn Parkway • Vernon Hills, IL 60061 • 847-367-7700 • Fax 847-816-2300



believes this compliance option was abandoned too early in the Working Group process and would like to reopen this topic for discussion.

In conclusion, Rust-Oleum urges the district to continue to allow the use of low reactivity solvents, such as the mineral spirits commonly used in solventborne alkyds (ARB Hydrocarbon Bin 11, MIR value: 0.7) in rust preventative coatings. To continue using these solvents with low ozone forming potential, the small container exemption for rust preventative coatings must be maintained. Staff is proposing a fee of \$0.41 cents per gallon for coatings sold over VOC limits, which Rust-Oleum supports. This fee will naturally drive manufacturers using the small container exemption towards lower VOC options as technology allows while not forcing them to market inferior coatings.

Thank you for your consideration of our comments. Please contact me with any questions or concerns regarding the above position, or any other matter related to Rules 1113 and 314.

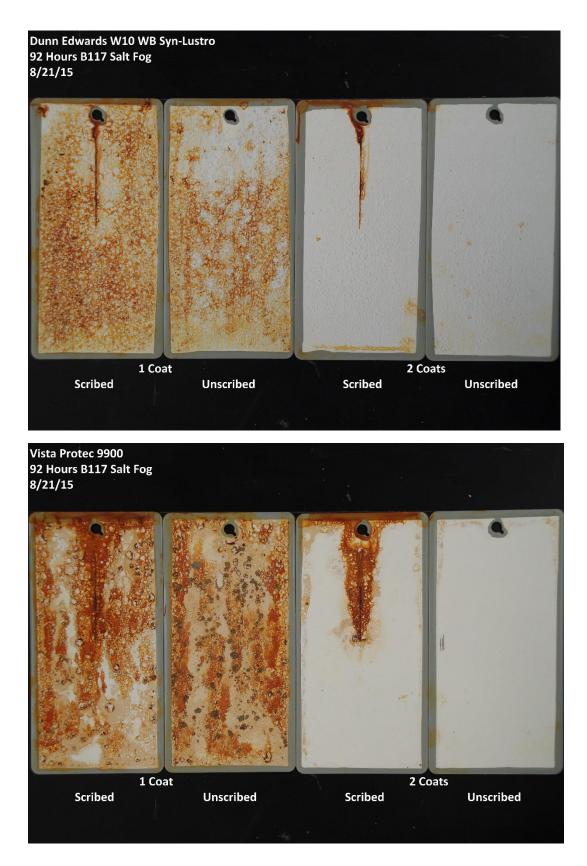
Regards,

4-2

cont.

Megan Gaughan Manager, US Regulatory Rust-Oleum Corporation

tops Rust Gloss White 34 Hours B117 Salt Fog /1/15			
Mar.			
		1	
1.00			
1 Coa Scribed	Unscribed	2 L Scribed	oats Unscribed



### Response to comments 4-1

Staff appreciates Rust-Oleum's support on the proposed fee changes in Rule 314 but is no longer proposing a tiered sales fee.

### Response to comments 4-2

Staff credits the strides the coatings industry has made in reducing VOC emission, including some above and beyond the rule requirements. While staff acknowledges these trends and that the trends are demonstrated in the Rule 314 Annual Quantity and Emissions Reports, these market driven reductions are not permanent or enforceable. The industry makes that point when they argue against reducing the VOC limits to reflect the currently available inventory (e.g. <u>R</u>#ecycled <u>C</u>eoatings and building envelope coatings) or phase out the SCE for categories not using the exemption. For emission reductions to be submitted for SIP credit they need to be permanent and enforceable. During the 2012 AQMP, the SCAQMD committed to achieving 2 - 4 tpd VOC reductions from architectural coatings. Staff is proposing to achieve approximately 1 tpd from this amendment and find another 1 - 3 tpd from another VOC or Area Source rule. The USEPA will not accept the currently achieved market driven reductions in place of enforceable and permanent reductions.

In regard to the rule circumvention staff cited in the staff report, issues of end users taking advantage of the SCE cannot be fully addressed through enforcement. The SCAQMD covers over 11,000 square miles with countless jobsites and inspectors cannot be at every job site on any given day. When staff finds violations, they issue violations. The 'buy 3, get 1 free' specials that refer to shipping packages are not technically violations of the rule, but they add market incentives for end users to purchase the higher VOC products.

The manufacturers have multiple options for formulating compliant coatings, as can be demonstrated by the quantity of compliant coatings already in the market place. Based on Rust-Oleum's statements, their exempt solvent based formulations perform just as well as their conventional high-VOC solvent based coatings, the only drawback is the cost/loss of profits. Rust-Oleum's claims regarding the low performance of the waterborne alkyd enamel technology is also refuted by the manufacturers of waterborne products. They acknowledge that more surface preparation is needed for the waterborne products, but question the test protocol that was used for the <u>Rust-Oleum cited</u> testing, salt spray (ASTM B117 developed between 1910 – 1920 and standardized in 1939) versus cyclic prohesion (ASTM D5894 adopted in 1996 and revised in 2005 and 2010). During the 2005 <u>t</u>Technology <u>a</u>Assessment, the Technical <u>AdvisoryAdvancement</u> Committee also agreed that cyclic prohesion and not salt spray testing was the most appropriate accelerated test method to evaluate corrosion. The work was conducted at UMR, the lead professor on the project, Dr. Michael R. Van De Mark, stated that at least since the 1990s, it has been known throughout the coatings industry that salt spray results do not reflect real world results. The testing may be appropriate for marine coatings, hence the higher VOC-limits allowed for marine coatings

Staff found a report from the manufacturer of the testing equipment (*Prohesion Compared to Salt Spray* and Outdoors Cyclic Methods of Accelerated Corrosion Testing by N. D. Cremer, Managing Director - c. & W. Specialist Equipment Ltd., Shropshire, England, presented at Federation of Societies for Coatings Technology 1989 Paint Show; <u>http://www.q-lab.com/documents/public/dbdbd3fd-1e74-4749-9f3c-f5de2f0f1035.pdf</u>) that questions the validity of the salt spray test and how the results relate to real world conditions:

"With the continual development of paint systems, there are many coatings available today which are capable of standing the most severe of environments. However their performance is essentially dependent on the adhesion of a primer to the base metal. Laboratory tests such as ASTM B117

Salt Spray, Humidity and Sulphur Dioxide influence the development of coatings yet they still allow coatings into the market place which then fail in practice. These accelerated tests consequently bear little or no resemblance to natural weathering.

Foremost among these tests is the hot Salt Spray for example ASTM B117. This test method has been and is still widely used and accepted as the definitive accelerated test to assess reliability. However, it is in reality totally unrealistic, as the majority of products are not exposed to the conditions of this test in their working environment.

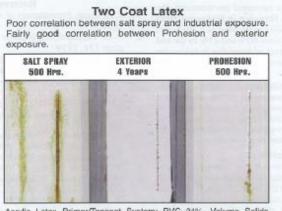
When a chemist is looking at his results after Salt Spray testing, he often decides a coating with good salt spray performance is accepted over a coating with poor salt spray performance. Consequently if a coating passes its laboratory examination, then it is considered suitable and often introduced to the market place.

If a coating fails its laboratory examination then it is discarded. With this philosophy a chemist could have thrown away an ideal product for the natural world and a winner in the market place!"

The paper states the salt spray test is useful for marine coatings but is now <u>inappropriately</u> used across the board to predict long term weathering for many types of coatings. As early as 1962, it was observed <u>that</u> coatings that performed excellently in outdoor environments tested poorly by salt spray. This lead to the development of a cyclic test which allows for the wetting and drying of each test specimen to allow samples the opportunity to absorb more water than in a continuous spray test. The conclusion of the paper is:

"Salt spray testing provides answers which are unrealistic in the natural world, yet Prohesion provides realistic results which correlate with long term exterior exposure. These results also show that with a change in raw material input, the long term performance of a coating can be effected exactly opposite to what is predicted by salt spray testing. Results obtained from Prohesion testing suggest that as an accelerated corrosion test method, it correlates with natural weathering consequently providing realistic results."

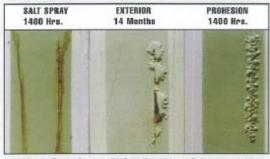
The following are some photographs from the paper cited above that demonstrate this point:



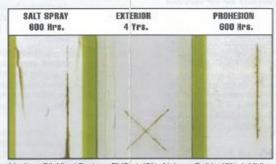
Acrylic Latex Primer/Topcoat System; PVC 34%, Volume Solids 40%; Inhibitor Loading 0.75 lbs/gal; applied 2 mils per coat (4 mils total) to ground test panels.

#### **High Solids Epoxy**

Excellent performance in salt spray with little blistering, no scribe creepage or undercut corrosion. Exterior exposure shows severe delamination from scribe and no correlation with salt spray. Prohesion shows blistering and delamination, correlating with exterior exposure.



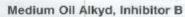
High Solids Epoxy System; PVC 30.7%; Volume Solids 74%; Inhibitor Loading 1 lb/gal; applied 3.5 mile dry film thickness to ground test panels.



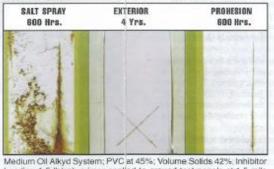
Medium Oil Alkyd, Inhibitor A

All panels exhibit good performance.

Medium Oil Alkyd System: PVC at 45%; Volume Solids 42%; Inhibitor Loading 1.5 lb/gal; primer applied to ground test panels at 1.5 mils dry film thickness.



A sharp contrast between industrial site exposure and salt spray. Salt spray shows complete failure. Prohesion and Exterior exposures show gcod performance.



Loading 1.5 lb/ga; primer applied to ground test panels at 1.5 mils dry film thickness.

Vista's Protec 9900 waterborne alkyd emulsion underwent prohesion testing (ATM D 5894) on steel panels for 1,000 hours and found no corrosion (https://d1wg3emhath1s.cloudfront.net/uploads/product/product\_pi \_sheet/29/9900.pdf). Rust-Oleum does not list performance testing (prohesion or salt spray) for their Stops Rust® brand, although, they do for their industrial tint based alkyd (which states it was formerly Stops Rust® Tint Base High Gloss Finish):

**CYCLIC PROHESION** Rating 1-10 10=best METHOD: ASTM D5894, 3 cycles, 1008 hours RESULT: 10 per ASTM D714 for blistering RESULT: 9 per ASTM D610 for rusting

There are no salt spray results. The technical datasheet (<u>http://www.rustoleum.com/tds/2011990%20RO-15.pdf</u>) appears to be old, with a revision date of 05/04 but the results of the cyclic prohesion for the waterborne Vista product appear almost exactly the same as the solvent based Stops Rust® product. In addition, one of the low-VOC coatings that was tested in the 2005 <u>t</u>Technology <u>a</u>Assessment was a Rust-Oleum product, <u>-a</u>A near zero-VOC product from their Sierra Performance line. This coating demonstrated superior performance to the high-VOC solvent based coatings. Again, the product datasheet does not list salt spray results but does include the following prohesion results:

#### **PROHESION (1 coat DTM)**

Rating 1-10 10=best METHOD: ASTM D5894, 1,000 hours RESULT: 10 per ASTM D714 for blistering RESULT: 6 per ASTM D1654 for corrosion RESULT: 10 per ASTM D610 for rusting

Based on the two results that are listed for both coatings (blistering and rusting), the Sierra product outperformed the Stops Rust® coating. The Sierra product is currently being used successfully at several local oil and gas facilities. Further, if the salt spray results were such a critical test for Rust-Oleum's RPCs, those results would be included in the technical datasheets.

Regarding the cost difference of using exempt compounds versus conventional solvents, this is not unique to RPCs. There are manufacturers who serve as whistle blowers on their competitors who can distinguish non-compliant gallons of concrete/masonry waterproofing sealers just based on the cost. If the cost is too low and the product is not waterborne they call staff to notify which manufacturer is not producing compliant products. They do this to help keep a level playing field. That is all that staff is trying to achieve by phasing out the SCE, a leveling of the playing field. This is not a technology forcing change; compliant high performing coatings already exist in the market place, with the biggest issue presented to staff as being a loss of profit margin or <u>potential</u> high cost to the customer. This is a cost other manufacturers have already had to bear. In addition, a switch to waterborne <del>rust preventative coatings</del> would result in cost savings and not an increased cost. Rust-Oleum's own prohesion testing <u>using solvent borne coatings</u> indicates comparable performance to a competitor's waterborne <u>RPC</u><del>rust preventative coating</del>.

The indication that the change in formulation will result in a 100% increase in quart containers differs in research staff has found. This manufacturer has an exempt solvent version of their product for several cents less than the high-VOC product. Staff acknowledges exempt solvents or low-VOC replacement solvents are more expensive than conventional solvents, but does not foresee a 100% increase.

Regarding the proposal to lower the VOC limit on the primer, sealer, undercoater category (PSU)\_category, staff did not receive any support for this concept when it was initially introduced, including from Rust-Oleum. The comment letter from the ACA states why lowering the VOC for PSUs is problematic. Of all the original proposals, the one which staff received the most negative feedback from industry was lowering the VOC limit on PSUs, because extensive reformulations would be required and industry felt the performance would be compromised.<sup>-</sup> In order to reduce this limit, staff would have to break out multiple specialty categories, or the high-VOC niche products would otherwise be driven to the SCE. The PSU category encompasses multiple types of products and the only category that could easily be reduced would be drywall <u>Pp</u>rimers, and they are already below 50 g/L, so no reductions would be achieved. Staff still believes that reducing the VOC limits for large volume categories (<u>F</u>flat, <u>Nn</u>onflat, & PSU) is feasible, but has changed direction during this rule amendment due to the overwhelmingly negative response from industry as a whole. This is a concept staff may return to in the future as the technology continues to advance.

## Response to the attached pictures

The pictures represent the performance of the coatings exposed to salt spray, which staff illustrated in response to comment 4-2 is not the appropriate test for corrosion of architectural coatings. That test is more appropriate for marine coatings, where the SCAQMD allows for higher VOC limits. In addition, this is not third party testing. The effect of surface preparation and film thickness is critical for the performance of coatings. All of the coatings performed significantly better with the application of two coats, but none of the product datasheets explicitly recommend or require two coats for proper protection. Moreover the

pictures show that the application of two coats of a waterborne coating displayed similar results under the salt spray test and will yield less emissions than using a solvent based product. This is an indication corrosion protection is not the primary purpose of these coatings. Unlike industrial maintenance products, where application instructions are explicit in order for the coatings to perform as intended, <u>RPCs</u> rust preventative coatings are used for a wide variety of applications, not all of which require superior corrosion protection. Again, based on the prohesion results found in the product datasheets, the protection offered from the waterborne alkyd offered by Vista and Rust-Oleum's waterborne acrylic outperform the Stops Rust® product.

The following are comments from the North American Polymer Company, LTD. – Comment Letter #5.



September 8, 2015

Ms. Heather Farr (HFarr@aqmd.gov) Office of Planning, Rule Development, and Area Sources South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

RE: Proposed SCAQMD Rule 1113 Amendments; Tub and Tile Refinish Coatings

Dear Ms. Farr:

North American Polymer Company, Ltd. (NAPCO) recommends the District retain the Small Container Exemption (SCE) for the Tub and Tile Refinish category since we are struggling with the proposed 420 g/l limit. While we had hoped to have products to meet the 420 g/l limit, we have not been able to get there. While other California Air Districts have adopted the 420 g/l – the critical difference is that other CA Districts have the SCE as a fall back, and many have exempted TBAC. NAPCO recommends retaining the Small Container Exemption for the Tub and Tile Refinish category.

In addition, if over our objection the District does eliminate the Small Container Exemption for Tub and Tile Refinish coatings, a longer compliance date would be needed, since the proposed compliance date of 1/1/2016 is too early, we recommend the 1/1/2019 compliance date (same date as the Flat, Nonflat, Rust Preventatives and Industrial Maintenance categories).

Since the Tub and Tile Refinish category it is a small volume category with limited emissions, this change will have little if any impact on VOC emissions in the District.

Steve Coven

President // NAPCO LTD scoven@napcoltd.com Office: (800) 888-1081 Cell: (847) 274-8887

> 7315 Hamlin Avenue - Skokie, IL 60076-3902 - Phone (847) 7796464 - Toll Free: (800) 888-1081 Fax (847) 779-6465 - www.napcoltd.com

# Response to comment letter 5

Twenty percent of tub and tile coatings sold in the SCAQMD are compliant with the 420 g/L VOC limit. Staff acknowledges that the VOC reductions are small and has agreed to shift the phase in date from 01/01/2016 to 01/01/2018.

# The following are comments from the Tnemec Company Inc. – Comment Letter #6.

Comment Letter #6



6-1

6-2

September 8, 2015

Ms. Heather Farr Office of Planning, Rule Development, and Area Sources South Coast Air Quality Management District 21865 Copely Drive Diamond Bar, CA 91765

RE: Comments for Proposed Amendments to SCAQMD Rule 1113 and Rule 314

Dear Ms. Farr,

Thank you for the opportunity to provide comments on the PAR Rule 1113. Themec Company recognizes the need for environmental stewardship and VOC regulations in California. We support VOC limits for architectural and industrial maintenance coatings based on technically feasible field proven coatings technology. We offer the following comments regarding the proposals for revisions to Rule 1113:

# Rule Changes Are Not Needed

The cost of compliance with VOC regulations is extremely high and this is especially true for small and mid-sized companies. The district has surpassed the limit on both technical feasibility and VOC reduction potential. Going after extremely small reductions measured in lbs. per day is not cost effective and only leads to stifling economic growth. The fact that the rule 314 data shows that the emissions are lower than expected and that the district is meeting the 2019 air quality management plan targets must be considered. This data demonstrates that additional VOC reductions are not needed at this time. The district should look to other industries for additional reductions.

# Small Container Exemption

The small container exemption is critical for field touch-up of shop applied IM coatings. Many building construction products are fully coated in a shop environment and then put together in the field. This can encompass products such as window and door frames, metal hand rails, light poles and numerous other metal parts and products. The coatings are touched up from damage that may have occurred during the installation process. Touching up with a different product will lead to significant performance and appearance problems. At 20 lbs. per day the elimination or restriction \_\_\_\_\_\_\_of the IM exemption is not justified.

Tnemec Company, Inc. PAR Rule 1113 and PAR Rule 314 Comments 9/8/2015

We appreciate staff's recognition that field touch-up of shop applied coatings is a critical piece for the quart exemption by adding the language to allow for these applications. This was part of the original intent of this exemption and it is still valid today. While this addresses our primary concern we don't feel it is necessary change anything with regards to the quart exemption for IM coatings.

6-2 cont.

6-3

The assumption that rust preventative coatings will be relabeled as industrial maintenance coatings is not proven and adding restrictions to the IM quart exemption only adds complexity to an already difficult rule. This complexity will lead to confusion for people trying to understand the rule requirements.

# **TBAc Exemption**

The exemption for TBAc (tertiary butyl acetate) is needed to comply with the stringent 100 g/L VOC limit for industrial maintenance coatings. There are very few products that can comply with a 100 g/L without the use of exempt solvents and the ones that do comply have severe limitations with regards to application properties and require expensive complex equipment. In addition there are certain types of coatings that cannot be made to comply with these stringent requirements without exempt solvents. The district should fully exempt TBAc from the definition of VOC to be consistent with the EPA list of exempt compounds.

We support using chemicals in a manner that protects human health and the environment. Many of the risks of exempt solvents are no different than the risks with existing solvents which are being effectively managed with both engineering controls and/or PPE. The assessment that was done previously determined that TBAc can be safely used for industrial maintenance coatings. Removal of the exemption should only be done after a peer reviewed risk assessment is conducted based on all available scientific data using reasonable risk factors and conclusions are made that it is unsafe for use in industrial maintenance coatings.

The assertion that PPE is not effective at preventing worker exposure is unfounded. While we do recognize that engineering controls are the preferred method for protection it has been recognized by the Occupational Safety and Health Administration (OSHA) that PPE is an effective means for preventing worker exposure. The same PPE that is used to effectively manage exposure to TBAc is being used to manage exposure to other solvents and chemicals currently being used in paint formulations. In addition, worker exposure is outside the scope of the SCAQMD and is a responsibility of OSHA. Tnemec Company, Inc. PAR Rule 1113 and PAR Rule 314 Comments 9/8/2015

Page 3 of 3

# Rule 314 Fees

Increasing fees is not a good choice in the current economic climate. The California coatings market is already being stifled by the current fees and taxes being imposed and the market cannot support any additional increases. Additional fees will only serve to shrink economic growth of an already mature market.

6-4

The proposal to shift the fees in a revenue neutral manner is not something we would necessarily be opposed. There needs to be transparency as to how this "neutrality" was determined. The data and calculations should be made publically available and ample time should be allowed for public review and comment before these changes are adopted.

Thank you for your consideration of these comments. Please feel free to contact me if you have any questions or if you need any additional information.

Regards,

Tnemec Company, Inc.

Kyle R. Frakes Manager Environmental, Health, and Safety

# Response to comment 6-1

The Rule 314 data demonstrates there are more than sufficient technically feasible, commercially available, low-VOC products in the market place to justify VOC reductions. The changes being proposed are not technology forcing changes; the change to the SCE will result in making the manufacturers comply with VOC limits established and proven to be technically feasible back in 2006.

Staff does look to other industries for VOC reductions, but committed in CTS-01 from the 2012 AQMP to achieve 2-4 tpd reductions from architectural coatings. Staff acknowledges the current VOC inventory is lower than projected in 2012, but cannot submit the market driven reductions for SIP credit as explained in response to comment 4-2 because they are not permanent, enforceable, or accepted by the USEPA. The proposed amendments are narrow in nature and isare more cost effective than previous amendments. The 2012 CTS-01 included other areas to consider, but we are not including these changes because of the high cost associated with thisthem. This proposed amendment will achieve around 1 tpd, and staff is committed to look into other industries to achieve the other 1-3 tpd.

#### Response to comment 6-2

As stated in the staff report, the proposal to eliminate the SCE from IMCs was included to prevent RPCs from simply being re-categorized as IMCs. Staff has seen this type of creative marketing many times in the past. Staff worked with industry to alleviate the concerns of restricting the SCE by creating a higher VOC category for color indicating safety coatings and allowing the continued sale of one liter containers for touch up for IMCs. Based on industry feedback, staff allowed the continued use of the one liter exemption with restrictions that these coatings can only be used for touch up and not be sold at retail outlets to accommodate the larger touch up projects encountered in some industrial settings. Most IMCs are not sold at the retail level, so this should not be a significant burden. Also, an end user attempting to touch up a factory applied coating on a component being installed in an industrial setting is not likely to be going to their local paint store to find the coating. The end user would have to contact the shop that coated the part to determine what coating was originally used. That product is not likely available at the local paint store. The amendment is not intended to restrict touch up for IMC.

## Response to comment 6-3

As stated in response to comment 1-2, staff is not proposing changes to the tBAc exemption until OEHHA's final peer reviewed assessment has been released. At that time, it is expected the latest CARB architectural coatings survey should be available which will indicate how much tBAc is currently being used in IMCs.

#### Response to comment 6-4

Staff is no longer proposing a tiered sales fee in Rule 314.

The following are comments from the American Coatings Association. – Comment Letter #7.



Comment Letter #7

September 9, 2015

Ms. Heather Farr Office of Planning, Rule Development, and Area Sources South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

#### RE: SCAQMD Rule 1113/Rule 314 Amendments; ACA Comments

Dear Ms. Farr:

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The American Coatings Association (ACA) would like to provide the following comments on the issues discussed at the August 26, 2015 South Coast Air Quality Management District (SCAQMD or the District) Rule 1113/Rule 314 meeting, and VOC Workgroup meeting. We also incorporate by reference previously submitted ACA comments on Rule 1113/Rule 314.<sup>1</sup>

A. There is No Justification for Sweeping Changes to Rule 1113 Since the District has Already Met its 2012 AQMP Commitments for the Architectural Coatings Source Category

There is no justification for further regulatory action to reduce VOCs from AIM coatings since the District and industry have already met and exceeded the inventory goals of 2-4 tons per day (tpd) for this source category from a VOC inventory perspective. There is a clear downward trend in VOC emissions from this source category. Notably, VOCs from architectural coatings in the South Coast Air Basin have decreased by over 75% over the course of the last decade from 2002 to 2013.<sup>2</sup>

Past SCAQMD estimates have regularly estimated slight increases in emissions while actual VOC numbers have continued to tumble as Rule 314 data comes out each year. The preliminary 2014 Rule 314 data indicates that the 2014 AIM coatings inventory is nearly five tpd lower than the 2012 AQMP estimate for 2014: approximately 10 tpd instead of the estimated 15.5 tpd.<sup>3</sup> In fact, the 2014 Rule 314 data demonstrates that the District has already achieved, and well exceeded, the CTS-01 2019 targets of 12.2-14.2 tpd by over 2 tpd for the source category. Given this, there is no basis for further VOC reductions, and the District should consider other approaches to reduce VOCs from architectural coatings while also looking to other source categories. We welcome the opportunity to work with the District to consider other options and novel approaches.

<sup>&</sup>lt;sup>1</sup> ACA's previous comment letters are dated: July 8, 2015; April 30, 2015; March 10, 2015; and January 20, 2015.
<sup>2</sup> The South Coast Air Quality Management District 2007 Air Quality Management Plan, Appendix III; SCAQMD Staff Presentation, August 26, 2015.

<sup>3</sup> SCAQMD Staff Presentation, August 26, 2015.

<sup>1500</sup> RHODE ISLAND AVENUE N.W. \* WASHINGTON, DC 20005 \* T 202.462.6272 \* F 202.462.8549 \* www.paint.org

#### B. The District is Correctly Retaining the VOC Limits for Flats, Nonflats, and Primer Sealer Undercoaters Since Lowering the Limits is Not Technically Feasible

We strongly support SCAQMD's decision to retain the current VOC limits for Flats, Nonflats, and Primer Sealer Undercoaters (PSU) since the District has determined that lower VOC limits for these categories are not technically feasible. Currently, manufacturers are making Zero-VOC interior Flat and Non-Flat latex products. It is the Exterior Flat, Exterior Non-Flat and the entire Primer Sealer Undercoater categories where it would be technically infeasible to lower the VOC content limits to 25 g/l because of performance issues. SCAQMD would need to look at the sales weighted averages as well, in addition to the technical performance issues, to determine if a category could be lowered. As the District rightly concludes, lowering the limits for these categories would compromise performance for a range of applications and effectively eliminate the use of certain coatings technologies within these categories without an adequate substitute.

Flat, Nonflat, and PSUs are designed for a range of important functions, from painting interior walls to application on a variety or substrates under different exposure conditions. Higher VOC PSUs, for example, are necessary for specific applications on wood, metal, masonry and concrete tilt-up. Also, Primers perform significantly better at higher-VOC levels as concrete block fillers, thin-film elastomeric primers, and higher performing multi-purpose primers that are used on various substrates including metal. For these reasons, we support the District's conclusion.

#### C. The Proposed Rule 314 Amended Fee Structure Will Further Encourage Lower-VOC Coatings and Yield Significant VOC Emissions Reductions

The amended Rule 314 fee structure concept is designed to encourage lower-VOC products without the need to lower the VOC limits for Flats, Nonflats, and PSU to 25 g/l or eliminate the small container exemption for any categories. The amended fee structure provides coatings manufacturers with formulation flexibility while creating powerful market incentives to further reduce the VOC content of products similar to the U.S. Environmental Protection Agency's (EPA) National AIM Rule. Like the fee in the National AIM Rule, the 314 Rule fee is a market-based option that incentivizes manufacturers to formulate lower-VOC products to reduce its fee burden since manufacturers pay more for higher-VOC products. ACA continues to believe that the SCAQMD can take credit for the significant reductions achieved through the District's incentive fee program.

We are aware that the District is now considering a modification to the proposed fee structure outlined in the August 2015 Draft Staff Report. As we understand it, the new proposed structure would impose a uniform fee on all coatings that comply with the Table of Standards with two caveats: The District would impose an increased fee on products sold under the small container exemption, and would reduce the fees on super-compliant products. ACA believes this proposal, if structured appropriately, would still serve the goal of incentivizing lower-VOC products while ensuring the fees do not disproportionately impact manufacturers that sell products in compliance with the Table of Standards.

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7-3 cont.

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Lastly, we appreciate that the District has confirmed that the fees collected under the restructured program as a whole will remain revenue neutral under the new approach. We ask that the District provide supporting data based on 2013 and 2014 Rule 314 reporting.

#### D. The Small Container Exemption is a Critical Compliance Option and the District Should Retain it for all Categories

ACA strongly believes the District should retain the current small container exemption as a compliance option for Flats, Nonflats, Industrial Maintenance (IM) Coatings, and Rust Preventative Coatings. ACA also believes there is no justification for eliminating the small container exemption for the 11 other categories cited in the Proposed Amended Rule 1113, especially the Tub and Tile category. The small container category would not be necessary for these newly created categories in the SCAQMD if the limits for these categories is set based on the current range of product VOCs. However, the small container exemption is the only remaining alternative compliance option, or safety valve, in Rule 1113, and continues to be a critical for the paint and coatings industry. ACA recommends that the District refrain from considering any effort to eliminate the small container exemption until after the revised Rule 314 fees have been implemented since the volume of products sold under the small container exemption will likely decrease due to the increased fees affecting both manufacturers and consumers.

There is no basis for eliminating the small container exemption. The 2014 AIM VOC inventory indicates that the goals of the 2012 AQMP CTS-01 have already been achieved by a significant margin, and the proposed fee restructuring will further incentivize lower-VOC products so manufacturers can avoid higher fees. In addition, the District historically examined whether the category had an "exponential increase in sales" to determine whether to eliminate a category from the small container exemption. To the contrary, sales of Flats, Nonflats, IM and Rust Preventative coatings have been flat or decreasing over time, so it does not meet this criterion.

The District's concerns over alleged rule circumvention and noncompliance are unfounded, and do not justify the elimination of the small container exemption for any coatings categories either. Nearly all of the cited incidents in the Staff presentations and Staff Report reflect either blatant violations of Rule 1113 or could easily be addressed through modification of the rule language. None of these examples would be addressed by eliminating the small container exemption, and noncompliance could continue to occur regardless. These problems can only be addressed through targeted enforcement and compliance efforts, and with minor amendments to the rule language where necessary. As previously mentioned, ACA welcomes the opportunity to work with the District to shore up Rule 1113 to prevent true circumvention. As per previous ACA comments, additional changes could be made to Rule 1113 to address potential noncompliance including:

- Restricting any type of marketing or price discounts and grouping for small container sales, including buy three get one free deals, rebates, etc.
- Prohibiting retailers from selling empty prelabeled small container cans, or labels for small containers.

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 Ensuring that Rust Preventative Coatings are properly labeled "For Metal Substrates Only" and enforcement in situations where these products are misapplied.

Lastly, as the District ratcheted down the VOC limits in Rule 1113 in the past, the District has defended lower-VOC limits by arguing that manufacturers can always use the small container exemption as an alternative option. This proposal runs counter to the District's historical position. If the District eliminates or limits the small container exemption as proposed, companies will be forced to comply with any new limit in a future amendment. This is problematic, and ACA believes the District must consider the lack of any real alternatives during future rulemakings, and provide additional options such as higher-VOC limits and extended compliance dates.

We provide the following additional comments with respect to the small container exemption for individual coatings categories:

- Flat Coatings
- 7-4a We urge the district to retain the small container exemption for flat coatings since the emissions reductions resulting from this change would be negligible (estimated 0.002 tpd or 4 pounds per day), and do not justify reducing necessary flexibility in Rule 1113.
  - Non Flat Coatings

ACA urges the District to establish a "Door, Trim and Cabinet" category so that these products may continue to be sold via the small container exemption, since these higher-VOC products provide greater durability and wear resistance for doors, trim, and cabinets. These same characteristics are not available in lower-VOC products. Further, the emissions reductions resulting from this change would be small (an estimated 0.15 tpd), and do not justify the elimination of the small container option for Nonflat Coatings.

3. Industrial Maintenance Coatings

ACA opposes the elimination of the small container exemption for IM coating. The emissions reductions resulting from the elimination of the small container exemption for IM coatings would be negligible (an estimated 0.01 tpd or 20 pounds per day), and do not justify reducing flexibility in Rule 1113. While we oppose the modification of the small container exemption for IM coatings, we appreciate that the District is retaining the one liter touch-up option. This option is useful for IM coatings intended for touch-up of building construction products that are damaged during shipment. However, ACA recommends that the District clarify that IM and Zinc Rich Primers may be sold at retail outlet if they are restricted to behind the counter or back room sales, as current policy dictates.

<u>Rust Preventatives</u>

7-4d The small container exemption remains a critical compliance option for Rust Preventative Coatings, and we urge the District to retain this safety valve. Higher-VOC Rust Preventatives

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7-4b

7-4c

protect substrates better than lower-VOC products. They require less surface preparation, and do not require a primer, which eliminates the need for a second application. Consumers demand traditional coatings formulations that are quick-drying and have high-performance coatings attributes that provide superior flow, leveling, and appearance. Lower-VOC products dry slower, and ultimately, it takes longer before the object can be returned to service. Please refer to ACA's April 30, 2015 comments outlining additional concerns.

From a technical standpoint, the District should not compare certain IM, Direct-to-Metal, and water-based alkyds with Rust Preventatives. ACA is concerned that Staff considers IM, Direct-to-metal, and water-based "alkyd" products Rust Preventatives Coatings. Rust Preventative Coatings have unique corrosion inhibition and rust preventative properties that distinguish them from other products. In addition, IM, water-based alkyds, and direct-to-metal products require surface preparation and application of a primer coat, and tend to cause flash rusting.

ACA supports the comments provided by Rust Oleum at the August 26, 2015 Public Workshop, and subsequent written comments. Here is a summary of the comments: The District has pointed to water-based alkyd enamel technology as a viable option for low-VOC rust preventative coatings. Rust Oleum obtained and tested products given by the District as examples of this technology, and found that these products fail after one freeze thaw cycle, whereas other Rust Preventatives, which rely on mineral spirits as a solvent and are sold under the small container exemption pass 10 freeze thaw cycles. Other water-based alkyd enamel products performed poorly in standardized corrosion tests for surface coatings compared to conventional solvent-based Rust Preventative technologies.

The District has noted some benefits of low-VOC Rust Preventative coatings, including better gloss retention, durability, dry time and prohesion and reduced chalking and yellowing, but provided no evidence to support these claims, and did not claim that low-VOC coatings provide superior corrosion protection, which is the central function of Rust Preventatives.

There were several problems identified with the SCAQMD Rust Preventative Technology Assessment work completed a number of years ago, and referenced on page 22 of the Staff Report. First, the products selected may not be representative "Rust Preventatives." In addition, "rust prevention" was not actually tested, and the "Flash Rusting" results were not included in the report. This Assessment should not form the basis for eliminating the small container exemption for Rust Preventative Coatings. For these reasons, we do not believe the District should eliminate the small container exemption for Rust Preventative Coatings.

Tub and Tile Coatings

ACA strongly recommends that the District retain the small container exemption for the Tub and Tile Refinish category since the industry is struggling to meet the 420 g/l limit. While the industry is striving to develop products to meet the 420 g/l limit, it appears that manufacturers have not been able to achieve this limit to date. While other California air districts have adopted the 420 g/l, manufacturers can still rely on the small container exemption as a fallback in those jurisdictions. It is also important to note that the Tub and Tile Refinish category is a small volume category with limited emissions.

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#### 6. Additional Categories

The District has not provided an adequate justification for eliminating the small container exemption for these additional categories since manufacturers do not utilize the exemption for these categories, and no emission reductions will result from this change. In addition, while the SCE has not been utilized for these categories in the past, manufacturers may look to the small container option to solve a new issue in the field in the future. Further, if for example a company makes a technology breakthrough but the product does not meet the category limit, these technologically superior products could not make it to the marketplace.

Further, if the 11 additional categories cannot be sold via the small container exemption, companies will likely need to review and change their labels and product literature to ensure their products are in conformance with the appropriate definitions. Companies will need more than two months to complete this review and make potential label changes. ACA suggests including a January 1, 2017 compliance date to minimize the burden on manufacturers.

The District should also consider the ozone potential of various categories based on the MIR value of each of the solvents used in coatings. All VOCs are not created equal and do not have the same ozone potential.

#### E. Colorant Labeling

ACA suggests the District include a January 1, 2017 implementation date for labeling colorants to minimize the burden and cost of this change. Manufacturers need time to change labels to include the VOC content and date code, and clear all products that are not properly labeled from the distribution pipeline. This abrupt change will also increase fuel usage by forcing manufacturers to collect unlabeled products, and will increase the generation of solid waste if companies are forced to dispose of unlabeled, half-empty products. The District has historically allowed additional time for label changes in past rule amendments, and we urge the District to do the same with colorants.

ACA recommends either:

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"Containers for all coatings, <u>and for colorants manufactured on and after January1, 2017,</u> subject to this rule shall display the date of manufacture of the contents or a code indicating the date of manufacture. The manufacturers of such coatings <u>and colorants</u> shall file with the Executive Officer of the Air Resources Board an explanation of each code."

#### OR

"Containers for all coatings and colorants subject to this rule shall display the date of manufacture of the contents or a code indicating the date of manufacture. The manufacturers of such coatings <u>and colorants</u> shall file with the Executive Officer of the Air Resources Board an explanation of each code. <u>The provisions of this paragraph (d)(1) shall not apply to any</u> <u>colorant manufactured prior to</u> January 1, 2017."

Also a new subparagraph (E) is needed, as follows: <u>(E) For colorants manufactured on and</u> after [effective date], the VOC per liter of colorant (less water and exempt compounds).

# F. Recycled Coatings

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The District should not lower the VOC limit for Recycled Coatings to 150 g/l since this will increase the cost of recycling, and reduce the use of recycled coatings. The 150 g/l limit will force recyclers to perform additional VOC determinations and spend more time separating higher-VOC products. The lower limit will also force recyclers to dispose of more products, increasing waste disposal costs. In turn, the PaintCare program will incur higher costs, resulting in increased costs to manufacturers and consumers. Given these concerns, ACA believe the District should retain the current limit for recycled coatings.

G. Building Envelope Coatings

ACA does not support lowering the Building Envelope Coating VOC limit to 50 g/l at this time. Building Envelope Coatings represent a new category, and the California Air Resources Board and SCAQMD have not yet gathered accurate sales data on these products. We suggest that the District use the next few years to gather accurate data, and then determine whether to reduce the VOC limits on this category. This is especially important considering the considerable cost of testing Building Envelope Coatings such as air barriers. In addition to reformulation, manufacturers would be forced to retest each product according to the three test methods in the category definition at a cost of approximately \$30,000-40,000 per product.

## H. Exempt Compounds

ACA supports the proposed exemption for AMP (2-Amino-2-Methyl-1-Propanol) from VOC status for purposes of Rule 1113. This exemption will help the District achieve critical VOC reductions, and provide paint manufacturers with formulation flexibility to further reduce VOCs. ACA also supports the comments provided by the ANGUS Chemical Company.

7-8 The District should also fully exempt TBAc (tertiary butyl acetate) from the definition of VOC to maintain consistency with the U.S. EPA list of exempt compounds. Until TBAC is formally listed as a TAC or carcinogen, air regulatory agencies such as SCAQMD should make no changes to their rules based on OEHHA's unsanctioned risk factors. For the past 11 years, TBAC has been safely used in numerous applications in 49 states and in Canada and has reduced ozone levels by an estimated 660 Million pounds (300 Kilotons). California remains the only State that does not recognize the Federal VOC exemption of TBAC or benefit from its exemption.

The District should also fully exempt DMC (Dimethyl carbonate) from the definition of VOC to maintain consistency with the U.S. EPA list of exempt compounds.

I. Spray Efficiency

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ACA still believes that the District can obtain additional permanent and enforceable VOC emissions reductions through "Best Practice Guidelines" and mandatory requirements for spray application. The District should include these requirements and work practice standards in Rule 1113 to make these provisions an enforceable part of the AIM coatings regulatory framework. ACA suggests the following in addition to the previous SCAQMD proposal to strengthen the provisions so the District can calculate the resulting emissions reductions:

- a. Keep spray pressure as low as possible; Use the smallest tip size possible; Coatings must be spray applied according to the product manufacturer's instructions, including the specified spray pressure, coverage rate, tip size, and any other recommendations for spray application.
- b. Spray gun should be no further that 12 inches from the surface being painted.
- c. Maintain a 90-degree direct angle of the spray gun to the surface being painted; Avoid "fanning" the gun from side to side, and never exceed a 30-degree variance from a 90degree direct spray application;
- d. Do not over thin paint material; Paint thinners must be compliant with SCAQMD Rule 1143, and thinned products may not exceed the Rule 1113 limits.
- e. Cleaning solvent must be compliant with SCAQMD Rule 1171.
- f. Do not "overreach" when working from a ladder or other lift equipment (where the spray gun or wand is more than 12 inches from the surface being painted).
- g. Always use the gun trigger to begin and end each application stroke.
- Adjust the application overlap to fully cover the surface being painted to minimize paint usage.
- All architectural coating or colorant containers from which the contents are used by pouring, siphoning, brushing, rolling, padding, ragging or other means shall be covered and closed when not in use; these containers include, but are not limited to drums, buckets, cans, pails, trays or other storage or application containers.
- j. Applicators applying coatings in SCAQMD must successfully complete the SCAQMD's Architectural and Industrial Maintenance Coatings training program or contractor association equivalent, and hold a certificate issued by the Executive Officer evidencing that such individual is in good standing in this program (similar to Rule 463 and Rule 1178).
- J. Method 313
  - 1. Precision and Bias

The District should include a precision and bias statement in Method 313. To date, the District has only evaluated the internal precision/bias of Method 313. The evaluation of three operators using the same piece of equipment resulted in an error band of 5 g/l material VOC. While this is useful information, the regulated community must also understand how other labs conducting Method 313 compare to the SCAQMD results. This information is especially critical for coatings manufacturers since they must formulate below the regulatory limit to account for precision differences between their testing equipment and the District's.

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ACA suggested completing a Method 313 "roundrobin," or as an alternative, that the District include the ASTM D6886 precision statements as guidance for Method 313 (SCAQMD participated in the ASTM D6886 roundrobin). In response, SCAQMD and EPA Region 9 both claim that the results of any future Method 313 roundrobin and the D6886 roundrobin results are not applicable since "industry labs did not follow the ASTM D6886 method and will not follow the Method 313 method." Now, SCAQMD is preparing to validate Method 313 via EPA Method 301 "Field Validation of Pollutant Measurement Methods from Various Waste Media." ACA appreciates that the District is trying assess the precision and bias of the SCAQMD Method 313 equipment, but this validation will not help with assessment of external "interlaboratory" precision since the Method 301 is only inward looking.

ACA is also concerned that the three proposed matrices – flat, nonflat and simplified resin only – are not representative of all the categories or coating chemistries in Rule 1113 (e.g., bituminousbased coatings). These categories are also not representative of coatings in the other coatings rules where Method 313 will be incorporated. ACA requests a demonstration that the chosen matrices will be compatible with each different technology covered by Rule 1113 and other coatings rules. Also, it would be more realistic if, for example, EPA developed the Matrices for SCAQMD to analyze instead of SCAQMD knowing the matrices beforehand. This "blind sampling" would result in more meaningful results.

On page 15 of the Draft Staff Report the district mentions that "The SCAQMD has participated in round robin studies M313 versus D6886 with strong correlation between the two methods." Given this strong correlation between the two methods, ACA suggests SCAQMD simply incorporate the ASTM D6886 precision statements.

Further, on page 15 of the Draft Staff Report, the District mentions that "For compliance purposes, [the District] will provide a guidance document to explain the differences between the two methods such that a manufacturer utilizing ASTM D6886 will be aware of how their results could differ from results obtained by the SCAQMD laboratory." The District gave a presentation on August 26 which provided the key similarities and key differences between Method 313 and D6886, and the changes to D6886 that would be required to align it with Method 313. However, this qualitative information does not provide quantifiable information on how manufacturers' test results may differ from the results obtained by the SCAQMD laboratory. The D6886 roundrobin precision statements are the only data that can answer this key compliance question.

2. Scope

The District should clarify and limit the scope of Method 313. In early discussions with the District, the District indicated that Method 313 was intended to be used for coatings that had a material VOC content of less than 150 g/l. However, language in the draft indicates that Method 313 would be used for any material when EPA M24 does not reach a stable weight, with a demonstrated additional weight loss of greater than 0.2% absolute or 3% relative difference (whichever is greater) after one additional hour of oven heating.

Not all products currently subject to R1113 will reach stable weight using M24 (this includes both higher- and lower-VOC formulations). The main point being the assumption that M24 is

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unstable is not exclusively attributed to lower-VOC formulations. In fact, weight loss instability and poor repeatability/reproducibility would be the expected outcome for both aqueous and nonaqueous coatings containing semi-volatile complex hydrocarbon mixtures when tested for volatile content under Method 24. It is recommended the district consider Thermal Gravimetric Analysis (TGA) methods for products with these stated parameters.

While the non-film forming oils used in form release compounds will now be moved to Rule 1161, there are still other non-film forming oils used in Rule 1113 including stains and waterproofing sealers which are problematic with regards to Method 313.

7-11 ACA recommends the following changes to the Scope of Method 313:

Method 313 applies to materials such as paints, coatings, solvents, and other liquid/dispersed solid materials containing less than 150 g/L VOC material as measured by SCAQMD Method 304-91 or Environmental Protection Agency Reference Method 24 (EPA M24). It may also be used for materials which do not reach a stable weight by EPA M24, with a demonstrated additional weight loss of greater than 0.2% absolute or 3% relative difference (whichever is greater) after one additional hour of oven heating. This method is not to be used for two-component coatings or Ultraviolet/Electron Beam (UV/EB)-cured coatings but may be used for samples requiring ASTM D5095 "Determination of the Nonvolatile Content in Silanes, Siloxanes and Silane-Siloxane Blends used in Masonry Water-Repellent Treatments". Coatings containing semi-volatile complex hydrocarbon mixtures should be analyzed by ASTM E1868 "Standard Test Methods for Loss-On-Drying by Thermogravimetry.

3. Exclusion Pathway

ACA appreciates the time and effort that the District has committed to developing an exclusion pathway. ACA once again requests that the Staff Report and Board Resolution mention that the District is receptive to additional pathways including a future pathway for Amines. We specifically request the District include the following footnote in the Exclusion Pathway Flowchart:

The exclusionary pathway is intended for unreactive compounds and will need to be amended to correctly classify components such as amines that interact with other components when the paint is being formulated.

On page 18 of the Staff Report, the District mentions that "Note: the only compound that has been demonstrated thus far to stay in the film of the coating was pentaethylene glycol (EG5)". ACA requests the District clarify that the District has only tested film retention for Glycerin, Propylene Glycol and Pentaethylene Glycol. Also ACA requests the District state which oils are not considered VOCs (e.g., canola oil).

ACA requests the second box of the exclusion pathway be changed from "The measured or modeled VP of the compound of interest is lower than MP" to "...is equal to or lower than MP".

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Since Vapor Pressures vary and are difficult to measure and model at low levels, ACA suggests that the threshold in box 2 be changed to less than or equal to "<0.01". This change will have little impact since the compounds still need meet the stringent requirement of Box 3, retainment in the film. As an example, the EPI Suite vapor pressure modeling data for methyl palmitate is estimated to be 0.0634 Pa at 25C (log value -1.197). However, in the SCAQMD graph of vapor pressures, the log vapor pressure of methyl palmitate is shown as less than -2 based on a measured value (A log of -2.19 would correspond to a vapor pressure of .00634, which is an order of magnitude lower than the .0634 Pa modeling data). Alternatively, we suggest the vapor pressure of the compound of interest be lower than the upper fall within the error bands of the measured or modeled vapor pressure of Methyl Palmitate. Again, since the third step is so stringent, a slight increase in the vapor pressure in the second box will have little impact. Finally, setting the threshold at less than or equal "0.01" may address ACA concerns over Amines.

7-12 cont.

Also, ACA suggests that the District's choice of dibutyl phthalate as a surrogate for methyl palmitate in the Exclusionary Pathway Flowchart for Early Eluting Semi-Volatile Organic Compounds (Box 3) is problematic. The purpose of the exclusionary pathway is to determine whether or not a compound or complex hydrocarbon mixture is less volatile than methyl palmitate, not dibutyl phthalate, which appears to have a significantly lower vapor pressure than methyl palmitate. An appropriate surrogate would have the same volatility as methyl palmitate. ACA believes that tetraethylene glycol may be a good surrogate since it has the same vapor pressure as methyl palmitate and behaves almost identically to methyl palmitate as a neat compound in thermal gravimetric analysis. It is also easy to incorporate into waterborne coatings, especially compared to dibutyl phthalate.

Vapor pressure:

Methyl palmitate = 6.04 x 10-5 mmHg@25C (Perry RH, Green D; Perry's Chemical Handbook. Physical and Chemical data. NY, NY: McGraw-Hill 6th ed (1984)) Dibutyl phthalate = 1 x 10-5 mmHg@25C (US EPA Air Toxics Web Site) 2.01 x 10-5 mmHg@25C (Jour. of Chromatography A 749:123-129, (1996))

ACA also requests additional information on the scope and how the exclusion pathway is to be used. For example, now that the District has determined that PEG has met the three exclusion criteria, how will PEG actually be excluded? Could coatings manufacturers exclude PEG from there VOC content determinations, or would the District not consider PEG in an enforcement situation? Also, please clarify whether the exclusion pathway be included with Method 313.

K. Unused Coatings

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The SCAQMD currently assumes that 100% of architectural coatings that are sold in the District are applied in the District, and as a result all associated VOC emissions count towards the SCAQMD's VOC inventory. EPA has documented that 10% of architectural coatings remain unused. The architectural coatings inventory should be adjusted to account for unused paint, alleviating further pressure to reduce VOC emissions from this source category. ACA requests an update on the status of the District discussions with EPA.

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#### L. Architectural Coating Product Database

The District should take credit for emission reductions that result from the architectural coating product database. Once it is launched, the database will provide yet another market incentive to drive down AIM VOC emissions in SCAQMD since architects, specifiers, contractors, and consumers can search the database to find low-VOC products.

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From a practical perspective, it is important that discontinued products are not included in the database. The District should utilize the current averaging box to identify discontinued products in Rule 314 so they can be excluded.

#### M. Additional Changes

We suggest the following changes in the proposed Rule 1113 language.

- 1. Applicability
- 7-15 ACA suggests moving the phrase "in the District" (or "within the District" to be consistent with the second half of the sentence) as follows: "This rule is applicable to any person who supplies, sells, markets, offers for sale, or manufactures any architectural coating that is intended to be field applied to stationary structures or their appurtenances within the District....".
  - 2. Glazes
- 7-16 (21)(c) GLAZES: "GLAZES are coatings formulated and recommended to be used (or to be mixed with another coating) for:" etc.
  - 3. Flat Coatings
- 7-17 (23) FLAT COATINGS: "FLAT COATINGS are coatings that register a gloss of less than 15 on an 85-degree meter or less than 5 on a 60-degree meter according to ASTM Test Method D 523 as specified in paragraph (e)(5)."
  - 4. Wood Coatings
- (81) WOOD COATINGS: "WOOD COATINGS are film-forming coatings formulated and labeled for application only to wood substrates, including floors, decks, and porches. The Wood Coatings category includes all lacquers, varnishes, and sanding sealers, whether clear, semitransparent or opaque. This category also includes penetrating oils, clear stains, wood conditioners for use as undercoats, and wood sealers for use as topcoats."
  - 5. Wood Conditioners
- 7-19 (82) WOOD CONDITIONERS: "WOOD CONDITIONERS are coatings that are <u>formulated</u> <u>and recommended</u> to prepare bare wood for staining, to provide uniform penetration of stain."

#### ACA Comments on SCAQMD Rule 1113 & Rule 314 Amendments September 9, 2015

#### Sell-Through Provision

We suggest deleting the averaging compliance language) -"Any coating that is manufactured 7-20 prior to the effective date of the applicable limit specified in the Table of Standards 1, and that has a VOC content above that limit (but not above the limit in effect on the date of manufacture). may be sold, supplied, offered for sale, or applied for up to three years after the specified effective date."

(c) Requirements

(2) No person within the District shall, at the point of sale of any architectural coating subject to paragraph (c)(1), add to such coating any colorant that is listed in the Table of Standards 2 and contains VOC in excess of the corresponding limit specified in the table.

8. Concrete Form and Concrete Mold Release Compounds

As the District is moving Form Release and Concrete Stamp Mat Release Compounds to Rule 1161, it is important to note that Rule 1113 Form Release compounds and stamped concrete mold releases that are used in an outdoor environment are different than mold release compounds used in a factory setting. Products that are used outside need a higher-VOC limit than release compounds used in a factory setting. In addition, the VOC content for stamped concrete mold release compounds may need to be higher than form release compounds; if the stamped concrete mold release compound does not evaporate and the concrete sticks to a mold, both the mold and the concrete surface could be ruined. Whereas a small amount of concrete sticking to a concrete form may not be as much of an issue.

ACA requests a limit of 100 g/l for both the form release and concrete stamp mat release products, and requests that the District determine if Dodge oil and other oils are VOCs via Method 313. Please see ACA's comments from April 30, 2015.

Thank you for your consideration of our comments. Please do not hesitate to contact us if you have any questions.

Sincerely,

/s/

David Darling, P.E. Senior Director, Environmental Affairs Timothy Serie, Esq. Counsel, Government Affairs

/s/

Philip Fine, SCAOMD Cc: Jose Gomez, ARB Ravi Ramalingam, ARB Stan Tong, EPA Wienke Tax, EPA

\*\*Sent via email\*\*

7-22

7-21

# Response to comment 7-1

Please see response to comments 4-2 and 6-1.

# Response to comment 7-2

Staff did not conclude the lower VOC limits for <u>F</u>flats, <u>N</u><del>n</del>onflats, and PSUs were technologically infeasible, but instead decided to take industry's suggestion to lower the fees in Rule 314 instead of lowering the VOC limits at this time (however, this approach is no longer being proposed). Staff presented a significant amount of data early in the process demonstrating that the lower-VOC limits were technically feasible. That said, there could be specialty products within each of these categories that might need to be carved out, especially for the PSU category, but the change in direction was a response to industries' comments and not an indication that the lower-VOC limits were not technically feasible.

# Response to comment 7-3

Staff appreciates industr<u>yies</u> support of the proposed fee structure, which was proposed not only for coatings sold under the SCE but for any coating reported over the VOC limit. Staff is no longer proposing to amend Rule 314 at this time.

## Response to comment 7-4

Based on the sales volumes and emissions of the SCE, staff feels this exemption is being utilized to a great extent to stifle sales of lower-VOC products for certain categories. For the specialty categories, staff does strive to set the VOC limit at an appropriate level, working with the affected industry. It is somewhat surprising when a small niche category is carved out based on staff's work with industry on the appropriate VOC limit and then to see multiple products being offered for sale above that VOC limit, within the SCE. Staff is proposing to adopt the VOC limit from CARB's 2007 SCM for the tub and tile category, as Rule 1113 cannot be less stringent than the SCM. The SCE is intended to be for small niche applications and for touch up; it is not meant as a means of avoidingsafety valve for the VOC limits. Staff is always open to inquiries or requests to carve out niche categories where necessary, so if a new technology is developed that legitimately needs a higher limit, this can be accommodated.

As for delaying the proposed phase out of the SCE until the higher fees go into effect, staff delayed the implementation date of the higher fees (but not the lower fees) based on feedback from industry to wait until the phase out of the SCE went into effect. Staff is no longer proposing to amend the fee rate in Rule 314 at this time.

Staff acknowledges the emissions from architectural coatings have been decreasing but PAR 1113 still must achieve the reductions that were committed to in the 2012 AQMP. In the case of the clear wood finishes, the exponential increase in sales was the basis for eliminating the SCE for that category. In the case of RPCs and <u>Nnonflats</u>, the large volume of sales and the currently available compliant coatings is the driver for the change. The SCE makes up 1% of the current coatings sales, but represents 23% (this number increased from 2013 - 2014) of the emissions from coatings.

In regard to rule circumvention, as previously mentioned, enforcement staff cannot be at all job sites at all times. Further, the enforcement staff finds examples of rule circumvention that could not have been foreseen, such as the empty labeled quart containers used with high VOC content gallon containers. A contractor was emptying a high VOC content gallon container into quart containers in order to comply under the SCE.

As for the SCE being available as an alternative option, there is precedent for eliminating the exemption as was done for clear wood finishes in 2006. The proposal is not to eliminate the exemption for all categories at this time, but to restrict the exemption for categories using it for large volume sales, for categories that do not use or need it, and for small niche categories where there is already a high-VOC limit allowed. Staff has proposed further limiting the SCE in the past, (as recently as during the 2011 amendment) so this proposal is not counter to our historical position.

# Response to comment 7-4a

It is staff's position that since the SCE is only being used for very small quantities for  $\underline{F}$  at coatings, the exemption and flexibility is not needed.

## Response to comment 7-4b

Staff investigated the coatings reported under the <u>N</u><del>n</del>onflat high gloss category, <u>including those used as</u> <u>'Door, Trim, and Cabinet'</u>, and found <u>many that 94% of those</u> products meeting the current VOC limit of 50 g/L.<u>Based on the compliance rate, S</u>taff found no justification to carve out a higher VOC category for 'Door, Trim and Cabinet' coatings, <u>because the product could be easily used in a non-compliant manner</u>. <u>Currently, Nonflat high gloss coatings are sold and used for a variety of surfaces such as steel, aluminum</u>, wood, drywall, and brick. There is no explicit way to distinguish a difference between the application on 'Door, Trim and Cabinet' compared to other surfaces. Even if a manufacturer were to document or label the product it is difficult to enforce, because staff cannot be at every job site and verify its application. As for the <u>N</u><del>n</del>onflat category as a whole, they are second only to RPCs in the sales volume of coatings sold over the VOC limit and third highest in emissions, based on the 2013 Rule 314 sales data. There were over 100,000 gallons of non-compliant <u>N</u><del>n</del>onflat <u>C</u>eoatings sold in 2013. The high sales volume is the reason staff is proposing to phase out the exemption for <u>N</u><del>n</del>onflat <u>C</u>eoatings.

## Response to comment 7-4c

As indicated in response to comment 6-2, the proposal to restrict the SCE for IMCs is based <u>primarily</u> on potential rule circumvention and <del>not</del> for the <u>as well as for</u> emission reductions. Staff has accommodated the requests from industry to allow for the sales of one liter or small containers above the VOC limit for touch up of factory applied coatings, provided they are not sold at a retail outlet. The question of what it entails to be sold at the retail outlet has come up before in regard to local manufacturers who produce or store coatings over the VOC limit for shipment to other jurisdictions. This practice has been allowed provided evidence can be shown that coatings supplied, sold, offered for sale, marketed for sale, manufactured, blended, repackaged or stored in the SCAQMD are for shipment outside of the SCAQMD. A similar principle can be applied for sales at a retail outlet; the high-VOC IMCs sold under the SCE can be on site and sold at a local retail outlet as long as they are not displayed on the retail shelf or advertised for sale. Staff addressed this comment by rewording the restriction to indicate the products cannot be displayed or advertised for sale at a retail outlet. The coatings cannot be displayed on the shelves but could be made available for touch up use only by storing them behind the counter or as a special order.

# Response to comment 7-4d

Please see the response to comment 3-12 and 4-2 for further discussion on the performance testing of RPCs.

Feedback from the segment of industry who produces solvent based RPCs indicate the exempt solvent based products work just as well as conventional solvent based products. Feedback from manufactures who produce waterborne RPCs, indicate that their products are as good if not better than solvent based RPCs. Staff can find no technical or performance reason to keep the SCE for RPCs, other than the profit

margin argument. Staff acknowledges the exempt solvent technology will be more expensive to produce; this is an issue that many other segments of industry have faced. Industry pursued the inclusion of exempt solvents in Rule 102 - Definitions, as a tool for lowering the VOC content of coatings, even with the associated higher costs. Parachlorobenzotrifluoride (pCBtF, commercially available as Oxsol-100) is an expensive solvent compared to conventional solvents (around \$2/pound versus less than \$1/pound for mineral spirits). However, there are Another options available, including is one from TBF Environmental Technologies (certified under the Clean Air Solvents (CAS) protocol as less than 25 g/L), as a replacements; however, it is more expensive than for conventional solvents.

Staff already demonstrated that-low-VOC RPCs preform as well as their higher-VOC counterparts in the technology assessment conducted in 2005 by UMR (Final Report "Architectural & Industrial Maintenance Coatings Technology Assessment.", 2006). Industry, academia, a contractor, and other regulatory agencies were included in the design of the test as well as the selection of the coatings. This study was presented and accepted by the Governing Board prior to the 100g/L VOC limit being adopted.

Staff is not confusing IMCs with RPCs., <u>T</u>the restriction of the SCE for IMCs is to prevent rule circumvention through <u>"creative marketing"</u>. As for the need for surface preparation, there is nothing in the definition of a RPC that indicates they only include coatings requiring no surface preparation<u>and surface preparation is a reasonable part of a coating operation</u>.

In response to freeze thaw, this is not a major concern in the SCAQMD. In fact, based on feedback from <u>R</u>recycled <u>C</u>eoating manufacturers, coatings collected through PaintCare or house hold waste collections that are up to 15 years old are still acceptable raw material for their products. If there were freeze thaw issues, these coatings and the newer low-VOC and near-zero-VOC coatings would not be viable.

ACA states that they support the comments provided by Rust-Oleum, which includes lowering the VOC limit on PSUs. However, the ACA's letter also indicates that lowering the VOC limit for PSUs is a problem for industry.

## Response to comment 7-4e

Please see the response to comment letter 5.

Response to comment 7-4f

Please see the response to comment 3-11.

Response to comment 7-5

Staff included a phase in date of January 1, 2017 for the colorant labeling requirement,

## Response to comment 7-6

Please see the response to comment 3-7. Staff extended the effective date to January 1, 2019 to allow for more time for <u>any remaining high-VOC</u> coatings to <u>be recycled</u>. work their way through the system. During this time, more low<u>er</u> and zero-VOC coatings will become available for recycling to offset the occasional high-VOC product. Staff does not believe that there will be an increase in waste or cost associated with the manufacturer of <u>R</u>recycled <u>C</u>eoatings and received overall agreement from the local <u>R</u>recycled <u>C</u>eoating manufacturers on the proposed change.

Response to comment 7-7

The 50 g/L VOC limit that is in proposed amended Rule 1113 was based on feedback received from the building envelope manufacturers. In addition, staff evaluated the building envelope coatings that are currently being offered for sale in the SCAQMD. Staff found that all but three meet the future limit; of those three two do not meet the current limit and therefore are not legal to sell in our jurisdiction. Those three coatings need to be reformulated to be compliant with the future VOC limit effective January 1, 2019, and two of the three need to be removed from our jurisdiction until they are reformulated to meet the current 100 g/L limit.

#### Response to comment 7-8

Please see the response to comment letters 1 and 2.

# Response to comment 7-9

Staff supports the concept of transfer efficiency in the form of a Best Practice Guidelines and a training/certification program to further reduce the emissions inventory from architectural coatings, but it is not a substitute for lowering VOC content. Staff will commit in the resolution to develop a Best Practices Guideline and training opportunities to improve transfer efficiency. As this program matures, staff will work on including enforceable provisions in Rule 1113 in the future.

# Response to comment 7-10

SCAQMD laboratory staff is working with the USEPA to validate M313 and determine an acceptable precision and bias statement for the method. Staff will continue to keep industry involved during this process by holding quarterly meetings with interested stakeholders. The precision and bias study will meet the USEPA requirements, which may or may not include require a round robin study. SCAQMD laboratory staff is not in favor of using the M6886 round robin results as the equivalent of M313, although, a strong correlation has been shown between the two methods.-as \_M313 differs because it contains significantly more quality control requirements. Staff has concerns about conducting another round robin specifically for M313 as no laboratories are currently performing the method. Staff is not confident that laboratories will significantly change their analytical procedures to reflect the extensive quality control requirements in M313. The USEPA and the SCAQMD laboratory intend to conduct a small scale, blind, round robin in order to evaluate laboratory to laboratory precision and will work with industry on selecting the laboratories and the coatings that will be tested.

Based on subsequent conversations regarding the suggested matric x es for the exclusionary method, staff concluded that there was a misunderstanding regarding the suggested matrices. The <u>Fflat</u>, <u>N</u><del>n</del>onflat, and resin matrix concepts were intended for the exclusionary spiking study and not the precision and bias study.

Upon USEPA approval, staff commits to using the ASTM D 6886 round robin study until the validation of Method 313 is completed.

## Response to comment 7-11

M313 has historically been used for a variety of samples, including the CAS samples, which do not reach a stable weight in the oven during a M24 analysis. The majority of work that has been conducted thus far is to address the largest deficiency in M24, which is the lack of precision for high-water, low-VOC samples. That is what the work has focused on. Staff agrees there is a small subset of coatings that may benefit with a TGA method. A TGA method would be easier than the GC method. That said, ASTM E1868 was developed for metal working fluids, which have a limited service life. The time and temperature parameters (110 minutes versus 60 minutes, but at 81°C instead of 110°C) are much less stringent than M24 and will not result in equivalent results. Staff will commit to working with industry and the USEPA on these non-film forming coatings to develop an appropriate test method. Staff is open to the concept of a TGA method with equivalent parameters and results to M24.

## Response to comment 7-12

Staff will include a resolution to continue to work with industry and the USEPA to consider if certain amines should be excluded in the VOC calculation. Staff agrees the current exclusionary method is only meant for <u>nonun</u>-reactive compounds.

Staff agrees only a limited number of compounds have been tested in the proposed spiking method..., <u>T</u>those results agree with the previously conducted film extraction testing that found few if any compounds were

retained in the film. For the spiking method, staff focused on those compounds that were slightly retained or not retained in the previous studies. The concept behind the exclusionary method is industry will conduct the test of the compounds of interest and present their results to the SCAQMD and USEPA for consideration and validation. The oils that are not measured as VOCs, include non-methoxylated bio-based fats and oils such as linseed, canola, soy, olive, grapeseed, tung, and safflower oils as well as fats such as beef tallow and pig lard. Essentially, if these oils are injected into a GC, they never elute. Staff will dedicate a webpage on the SCAQMD website on this work and the conclusions of the work, including references to excluded compounds and the methods used to demonstrate a compound should be excluded.

Staff agrees to change the screening step to less than or equal to the vapor pressure of MP.

Staff disagrees with the suggestion that tetraethylene glycol (EG4) should be used as a surrogate for MP in the spiking method. Although staff agrees the neat properties of EG4 are closer to MP than DBP, all the work conducted during this method development has shown compounds behave very differently neat than when in a fully formulated coating. The original goal of all this work was to demonstrate equivalency between M24 and M6886. Equivalency can be demonstrated by showing the compound does not leave the film during a M24 analysis. The work thus far, shows that EG4 does leave a paint film while DBP does not leave to a significant extent. Of all the compounds studies so far, EG5 stays in the film to the greatest extent and would serve as a better surrogate than EG4. EG5 is 95% non-volatile, hence, it is not recommended to be considered as a VOC. Therefore, using EG5 as a surrogate demonstrates a compound is not a VOC if it is retained in the paint film when spiked at 1%, 3%, and 5% in a coating under M24.

Staff will include the excluded compounds on the SCAQMD website once the USEPA has approved the procedure and results. For compliance purposes, when EG5 is detected in the sample during a M313 analysis, it will not be included in the VOC calculation.

# Response to comment 7-13

Staff is in discussions with the USEPA on this concept of reducing the emission inventory for architectural coatings to account for un-used coatings. Any data provided by the ACA would be helpful; thus far this has only been a concept with no data to back-up the claims of 10% in un-used coatings. Any coatings that are not recycled by PaintCare are assumed to end up at a landfill. Emissions from coatings in landfills are assumed to have evaporated and volatilized. Although the coatings may be "un-used", the emissions are still being released.

# Response to comment 7-14

Staff agrees the publically searchable database will be a great resource for end users, contractors and specifiers to find compliant and super-compliant coatings sold in the SCAQMD, but does not think it will lead to permanent and enforceable emission reductions. Staff is working on a mechanism to allow manufacturers to flag products that are being discontinued, such that they are not displayed.

## Response to comment 7-15

Please see the response to comment 3-1.

Response to comment 7-16, 7-17, 7-19, 7-20, 7-21,

Staff concurs with these comments.

Response to comment 7-22

Final Staff Report Proposed Amended Rule 1113

This comment will be considered in the rule making process for Rule 1161.

# The following are comments from Sherwin Williams – Comment Letter #8.



Corporate Headquarters 101 Prospect Avenue NW Cleveland, Ohio 44115-1075

Wednesday, September 09, 2015

SCAQMD HEADQUARTERS 21865 Copley Drive - Diamond Bar, CA 91765 SCAQMD PAR 1113 VOC Test Method Comments

The Sherwin-Williams Company (Sherwin-Williams) appreciates the opportunity to comment on Rule 1113. Sherwin-Williams supports the comments filed by the American Coatings Association. Sherwin-Williams would also like to address issues regarding use of Method 313 as the analytical method for volatile organic compounds (VOC) compliance used by the SCAQMD for Architectural and Industrial Maintenance (AIM) coatings. Sherwin Williams believes that the SCAQMD is generally applying Method 313 for the correct reasons. However, there are important facts that clearly indicate the method is not appropriate for use when measuring VOC from certain coating technologies employed in AIM coatings regulated by Rule 1113.

It is widely recognized that EPA Method 24 (M24) is increasingly antiquated and unreliable for determining the VOC content of products containing: 1) significant amounts of semi-volatile materials when tested for volatile content under ASTM D 2369 Standard Test Method for Volatile Content of Coatings and 2) increasing amounts of water in lower VOC formulations (i.e., <150 g/L material).

The SCAQMD has developed Method 313 Determination of Volatile Organic Compounds (VOC) by Gas Chromatography/ Mass Spectrometry/ Flame Ionization Detection (GC/MS/FID) to address shortcomings related to M24. Method 313 (M313) is similar to ASTM method D 6886; however, we understand that M313 is considered more robust for enforcement purposes by the SCAQMD.

Sherwin-Williams agrees that M313 is an appropriate analytical method for most AIM formulations containing water and having a material VOC of 150 g/L or less. However, the District has neglected to address certain materials that are subject to Rule 1113, which do not achieve reproducible and defensible analytical results sufficient to support an enforcement action using M313. The problematic materials are semi-volatile, complex hydrocarbon mixtures containing a wide range of relatively high carbon number compounds (e.g., C15 – C50) that straddle the endpoint quantitation marker of M313 (methyl palmitate), itself a semi-volatile compound.

#### When will Method 313 be used?

Here is an excerpt from the Draft M313 version 2013.

"Method 313 applies to materials such as paints, coatings, solvents, and other liquid/dispersedsolid materials containing less than 150 g/L VOC material as measured by SCAQMD Method 304-91 or Environmental Protection Agency Reference Method 24 (EPA M24). It may also be used for materials which do not reach a stable weight by EPA M24, with a demonstrated additional weight loss of greater than 0.2% absolute or 3% relative difference (whichever is greater) after one additional hour of oven heating. "

Please note the assumption that Method M313 is intended to be used on coatings that are 150g/L or less VOC. Under the above referenced scenario, M313 may be used anytime a stable weight under M24 is not achieved, even if the VOC is not 150 g/L or less. There is no basis for this application of M313, and it ignores the District's own actions to the contrary. In fact, instability of weight loss for certain coatings using M24 is a good indication that a different method should be used, but the use of M313 is not appropriate, accurate or even reproducible for certain coatings technologies.

The following examples are designed to highlight the shortcomings of using M313 as the only other method to be employed besides M24, as described in the M313 preamble.

#### Example 1

Efforts by South Coast to develop an appropriate protocol for measurement of VOC content of semi-volatile, complex hydrocarbon mixtures during the rulemaking to amend SCAQMD Rule 1144 Metalworking Fluids and Direct Contact Lubricants resulted in development, validation and approval of ASTM E 1868 Standard Test Method for Loss-On-Drying by Thermogravimetry, which was selected by District Staff for inclusion in Rule 1144, along with ASTM D 4017 for water content and SCAQMD Method 303 for exempt solvent content. Although work was also done to develop a chromatographic method, SCAQMD Method 313-L Determination of VOC Hydrocarbon Compounds in Lubricants (a modified version of Method 313), Method 313 did not achieve the agreed upon validation criteria and was not included in Rule 1144.

## Example 2

The District's proposal for the aforementioned revisions to Method 313 (released 8/14/13) includes a provision in Section 1.0 Scope and Application that makes Method 313 applicable to materials containing less than 150 g/L VOC material as measured by Method 304, including materials that do not reach a stable weight by ASTM D 2369, behavior that is typical of semi-volatile compounds and mixtures used in architectural coatings. Some of these products are similar to the complex hydrocarbon mixtures found in metalworking fluids and direct contact lubricants and are in a carbon number range that will elute numerous compounds both prior to and after the quantitation endpoint marker (methyl palmitate), making valid results using Method 313 difficult, if not impossible, to achieve (please see example 1).

#### Example 3

The District has indicated that form release compounds will be removed from Rule 1113 and regulated under a new rule 1161. Although early in the process, the information provided at the first workgroup meeting indicated that the District is removing these materials from Rule 1113 due to the difficulty in analyzing components commonly found in the form-release agents using M313. Of note, materials used in many form-release compounds are similar or identical to the previously mentioned semi-volatile, complex hydrocarbon mixtures containing a wide range of relatively high carbon number compounds (e.g., C15 - C50).

#### Example 4

The District has proposed the inclusion of Method 313 into Rule 1113. Unfortunately Rule 1113 does not address or include the critical issue of when it is appropriate to use Method 313. This approach is flawed since the criteria for appropriate use of Method 313 should be subject to the rulemaking process. By simply referring to Method 313 but not addressing the appropriate use issue in Rule 1113, the District is circumventing due process and avoiding the discussion in a public forum.

#### Example 5

The District has proposed an exclusion pathway concept that is incomplete and not comprehensive. For enforcement purposes, the SCAQMD is required to provide a fair and reproducible method to determine VOC content for its enforcement activities. The excusionary pathway has not been tested for each different coating technology covered under Rule 1113. Instead, the District is proposing using its exlusionary pathway concept with only a scant three matrices. The District currently does not know if this concept will work until each of the different coating technologies covered by the rule is tested.

## Conclusions

Test methodology that has been validated and is capable of meeting data quality requirements is critical for determination of compliance status and for enforceability of Rule 1113. The District has an obligation to provide manufacturers with appropriate test methods for determining compliance of products with the District's VOC rules. The methodology(ies) must be robust and reproducible. Accordingly, we strongly recommend that the District establish ASTM E 1868 as the method for determination of volatile content when an architectural coating or associated raw material does not reach stable weight as defined in draft Method 313 and the individual compounds contained in semi-volatile mixtures elute both before and after methyl palmitate. Run conditions for ASTM E 1868 should remain the same as those required by Rule 1144 (81°C for 110 minutes) since results of the District's research on non-volatile, semi-volatile and volatile organic compounds at 81°C for 110 minutes most closely replicates ambient evaporation under extreme conditions (40°C for six months).

Thank you in advance for your attention to this matter as it is very important to The Sherwin-

Williams Company Barfett L. Cupp Director of Product Compliance

#### Response to comment letter 8

Staff appreciates the support from Sherwin Williams for including M313 and M6886 in Rule 1113 for low-VOC coatings containing high water content. Those coatings represent the largest volume of coatings where M24 loses precision. There is a much smaller volume of coatings that have issues with SVOCs. The vast majority of coatings samples received by the SCAQMD laboratory reach a stable weight when analyzed by M24, most exceptions are outside of the architectural coatings world, such as the CAS Certification Program where many bio-based oils are submitted for testing. Staff has come across form release compounds, some of which are also formulated with almost 100% bio-based oils. The laboratory staff has a long history performing M313 on CAS samples and this is the most accurate method for their analysis.

The analysis of very complex hydrocarbon mixtures by <u>GCgas chromatography</u> is a time-tested procedure, as exemplified by:

- ASTM D2887 Standard Test Method for Boiling Range Distribution of Petroleum Fractions by G<u>Cas Chromatography</u> (55°C to 538°C) ASTM D 6352 Standard Test Method for Boiling Range Distribution of Petroleum Distillates in Boiling Range from 174°C to 700°C by <u>GCGas Chromatography</u>.
- EPA SW-846 Method 8015B Non-Halogenated Hydrocarbons by G<u>C</u>as Chromatography, applicable to gasoline range organics (GRO) and diesel range organics (DRO).

These and similar methods are routinely used by the petroleum industry, regulatory bodies, and consulting laboratories for analyzing complex hydrocarbon mixtures over large carbon-number ranges, with good repeatability. There is no technical reason why complex hydrocarbon mixtures cannot be analyzed by <u>GC</u> Gas Chromatography with reproducible and defensible results, since similar methods are used regularly for enforcement and commercial purposes. In reality, the highest carbon numbers addressed by M313 is between C19 and about C20, since that is where the chromatographic cutoff point exists.

Example 1: Not including M313 in Rule 1144 – Metalworking Fluids and Direct-Contact Lubricants. This was not due to issues with the validation criteria, but because of the lack of participation by industry laboratories. In fact, there is no way to determine if M313 meets the criteria or not, due to the lack of completion by several laboratories which had expressed an interest in participating and received samples. The inter\_laboratory was designed using ASTM protocol and without a sufficient number of participating laboratories, a final ASTM-type statement of repeatability and reproducibility could not be determined.

Example 2: Please see response to Example 1. Also, please note the range of hydrocarbons that will be encountered in M313 is not the overly broad characterization, but is limited from C6 to no more than C20.

Example 3: The proposal to remove form release compounds from Rule 1113 has nothing to do with the VOC test method; staff would not propose to remove a category because a test method was inadequate. Staff is developing Rule 1161 – Release Agents to address multiple release agents that are currently

unregulated. Because Form Release Compounds and Bond Breakers serve a purpose that is more in line with proposed Rule 1161, staff is proposing to remove them from Rule 1113. Staff is open to finding a faster and simpler test for evaluating certain form release compounds, but M313 works for these complex matrices. During the method development in 2011, laboratory staff evaluated a form release compound that was a petroleum oil with less than 2% water by M313, M24 and the less stringent ASTM E1868 and found the following:

	VOC (g/L)		
	M313	M24	E1868
<b>Oily Form Release Compound</b>	200	230	60

The relative agreement between M313 and M24 and significantly lower results for ASTM E1868 demonstrates staff's concern over using this method, which was developed for metal working fluids and lubricants.

Sherwin Williams repeatedly alleges, without evidence, M313 is irreproducible for SVOCs. And yet clearly, many gas chromatographic methods are employed today to analyze even more challenging carbon ranges than those under M313's applicability. For example, the ASTM "simulated distillation" GC methods, used to characterize boiling range and other crude oil and product properties, applies to boiling ranges from 55 to 538 degrees Celsius (ASTM D2887) and carbon numbers from C10 to C90 (ASTM D6352), which is far beyond the range of M313.

Example 4: The statement of the range of samples which can be reasonably analyzed by the subject method is found in the "applicability" section of all methods, including USEPA and ASTM procedures. The "applicability" section of M313 is being developed with the full review and participation of interested parties, including Sherwin Williams. The SCAQMD welcomes their comments to improve the method.

Example 5: The SCAQMD is providing a reproducible method for enforcement of VOC content, which is Method 313. Any exceptions to the method are for industry to petition to the District and the USEPA. The District is simply trying to provide a reliable procedure which will generate sufficient data, of reasonable quality, by which exceptions can be petitioned and evaluated by regulatory bodies.

The work on the exclusionary method began because industry had concerns M313 was not equivalent to M24. All of the work conducted thus far has shown that M313 is consistent with M24 and all, but maybe one of the 100 compounds industry cited as compounds of concern have been shown to leave the paint film, e.g. what is measured as a VOC in M24 is measured as a VOC in M313. The SCAQMD and the USEPA will continue to work with industry as the last remaining details are worked out and both Methods 313 and 319 (the exclusionary method) are validated. The SCAOMD does not intend to test every possible matrix or coating to demonstrate if a compound should be excluded. The concept of the exclusionary principle is to test several representative matrices that are recommended by industry and approved by the SCAQMD and USEPA, and make a determination if the compound leaves or stays in the paint film. The concept was never intended to exempt specific compounds from specific coating formulations as this would be extremely complicated and burdensome on both the regulated community as well as the regulating agencies. As stated above, the concept was for the SCAQMD to develop a protocol for industry to use to validate if a compound should be excluded, the SCAQMD never intended or committed to test every possible matrix; this would be an endless task. In fact, throughout this process, the SCAQMD tried to put the burden of developing a test method on industry but very little work was produced, other than the extensive work conducted at Cal Poly SLO. From the point of view of the SCAQMD, setting the endpoint at MP resolved the analytical uncertainty with M313 and solved the issue of equivalency. The SCAQMD was open to

addressing industry's concerns about SVOCs and has spent at least two years intensely studying this issue. Methods 313 and 319 will address the vast majority of the volume of coatings sold where M24 loses precision. No analytical method is going to resolve every possible scenario, but what has been developed is a great improvement over the status quo. Using ASTM published repeatability and reproducibility values attached to the competing methods, there is a point where M24 becomes less accurate than the M6886 GC method for water-reducible coatings. This has been studied and calculated many times by the ASTM committee. Therefore, and it is time to staff advocates movinge forward and adopting these test methods.

Lastly, ASTM E1868 has been seen to be far less stringent than M24 (the national standard) when determining VOC of semi-volatiles. The USEPA does not allow method changes that significantly reduce stringency of enforcement. The differences in results between the ASTM-method E1868 and M24 are dramatic; a point which staff will bring to the USEPA. Laboratory staff has run several samples by all three methods (M24, M313, and ASTM d1868), which showed that, for samples containing SVOCs, ASTM D1868 has produced significantly lower VOC results than the other two methods.

Unlike ASTM E1868, M313 was evaluated against M24. In addition, the cutoff embedded in M313 is consistent with the dividing line used by modelers to distinguish VOC from SVOCs. In addition, the proposed method <u>ASTM E1868</u> itself is subject to another flaw which is that it cannot reliably analyze the VOC content of samples which contain water in anything other than trace levels. Upon USEPA approval, staff is open to the development of a TGA method that is equivalent to M24 as this could serve as simpler method for the analysis of a small sub-set of architectural coatings (non-film forming samples containing trace amounts of water). This would serve as a time and cost saver for both industry and regulatory agencies, but not because M313 is not an appropriate VOC test method.

# The following are comments from the Roof Coatings Manufacturers Association – Comment Letter #9.

RECEPTION RANKER REPORT R
Comment Letter #9 September 11, 2015
Ms. Heather Farr Office of Planning, Rule Development, and Area Sources South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765 RE: SCAQMD Proposed Amended Rules 1113 and Rule 314 on Architectural Coatings and Fees
Dear Ms. Farr:
The Roof Coatings Manufacturers Association (RCMA) and its member companies appreciate the opportunity to provide the following comments on the issues discussed at the August 26, 2015 South Coast Air Quality Management District (SCAQMD or the District) Rules 1113 and 314 meeting, and VOC Workgroup meeting. RCMA wishes to convey to SCAQMD Staff our position, in order to find a reasonable solution on the proposed regulations and the clean air benefit.
RCMA appreciates SCAQMD Staff's willingness to explore regulatory and non-regulatory options to achieve VOC emissions reductions to satisfy its commitments from the 2012 Air Quality Management Plan (2012 AQMP) for the South Coast Air Basin. Furthermore, we support these efforts and welcome the opportunity to continue discussions with the District.
Background on the Roof Coatings Manufacturers Association
For over 30 years, RCMA has served as the national trade association representing a large majority of the manufacturers of asphaltic and solar reflective roof coatings and the suppliers to the roof coatings industry. Roof coatings protect commercial and residential roofs against water, chemicals, and physical damage. This can extend the life of the roof system, reducing building-owner costs and tear-off waste. Roof coatings have numerous benefits to energy use and the environment. Reflective roof coatings lead to lower roof temperatures, which in turn reduce the Urban Heat Island Effect, air conditioning costs, and peak energy use. The vast majority of RCMA member companies are family-or employee-owned, privately held small businesses. One of RCMA's primary roles is to translate complex regulatory language into actionable easy to understand directives and information pieces for its members that improve compliance with these regulations.
Over the last few decades, ninety percent of VOC content has been eliminated from roof coatings. Of significant concern to RCMA members are the ever-increasing regulations governing volatile organic compounds (VOC) in coatings. VOCs are contained in roof coatings for several reasons. Solvent-based coatings can be used as an alternative to waterborne technologies; especially where freeze/thaw resistance and product application and storage in cooler climates or in winter months is required. VOCs are used to dissolve solids to keep coatings in a liquid phase, allowing for them to be applied prior to the solvent flashing out and the product curing to form a solid layer. Furthermore, coatings may be formulated with VOCs because of the solvents' ability to soften the substrate that the coating is being
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applied to, improving the application and ultimate performance of the coating. As VOC content limits are lowered in different roof coating architectural and industrial categories, the effectiveness of the product is compromised.

#### Proposed Definitions

RCMA appreciates the proposed revisions and edits made by SCAQMD during the working group meetings. Below are suggested revisions for further clarification and to minimize confusion:

#### A. Roof Coatings

RCMA and its members know of the variety of uses and benefits to roof coatings. We suggest adding the various uses of roof coatings to round out the definition. Similar to the definition of Driveway Sealers (18), revising the definition of roof coatings to read:

"Roof Coatings are coatings formulated for application to exterior roofs for the primary purpose of preventing water penetration into the underlying surface; or reflecting heat and ultraviolet radiation, or sealing and protecting the substrate or restoring or preserving the surface appearance."

#### B. Mastic Coatings

RCMA recommends clarifying that the mastic coatings definition excludes roof coatings products. Highly used are references of flashing cement as mastics in the roofing industry, which can lead to regulatory confusion. RCMA suggests adding "excluding roof coatings" to this definition to clarify the difference in products. We recognize that "flashing cement" is regulated under Rule 1168 for adhesive and sealant applications, but feel it's important to clarify for purposes of the rule definition. Revised, the definition would read:

"Mastic Coatings are coatings formulated to cover holes and minor cracks and to conceal surface irregularities, excluding roof coatings, and applied in a thickness of at least 10 mils (dry, single coat)."

#### Industry Considerations

#### A. Limited Justification for Extensive Changes to Rule 1113

As mentioned during the Workshop, the District has already met its 2012 AQMP Commitments for the Architectural Coatings Source Category. RCMA commends the District for making reductions that exceed the inventory goals of 2 to 4 tons per day (tpd) for this source category. We believe these efforts, as demonstrated thought the downward trend summary from 2008 until 2014, should be celebrated and not to enforce further regulatory action to reduce VOCs from AIM coatings. Preliminary Rule 314 data from 2014 demonstrates that the District has already achieved, and well exceeded, the CTS-01 2019 targets of 12.2-14.2 tpd by over 2 tpd for the source category. Therefore, the District should consider other source categories to reduce VOCs.

9-2

#### B. Incorporation of Rule 314 Fee Rate in SCAQMD State Implementation Plan

RCMA supports the SCAQMD's efforts to include Rule 314 in the District's State Implementation Plan (SIP) to validate and track volatile organic compound (VOC) emissions from architectural and industrial maintenance (AIM) coatings and demonstrate attainment with the South Coast Air Quality Management Plan's VOC emissions reductions targets.

As mentioned above, SCAQMD is exceeding tpd goals for the AIM source category. To ensure the District is accurately tracking Rule 314 data and meeting its SIP commitments, we recommend good faith measures to assist the timely manner that manufacturers report VOC product emissions. These good faith measures or incentives could be to waive the application fee of \$187.85 for low-VOC products, or the standard evaluation fee for the following year.

#### C. Exempt Compounds

The District should fully exempt tertiary butyl acetate (TBAC) and di-methyl carbonate (DMC) to be consistent with the Environmental Protection Agency. TBAC was exempted for industrial maintenance coatings after SCAQMD staff conducted a very conservative risk assessment and found that TBAC-based coatings would not pose a health threat. DMC has successfully been used in a number of coatings formulations. An exemption for DMC would provide another useful tool for formulators. DMC is VOC exempt in almost all areas of the US except the South Coast. We suggest that the District exempt both compounds for industrial and architectural coatings.

#### D. Building Envelope Coatings

RCMA does not support lowering the Building Envelop Coating limit. This is a new category with lack of accurate sales data by CARB and SCAQMD. In a similar fashion to the product sale data, SCAQMD should spend a few years gathering accurate data to determine if this category should be reduced.

Considering the substantial cost associated with the testing of air barriers, or building envelope coatings, the District should reconsider this category. Industry estimates show that reformulation and retested by the three test methods defined in the category definition will cost of approximately 30-40k per product.

#### Test Methodology

#### A. Method 313 and Incorporation of ASTM D6886 Precision Statements

RCMA is concerned by the unfamiliarity of other labs in conducting Method 313. To date, the District has only evaluated the internal precision of Method 313. This evaluation of three operators using the same piece of equipment resulted in an error band of 5 g/l material VOC. While RCMA believes the District has made great progress with Method 313, we are concerned with how other labs conducting Method 313 will compare to the SCAQMD results. This information is especially critical for coatings manufacturers since they need to know how far below the regulatory limit they need to formulate to account for precision differences between their testing equipment and the District.

Additionally, the preparation of "validation" of Method 313 by EPA Method 301 "Field Validation of Pollutant Measurement Methods from Various Waste Media" is a concern.

101

9-4

9-3

9-5

Especially, when the assessment of validation is derived via external "interlaboratory" (from lab to lab) precision.

During the workshop, SCAQMD staff spoke highly of ASTM D6886 as reliable and that they understood that it's more widely used in laboratories for manufactures. However, the District will not consider a suggestion by the American Coatings Association (ACA) to use ASTM D6886 precision statements for measuring volatility compared to Method 313. This is highly confusing to RCMA and we agree with ACA on this issue. We understand that for reporting purposes ASTM D6886 is an accepted test method - however, should a product be pulled from the shelf and tested, it will be via Method 313. There is no uniform measurement if the results between a manufacturer utilizing D6886 and the results from Method 313 differ, especially if obtained by the SCAQMD laboratory. Furthermore, there are no other third-party laboratories that the manufacturer can test a product for volatility via Method 313. Without some concession on the incorporation of precision statements from the more universally accepted method ASTM D6886, we fear there will be a comparison of apples to oranges during the regulatory enforcement and lead to more complications of compliance.

Further on page 15 of the Staff report, the District cites, "for compliance purposes, [the District] will provide a guidance document to explain the differences between the two methods such that a manufacturer utilizing D6886 will be aware of how their results could differ from results obtained by the SCAQMD laboratory". And, the presentation on August 26 provided the key similarities, key differences, and required changes to D6886 that would need to be made to make D6886 similar to Method 313. However, this does not solve the concern if manufactures are allowed to report of VOC emissions via D6886, but not accepted if submitting a rebuttal to a Notice of Compliance – cited by SCAQMD laboratory results via Method 313. RCMA once again, agreed with ACA and suggests that the D6886 round robin precision statements be accepted, and they are the only data we have that can answer this key compliance question.

#### B. Exclusion Pathway

RCMA appreciates the time and effort that the District has committed to developing an exclusion pathway. And, we suggest that the District's choose an appropriate surrogate that would have the same volatility as methyl palmitate, not dibutyl phthalatae. The purpose of the exclusionary pathway is to determine whether or not a compound or complex hydrocarbon mixture is less volatile than methyl palmitate. Dibutyl phthalate appears to have a significantly lower vapor pressure than methyl palmitate. Therefore, we suggest selecting a surrogate with the same volatility as methyl palmitate.

#### Conclusion

RCMA and its member companies are dedicated to developing products that minimize negative impacts on air quality while offering coatings with performance characteristics consumers require. We are pleased with the progress that SCAQMD has made to exceed VOC emissions goals, but would like to continue the progress in a feasible manner that does not impact quality of the end-product. RCMA suggests considerations are made for Rules 1113 and 314 on the definitions, test methodology, and based on the industry's observations in the field.

9-6 cont.

The Association appreciates the positive relationships we have built with the South Coast Air Quality Management District and looks forward to continuing collaboration to work toward improved air quality and achievable regulatory activities.

Sincerely,

John Ferrero

John Ferraro Executive Director Roof Coatings Manufacturers Association (RCMA) 750 National Press Building 529 Fourteenth Street, NW Washington, D.C. 20045

#### Response to comment 9-1

This is the first time staff has heard of this confusion from industry but does not see an issue with the proposed change to the definition of 'Mastic Coatings'.-

Response to comment 9-2

Please see the response to comment 4-2 and 7-1.

Response to comment 9-3

Staff will continue to work with the USEPA to determine if submitting Rule 314 to the SIP could result in creditable reductions. At this time, staff's understanding is this will not result in SIP creditable reductions.

#### Response to comment 9-4

Staff will not propose any change to the tBAc exemption until the final, peer reviewed analysis is released in early 2016. Staff is not considering an exemption for DMC primarily due to toxicity concerns, but also because no case was made for the need to exempt DMC. During the year and a half long process, DMC was never a serious topic of concern. Staff is not proposing major reductions to the VOC limits such that DMC is needed.

#### Response to comment 9-5

Staff has evaluated the coatings that are currently being supplied into and within the SCAQMD and all but one of the compliant coatings meet the future VOC limit. Staff does not want to allow time for higher-VOC coatings to enter the market to justify a higher VOC limit. The current sales weighted average of 22 g/<u>L</u>l supports the proposed 50 g/L to go into effect January 1, 2019. Further, the manufacturers of these products initially supported the proposed 50 g/L limit.

## Response to comment 9-6

Please see the response to comment 7-10. As for formulating below the VOC limit to account for the test method, the error bands in place provide a large buffer such that this should not be a concern. It is not uncommon to formulate below the VOC limit to account for batch to batch differences, but switching to a more accurate test method should not be the cause for reformulation. M313 is far more accurate than M24 for low-VOC coatings so, if anything, the coatings can be formulated closer to the VOC limit without the risk of faulty results from the test method. If both methods are performed with proper attention to quality control, the results should be very similar. In staff's participation in the M6886 inter-laboratory (when running our own method), our results were very much in line with the M6886 results. Some reordering of some compounds may occur near the endpoint; however, this is a theoretical possibility not yet demonstrated.

Staff included M6886 in Rule 1113 so manufacturers could rely on those test results for labeling and reporting their VOCs. This is no different than the current rule language that allows for manufacturers to rely on formulation data to report their VOCs. That does not preclude the SCAQMD from using a more similar method with more quality control standards for compliance purposes. It is additional quality control standards that make staff reluctant to adopt the round robin results for M6886. While the SCAQMD laboratory participated in the ASTM round robin for M6886 and their results were close to the median of all the laboratories, the results were not included in the statistical analysis of the error bands because the method was different. During an inter-laboratory study, it is very important the participants all use the same method, otherwise there is not an "apples to apples" comparison, thus our results were merely advisory (to the District) and could not be included in the final ASTM repeatability and reproducibility calculations. Also, since our method includes a tremendous amount of performance checks to minimize critical errors and demonstrate proper operation, M313 should achieve and document superior repeatability and reproducibility. Therefore, the M6886 repeatability and reproducibility results may not apply to M313. The same logic applies to the SCAQMD not wanting to adopt the results of the ASTM round robin.

Differences between laboratory results in the case of an NOV is not a new situation brought on by the inclusion of M6886 and M313. The SCAQMD has had to address these issues in the past either between two laboratories using the same test method (e.g. M24) or between formulation data and laboratory results. Staff will address these situations on a case-by-case basis with the manufacturers and/or the laboratory that analyzes the samples.

## Response to comment 9-7

Please see the response to comment 7-12. <u>Comparative results depend on how well each method is</u> performed. Without any control over method performance, it is impossible to predict how well the results would compare. This is why we continue to handle comparisons on a case-by-case basis. If both methods are performed accurately, there are two potential sources of difference: 1) M313 uses triglyme to quantify unidentified compounds, which will yield higher results than Texanol (the compound of choice) for M6886. However, since M313 limits the total number of unidentified compounds to 5 g/L or less, the discrepancy should be in the realm of 1 to 2 g/L or less; 2) There is the possibility that some compounds near the endpoint may elute in somewhat different order on the M313 column than on the M6886 column. If compounds are eluting within approximately 10% of the endpoint marker, formulators may wish to confirm comparative compound retention times, which is a one-time test.

## The following are comments from the Miracle Sealants – Comment Letter #10.

	ts Company
Septemb	er 23, 2015
Heather	Farr
Air Quali	y Specialist
	ast Air Quality Management District
	pley Drive
	Bar, CA 91765
Subject: /	Amendments to Rule 1113
Dear Ms.	Farr,
The Mira	cle Scalants Company appreciates the opportunity to comment on the South
Air Quali	y Management District's amendments to Rule 1113 on Architectural Coating
	cle Scalants Company supports the addition of the definition "Tile and Stone The definition is the following,
A. Pe	netrating sealers are polymer solutions that cross-link in the substrate and eet the following criteria:
i.	A fine particle structure to penetrate dense tile such as porcelain with
	absorption as low as 0.10% per ASTM C 373, ASTM C 97, or ASTM C 642
ii.	Retain or increase static coefficient of friction per ASTM C 1028, ANSI A 13
iii.	Not create a topical surface film on the tile or stone
iv.	Allow vapor transmission per ASTM E9690
	Im forming sealers, which leave a protective film on the surface.
	nition more clearly describes the types of product used to protect and prese surfaces.
	ealants Company appreciates the staff willingness to meet and discuss this is use will now accurately describe the products in this category.
Miracle S your con	ealants Company supports the addition of this definition. Again we thank yo sideration and time to this important issue.
Best Reg	ards.
13	
41	
Joseph Sa	ilvo
CEO	
JS:ps	
in her	

## Response to comment letter 10

Staff appreciates the input from Miracle Sealants in crafting the definition and the support letter. <u>Staff has</u> adopted their definition in the rule language.

## The following are comments from Raymond Regulatory Resources – Comment Letter #11.



Doug Raymond 5857 Trumbull Rd. Geneva, OH 44041 djraymond@req-resources.com 440-474-4999

September 23, 2015

Heather Farr Air Quality Specialist South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

Subject: Zinc Rich Coatings

Dear Ms. Farr,

Raymond Regulatory Resources (3R), on behalf of its clients appreciate the opportunity to comment on the South Coast Air Quality Management Districts amendments to Rule 1113.

First and foremost 3R appreciates the staffs willingness to meet and discuss the issues of the amendments, these meetings are invaluable to being able to work out issues between workgroup meetings.

- There are two issues that 3R will comment on. 3R supports the addition of the Tile and Stone Sealer category. This new definition more appropriately describes products used for protection of these surfaces.
   Next, 3R opposes the inclusion of the Zinc Rich Coating category in the prohibition of sales from retail outlets that is included in the small container amendments for the following reasons:

   Zinc Rich Coating has a specific definition, which is difficult to circumvent.
   Staff has stated that IM and Zinc Rich categories were added to prevent
  - Staff has stated that IM and Zinc Rich categories were added to prevent crossover from Rust preventative coatings. Due to the specific definition of Zinc Rich it is unlikely this switch can happen.
  - The district never discussed the Zinc Rich category inclusion into the IM prohibition until August 19. This is very late in the process.

1

- Staffs own calculations show less than 0.01 TPD of emissions reduction from all IM coatings. This emission reductions will be even less for Zinc Rich Coating category.
- There is absolutely no history of the Zinc Rich Coating category being used instead of Rust Preventative Coatings.
- Staff acknowledges that using a small container of IM or Zinc Rich Coatings for touch up is better than recoating the entire surface.
  - Zinc Rich Coatings are needed in small containers for touch up and should not be subject to a retail sales prohibition.

Thus, 3R opposes the Zinc Rich Coating inclusion into the prohibition for retail sales. Small containers of Zinc Rich Coatings are used for touchup.

Thank you for your consideration to these issues. If you need further information please do not hesitate to contact me.

Sincerely,

Daufas Raymond

Douglas Raymond

#### Response to comment 11-1

Staff appreciates the comment in support of the proposed definition.

#### Response to comment 11-2

Staff concurs there will not be crossover between RPCs and  $\underline{Z}zinc-\underline{R}rich \underline{P}primers$ . This restriction would fit better amongst coating categories not using the SCE. An average of 100 gallons of  $\underline{Z}zinc-\underline{R}rich \underline{P}primer$ was sold annually under the SCE since 2008. These are not coatings offered for sale at retail outlets. These products are used for large projects involving structural steel, such as bridge projects, where corrosion is critical. <u>This is not an application where one liter or smaller containers would be useful.</u> Therefore, staff included the  $\underline{Z}zinc-\underline{R}rich \underline{P}primers$  in subparagraph (f)(1)(E) to allow the use of small for greater than one <u>liter sized</u> containers for touch up purposes, and as long as they are not displayed or advertised for sale at a retail outlet.

11-2 cont. The following are comments from Cal Poly San Luis Obispo – Comment Letter #12.

Comment Letter #12



San Luis Obispo, CA 93407 Polymers and Coatings Program Department of Chemistry and Biochemistry (805) 756-2693

September 23, 2015

Heather Farr South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

Dear Ms. Farr:

I'm writing in support of the inclusion of AQMD Method 313 and ASTM Method D6886-14 as approved VOC measurement methods to be included in the revision of Rule 1113.

Our lab has been at the forefront of VOC method development in the US for nearly twenty years. We developed ASTM Method D6886 and related direct VOC methods.

The addition of these direct methods will at last codify what has been a *de facto* situation for the past several years, mainly the use of direct, gas chromatographic-based methods for analysis of low VOC waterborne coatings. These coatings cannot be reliably analyzed using indirect methods based on EPA Method 24.

I am also writing to support the inclusion of your proposed exclusionary pathway method for semi-volatile materials. This approach will allow for the exclusion of semi-volatile compounds which have been shown to be less volatile than your VOC marker, methyl palmitate. I also support the use of tetraethylene glycol as the surrogate for methyl palmitate in these tests, based on the experimental work I sent you earlier.

Please let me know if you have any questions.

Regards ,

Done R Inur

Dane Jones, Ph.D. Professor Emeritus

## Response to comment letter 12

Staff appreciates all the contributions and support to the test method development from Cal Poly SLO. Their contributions have been invaluable to this process and staff is encouraged that all the hard work is coming to fruition as Methods 313 and M6886 are being proposed for inclusion in Rule 1113. There will be further development on the exclusionary principle and the precision and bias analysis. Staff looks forward to further discussions and working group meetings, including discussions on the appropriate surrogate compound for the film spiking method. For further discussion, please see staff's response to comment 7-12.

The following are comments from the American Coatings Association received after the September 17, 2015 Public Consultation Meeting – Comment Letter #13.



September 25, 2015

Ms. Heather Farr Office of Planning, Rule Development, and Area Sources South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

#### RE: SCAQMD Rule 1113/Rule 314 Amendments; ACA Comments

Dear Ms. Farr:

The American Coatings Association (ACA) would like to provide the following comments on the issues discussed at the September 17, 2015 South Coast Air Quality Management District (SCAQMD or the District) Rule 1113/Rule 314 meeting. We are only addressing specific issues discussed at the September 17, 2015 meeting and incorporate by reference all previously submitted ACA comments on Rule 1113/Rule 314.<sup>1</sup>

Zinc Rich Primers

13-1

ACA requests that the Small Container Exemption be retained for Zinc Rich Primers since for the following reasons:

a. The District did not propose this change until the very last moment on August 19, so we have not had an opportunity to discuss this issue in depth.

- b. The zinc rich primer category is very specific, so circumvention via this category is highly unlikely.
- c. Zinc Rich Primers are very useful and their sale should not be limited.
- d. District Staff have acknowledged that using Zinc Rich Primers for touch-up applications is preferable to recoating an entire surface.
- e. The District will achieve negligible emission reductions through this change less than 0.01 tons per day – while imposing a significant burden on manufacturers.

#### Tub and Tile Coatings

ACA strongly recommends that the District retain the small container exemption for the Tub and Tile Refinish category since the industry is struggling to meet the 420 g/l limit. As mentioned at the September 17 2015 meeting, during the California Air Resources Board's 2007 Suggested Control Measures negotiations, the industry believed that the 420 g/l limit was achievable, especially since it appeared at the time that TBAc would to be exempted in all California Air

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<sup>&</sup>lt;sup>1</sup> ACA's previous comment letters are dated: July 8, 2015; April 30, 2015; March 10, 2015; January 20, 2015 and September 10, 2015.

ACA Comments on SCAQMD Rule 1113 & Rule 314 Amendments September 25, 2015

13-2 cont. Districts. Unfortunately, TBAc was not exempted throughout California, and several companies are now struggling to meet the 420 g/l limit. Fortunately, these companies can utilize the small container exemption. However, this option will no longer be available in the SCAQMD. While we appreciate the extended compliance deadline of January 1, 2017, we request that the District retain the small container exemption for Tub and Tile coatings, or include a January 1, 2019 compliance date.

#### Industrial Maintenance Coatings "Not for Retail"

13-3 The District should clarify in its Staff Report and Q/A memo that "not for retail" means that IM coatings may be sold at retail outlet if they are restricted to behind the counter or back room sales, as current policy dictates.

## Recycled Coatings

13-4 The District should not lower the VOC limit for Recycled Coatings to 150 g/L since ensuring compliance with this limit would drastically raise the costs of recycling, and reduce the use of recycled coatings by pricing them out of the market. A 150 g/L VOC limit would force paint recyclers to attempt to sort incoming recycled paints by VOC content, which is labor intensive, time-consuming, and not always possible when labels are torn, missing, or obscured by paint. In this case, recyclers would be forced to dispose of more product, thus increasing waste disposal costs. Recyclers would also be forced to submit a sample from every batch for VOC content testing at an independent laboratory, further adding to recycling costs.

A market for recycled paint exists only when the price to consumers is substantially less than virgin paint; every increase in the price of recycled paint reduces its potential market. Finally, the PaintCare program will incur higher costs, resulting in increased costs to manufacturers and consumers. Given these concerns, ACA believe the District should retain the current limit of 250 g/L, which was endorsed by the paint recycling industry specifically because it would not require unnecessary and expensive sorting and testing to ensure compliance, since all latex paints manufactured in the past 30 years have met this limit.

Method 313 and Method 319

13-5a

ACA appreciates all the work that staff has done with respect to Method 313 and the Exclusion Pathway. We have the following additional comments:

A. As discussed at the September 17, 2015 meeting, we are concerned that the internal instrument precision that SCAQMD is considering is different than the external instrument precision we have requested. While the internal precision may be helpful to determine how precise one instrument at SCAQMD may be, stakeholders also need to understand how precise outside lab instruments are compared to SCAQMD instruments. Coatings manufacturers need this information as they formulate products to meet the VOC limits. For example, if the precision between labs was plus or minus 10%, then manufacturers would formulate their coatings slightly less than 10% below the limit to ensure the coating will still meet the limit, including the precision "buffer."

ACA Comments on SCAQMD Rule 1113 & Rule 314 Amendments September 25, 2015

13-5b	B.	We are encouraged that the District is considering referencing the ASTM D6886 precision until EPA approves "internal" precision and bias for Method 313. A simpler path forward would be to designate the current "error band" as internal precision, and permanently designate the D6886 precision as "external" precision.
13-5c	- c.	We are also encouraged that the District is considering completing a Method 313 round robin with external certified laboratories. We are concerned that the District is only using three laboratories, since ASTM recommends a minimum of six laboratories for a round robin to be representative. If the District decides to use industry laboratories, we can provide industry contacts. Finally, ACA urges the District to use blind samples.
13-5d	- D.	We appreciate the District's willingness to specify that the exclusion pathway – new Method 319 – is for unreactive compounds. However, we request that the Staff Report and Board Resolution mention that the District is receptive to additional pathways including a future pathway for Amines.
		We specifically request that Exclusion Pathway Flowchart or the scope of Method 319 include the following footnote:
	-	"The exclusionary pathway is intended for unreactive compounds and will need to be amended to correctly classify components such as amines that interact with other components when the paint is being formulated."
13-5e	- E.	To clarify "the use of the upper bound of error bar," we suggest that the District include an error band for methyl palmitate (measured versus modeled) such that compounds with a vapor pressure (either measured or modeled) that resides within this range pass Step 2.
13-5f	<b>F</b> .	The compounds that have already been excluded through the method development should be included in the Rule 1113 Staff Report and on the SCAQMD website so that stakeholders can reference this information.
13-5g	G.	The District should use tetraethylene glycol instead of dibutyl phthalate as a surrogate for methyl palmitate in the Exclusionary Pathway Flowchart for Early Eluting Semi-Volatile Organic Compounds (Box 3). Dibutyl phthalate appears to have a significantly lower vapor pressure than methyl palmitate, whereas tetraethylene glycol has the same vapor pressure as methyl palmitate and behaves almost identically to methyl palmitate as a neat compound. Tetraethylene glycol is also easier to incorporate into waterborne coatings, especially compared to dibutyl phthalate. Furthermore, tetraethylene glycol is greater than 95% nonvolatile via EPA Method 24. This material should not be considered a VOC. And based on its vapor pressure and volatility, it represents a much better choice for a VOC cutoff marker compound for Method 313 than methyl palmitate, which is not easily incorporated into low VOC waterborne paint. This conclusion is supported by Dane Jones from Cal Poly, and we believe the District should embrace this approach.

ACA Comments on SCAQMD Rule 1113 & Rule 314 Amendments

H. Semi-volatile complex hydrocarbon mixtures, including paraffinic or naphthenic oils, that are used in some non-film forming architectural coatings often do not reach a stable weight via Method 24. Therefore, these compounds should be analyzed by Method 313 even though they may have a VOC content greater than 150 g/l. Unfortunately, as illustrated on slide #8 of the attached SCAQMD presentation from 2012, there are difficulties with applying Method 313 to these architectural coatings since they have a broad molecular weight distribution. The chromatogram on the left side of slide #8 demonstrates how these oils straddle the end point marker of methyl palmitate, which elutes at about 30 minutes. Given this large number of unresolved and, arguably, unresolvable peaks under Method 313 run conditions, valid results are difficult to achieve.

The following procedure should be included in Method 313 to address semi-volatile complex hydrocarbon mixtures such as paraffinic or naphthenic oils that are used in some non-film forming architectural coatings:

"Semi-volatile complex hydrocarbon mixtures (including paraffinic or naphthenic oils) that are used in some non-film forming architectural coatings that (a) do not reach a stable weight via Method 24, and (b) Elute a very large number of unresolved peaks via Method 313 both prior to and after the quantitation Methyl Palmitate endpoint marker, should be tested via TGA utilizing conditions similar to Method 24 (temperature and time)."

Thank you for your consideration of our comments. Please do not hesitate to contact us if you have any questions.

Sincerely,

13-5h

/s/

David Darling, P.E. Senior Director, Environmental Affairs

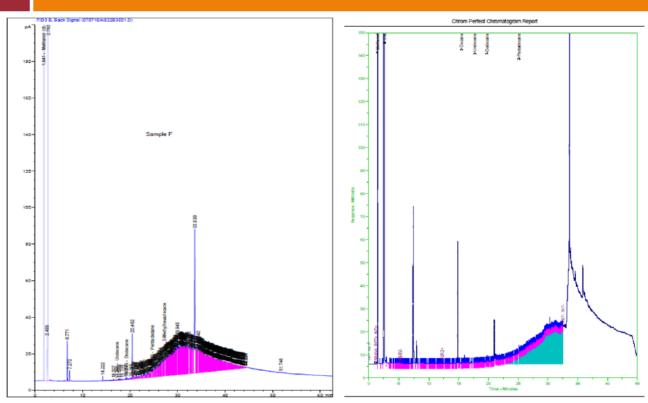
Cc: Philip Fine, SCAQMD Jose Gomez, ARB Ravi Ramalingam, ARB Stan Tong, EPA Wienke Tax, EPA /s/

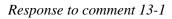
Timothy Serie, Esq. Counsel, Government Affairs

\*\*Sent via email\*\*

Slide referenced in comment letter 13.

# Test Method Development SCAQMD Method 313-L (cont.)





Please see the response to comment 11-2.

Response to comment 13-2

Staff extended the effective date of the change to January 1, 2018 to allow time to reformulate the tub and tile VOC limit that was agreed upon back in 2007.

Response to comment 13-3

Please see the response to comment 7-4c.

Response to comment 13-4

Please see the response to comment 3-7 and 7-6.

Response to comment 13-5a

<u>Please see the response to comment 9-6 and 9-7.</u> Paint formulators should not use the inherent error in any test method to guide their coatings formulation. The manufacturer knows what <u>is added</u> they are adding to

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the coatings and should formulate at or below the VOC limit, relying on formulation software. <u>Product</u> <u>formulation data is accepted by the rule for VOC content.</u> Laboratory testing serves as a confirmation of the formulation calculations and as a compliance tool for regulatory agencies. The <u>intent of the</u> establishment of a precision and bias statement is not to allow for formulators to <u>game the system and</u> formulate a certain percentage above the required VOC limits. <u>There is no easy way to ensure laboratory</u> reliability. However, there is actually a tremendous amount of helpful information in M6886, which will screen out serious errors. For example, relative response factors obtained in the implementing lab should be compared to the published table of relative response factors; a significant difference between published and obtained values would indicate instrument problems. The currently accepted test method M24, can vary +/- 100% for coatings that approach zero-VOC; therefore, M313 is included in the proposed amended rule. but this is not a justification for manufacturers to formulate 100% over the VOC limits.

## Response to comment 13-5b and 13-5c

Staff continues to believe that the precision and bias of M313, both internal and external precision, is superior to M6886 due to the increase quality control, and will continue to work with industry and the USEPA to validate the method. This validation may or may not include some sort of round robin, depending on what is required for the validation.

## Response to comment 13-5d

Staff will incorporate a statement in the Method 319 that the exclusionary method, as written, is for nonreactive compounds, and that reactive compounds such as amines, are still being evaluated. As previously stated, staff is open to reviewing data presented by industry to validate that certain amines react and become part of the paint film. That said, if no compelling evidence is presented, there will be no need to amend the exclusionary pathway; therefore, including a statement the method will be amended is premature.

## Response to comment 13-5e

Staff has agreed to change Step 2 of the exclusion pathway to less than or equal to MP as previously suggested by industry.

## Response to comment 13-5f

Staff will include excluded compounds on the SCAQMD website once the write up of the exclusionary method is completed and approved by the USEPA.

## Response to comment 13-5g

Please see the response to comment 7-12. In addition, the SCAQMD laboratory results do not indicate that EG4 is 95% non-volatiles by M24. EG5 is 95% non-volatiles but EG4 is around 60% non-volatile. The third step for the exclusionary method is whether the compound of interest leaves the paint film and early testing shows that it does. Once the matricexes have been selected and EG4 can be tested by the officially accepted test method, staff will issue a conclusion on the status of EG4. At this time, it is premature to state that EG4 should not be measured as a VOC. Initial testing using film extraction performed at Cal Poly SLO showed EG4 leaving the paint film and initial work using the spiking method also showed it leaving the paint film.

## Response to comment 13-5h

The SCAQMD presentation referenced in the letter discusses the relative merits and difficulties of M24, proposed SCAQMD M313L (a proposed GC method for lubricants and metal working fluids), and ASTM

E1868-10 (the approved TGA VOC method for lubricants and metal working fluids) when applied to lubricants. <u>TGA is not approved by the EPA for paints and coatings.</u> It specifically mentions integration parameters, baseline placement, and endpoint retention times as M313L problem areas, which would also apply to M313 analysis of non-film-formers.

During the technical evaluation of M313L, staff discovered lubricant samples do indeed require special attention to integration parameters, baseline placement, and endpoint retention. The issues arise from - and are resolved- as follows:

- 1) Integration parameters: Lubricants usually elute as nearly-featureless "humps" which are challenging for the automated integration software used with GCs. This is solved by setting integration parameters to be very sensitive to small changes in slope.
- 2) Baseline setting: Lubricants elute over minutes, which obscures the underlying baseline. In order to integrate "to baseline", a baseline from a previous (blank) run must be applied. This means that baselines must be repeatable, so instruments must be cleaned between injections, and blanks must be injected between samples to monitor baseline drift.
- 3) Endpoint: A few lubricants straddle the MP endpoint at their peak. (Most do not, and some are even bimodal.) Small changes in endpoint retention time could potentially change the final result. Methyl-Ppalmitate is injected with each batch to monitor the endpoint retention time. However, this problem appears to be more theoretical than actual, since retention times rarely shift by more than 0.05 minutes and the estimated VOC changes associated with such a shift would be small. This is a different argument than re-defining the endpoint, which was also a goal of the lubricant representatives.

Proposed SCAQMD M313 addresses all of the issues that were encountered during M313L evaluation. However, SCAQMD laboratory staff has never seen this kind of peak distributions in paints and coating samples, this issue was specific to the lubricant and metal working fluid samples. The heavier hydrocarbons mixtures found in lubricant and metal working fluids would likely never leave the paint film, leaving the films too soft and tacky. The petroleum-distillate fractions in paints and coatings disappear well before the endpoint and are relatively restricted in carbon number.

Other materials which are non-film-forming include methoxylated soy oils, ethoxylated surfactant alcohols (SAEs), dibasic esters (DBEs), phthalates, and various glycol ethers/esters. These materials are analytically straightforward in molecular weights applicable to VOC testing and therefore, can accurately be measured by M313.

As far as TGA is concerned, it has the disadvantage of not being able to directly measure VOCs in samples containing water or exempts. For those samples, determining VOC would once again rely on analyzing for water and/or exempts and subtracting the results from the total volatiles. That approach reintroduces the same M24 problems.

For solvent based samples, TGA has the potential to be a repeatable, low(er) cost method. However, TGA (in its implementation for VOCs of lubricants) produces results that are dramatically lower than either M24 or M313, leading to the conclusion that ASTM E1868, with the specific parameters required by R1144, is <u>far less stringent</u> than either the national standard or the SCAQMD proposed GC alternative.

If TGA is developed as a method for measuring VOCs of non-water-containing samples that do not reach a stable weight under M24 conditions, the results would have to be evaluated to ensure that the test method is at least as stringent as M24. If a TGA method can be developed that is acceptable to the USEPA and provides comparable results to M24, the SCAQMD laboratory would be open to including this method. Staff looks forward to continuing to work with industry on the VOC test methods.

## The following are comments from Hao Jiang, P.E. of Disneyland Resort – Comment Letter #14.

From:	Jiang, Hao <hao.jiang@disney.com></hao.jiang@disney.com>
Sent:	Thursday, September 17, 2015 12:01 PM
To:	Heather Farr; David De Boer
Subject:	PAR1113 & 314

Importance:

High

## Heather and David,

I was planning to attend your work group meeting this am but something urgent happened that kept me here. I hope you don't mind to read my comments below.

- Japans definition R1113(b)(21)(D). Please consider to make it consistence with the Japans definition in R1136(b)(28). If cannot, please consider to delete the words "... used by Motion Picture and Television Production Studios...." Or change it to "... used by Motion Picture, theme parks and Television Production Studios...."
- (2) Are the words "pure concentrated pigment" in R1113b)(21)(D) and the words "pure pigment" in R1136(b)(28) Japans definitions the same as the "colorant"? Paint industry actually uses these words interchangeably.
- (3) Table 1. Please consider to use the "definition number" instead of "category code". All the paints in Table 1 are defined in subsection (b), so it would be easier for end-users to reference them to definition number.
- (4) Graphic Arts (Sign) coating. Please consider to change the VOC standard to 250 g/l instead of 200 g/l as current proposed. We have difficulty to land a sign coating with less than 200 g/l VOC.
- (5) Table 2. Please consider to add a new colorant VOC standard at 350 g/l for "colorant used in Faux finishing coating". This is consistence with 350 g/l VOC for Japans. See my #2 comment above as well.
- (6) SCE R1113(f)(1). Please move "non-sacrificial Anti-graffiti coatings" from subsection (B) to (C). Table 1 SCE column has a note number 4 for this category.
- (7) SCE R1113(f)(1)(D)(i) is unnecessary
- (8) SCE R1113(f)(1). please consider to change the word "any quantity' in (C)(ii) and (D)(ii) to "any size container"
- (9) SCE R1113(f)(2). Please consider to change the subparagraph references from (f)(1)(B) to (f)(1)(C)(i) in R1113(f)(2)(B) and (C).

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Thank you so much!

Hao Jiang, P.E. Environmental Affairs Disneyland Resort PO Box 3232 TDA 224C Anaheim, Ca 92802 714-781-4504, hao.jiang@disney.com

## Response to comment 14-1

Japan <u>C</u>eoatings are a high-VOC, specialty coating strictly used in the television and motion picture industry. Staff does not want to open the usage of these specialty, artistic coatings for further usage. The reason staff retained this category exclusively for the television and motion picture industry is the short timeframes available to create a production set. Staff did a demonstration with lower-VOC waterborne products that works just as well, but could involve considerable more time to apply. If there was an issue with an effect create by the solvent based <u>J</u><sub>j</sub>apan <u>C</u>eoatings, the artist could just wipe off the substrate and instantly start again. With the waterborne products, the artist would have to allow the coatings to dry, reprime the substrate and begin the work again. Staff felt the tight schedules involved with television and movie production was a justification to allow for this very small usage of these products, but does not want to open this up for theme parks, which are not under the same time constraints. Staff worked with Disney on their specific need for Japan Coatings and have resolved this issue.

## Response to comment 14-2

The phrase 'pure concentrated pigment' used in the <u>J</u><sub>j</sub>apan definition is not the same as the term colorant used in Rule 1113. Japan <u>F</u><sub>f</sub>aux <u>C</u>eoatings are thick, concentrated coatings, which are usually thinned <u>or finely ground in a slow drying vehicle</u>, and applied to create artistic effects on <u>or used by</u> television and movie production sets. For the purposes of Rule 1113, colorants are used to tint coatings to a desired color. <u>Colorants are solutions of dyes or suspensions of pigments</u>. These are two very different terms for the purposes of Rule 1113.

## Response to comment 14-3

The use of category codes in the <u>TOS</u> Table of Standards is to assist the manufacturer in their Rule 314 reporting as these category codes are not found in the rule. The categories are listed alphanumerically in the definition section, thus making it relatively easy to find.

## Response to comment 14-4

One of the major manufacturers of Graphic Arts coatings is reformulating their waterborne line to 200 g/L, so these coatings should be available in the market place if the rule is adopted.

## Response to comment 14-5

Japan <u>Ceoatings</u> are not tinted; they are supplied as concentrated pigments that are sometimes thinned prior to use. There is no need to add colorant to a faux <u>Jj</u>apan <u>Faux Coating</u>.

## Response to comment 14-6

This was an oversight, staff intended to include all of the subcategories under the IMC umbrella in subparagraph (f)(1)(E). It will be easier to remember the restrictions if they are the same for all IM coatings and it will allow for one liter touch up to continue for all the subcategories.

## Response to comment 14-7

Clause (f)(1)(D)(i) in the pre-Public Hearing version of the rule, (f)(1)(E)(i) in the Set Hearing Package version is necessary. Paragraph (f)(1) now says the VOC limits do not apply to one liter containers exempt in the cases listed in the following subparagraphs. Clause (f)(1)(E)(i) - (iii) states that the VOC limits for IMC do not apply to one liter containers, used for touch up that are not displayed for sale at a retail outlet.

## Response to comment 14-8

Clauses (f)(1)(D)(ii) and (f)(1)(E)(ii) state that the VOC limit applies for coating sold for purposes other than touch up. The statement "any quantity" or "any size container" is not necessary and staff removed the reference to quantity.

## Response to comment 14-9

Staff appreciates the feedback and corrected the references.

<u>The following are comments from David Darling, P.E. of American Coatings Association –</u> <u>Comment Letter #15.</u>



October 9, 2015

Ms. Heather Farr Office of Planning, Rule Development, and Area Sources South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

Ms. Cynthia Carter South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

#### RE: SCAQMD Rule 1113/Rule 314 Amendments; Supplemental ACA Comments and CEQA Comments

Dear Ms. Farr and Ms. Carter:

The American Coatings Association (ACA) would like to supplement the comments that we submitted on September 25, 2015 with regards to eliminating 11 categories from the Small Container Exemption (SCE), especially with regards to Stone Consolidants and Reactive Penetrating Sealers. Also there appears to be several typos in the proposed Rule 1113 Table of Standards. We have also included CEQA comments as well. Finally, we incorporate by reference previously submitted ACA comments on Rule 1113/Rule 314.<sup>1</sup>

As ACA mentioned in our September 25 comments, ACA believes that the District has not provided an adequate justification for eliminating the small container exemption for these additional categories since manufacturers do not utilize the exemption for these categories, and no emission reductions will result from this change. In addition, while the SCE has not been utilized for these categories in the past, manufacturers may look to the small container option to solve a new issue in the field in the future. Further, if for example a company makes a technology breakthrough but the product does not meet the category limit, these technologically superior products could not make it to the marketplace. Therefore we do not support eliminating the SCE for these or any categories.

These comments supplement our September 25, 2015 comments specifically with respect to Stone Consolidants and Reactive Penetrating Sealers and have included supplementary information regarding ongoing modern building preservation research in the District.

1500 RHODE ISLAND AVENUE N.W. \* WASHINGTON, DC 20005 \* T 202.462.6272 \* F 202.462.8549 \* www.paint.org

<sup>&</sup>lt;sup>1</sup> ACA's previous comment letters are dated: September 25, 2015; September 10, 2015, July 8, 2015; April 30, 2015; March 10, 2015; January 20, 2015.

#### ACA Comments on SCAQMD Rule 1113 & Rule 314 Amendments

#### Stone Consolidants

We again appreciate the District adding the Stone Consolidants category to Rule 1113 in the 2013 amendments. ACA recommends not eliminating this category from the Small Container Exemption. The category definition as written is extraordinarily narrow with regards to allowable project use. While many registered historic landmarks incorporate natural stone substrates, the technology has been successfully utilized in the repair of otherwise irreparable architectural materials including concrete and adobe.

Stone Consolidants represent a niche subcategory of materials designed to repair historic structures that have been damaged by weathering or other surface decay mechanisms. As building inventory ages, the mix of architectural substrates with identified preservation problems shifts. ACA recommends the small container exemption be maintained.

#### **Table of Standards and Small Container Exemption**

There seems to be several discrepancies between the august 19, 2015 PAR Rule 1113 Table of Standards and the Small Container Exemption (SCE) provision. The Table of Standards includes a check and Footnote 3 designation for Reactive Penetrating Sealers, Wood preservatives (below ground and others) and Recycled Coatings, however these categories are not listed in the Small Container Exemption provision, nor are these categories listed in the Staff report (page 19) or the Staff slide number 35 from the August 26, 2015 meeting. ACA assumes (and supports) that there is a typo in the Table of Standards and that the District is not going to eliminate the SCE for these categories. In addition, the Table of Standards has a Footnote 4 designation indicating that the Color Indicating Safety Paint category is to be eliminated from the SCE on 1/1/2019, however the Staff Report and the August 26, 2015 slide 35 indicate a 1/1/2016 date. ACA does not support eliminating this or any categories from the SCE, however if over our objection the District proceeds forward, the 1/1/2019 date is preferred.

#### **Reactive Penetrating Sealers**

We again appreciate the District adding the Reactive Penetrating Sealer category to Rule 1113 in the 2013 amendments. Just in case the typo mentioned earlier is not a typo, ACA recommends not eliminating the Small Container Exemption for Reactive Penetrating Sealers since these sealers allow a narrow range of high-performance water and chloride ion screening technologies used in commercial, institutional and highway and bridge deck applications. While the Small Container Exemption may not have been used extensively, there could be a need for higher VOC products to solve emerging architectural substrate protection problems in the future.

#### South Coast AQMD Area Modern Building Preservation

Los Angeles and surrounding areas are in the midst of an emerging modern building preservation crisis. Multiple task forces and working groups have been formed under the umbrella of the Los Angeles Conservancy Modern Committee and through The Getty Conservation Institute. A

15-1

15-2

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	ACA Comments on SCAQMD Rule 1113 & Rule 314 Amendments	September 9, 2015		
	substantial number of modern structures feature concrete façades and exp elements subject to the same intragranular decay mechanisms as natural s			
15-4 cont.	The National Park Service listed ten case study homes in the National Register of Historic Places as part of a pilot project. <u>https://www.laconservancy.org/issues/case-study-houses</u> Many structures of similar age exist outside of this protected status. The Getty's Conserving Modern Architecture Initiative is focused on a number of identified decay and preservation issues. <u>http://www.getty.edu/conservation/our_projects/field_projects/cmai/</u>			
	The Initiative recently convened a meeting of experts to study the conserv heritage with the modern building preservation problem in mind. http://www.getty.edu/conservation/our_projects/field_projects/cmai/cmai			
	The resulting report pointed to a number of unresolved technology issues researched. Coatings designed to protect substrates without visible change part of the solution. That may or may not include existing Stone Consolid Prostanting Scales technologies — without would be outside the score of sur-	es in appearance will be ant and Reactive		

Penetrating Scaler technologies - either would be outside the scope of current restrictive category definitions. The solution could include new technologies that do not fit the 50 g/L Default limit. Either path points to a need for ongoing regulatory flexibility provided by the Small Container Exemption.

#### **CEQA** Considerations

15-5

ACA suggests that the California Environmental Quality Act (CEQA) requires that projects potentially affecting historical resources weigh the costs and benefits in the project Environmental Impact Assessment (EIA). ACA believes there is a direct link between the lack of availability of specialty coatings for historical structures (since the District is eliminating the Small Container Exemption Stone Consolidants and Reactive Penetrating Sealers) and potential for permanent and negative impairment of same in the currently proposed SCM revisions. For your convenience, a section from CEQA follows:

#### § 21084.1. Historical resource; substantial adverse change

A project that may cause a substantial adverse change in the significance of an historical resource is a project that may have a significant effect on the environment. For purposes of this section, an historical resource is a resource listed in, or determined to be eligible for listing in, the California Register of Historical Resources. Historical resources included in a local register of historical resources, as defined in subdivision (k) of Section 5020.1, or deemed significant pursuant to criteria set forth in subdivision (g) of Section 5024.1, are presumed to be historically or culturally significant for purposes of this section, unless the preponderance of the evidence demonstrates that the resource is not historically or culturally significant. The fact that a resource is not listed in, or determined to be eligible for listing in, the California Register of Historical Resources, not included in a local register of historical resources, or not deemed significant pursuant to criteria set forth in subdivision (g) of Section 5024.1 shall not

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#### ACA Comments on SCAQMD Rule 1113 & Rule 314 Amendments September 9, 2015

preclude a lead agency from determining whether the resource may be an historical resource for purposes of this section.

Thank you for your consideration of our comments. Please do not hesitate to contact us if you have any questions.

Sincerely,

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18/

Timothy Serie, Esq.

Counsel, Government Affairs

David Darling, P.E. Senior Director, Environmental Affairs

Cc: Philip Fine

#### Response to comment 15-1

As mentioned, staff worked with the manufacturers during the 2010/2011 rule amendment and agreed to allow the higher--VOC category for stone consolidants to address the needs of historic preservation. At the time, the manufacturers requested a 450 g/L VOC limit and did not indicate their products needed a higher VOC limit. These products could have been legally sold prior to that amendment under the SCE, but staff carved out a higher VOC limit to allow for sales in gallon sized containers. The following is from the 2011 staff report:

\*\*Sent via email\*\*

"Usage for this category is expected to be very small, approximately 142 gallons per year. The proposed VOC limit for this category is 450 g/L; the estimated foregone emissions are 0.001 tpd. Staff intends to monitor this category through the Rule 314 Annual Quantity and Emissions Reports to ensure that the sales do not exceed the estimated usage, and may consider sales caps for this category if actual sales are well above the estimated usage."

The usage estimate has been exceeded every year other than the most recent year. The sales volumes are protected as there are fewer than three manufacturers who produce stone consolidants, but the averages sales volume is over 200 gallons annually. The sales weighted VOC for 2014 is 100 g/L and there has never been a product reported over the 450 g/L VOC limit. When staff estimated the foregone emissions, sales of higher-VOC non-compliant product in small containers was not considered. Staff created a category for this niche product which eliminates the need for the SCE.

#### Response to comment 15-2

Staff appreciates the ACA pointing out this discrepancy and staff did intend to restrict the flagged categories in the SCE. Staff will address reactive penetrating sealers in our response to 15-3. In regard to Wood Preservatives, this is another category where there has never been a coating reported as sold under the SCE;

. . ....

therefore, staff intends to remove the SCE <u>upon date of rule adoption</u>as of January 1, 2016. The manufacturers clearly have no need for a higher VOC limit product sold in one liter containers or smaller; therefore, to avoid backsliding staff is proposing to restrict the exemption. As for <u>R</u>recycled <u>C</u>eoatings, staff will remove the flag in the <u>TOS</u> table of standards as there is also a proposal to reduce the VOC limit for this category. This is another category where there has never been a coating reported over the VOC limit and is also a category that is not usually supplied in one liter or smaller containers.

## Response to comment 15-3

The reactive penetrating sealer category is another high-VOC carve out included in the 2011 rule amendment. The following is the discussion from the <u>2011</u> staff report:

"Staff is proposing to add a category for Reactive Penetrating Sealers in response to comments from the California Department of Transportation and the California Office of Historical Preservation. The definition will mirror the CARB SCM with an additional restriction that these coatings are only for use on reinforced concrete bridge structures for transportation projects within 5 miles of the coast or above 4,000 feet elevation or restoration and/or preservation projects on registered historical buildings that are under the purview of a restoration architect. With the added restriction, usage for this category is expected to be very small, approximately 290 gallons per year. The proposed VOC limit for this category is 350 g/L; the estimated foregone emissions are 0.001 tpd. Staff intends to monitor this category through the Rule 314 Annual Quantity and Emissions Reports to ensure that sales do not exceed the estimated usage, and may consider sales caps for this category if actual sales are well above the estimated usage."

The following represent the sales volumes reported under Rule 314:

Category	Sales per year (gallons)			
	2011	2012	2013	2014
Reactive Penetrating	PD	PD	2,117	1,402
Sealers				

PD = protected data, less than three companies reported sales.

The sales from the initial year far exceeded staff's assumptions when this category was allowed to be sold under Rule 1113. In addition, CalTrans released a study of reactive penetrating sealers indicating that all the products they tested could not meet the stringent requirements set forth in the <u>current\_Rule 1113</u> definition. Staff has concerns whether any of the products being sold can meet the definition; and therefore, the criterion is being proposed to be changed in the rule. qualify for the 350 g/L VOC limit. The Rule 314 data indicates that there is only one product sold slightly over the 350 g/L VOC limit. The same company also sells several compliant versions of this product, one at a significantly higher sales volume. The sales weighted average VOC for reactive penetrating sealers is 329 g/L for the 2014 sales. Staff does not see any justification for allowing higher-VOC coatings. Staff committed to considering sales caps if the sales volume exceeded the projections, which it has. At the minimum, staff would like to cap the VOC to the previously agreed upon VOC limit. In addition, staff intends to conduct independent testing to confirm if the products being sold under this category actually meet the stringent requirements in the definition.

## Response to comment 15-4

If a new technology emerged that fell under the Rule 1113 default category and is above the 50 g/L VOC limit, that product can be sold <u>using</u> over the VOC limit under the SCE-as staff is not proposing a complete

restriction of the SCE. The SCE is not being eliminated for the default category. In addition, compliant coatings exist and are being used for historic preservation.

Response to comment 15-5

Refer to the CEQA Final Environmental Assessment.

## <u>The following are comments from Jennifer T. Taggart of Demetriou, Del Guercio, Springer &</u> <u>Francis, LLP (DDS) – Comment Letter #16.</u>

DEMETRIOU, DEL GUERCIO, SPRINGER & FRANCIS, LLP	
915 WILSHINE BOULEVARD, SUITE 2000 LOS ANGELES, CALIFORNIA 30017-3496 (2.3) 024-8407 CIRCLES CALIFORNIA 30017-3496 STEPHEN A DEL GUERCIO IR MICHAEL A PRANDS FAX (213) 624-0174 RICHAED J. DEL GUERCIO IR BRIAN D. LANKA WWW.DDSFTIRM 30M RICHAED A. DEL GUERCIO IR INDEMERT TAGGART	(FRE2)
LEBUE M DEL GUERCIO SENALI ADDRES TAMMY M L'HONS ITAGANTÉROSEPINACO	5
January 6, 2016 SENDER'S DIRECT LINE (213) 624/8407 EAT 15	0
VIA E-MAIL – HFARR@AOMD.GOV Heather Farr, Program Supervisor South Coast Air Quality Management District 21865 Copley Dr.	
Diamond Bar, CA 91765	
Re: Proposed Amendments to SCAQMD Rule 1113 - Architectural Coatings	
Dear Ms. Farr:	
We represent a paint manufacturer that sells and distributes paints and coatings in California, including within the jurisdiction of the South Coast Air Quality Management District ("SCAQMD"). We submit these comments in connection with the proposed amendments to Rule 1113, Architectural Coatings. It is our understanding that the SCAQMD staff recommended the public hearing regarding the proposed amendments to Rule 1113 be continued from January 8, 2016 to February 5, 2016. We have submitted comments to the SCAQMD Governing Board concurring with staff's recommendation to continue the public hearing.	
We believe continuing the hearing is important because we believe staff is not fully informed concerning the existing market for and use of tub and tile refinishing coatings. SCAQMD staff has proposed adding a new coating category of tub and tile refinishing to Rule 1113. The rationale stated in the draft staff report dated November 3, 2015 indicates that a narrowing of the small container exemption ("SCE") (e.g., restrictions for flat, nonflat and industrial maintenance coatings) necessitated the creation of a carve-out for tub and tile refinishing coatings. The staff report states that manufacturers are currently using the SCE to sell coatings intended for tub and tile refinishing with high VOC content. The proposed VOC carve-out for tub and tile coatings is set at 420 g/L. Yet, our client is aware that most coatings in this category are not sold in quantities of less than 1 quart. In fact, our client is aware of the sale and distribution of tub and tile finishing coatings to hundreds of applicators in Southerm California in containers greater than 1 quart. Although these current tub and tile coatings achieve VOC content well below the proposed 420 g/L, they may not meet the proposed Rule 1113 tub and tile coating performance specification.	

Heather Fam. Program Supervisor South Coast Air Quality Management District January 6, 2016 Page 2

That is, these costings may not achieve the abrasion performance requirement specified in the proposed amendment for the and tile refinishing costings. However, these larger containers are sold as the and tile refinishing costings. Therefore, we believe that the carve-out for such products at 420 g/L may not make sense, the proposed the role does not reflect the taband rile refinishing marketplace and it may be inconsistent with the Air Quality Management Plan and Fleath, and Safety Code.

We can submit additional information if desired or can next with staff to discuss in more detail. We look forward to your response

Very truly yours, \_ \_ -Jernifel, K. Taggart V

JTT/lp

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## Response to comment 16

Staff was in contact with DDS and requested more information on the details of the tub and tile coatings manufactured by their client. Staff was informed by DDS that their client's product meets the VOC limit of 100 g/L, but does not meet the current abrasion/hardness standards as defined under the proposed category. DDS stated that their client would be able to reformulate to meet the hardness standard and there would be no increase in VOCs. The proposed definition for tub and tile refinishing coatings is consistent with CARB's SCM. Staff worked with other tub and tile refinishing coating manufacturers and did not receive any negative feedback on the hardness standards. If the manufacturer does not meet the Tub and Tile definition, they can still sell their product under the IMC category because they meet the 100 g/L limit. Staff has not received the additional information requested.

## The following is a comment from Doug Raymond of Raymond Regulatory Resources (3R), LLC – Comment Letter #17.

From: Doug Raymond [mailto:djraymond@me.com] Sent: Monday, January 4, 2016 12:52 PM To: Diana Thai Subject: Re: Save the Date PAR1113 - Special Meeting of the Stationary Source Committee - January 5, 2016

Diana,

I will not be at the Stationary Source Meeting on January 5. I have a previous commitment. I believe we made some progress with the new categories and other changes. My only concern left is the restrictions on IM coatings, in particular Zinc Rich primers. These coatings are used very little in small containers but are necessary in some applications. The current inventory shows that SCAQMD is achieving the emission reduction needed in the SIP. Thus, the restrictions on IM, i.e. Zinc Rich primer is unnecessary. The Zinc Rich primer can be manufactured legally in small containers, shipped legally for use in the district in small containers, and used legally in the district in small containers. BUT the Zinc Rich coating cannot be displayed or advertised for sale in small containers. How is a person supposed to sell the product?

I will be at the Board meeting in February. See you then. Let me know how the Stationary Source Meeting goes.

Thank you.

Doug Raymond Raymond Regulatory Resources (3R), LLC Home office: 440-474-4999 Mobile: 440-339-4539 <u>djraymond@reg-resources.com</u>

## Response to comment 17

<u>Please see response to comment 11-2</u>. As written in the proposed rule, effective January 1, 2019 the TOS 1 would apply to Zince Rich IM Primers sold in containers having capacities greater than one liter, for purposes other than touch up. The idea is not to have the Zinc-Rich Primers on the display shelf for sale at a retail outlet, but be made available for touch up use only by storing the coatings behind the counter or as special order.

## <u>The following are comments from John H. Long of Vista Paint Corporation– Comment Letter</u> <u>#18.</u>



2020 E. Grangethorpe Ave. Fullerton, CA 52631, 711.630 (3030

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LCARN .	RE: Rule 1113 - Small Container Exemptions		
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ત અમ્મ ગાસ્તાર તેમલા	selling a hybrid water based alkyd emulsion since 2007 and has not had a corrosion failura		
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## Response to comment 18

Please see response to comments to 4-2. Staff is aware of compliant technology. Staff concurs with the comments and proposes in the amended rule to have an effective implementation date of January 1, 2019. However, based on all the comments received and past rule amendments, a two-year sell-through provision is being included for the SCE phase out. The two year sell-through will only allow products or coatings manufactured prior to the January 1, 2019 implementation date. Staff expects a two year sell-through will allow existing inventory to be removed from retail outlets. Staff does not expect the products to have a long shelf life, because most big box retailers move products after a designated time based on inventory policies. The comment regarding half pint small containers is noted and the idea may be proposed in future amendments.

## ATTACHMENT G

## SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

## **Final Environmental Assessment for:**

## **Proposed Amended Rule 1113 – Architectural Coatings**

February 2016

SCAQMD No. 150915CC SCH No. 2015091040

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JANICE RUTHERFORD Supervisor, Second District County of San Bernardino

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#### Preface

This document constitutes the Final Environmental Assessment (EA) for Proposed Amended Rule (PAR) 1113 – Architectural Coatings. The Draft EA was released for a 30-day public review and comment period from September 15, 2015 to October 15, 2015. One comment letter was received on the Draft EA. The comment letter and responses to comments are included in Appendix C.

In addition, subsequent to release of the Draft EA, minor modifications were made to the proposed project, including clarification of the Small Container Exemption (SCE) categories and the addition of a two year sell-through provision for the phase-out of the SCE. These minor clarifications do not change or affect any of the analysis in the Final EA. The sell-through provision allows coating products currently being sold under the SCE that are being eliminated and/or restricted to be sold for up to two more years, if the products were manufactured prior to the effective compliance date. No additional impacts are expected to occur beyond the current environmental analysis because the affected coating products do not have a long shelf life, and retailers are expected to be able to sell products manufactured prior to the effective compliance date within the two year timeframe. Amendments to Rule 314 were also originally proposed, which included changes to the fee structure for architectural coatings. These amendments to Rule 314 are no longer being proposed. To facilitate identification, modifications to the document are included as <u>underlined text</u> and text removed from the document is indicated by <del>strikethrough</del>.

SCAQMD staff has reviewed the modifications to PAR 1113 and the removal of PAR 314 and concluded that none of the revisions constitute: 1) significant new information; 2) a substantial increase in the severity of an environmental impact; or, 3) provide new information of substantial importance relative to the draft document. In addition, revisions to the proposed project would not create new, avoidable significant effects. As a result, these revisions do not require recirculation of the document pursuant to CEQA Guidelines §15073.5. Therefore, this document now constitutes the Final EA for PAR 1113.

## **CHAPTER 1**

## PROJECT DESCRIPTION

Introduction California Environmental Quality Act Project Location Project Background Description of Affected Architectural Coating Categories Project Description

#### **INTRODUCTION**

Rule 1113 - Architectural Coatings, was originally adopted by the SCAQMD on September 2, 1977, to regulate the Volatile Organic Compound (VOC) emissions from the application of architectural coatings, and has since undergone numerous amendments. The 2012 Air Quality Management Plan (AQMP) included Control Measure CM#2012 CTS-01 – Further VOC Reductions from Architectural Coatings which anticipated achieving < 10 tons of VOC emissions reductions per day by 2019. The proposed project will achieve 0.89 tons per day of VOC reductions by 2019 to be consistent with the AQMP requirements with new VOC limits and reducing the VOC limits for specified categories. Rule 314 – Fees for Architectural Coatings was adopted on June 6, 2008, requiring manufacturers to pay fees, as well as report sales and emissions of architectural coatings into the SCAQMD. Based on the sales data collected, from Rule 314, numerous site visits, technical research, and working group meetings, staff has developed PAR 1113 and PAR 314, which are is described below.

#### PAR 1113 will:

- Limit the Small Container Exemption (SCE) for certain categories;
- Propose new categories with VOC limits and eliminate categories once they are regulated under a different rule;
- Clarify existing definitions and requirements;
- Reduce the VOC limit of some architectural coating categories to reflect currently available inventory;
- Include colorants in the labeling requirements;
- Include several new test methods; and
- Remove and update outdated provisions

#### PAR 314 will:

- Amend definitions;
- Include a tiered sales fee structure;
- Require architectural coating manufacturers to pay outstanding fees of any acquired architectural coating manufacturer; and
- Require reporting of any change or acquisition of the facility/business to the Executive Officer.

#### CALIFORNIA ENVIRONMENTAL QUALITY ACT

Amending Rules 1113 and 314 is a discretionary action, which has the potential to result in direct or indirect changes to the environment and, therefore, is considered a "project" as defined by the California Environmental Quality Act (CEQA). SCAQMD is the lead agency for the proposed project and has prepared this Draft Final Environmental Assessment (EA) pursuant to its Certified Regulatory Program (CEQA Guidelines § 15251). California Public Resources Code § 21080.5 allows public agencies with regulatory programs to prepare a plan or other written document in

lieu of an environmental impact report or negative declaration once the Secretary of the Resources Agency has certified the regulatory program. SCAQMD's regulatory program was certified by the Secretary of the Resources Agency on March 1, 1989, and is codified as SCAQMD Rule 110.

CEQA and SCAQMD Rule 110 require that potential adverse environmental impacts of proposed projects be evaluated and feasible methods to reduce or avoid significant adverse environmental impacts of these projects be identified. To fulfill the purpose and intent of CEQA, this <del>Draft Final</del> EA addresses the potential adverse environmental impacts associated with the proposed project according to CEQA Guidelines § 15252. It states that the lead agency has an obligation to identify and evaluate the environmental effects of the project. The <u>Draft Final</u> EA is an informational document intended to: (a) provide the lead agency, responsible agencies, decision makers, and the general public with information on the environmental effects of the proposed project; and (b) identify possible ways to minimize the significant effects.

SCAQMD staff's review of the proposed project shows that the proposed project is not expected to generate significant adverse effects on the environment. Pursuant to CEQA Guidelines §§ 15126.4(a)(3) and 15126.6, mitigation measures and alternatives are not required for effects which that are found not to be significant; thus, no mitigation measures or alternatives to the project are included in the Draft\_Final EA. In addition, because SCAQMD has a certified regulatory program, the Environmental Assessment is an appropriate substitute for an EIR or Negative Declaration. Pursuant to CEQA Guidelines § 15252(a)(2)(B) and supported by the environmental checklist (in Chapter 2), if the project would not have any significant or potentially significant effects on the environment." Comments received on the Draft EA during the 30-day public review period will be addressed and included in the Final EA. The Draft EA was released for a 30-day public review and comment period from September 15, 2015 to October 15, 2015. One comment letter was received on the Draft EA during the comment period, which is included with responses in Appendix C.

#### **PROJECT LOCATION**

PAR 1113 and PAR 314 affects all architectural coating manufacturing facilities who sell architectural coating into or within the SCAQMD. The SCAQMD has jurisdiction over an area of 10,473 square miles, consisting of the four-county South Coast Air Basin (Basin) and the Riverside County portions of the Salton Sea Air Basin (SSAB) and the Mojave Desert Air Basin (MDAB). The Basin, which is a subarea of the SCAQMD's jurisdiction, is bounded by the Pacific Ocean to the west and the San Gabriel, San Bernardino, and San Jacinto Mountains to the north and east. The 6,745 square-mile Basin includes all of Orange County and the nondesert portions of Los Angeles, Riverside, and San Bernardino counties. The Riverside County portion of the SSAB and MDAB is bounded by the San Jacinto Mountains in the west and spans eastward up to the Palo Verde Valley (see Figure 1-1).

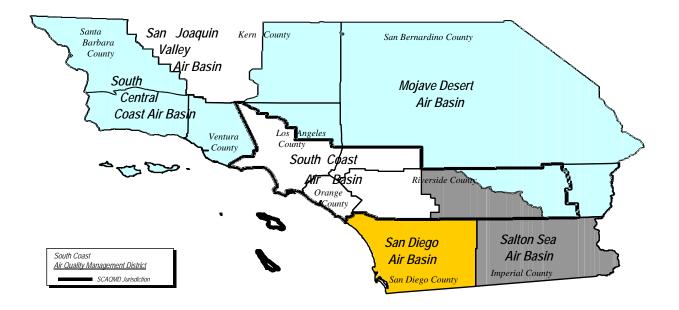


Figure 1-1 Boundaries of the South Coast Air Quality Management District

#### **PROJECT BACKGROUND**

Architectural and industrial maintenance (AIM) coatings are used to beautify and protect homes, office buildings, factories, and their appurtenances on a variety of surfaces - metal, wood, plastic, concrete, wallboard, etc. For example, AIM coatings are applied to the interior and exterior of homes and offices, factory floors, bridges, stop signs, roofs, swimming pools, driveways, etc. AIM coatings may be applied by brush, roller, or spray gun; by residents, painting contractors, or maintenance personnel.

AIM and other coatings are composed of: pigments, which give the paint its color and ability to hide the underlying surface, and are generally in the form of finely ground powders; binders (resins), in which the pigment particles are dispersed and which bind the pigment to the painted surface; carriers (solvents), used to keep the paint in a liquid state during application and to otherwise aid in the application of the paint; and specialty chemicals (additives), necessary for other coating characteristics. The carriers and some specialty chemicals evaporate, leaving behind the film-forming components of the coating. The resins used in AIM coatings include acrylics, vinyls, alkyds, cellulosics, epoxies, urethanes, polyurethanes, and several others. The carriers in solvent-based coatings are organic solvents such as alcohols, ketones, esters, glycols, glycol ethers, and aromatic or aliphatic hydrocarbons, and are usually VOCs. The carrier in a waterborne coating is water, although most waterborne coatings contain some VOCs, primarily glycols or texanol.

AIM coatings are usually purchased ready-to-use, although some come in two components that must be mixed prior to application. They are available in a wide range of colors, gloss, and performance characteristics. One important criterion for selecting coatings is durability. Coatings are expected to last from two to ten years with the average expectation of five to seven years. Failure of coatings to stand up to the elements such as sunlight, weather, and cleaning can shorten the life of the coating and require more frequent recoating.

A solvent may sometimes be used to thin a coating if it is too thick to spray or brush. Application problems caused by low temperature and high humidity can also be overcome by the addition of solvent to the coating. Waterborne coatings are thinned with water only, whereas solvent-based coatings can only be thinned with organic solvents. Similarly, brushes, rollers, and spray guns used with waterborne coatings are cleaned with water, while such equipment used with solvent-based coatings use organic solvents for cleanup. Generally, coatings are sold as 'ready-to-use' to eliminate the need for thinning in the field.

VOC emissions from architectural coating operations are regulated by SCAQMD Rule 1113. Under this rule, emissions are controlled by limiting the VOC content, measured in grams per liter, of the architectural coatings sold and applied in the District. Architectural coatings are defined by their application and use and include coatings which are applied to stationary structures including residential and commercial buildings, billboards, curbs and roads, and mobile homes. VOCs are emitted to the atmosphere from the evaporation of organic solvents used in industrial maintenance coatings, nonflats, flats, primers/sealers/undercoaters, waterproofing wood sealers, varnishes, wood preservatives, lacquers, fire retardant coatings, etc. The existing rule and PAR 1113 apply

to those persons who supply, sell, markets, offers for sale, or manufacture any architectural coating.

#### **Regulatory History**

Architectural Coatings have been subject to environmental air quality regulations for more than three decades. Below is a reverse chronology of Rule 1113 regulatory activities:

- September 6, 2013 This Rule 1113 amendment provided regulatory relief in the form of an exception from the recently adopted labeling requirements for small containers. The amendment exempted containers containing two ounces or less from the labeling requirements. Rule 1113 added and amended definitions to clarify the rule. This amendment clarified that open container requirements and Group II exemption prohibitions apply to colorants in addition to architectural coatings. This amendment also included minor changes to improve clarity, but does not change the intent of existing requirements.
- June 3, 2011 These amendments to Rule 1113 further reduced VOC emissions from architectural coatings by limiting the allowable VOC content of previously unregulated colorants used to tint coatings at the point of sale, establishing VOC limits for certain new coating categories, and reducing the allowable VOC content for several existing coating categories. The amendments also included a sunset date for the Averaging Compliance Option and restrictions on the Small Container Exemption, removed outdated language, and provided rule clarification to improve its enforceability.
- July 13, 2007 These amendments to Rule 1113 amended the definition of metallic pigmented coatings to remove reference to mica to be consistent with the federal architectural coating rule, updated the test method used to determine the weight percent of elemental metal in metallic coatings to reflect current practice, and deleted obsolete language.
- June 9, 2006 These amendments to Rule 1113 implemented the recommendation of the most recent technology assessment for this rule. The rule reduced the VOC limits for specific coating categories; established a separate category for high-gloss nonflat coatings, set interim limits and postponed the final limits for high gloss nonflats, quick-dry enamels, and specialty primers; provided a limited exemption for Tertiary-Butyl Acetate from the VOC definition; and included other minor modifications to improve clarity and enforceability of the rule.
- **December 5, 2003** In December of 2003, the SCAQMD Governing Board lowered VOC content limits for the following coating categories: clear wood finishes (varnish and sanding sealers), waterproofing sealers, waterproofing concrete/masonry sealers, stains, and roof coatings. The proposed amendments required reporting with a sunset date to phase-out the one quart or less usage exemption for clear wood finishes and expanded the scope of the averaging compliance option to include the categories where the VOC content limits were proposed to be lowered.

These amendments and the CEQA document (EA) were subject to litigation and the SCAQMD prevailed.

- July 9, 2004 These amendments addressed the State Implementation Plan (SIP) approvability issues identified by the USEPA relative to the alternative compliance option of the rule, the Averaging Compliance Option (ACO), specifically the averaging compliance option. Amendments included requiring specific records be kept by manufacturers choosing to use the ACO to comply with VOC limits, establishing additional criteria for violations of the ACO program, and making other changes to the rule to enhance clarity and enforceability. The SCAQMD committed to periodically evaluating the ACO program to determine if emission reductions commitments are met as specified in the SIP.
- December 6, 2002 In December of 2002, the SCAQMD Governing Board readopted amendments to Rule 1113 which were originally adopted in May 1999, but vacated by the Court of Appeal on June 24, 2002. In response to the Court's decision, the SCAOMD staff proposed to readopt these amendments, incorporating the modifications to the amendments that were made after the notice of public hearing was published. In connection with readopting the 1999 amendments to Rule 1113 plus the modifications, the SCAQMD staff prepared a Draft Subsequent Environmental Assessment (SEA) to evaluate potential adverse environmental impacts of the 1999 amendments as revised. Rule 1113 was originally amended in 1999 to implement, in part, both the 1994 and the 1997 AQMP control measure CTS-07 – Further Emission Reductions from Architectural Coatings, which called for a reduction of the allowable VOC content limit per liter of coating from the following coating categories: industrial maintenance (IM); nonflatsnonflats; primers, sealers, and undercoaters; quick-dry enamels; quick-dry primers, sealers, and undercoaters; roof coatings; stains; and waterproofing wood sealers. The 1999 amendments to Rule 1113 also added several new coating categories: bituminous roof primers; floor coatings; high temperature IM coatings; nonflats; recycled coatings; rust preventative coatings; specialty primers; zinc-rich IM primers, and waterproofing concrete/masonry sealers. The proposal also expanded and clarified the averaging provision to provide additional flexibility to manufacturers.

These amendments and the CEQA document (SEA) were subject to litigation and the SCAQMD prevailed.

- July 20, 2001 In July 2001, the SCAQMD Governing Board adopted amendments to Rule 1113. The amendments included the creation of a new coating category for clear wood finish brushing lacquers with an allowable VOC content of 680 grams per liter until January 1, 2005, when the VOC limit would be reduced to 275 grams per liter. The rule amendments also established labeling and reporting requirements for brushing lacquers to ensure their proper use and thus minimize emissions. By postponing compliance with the existing VOC content limit requirement for lacquers in general, the EA prepared for this amendment concluded that 162 pounds of anticipated VOC emission reductions per day would be foregone until the clear brushing lacquers were required to comply with the final VOC content limit in 2005.
- May 14, 1999 In May 1999, the SCAQMD Board adopted amendments to Rule 1113. The amendments called for a reduction of the allowable VOC content limit per liter of coating from the following coating categories: industrial maintenance; nonflats; quick-dry

enamels; primers, sealers, and undercoaters; quick-dry primers, sealers, and undercoaters; stains; roof coatings; and waterproofing wood sealers. The proposed amendments to Rule 1113 also added several new coating categories: high temperature IM coatings, rust preventative coatings, bituminous roof coatings, recycled flats and nonflats, essential public service coatings, floor coatings, and waterproofing concrete/masonry sealers. The proposal also expanded and clarified the averaging provision to provide additional flexibility to manufacturers. At full implementation of the amendments, the overall VOC emission reductions were anticipated to be approximately 21.8 tons per day by the year 2010. On June 24, 2002, the Court of Appeal vacated the SCAQMD's adoption of the 1999 amendments.

• November 8, 1996 - In November 1996, the SCAQMD Board adopted amendments to Rule 1113. These amendments reduced the VOC content limits of four coating categories: lacquers, flats (interior and exterior), traffic coatings, and multi-color coatings, resulting in an overall net reduction of 10.3 tons per day of VOC emissions from this source category. In addition, the amendments temporarily increased the VOC content limits for four coating categories. Other components of the proposed amendments included adding new definitions, modifying definitions, updating the analytical test methods, and establishing an averaging methodology for flats to provide flexibility for complying with future VOC content limits.

Subsequent to the adoption of the amendments to Rule 1113, industry filed three separate lawsuits questioning the validity of the proposed future limits for the lacquer and flat coating categories. The SCAQMD prevailed in all three cases.

These amendments also incorporated an exemption from the VOC limits for coatings sold in containers one-quart size or less. The analysis in the Final Environmental Assessment concluded that adopting a small container exemption would result in significant adverse air quality impacts.

- February 2, 1990 In February of 1990, the SCAQMD Governing Board adopted amendments to Rule 1113 that were based on the California Air Resources Board (CARB) and California Air Pollution Control Officers Association (CAPCOA) Suggested Control Measure (SCM). The 1990 amendments included the following provisions: exemptions for 11 categories of specialty coatings were eliminated, leaving only exemptions for quart or smaller containers and emulsion type bituminous pavement sealers; lower VOC content limits for 15 new coating categories; technology-forcing lower VOC limits for ten existing coating categories effective December 1, 1993; consolidation of the industrial maintenance coating categories from ten to three; and reorganization of the subdivisions of the rule.
- March 8, 1996 These amendments established a definition for aerosol coatings consistent with the CARB definition, revised the definition of exempt compounds by referencing Rule 102 Definition of Terms, and created an exemption for aerosol coatings.
- September 6, 1991 These amendments created a new coating category, low-solids stain, and incorporated a calculation method for determining VOC content on a materials basis.

The amendment also prohibited use of Group II exempt compounds, including ozonedepleting chlorofluorocarbons (CFCs) and several toxic solvents.

- **December 7, 1990 -** These amendments incorporated new definitions for specialty coatings and established a specific VOC content limit in the table of standards for specialty coatings.
- November 2, 1990 These amendments incorporated new definitions for specialty coatings and established a specific VOC content limit in the table of standards for specialty coatings.
- February 2, 1990 These amendments incorporated new definitions for specialty coatings and established a specific VOC content limit in the table of standards for specialty coatings.

Architectural Coatings have been subject to Rule 314 Architectural Coating Fees since 2008. Below is a reverse chronology of Rule 314 regulatory activities:

- September 6, 2013 These amendments clarified certain reporting requirements, including exempting small manufacturers and certain coatings from fees provided the reports are submitted by the deadline, removing the ability to use "grouping" in the reporting, clarifying existing definitions and reporting requirements, and removing outdated phased-in fee rates.
- January 9, 2009 The proposed amendment clarified the applicability and reporting requirement sections of the rule to include architectural coatings sold through big box retailers, as well as adding a fee exemption for recycled coatings.
- June 6, 2008 Rule 314 was adopted in June 2008 to recover the program costs to the SCAQMD for establishing and implementing Rule 1113, including that program's fair share of SCAQMD costs that are apportioned among all SCAQMD programs, such as personnel, payroll, etc., as well as costs supported by emissions fees, such as emissions inventory and air monitoring. The rule provided staff with information on architectural coating quantity used and related emissions for planning, compliance, and rule development.

The other previous amendments for Rule 314 updated the fee schedule per the Consumer Price Index.

#### DESCRIPTION OF AFFECTED ARCHITECTURAL COATING CATEGORIES

Installation of air pollution control equipment is not feasible due to the application of these coatings on a temporary basis at locations outside of facilities with control equipment for reducing AIM coatings emissions; thereby leaving coating reformulation as the only possible means to achieve the required reductions. The current proposal seeks to reduce the quantity of high-VOC coatings that are sold under the small container exemption, specifically flat, nonflat, industrial maintenance and rust preventative coatings.

Additionally, there are some coatings that are already compliant with PAR 1113 and these amendments reflect their actual emissions. Thus, there is no need for a reformulation of these coatings (*i.e.* recycled coatings).

#### **PROJECT DESCRIPTION**

The following is a summary of the proposed amendments to PAR 1113 – Architectural Coatings and PAR 314 – Fees for Architectural Coatings. A copy of PAR 1113 and PAR 314 with the specific details of the amendments can be found in Appendix A. and B, respectively. The following and Appendix A and Appendix B constitute the project description. Key changes proposed for PAR 1113 and 314 are described below.

#### PAR 1113

- Remove all references to the averaging provision which sunset on January 1, 2015.
- Add seven definitions, amend five definitions, and phase out two definitions:
  - Add: Building Envelope, Building Envelope Coatings, Color Indicating Safety Coatings, Default Coatings, Tile and Stone Sealers, Tub and Tile Refinishing Coatings, and Wood Conditioners.
  - Amend: Faux Glazes, Nonflat Coatings, Reactive Penetrating Sealers, Volatile Organic Compound, and Clear Wood Finish (re-named Wood Coatings).
  - Phase out: Bond Breakers and Form Release Compounds.
- Clarify the requirements in paragraph (c)(1).
- Create new coating categories and establish a VOC limit for the following:
  - Building Envelope Coatings, Color Indicating Safety Coatings, Tile and Stone Sealers, Tub and Tile Refinishing Coatings, and Wood Conditioners.
- Upon rule adoption, reduce the VOC limit on the following categories:
  - Building Envelope Coatings (2019) and Recycled Coatings (2016).
- Eliminate categories once they are regulated under a different rule.
- Amend and update the Table of Standards 1 for clarifications.
- Include colorants in the labeling requirements for the date of manufacture and the VOC content.

- Include the following test methods:
  - VOC content:
    - SCAQMD Method 313 Determination of Volatile Organic Compounds VOC by Gas Chromatography-Mass Spectrometry.
    - ASTM Test Method 6886 Standard Test Method for Determination of the Weight Percent Individual Volatile Organic Compounds in Waterborne Air-Dry Coatings by Gas Chromatography.
    - Building Envelope Coatings:
      - ASTM E2178 Standard Test Method for Air Permeance of Building Materials.
      - ASTM E331 Standard Test Method for Water Penetration of Exterior Windows, Skylights, Doors, and Curtain Walls by Uniform Static Air Pressure Difference.
    - Tub and Tile Refinishing Coating:
      - o ASTM D3363 Standard Test Method for Film Hardness by Pencil Test.
      - ASTM D4060 Standard Test Method for Abrasion Resistance of Organic Coatings by the Taber Abraser.
      - ASTM D4585 Standard Practice for Testing Water Resistance of Coatings Using Controlled Condensation.
      - ASTM D714 Standard Test Method for Evaluating Degree of Blistering of Paints.
      - o ASTM D3359 Standard Test Methods for Measuring Adhesion by Tape Test.
  - Amend the Small Container Exemption such that:
    - The exemption is eliminated for high-VOC specialty coatings (<u>Reactive Penetrating</u> <u>Sealers, Shellacs, Tub and Tile Refinishing Coatings</u>), and coating categories not currently using the exemption;
    - Restrict the exemption for Flat Coatings, Nonflat Coatings, Rust Preventative Coatings, and Industrial Maintenance Coatings; and
  - Clarify the language.

#### PAR 314

- Amend two definitions: Big box retailer and product.
- Modify the fee structure such that a higher fee is imposed on higher-VOC coatings to reflect the increased cost of rule implementation.
- Include requirements for architectural coating manufacturers who acquire another architectural coating manufacturer.
- Require reporting of any change or acquisition of the facility/business to the Executive Officer.

## **CHAPTER 2**

Introduction

**General Information** 

**Environmental Factors Potentially Affected** 

Determination

**Discussion and Evaluation of Environmental Checklist** 

## **INTRODUCTION**

The environmental checklist provides a standard evaluation tool to identify a project's adverse environmental impacts. This checklist identifies and evaluates potential adverse environmental impacts that may be created by the proposed project.

## **GENERAL INFORMATION**

Project Title:	Proposed Amended Rule 1113 and PAR 314
Lead Agency Name:	South Coast Air Quality Management District
Lead Agency Address:	21865 Copley Drive, Diamond Bar, CA 91765
Rule Contact Person:	Heather Farr, (909) 396-3672
CEQA Contact Person:	Cynthia Carter, (909) 396-2431
Project Sponsor's Name:	South Coast Air Quality Management District
Project Sponsor's Address:	21865 Copley Drive, Diamond Bar, CA 91765
General Plan Designation:	Not applicable
Zoning:	Not applicable
Description of Project:	The purpose of PAR 1113 is to Implement, in part, Control Measure CM#2012 CTS-01 – Further VOC Reductions from Architectural Coatings, limit the small container exemption for certain categories, propose new categories with VOC limits, eliminate categories once they are regulated under a different rule, reduce the VOC limit of some architectural coating categories to reflect currently available inventory, clarify rule language, strengthen the enforceability of the rule, and remove and update outdated provisions.
	The purpose of PAR-314 is to make changes to the rule's definitions, requirements, and exclusions. Specifically, PAR 314 would add a tiered sales fee structure and require architectural coating manufacturers to pay outstanding fees of any acquired architectural coating manufacturer.
Surrounding Land Uses and Setting:	Not applicable
Other Public Agencies Whose Approval is Required:	None

## ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

The following environmental impact issues have been assessed to determine their potential to be affected by the proposed project. As indicated by the checklist on the following pages, environmental topics marked with an " $\checkmark$ " may be adversely affected by the proposed project. An explanation relative to the determination of the significance of the impacts can be found following the checklist for each area.

	Aesthetics		Geology and Soils		Population and Housing
	Agricultural and Forest Resources	V	Hazards and Hazardous Materials	V	Public Services
V	Air Quality and Greenhouse Gas Emissions	V	Hydrology and Water Quality		Recreation
	Biological Resources		Land Use and Planning		Solid/Hazardous Waste
	Cultural Resources		Mineral Resources		Transportation/Traffic
	Energy		Noise		Mandatory Findings of Significance

## DETERMINATION

On the basis of this initial evaluation:

- ✓ I find the proposed project, in accordance with those findings made pursuant to CEQA Guideline § 15252, COULD NOT have a significant effect on the environment, and that an ENVIRONMENTAL ASSESSMENT with no significant impacts has been prepared.
- □ I find that although the proposed project could have a significant effect on the environment, there will NOT be significant effects in this case because revisions in the project have been made by or agreed to by the project proponent. An ENVIRONMENTAL ASSESSMENT with no significant impacts will be prepared.
- □ I find that the proposed project MAY have a significant effect(s) on the environment, and an ENVIRONMENTAL ASSESSMENT will be prepared.
- □ I find that the proposed project MAY have a "potentially significant impact" on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL ASSESSMENT is required, but it must analyze only the effects that remain to be addressed.
- □ I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier ENVIRONMENTAL ASSESSMENT pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier ENVIRONMENTAL ASSESSMENT, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

**Date:** <u>September 11, 2015</u>

Signature:

Jillian Wong

Jillian Wong, Ph.D. Program Supervisor, CEQA Section Planning, Rules, and Area Sources

## DISCUSSION AND EVALUATION OF ENVIRONMENTAL IMPACTS

The environmental impacts associated with the current requirements in Rule 1113 and Rule 314 has have already been analyzed in previous CEQA documents prepared for the rule. As discussed in Chapter 1, implementation of the proposed project would reduce VOC emissions from the application of architectural coatings and address the imbalance of increasing costs of compliance. This amendment is necessary to meet commitments in the 2012 AQMP and will be incorporated into the SIP. No new physical changes requiring construction are involved with the proposed project.

Coating operations can be categorized into three procedures: manufacturing, distribution and sales, and use of coating. Manufacturing comprises of raw material storage (silos, storage tanks, drums, etc.), process operations (storage tanks, mixers, mills, high-speed dispersion tanks, canners, etc.) and product storage (drums, cans, etc.). Distribution and sales comprises of transporting coatings to warehouses and retail and commercial facilities for sale or resale. Coatings are used (applied) by spraying, rolling, or brushing of the coatings on to architectural structures.

Rule 314 Fees for Architectural Coatings requires manufacturers to report and pay fees related to sales and emissions of architectural coatings into the SCAQMD. PAR 314 would include revised definitions, a tiered sales fee structure, and a requirement that architectural coating manufacturers pay outstanding fees of any acquired architectural coating manufacturer. PAR 314 would only affect definitions, fees, and reporting requirements.

For the aforementioned reasons, the following analysis will focus on the effects of PAR 1113 and PAR 314. This Draft Final EA analyzes the VOC limit changes, changes to some coating categories, and restrictions on the small container exemption.

#### **Reformulation of Affected Architectural Coatings**

The primary result of PAR 1113 would be the reformulation of coatings to comply with the new or lower VOC content limits. It is assumed that PAR 1113 noncompliant coatings would be reformulated to be similar to existing PAR 1113 compliant coatings. Therefore, impacts from reformulation were evaluated by comparing PAR 1113 compliant coatings to coatings that would not be compliant under PAR 1113.

Additionally, based on manufacturer feedback, the majority of the manufacturers already have a compliant product line.

Other rule language changes are administrative in nature and no environmental impacts would be expected.

# ENVIRONMENTAL CHECKLIST AND DISCUSSION

## I. AESTHETICS.

		Potentially Significant Impact	Less Than Significant With	Less Than Significant Impact	No Impact
Wou	ld the project:		Mitigation		
a)	Have a substantial adverse effect on a scenic vista?				
b)	Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?				N
c)	Substantially degrade the existing visual character or quality of the site and its surroundings?				
d)	Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?				

## Significance Criteria

The proposed project impacts on aesthetics will be considered significant if:

- The project will block views from a scenic highway or corridor.
- The project will adversely affect the visual continuity of the surrounding area.
- The impacts on light and glare will be considered significant if the project adds lighting which would add glare to residential areas or sensitive receptors.

## Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**I.** a) & b) The proposed amendments do not require any changes in the physical environment that would obstruct any scenic vistas or views of interest to the public. In addition, no major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected. The reason for this determination is that any physical changes would occur at existing industrial or commercial sites. Therefore, no significant impacts adversely affecting existing visual resources such as scenic views or vistas, etc. are anticipated to occur.

**I. b) & c)** No new construction of buildings or other structures will result from the lowering of the VOC content in coatings so scenic resources will not be obstructed and the existing visual character of any site in the vicinity of affected operations will not be degraded. The purpose of AIM coatings is to improve the visual character and protect the surface of the product upon which the coating is applied. Defects in the appearance of the low-VOC coating after application, which could be

argued as less aesthetically pleasing, is not anticipated because the rule contains a compliance schedule sufficient for coating formulators to produce acceptable quality low-VOC products that exhibit the desired performance characteristics. In addition, compliant low-VOC coatings are currently available, being sold, used and proven to be just as durable as coatings formulated with conventional solvents.

**I.d)** There are no components in PAR 1113 or PAR 314 that would alter existing work practice, or require working at construction activities at night, and therefore, the proposed project is not expected to create a new source of substantial light or glare that would adversely affect day or nighttime views in an area.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on aesthetics.

Based upon these considerations, significant adverse aesthetics impacts are not anticipated from PAR 1113 and PAR 314. Since no significant aesthetics impacts were identified, no mitigation measures are necessary or required.

## II. AGRICULTURE AND FOREST RESOURCES.

Wou	Ild the project:	Potentially Significant Impact	Less Than Significant With Mitigation	No Impact
a)	Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland mapping and Monitoring Program of the California Resources Agency, to non- agricultural use?			V
b)	Conflict with existing zoning for agricultural use, or a Williamson Act contract?			V
c)	Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code §12220(g)), timberland (as defined by Public Resources Code §4526), or timberland zoned Timberland Production (as defined by Government Code §51104 (g))?			
d)	Result in the loss of forest land or conversion of forest land to non-forest			$\square$

d) Result in the loss of forest land or conversion of forest land to non-forest use?

#### Significance Criteria

Project-related impacts on agriculture and forest resources will be considered significant if any of the following conditions are met:

- The proposed project conflicts with existing zoning or agricultural use or Williamson Act contracts.
- The proposed project will convert prime farmland, unique farmland or farmland of statewide importance as shown on the maps prepared pursuant to the farmland mapping and monitoring program of the California Resources Agency, to non-agricultural use.
- The proposed project conflicts with existing zoning for, or causes rezoning of, forest land (as defined in Public Resources Code §12220(g)), timberland (as defined in Public Resources Code §4526), or timberland zoned Timberland Production (as defined by Government Code § 51104 (g)).
- The proposed project would involve changes in the existing environment, which due to their location or nature, could result in conversion of farmland to non-agricultural use or conversion of forest land to non-forest use.

## Discussion

PAR 1113 would require lower VOC limits for some categories, change some coating categories, and restrict the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**II. a), b), c), & d)** As previously discussed, no major construction is associated with the lowering of the VOC content of affected coating categories. The manufacture of compliant architectural coatings would not require converting farmland to non-agricultural uses because the manufacture of compliant architectural coatings is expected to occur completely within the confines of existing affected industrial facilities. The use of architectural coatings that would be required to comply with the proposed VOC content limits is expected to be similar to the use of existing architectural coatings, which typically do not affect farm or agricultural practices, as such coatings are typically used in urban, commercial or industrial areas. For the same reasons, PAR 1113 would not result in the loss of forest land or conversion of forest land to non-forest use.

Therefore, the proposed project would not result in any construction of new buildings or other structures that would convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland mapping and Monitoring Program of the California Resources Agency farmland to non-agricultural use or conflict with zoning for agricultural use or a Williamson Act contract. Since the proposed project would not substantially change the equipment or process in which the coatings are applied, there are no provisions in the proposed amended rule that would affect land use plans, policies, or regulations. Land use and other planning considerations are determined by local governments and no land use or planning requirements will be altered by the proposed project.

The proposed project is not expected to conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code §12220(g)), timberland (as defined by Public Resources Code §4526), or timberland zoned Timberland Production (as defined by Government Code §51104 (g)) or result in the loss of forest land or conversion of forest land to non-forest use.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on agriculture and forest resources.

Based on the above considerations, significant adverse impacts to agriculture resources are not expected from PARs 1113 and 314. Since there are no significant adverse impacts, no mitigation measures are required.

## III. AIR QUALITY AND GREENHOUSE GAS EMISSIONS

111.	AR QUALITT AND GREENHOUSE GAS EMISSIONS					
		Potentially Significant Impact	Less Than Significant With	Less Than Significant Impact	No Impact	
Wo	ould the project:		Mitigation			
a)	Conflict with or obstruct implementation of the applicable air quality plan?				V	
b)	Violate any air quality standard or contribute to an existing or projected air quality violation?				Ŋ	
c)	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non- attainment under an applicable federal or state ambient air quality standard (including releasing emissions that exceed quantitative thresholds for ozone precursors)?					
d)	Expose sensitive receptors to substantial pollutant concentrations?					
e)	Create objectionable odors affecting a substantial number of people?					
f)	Diminish an existing air quality rule or future compliance requirement resulting in a significant increase in air pollutant(s)?					
g)	Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?					
h)	Conflict with an applicable plan, policy or regulation adopted for the purpose of				V	

Significance Criteria

gases?

reducing the emissions of greenhouse

To determine whether or not air quality impacts from adopting and implementing the proposed project are significant, impacts will be evaluated and compared to the criteria in Table 2-1. The project will be considered to have significant adverse air quality impacts if any one of the thresholds in Table 2-1 are equaled or exceeded.

To determine whether or not greenhouse gas emissions from the proposed project may be significant, impacts will be evaluated and compared to the 10,000 MT CO2/year threshold for industrial sources for SCAQMD lead agency projects.

Mass Daily Thresholds <sup>a</sup>					
Pollutant		Construction <sup>b</sup>	Operation <sup>c</sup>		
NOx	100 lbs/day		55 lbs/day		
VOC		75 lbs/day	55 lbs/day		
PM10	150 lbs/day		150 lbs/day		
PM2.5		55 lbs/day	55 lbs/day		
SOx		150 lbs/day	150 lbs/day		
СО		550 lbs/day	550 lbs/day		
Lead		3 lbs/day	3 lbs/day		
Toxic Air Con	tamina	nts (TACs), Odor, and	GHG Thresholds		
TACsMaximum Incremental Cancer Risk $\geq 10$ in 1 million(including carcinogens and non-carcinogens)Cancer Burden > 0.5 excess cancer cases (in areas $\geq 1$ in 1 million Chronic & Acute Hazard Index $\geq 1.0$ (project increment)					
Odor		Project creates an odor	nuisance pursuant to SCAQMD Rule 402		
GHG		10,000 MT/y	rr CO2eq for industrial facilities		
Ambient Air Quality Standards for Criteria Pollutants <sup>d</sup>					
NO2 1-hour average annual arithmetic mean		SCAQMD is in attainment; project is significant if it causes or contributes to an exceedance of the following attainment standards: 0.18 ppm (state) 0.03 ppm (state) and 0.0534 ppm (federal)			
PM10 24-hour average annual average		10.4 $\mu$ g/m <sup>3</sup> (construction) <sup>e</sup> & 2.5 $\mu$ g/m <sup>3</sup> (operation) 1.0 $\mu$ g/m <sup>3</sup>			
PM2.5 24-hour average		10.4 μg/m <sup>3</sup> (con	struction) <sup>e</sup> & 2.5 µg/m <sup>3</sup> (operation)		
SO21-hour average24-hour average0.25 ppm (state) & 0.075 ppm (federal – 99th percent0.04 ppm (state)					
Sulfate 24-hour average		$25 \ \mu g/m^3$ (state)			
CO 1-hour average 8-hour average		SCAQMD is in attainment; project is significant if it causes or contributes to an exceedance of the following attainment standard 20 ppm (state) and 35 ppm (federal) 9.0 ppm (state/federal)			
Lead 30-day Average Rolling 3-month average <sup>a</sup> Source: SCAOMD CEOA Handbook (SCAOMD, 199)			1.5 μg/m <sup>3</sup> (state) ).15 μg/m <sup>3</sup> (federal)		

## Table 2-1 SCAQMD Air Quality Significance Thresholds

<sup>a</sup> Source: SCAQMD CEQA Handbook (SCAQMD, 1993)

<sup>b</sup> Construction thresholds apply to both the South Coast Air Basin and Coachella Valley (Salton Sea and Mojave Desert Air Basins).

<sup>e</sup> Ambient air quality threshold based on SCAQMD Rule <sup>e</sup> Ambient air quality threshold based on SCAQMD Rule 403.

KEY: lbs/day = pounds per day ppm = parts per million μg/m<sup>3</sup> = microgram per cubic meter MT/yr CO2eq = metric tons per year of CO2 equivalents

 $\geq$  = greater than or equal to > = greater than

<sup>&</sup>lt;sup>c</sup> For Coachella Valley, the mass daily thresholds for operation are the same as the construction thresholds. <sup>d</sup> Ambient air quality thresholds for criteria pollutants based on SCAQMD Rule 1303, Table A-2 unless otherwise stated.

#### Discussion

PAR 1113 would require lower VOC limits for some categories, change some coating categories, and restrict the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**III.** a) The SCAQMD is required by law to prepare a comprehensive district-wide Air Quality Management Plan (AQMP) which includes strategies (e.g., control measures) to reduce emission levels to achieve and maintain state and federal ambient air quality standards, and to ensure that new sources of emissions are planned and operated to be consistent with the SCAQMD's air quality goals. The air pollution reduction strategies in the AQMP include control measures which target stationary, area, mobile and indirect sources. These control measures are based on feasible methods of attaining ambient air quality standards. Pursuant to the provisions of both the state and federal Clean Air Acts (CAA)s, the SCAQMD is required to attain the state and federal ambient air quality standards for all criteria pollutants, including lead.

PAR 1113 would not conflict with or obstruct air quality plan implementation, but rather would implement, in part, control measure CM#2012 CTS-01 - Further VOC Reductions from Architectural Coatings from the 2012 AQMP, which was developed for the primary purpose of controlling emissions to attain and maintain all federal and state ambient air quality standards for the district. The 2012 AQMP concluded that major reductions in emissions of VOC and NOx are necessary to attain the air quality standards for ozone and PM10. VOC emissions cause the formation of ozone and PM10 (particulate matter less than 10 microns in size), two pollutants that exceed the state and national ambient air quality standards. VOCs react photochemically with oxides of nitrogen (NOx) to form ozone. Ozone is a strong oxidizer that irritates the human respiratory system and damages plant life and property. VOCs also react in the atmosphere to form PM10, a pollutant that adversely affects human health and limits visibility. Because these small particulates penetrate into the deepest regions of the lung, they affect pulmonary function and have even been linked to increased deaths. The VOC emissions from this industry will be reduced 0.89 tons per day by 2019 as a result of implementing the proposed project, thus providing a direct air quality benefit. This VOC emission reduction will assist the SCAQMD's progress in attaining and maintaining the ambient air quality standards for ozone.

PAR 1113 would reduce VOC emissions and therefore, be consistent with the goals of the AQMP. Therefore, implementing PAR 1113, which would further reduce VOC emissions, would not conflict or obstruct implementation of the AQMP.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on air quality and greenhouse gases.

## III. b) and f) Criteria Pollutants

## **Construction Impacts**

The proposed project would only affect the future formulation of architectural coatings, which is not expected to require physical changes or modifications involving construction activities. Thus, no construction air quality impacts will result from the proposed project.

## **Operational Impacts**

PAR 1113 is only expected to have a direct and beneficial effect on VOC emissions; thereby reducing some criteria pollutants (secondary formation of Ozone and PM). Because of the narrow regulatory focus of Rule 1113, no other criteria pollutants are expected to be directly affected by PAR 1113.

## Changes to Coating Categories

Carving out new coating categories with the same VOC content limit as the categories they are currently identified with under the existing Rule 1113 is not expected to generate any air quality impacts. Coating categories that have been separated to form new categories are presented in Table 2-2. Under these scenarios, some categories would not have any changes to the VOC content limit or there would not be any changes in manufacturing or applying the affected coatings because there are no changes to the VOC content limit. New VOC limits will be placed on the new categories: Color Indicating Safety Coatings and Tub and Tile Coatings. No physical changes or increase in emissions will occur from these new categories because it is currently is what is occurring.

Existing Rule 1113 Coating Category	PAR 1113 Additional/New Coating Category	VOC Emissions Change
Waterproofing Sealer Category	New Building Envelope Coatings category	Propose same VOC content limit (100 grams per liter), then by 1/1/2019, lower to 50 g/L
Industrial Maintenance	Color Indicating Safety Coatings	Higher VOC limit (480 g/L),these coatings were previously sold under the SCE
Waterproofing Concrete/Masonry Sealers	New Tile and Stone Sealers	Same VOC content limit (100 grams per liter), so no change in VOC emissions
Industrial Maintenance	Tub and Tile Coatings	Higher VOC limit (420 g/L),these coatings were previously sold under the SCE
Primer, Sealer, and Undercoater	Wood Conditioner	Same VOC limit (100 g/L) so no change in VOC emissions

Table 2-2 Changes to Coating Categories

# Architectural Coatings Affected by PAR 1113 Where the VOC Content Limit Has Been Increased, but VOC Emissions will not Increase

#### Graphic Arts Coatings

During the 2011 amendment to Rule 1113, the VOC limit was reduced for graphic arts coatings from 500 g/L to 150 g/L based on the coatings that were available at that time. Staff projected an emission reduction of 0.003 tpd when the lower limit was adopted. Since that amendment, the manufacturer who was producing the graphic arts coatings that were less than 150 g/L went out of business. The only graphic arts coatings currently available are being sold under the SCE (Small Container Exemption). The largest manufacturer of these coatings has stated that they will not reformulate to 150 g/L, but the coatings can be formulated to 200 g/L in order to accommodate customers with large projects who prefer to purchase the coatings in one gallon containers instead of multiple quart containers. As there currently are no compliant sales of these coatings, staff is not projecting any emissions increase from this change. Even though the proposed VOC limit is being increased, it is actually resulting in reformulation to a lower-

VOC product line. Graphic arts coatings will continue to be sold under the SCE at a high-VOC than the proposed 200 g/L, but this rule change will result in the availability of a lower-VOC option supplied in one-gallon or small containers.

#### Architectural Coatings Affected by PAR 1113 Where the VOC Content Limit Has Been Reduced

PAR 1113 would reduce the VOC content limits for Building Envelope Coatings and Recycled Coatings, and reduce the number of coatings eligible for the Small Container Exemption. Table 2-3 presents the existing and the proposed VOC content limits.

<b>Category</b>	Existing Limit (g/L)	PAR 1113 New Limit (g/L)
Building Envelope Coatings	<del>100</del>	<del>50</del>
Recycled Coatings	<del>250</del>	<del>150</del>
Nonflat Coatings	<del>150</del>	<del>-100</del>
Flat Coatings	<del>250</del>	<del>50</del>
Industrial Maintenance Coatings	420	<del>-100</del>
Rust Preventative Coatings	400	<del>-100</del>
Reactive Penetrating Sealers (SCE)	Unlimited	<u>350</u>
Shellacs (SCE)		<u>100</u>
Clear	Unlimited	730
Pigmented	Unlimited	<u>550</u>
Tub and Tile (SCE)	<u>Unlimited</u>	<u>420</u>

#### Table 2-3 Architectural Coatings New VOC Limits

Table 2-3A Architectural Coatings New VOC Limits

<u>Category</u>	Existing Limit (g/L)	<u>PAR 1113 New</u> Limit (g/L)	Effective Date
Building Envelope Coating	<u>100</u>	<u>50</u>	<u>01/01/19</u>
Recycled Coatings	<u>250</u>	<u>150</u>	<u>01/01/19</u>

<u>Category</u>	<u>Change</u>	Effective Date	Reason	Emission Reduction (tpd)
<u>Concrete-Curing</u> <u>Compounds For</u> <u>Roadways and Bridges</u>	<u>Eliminating</u> Exemption	01/01/16 Upon rule adoption	Exemption not used	<u>N/A</u>
<u>Magnesite Cement</u> <u>Coatings</u>	<u>Eliminating</u> Exemption	01/01/16 Upon rule adoption	Exemption not used	<u>N/A</u>
Multi-Color Coatings	<u>Eliminating</u> <u>Exemption</u>	01/01/16 Upon rule adoption	Exemption not used	<u>N/A</u>
<u>Pre-Treatment Wash</u> <u>Primers</u>	<u>Eliminating</u> <u>Exemption</u>	<u>01/01/16</u> <u>Upon</u> <u>rule</u> <u>adoption</u>	Exemption not used	<u>N/A</u>
<u>Roof Primers,</u> <u>Bituminous</u>	<u>Eliminating</u> Exemption	01/01/16 Upon rule adoption	Exemption not used	<u>N/A</u>
<u>Sacrificial Anti-Graffiti</u> <u>Coatings</u>	<u>Eliminating</u> Exemption	<u>01/01/16</u> <u>Upon</u> <u>rule</u> <u>adoption</u>	Exemption not used	<u>N/A</u>
Stone Consolidants	<u>Eliminating</u> Exemption	01/01/16 Upon rule adoption	Exemption not used	<u>N/A</u>
Repair and Other Swimming Pool Coatings	<u>Eliminating</u> Exemption	01/01/16 Upon rule adoption	Exemption not used	<u>N/A</u>
Wood Preservatives	<u>Eliminating</u> Exemption	01/01/16 Upon rule adoption	Exemption not used	<u>N/A</u>
<u>Clear and Pigmented</u> <u>Shellacs</u>	<u>Eliminating</u> <u>Exemption</u>	01/01/18	<u>High-VOC</u> <u>specialty</u> <u>Category</u> (730g/L/550g/L)	<u>0.0007</u>

Table 2-3B Architectural	Coatings Affected by	y Elimination of SCE

<u>Category</u>	<u>Change</u>	Effective Date	<u>Reason</u>	Emission Reduction (tpd)
<u>Reactive Penetrating</u> <u>Sealers</u>	<u>Eliminating</u> Exemption	<u>01/01/18</u>	<u>High-VOC</u> <u>specialty</u> <u>Category</u> (350g/L)	<u>0.0001</u>
Tub and Tile Coatings	Eliminating Exemption	<u>01/01/18</u>	<u>High-VOC</u> <u>specialty</u> <u>Category</u> (420g/L)	<u>0.01</u>
Flat Coatings	Restricted to 8 ounce touch-up	<u>01/01/19</u>	<u>Large volume</u> <u>category –</u> <u>insignificant SCE</u> <u>sales</u>	<u>0.002</u>
Nonflat Coatings	Restricted to 8 ounce touch-up	<u>01/01/19</u>	Large volume of <u>SCE sales</u>	<u>0.15</u>
<u>Rust Preventative</u> <u>Coatings</u>	Restricted to 8 ounce touch-up	<u>01/01/19</u>	Large volume of SCE sales	<u>0.63</u>
Industrial Maintenance Coatings	<u>Restricted to 1 liter</u> touch up – no retail <u>sales</u>	<u>01/01/19</u>	<u>Potential rule</u> <u>circumvention –</u> <u>RPC re-</u> <u>categorized as</u> <u>IMC.</u>	<u>0.01</u>
<u>Color Indicating</u> <u>Safety Coatings</u>	<u>Restricted to 1 liter</u> touch up – no retail sales	<u>01/01/19</u>	High-VOC specialty Category (480g/L)	<u>N/A</u>
High Temperature IM	<u>Restricted to 1 liter</u> touch up – no retail <u>sales</u>	<u>01/01/19</u>	High-VOC specialty Category – Exemption not used (420g/L)	<u>N/A</u>
<u>Non-Sacrificial Anti-</u> <u>Graffiti Coatings</u>	<u>Restricted to 1 liter</u> <u>touch up – no retail</u> <u>sales</u>	<u>01/01/19</u>	Exemption not used	<u>N/A</u>
Zinc Rich Primers	<u>Restricted to 1 liter</u> <u>touch up – no retail</u> <u>sales</u>	<u>01/01/19</u>	Insignificant use of exemption	<u>0.03</u>

Table 2-3B Architectural Coatings Affected by Elimination of SCE (concluded)

#### Building Envelope Coatings

Building Envelope coatings are currently included in the waterproofing sealer primary category with a VOC content limit of 100 grams per liter. PAR 1113 would establish a new category for Building Envelope Coatings with a VOC content limit of 50 grams per liter

effective January 1, 2019. Most of what is sold in SCAQMD jurisdiction currently meets the 50 g/L limit. Staff believes this compliance threshold is achievable through reformulation or cessation of the sale of any remaining non-compliant products. There will be a total of 0.005 tpd of VOC reductions from this restriction (see Table 2-4 for details).

Therefore, no adverse air quality impacts are expected.

#### Recycled Coatings

The maximum VOC content of currently available recycled coatings sold in SCAQMD jurisdiction is 130 g/L, despite a current limit of 250 g/L. Staff is proposing to lower the VOC limit to just above the level of currently available coatings to 150 g/L effective <u>upon</u> rule adoption on 1/1/2016. This change is not to seek emission reductions, but to have the VOC limits reflect what is being offered for sale. Since all recycled coatings currently comply with PAR 1113, no changes in manufacturing or application of these products is anticipated. There will be a total of 0.09 tpd of VOC reductions from this restriction (see Table 2-4 for details).

Therefore, no adverse air quality impacts are expected.

#### Changes to the Small Container Exemption (SCE)

Under PAR 1113, there will be two four major changes to the SCE:

- 1. Disallowing the exemption for specialty coating categories not using the exemptionand limiting their VOC limit for the following categories, effective upon rule adoption on  $\frac{1}{1/2016}$ :
  - Concrete-Curing Compounds For Roadways and Bridges
  - Color Indicating Safety Paint
  - Magnesite Cement Coatings
  - Multi-Color Coatings
  - Non-Sacrificial Anti-Graffiti Coatings
  - Pre-Treatment Wash Primers
  - Roof Primers, Bituminous
  - Sacrificial Anti-Graffiti Coatings
  - Clear and Pigmented Shellacs
  - Stone Consolidants
  - Repair and Other Swimming Pool Coatings
  - Wood Preservatives
  - Tub and Tile Coatings

This will not result in VOC reductions as this is currently what is occurring. Therefore, no adverse air quality impacts are expected.

- 2. The SCE will no longer be available <u>Restricting the exemption</u> for <u>the following categories:</u> flat, nonflat, some industrial maintenance, <u>color indicating safety</u> and rust preventative coatings because of their high volume of sales.
  - <u>Flat</u>
  - <u>Nonflat</u>

- <u>Industrial Maintenance (IM) Coatings including: Color Indicating Safety Coatings,</u> <u>High Temperature IM Coatings, Non-Sacrificial Anti-Graffiti Coatings and Zinc-</u> <u>Rich IM Primers</u>
- <u>Rust Preventative Coatings.</u>
- 3. For the SCE restrictions, the lower VOC products are already available by most, if not all manufacturers. There will be some higher-VOC product lines that will no longer be available in the SCAQMD, but in all instances, considerable quantities of compliant coatings are currently being sold. Some Rust Preventative Coatings (RPC) would have to be reformulated with water-based or exempt compounds. The other manufacturers already contain a large number of product compliant line coatings. There will be a total of 0.792 0.827 tpd of VOC reductions from this restriction (see Table 2-4 for details).
- 4. Disallowing the exemption for specialty categories, effective on 1/1/2018: and limiting their VOC limit for the following categories
  - <u>Clear and Pigmented Shellacs</u>
  - <u>Reactive Penetrating Sealers</u>
  - Tub and Tile Coatings

#### Secondary Criteria Pollutant Emissions from Operation

Manufacturing and operating practices for PAR 1113 compliant coatings would be similar to existing manufacturing and operating practices (i.e., no equipment or operational changes are expected to occur). Coatings are expected to be manufactured at the same facilities with the same types of equipment as existing coatings. Transportation of coating components and coatings is also expected to be similar or less. Low-VOC coatings typically use less solvent, which would require less raw material trips. Products are still expected to be sent to the same retailer, repackaging facilities, and end users. Therefore, impacts are less than significant.

#### Summary of Operational VOC Emissions and Emission Reductions

The total operational effects on VOC emissions as a result of adopting and implementing PAR 1113 are presented in Table 2-4 (See Appendix C for detailed calculations). PAR 1113 would result in VOC emissions reductions once fully implemented. As a result, PAR 1113 is expected to result in an operational air quality benefit. Therefore, PAR 1113 is not expected to create significant adverse operational air quality impacts.

	VOC Emission Reductions (tpd)			
Description	2016	<u>2018</u>	2019	Totals
Building Envelope Coatings		<u></u>	<u>0.005</u> 0.01	0. <u>01<del>05</del></u>
Recycled Coating	<del>0.09</del>	<u></u>	<u>0.06</u>	0. <u>06<del>9</del></u>
SCE Restrictions:				
Nonflat Coatings			0.15	0.15
Flat Coatings			0.002	0.002
Industrial Maintenance Coatings			0.01	0.01
Rust Preventative Coatings			0.63	0.63
Zinc Rich Primers			<u>0.03</u>	0.03
Reactive Penetrating Sealers		<u>0.0001</u>		0.0001
Clear and Pigmented Shellacs		0.0007		0.0007
Tub and Tile Coatings		<u>0.01</u>		<u>0.01</u>
Total VOC Emission Reductions	<del>0.09</del>	<u>0.0108</u>	<u>0.87</u>	<u>0.88</u>

Table 2-4 Total VOC Emissions Reductions from PAR 1113

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on air quality and greenhouse gases.

## III. c) Cumulatively Considerable Impacts

The thresholds for cumulative impacts are the same as project-specific thresholds. Based on the foregoing analysis, criteria pollutant project-specific air quality impacts from implementing PAR 1113 would not exceed air quality significance thresholds (Table 2-1) and cumulative impacts are not expected to be significant for air quality. Potential adverse impacts from implementing PAR 1113 would not be "cumulatively considerable" as defined by CEQA Guidelines §15064(h)(1) for air quality impacts. Per CEQA Guidelines §15064(h)(3), the proposed project's incremental contribution to a cumulative effect is also not cumulatively considerable because the proposed project complies with the requirements of a previously approved air quality attainment or maintenance plan (SCAQMD's 2012 Air Quality Management Plan), as analyzed in Section III. a) above. Under that plan, sources of VOC emissions are reduced so as to meet air quality standards. Per CEQA Guidelines §15064(h)(4), the mere existence of significant cumulative impacts caused by other projects alone shall not constitute substantial evidence that the proposed project's incremental effects are cumulative considerable.

The SCAQMD guidance on addressing cumulative impacts for air quality is as follows: "As Lead Agency, the AQMD uses the same significance thresholds for project specific and cumulative impacts for all environmental topics analyzed in an Environmental Assessment or EIR." "Projects that exceed the project-specific significance thresholds are considered by the SCAQMD to be cumulatively considerable. This is the reason project-specific and cumulative significance

thresholds are the same. Conversely, projects that do not exceed the project-specific thresholds are generally not considered to be cumulatively significant."<sup>1</sup>

This approach was upheld by the Court in Citizens for Responsible Equitable Environmental Development v. City of Chula Vista (2011) 197 Cal. App. 4th 327, 334. The Court determined that where it can be found that a project did not exceed the SCAQMD's established air quality significance thresholds, the City of Chula Vista properly concluded that the project would not cause a significant environmental effect, nor result in a cumulatively considerable increase in these pollutants. The court found this determination to be consistent with CEQA Guidelines §15064.7, stating: "The lead agency may rely on a threshold of significance standard to determine whether a project will cause a significant environmental effect." The court found that, "[a]lthough the project will contribute additional air pollutants to an existing nonattainment area, these increases are below the significance criteria . . . Thus, we conclude that no fair argument exists that the Project will cause a significant unavoidable cumulative contribution to an air quality impact." As in Chula Vista, here the District has demonstrated that, when using accurate and appropriate data and assumptions, the project will not exceed the established SCAQMD significance thresholds. See also Rialto Citizens for Responsible Growth v. City of Rialto (2012) 208 Cal. App. 4th 899. Here again the court upheld the SCAQMD's approach to utilizing the established air quality significance thresholds to determine whether the impacts of a project would be cumulatively considerable. Thus, it may be concluded that the Project will not cause a significant unavoidable cumulative contribution to an air quality impact.

Based on the foregoing analysis, project-specific air quality impacts from implementing the proposed project would not exceed air quality significance thresholds (Table 2-1); therefore, cumulative impacts are not expected to be significant for air quality. Per CEQA Guidelines § 15064(h)(4), the mere existence of significant cumulative impacts caused by other projects alone shall not constitute substantial evidence that the proposed project's incremental effects are "cumulative considerable." Thus, potential adverse impacts from the proposed project would not be cumulatively considerable for air quality impacts.

## III. d) Toxic Air Contaminants (TAC)

## Construction

The proposed project would only affect the future formulation of architectural coatings, which is not expected to require physical changes or modifications involving construction activities. Thus, no construction air quality impacts will result from the proposed project.

## Operation

## Reformulation of Coatings

To comply with PAR 1113, some coatings manufacturers may need to reformulate existing coatings. Since a majority of the manufacturers have an existing compliant line, with lower levels of VOCs (and in general lower levels of toxics) it is expected for there to be an overall reduction in toxics use with the implementation of PAR 1113. Although not likely, it is possible that

<sup>&</sup>lt;sup>1</sup> SCAQMD Cumulative Impacts Working Group White Paper on Potential Control Strategies to Address Cumulative Impacts From Air Pollution, August 2003, Appendix D, Cumulative Impact Analysis Requirements Pursuant to CEQA, at D-3, http://www.aqmd.gov/docs/default-source/Agendas/Environmental-Justice/cumulative-impacts-working-group/cumulative-impacts-white-paper-appendix.pdf?sfvrsn=4.

reformulated materials could be formulated with toxic products. The following analysis demonstrates that PAR 1113 would not expose sensitive receptors to substantial exposures to air toxics.

Coatings affected by PAR 1113 may need to be reformulated to meet proposed VOC content limits or to meet current limits due to the phase out of the small container exemption. Coating components may have differing toxicity characteristics. To evaluate the potential adverse toxics impacts from PAR 1113, SCAQMD staff used Rule 314 data for products sold in 2014. Based on discussions with coating manufacturers, the types of solids in affected coatings are not expected to change as a result of implementing PAR 1113, only either low-VOC colorant formulation or water-based formulation.

Assuming that coatings reformulated to comply with PAR 1113 would be similar to existing coatings that already comply with Rule 1113, architectural coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings. Information from new architectural coatings that had VOC contents that are equal or less than those proposed for PAR 1113, but were not included in Rule 314 data were also added. Based on the above analysis, there would be no additional health impacts from these reformulated coatings.

# Toxic Air Contaminant Reformulated Coatings Conclusion

Many higher VOC-containing coatings also contain toxic air contaminants, so by reducing the VOC content limit, the amount of these air toxics is generally reduced or replaced to comply with the lower VOC content limit. Based on the preceding evaluation, no increase in air toxics is expected from coating reformulation that may be required by PAR 1113. Affected toxic air contaminants (i.e., toxic air contaminants that would be affected by changes to VOC content limits) found in PAR 1113 compliant coatings are expected to be reduced by the proposed project. Therefore, PAR 1113 is not expected to be significant for adverse air toxic impacts from reformulation of architectural coatings to meet the proposed lower VOC content limits.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on air quality and greenhouse gases.

# III. e) Odor Impacts

PAR 1113 will require the reduction of the VOC content limit from various coating categories, which will require coating manufacturers to formulate with solvents that emit less VOCs. To comply with the lower VOC content limits, some architectural coatings will be water-based. Water-based coatings have less solvent than existing solvent-based coatings. Based on site visit comparisons between a solvent-based coating manufacturing facility and a water-based coating manufacturing facility, facilities that convert to water-based coatings are assumed to have a beneficial effect on potential nuisance odor.

Affected facilities are not expected to create objectionable odors affecting a substantial number of people for the following reasons: 1) fewer odorous compounds in water-based coatings; and 2) the use of future compliant materials must comply with all applicable SCAQMD rules and regulations.

In summary, the overall reduction in solvent use is expected to reduce odors from coatings. Therefore, PAR 1113 is not expected to create new objectionable odors that would affect a significant number of people and the impact is less than significant.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on air quality and greenhouse gases.

# III. g) and h) Greenhouse Gas Impacts

Global warming is the observed increase in average temperature of the earth's surface and atmosphere. The primary cause of global warming is an increase of greenhouse gas (GHG) emissions in the atmosphere. The six major types of GHG pollutants are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), sulfur hexafluoride (SF<sub>6</sub>), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs). The GHG pollutants absorb longwave radiant energy emitted by the earth, which warms the atmosphere. The GHGs also emit longwave radiation both upward to space and back down toward the surface of the earth. The downward part of this longwave radiation emitted by the atmosphere is known as the "greenhouse effect."

The current scientific consensus is that the majority of the observed warming over the last 50 years can be attributable to increased concentration of GHG emissions in the atmosphere due to human activities. Events and activities, such as the industrial revolution and the increased consumption of fossil fuels (e.g., combustion of gasoline, diesel, coal, etc.), have heavily contributed to the increase in atmospheric levels of GHG emissions. As reported by the California Energy Commission (CEC), California contributes 1.4 percent of the global and 6.2 percent of the national GHG emissions (CEC, 2004). Further, approximately 80 percent of GHG emissions in California are from fossil fuel combustion (e.g., gasoline, diesel, coal, etc.).

GHGs are typically reported as CO<sub>2</sub> equivalent emissions (CO<sub>2</sub>e). CO<sub>2</sub>e is the amount of CO<sub>2</sub> that would have the same global warming potential (relative measure of how much heat a greenhouse gas traps in the atmosphere) as a given mixture and amount of other greenhouse gases. CO<sub>2</sub>e is estimated by the summation of mass of each GHG multiplied by its global warming potential (global warming potentials: CO<sub>2</sub> = 1, CH<sub>4</sub> = 21, N<sub>2</sub>O = 310, etc.).<sup>2</sup>

# Construction

The proposed project would only affect the future formulation of architectural coatings, which is not expected to require physical changes or modifications involving construction activities. Thus, no construction air quality impacts will result from the proposed project.

#### Operation

PAR 1113 is not expected to alter manufacturing processes (other than reformulating coatings) and coating use. No GHG compounds were identified in MSDSs of existing coatings that comply with PAR 1113, and since reformulated coatings are expected to be similar to existing coatings that are already compliant with PAR 1113, reformulated coatings are not expected to generate GHG emissions.

<sup>&</sup>lt;sup>2</sup> California Air Resource Board Conversion Table: <u>http://www.arb.ca.gov/cc/facts/conversiontable.pdf</u>

Therefore, PAR 1113 is not expected to generate GHG emission, either directly or indirectly, that may have a significant impact on the environment. In addition, PAR 1113 does not conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of GHG gases.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on air quality and greenhouse gases.

# Conclusion

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on air quality and greenhouse gases. Because of its minor effect on coating formulations compared to existing conditions, PAR 1113 would have a less than significant impact on potential toxic impacts and odor causing impacts on sensitive receptors and no other air quality impacts.

Based upon these considerations, the proposed project would not generate significant adverse construction or operational air quality impacts and, therefore, no further analysis is required or necessary and no mitigation measures are necessary or required.

# IV. BIOLOGICAL RESOURCES.

Would the project:

- Have a substantial adverse effect, either a) directly through habitat or modifications. on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?
- b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?
- c) Have a substantial adverse effect on federally protected wetlands as defined by §404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?
- d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?
- e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?
- f) Conflict with the provisions of an adopted Habitat Conservation plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?

Potentially Significant Impact	Less Than Significant With	Less Than Significant Impact	No Impact
	Mitigation □		V
			Ø
			M
			M
			M

# Significance Criteria

Impacts on biological resources will be considered significant if any of the following criteria apply:

- The project results in a loss of plant communities or animal habitat considered to be rare, threatened or endangered by federal, state or local agencies.
- The project interferes substantially with the movement of any resident or migratory wildlife species.
- The project adversely affects aquatic communities through construction or operation of the project.

# Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**IV. a), b), & d)** Implementation of the proposed amendments will not cause impacts to sensitive habitats of plants or animals because they do not require acquisition of or construction on open space areas. The overall intent of the proposed amendments is to reduce VOC emissions from affected coating categories. Therefore, the proposed amendments to Rule 1113 will have no direct or indirect impacts that could adversely affect plant or animal species or the habitats on which they rely in the SCAQMD's jurisdiction. The overall net effect of implementing the proposed amended rule will be improved air quality resulting from reduced VOC emissions, which is expected to be beneficial for both plant and animal life. Modifications at existing affected coating manufacturers to switch to low-VOC coatings, such as water-based, would not require acquisition of additional land or further conversions of riparian habitats or sensitive natural communities where endangered or sensitive species may be found.

**IV. c)** Acquisition of protected wetlands is not expected to be necessary to switch to compliant coatings, such as water-based coatings. Affected coating contractors would continue to practice existing operating procedures so the proposed amended rule will not directly remove, fill or interrupt any hydrological system or have an adverse effect on federally protected wetlands. Since coating contractors typically operate in urbanized areas, it is not likely that disposal or accidental releases of coating materials would occur in areas that harbor federally protected wetlands as defined by § 404 of the Clean Water Act.

**IV. e) & f)** There are no provisions in the proposed amended rule that would adversely affect land use plans, local policies or ordinances, or regulations because the ultimate effect of PAR 1113 is to reduce VOC emissions from architectural coatings. Land use and other planning considerations are determined by local governments and no land use or planning requirements will be altered by the proposed project. Proposed amended Rule 1113 would not affect in any way habitat conservation or natural community conservation plans, agricultural resources or operations, and would not create divisions in any existing communities.

Additionally, the proposed project would not conflict with any adopted Habitat Conservation Plan, Natural Community Conservation Plan, or any other relevant habitat conservation plan, and would not create divisions in any existing communities because all activities associated with complying with PAR 1113 would occur at existing established industrial facilities. The SCAQMD, as the Lead Agency for the proposed project, has found that, when considering the record as a whole, there is no evidence that the proposed project would have potential for any new adverse effects on wildlife resources or the habitat upon which wildlife depends. Accordingly, based upon the preceding information, the SCAQMD has, on the basis of substantial evidence, rebutted the presumption of adverse effect contained in §753.5 (d), Title 14 of the California Code of Regulations. Further, in accordance with this conclusion, the SCAQMD believes that this proposed project qualifies for the no effect determination pursuant to Fish and Game Code §711.4 (c).

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on biological resources.

Based upon these considerations, significant adverse biological resources impacts are not anticipated. Therefore, no further analysis or mitigation measures are required or necessary.

# V. CULTURAL RESOURCES.

Would the project:

- a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?
- b) Cause a substantial adverse change in the significance of an archaeological resource as defined in §15064.5?
- c) Directly or indirectly destroy a unique paleontological resource, site, or feature?
- d) Disturb any human remains, including those interred outside formal cemeteries?
- e) Cause a substantial adverse change in the significance of a tribal cultural resource as defined in Public Resources Code §21074?

Potentially Significant Impact	With	No Impact
	Mitigation □	$\square$
		V
		V
		V

#### Significance Criteria

Impacts to cultural resources will be considered significant if:

- The project results in the disturbance of a significant prehistoric or historic archaeological site or a property of historic, cultural significance, or tribal cultural significance to a community or ethnic or social group or a California Native American tribe.
- Unique paleontological resources or objects with cultural value to a California Native American tribe are present that could be disturbed by construction of the proposed project.
- The project would disturb human remains.

#### Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**V. a), b), c), & d)** There are existing laws in place that are designed to protect and mitigate potential impacts to cultural resources. PAR 1113 is not expected to affect archeological or cultural sites because reformulation of architectural coatings won't require major construction activities such as grading, trenching, etc. The application of architectural coatings typically occurs after site preparation and construction of structures has been completed. As a result, it is expected that archaeological resources would have already been assessed or if the new structure is at an existing residential, commercial or industrial site, then they have already been disturbed or protected. The

proposed revisions to Rule 1113 are, therefore, not anticipated to result in any activities, or promote any programs that could have a significant adverse impact on cultural resources in the district. As a result, the proposed project has no potential to cause a substantial adverse change to a historical or archaeological resource, directly or indirectly destroy a unique paleontological resource or site or unique geologic feature, or disturb any human remains, including those interred outside a formal cemeteries.

Based on the above discussion, the proposed project is not expected to create any significant adverse effect to a historical resource as defined in §15064.5; cause a new significance impact to an archaeological resource as defined in §15064.5; directly or indirectly destroy a unique paleontological resource, site, or feature; or disturb any human including those interred outside formal cemeteries.

**V. e)** PAR 1113 is not expected to require physical changes to a site, feature, place, cultural landscape, sacred place or object with cultural value to a California Native American Tribe. Furthermore, the proposed project is not expected to result in a physical change to a resource determined to be eligible for inclusion or listed in the California Register of Historical Resources or included in a local register of historical resources. For these reasons, the proposed project is not expected to cause any substantial adverse change in the significance of a tribal cultural resource as defined in Public Resources Code §21074.

It is important to note that as part of releasing this CEQA document for public review and comment, the SCAQMD also provided a formal notice of the proposed project to all California Native American Tribes (Tribes) that requested to be on the Native American Heritage Commission's (NAHC) notification list per Public Resources Code § 21080.3.1 (b)(1). The NAHC notification list provides a 30-day period during which a Tribe may respond to the formal notice, in writing, requesting consultation on the proposed project.

In the event that a Tribe submits a written request for consultation during this 30-day period, the SCAQMD will initiate a consultation with the Tribe within 30 days of receiving the request in accordance with Public Resources Code § 21080.3.1 (b). Consultation ends when either: 1) both parties agree to measures to avoid or mitigate a significant effect on a Tribal Cultural Resource and agreed upon mitigation measures shall be recommended for inclusion in the environmental document [see Public Resources Code § 21082.3 (a)]; or, 2) either party, acting in good faith and after reasonable effort, concludes that mutual agreement cannot be reached [see Public Resources Code § 21080.3.1 (b)(1)-(2) and § 21080.3.1 (b)(1)].

Based upon these considerations, significant adverse cultural resources impacts are not anticipated. Therefore, no further analysis or mitigation measures are required or necessary.

# VI. ENERGY.

		Potentially Significant Impact	Significant With	Less Than Significant Impact	No Impact
Wot	ıld the project:		Mitigation		
a)	Conflict with adopted energy conservation plans?				
b)	Result in the need for new or substantially altered power or natural gas utility systems?				
c)	Create any significant effects on local or regional energy supplies and on requirements for additional energy?				
d)	Create any significant effects on peak and base period demands for electricity and other forms of energy?				
e)	Comply with existing energy standards?				V

#### Significance Criteria

Impacts to energy and mineral resources will be considered significant if any of the following criteria are met:

- The project conflicts with adopted energy conservation plans or standards.
- The project results in substantial depletion of existing energy resource supplies.
- An increase in demand for utilities impacts the current capacities of the electric and natural gas utilities.
- The project uses non-renewable resources in a wasteful and/or inefficient manner.

#### Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**VI. a)** & e) Lowering VOC content limits of affected architectural facilities will not conflict with adopted energy conservation plans or cause affected facilities to be out of compliance with existing energy standards because coating contractors are expected to continue current coating operations using the same or similar coating equipment, but using new formulations of coatings affected by PAR 1113. Because add-on control equipment is not expected to be used to comply with the provisions of PAR 1113, no additional energy use is expected to be required. Additionally, PAR 1113 will not substantially increase the number of businesses or amount of equipment in the district and, therefore, would not be expected to interfere with existing energy standards or future energy conservation plans because these are typically targeted to residential consumers, etc.

**VI. b), c) & d)** The architectural coating operations are not expected to change as a result of lowering the VOC content limit of affected coatings. Since there will be no additional demand for electricity, there will be no need for new or substantially altered power or natural gas utility

systems as a result of the proposed project. The proposed project will have a non-significant effect on the electricity capacity or demand and, therefore, no significant impact on peak or base demands for electricity.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on energy.

Based on the above consideration, significant adverse impacts to energy are not expected from PARs 1113 and 314. Since there are no significant adverse impacts, no mitigation measures are required or necessary.

#### VII. GEOLOGY AND SOILS.

Would the project:

- a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:
  - Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault?
  - Strong seismic ground shaking?
  - Seismic-related ground failure, including liquefaction?
- b) Result in substantial soil erosion or the loss of topsoil?
- c) Be located on a geologic unit or soil that is unstable or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?
- d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?
- e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?

Significance	Criteria
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Impacts on the geological environment will be considered significant if any of the following criteria apply:

- Topographic alterations would result in significant changes, disruptions, displacement, excavation, compaction or over covering of large amounts of soil.
- Unique geological resources (paleontological resources or unique outcrops) are present that could be disturbed by the construction of the proposed project.
- Exposure of people or structures to major geologic hazards such as earthquake surface rupture, ground shaking, liquefaction or landslides.

Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
	Mitigation		
			2 2
			$\checkmark$
			Ø
			V

- Secondary seismic effects could occur which could damage facility structures, e.g., liquefaction.
- Other geological hazards exist which could adversely affect the facility, e.g., landslides, mudslides.

#### Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**VII.** a) Architectural coatings are applied to new and existing buildings, stationary structures, roads, etc. The proposed amendments affect coating formulators, sellers, and users and have no effects on geophysical formations in the district because the proposed project does not require or induce the construction of any structures. Coating activities and operations are not expected to change from current practice so the proposed amendments to Rule 1113 will not expose people to potential substantial adverse geological effects greater than what they are exposed to already. Lowering the VOC content limit of affected coating categories will not result in exposing people or structures to risks of loss, injury, or death involving: rupture of an earthquake fault, seismic ground shaking, ground failure or landslides.

**VII. b)** The proposed project will not require major construction activities (e.g., grading, trenching, refilling and repaying), so there are no potential impacts to existing geophysical conditions. No soil is expected to be disrupted because no new development will be required as a result of the proposed project. Therefore, no substantial soil erosion or loss of topsoil is expected from lowering the VOC content limit of affected coating categories.

VII. c) & d) The proposed project does not involve construction of new structures and, therefore, will not involve locating any structures on soil that is unstable or expansive. For this reason, no destabilization of unstable soils would be expected that could cause on- or off-site landslides, lateral spreading, subsidence, liquefaction or collapse.

**VII.** e) The proposed project does not involve the installation of septic tanks or alternative waste water disposal systems. Therefore, this type of soil impact will not occur.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on geology and soils.

Based upon these considerations, significant adverse geology and soil impacts are not anticipated. Therefore, no further analysis or mitigation measures are required or necessary.

# VIII. HAZARDS AND HAZARDOUS MATERIALS.

Would the project:

- a) Create a significant hazard to the public or the environment through the routine transport, use, and disposal of hazardous materials?
- b) Create a significant hazard to the public or the environment through reasonably foreseeable upset conditions involving the release of hazardous materials into the environment?
- c) Emit hazardous emissions, or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?
- d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code §65962.5 and, as a result, would create a significant hazard to the public or the environment?
- e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public use airport or a private airstrip, would the project result in a safety hazard for people residing or working in the project area?
- f) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?
- g) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?
- h) Significantly increased fire hazard in areas with flammable materials?

Potentially Significant Impact	Significant With	Less Than Significant Impact	No Impact
	Mitigation □	V	
			V
			M
			V
			V
			V
		$\checkmark$	
		$\mathbf{\nabla}$	

#### Significance Criteria

Impacts associated with hazards will be considered significant if any of the following occur:

- Non-compliance with any applicable design code or regulation.
- Non-conformance to National Fire Protection Association standards.
- Non-conformance to regulations or generally accepted industry practices related to operating policy and procedures concerning the design, construction, security, leak detection, spill containment or fire protection.
- Exposure to hazardous chemicals in concentrations equal to or greater than the Emergency Response Planning Guideline (ERPG) 2 levels.

#### Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

VIII.a), b), c) g) & h) PAR 1113 does not include provisions that would directly or indirectly dictate the use of any specific coating formulations. Persons who currently use architectural coatings would continue to have the flexibility of choosing the product formulation best suited for their needs. It is likely that persons who utilize these materials would choose architectural coatings that do not pose a substantial safety hazard. In addition, in response to increased customer awareness of toxic or hazardous materials and customer demand, colorant and architectural coating manufacturers have on their own attempted to reduce the amount of hazardous materials included in coatings.

#### **Toxics and Flammability**

Section III.d) evaluates toxics from affected architectural coatings. Based on a comparison of toxics identified in MSDSs from PAR 1113 non-compliant coatings and PAR 1113 compliant coatings, toxic concentrations in affected architectural coatings remain either the same or are reduced.

Assuming that coatings reformulated to comply with PAR 1113 would be similar to existing coatings that already comply with PAR 1113, architectural coatings in the Rule 314 data that had VOC contents that are equal or less than those proposed for PAR 1113 were used as surrogates to evaluate health impacts from reformulated coatings.

A number of physical or chemical properties may cause a substance to be a fire hazard. With respect to determining whether any conventional or replacement solvent is a fire hazard, Material Safety Data Sheets (MSDSs) list the National Fire Protection Association 704 flammability hazard ratings (i.e. NFPA 704). NFPA 704 is a "standard (that) provides a readily recognized, easily understood system for identifying flammability hazards and their severity using spatial, visual, and numerical methods to describe in simple terms the relative flammability hazards of a material<sup>3</sup>.

Although substances can have the same NFPA 704 Flammability Ratings Code, other factors can make each substance's fire hazard very different from each other. For this reason, additional

<sup>&</sup>lt;sup>3</sup> National Fire Protection Association, FAQ for Standard 704. http://www.nfpa.org/faq.asp?categoryID=928&cookie%5Ftest=1#23057

chemical characteristics, such as auto-ignition temperature, boiling point, evaporation rate, flash point, lower explosive limit (LEL), upper explosive limit (UEL), and vapor pressure, are also considered when determining whether a substance is fire hazard. The following is a brief description of each these chemical characteristics.

<u>Auto-ignition Temperature</u>: The auto-ignition temperature of a substance is the lowest temperature at which it will spontaneously ignite in a normal atmosphere without an external source of ignition, such as a flame or spark.

<u>Boiling Point:</u> The boiling point of a substance is the temperature at which the vapor pressure of the liquid equals the environmental pressure surrounding the liquid. Boiling is a process in which molecules anywhere in the liquid escape, resulting in the formation of vapor bubbles within the liquid.

<u>Evaporation Rate</u>: Evaporation rate is the rate at which a material will vaporize (evaporate, change from liquid to a vapor) compared to the rate of vaporization of a specific known material. This quantity is a represented as a unit-less ratio. For example, a substance with a high evaporation rate will readily form a vapor which can be inhaled or explode, and thus have a higher hazard risk. Evaporation rates generally have an inverse relationship to boiling points (i.e., the higher the boiling point, the lower the rate of evaporation).

<u>Flashpoint:</u> Flash point is the lowest temperature at which a volatile liquid can vaporize to form an ignitable mixture in air. Measuring a liquid's flash point requires an ignition source. At the flash point, the vapor may cease to burn when the source of ignition is removed. There are different methods that can be used to determine the flashpoint of a solvent but the most frequently used method is the Tagliabue Closed Cup standard (ASTM D56), also known as the TCC. The flashpoint is determined by a TCC laboratory device which is used to determine the flash point of mobile petroleum liquids with flash point temperatures below 175 degrees Fahrenheit (79.4 degrees Centigrade).

Flash point is a particularly important measure of the fire hazard of a substance. For example, the Consumer Products Safety Commission (CPSC) promulgated Labeling and Banning Requirements for Chemicals and Other Hazardous Substances in 15 U.S.C.§1261 and 16 CFR Part 1500. Per the CPSC, the flammability of a product is defined in 16 CFR Part 1500.3 (c)(6) and is based on flash point. For example, a liquid needs to be labeled as: 1) "Extremely Flammable" if the flash point is below 20 degrees Fahrenheit; 2) "Flammable" if the flash point is above 20 degrees Fahrenheit but less than 100 degrees Fahrenheit; or, 3) "Combustible" if the flash point is above 100 degrees Fahrenheit up to and including 150 degrees Fahrenheit.

Lower Explosive Limit (LEL): The lower explosive limit of a gas or a vapor is the limiting concentration (in air) that is needed for the gas to ignite and explode or the lowest concentration (percentage) of a gas or a vapor in air capable of producing a flash of fire in presence of an ignition source (e.g., arc, flame, or heat). If the concentration of a substance in air is below the LEL, there is not enough fuel to continue an explosion. In other words, concentrations lower than the LEL are "too lean" to burn. For example, methane gas has a LEL of 4.4 percent (at 138 degrees Centigrade) by volume, meaning 4.4 percent of the total volume of the air consists of methane. At 20 degrees Centigrade, the

LEL for methane is 5.1 percent by volume. If the atmosphere has less than 5.1 percent methane, an explosion cannot occur even if a source of ignition is present. When the concentration of methane reaches 5.1 percent, an explosion can occur if there is an ignition source.

<u>Upper Explosive Limit (UEL)</u>: The upper explosive limit of a gas or a vapor is the highest concentration (percentage) of a gas or a vapor in air capable of producing a flash of fire in presence of an ignition source (e.g., arc, flame, or heat). Concentrations of a substance in air above the UEL are "too rich" to burn.

<u>Vapor Pressure</u>: Vapor pressure is an indicator of a chemical's tendency to evaporate into gaseous form.

The types and amounts of flammable solvents in the coatings remained the same or were reduced or were eliminated in the PAR 1113 compliant coatings when compared to the PAR 1113 non-compliant coatings. Table 2-5 presents all flammable solvents identified in MSDS for coatings evaluated in this analysis and their flammable characteristics.

Traditional/Conventional Solvents						
Chemical Compounds	M.W.	Boiling Point (°F)	Flashpoint (°F)	Vapor Pressure (mmHg @ 68 °F)	Lower Explosive Limit (% by Vol.)	Flammability Classification (NFPA)*
Stoddard Solvent	144	302 - 324	140	2	0.8	2
Petroleum Distillates (Naptha)	100	314 - 387	105	40	1.0	4
EGBE	118	340	141	0.6	1.1	2
EGME	76	256	107	6	2.5	2
EGEE	90	275	120	4	1.8	2
		Repla	acement Solver	nts		
Chemical Compounds	M.W.	Boiling Point (°F)	Flashpoint (°F)	Vapor Pressure (mmHg @ 68 °F)	Lower Explosive Limit (% by Vol.)	Flammability Classification (NFPA)*
Acetone	58	133	1.4	180	2.6	3
PCBTF (Oxsol 100)	181	282	109	5	0.90	1

Table 2-5 Chemical Characteristics for Typical Coating Solvents

\*National Fire Protection Association

0 = minimal; 1 = slight; 2 = moderate; 3 = serious; 4 = severe

For the Rust Preventative Coatings (RPC) Category, the primary replacement solvents are expected to be either acetone or parachlorobenzotrifluride (PCBTF). Acetone is more flammable and has a lower flash point than some solvents used currently. PCBTF generally poses an equal or lower fire hazard to existing solvents. Based on current formulations sold in SCAQMD, only one manufacturer may be affected in the RPC category by PAR 1113. While this manufacturer already has a product line that is compliant with Rule 1113, their product line that utilizes the existing Small Container Exemption in the current Rule 1113 will require reformulation. The manufacturer

will likely use the same formulation being used for their compliant line in their larger containers for their small container product line. Although these smaller containers necessarily contain less acetone than the larger containers already being sold with acetone, the manufacturer is already producing the compliant line and the product is being used by consumers, therefore, the reformulation will not result in a significant increase in fire hazards to the environment beyond existing conditions.

Some manufacturers will reformulate with water-based compounds and/or most likely use less of it to comply with PAR 1113 (instead of using hazardous solvents). Table 2-6 shows their flammable characteristics.

Traditional/Conventional Water Based								
Chemical	Chemical M.W. Boiling Flashpoint Vapor Lower Flammability							
Compounds		Point		Pressure	Explosive	Classification		
				(mmHg @ 68	Limit	(NFPA)*		
		(°F)	(°F)	°F)	(% by Vol.)			
Propylene glycol	76	370	210	0.1	2.6	1		
EGBE	118	340	141	0.6	1.1	2		
EGME	76	256	107	6	2.5	2		
EGEE	90	275	120	4	1.8	2		
		Replace	ement Water B	ased				
Chemical	M.W.	Boiling	Flashpoint	Vapor	Lower	Flammability		
Compounds		Point		Pressure	Explosive	Classification		
_				(mmHg @ 68	Limit	(NFPA)*		
		(°F)	(°F)	°F)	(% by Vol.)			
Di-Propylene Glycol	134	451	279	30	1	1		
Propylene Glycol	76	370	210	0.1	2.6	1		
Ethylene Glycol	227	388	232	0.06	3.2	1		
Texanol	216	471	248	0.1	0.62	1		

Table 2-6 Chemical	Characteristics	for Typical	Water-Based Coating
	characteristics	ior ryprour	mater Dabea Couring

**VIII. d)** Government Code §65962.5 typically refers to a list of facilities that may be subject to Resource Conservation and Recovery Act (RCRA) permits. Since PAR 1113 relates to coatings, it is not expected to have direct impacts on facilities affected by Government Code §65962.5 Facilities affected by Government Code §65962.5 would still need to comply with any regulations relating to that code section. The use of PAR 1113 compliant coatings is not expected to interfere with existing hazardous waste management programs and based on analyses presented earlier in this section (VIII.a), b), c), & h)) and in Section III. Air Quality and Greenhouse Gases of this document, PAR 1113 may reduce the amount of hazardous materials in architectural coatings. Accordingly, PAR 1113 is not expected to result in a new significant impact to the public or environment from sites on lists compiled pursuant to Government Code §65962.5.

Lastly, affected facilities would be expected to continue to manage any and all hazardous materials and hazardous waste, in accordance with federal, state and local regulations.

**VIII.** e) Since the use of PAR 1113 compliant coatings is not expected to generate significant adverse new hazardous emissions in general or increase the manufacture or use of hazardous materials, the implementation of PAR 1113 is not expected to increase or create any new safety hazards to people working or residing in the vicinity of public/private airports. As stated above, PAR 1113 compliant coatings are expected to be reformulated with less toxic and hazardous material content than PAR 1113 non-compliant coatings.

**VIII. f)** As already noted PAR 1113 compliant coatings would likely be formulated with less toxic materials than PAR 1113 non-compliant coatings. Further, PAR 1113 compliant coatings are expected to be manufactured, transported, stored and applied in the same quantities as PAR 1113 non-compliant coatings. As a result, PAR 1113 is not expected to conflict with business emergency response plans. With respect to suppliers and sellers of affected architectural coatings, Health and Safety Code §25506 specifically requires all businesses handling hazardous materials to submit a business emergency response plan to assist local administering agencies in the emergency release or threatened release of a hazardous material. Business emergency response plans generally require the following:

- Identification of individuals who are responsible for various actions, including reporting, assisting emergency response personnel and establishing an emergency response team;
- Procedures to notify the administering agency, the appropriate local emergency rescue personnel, and the California Office of Emergency Services;
- Procedures to mitigate a release or threatened release to minimize any potential harm or damage to persons, property or the environment;
- Procedures to notify the necessary persons who can respond to an emergency within the facility;
- Details of evacuation plans and procedures;
- Descriptions of the emergency equipment available in the facility;
- Identification of local emergency medical assistance; and
- Training (initial and refresher) programs for employees in:
  - The safe handling of hazardous materials used by the business;
  - Methods of working with the local public emergency response agencies;
  - The use of emergency response resources under control of the handler; and
  - Other procedures and resources that will increase public safety and prevent or mitigate a release of hazardous materials.

In general, every county or city and all facilities using a minimum amount of hazardous materials are required to formulate detailed contingency plans to eliminate, or at least minimize, the possibility and effect of fires, explosion, or spills. In conjunction with the California Office of Emergency Services, local jurisdictions have enacted ordinances that set standards for area and

business emergency response plans. These requirements include immediate notification, mitigation of an actual or threatened release of a hazardous material, and evacuation of the emergency area. Based on the analysis in VIII.a), b), & c) and VIII.h), PAR 1113 coatings are expected to have similar or less hazardous properties than existing architectural coatings. Therefore PAR 1113 is not expected to impair the implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan.

**VIII. h)** PAR 1113 is expected to reduce the VOC content limits for specified coating categories primarily through reformulation of the solvent or water-based technologies. It is anticipated that the reformulation will primarily entail the use of water-based components or low-VOC materials which are less hazardous or flammable than the materials currently being used. Refer to the discussion in VIII b) and c) for the comparison of solvents currently used in the affected coatings versus the solvents used to reformulate the same coatings to a lower VOC content limit.

The Uniform Fire Code and Uniform Building Code set standards intended to minimize risks from flammable or otherwise hazardous materials. Local jurisdictions are required to adopt the uniform codes or comparable regulations. Local fire agencies require permits for the use or storage of hazardous materials and permit modifications for proposed increases in their use. Permit conditions depend on the type and quantity of the hazardous materials at the facility. Permit conditions may include, but are not limited to, specifications for sprinkler systems, electrical systems, ventilation, and containment. The fire departments make annual business inspections to ensure compliance with permit conditions and other appropriate regulations. Consequently, local fire departments ensure that adequate permit conditions are in place to protect against potential risk of upset from the use of hazardous materials. However, any use of hazardous materials at affected facilities is not expected to change and may even decrease as a result of implementing the proposed project.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on hazards and hazardous materials.

Based upon these considerations, significant adverse hazards and hazardous materials impacts are not anticipated. Therefore, no further analysis or mitigation measures are required or necessary.

# IX. HYDROLOGY AND WATER QUALITY.

Would the project:

- a) Violate any water quality standards, waste discharge requirements, exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board, or otherwise substantially degrade water quality?
- b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g. the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?
- c) Substantially alter the existing drainage pattern of the site or area, including through alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in substantial erosion or siltation on- or off-site or flooding on- or off-site?
- d) Create or contribute runoff water which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?
- e) Place housing or other structures within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map, which would impede or redirect flood flows?
- f) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam, or inundation by seiche, tsunami, or mudflow?

Potentially Significant Impact	With	Less Than Significant Impact	No Impact
	Mitigation □		
		Ø	
			V
			Ø
			Ø
			Ø

		Potentially Significant Impact	Less Than Significant With		No Impact
Woi	ald the project:	-	Mitigation	-	
g)	Require or result in the construction of new water or wastewater treatment facilities or new storm water drainage facilities, or expansion of existing facilities, the construction of which could cause significant environmental effects?				V
h)	Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?			M	
i)	Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing				

# **Significance** Criteria

commitments?

Potential impacts on water resources will be considered significant if any of the following criteria apply:

Water Demand:

- The existing water supply does not have the capacity to meet the increased demands of the project, or the project would use more than 262,820 gallons per day of potable water.
- The project increases demand for total water by more than five million gallons per day. -

Water Quality:

- The project will cause degradation or depletion of ground water resources substantially affecting current or future uses.
- The project will cause the degradation of surface water substantially affecting current or future uses.
- The project will result in a violation of National Pollutant Discharge Elimination System (NPDES) permit requirements.
- The capacities of existing or proposed wastewater treatment facilities and the sanitary sewer system are not sufficient to meet the needs of the project.
- The project results in substantial increases in the area of impervious surfaces, such that interference with groundwater recharge efforts occurs.
- The project results in alterations to the course or flow of floodwaters. -

# Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**IX.** a) & i) Lowering the VOC content limit of coatings at affected facilities will have no direct or indirect impact on hydrology and water quality because the reformulation of the coatings is not expected to change the current architectural coating operation practices or alter the coating formulations to be more detrimental to water quality. It is likely that coating formulators will replace conventional coating formulations and, as noted in Tables 2-5 and 2-6, may contain similar compounds, just less of it.

In the past the SCAQMD has received comments that with the increased use of waterborne technologies to meet the lower VOC content limits, there will be a greater trend of coating applicators to improperly dispose of the waste generated from these coatings into the ground, storm drains, or sewer systems. However, there are no data to support this contention. In any event, there are several reasons why there should be no significant increase over current practices for improper disposal due to greater use of water-borne coatings.

Results from a survey of contractors determined that a majority either dispose of the waste material properly as required by the coating manufacturer's MSDS or recycle the waste material regardless of type of coating. Based upon these results, there is no reason to expect that paint contractors will change their disposal practices, especially those that dispose of wastes properly, with the implementation of PAR 1113. There is also no reason to expect that illegal disposal practices will increase as a result of implementing PAR 1113.

State and federal regulations promote the development and use of coatings formulated with nonhazardous solvents. Based on discussions with coating formulators, the trend in coating technologies is to replace toxic/hazardous solvents with equal or less toxic/hazardous solvents. Therefore, wastewater which may be generated from reformulated coatings is expected to contain less hazardous materials than the wastewater generated for solvent-based coating operations, thereby reducing toxic influent to the Publicly Owned Treatment Works (POTWs).

Consumer and user outreach and education programs such as the PaintCare stewardship program created by the ACA to recycle or dispose of unwanted paint, the ACA's "Protocol for Management of Post Consumer Paint," and the SCAQMD's "Painter's Guide to Clean Air" provide the public and painting contractors with information on environmentally sound coating disposal practices. These public outreach programs are expected to reduce the amount of coating waste material entering the sewer systems, storm drainage systems, and that would be dumped on the ground, therefore, further reducing any water quality impacts associated with the improper disposal of compliant coatings.

The EPA in its Report to Congress entitled "Study of Volatile Organic Compound Emissions from Consumer and Commercial Products" evaluated consumer products to determine which categories were likely to be disposed of to POTWs. The study found that the likelihood of paints, primers, and varnishes being disposed of to POTWs was low. Therefore, this category was not even evaluated for its VOC emission impacts on POTWs. This suggests that the presence of solvents from this category of consumer products in wastewater streams is very low compared to the total volume of solvents being disposed of from other consumer product categories.

To evaluate potential water quality impacts from PAR 1113, it is assumed that future compliant AIM coatings will be formulated primarily with water-borne technologies, though a percentage of reformulations will involve exempt solvents. As a result, more water will be used for clean-up and the resultant wastewater material could be disposed of into the public sewer system. It is anticipated that current coating equipment (i.e., spray guns, rollers, and brushes) clean-up practices of using water will continue into the future. Table 2-7 illustrates the "worst-case" potential increase of waste material likely to be received by POTWs in the district as a result of implementing PAR 1113. POTW's average daily flow is based on historical wastewater flow in the district. See Appendix C for details on estimated usage.

Year	POTW Average Daily Flow <sup>a</sup> (mgd)	POTW Capacity <sup>b</sup> (mgd)	Estimated Usage (mgd)	Coatings Disposal Daily Flow <sup>c</sup> (mgd)	<b>Total Impacts</b> (% Increase to POTW capacity)
2014	1,535.6	2,369.5	3.3 x 10 <sup>-4</sup>	3.3 x 10 <sup>-4</sup>	1.4 x 10 <sup>-5</sup>

Table 2-7 Projected	POTW Impact	from Implemer	ting PAR 1113
	101 w impact	nom implemen	lung I AK 1115

<sup>a</sup> 2012 data of total average daily wastewater flows handled by all POTWs greater than 10 mgd in the district (2012 AQMP, Table 3.5-5).

<sup>b</sup> Based on design daily flows by all POTWs greater than 10 mgd in the district (2012 AQMP). <sup>c</sup> Assumes that one gallon of water will be used to clean-up equipment for every gallon of coating applied. The figures for Coatings Disposal Flow are based on the annual emissions inventory of the affected coating categories in 2014; mad = millions of collons per day.

mgd = millions of gallons per day

The potential increase estimated as a result of implementing PAR 1113 is considered to be well within the projected capacity of POTWs in the district based on historical wastewater data. Hence, wastewater impacts associated with the disposal of water- borne clean-up waste material generated from PAR 1113 affected coating categories are not considered significant. With the increasing trend toward less toxic water-borne coatings, it is likely that there will be less severe impacts to water quality because of improvements in affluent water quality. Therefore, PAR 1113 will not significantly adversely affect water resources, water quality standards, groundwater supplies, existing water supplies or wastewater treatment facilities.

**IX. b) & h)** Historically, potential water demand to reformulate conventional coatings into water based coatings and to clean up water based coatings has not resulted in a significant adverse impact on water demand or depleted groundwater supplies. Using "worst-case" assumptions, increased water demand from implementing PAR 1113 can be calculated for both manufacturer of water-based coatings and water used to clean coating equipment. As shown in Table 2-7, water demand associated with the manufacture and clean-up of water-borne formulations is estimated to be 337 gallons per day (122,897 gallons per year). This increased water demand does not exceed the SCAQMD's significant threshold of 5,000,000 gallons per day and, therefore, is not considered to be a significant water demand impact.

While it is not possible to predict water shortages in the future, existing entitlements and resources in the district provide sufficient water supplies that currently exceed demand. Further, according to the Metropolitan Water District (MWD), the largest supplier of water to California, "Metropolitan has supply capabilities that would be sufficient to meet expected demands from 2015 through 2035 under the single dry-year and multiple dry-year conditions. Metropolitan has comprehensive plans for stages of actions it would undertake to address up to 50 percent reduction

in its water supplies and a catastrophic interruption in water supplies through its Water Surplus and Drought Management and Water Supply Allocation Plans."<sup>4</sup> MWD is expected to continue providing a reliable water supply through developing a portfolio of diversified water sources that includes: cooperative conservation; water recycling; and groundwater storage, recovery, and replenishment programs. Other additional water supplies will be supplied in the future as a result of water transfer from other water agencies, desalination projects and state and federal water initiatives, such as CALFED, California's Colorado River Water Use Plan.

As shown in Table 2-8, it is within the capacity of the local water suppliers to supply the small incremental increase in water demand associated with the implementation of PAR 1113. Sufficient water supplies are available to serve the project from existing entitlements and no new or expanded entitlements are needed to implement the proposed project. Therefore, no significant water demand impacts are expected as the result of implementing PAR 1113.

Table 2-8 Projected Water Demand	from Implementing PAR 1113
5	1 0

Year	Projected Water Supplied, <sup>a</sup> billion gal per year	Projected Water Demand with 20 Percent Reduction, <sup>b</sup> billion gal per year	Projected Coating Sales, <sup>c</sup> million gal per year	Projected Mfgr Water Demand, <sup>d</sup> million gal per year	Projected Cleanup Water Demand <sup>e</sup> , million gal per year	PAR 1113 Total Water Demand, <sup>f</sup> million gal per year	PAR 1113 Total Demand, <sup>f</sup> gal per day	Total Impacts, <sup>g</sup> percent of demand
2014	1,498	1,198	0.1205	0.1205	0.1205	0.2409	660	0.00002

a) Water demand and supply projections obtained from hydrology setting in 2012 AQMP.

b) On November 10, 2009, the state Legislature passed Senate Bill 7 as part of the Seventh Extraordinary Session, referred to as SBX7-7. This new law is the water conservation component to the historic Delta legislative package, and seeks to achieve a 20 percent statewide reduction in urban per capita water use in California by December 31, 2020. The projected water demand from the 2012 AQMP was reduced by 20 percent pursuant to this legislation.

- c) SCAQMD Staff Report for PAR 1113
- d) Assumes that one gallon of water would be used to manufacture one gallon of coating applied. This estimate includes the water used in humidifiers for and for purging lines in colorant systems. This volume also assumes as "worst-case" scenario, that all affected coatings used in the SCAQMD's jurisdiction were manufactured here and does not take into consideration the fact that some affected coatings are already waterborne coatings.
- e) Assumes that one gallon of water would be used to clean-up equipment for every gallon of coating applied. Also assumes as a "worst-case" scenario, that full conversion of affected coating categories to waterborne formulations occurs in 2019.
- f) Total amount of manufactured and clean-up water demand.
- g) The percentage of increase in water demand as a result of the incremental increase due to water clean-up of waterborne coating material.

**IX.** c) & d) The proposed project would not change current architectural coating application or practices. Consequently, no major construction activities will be necessary to comply with PAR 1113, so the proposed project will not require site preparation, so the proposed project is not expected to alter any existing drainage patterns, increase the rate or amount of surface runoff water that would exceed the capacity of existing or planned stormwater drainage systems.

<sup>&</sup>lt;sup>4</sup> From Metropolitan Water District, The Regional Urban Water Management Plan, November 2010.

**IX.** e) Since PAR 1113 does not require construction of new structures, it will not result in placing housing in a 100-year flood hazard areas. Architectural coating contractors are not expected to change their existing coating practices, so any flood hazards would be part of the existing setting or would be present for reasons unrelated to PAR 1113.

**IX. f)** Since PAR 1113 does not require construction of new facilities; thus it will not expose people or structures to a significant risk of loss, injury or death by altering existing flood risks or risks from seiches, tsunami's or mudflow conditions.

**IX.** g) As indicated in the discussion under items IX a) & i), the proposed project is not expected to result in a significant increase in the volume of wastewater generated in the district. Similarly, as discussed under items IX b) & h), the proposed project is not expected to significantly increase demand for water in the district. As a result, it is not anticipated that PAR 1113 would generate additional volumes of wastewater that could exceed the capacity of existing stormwater drainage systems or require the construction of new wastewater or stormwater drainage facilities.

Based on the above considerations, significant adverse impacts to hydrology and water quality are not expected to occur from implementing PAR 1113. Since there are no significant adverse impacts and no mitigation measures are required.

Therefore, based on the above analysis, there would be adequate capacity to serve the proposed project's projected demand addition to the provider's existing commitments.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on hydrology and water quality.

Based upon these considerations, significant adverse hydrology and water quality impacts are not anticipated and, therefore, no further analysis is required or necessary.

# X. LAND USE AND PLANNING.

	Potentially Significant Impact	Less Than Significant With	Less Than Significant Impact	No Impact
Would the project:	-	Mitigation	-	
a) Physically divide an established community?				$\checkmark$
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				

#### **Significance Criteria**

Land use and planning impacts will be considered significant if the project conflicts with the land use and zoning designations established by local jurisdictions.

#### Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**X.** a) Lowering the VOC content limit of certain coatings at affected facilities will not create divisions in any existing communities because there is no anticipated change to current architectural coating practices. Further, the proposed project does not require construction of any features, such as freeways, that would physically divide an established community.

**X. b)** Architectural coating operations would still be expected to comply, and not interfere, with any applicable land use plans, zoning ordinances, habitat conservation or natural community conservation plans. There are no provisions of the proposed project that would directly affect these plans, policies, or regulations. Land use and other planning considerations are determined by local governments and no present or planned land uses in the region or planning requirements will be altered by the proposed project. No new development or alterations to existing land use designations will occur as a result of the implementation of the proposed amendments. It is not anticipated that existing land uses located in the district would require additional land to continue current operations or require rezoning as a result of implementing PAR 1113. Therefore, no significant adverse impacts affecting existing or future land uses are expected.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on land use and planning.

Based on the above consideration, significant adverse impacts to land use and planning are not expected from PAR 1113-and PAR 314. Since there are no significant adverse impacts, no mitigation measures are required.

# XI. MINERAL RESOURCES.

Wo	uld the project:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
a)	Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?				N
b)	Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?				N

#### Significance Criteria

Project-related impacts on mineral resources will be considered significant if any of the following conditions are met:

- The project would result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state.
- The proposed project results in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan.

#### Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**XI.** a) & b) There are no provisions of the proposed amended rule that would directly result in the loss of availability of a known mineral resource, such as aggregate, coal, shale, etc. of value to the region and the residents of the state, or of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan. The proposed project would lower the VOC content of certain coatings which needs no mineral resource to reformulate.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on mineral resources.

Based on the above consideration, significant adverse impacts to mineral resources are not expected from PAR 1113 and PAR 314. Since there are no significant adverse impacts, no mitigation measures are required.

# XII. NOISE.

Would the project result in:

- a) Exposure of persons to or generation of permanent noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?
- b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?
- c) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?
- d) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public use airport or private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

Potentially Significant Impact	Significant With	No Impact
	Mitigation	Ø
		Ø

#### Significance Criteria

Impacts on noise will be considered significant if:

- Construction noise levels exceed the local noise ordinances or, if the noise threshold is currently exceeded, project noise sources increase ambient noise levels by more than three decibels (dBA) at the site boundary. Construction noise levels will be considered significant if they exceed federal Occupational Safety and Health Administration (OSHA) noise standards for workers.
- The proposed project operational noise levels exceed any of the local noise ordinances at the site boundary or, if the noise threshold is currently exceeded, project noise sources increase ambient noise levels by more than three dBA at the site boundary.

#### Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

XII. a), b), c) & d) Excessive generation of noise, excessive groundborne vibration, or substantial increase in ambient noise levels is generally not associated with architectural coating operations. The proposed project is not expected to increase noise levels relative to existing noise levels that

are currently generated from the application and use of architectural coatings. Since architectural coating operations are not noise intensive, it is expected that painting contractors would comply with existing relevant local community noise standards and ordinances. In addition to noise generated by coating contractors operations, noise sources from adjacent sources may include nearby freeways, truck traffic to adjacent businesses, and operational noise from adjacent businesses. In general, the primary noise source at existing facilities that use architectural coatings is generated by vehicular traffic, such as trucks transporting raw materials to the facility, trucks hauling wastes away from the facility, trucks to recycle waste or other materials, and miscellaneous noise such as spray equipment (i.e. compressors, spray nozzles) and heavy equipment use (forklifts, trucks, etc.). Noise is generated during operating hours, which generally range from 6 a.m. to 5 p.m. Monday through Friday. PAR 1113 is not expected to alter noise from existing noise generating sources. It is likely that contractor or affected facilities using architectural coatings are operating in compliance with any local noise regulations that may exist in their respective communities. There will be no adverse noise impacts even if a facility is located near an airport or private airstrip. Additionally, the implementation of PAR 1113 is not expected to result in significant noise impacts in residential areas because changing the VOC content will not affect noise levels from coating applications. As with industrial or commercial areas, it is assumed that these areas are subject to local community noise standards. Contractors or do-it-yourselfers applying compliant PAR 1113 coatings in residential areas are expected to comply with local community noise standards. Thus, the lowering of the VOC content limit requirement of affected coating categories would have no additional noise impacts.

# PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on noise.

Based on the above considerations, significant adverse impacts to noise are not expected from PARs 1113 and 314. Since there are no significant adverse impacts, no mitigation measures are required.

# XIII. POPULATION AND HOUSING.

Would the project:

- a) Induce substantial growth in an area either directly (for example, by proposing new homes and businesses) or indirectly (e.g. through extension of roads or other infrastructure)?
- b) Displace substantial numbers of people or existing housing, necessitating the construction of replacement housing elsewhere?

Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
	Ď		$\checkmark$
_	_	_	_
			$\checkmark$

# Significance Criteria

Impacts of the proposed project on population and housing will be considered significant if the following criteria are exceeded:

- The demand for temporary or permanent housing exceeds the existing supply.
- The proposed project produces additional population, housing or employment inconsistent with adopted plans either in terms of overall amount or location.

# Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**XIII.** a) & b) Human population in the SCAQMD's jurisdiction is anticipated to grow regardless of implementing the proposed project. The proposed amendments will primarily affect the formulation of architectural coatings and are not anticipated to generate any significant effects, either direct or indirect on the district's population as no additional workers are anticipated to be required to comply with the proposed amendments. Further, PAR 1113 is not expected to cause a relocation of population within the SCAQMD. As a result, housing within the SCAQMD is expected to be unaffected by the proposed amendments. The population will not grow directly as a result of the proposed amended rule and the coating activity will not indirectly induce growth in the area of the coating facilities. The construction of single- or multiple-family housing units would not be required as a result of implementing the proposed project. Therefore, existing housing or populations in the district are not anticipated to be displaced necessitating the construction of replacement housing elsewhere.

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PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on population and housing.

Based on the above considerations, significant adverse impacts to population and housing are not expected from PARs 1113 and 314. Since there are no significant adverse impacts, no mitigation measures are required.

# XIV. PUBLIC SERVICES.

Potentially Less Than Less Than **No Impact** Would the proposal result in substantial Significant Significant Significant adverse physical impacts associated Impact With Impact with the provision of new or physically Mitigation altered governmental facilities, need physically for new or altered government facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the following public services: a) Fire protection?  $\mathbf{\Lambda}$ b) Police protection?  $\mathbf{N}$ c) Schools?  $\mathbf{N}$ П П П  $\mathbf{N}$ d) Other public facilities?

#### **Significance Criteria**

Impacts on public services will be considered significant if the project results in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, or the need for new or physically altered government facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response time or other performance objectives.

#### Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**XIV. a) & b)** The proposed amendments will not substantially increase the amount of businesses or equipment in the district. Reformulation of coatings is not expected to require new or additional fire fighting resources or police protection. In fact, PAR 1113 may actually result in fewer impacts to public service agencies because compliant coatings are expected to be formulated with less hazardous materials compared to current coatings. Any increase in accidental releases of compliant coating materials would be expected to result in a concurrent reduction in the number of accidental releases of existing coating materials. As a result, the net number of accidental releases would be expected to remain constant, allowing for population growth in the district. Additionally, future compliant coating materials are not expected to cause significant adverse human health impacts, so accidental release scenarios would be expected to pose a lower risk to the public and responding fire and police departments. The fire hazards were already discussed in Section VIII and the impacts were considered less than significant. Furthermore, if manufacturers continue to use solvents such as texanol, propylene glycol, ethylene glycol, etc., in their compliant water-borne

coatings, fire departments would not be expected to experience adverse impacts because in general these solvents are less flammable solvents and, therefore, create fewer emergency incidents. Demands on public service systems are not expected to increase and impacts to these systems are, therefore, not considered to be significant because any potential increase in the use of flammable substances, such as acetone, are expected to be minor and, as a result, are not expected to be adversely affect performance objectives, service ratios, response times, etc.

**XIV.** c) Because coating operations are not expected to change, contractor operations or affected facilities are not expected to require new employees. As noted in item "XIII. Population and Housing," the proposed project will not increase population growth in the district. Consequently, no new impacts to schools, parks or other recreational facilities are foreseen as a result of implementing the proposed amendments to Rule 1113.

**XIV. d)** The proposal would not result in the need for new or physically altered public facilities in order to maintain acceptable service ratios, response times or other performance objectives.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on public services.

Based on the above considerations, significant adverse impacts to public services are not expected from PARs 1113 and 314. Since there are no significant adverse impacts, no mitigation measures are required.

#### XV. **RECREATION.**

	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
ne use of regional facilities physical y would				
reational uction or lities that				M

- a) Would the project increase the existing neighborhood and parks or other recreational such that substantial deterioration of the facility occur or be accelerated?
- Does the project include recr b) facilities or require the constru expansion of recreational facility might have an adverse physical effect on the environment or recreational services?

#### **Significance Criteria**

Impacts to recreation will be considered significant if:

- The project results in an increased demand for neighborhood or regional parks or other recreational facilities.
- The project adversely affects existing recreational opportunities.

#### Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

XV. a) & b) The proposed amendments will not generate additional demand for, or otherwise affect land used for recreational purposes. The proposed amendments are not expected to have adverse effects on land uses in general. As discussed under "Land Use and Planning" above, there are no provisions in the proposed project that would affect land use plans, policies or ordinances, or regulations. Land use and other planning considerations are determined by local governments; no land use or planning requirements will be altered by the proposal. As already noted in item "XIII, Population and Housing", the proposed project is not expected to increase population growth in the district because no additional employees would be required to apply lower VOC coatings so no additional demand for parks is anticipated. Further, the proposed amendments would not increase the use of existing neighborhood and regional parks or other recreational facilities or include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on recreation.

Based on the above considerations, significant adverse impacts to recreation are not expected from PARs 1113 and 314. Since there are no significant adverse impacts, no mitigation measures are required.

# XVI. SOLID/HAZARDOUS WASTE.

Would the project:		Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
a)	Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?				N
b)	Comply with federal, state, and local statutes and regulations related to solid and hazardous waste?				V

## Significance Criteria

The proposed project impacts on solid/hazardous waste will be considered significant if the following occurs:

- The generation and disposal of hazardous and non-hazardous waste exceeds the capacity of designated landfills.

## Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**XVI.** a) & b) Coating operations are not expected to change as a result of the proposed amendments. Similarly, the volume of coatings and coating wastes is not expected to increase as a result of implementing PAR 1113. Therefore, no new solid or hazardous waste will be generated as a result of lowering the VOC content limit of certain coatings in Rule 1113. Affected facilities would continue to comply with federal, state, and local statutes and regulations related to solid and hazardous waste handling and disposal. Therefore, potential solid waste impacts are considered not significant.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on solid/hazardous waste.

Based on the above consideration, significant adverse impacts to solid/hazardous waste are not expected from PARs 1113 and 314. Since there are no significant adverse impacts, no mitigation measures are required.

# XVII. TRANSPORTATION/TRAFFIC.

Would the project:

- Conflict with an applicable plan, a) establishing ordinance or policy measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?
- b) Conflict with an applicable congestion management program, including but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?
- c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?
- d) Substantially increase hazards due to a design feature (e.g. sharp curves or dangerous intersections) or incompatible uses (e.g. farm equipment)?
- e) Result in inadequate emergency access?
- f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?

Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
			V
			R
			Ŋ

# Significance Criteria

Impacts on transportation/traffic will be considered significant if any of the following criteria apply:

- Peak period levels on major arterials are disrupted to a point where level of service (LOS) is reduced to D, E or F for more than one month.
- An intersection's volume to capacity ratio increase by 0.02 (two percent) or more when the LOS is already D, E or F.
- A major roadway is closed to all through traffic, and no alternate route is available.
- The project conflicts with applicable policies, plans or programs establishing measures of effectiveness, thereby decreasing the performance or safety of any mode of transportation.
- There is an increase in traffic that is substantial in relation to the existing traffic load and capacity of the street system.
- The demand for parking facilities is substantially increased.
- Water borne, rail car or air traffic is substantially altered.
- Traffic hazards to motor vehicles, bicyclists or pedestrians are substantially increased.
- The need for more than 350 employees
- An increase in heavy-duty transport truck traffic to and/or from the facility by more than 350 truck round trips per day
- Increase customer traffic by more than 700 visits per day.

# Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

**XVII. a) & b)** PAR 1113 is not expected to alter affected coating operations so no additional transportation/circulation impacts are expected to occur directly or indirectly as a result of lowering the VOC content limit of certain coatings in Rule 1113. As noted in item XIII, Population and Housing, no new employees are expected to be needed at affected facilities and therefore no new worker trips that could increase traffic or affect in any way the level of service designation for any roadways will result from the proposed amendments. Similarly, additional parking would not be required from implementing PAR 1113. Because affected coating operations are not expected to change, no additional raw materials will be needed and, therefore, no transport trips that could affect the level of service for roadways will be generated from the continued operation of the coating activity.

**XVII. c)** Air traffic patterns are not expected to be directly or indirectly affected by the proposed amended rule because the coating activity will not require any air transportation of any materials. Since PAR 1113 will not require transport of materials by air, no increase in any safety risks are expected.

XVII. d) & e) The proposed amendments to Rule 1113 does not have direct or indirect impact on specific construction design because the proposed project does not require or induce the

construction of roadway design features. PAR 1113 simply lowers the VOC content limit of certain coatings, so it is expected that the architectural coating operation would not change.

**XVII. f)** Affected facilities would still be expected to comply with, and not interfere with adopted policies, plans, or programs supporting alternative transportation. The lowering of the VOC content limit of certain coatings in Rule 1113 will not hinder compliance with any applicable alternative transportation plans or policies.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on transportation/traffic.

Based on the above considerations, significant adverse impacts to transportation/circulation are not expected from PARs 1113 and 314. Since there are no significant adverse impacts, no mitigation measures are required.

# XVIII. MANDATORY FINDINGS OF SIGNIFICANCE.

- a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below selfsustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?
- b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)
- c) Does the project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?

With	Less Than Significant Impact	No Impact
Mitigation		V
п	п	Ø
		V
	Significant With Mitigation	Significant With Impact Mitigation

## Discussion

PAR 1113 would require lowering VOC limits for some categories, changing some coating categories, and restricting the small container exemption for some categories. PAR 314 would include revised definitions, a tiered fee structure, and requirements on acquisitions of architectural coating manufacturers. No major changes to existing architectural operations or stockpiling of additional materials or products outside of existing facilities are expected.

PAR 314 would only affect definitions, fees, and reporting requirements and would not have physical effects on existing affected facilities. Therefore, PAR 314 would have no impact on the environment.

**XVIII. a)** As discussed in items I through XVII above, the proposed amended rules have has no potential to cause significant adverse environmental effects because it would a result in lowering the VOC content limit of certain coatings in PAR 1113and there is no physical effects from PAR 314. Therefore, the proposed project is not expected to degrade the quality of the environment,

substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal. Similarly, PARs 1113 and 314 would not eliminate important examples of the major periods of California history or prehistory or otherwise degrade cultural resources.

**XVIII. b)** Based on the foregoing analyses, since PARs 1113 and 314 will not result in projectspecific significant environmental impacts and indeed will reduce emissions; PARs 1113 and 314 are is not expected to cause cumulative impacts in conjunction with other projects that may occur concurrently with or subsequent to the proposed project. Cumulative air quality impacts from the proposed amendments, previous amendments and all other AQMP control measures considered together are not expected to be significant because implementation of all AQMP control measures is expected to result in net emission reductions and overall air quality improvement. Furthermore, PARs 1113 and 314 impacts will not be "cumulatively considerable" because the incremental impacts are not considerable when viewed in connection with the effects of past, current, or probable future projects.

**XVIII.** c) Based on the foregoing analyses, PARs 1113 and 314 are is not expected to cause significant adverse effects on human beings, either directly, or indirectly.

# APPENDICES

# APPENDIX A

PROPOSED AMENDED RULE 1113

In order to save space and avoid repetition, please refer to the latest version of Proposed Amended Rule 1113 located in the <u>February 5, 2016</u> Governing Board Package. The version of Proposed Amended Rule 1113 that was circulated with the Draft EA released on September 15, 2015 for a 30-day public review and comment period ending October 15, 2015 was "Rule 1113, Draft August 19, 2015".

Original hard copies of the Draft EA, which include the draft version of the proposed rule listed above, can be obtained through the SCAQMD Public Information Center at the Diamond Bar headquarters or by calling (909) 396-2039.

# APPENDIX B

# **ASSUMPTIONS AND CALCULATIONS**

# Table 1 SCE Sales and Emissions

#### SCE Sales

Coating Group	Year	Quarts	Emissions				
RPC	2008	123,411.50	0.58				
RPC	2009	145,367.37	0.68				
RPC	2010	171,675.39	0.79				
RPC	2011	190,585.69	0.87				
RPC	2012	149,381.46	0.70				
RPC	2013	158,026.51	0.74				
RPC	2014	151,236.87	0.71				
emissions at 100 g/L		0.09					
Em reductions RPC	0.63						
	1						

Coating Group	Year	Quarts	Emissions		
IM	2008	11,284.94	0.05		
IM	2009	11,632.35	0.05		
IM	2010	2,330.60	0.01		
IM	2011	3,397.85	0.01		
IM	2012	3,243.87	0.01		
IM	2013	9,611.52	0.01		
IM	2014	2,687.04	0.01		
emissions at 100 g/L		0.002			
Em reductions IM					
Zinc Rich Primer	2008	51.00	0.00		
Zinc Rich Primer	2009	52.75	0.00		
Zinc Rich Primer	2010	111.50	0.00		
Zinc Rich Primer	2011	169.50	0.00		
Zinc Rich Primer	2012	72.00	0.00		
Zinc Rich Primer	2013	179.65	0.00		
Zinc Rich Primer	2014	75.75	0.00		
emissions at 100 g/L		0.000			
Em reductions Zn PSU		0.0003			

#### **Conversions:**

g/L\*volume (gallons)/119.83/2000/365

g/L /119.83 (convert g/L to lbs./gal)

lbs/gal x # of gallons used = lbs

lbs/2,000 (convert lbs to tons)

tons/365 to go from annual to daily

Tuble T Sell Suies and Emissions (Continued)							
Coating Group	Year	Quarts	Emissions				
Flat	2008	47,944.36	0.023				
Flat	2009	7,865.50	0.006				
Flat	2010	8,751.02	0.007				
Flat	2011	11,882.35	0.009				
Flat	2012	14,593.49	0.011				
Flat	2013	18,841.33	0.014				
Flat	2014	5,982.60	0.005				

Table 1 SCE Sales and	l Emissions (	(Continued)	)
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emissions at 100 g/L Em reductions Flat		0.003 0.002	
Non-Flat	2008	171,824.65	0.33
Non-Flat	2009	115,620.35	0.30
Non-Flat	2010	102,501.52	0.27
Non-Flat	2011	74,774.27	0.16
Non-Flat	2012	104,243.47	0.25
Non-Flat	2013	106,476.28	0.25
Non-Flat	2014	83,771.85	0.20
emissions at 100 g/L		0.048	
Em reductions NF		0.15	

					# product	# products		
Volume	SWA	Adjusted	Emissions	#	over 100	over 50	Potential	Projected
(gallons)	VOC	SWA VOC	(tpd)	products	g/L	g/L	Emissions *	Reductions**
20,295	86 g/L	22 g/L	0.012	12	2	3	0.01	0.005

## Table 2 Building Envelopes Coatings Emissions

\* All coatings formulated to 100g/L VOC limit

\*\* All coatings formulated to 50gL

The sales weighted average (SWA) VOC is high because of a high selling non-compliant product, the adjusted SWA VOC is without the non-compliant products included.

### Table 3 Additional Water Usage

Category	Total SCE Sales (2014 gallons)	Rustoleum RPC	Waterborne SCE	Potential increase in waterborne gallons
RPC	151,236.87	69,584.61	39.00	81,613.26
Non-Flat	83,771.85		45,465	38,306.85
IM	2,762.79		107	2,655.79
Flat	5,982.60		5,661	321.60
			Total	122,897.51

## **RESPONSES TO COMMENTS**

One comment letter was received from the American Coatings Association that contained a comment relative to CEQA. The entire comment letter is presented in Appendix C. Comments 15-1 through 15-4 are pertinent to PAR 1113 rule language and the responses to those comments can be found in the Staff Report contained in the February 5, 2016 Governing Board Package. The comment relative to CEQA is labeled 15-5 and the response is included here.



October 9, 2015

Ms. Heather Farr Office of Planning, Rule Development, and Area Sources South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

Ms. Cynthia Carter South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

#### RE: SCAQMD Rule 1113/Rule 314 Amendments; Supplemental ACA Comments and CEQA Comments

Dear Ms. Farr and Ms. Carter:

The American Coatings Association (ACA) would like to supplement the comments that we submitted on September 25, 2015 with regards to eliminating 11 categories from the Small Container Exemption (SCE), especially with regards to Stone Consolidants and Reactive Penetrating Sealers. Also there appears to be several typos in the proposed Rule 1113 Table of Standards. We have also included CEQA comments as well. Finally, we incorporate by reference previously submitted ACA comments on Rule 1113/Rule 314.<sup>1</sup>

As ACA mentioned in our September 25 comments, ACA believes that the District has not provided an adequate justification for eliminating the small container exemption for these additional categories since manufacturers do not utilize the exemption for these categories, and no emission reductions will result from this change. In addition, while the SCE has not been utilized for these categories in the past, manufacturers may look to the small container option to solve a new issue in the field in the future. Further, if for example a company makes a technology breakthrough but the product does not meet the category limit, these technologically superior products could not make it to the marketplace. Therefore we do not support eliminating the SCE for these or any categories.

These comments supplement our September 25, 2015 comments specifically with respect to Stone Consolidants and Reactive Penetrating Sealers and have included supplementary information regarding ongoing modern building preservation research in the District.

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<sup>&</sup>lt;sup>1</sup> ACA's previous comment letters are dated: September 25, 2015; September 10, 2015, July 8, 2015; April 30, 2015; March 10, 2015; January 20, 2015.

ACA Comments on SCAQMD Rule 1113 & Rule 314 Amendments

September 9, 2015

#### Stone Consolidants

We again appreciate the District adding the Stone Consolidants category to Rule 1113 in the 2013 amendments. ACA recommends not eliminating this category from the Small Container Exemption. The category definition as written is extraordinarily narrow with regards to allowable project use. While many registered historic landmarks incorporate natural stone substrates, the technology has been successfully utilized in the repair of otherwise irreparable architectural materials including concrete and adobe.

Stone Consolidants represent a niche subcategory of materials designed to repair historic structures that have been damaged by weathering or other surface decay mechanisms. As building inventory ages, the mix of architectural substrates with identified preservation problems shifts. ACA recommends the small container exemption be maintained.

#### **Table of Standards and Small Container Exemption**

There seems to be several discrepancies between the august 19, 2015 PAR Rule 1113 Table of Standards and the Small Container Exemption (SCE) provision. The Table of Standards includes a check and Footnote 3 designation for Reactive Penetrating Sealers, Wood preservatives (below ground and others) and Recycled Coatings, however these categories are not listed in the Small Container Exemption provision, nor are these categories listed in the Staff report (page 19) or the Staff slide number 35 from the August 26, 2015 meeting. ACA assumes (and supports) that there is a typo in the Table of Standards and that the District is not going to eliminate the SCE for these categories. In addition, the Table of Standards has a Footnote 4 designation indicating that the Color Indicating Safety Paint category is to be eliminated from the SCE on 1/1/2019, however the Staff Report and the August 26, 2015 slide 35 indicate a 1/1/2016 date. ACA does not support eliminating this or any categories from the SCE, however if over our objection the District proceeds forward, the 1/1/2019 date is preferred.

#### **Reactive Penetrating Sealers**

We again appreciate the District adding the Reactive Penetrating Sealer category to Rule 1113 in the 2013 amendments. Just in case the typo mentioned earlier is not a typo, ACA recommends not eliminating the Small Container Exemption for Reactive Penetrating Sealers since these sealers allow a narrow range of high-performance water and chloride ion screening technologies used in commercial, institutional and highway and bridge deck applications. While the Small Container Exemption may not have been used extensively, there could be a need for higher VOC products to solve emerging architectural substrate protection problems in the future.

#### South Coast AQMD Area Modern Building Preservation

Los Angeles and surrounding areas are in the midst of an emerging modern building preservation crisis. Multiple task forces and working groups have been formed under the umbrella of the Los Angeles Conservancy Modern Committee and through The Getty Conservation Institute. A

15-1

15-3

15-2

2

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substantial number of modern structures feature concrete facades and exposed structural elements subject to the same intragranular decay mechanisms as natural stone.

The National Park Service listed ten case study homes in the National Register of Historic Places as part of a pilot project. <u>https://www.laconservancy.org/issues/case-study-houses</u> Many structures of similar age exist outside of this protected status. The Getty's Conserving Modern Architecture Initiative is focused on a number of identified decay and preservation issues. <u>http://www.getty.edu/conservation/our\_projects/field\_projects/cmai/</u>

The Initiative recently convened a meeting of experts to study the conservation of concrete heritage with the modern building preservation problem in mind. http://www.getty.edu/conservation/our\_projects/field\_projects/cmai/cmai\_experts.html

The resulting report pointed to a number of unresolved technology issues yet to be fully researched. Coatings designed to protect substrates without visible changes in appearance will be part of the solution. That may or may not include existing Stone Consolidant and Reactive Penetrating Sealer technologies – either would be outside the scope of current restrictive category definitions. The solution could include new technologies that do not fit the 50 g/L Default limit. Either path points to a need for ongoing regulatory flexibility provided by the Small Container Exemption.

#### **CEQA** Considerations

15-5

. . . .

15-4

cont.

ACA suggests that the California Environmental Quality Act (CEQA) requires that projects potentially affecting historical resources weigh the costs and benefits in the project Environmental Impact Assessment (EIA). ACA believes there is a direct link between the lack of availability of specialty coatings for historical structures (since the District is eliminating the Small Container Exemption Stone Consolidants and Reactive Penetrating Sealers) and potential for permanent and negative impairment of same in the currently proposed SCM revisions. For your convenience, a section from CEQA follows:

#### § 21084.1. Historical resource; substantial adverse change

A project that may cause a substantial adverse change in the significance of an historical resource is a project that may have a significant effect on the environment. For purposes of this section, an historical resource is a resource listed in, or determined to be eligible for listing in, the California Register of Historical Resources. Historical resources included in a local register of historical resources, as defined in subdivision (k) of Section 5020.1, or deemed significant pursuant to criteria set forth in subdivision (g) of Section 5024.1, are presumed to be historically or culturally significant for purposes of this section, unless the preponderance of the evidence demonstrates that the resource is not historically or culturally significant. The fact that a resource is not listed in, or determined to be eligible for listing in, the California Register of Historical Resources, not included in a local register of historical resources, or not deemed significant pursuant to criteria set forth in subdivision (g) of Section 5024.1 shall not

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preclude a lead agency from determining whether the resource may be an historical resource for purposes of this section.

Thank you for your consideration of our comments. Please do not hesitate to contact us if you have any questions.

Sincerely,

/s/

/s/

David Darling, P.E. Senior Director, Environmental Affairs Timothy Serie, Esq. Counsel, Government Affairs

Cc: Philip Fine

\*\*Sent via email\*\*

Comments 15-1 through 15-4 are pertinent to PAR 1113 rule language and those responses are contained in the Staff Report. Please refer to the Staff Report in the February 5, 2016 Governing Board Package.

#### Response to comment 15-5

In the 2011 amendment to Rule 1113, staff received a comment from the State Office of Historic Preservation detailing their concerns with the restrictions placed on stone consolidants and reactive penetrating sealers. At that time, staff worked with the manufacturers and agreed to allow a higher VOC category for materials used to address the needs of historic preservation (including stone consolidants and reactive penetrating sealers).

For stone consolidants, the sales weighted VOC for 2014 is 100 g/L and there has never been a product reported over the 450 g/L VOC limit. Therefore, PAR 1113 will not affect the sale and usage of stone consolidants within SCAQMD's jurisdiction.

For reactive penetrating sealers, the Rule 314 data indicates that there is only one product sold slightly over the 350 g/L VOC limit. The same company also sells several compliant versions of this product, one at a significantly higher sales volume. The sales weighted VOC for reactive penetrating sealers is 329 g/L for 2014 sales. Therefore, SCAQMD staff does not believe that any historical structures or resources will be adversely impacted due to a lack of the availability of specialty coatings from the proposed provisions set forth in PAR 1113.

Back to Agenda

BOARD MEETING DATE: February 5, 2016

AGENDA NO. 31

- PROPOSAL: Affirm Amendment to Regulation XX to Allow Use of Certified Emission Levels for Certain Rule 219 Exempt Equipment and Amend Definition of "Standard Gas Conditions" to Conform to Existing Practice
- SYNOPSIS: SCAQMD staff is proposing the affirmation of the December 4, 2015 adoption of a specific amendment to the Proposed Amended Regulation XX - Regional Clean Air Incentives Market (RECLAIM). Rule 2012 provisions allowing the use of certified emissions values for Rule 219 equipment emission reporting were presented and adopted as part of the December 4, 2015 Board package, even though the staff report had stated in error that this amendment would not be included. Also, Rule 2011 and 2012 protocol provisions clarifying the calculation of missing data consistent with current practice and other minor clarifications were presented and adopted. While this these amendments was were legally adopted, staff believes the public should be given a clear opportunity to comment on this these amendments. Therefore, staff proposes that the Board affirm this these amendments (If not affirmed, the Board may choose to repeal this these amendments). In addition, SCAQMD staff is proposing to amend Rules 2011 and 2012 only to clarify a definition for "Standard Gas Conditions." This amended definition was inadvertently not included in the December 4, 2015 Board package although it was included in the October, 2015 Set Hearing package.

COMMITTEE: Stationary Source, January 22, 2016, Reviewed

## **RECOMMENDED ACTIONS:**

Adopt the attached resolution:

 Affirming amendments to Regulation XX, Rule 2012, to allow use of certified emission levels for certain Rule 219 – exempt equipment, and <u>affirming</u> <u>amendments to Regulation XX, Rules 2011 and 2012, to require the use of substitute</u> <u>data for emissions reporting of Rule 219 – exempt equipment for missing data, and</u> <u>affirming amendments to Regulation XX, Rules 2011 and 2012, for other minor</u> <u>clarifications; and</u>

- 2. Amending Definition of "Standard Gas Conditions" in Rule 2011, Attachment E, and Rule 2012, Attachment F, to conform to existing practice; and
- 3. Determining that the above two proposals are exempt from the California Environmental Quality Act.

Barry R. Wallerstein, D.Env. Executive Officer

PMF:JW:JC:GQ:KO

## Introduction

The SCAQMD Board adopted the Regional Clean Air Incentives Market (RECLAIM) program in October 1993. The purpose of the RECLAIM program is to reduce NOx and SO<sub>x</sub> emissions through a market-based program.

At the December 4, 2015 public hearing, the SCAQMD Board adopted amendments to Regulation XX – RECLAIM to achieve additional NOx reductions. Staff has discovered that although the December 4, 2015 Board package included an amendment allowing use of certified levels of emissions for certain Rule 219 exempt equipment, the Staff Report erroneously stated that this amendment was not being proposed. Therefore, staff proposes that the Board affirm these amendments after the public has an opportunity to comment.

Staff is also proposing amendments of a definition listed in both Rules 2011 and 2012 of "standard conditions" to make it consistent with existing practice. These amendments were inadvertently omitted from the December 4, 2015 Board package although they were included in the October Set Hearing package.

This board letter serves as the Staff Report.

## **Public Process**

These proposals were discussed at the Stationary Source Committee on January 22, 2016.

## Proposal

1. Affirmation of the December 4, 2015 adoption of the Rule 2012 <u>protocol</u> provisions pertaining to Rule 219 equipment emission reportin<u>g and Rule 2011</u> <u>protocol provisions regarding missing data for Rule 219 equipment emission</u> <u>reporting</u>

Amendments to Rules 2011 (Appendix A, Ch. 3) and Rule 2012 (Appendix A, Ch. 4) to allow an alternative method of emissions reporting for certain equipment exempt from permitpermitting under Rule 219 were included in the December 4,

2015 public hearing package for RECLAIM. However, the staff report in response to comments erroneously states that these amendments were not being proposed. Emissions from this equipment are currently estimated using default emission factors. The provisions would allow certain Rule 219 equipment to use certified emissions levels. Additionally, the amendments would also require Facility Permit holders to use substitute data for NOx emissions reporting of Rule 219 equipment when valid fuel consumption data has not been obtained. The *italicized print* on pages 14 through 16 of this Chapter is the previously amended provisions recommended to be affirmed.

Amendments to Rule 2011 (Appendix A, Ch.3) to require Facility Permit holders to use substitute data for SOx emissions reporting of Rule 219 equipment when valid fuel consumption data has not been obtained. The *italicized print* on page 9 of this Chapter is the previously amended provisions recommended to be affirmed.

Amendments to Rule 2011 (Appendix A, Ch.3) and Rule 2012 (Appendix A, Ch. 4) to change the term *estimated* in several places on both chapters to *calculated* or *quantified*, because the term *"estimated"* does not accurately describe the results obtained which are calculated based on set formulas. Rule 2011 (Appendix A, Ch. 3): The *italicized print* on pages 3, 6, and 8 of this Chapter is the previously amended provisions recommended to be affirmed. Rule 2012 (Appendix A, Ch. 4): The *italicized print* on pages 4, 11, 13, and 14 of this Chapter is the previously amended provisions recommended to be affirmed.

# 2. Proposed Amendments to Rules 2011 – Attachment E – Definitions; and 2012 – Attachment F – Definitions

Rules 2011 and 2012 contain requirements for monitoring, recordkeeping, and reporting of emissions of SOx and NOx for RECLAIM sources. The proposed amendment is a clarification of the definition of "Standard Gas Conditions," which was inadvertently omitted from the Board package. Standard Gas Conditions is defined in Rule 2011, Appendix A, Attachment E and Rule 2012, Appendix A, Attachment F as "a temperature of 68 °F and one atmosphere of pressure." Rule 102 – Definition of Terms, on the other hand, defines standard conditions as "a gas temperature of 60 °F and a gas pressure of [one atmosphere]." The proposed amendments would resolve this situation by giving each facility operator the option to either apply the 60 °F standard or the 68 °F standard. <u>for RECLAIM purposes</u>. This proposed rule change would not significantly alter the current practice of applying standard conditions. <u>The underlined print and strikethrough text on page 6 of Rule 2011, Attachment E and page 5 of Rule 2012, Attachment F is the proposed amended provisions</u>.

# **Emission Reductions and Cost Effectiveness**

The proposed changes to Regulation XX – RECLAIM will not affect emissions and will not require the modification or addition of control equipment. Using the alternative certified emissions value for Rule 219 equipment would involve costs, using the alternative method is only an option, not a requirement.

# California Environmental Quality Act (CEQA) Analysis

SCAQMD staff has reviewed the procedures for Rule 219 equipment emission reporting that were included in the December 4, 2015 Board package as well as the currently proposed revisions to the definition of "Standard Gas Conditions." <u>Also, Rule 2011 and 2012 provisions clarifying the calculation of missing data consistent with current practice and other minor clarifications were presented and adopted.</u>

Pursuant to CEQA Guidelines §15002 (k) – General Concepts, and CEQA Guidelines §15061 – Review for Exemption, the SCAQMD staff has determined that it can be seen with certainty that there is no possibility that the proposed project may have any significant effects on the environment, and is therefore exempt pursuant to CEQA Guidelines §15061 - paragraph (b)(3) – "general rule" exemption. This is because allowing the use of certified levels of emissions for reporting on Rule 219 exempt equipment would not change actual emissions, and the clarification of the definition of standard gas conditions and the calculation of missing data represents existing practice. A Notice of Exemption has been prepared and, if the project is approved, will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

# Attachments

- 1. Proposed Amended Rule 2011 Protocol Attachment E
- 2. Proposed Amended Rule 2012 Protocol Attachment F
- 3. Amended Rule 2011, Appendix A, Chapter 3 [Note: The *italicized print* on page 9pages 3, 6, 8, and 9 of this Attachment is the previously amended provisions recommended to be affirmed]
- 4. Amended Rule 2012, Appendix A, Chapter 4 [Note: The *italicized print* on pages 14 to4, 11, and 13 through 16 of this Attachment is the previously amended provisions recommended to be affirmed]
- 5. Notice of Exemption

# **ATTACHMENT 1**

# PROPOSED AMENDED RULE 2011 PROTOCOL-ATTACHMENT E

# DEFINITIONS

See page 6 for underline and strikethrough text.

# DEFINITIONS

- (1) AFTERBURNERS, also called VAPOR INCINERATORS, are air pollution control devices in which combustion converts the combustible materials in gaseous effluents to carbon dioxide and water.
- (2) ALTERNATIVE EMISSION FACTOR is a SOx emission value expressed in units of pounds per million standard cubic feet or pounds per thousand gallons derived using the methodology specified in Appendix A, Protocols for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SOx) Emissions, Chapters 3 and 4.
- (3) ANNUAL PERMIT EMISSIONS PROGRAM (APEP) is the annual facility permit compliance reporting, review, and fee reporting program.
- (4) BOILER is any combustion equipment used to produce steam, including a carbon monoxide boiler. This does not include a process heater that transfers heat from combustion gases to process streams, a waste heat recovery boiler that is used to recover sensible heat from the exhaust of process equipment such as a combustion turbine, or a recovery furnace that is used to recover process chemicals. Boilers used primarily for residential space and/or water heating are not affected by this section.
- (5) BURN means to combust any gaseous fuel, whether for useful heat or by incineration without recovery, except for flaring or emergency vent gases.
- (6) BYPASS OPERATING QUARTER means each calendar quarter that emissions pass through the bypass stack or duct.
- (7) CALCINER is a rotary kiln where calcination reaction is carried out between 1315 <sup>o</sup>C to 1480 <sup>o</sup>C.
- (8) CEMENT KILN is a device for the calcining and clinkering of limestone, clay and other raw materials, and recycle dust in the dry-process manufacture of cement.
- (9) CONTINUOUS EMISSIONS MONITORING SYSTEM (CEMS) is the total equipment required for the determination of concentrations of air contaminants and diluent gases in a source effluent as well as mass emission rate. The system consists of the following three major subsystems:

- (A) SAMPLING INTERFACE is that portion of the monitoring system that performs one or more of the following operations: extraction, physical/chemical separation, transportation, and conditioning of a sample of the source effluent or protection of the analyzer from the hostile aspects of the sample or source environment.
- (B) ANALYZERS
  - (i) AIR CONTAMINANT ANALYZER is that portion of the monitoring system that senses the air contaminant and generates a signal output which is a function of the concentration of that contaminant.
  - (ii) DILUENT ANALYZER is that portion of the monitoring system that senses the concentration of oxygen or carbon dioxide or other diluent gas as applicable, and generates a signal output which is a function of a concentration of that diluent gas.
- (C) DATA RECORDER is that portion of the monitoring system that provides a permanent record of the output signals in terms of concentration units, and includes additional equipment such as a computer required to convert the original recorded value to any value required for reporting.
- (10) CONTINUOUS PROCESS MONITORING SYSTEM is the total equipment required for the measurement and collection of process variables (e.g., fuel usage rate, oxygen content of stack gas, or process weight). Such CPMS data shall be used in conjunction with the appropriate fuel sulfur limit or fuel sulfur content to determine SOx emissions.
- (11) CONTINUOUSLY MEASURE means to measure at least once every 15 minutes except during period of routine maintenance and calibration as specified in 40 CFR Part 60.13(e)(2).
- (12) DAILY means a calendar day starting at 12 midnight and continuing through to the following 12 midnight hour.
- (13) DIRECT MONITORING DEVICE is a device that directly measures the variables specified by the Executive Officer to be necessary to determine mass emissions of a RECLAIM pollutant and which meets all the standards of performance for CEMS set forth in the protocols for NOx and SOx.
- (14) DRYER is equipment that removes substances by heating or other processes.

- (15) ELECTRONICALLY TRANSMITTING means transmitting measured data without human alteration between the point/source of measurement and transmission.
- (16) EMISSION FACTOR is the value specified in Tables 1 (NOx) or 2 (SOx) of Rule 2002-Baselines and Rates of Reduction for NOx and SOx.
- (17) EXISTING EQUIPMENT is any equipment which can emit SOx at a SOx RECLAIM facility, for which on or before (Rule Adoption date) has:
  - (A) A valid permit to construct or permit to operate pursuant to Rule 201 and/or Rule 203 has been issued; or
  - (B) An application for a permit to construct or permit to operate has been deemed complete by the Executive Officer; or
  - (C) An equipment which is exempt from permit per Rule 219 and is operating on or before (Rule Adoption date).
- (18)  $F_d$  FACTOR is the dry F factor for each fuel, the ratio of the dry gas volume of the products of combustion to the heat content of the fuel (dscf/10<sup>6</sup> Btu).
- (19) GAS FLARE is a combustion equipment used to prevent unsafe operating pressures in process units during shut downs and start-ups and to handle miscellaneous hydrocarbon leaks and process upsets.
- (20) FLUID CATALYTIC CRACKING UNIT (FCCU) breaks down heavy petroleum products into lighter products using heat in the presence of finely divided catalyst maintained in a fluidized state by the oil vapors. The fluid catalyst is continuously circulated between the reactor and the regenerator, using air, oil vapor, and steam as the conveying media.
- (21) FURNACE is an enclosure in which energy in a nonthermal form is converted to heat.
- (22) GAS TURBINES are turbines that use gas as the working fluid. It is principally used to propel jet aircraft. Their stationary uses include electric power generation (usually for peak-load demands), end-of-line voltage booster service for long distance transmission lines, and for pumping natural gas through long distance pipelines. Gas turbines are used in combined (cogeneration) and simple-cycle arrangements.

- (23) GASEOUS FUELS include, but are not limited to, any natural, process, synthetic, landfill, sewage digester, or waste gases with a gross heating value of 300 Btu per cubic foot or higher, at standard conditions.
- (24) HEAT VALUE is the heat generated when one lb. of combustible is completely burned.
- (25) HEATER is any combustion equipment fired with liquid and/or gaseous fuel and which transfers heat from combustion gases to water or process streams.
- (26) HIGH HEAT VALUE is determined experimentally by colorimeters in which the products of combustion are cooled to the initial temperature and the heat absorbed by the cooling media is measured.
- (27) HOT STAND BY is the period of operation when the flow or emission concentrations are so low they can not be measured in a representative manner.
- (28) INCINERATOR is equipment that consumes substances by burning.
- (29) INTERNAL COMBUSTION ENGINE is any spark or compression-ignited internal combustion engine, not including engines used for self-propulsion.
- (30) LIQUID FUELS include, but are not limited to, any petroleum distillates or fuels in liquid form derived from fossil materials or agricultural products for the purpose of creating useful heat.
- (31) MASS EMISSION OF SOx in lbs/hr is the measured emission rates of sulfur oxides.
- (32) MAXIMUM RATED CAPACITY means maximum design heat input in Btu per hour at the higher heating value of the fuels.
- (33) MODEM converts digital signals into audio tones to be transmitted over telephone lines and also convert audio tones from the lines to digital signals for machine use.
- (34) MONTHLY FUEL USE REPORTS could be sufficed by the monthly gas bill or the difference between the end and the beginning of the calendar month's fuel meter readings.
- (35) NINETIETH (90th) PERCENTILE means a value that would divide an ordered set of increasing values so that at least 90 percent are less than or equal to the value and at least 10 percent are greater than or equal to the value

- (36) OVEN is a chamber or enclosed compartment equipped to heat objects.
- (37) PEAKING UNIT means a turbine used intermittently to produce energy on a demand basis and does not operate more than 1300 hours per year.
- (38) PORTABLE EQUIPMENT is an equipment which is not attached to a foundation and is not operated at a single facility for more than 90 consecutive days in a year and is not a replacement equipment for a specific application which lasts or is intended to last for more than one year.
- (39) PROCESS HEATER means any combustion equipment fired with liquid and/or gaseous fuel and which transfers heat from combustion gases to process streams.
- (40) PROCESS WEIGHT means the total weight of all materials introduced into any specific process which may discharge contaminants into the atmosphere. Solid fuels charged shall be considered as part of the process weight, but liquid gaseous fuels and air shall not.
- (41) RATED BRAKE HORSEPOWER (bhp) is the maximum rating specified by the manufacturer and listed on the nameplate of that equipment.
- (42) RATED HEAT INPUT CAPACITY is the heat input capacity specified on the nameplate of the combustion unit. If the combustion unit has been altered or modified such that its maximum heat input is different than the heat input capacity specified on the nameplate, the new maximum heat input shall be considered as the rated heat input capacity.
- (43) RECLAIM FACILITY is a facility that has been listed as a participant in the Regional Clean Air Incentives Market (RECLAIM) program.
- (44) REMOTE TERMINAL UNIT (RTU) is a data collection and transmitting device used to transmit data and calculated results to the District Central Station Computer.
- (45) RENTAL EQUIPMENT is equipment which is rented or leased for operation by someone other than the owner of the equipment
- (46) SHUTDOWN is that period of time during which the equipment is allowed to cool from a normal operating temperature range to a cold or ambient temperature.
- (47) SOLID FUELS include, but are not limited to, any solid organic material used as fuel for the purpose of creating useful heat.

- (48) STANDARD GAS CONDITIONS are defined as <u>one atmosphere of pressure and</u> a temperature of 68 °F <u>or 60 °F</u>, provided that one of these temperatures is used <u>throughout the facilityand one atmosphere of pressure</u>.
- (49) START-UP is that period of time during which the equipment is heated to operating temperature from a cold or ambient temperature.
- (50) SULFURIC ACID PRODUCTION UNIT means any facility producing sulfuric acid by the contact process by burning elemental sulfur, alkylation acid, hydrogen sulfide, organic sulfides and mercaptans or acid sludge, but does not include facilities where conversion to sulfuric acid is utilized primarily as a means of preventing emissions to the atmosphere of sulfur dioxide or other sulfur compounds.
- (51) TAIL GAS UNIT is a SOx control equipment associated with refinery sulfur recovery plant.
- (52) TEST CELLS are devices used to test the performance of engines such as internal combustion engine and jet engines.
- (53) TIMESHARING OF MONITOR means the use of a common monitor for several sources of emissions.
- (54) TURBINES are machines that convert energy stored in a fluid into mechanical energy by channeling the fluid through a system of stationary and moving vanes.
- (55) UNIT OPERATING DAY means each calendar day that emissions pass through the stack or duct.
- (56) UNIVERSE OF SOURCES FOR NOx is a list of RECLAIM facilities that emit NOx.
- (57) UNIVERSE OF SOURCES FOR SOx is a list of RECLAIM facilities that emit SOx.
- (58) AP 42 is a publication published by Environmental Protection Agency (EPA) which is a compilation of air pollution emission rates used to determine mass emission.
- (59) ASTM METHOD D1945-81 Method for Analysis of natural gas by gas chromatography.
- (60) ASTM METHOD 2622-82 Test Method for sulfur in petroleum products (Xray Spectrographic method)

- (61) ASTM METHOD 3588-91 method for calculating colorific value and specific gravity (relative density) of gaseous fuels.
- (62) ASTM METHOD 4294-90 test method for sulfur in petroleum products by nondispersive Xray fluorescence spectrometry.
- (63) ASTM METHOD 4891-84 test method for heating value of gases in natural gas range by stoichiometric combustion.
- (64) DISTRICT METHOD 2.1 measures gas flow rate through stacks greater than 12 inch in diameter.
- (65) DISTRICT METHOD 7.1 colorimetric determination of nitrogen oxides except nitrous oxide emissions from stationary sources by using the phenoldisulfonic acid (pds) procedure or ion chromatograph procedures. Its range is 2 to 400 milligrams NOx (as NO<sub>2</sub> per DSCM).
- (66) DISTRICT METHOD 100.1 is an instrumental method for measuring gaseous emissions of nitrogen oxides, sulfur dioxide, carbon monoxide, carbon dioxide, and oxygen.
- (67) DISTRICT METHOD 307-91 laboratory procedure for analyzing total reduced sulfur compounds and SO<sub>2</sub>.
- (68) EPA METHOD 19 is the method of determining sulfur dioxide removal efficiency and particulate, sulfur dioxide and nitrogen oxides emission rates from electric utility steam generators.
- (69) EPA METHOD 450/3-78-117 air pollutant emission rate for Military and Civil Aircraft.

# ATTACHMENT 2

# <u>PROPOSED AMENDED</u> RULE 2012 PROTOCOL-ATTACHMENT F

# DEFINITIONS

See page 5 for underline and strikethrough text.

February 5, 2016

# DEFINITIONS

- (1) AFTERBURNERS, also called VAPOR INCINERATORS, are air pollution control devices in which combustion converts the combustible materials in gaseous effluents to carbon dioxide and water.
- (2) ANNUAL PERMIT EMISSIONS PROGRAM (APEP) is the annual facility permit compliance reporting, review, and fee reporting program.
- (3) BOILER should generally be considered as any combustion equipment used to produce steam, including a carbon monoxide boiler. This would generally not include a process heater that transfers heat from combustion gases to process streams, a waste heat recovery boiler that is used to recover sensible heat from the exhaust of process equipment such as a combustion turbine, or a recovery furnace that is used to recover process chemicals. Boilers used primarily for residential space and/or water heating are not affected by this section.
- (4) BURN means to combust any gaseous fuel, whether for useful heat or by incineration without recovery, except for flaring or emergency vent gases.
- (5) BYPASS OPERATING QUARTER means each calendar quarter that emissions pass through the bypass stack or duct.
- (6) CALCINER is a rotary kiln where calcination reaction is carried out between 1315 °C to 1480 °C.
- (7) CEMENT KILN is a device for the calcining and clinkering of limestone, clay and other raw materials, and recycle dust in the dry-process manufacture of- cement.
- (8) CONTINUOUS EMISSIONS MONITORING SYSTEM (CEMS) is the total equipment required for the determination of concentrations of air contaminants and diluent gases in a source effluent as well as mass emission rate. The system consists of the following three major subsystems:
  - (A) SAMPLING INTERFACE is that portion of the monitoring system that performs one or more of the following operations: extraction, physical/chemical separation, transportation, and conditioning of a sample of the source effluent or protection of the analyzer from the hostile aspects of the sample or source environment.
  - (B) ANALYZERS
    - (i) AIR CONTAMINANT ANALYZER is that portion of the monitoring system that senses the air contaminant and generates a signal output which is a function of the concentration of that contaminant.

- (ii) DILUENT ANALYZER is that portion of the monitoring system that senses the concentration of oxygen or carbon dioxide or other diluent gas as applicable, and generates a signal output which is a function of a concentration of that diluent gas.
- (C) DATA RECORDER is that portion of the monitoring system that provides a permanent record of the output signals in terms of concentration units, and includes additional equipment such as a computer required to convert the original recorded value to any value required for reporting.
- (9) CONTINUOUS PROCESS MONITORING SYSTEM is the total equipment required for the measurement and collection of process variables (e.g., fuel usage rate, oxygen content of stack gas, or process weight). Such CPMS data shall be used in conjunction with the appropriate emission rate to determine NOx emissions.
- (10) CONTINUOUSLY MEASURE means to measure at least once every 15 minutes except during period of routine maintenance and calibration, as specified in 40CFR Part 60.13(e)(2).
- (11) DAILY means a calendar day starting at 12 midnight and continuing through to the following 12 midnight hour.
- (12) DIRECT MONITORING DEVICE is a device that directly measures the variables specified by the Executive Officer to be necessary to determine mass emissions of a RECLAIM pollutant and which meets all the standards of performance for CEMS set forth in the protocols for NOx and SOx.
- (13) DRYER is equipment that removes substances by heating or other processes.
- (14) ELECTRONICALLY TRANSMITTING means transmitting measured data without human alteration between the point/source of measurement and transmission.
- (15) EMISSION FACTOR is the value specified in Tables 1 (NOx) or 2 (SOx) of Rule 2002-Baselines and Rates of Reduction for NOx and SOx.
- (16) EMISSION RATE (ER) is a value expressed in terms of NOx mass emissions per unit of heat input, and derived using the methodology specified in the "Protocol for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions" Chapter.
- (17) EXISTING EQUIPMENT is any equipment which can emit NOx at a NOx RECLAIM facility, for which on or before (Rule Adoption date) has:
  - (A) A valid permit to construct or permit to operate pursuant to Rule 201 and/or Rule 203 has been issued; or

- (B) An application for a permit to construct or permit to operate has been deemed complete by the Executive Officer; or
- (C) An equipment which is exempt from permit per Rule 219 and is operating on or before (Rule Adoption date).
- (18)  $F_d$  FACTOR is the dry F factor for each fuel, the ratio of the dry gas volume of the products of combustion to the heat content of the fuel (dscf/10<sup>6</sup> Btu). F factors are available in 40 CFR Part 60, Appendix A, Method 19.
- (19) FLUID CATALYTIC CRACKING UNIT (FCCU) breaks down heavy petroleum products into lighter products using heat in the presence of finely divided catalyst maintained in a fluidized state by the oil vapors. The fluid catalyst is continuously circulated between the reactor and the regenerator, using air, oil vapor, and steam as the conveying media.
- (20) FURNACE is an enclosure in which energy in a nonthermal form is converted to heat.
- (21) GAS FLARE is a combustion equipment used to prevent unsafe operating pressures in process units during shut downs and start-ups and to handle miscellaneous hydrocarbon leaks and process upsets.
- (22) GAS TURBINES are turbines that use gas as the working fluid. It is principally used to propel jet aircraft. Their stationary uses include electric power generation (usually for peak-load demands), end-of-line voltage booster service for long distance transmission lines, and for pumping natural gas through long distance pipelines. Gas turbines are used in combined (cogeneration) and simple-cycle arrangements.
- (23) GASEOUS FUELS include, but are not limited to, any natural, process, synthetic, landfill, sewage digester, or waste gases with a gross heating value of 300 Btu per cubic foot or higher, at standard conditions.
- (24) HEAT VALUE is the heat generated when one lb. of combustible is completely burned.
- (25) HEATER is any combustion equipment fired with liquid and/or gaseous fuel and which transfers heat from combustion gases to water or process streams.
- (26) HIGH HEAT VALUE is determined experimentally by colorimeters in which the products of combustion are cooled to the initial temperature and the heat absorbed by the cooling media is measured.
- (27) HOT STAND-BY is the period of operation when the flow or emission concentration are so low they can not be measured in a representative manner.

- (28) INCINERATOR is equipment that consumes substances by burning.
- (29) INTERNAL COMBUSTION ENGINE is any spark or compression-ignited internal combustion engine, not including engines used for self-propulsion.
- (30) LIQUID FUELS include, but are not limited to, any petroleum distillates or fuels in liquid form derived from fossil materials or agricultural products for the purpose of creating useful heat.
- (31) MASS EMISSION OF NOx in lbs/hr is the measured emission rates of nitrogen oxides.
- (32) MAXIMUM RATED CAPACITY means maximum design heat input in Btu per hour at the higher heating value of the fuels.
- (33) MODEM converts digital signals into audio tones to be transmitted over telephone lines and also convert audio tones from the lines to digital signals for machine use.
- (34) MONTHLY FUEL USE REPORTS could be sufficed by the monthly gas bill or the difference between the end and the beginning of the calendar month's fuel meter readings.
- (35) NINETIETH (90TH) PERCENTILE means a value that would divide an ordered set of increasing values so that at least 90 percent are less than or equal to the value and at least 10 percent are greater than or equal to the value.
- (36) OVEN is a chamber or enclosed compartment equipped to heat objects.
- (37) PEAKING UNIT means a turbine used intermittently to produce energy on a demand basis and does not operate more than 1300 hours per year.
- (38) PORTABLE EQUIPMENT is an equipment which is not attached to a foundation and is not operated at a single facility for more than 90 days in a year and is not a replacement equipment for a specific application which lasts or is intended to last for more than one year.
- (39) PROCESS HEATER means any combustion equipment fired with liquid and/or gaseous fuel and which transfers heat from combustion gases to process streams.
- (40) PROCESS WEIGHT means the total weight of all materials introduced into any specific process which may discharge contaminants into the atmosphere. Solid fuels charged shall be considered as part of the process weight, but liquid gaseous fuels and air shall not.
- (41) RATED BRAKE HORSEPOWER (bhp) is the maximum rating specified by the manufacturer and listed on the nameplate of that equipment. If not available, then the rated brake horsepower of an internal combustion engine can be calculated by multiplying the maximum fuel usage per unit time, heating value of fuel, equipment

efficiency provided by the manufacturer, and the conversion factor (one brake horsepower = 2,545 Btu).

- (42) RATED HEAT INPUT CAPACITY is the heat input capacity specified on the nameplate of the combustion unit. If the combustion unit has been altered or modified such that its maximum heat input is different than the heat input capacity specified on the nameplate, the new maximum heat input shall be considered as the rated heat input capacity.
- (43) RECLAIM FACILITY is a facility that has been listed as a participant in the Regional Clean Air Incentives Market (RECLAIM) program.
- (44) REMOTE TERMINAL UNIT (RTU) is a data collection and transmitting device used to transmit data and calculated results to the District Central Station Computer.
- (45) RENTAL EQUIPMENT is equipment which is rented or leased for operation by someone other than the owner of the equipment.
- (46) SHUTDOWN is that period of time during which the equipment is allowed to cool from a normal operating temperature range to a cold or ambient temperature.
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- (69) EPA METHOD 450/3-78-117 air pollutant emission rate for Military and Civil Aircraft.

# ATTACHMENT 3

# RULE 2011 PROTOCOL-CHAPTER 3

# PROCESS UNITS - PERIODIC REPORTING AND RULE 219 EQUIPMENT

The *italicized print* on pages 3, 6, 8, and 9 of this Chapter is the previously amended provisions recommended to be affirmed.

February 5, 2016

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	General Requirements Emission Calculations for Reported Data Total Quarterly Emissions Calculation for all SOx Process Units at the Facility Reporting Procedures Fuel Meter Sharing Rule 219 Equipment Substitute Data Procedures

Process units may share fuel meters if each equipment has the same emission factor. This chapter also includes the equations describing the methods used to calculate  $SO_x$  process unit emissions and the reporting procedures. The interim reporting period does not apply to process units since existing fuel metering equipment or timers shall be used starting January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.

# A. GENERAL REQUIREMENTS

- 1. The equipment-specific or category-specific starting emission factor found in Table 2 of Rule 2002 Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx) shall be used for quantifying quarterly mass emissions for a SOx process unit.
- 2. Instead of using the equipment-specific or category-specific starting emission factor found in Table 2 of Rule 2002, the Facility Permit holder of a process unit may apply to the Executive Officer to use a representative emission factor or alternative emission factor for purposes of calculating  $SO_x$  emissions. The alternative emission factor shall be established by the requirements provided in Chapter 6, Subdivision E.
- 3. The Facility Permit holder of a process unit shall use an emission factor or alternative emission factor to calculate the mass emission according to the methodology specified in Chapter 3, Subdivision B, Paragraph 2. (fuel totalizing meters) or Chapter 3, Subdivision B, Paragraph 3, Subparagraph a (timers).
- 4. The Facility Permit holder of each  $SO_x$  process unit shall use a totalizing fuel meter or timer as applicable and specified in the Facility Permit for each affected equipment to measure and report the variables listed in Tables 3-A and 3-B, respectively, for each equipment.
- 5. The Facility Permit holder of each  $SO_x$  process unit shall monitor, report and maintain the following records on a quarterly basis:
  - a. Type and quantity of fuel burned in units of million standard cubic feet per quarter (mmscf per quarter) for gaseous fuels or thousand gallons per quarter (mgal per quarter) for liquid fuels, expressed with three significant figures minimum; or
  - b. Total hours of operation.
- 6. The Facility Permit holder of each  $SO_x$  process unit shall also provide any other data necessary for calculating the emission rates of oxides of sulfur as determined by the Executive Officer.
- 7. Fuel meters and/or timers must be non-resettable and tamper-proof. They shall have seals installed by the meter/timer manufacturer to prove the integrity of the measuring device.

Meters which are unsealed for maintenance or repairs shall be resealed by an authorized manufacturers representative.

# **B.** EMISSION CALCULATIONS FOR REPORTED DATA

r

# 1. Quarterly Mass Emissions for Interim Periods (January 1, 1994 thru December 31, 1994 for Cycle 1 facilities; and July 1, 1994 thru June 30, 1995 for Cycle 2 facilities)

a. Pursuant to Rules 2011(d)(3) and 2011(f)(2), starting January 1, 1994 for Cycle 1 facilities, and starting July 1, 1994 for Cycle 2 facilities, the quarterly emission of each process unit shall be calculated and recorded according to:

$$E_{ip} = \sum_{j=1}^{\sum} d_j \quad x \quad EF_{sj} \quad (Eq.15)$$

where:

- $E_{ip} =$  The quarterly mass emission of sulfur oxides for interim period (lb/quarter).
- $d_j =$ The quarterly fuel usage for each type of fuel recorded as mmscf/quarter or mgal/quarter.
- $EF_{sj} =$  The starting emission factor used to calculate unit emissions in the initial allocation, as specified in Table 2 of Rule 2002 - Allocations for Oxides of Nitrogen (NO<sub>x</sub>) and Oxides of Sulfur (SO<sub>x</sub>) (lb/mmscf or lb/mgal, ).
- r = The number of different types of fuel.

Example calculation: IC engine burning natural gas

Starting Emission factor = 0.60 lb/mmscf Quarterly fuel usage = 2 mmscf/quarter

 $E_{ip} = (0.60) \times (2.0)$ = 1.2 lb/quarter

### 2. Totalizing Fuel Meter Based Calculations

The Facility Permit holder of each equipment in a  $SO_x$  process unit when equipped with a totalizing fuel meter shall use emission factor listed in Table 2 of Rule 2002 or alternative emission factors established according to the methodology provided in Chapter 4 to obtain the quarterly mass emissions according to:

$$E_{EF} = \sum_{k=1}^{n} d_k x EF_k \qquad Eq.15)$$

where:

- $E_{EF}$  = The quarterly emissions of  $SO_x$  obtained using emission factor (lb/quarter.)
- $d_k = The quarterly fuel usage for each type of fuel (mmscf/quarter or mgal/quarter.)$
- $EF_k =$  The emission factor as specified in Table 2 of Rule 2002 -Allocations for Oxides of Nitrogen (NO<sub>x</sub>) and Oxides of Sulfur (SO<sub>x</sub>) (lb/mmscf, lb/mgal or lb/mbbl) or an alternative emission factor proposed by the Facility Permit holder as established from the source test requirement provided in Chapter 4
- k = Each type of gaseous or liquid fuel consumed by each process unit throughout the quarter.
- n = The total number of different types of fuel consumed by each process unit throughout the quarter

#### **3.** Timer-Based Emission Calculations

If the SOx process unit is equipped with a timer, the Facility Permit holder shall *quantify* the quarterly fuel usage for each affected equipment according to Eq. 17 - Eq. 20 and *calculate* the quarterly mass emissions according to Eq. 16 - Eq. 20.

#### a. Quarterly Fuel Usage for Each Affected SO<sub>x</sub> Process Unit

If the  $SO_x$  process unit does not measure fuel usage with a fuel meter, the quarterly fuel usage for each affected equipment in a process unit shall be *quantified* according to:

$$d = d_{pu} x (H/H_{pu})$$
(Eq.17)

Where:

- d = The quarterly fuel usage of an affected  $SO_x$  process unit without a dedicated fuel meter (mmscf/quarter or mgal/quarter).
- $d_{pu}$  = The quarterly fuel usage of all SO<sub>x</sub> process units at the facility (mmscf/quarter or mgal/quarter).

- H = The quarterly heat input of an affected  $SO_x$  process unit without a dedicated fuel meter (mmBtu/quarter).
- $H_{pu} =$  The quarterly heat input of all SO<sub>x</sub> process units at the facility (mmBtu/quarter).

Example Calculation:

1,587 mmscf/quarter d<sub>pu</sub> =Η = 5,400 mmBtu/quarter 27,000 mmBtu/quarter H<sub>pu</sub>  $\equiv$ d =d<sub>pu</sub> x (H/H<sub>pu</sub>) 1,587 mmscf/quarter x (5,400 mmBtu/quarter - 27,000 d =mmBtu/quarter 317.4 mmscf/quarter d =

The quarterly fuel usage for all  $SO_x$  process units at the facility  $(d_{pu})$  shall be calculated according to the following equation:

dpu	=	d <sub>fac</sub> - d <sub>major</sub>	(Eq.18)
where:			

- $d_{fac}$  = The quarterly fuel usage of all major sources and  $SO_x$  process units at the facility (mmscf/quarter or mgal/quarter).
- $d_{major} =$  The quarterly fuel usage of all major SO<sub>x</sub> sources at the facility (mmscf/quarter or mgal/quarter).

Example Calculation:

d <sub>fac</sub>	=	58 mmscf/quarter
d <sub>majo</sub>	r =	42 mmscf/quarter
d <sub>pu</sub>	=	F <sub>fac -</sub> F <sub>major</sub>
d <sub>pu</sub> d <sub>pu</sub>	=	F <sub>fac</sub> - F <sub>major</sub> 58 - 42 16 mmscf/quarter

The quarterly heat input of all  $SO_x$  process units at the facility ( $H_{pu}$ ) shall be calculated according to:

$$H_{pu} = \sum_{i=1}^{n} (R_i \ge T_i)$$
 (Eq.19)

where:

R <sub>i</sub>	=	The maximum rated heat input capacity of a $SO_x$ process unit (mmBtu/hr).
T <sub>i</sub>	=	The quarterly accumulated operation hours for a $SO_x$ process unit (hr/quarter).
i	=	Each process unit
n	=	The total number of $SO_x$ process units at the facility.

Example Calculation:

$\begin{array}{c} R_1 \\ R_2 \\ T_1 \\ T_2 \end{array}$	= = =	3.5 mmBtu/hr 2.7 mmBtu/hr 480 hr/quarter 120 hr/quarter
H <sub>pu</sub>	=	$\sum_{i=1}^{2} (R_i \ge T_i)$
H <sub>pu</sub> H <sub>pu</sub>	=	(3.5 x 480) + (2.7 x 120) 2004 mmBtu/quarter

The maximum rated heat input capacity of all  $SO_x$  process units shall be in units of mmBtu/hr. Since internal combustion engines are usually rated in units of brake horse power, the maximum rated heat input capacity of an engine shall be computed as follows.

$$R = 0.002545 \text{ x bhp / eff}$$
 (Eq.20)

where:

R = The maximum rated heat input capacity eff = The manufacturer's rated efficiency @LHV x (LHV/HHV) = 0.25, if not provided by the operator bhp = The manufacturer's rated shaft output in brake horse power

Example Calculation:	
eff bhp R R R R	0.25 75 bhp 0.002545 x bhp / eff 0.002545 x 75/.25 0.7635 mmBtu/hr

If gas turbines are rated in kilowatts, the rating shall be converted to mmBtu/hr by applying the manufacturer's heat rate (in mmBtu/kw-hr). If the manufacturer's heat rate is not available, a default value of 15,000 Btu/kw-hr shall be used.

#### Example Calculation:

Quarterly fuel usage for an ICE with maximum rated bhp of 90 bhp, 0.25 eff and a boiler rated at 4 mmBtu/hr being served by one fuel totalizer reading 10.5 mmscf. The boiler and ICE burn landfill gas.

I.C.E.= 90 bhpBoiler= 4 mmBtu/hr  $C_g = 80$  ppmv for landfill Fuel meter reading =  $F_{pu} = 10.5 \text{ mmscf}$ gas I.C.E.  $R = 0.002545 \times 90/.25 = 0.916 \text{ mmBtu/hr}$ t = 3 hr/day x 7 days/wk. x 4 wk./mo. x 3 mo/qtr = 252 hr/qtr $H_{ice} = R x t = 0.916 x 252 = 230.8 mmBtu/qtr$ Boiler H<sub>boiler</sub> = 4 mmBtu/hr x 24 hr./day x 7 day/wk. x 4 wk./mo. x 3 mo/qtr  $H_{\text{boiler}} = 8064 \text{ mmBtu/qtr.}$  $H_{\text{pu}} = 230.8 + 8064 = 8294.8 \text{ mmBtu/qtr.}$  $d_{ice} = d_{pu} x (H_{ice}/H_{pu}) = 10.5 \text{ mmscf/qtr. } x (230.8/8294.8)$ = .292 mmscf/qtr. $d_{boiler} = d_{pu} x (H_{boiler}/H_{pu})$ = 10.5 mmscf/qtr. x (8064/8294.8) = 10.2 mmscf/qtr.
$$\begin{split} E_{ice} = & d_{ice} \ x \ C_g \ x \ 0.166 \\ & E_{ice} = .292 \ mmscf/qtr \ x \ 80 \ ppmv \ x \ 0.166 \\ & E_{ice} = 3.88 \ lb/qtr. \end{split}$$
$$\begin{split} E_{boiler} &= d_{boiler} \ge C_g \ge 0.166\\ E_{boiler} &= 10.2 \ mmscf/qtr \ge 80 \ ppmv \ge 0.166\\ E_{boiler} &= 135 \ lb/qtr. \end{split}$$
 $E = E_{ice} + E_{boiler} = 3.88 + 135 = 138.88 \text{ lb/qtr.}$ 

# C. TOTAL QUARTERLY EMISSIONS CALCULATION FOR ALL SO $_{\rm X}$ PROCESS UNITS AT THE FACILITY

Quarterly  $SO_x$  emissions of all  $SO_x$  process units at the facility shall be *quantified* according to:

(Eq.21)

$$E = \sum_{m=1}^{m} E_{EF}$$

where:

- E = The quarterly total emissions of  $SO_x$  for all  $SO_x$  process units (lb/quarter).
- $E_{EF} = The quarterly emissions of SO<sub>X</sub> obtained using emission factor (lb/quarter).$
- i = Each process unit
- m = The number of process units at the facility.

# D. REPORTING PROCEDURES

- 1. The Facility Permit holder of any  $SO_x$  process unit that opts to monitor at the major source monitoring level shall meet the requirements set forth in Chapter 2 "Major Sources Continuous Emission Monitoring System."
- 2. The total recorded quarterly fuel usage data and  $SO_x$  emissions in pounds per quarter for all  $SO_x$  process units in any facility without RTU shall be recorded in a format approved by the Executive Officer and shall be submitted to the District as part of the Quarterly Certification of Emissions required by Rule 2004.
- 3. The Facility Permit holder of each  $SO_x$  process unit shall maintain daily records of hours of operation or quarterly usage for each  $SO_x$  process unit.
- 4. Any changes made in type of fuel used shall be recorded by the Facility Permit holder.

# E. FUEL METER SHARING

- 1. A single totaling fuel meter shall be allowed to measure and record the fuel usage of more than one equipment in a process unit, provided that each piece of equipment elects for the same emission factor or alternative emission factor as specified in the Facility Permit.
- 2. Fuel meter sharing for the interim period shall be for those equipment in a process unit with the same emission factor.

# F. RULE 219 EQUIPMENT

### 1. Emission Determination and Reporting Requirements

a. The Facility Permit holder shall determine the emissions for one or more equipment exempt under Rule 219 and report the emissions on a quarterly

basis as part of the Quarterly Certified Emissions report required by Rule 2004. The Facility Permit holder shall be allowed to use the existing fuel totalizer, the monthly fuel billing statement, or any other equivalent methodology to *quantify* their fuel usage for a quarterly period.

- b. Quarterly reporting period shall start on January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.
- c. The Facility Permit holder of each equipment shall maintain the quarterly fuel usage data for all equipment exempt under Rule 219 for three years. Such data shall be made available to District staff upon request.
- d. The fuel usage for equipment exempt under Rule 219 may be used in conjunction with process units provided that they have the same emission factor.

### 2. Emission Calculations

The Facility Permit holder shall determine  $SO_x$  emissions for equipment exempt under Rule 219 as follows:

$$E_{EF} = \sum_{k=1}^{n} d_k x EF_k$$
(Eq.22)

where:

- $E_{EF} =$  The quarterly emissions of SO<sub>X</sub> obtained using emission factor (lb /quarter).
- $d_k =$  The quarterly fuel usage for each type of fuel (mmscf/quarter or mgal/quarter).
- $EF_k =$  The emission factor as specified in Table 2 of Rule 2002 -Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx) (lb/mmscf, or lb/mgal or lb/mbbl or an alternative emission factor proposed by the Facility Permit holder as established from the source test requirement provided in chapter 4.
- k = Each type of gaseous or liquid fuel consumed by each process unit throughout the quarter.
- n = The total number of different types of fuel consumed by each process unit throughout the quarter.

#### 3. Missing Data Periods

The Facility Permit holder shall determine SOx emissions for equipment exempt under Rule 219 using the substitute data procedures specified in Subdivision G of this Chapter for any quarter for which the Facility Permit holder did not obtain and record valid fuel consumption data as required by Subdivision F Paragraphs 1 and 2 of this Chapter.

#### G. SUBSTITUTE DATA PROCEDURES

- 1. For each process unit or process units using a common fuel meter, elapsed time meter, or equivalent monitoring device, the Facility Permit holder shall provide substitute data as described below whenever a valid quarter of usage data has not been obtained and recorded. Alternative data, based on a back-up fuel meter, elapsed time meter, or equivalent monitoring device, is acceptable for substitution if the Facility Permit holder can demonstrate to the Executive Officer that the alternative system is fully operational during meter down time and within + or 2% accuracy. The substitute data procedures are retroactively applicable from the adoption date of the RECLAIM program.
- 2. Whenever data from the process monitor is not available or not recorded for the affected equipment or when the equipment is not operated within the parameter range specified in the Facility Permit, the Facility Permit holder shall calculate substitute data for each quarter, when valid data has not been obtained, according to the following procedures.
  - a. For a missing data period less than or equal to one quarter, substitute data shall be calculated using the process unit(s) average quarterly fuel usage for the previous four quarters. If four quarters of data are not available, substitute data shall be calculated as if the facility has no records.
  - b. For a missing data period greater than one quarter, substitute data shall be calculated using the process unit(s) highest quarterly fuel usage data for the previous four quarters. If four quarters of data are not available, substitute data shall be calculated as if the facility has no records.
  - c. If the facility has no records, substitute data shall be calculated using 100% uptime during the substitution period and the process unit(s) maximum rated capacity and uncontrolled emission factor for each quarter of missing data.

# TABLE 3-A

# MEASURED VARIABLES FOR ALL SO<sub>x</sub> PROCESS UNITS

EQUIPMENT	MEASURED VARIABLES
Any SO <sub>x</sub> unit that is not	<ol> <li>Fuel usage; or</li></ol>
categorized as a major source	Operating time; <li>Production rate;</li> <li>Fuel sulfur content.</li>

# TABLE 3-B

# REPORTED VARIABLES FOR ALL $\mathrm{SO}_{\mathrm{X}}$ PROCESS UNITS

EQUIPMENT	REPORTED VARIABLES
Any $SO_x$ unit that is not categorized as a major source	Quarterly SO <sub>x</sub> emissions from each unit.

# **ATTACHMENT 4**

# RULE 2012 PROTOCOL CHAPTER 4

# PROCESS UNITS - PERIODIC REPORTING AND RULE 219 EQUIPMENT

The *italicized print* on pages 4, 11, and 13 through 16 of this Chapter is the previously amended provisions recommended to be affirmed

February 5, 2016

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Process units are one or more pieces of equipment which are listed in Table 1-C. The process units emissions are reported quarterly as shown in Table 4-A and based primarily on fuel consumption or operating time in conjunction with an emission factor. The requirements and procedures for an emission factor and election conditions for an alternative emission factor or concentration limit shall apply to process units. For equipment designated as exempt from permit in Rule 219 emissions shall be determined according to the methodology specified in this Chapter 4, subdivision F.

Process units and equipment exempt from permit as designated in Rule 219 may share fuel meters if each equipment has the same emission factor. This chapter also includes the equations describing the methods used to calculate  $NO_X$  process unit emissions and the reporting procedures. The interim reporting period does not apply to process units since existing fuel metering equipment or timers shall be used starting January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.

#### A. MONITORING, REPORTING, AND RECORDKEEPING REQUIREMENTS

- 1. The category-specific starting emission factor found in Table 1 of Rule 2002 - Allocations for Oxides of Nitrogen  $(NO_x)$  and Sulfur  $(SO_x)$  shall be used for quantifying quarterly mass emissions for a NO<sub>x</sub> process unit.
- 2. The Facility Permit holder of a process unit may request a category-specific emission rate that is reliable, accurate, and representative for purposes of calculating  $NO_x$  emissions. The emission rate shall be determined based on the source testing protocol specified in Chapter 5. The Facility Permit holder of a process unit may apply for a concentration limit for purposes of calculating  $NO_x$  emissions.
- 3. The Facility Permit holder of a process unit shall calculate the mass emissions according to the methodology specified in Paragraph 4.B.2. (totalizing fuel meters) or 4.B.3.a. (timers).
- 4. The Facility Permit holder of each  $NO_x$  Process Unit shall use a totalizing fuel meter or timer as applicable, as specified in the Facility Permit for each  $NO_x$  process unit to measure and report the variables listed in Tables 4-A and 4-B, respectively, for each  $NO_x$  process unit.
- 5. Fuel flow measuring devices used for obtaining stack flow in conjunction with F-factors shall be tested, when required, as installed for relative accuracy using reference methods to determine stack flow.
  - a. The relative accuracy of the fuel flow meter must be determined using District reference Methods 1-4 and a three-run relative accuracy audit (RAA) at normal operating load. The accuracy of the fuel flow measuring system must be determined using the following equation:

$$A = (C_m - C_a)/C_a \times 100\%$$
 (Eq. 15a)

where:

A = accuracy of the fuel flow meter (%)

- C<sub>m</sub> = average flow rate response (scfh)
- $C_a$  = average reference method flow rate (scfh)

The value of fuel flow meter accuracy, as defined in Eq. 15a, shall be less than or equal to 15%.

- b. Other acceptable alternatives to the above procedures used to determine the relative accuracy of the facility fuel flow meter or stack flow meter are listed under Chapter 3, Subdivision H.
- 6. Fuel meters and/or timers have to be non-resettable and tamper-proof. They have to have seals installed by the meter/timer manufacturer to prove the integrity of the measuring device.

Meters which are unsealed for maintenance or repairs shall be resealed by an authorized manufacturers representative.

- 7. The Facility Permit holder of each  $NO_x$  process unit shall monitor, report, and maintain the following records on a quarterly basis:
  - a. Type and quantity of fuel burned, in units of millions of standard cubic feet per quarter (mmscf per quarter) for gaseous fuels or thousand gallons per quarter (mgal per quarter) for liquid fuels, expressed to at least three significant figures; or
  - b. Total hours of operation; and
  - c. Production/Processing/Feed rate.
- 8. The Facility Permit holder of each  $NO_x$  process unit shall also provide any other data necessary for calculating the emission rates of nitrogen oxides as determined by the Executive Officer.

### **B.** EMISSION CALCULATION FOR REPORTING DATA

#### 1. Quarterly Mass Emissions for Interim Periods

Pursuant to Rule 2012 (f) (1), between January 1, 1994 and December 31, 1994 for Cycle 1 facilities, and between July 1, 1994 and June 30, 1995 for Cycle 2 facilities, the monthly emission of each process unit shall be calculated and recorded according to:

$$E_{ip} = \sum_{j=1}^{r} d_j \qquad x \qquad EF_{sj}$$
(Eq.22)

where:

 $E_{ip}$  = The quarterly mass emission of nitrogen oxides for interim period (lb/quarter).

	dj	=	The quarterly fuel usage for each type of fuel recorded as mmscf/quarter or mgal/quarter).
	EF <sub>sj</sub>	=	The starting emission factor used to calculate unit emissions in the initial allocation, as specified in Table 1 of Rule 2002 - Allocations for Oxides of Nitrogen (NO <sub>X</sub> ) and Sulfur (SO <sub>X</sub> ) (lb/mmscf, lb/mgal).
	r	=	The number of different types of fuel consumed per quarter.
	j	=	Each type of fuel.0
Example calculation:	compl startin Em	iance w g year 1 ission f	g natural gas, rated 6 mmBtu/hr, in ith Rule 1146 994 actor = 49.18 lb/mmscf uel usage = 1.1 mmscf per quarter
E <sub>ip</sub> = =		.18) x ( 1 lb/qua	
Applicable emission factor is also found in Volume II - Supporting Documentation, Appendix II-F - Methodology for $NO_x$ and $SO_x$ Starting and Ending Allocation Factors,			

Table 2-4 - Startpoint 1994 Émission Factors for Nitrogen Oxides.

### 2. Totalizing Fuel Meter-Based Emission Calculation

The Facility permit holder shall use an emission factor shown in Table 1 of Rule 2002 or in Table 3-D or an approved equipment-specific or category-specific emission rate for each affected  $NO_x$  Process Unit to calculate the quarterly emissions according to:

$$E_k = \sum_{j=1}^{r} d_j \times EF_j$$
 (Eq.23)

or

$$E_k = \sum_{j=1}^{r} d_j \times V_j \times ER_j$$
(Eq.24)

where:

 $E_k$  = The quarterly emissions of nitrogen oxides (lb/quarter).

d<sub>j</sub> = The quarterly fuel usage for each type of fuel recorded by the fuel totalizer (mmscf/quarter or mgal/quarter)

- $EF_j$ = The emission factor specified in Table 1 of Rule 2002 -Allocations for Oxides of Nitrogen (NO<sub>X</sub>) and Sulfur (SO<sub>X</sub>) or specified in Table 3-D (lb/mmscf, lb/mgal). The emission factor found in Table 1 of Rule 2002 may or may not include the appropriate control efficiency.
- $V_j$  = The higher heating value of each type of fuel (mmBtu/mmscf or mmBtu/mgal) determined by the Facility Permit holder or assigned from Table 3-D.
- ER<sub>j</sub> = The equipment-specific or category-specific emission rate; fuel-specific emission rate requested by the Facility Permit holder (lb/mmBtu).
- r = The number of different types of fuel consumed per month.

# 3. Timer-Based Emission Calculations

a. If the  $NO_x$  process unit is equipped with a timer, the quarterly fuel usage shall be *quantified* according to Eq. 25, 26 27, and 28 and the quarterly emissions for each affected  $NO_x$  process unit shall be calculated according to Eq. 23 and 24.

If the  $NO_x$  process unit does not measure fuel with a totalizing fuel meter, the quarterly fuel consumption for each affected equipment shall be *quantified* according to:

$$d = d_{pu} x (H/H_{pu})$$
(Eq.25)

where:

- d = The quarterly fuel consumption of an affected NO<sub>x</sub> process unit without a dedicated fuel meter (mmscf/quarter or mgal/quarter).
- $d_{pu}$  = The quarterly fuel consumption of all NO<sub>x</sub> process units at the facility (mmscf/quarter or mgal/quarter).
- H = The quarterly heat input of an affected equipment without a dedicated fuel meter (mmBtu/quarter).
- $H_{pu} =$  The quarterly heat input of all NO<sub>x</sub> process units at the facility (mmBtu/quarter).

ſ	Example Calculation	1:	
	d <sub>pu</sub>	=	1,587 mmscf/quarter
	H	=	5,400 mmBtu/quarter
	H <sub>pu</sub>	=	27,000 mmBtu/quarter
	d	=	$d_{nu} \times (H/H_{nu})$
	d	=	d <sub>pu</sub> x (H/H <sub>pu</sub> ) 1,587 mmscf/qtr x (5,400 mmBtu/qtr
			$\div 27,000 \text{ mmBtu/gtr})$
	d	=	317.4 mmscf/qtr

The quarterly fuel usage for all the  $NO_x$  process units at the facility  $(d_{pu})$  shall be calculated according to:

$$d_{pu} = d_{fac} - (d_{large} + d_{major})$$
 (Eq.26)

where:

d <sub>fac</sub> =	The quarterly fuel usage of all major and large sources and $NO_x$ process units at the facility (mmscf/quarter or mgal/quarter).
d <sub>major</sub> =	The quarterly fuel usage of all major $NO_x$ sources at the facility (mmscf/quarter or mgal/quarter).
d <sub>large</sub> =	The quarterly fuel usage of all large $NO_x$ sources at the facility (mmscf/quarter or mgal/quarter ).

Example Calculation:		
d <sub>fac</sub>	=	174 mmscf/quarter
d <sub>major</sub>	=	126 mmscf/quarter
dlarge	=	30 mmscf/quarter
d <sub>pu</sub>	=	$d_{fac} - (d_{large} + d_{major})$
d <sub>pu</sub>	=	$d_{fac}$ - ( $d_{large}$ + $d_{major}$ ) 174 - (126 + 30)
d <sub>pu</sub>	=	18 mmscf/quarter

The quarterly heat input of all the  $\mathrm{NO}_x$  process units at the facility  $(\mathrm{H}_{pu})$  shall be calculated according to:

$$H_{pu} = \sum_{i=1}^{n} (R_i \times T_i)$$
 (Eq.27)

where:

- $R_i$  = The maximum rated fuel capacity of a NO<sub>x</sub> process unit (mmBtu/hr).
- $T_i$  = The quarterly accumulated operation hours for a NO<sub>x</sub> process unit (hrs/quarter).

n =

The total number of NO<sub>x</sub> process units at the facility.

Example Calculation:		
R <sub>1</sub>	=	3.5 mmBtu/hr
R <sub>2</sub>	=	2.7 mmBtu/hr
$T_1$	=	480 hr/quarter
$T_2$	=	120 hr/quarter
H <sub>pu</sub>	=	$\sum_{i=1}^{2} (R_i \ge T_i)$
H <sub>pu</sub>	=	(3.5 x 480) + (2.7 x 120)
H <sub>pu</sub>	=	2004 mmBtu/quarter

The maximum rated heat input capacity of all  $NO_x$  process units shall be in units of mmBtu/hr. Since internal combustion engines are usually rated in units of brake horse power, the maximum rated heat input capacity of an engine shall be computed as follows:

$$R = 0.002545 \text{ x bhp / eff}$$
 (Eq.28)

where:

R	=	The maximum rated heat input capacity
eff	=	The manufacturer's rated efficiency @LHV x (LHV/HHV)
	=	0.25, if not provided by the operator
bhp	=	The manufacturer's rated shaft output in brake horse power
•		

Example Calculation:			
	eff bhp R R R	= = = =	0.25 75 bhp 0.002545 x bhp / eff 0.002545 x 75/.25 0.7635 mmBtu/hr

If gas turbines are rated in kilowatts, the rating shall be converted to mmBtu/hr by applying the manufacturer's heat rate (in mmBtu/kw-hr). If the manufacturer's heat rate is not available, a default value of 15,000 Btu/kw-hr shall be used.

Example Calculation:

Quarterly natural gas fuel usage for an ICE with maximum rated bhp of 90 bhp, 0.25 eff and a boiler rated at 4 mmBtu/hr is being served by one fuel meter reading 10.5 mmscf. The compliance emission rate of both ICE and boiler is 0.3 lb/mmBtu.

ICE = 90 bhpBoiler= 4 mmBtu/hr Fuel meter reading =  $d_{pu} = 10.5$  mmscf I.C.E. R = 0.002545 x 90/.25 = 0.916 mmBtu/hrt = 3 hr/day x 7 days/wk. x 4 wk./mo. x 3 mo/qtr = 252 hr/qtr $H_{ice} = R x t = 0.916 x 252 = 230.8 mmBtu/ quarter$ Boiler  $H_{boiler} = 4 \text{ mmBtu/hr x } 24 \text{ hr./day x 7 day/wk. x 4}$ wk./mo. x 3 mo/qtr  $H_{boiler} = 8064 \text{ mmBtu/quarter}$  $H_{pu} = 230.8 + 8064 = 8294.8 \text{ mmBtu/qtr}$  $d_{ice} = d_{pu} x (H_{ice}/H_{pu})$ = 10.5 mmscf/qtr x (230.8/8294.8) = .298 mmscf/qtr $d_{boiler} = d_{pu} x (H_{boiler}/H_{pu})$ = 10.5 mmscf/qtr x (8064/8294.8) = 10.2 mmscf/qtr $E_{ice} = d_{ice} \times V \times ER_{c}$ = 1050 mmBtu/mmscf x 0.30 lb/mmBtu x .298 mmscf/qtr = 93.87 lb/qtr $E_{\text{boiler}} = d_{\text{boiler}} \times V \times ER_{c}$ = 10.2 mmscf/qtr x 1050 mmBtu/mmscf x 0.3 lb/mmBtu = 3213 lb/qtr $E = E_{ice} + E_{boiler} = 93.87 + 3213 \text{ lb/qtr} = 3307 \text{ lb/qtr}$ 

# 4. Concentration Limit based Emissions Calculations

When the Facility Permit holder elects to use the concentration limit, the quarterly mass emission shall be calculated and recorded according to one of the following equations:

a. Use the F-factor approach for oxygen except in cases where enriched oxygen is used, non-fuel sources of carbon dioxide are present (e.g., lime kilns and calciners), or the oxygen content of the stack gas is 19 percent or greater. Process units that are permitted to demonstrate compliance using the procedures in Rule 2012, Appendix A, Chapter 5, Subdivision H shall use the following equation to calculate and record nitrogen oxides mass emission rate even if the oxygen stack gas is 19 percent or greater. The following equation shall be used to calculate and record nitrogen oxides mass emission rate:

$$E_k = PPMV_{o}$$
 [20.9/(20.9 - b)] x 1.195 x 10<sup>-7</sup> x  $\sum_{j=1}^{r}$  ( $F_{di} x d_i x V_i$ )  
(Eq.28a)

where:

E <sub>k</sub>	=	The quarterly mass emission of nitrogen oxides (lb/quarter).
PPMV <sub>02</sub>	=	The RECLAIM concentration limit as listed in the Facility Permit. (ppmv) and based on standardized oxygen concentration in the exhaust stream.
b	=	The standard concentrations of oxygen as listed in the Facility Permit or as found in Table 3-F. (%).
r	=	The number of different types of fuel.
j	=	Each type of fuel.
F <sub>dj</sub>	=	The oxygen-based dry F factor for oxygen for each type of fuel, the ratio of the dry gas volume of the products of combustion to the heat content of the fuel (dscf/mmBtu) specified in 40 CFR Part 60, Appendix A, Method 19.
d <sub>j</sub>	=	The quarterly fuel usage for each type of fuel recorded by the fuel totalizer (mmscf per quarter or mgal per quarter).
Vj	=	The higher heating value of the fuel for each type of fuel found in Table 3-D (mmBtu/mmscf or mmBtu/mgal) or determined by a continuous analyzer.

The product  $(d_j \times V_j)$  shall have units of mmBtu per quarter (mmBtu/quarter).

For non-standard fuels that are not listed in 40 CFR Part 60, Appendix A, Method 19, a constant F-factor and heating value may be used if the Facility Permit holder demonstrates to the Executive Officer that the natural gas, fuel oil, or other fuels have stable F-factors and gross heating values. A stable F-factor or gross heating value is defined as not varying by more than + or -2.5% from the

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proposed constant value. For the fuels listed in 40 CFR 60, Appendix A, Method 19, Table 19-1, the F-factors are assumed to be stable at the value cited in Table 19-1. Any F-factor cited in Regulation XX shall supersede the F-factor in Table 19-1. For fuels not listed in the citations above, but which the Facility Permit holder demonstrates that the source-specific F-factor meets the same stability criteria, periodic reporting of F-factor may be accepted and the adequacy of the frequency of analyses shall be demonstrated by the Facility Permit operator such that the probability that any given analysis will differ from the previous analysis by more than 5% (relative to the previous analysis) or less than 5%. Analysis records shall be maintained, including all charts and laboratory notes.

For non-standard fuels that are not listed in 40 CFR Part 60, Appendix A, Method 19 and do not satisfy the criteria for constant F-factor and heating value, the fuels must be analyzed on a continuous basis using gas chromatographs or other continuous technique that is approved by the Executive Officer. The continuous technique employed shall be capable of providing at a minimum a reading every fifteen-minute period.

b. If the F-factor approach for oxygen cannot be used, use the F-factor approach for carbon dioxide as specified in 40 CFR Part 60, Appendix A, Method 19, except in cases where the carbon dioxide concentration is less than one volume percent dry, non-fuel sources of carbon dioxide are present (e.g., lime kilns and calciners), or non-metered sources of fuel are present (e.g., afterburners). The following equation shall be used to calculate and record nitrogen oxides mass emission rate:

$$E_{k} = PPMV_{CO2} \times (100\%CO_{2}) \times 1.195 \times 10^{-7} \times \sum_{j=1}^{r} (F_{cj} \times d_{j} \times V_{j})$$
(Eq.28b)

Where:

E <sub>k</sub>	=	The quarterly mass emission of nitrogen oxides (lb/quarter).
PPMV <sub>co2</sub>	=	The RECLAIM concentration limit as listed in the Facility Permit (ppmv) and based on standardized carbon dioxide concentration in the exhaust stream.
%CO <sub>2</sub>	=	The standard concentrations of stack gas carbon dioxide as listed in the Facility Permit.
r	=	The number of different types of fuel.
j	=	Each type of fuel.
F <sub>cj</sub>	=	The carbon dioxide-based dry F factor for carbon dioxide for each type of fuel, the ratio of the dry gas volume of the products of combustion to the

di

heat content of the fuel (dscf/mmBtu) specified in 40 CFR Part 60, Appendix A, Method 19.

- = The quarterly fuel usage for each type of fuel recorded by the fuel totalizer (mmscf per quarter or mgal per quarter).
- $V_j$  = The higher heating value of the fuel for each type of fuel found in Table 3-D (mmBtu/mmscf or mmBtu/mgal) or determined by a continuous analyzer.

For non-standard fuels that are not listed in 40 CFR Part 60, Appendix A, Method 19, a constant F-factor and heating value may be used if the Facility Permit holder demonstrates to the Executive Officer that the natural gas, fuel oil, or other fuels have stable Ffactors and gross heating values. A stable F-factor or gross heating value is defined as not varying by more than + or -2.5% from the proposed constant value. For the fuels listed in 40 CFR 60, Appendix A, Method 19, Table 19-1, the F-factors are assumed to be stable at the value cited in Table 19-1. Any F-factor cited in Regulation XX shall supersede the F-factor in Table 19-1. For fuels not listed in the citations above, but which the Facility Permit holder demonstrates that the source-specific F-factor meets the same stability criteria, periodic reporting of F-factor may be accepted and the adequacy of the frequency of analyses shall be demonstrated by the Facility Permit operator such that the probability that any given analysis will differ from the previous analysis by more than 5% (relative to the previous analysis) or less than 5%. Analysis records shall be maintained, including all charts and laboratory notes.

For non-standard fuels that are not listed in 40 CFR Part 60, Appendix A, Method 19 and do not satisfy the criteria for constant F-factor and heating value, the fuels must be analyzed on a continuous basis using gas chromatographs or other continuous technique that is approved by the Executive Officer. The continuous technique employed shall be capable of providing at a minimum a reading every fifteen-minute period.

c. If the F-factor approach for carbon dioxide cannot be used, the nitrogen oxides mass emission rate shall be determined based on actual monthly stack flow rate from a continuous stack flow monitor and concentration limit at stack conditions as listed in the Facility Permit. The mass emission rate shall be determined by the following equation:

$$E_k = PPMV_{ST} \times 1.195 \times 10^{-7} \times \sum_{j=1}^{N} F_j$$
 (Eq. 28c)

where:

 $E_k$  = The quarterly mass emission of nitrogen oxides (lb/quarter).

- $PPMV_{ST}$  = The concentration limit at stack condition as listed in the Facility Permit (ppmv).
- $F_i$  = Total quarterly stack flow rate (scf/quarter) of stack j.
- N = Number of exhaust stacks.

For systems that record hourly exhaust flow rate data, the total quarterly stack flow rate shall be determined by the following equation:

$$F_{j} = \sum_{i=1}^{M} H_{ij}$$
 (Eq. 28d)

- $F_j$  = Total quarterly stack flow rate (scf/quarter) of stack j.
- $H_{ij}$  = Hourly stack flow rate (scf/hour) of stack j.
- M = Total number of hours for the quarter.

Whenever valid stack flow rate data is not obtained for an hour, the Facility Permit holder shall calculate substitute data using the missing data procedures applicable to flow as set forth in Appendix A, Chapter 3, Subdivision K, Paragraph 2.

# C. TOTAL QUARTERLY EMISSIONS CALCULATION FOR ALL $\mathrm{NO}_{\mathbf{X}}$ PROCESS UNITS AT THE FACILITY

The quarterly  $NO_x$  emissions of all  $NO_x$  process units at the facility shall be *quantified* according to:

$$E = \sum_{i=1}^{n} E_i$$
 (Eq.29)

$$E_i = \sum_{j=1}^{m} E_j$$
 (Eq. 30)

where:

- E = The total quarterly emissions for all NO<sub>x</sub> process units
- $E_i$  = The quarterly emission of each NO<sub>X</sub> process unit (lb/quarter)
- $E_j$  = The quarterly emission of each NO<sub>x</sub> process unit per type of fuel (lb/quarter)

- i = Each type of affected  $NO_x$  process unit
- j = Each type of fuel
- m = The total number of fuels consumed for each affected  $NO_x$  process unit per quarter
- n = The total number of  $NO_x$  process units at the facility.

Example Calculation:		
$\begin{bmatrix} E_1 \\ E_2 \\ E_3 \end{bmatrix}$	= = =	163.8 lb/quarter 78 lb/quarter 120 lb/quarter
E	=	$\sum_{i=1}^{n} E_{i} = 163.8 + 78 + 120$
Е	=	361.8 lb/quarter

# **D. REPORTING PROCEDURES**

- 1. The emissions data in any facility with an RTU shall be reported to Central Station Computer at the end of any quarter and the data shall be computed to determine the quarterly total emissions for each source using Equations 22 through 28 as appropriate.
- 2. The total fuel usage data for all  $NO_x$  process units in any facility without an RTU shall be recorded in a format approved by the Executive Officer and submitted to the District as part of the Quarterly Certified Report required by Rule 2004.
- 3. The Facility Permit holder of  $NO_x$  process units shall maintain daily records of operation hours or quarterly usage rate for each  $NO_x$  process unit.
- 4. Any changes made in type of fuel used and rated capacity for each source shall be recorded by the Facility Permit holder.
- The Facility Permit holder of any NO<sub>x</sub> process unit that opts to monitor at the large source monitoring level shall meet the requirements set forth in "Chapter 3 Large Sources - Continuous Process Monitoring System (CPMS)".

# E. FUEL METER SHARING

- 1. A single totalizing fuel meter shall be allowed to measure the cumulative fuel usage for more than one equipment provided that each equipment elects for the same emission rate or emission factor as specified in the Facility Permit and that any equipment in a process unit does not use the annual heat input in order to be categorized from a large source to a process unit.
- 2. One or more equipment in a process  $NO_x$  unit shall be allowed to share the fuel totalizing meter with the equipment in a process  $NO_x$  unit provided that each equipment elects for the same emission rate or emission factor as specified in the Facility Permit.
- 3. Fuel meter sharing for the interim period shall be allowed for those equipment in a process unit with the same emission rate or emission factor.

# F. RULE 219 EQUIPMENT

# 1. Emission Determination And Reporting Requirements

- a. The Facility Permit holder shall determine the emissions for one or more equipment exempt under Rule 219 and report the emissions on a quarterly basis as part of the Quarterly Certified Emissions Report Certification of Emissions required by Rule 2004. The Facility Permit holder shall be allowed to use the existing fuel totalizer, the monthly fuel billing statement, or any other equivalent methodology to *quantify* their fuel usage for a quarterly period.
- b. Quarterly reporting periods shall start on January 1, 1994 for Cycle 1 Facilities and July 1, 1994 for Cycle 2 facilities.
- c. The Facility Permit holder of each equipment shall maintain the quarterly fuel usage data for all equipment exempt under Rule 219 for three years. Such data shall be made available to District staff upon request.
- d. The fuel usage for equipment exempt under Rule 219 may be used in conjunction with fuel usage for process units provided that they have the same emission factor.

# 2. Emission Calculations

The Facility Permit holder shall determine  $NO_x$  emissions for equipment exempt under Rule 219 as follows:

$$E_{219} = \sum_{i=1}^{n} EFR_i \times d_i$$
 (Eq. 31)

where:

- $E_{219}$  = The total emissions for equipment exempt under Rule 219 *quantified* over a quarterly period (lb/quarter).
- EFR<sub>i</sub> = The equipment-specific or category-specific emission factor for each equipment exempt under Rule 219 equipment. The emission factor can be found in Table 3-D (lb/mmscf or lb/mgal). Alternatively, for an equipment certified by US EPA, CARB, or SCAQMD as meeting a certain emission level, an appropriate emission factor equivalent to the certified emission level may be used provided the facility complies with the source test or maintenance requirements specified in paragraph 4.
- d<sub>i</sub> = The equipment-specific or category-specific fuel usage (mmscf/ quarter or mgal/quarter).
- n = The number of equipment exempt under Rule 219.

# 3. Missing Data Periods

The Facility Permit holder shall determine  $NO_x$  emissions for equipment exempt under Rule 219 using the substitute data procedures specified in Subdivision G of this Chapter for any quarter for which the Facility Permit holder did not obtain and record valid fuel consumption data as required by Subdivision F, Paragraphs 1 and 2 of this Chapter.

# 4. Source Testing and Maintenance

Each equipment exempt under Rule 219 with  $NO_x$  emissions determined using an alternative emission factor based on a US EPA, CARB, or SCAQMD certified emission level shall either be periodically source tested pursuant to F.4.a. or maintained pursuant to F.4 b.

- a. Source Testing
  - *i.* Conduct periodic source tests to verify that emissions are less than or equal to the US EPA, CARB, or SCAQMD certified emission level. Each such source test shall comply with the provisions of Chapter 5 D.1. and D.2.
  - *ii.* Each device subject to this source testing requirement shall be tested on the same schedule as specified in Table 5-B for Process Unit with Concentration Limit, except in cases where a facility has multiple devices subject to this source testing requirement, all with the same US EPA, CARB, or SCAQMD certification. In such cases the facility operator may conduct the source testing of at least half of the devices with the same certification each five-year period provided each device is source tested at least once every two successive five-year periods.

- iii. If a source test determines that an equipment exempt under Rule 219 with  $NO_x$  emissions quantification using an emission factor equivalent to the US EPA, CARB, or SCAQMD certified emission level has emissions greater than the emission factor used for emission quantification, emissions from that source and all other sources engaged in meter sharing with that source pursuant to subdivision E of this chapter shall quantify emissions using the appropriate equipment-specific or category-specific emission factor in Table 3-D from the start of the quarter in which the source test was conducted through the end of the quarter in which a subsequent source test demonstrates that the source's emissions are less than or equal to the emission factor.
- b. Maintenance
  - i. Conduct annual maintenance on the equipment to ensure emissions remain at or below the US EPA, CARB, or SCAQMD certified emission level. Promptly after completing such maintenance, verify that the emissions from each device subject to this maintenance requirement remain at or below the US EPA, CARB, or SCAQMD certified emission level with a portable NOx, CO, and oxygen analyzer according to the Combustion Gas Periodic Monitoring Protocol for the Periodic Monitoring of Nitrogen Oxides, Carbon Monoxide, and Oxygen from Combustion Sources Subject to South Coast Air Quality Management District Rules 1110.2, 1146, and 1146.1.
  - ii. If an annual maintenance emission check with a portable analyzer determines that an equipment exempt under Rule 219 with  $NO_x$  emissions quantification using an emission factor equivalent to the US EPA, CARB, or SCAQMD certified emission level has emissions greater than the emission factor used for emission quantification, emissions from that source and all other sources engaged in meter sharing with that source pursuant to subdivision E of this chapter shall quantify emissions using the appropriate equipment-specific or categoryspecific emission factor in Table 3-D from the start of the quarter in which the portable analyzer emission check was conducted through the end of the quarter in which a subsequent portable analyzer emission check demonstrates that the source's emissions are less than or equal to the emission factor.
- c. Recordkeeping

Each facility that elects to comply with subdivision 2 by implementing the procedures specified in paragraph 4.a. or 4.b. shall keep records of all testing, maintenance, and verification

conducted pursuant to those paragraphs for at least three years and make such records available to the Executive Officer upon request.

#### G. SUBSTITUTE DATA PROCEDURES

- 1. For each process unit or process units using a common fuel meter, elapsed time meter, or equivalent monitoring device, the Facility Permit holder shall provide substitute data as described below whenever a valid quarter of usage data has not been obtained and recorded. Alternative data, based on a back-up fuel meter, elapsed time meter, or equivalent monitoring device, is acceptable for substitution if the Facility Permit holder can demonstrate to the Executive Officer that the alternative system is fully operational during meter down time and within + or 2% accuracy. The substitute data procedures are retroactively applicable from the adoption date of the RECLAIM program.
- 2. Whenever data from the process monitor is not available or not recorded for the affected equipment or when the equipment is not operated within the parameter range specified in the Facility Permit, the Facility Permit holder shall calculate substitute data for each quarter, when valid data has not been obtained, according to the following procedures.
  - a. For a missing data period less than or equal to one quarter, substitute data shall be calculated using the process unit(s) average quarterly fuel usage for the previous four quarters. If four quarters of data are not available, substitute data shall be calculated as if the facility has no records.
  - b. For a missing data period greater than one quarter, substitute data shall be calculated using the process unit(s) highest quarterly fuel usage data for the previous four quarters. If four quarters of data are not available, substitute data shall be calculated as if the facility has no records.
  - c. If the facility has no records, substitute data shall be calculated using 100% uptime during the substitution period and the process unit(s) maximum rated capacity and uncontrolled emission factor for each quarter of missing data.
  - d. For a process monitor which uses a gas chromatograph or equivalent continuous method to continuously determine the F-factor and higher heating value of the fuel (Rule 2012, Appendix A, Chapter 4, Subdivision B.4.a.i), the Facility Permit holder shall use the stack gas flow rate missing data substitution procedure for major sources (Rule 2011 or 2012, Appendix A, Chapter 2, Subdivision E.2).

### TABLE 4-A

# MEASURED VARIABLES FOR ALL $\mathrm{NO}_{\mathbf{x}}$ PROCESS UNITS

EQUIPMENT	MEASURED VARIABLES
All NO <sub>x</sub> process units	<ol> <li>Fuel usage or exhaust flow rate (for sources with stack flow monitors) or processing/feed rate or operating time</li> <li>Production rate (for sources permitted with emission rates corresponding to the measured variable);</li> </ol>

### TABLE 4-B

# **REPORTED VARIABLES FOR ALL NO<sub>x</sub> PROCESS UNITS**

EQUIPMENT	REPORTED VARIABLES
All NO <sub>x</sub> process units	1. Quarterly mass emissions

### **ATTACHMENT 5**



South Coast Air Quality Management District 21865 Copley Drive, Diamond Bar, CA 91765-4178 (909) 396-2000 • www.agmd.gov

#### **SUBJECT:**

#### NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

#### PROJECT TITLE: AFFIRM AMENDMENT TO REGULATION XX TO ALLOW USE OF CERTIFIED EMISSION LEVELS FOR CERTAIN RULE 219 EXEMPT EQUIPMENT AND AMEND DEFINITION OF "STANDARD GAS CONDITIONS" TO CONFORM TO EXISTING PRACTICE

Pursuant to the California Environmental Quality Act (CEQA) Guidelines, the South Coast Air Quality Management District (SCAQMD) is the Lead Agency and has prepared a Notice of Exemption for the project identified above.

SCAQMD staff is proposing the affirmation of the December 4, 2015 adoption of a specific amendment to the Proposed Amended Regulation XX - Regional Clean Air Incentives Market (RECLAIM). Rule 2012 provisions allowing the use of certified emissions values for certain Rule 219 exempt equipment were presented and adopted as part of the December 4, 2015 Board package, even though the staff report had stated in error that this amendment would not be included. While this amendment was legally adopted, staff believes the public should be given a clear opportunity to comment on this amendment. Also, Rule 2011 and 2012 provisions clarifying the calculation of missing data consistent with current practice and other minor clarifications were also presented and adopted. Therefore, staff proposes that the Board affirm these amendments. (If not affirmed, the Board may choose to repeal these amendments.) In addition, SCAQMD staff is proposing to amend Rules 2011 and 2012 to clarify a definition for "Standard Gas Conditions." This amended definition was inadvertently not included in the December 4, 2015 Board package although it was included in the October, 2015 Set Hearing package.

As part of the December 4, 2015 Board package, the Governing Board certified the Final Program Environmental Assessment (PEA) prepared pursuant to CEQA which comprehensively analyzed the environmental impacts that were expected to occur as a result of implementing the amendments to Regulation XX. The project description in the Final PEA contained a general summary of each the proposed changes to the rule language, definitions, and associated protocols. However, the general summary in the Final PEA did not specifically identify any proposed changes to the procedures for Rule 219 equipment emission reporting or to the definition of "Standard Gas Conditions." In the Final PEA, SCAQMD staff examined the original project, which comprised of several changes spanning multiple rules and protocols, and determined that the only portion of the changes to the rules and protocols that would be expected to cause environmental effects upon implementation was the requirement to reduce NOx RTC holdings from certain NOx RECLAIM RTC holders, which was expected to result in physical modifications and associated protocols were identified as having any potential environmental impacts.

The main effect of including the amendments pertaining to the use of certified levels of emissions for certain Rule 219 exempt equipment would result in correcting a problem of emissions being reported for certain Rule 219 exempt equipment that are higher than what is actually emitted

instead allowing certified emission levels to be used. Thus, affirming the inclusion of the use of certified levels of emissions for certain Rule 219 exempt equipment would improve emissions data reporting accuracy without affecting how the affected Rule 219 exempt equipment would operate. Thus, no environmental impacts would be expected to occur if these amendments are affirmed. Alternately, should the Board choose to repeal these amendments, then the emission factors in place prior to the December 4, 2015 public hearing would remain in effect for calculating and reporting emissions from the affected Rule 219 exempt equipment without affecting how this equipment would operate. Likewise, no environmental impacts would be expected to occur if these amendments are repealed.

The main effect of proposing to revise the definition of "Standard Gas Conditions" would give each facility operator the option to either apply the 60 °F standard or the 68 °F standard, to align the requirements in Rule 102 with Rule 2011. This proposed rule change would not substantially alter the current practice of applying standard gas conditions and no environmental impacts would be expected to occur if this definition is revised.

Thus, pursuant to CEQA Guidelines \$15002 (k) – General Concepts, and CEQA Guidelines \$15061 – Review for Exemption, the SCAQMD has determined that it can be seen with certainty that there is no possibility that the proposed project may have any significant effects on the environment, and is therefore exempt. A Notice of Exemption has been prepared. If the project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Further, SCAQMD staff has reviewed the proposed project and concluded that in the event that the Governing Board chooses to either affirm or repeal the amendments relative to the use of certified levels of emissions for certain Rule 219 exempt equipment and to modify the definition of "Standard Gas Conditions," none of these actions constitute: 1) significant new information; 2) a substantial increase in the severity of an environmental impact; or, 3) provide new information of substantial importance relative to the analysis in the Final PEA. In addition, the proposed project would not create new, avoidable significant effects.

Any questions regarding this Notice of Exemption should be sent to my attention at the above address. I can also be reached at (909) 396-2716. Mr. Gary Quinn is also available at (909) 396-3121 to answer any questions regarding the proposed amendments.

**Date:** January 28, 2016

Signature:

Sonta Rell.

Barbara Radlein Program Supervisor, CEQA Section Planning, Rule Development, & Area Sources

Reference: California Code of Regulations, Title 14

#### NOTICE OF EXEMPTION

#### To: County Clerks I Counties of Los Angeles, Orange, Riverside and San Bernardino

From: South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

#### **Project Title:**

Affirm Amendment to Regulation XX to Allow Use of Certified Emission Levels for Certain Rule 219 Exempt Equipment and Amend Definition of "Standard Gas Conditions" to Conform to Existing Practice

#### **Project Location:**

South Coast Air Quality Management District (SCAQMD) area of jurisdiction consisting of the four-county South Coast Air Basin (Orange County and the non-desert portions of Los Angeles, Riverside and San Bernardino counties), and the Riverside County portions of the Salton Sea Air Basin and the Mojave Desert Air Basin.

#### **Description of Nature, Purpose, and Beneficiaries of Project:**

SCAQMD staff is proposing the affirmation of the December 4, 2015 adoption of a specific amendment to the Proposed Amended Regulation XX - Regional Clean Air Incentives Market (RECLAIM). Rule 2012 provisions allowing the use of certified emissions values for certain Rule 219 exempt equipment were presented and adopted as part of the December 4, 2015 Board package, even though the staff report had stated in error that this amendment would not be included. While this amendment was legally adopted, staff believes the public should be given a clear opportunity to comment on this amendment. Also, Rule 2011 and 2012 provisions clarifying the calculation of missing data consistent with current practice and other minor clarifications were also presented and adopted. Therefore, staff proposes that the Board affirm these amendments. (If not affirmed, the Board may choose to repeal these amendments.) In addition, SCAQMD staff is proposing to amend Rules 2011 and 2012 to clarify a definition for "Standard Gas Conditions." This amended definition was inadvertently not included in the December 4, 2015 Board package although it was included in the October, 2015 Set Hearing package.

Public Agency Approving Project:	Agency Carrying Out Project:
South Coast Air Quality Management District	South Coast Air Quality Management District

#### **Exempt Status:**

CEQA Guidelines §15002 (k)(1) - General Concepts (Three Step Process)

CEQA Guidelines §15061 - Review for Exemption

#### **Reasons why project is exempt:**

SCAQMD staff has determined that implementation of the proposed project (e.g., affirming the inclusion of use of certified levels of emissions for certain Rule 219 exempt equipment and modifying the definition of "Standard Gas Conditions") would result in administrative, procedural changes that would not be expected to cause any environmental impacts. Should the Board choose to repeal the inclusion of the use of certified levels of emissions for certain Rule 219 exempt equipment, no environmental impacts would be expected to occur. Finally, should the Board choose not to adopt the proposed modifications to the definition of "Standard Gas Conditions," no environmental impacts would be expected. Thus, pursuant to CEQA Guidelines §15002 (k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA and CEQA Guidelines §15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA, the SCAQMD has reviewed the proposed project has determined that it can be seen with certainty that there is no possibility that the proposed project may have any significant effects on the environment, and is therefore, also exempt pursuant to CEQA Guidelines §15061 – "general rule" exemption.

#### **Project Approval Date:**

SCAQMD Governing Board Hearing: February 5, 2016, 9:00 a.m.; SCAQMD Headquarters

<b>CEQA Contact Person:</b> Ms. Barbara Radlein	<b>Phone Number:</b> (909) 396-2716	Fax Number: (909) 396-3324	<b>Email:</b> bradlein@aqmd.gov
<b>Rules Contact Person:</b>	Phone Number:	Fax Number:	Email:
Mr. Gary Quinn	(909) 396-3121	(909) 396-3324	<u>gquinn@aqmd.gov</u>

Date Received for Filing:	Signature:	(Signed Upon Project Approval)
		Barbara Radlein
		Program Supervisor, CEQA Section
		Planning, Rule Development & Area Sources

1 Back to Agenda

BOARD MEETING DATE: February 5, 2016

AGENDA NO. 32

PROPOSAL: Approve Proposed Guidelines for Disbursement and Tracking of Funds Received Pursuant to Rule 1304.1 – Electrical Generating Facility Fee for Use of Offset Exemption

(Per Stationary Source Committee direction to return to its February 19, 2016 meeting, the public hearing on this item will be continued to the March 4, 2016 Board Meeting.)



#### BOARD MEETING DATE: February 5, 2016

AGENDA NO. 33

- PROPOSAL: Approve Amendments to Labor Contracts with Teamsters Local 911 and South Coast Professional Employees Association and Approve Same Amendment for Non-Represented Employees
- SYNOPSIS: SCAQMD management and representatives of Teamsters Local 911 and South Coast Professional Employees Association (SCPEA) representing the Professional employees bargaining unit have reached agreement on changes to their respective MOUs, which contain reopener clauses for health insurance premium increases effective January 1, 2016. Consistent with Board authorization, management has reached tentative agreements with the bargaining units which provide for an additional \$100 per month for each employee, paid directly to the health insurance providers. This action is to present the agreements to the Board for approval. This action is also to approve, for non-represented employees, a \$100 per month increase, consistent with Board authorization, towards health insurance premiums. Sufficient funds are available in the FY 2015-16 Budget.

COMMITTEE: No Committee Review

### **RECOMMENDED ACTIONS:**

- 1. Authorize the Executive Officer to sign the amendments to the 2015-2017 Teamsters MOU, representing the Technical-Enforcement and Office Clerical and Maintenance bargaining units, and the 2015-2017 SCPEA MOU representing the Professional bargaining unit employees. Changes to the 2015-2017 Teamsters MOU are shown in Attachment A, and the changes to the 2015-2017 SCPEA MOU are shown in Attachment B. All other provisions remain unchanged from the respective MOUs.
- 2. Adopt the Resolution in Attachment C, amending SCAQMD's *Administrative Code*, to provide all non-represented employees with a \$100 per month increase towards health insurance premiums, effective for premiums as of January 1, 2016. The revisions to the *Administrative Code* are reflected in Attachments D.

Barry R. Wallerstein, D.Env. Executive Officer

WJ

#### Background

On December 5, 2014, the Board approved a three-year labor contract, through December 31, 2017, with Teamsters Local 911, representing the Technical-Enforcement and Office Clerical and Maintenance bargaining units, and amendments to the Salary Resolution and Administrative Code for non-represented employees. On June 5, 2015, the Board approved a three-year labor contract, through December 31, 2017, with SCPEA representing the Professional bargaining unit employees. Both MOUs contain reopener clauses for management and the bargaining unit representatives to meet-and-confer regarding potential health insurance premium increases effective January 1, 2016 and 2017, respectively. For 2016, the health insurance premiums have increased between 6.5% and 15.0%, with an average increase of 10%.

### Proposal

The proposed amendments to the MOUs for the represented employees provide for a \$100 per month per employee increase in the contribution towards health insurance premium increases, effective January 1, 2016. Management has met and conferred with the representatives for Teamsters Local 911 and SCPEA, have reached tentative agreements on the proposed amendments, consistent with Board authorization, and this action is to present the amendments to the 2015-2017 Teamsters MOU and 2015-2017 SCPEA MOU to the Board for approval. The proposed MOU amendments are shown in Attachment A for the Teamsters, and in Attachment B for SCPEA. All other provisions in the respective MOUs remain the same.

This action is also to approve, for non-represented employees, a \$100 per month increased contribution towards health insurance premiums, consistent with Board authorization. Attachment D reflects the amendment to the *Administrative Code*.

In addition, staff will further confer with the bargaining units regarding future health insurance cost containment strategies and plan design options, including selection of health insurance carriers, wellness program incentives, deductibles, co-pays, etc.

### **Resource Impacts**

The cost for the \$100 per month increased contribution towards health insurance premiums for all employees is approximately \$414,324 for the last six months of Fiscal Year 2015-16. Sufficient funds are available in the FY 2015-16 Budget for this cost increase. Future costs associated with this item will be requested in future fiscal years' budgets.

#### Attachments

Attachment A – Teamsters MOU Amendments Attachment B – SCPEA MOU Amendments Attachment C – Resolution Attachment D – Administrative Code Amendments

### ATTACHMENT A

### SOUTH COAST AIR QUALITY

### MANAGEMENT DISTRICT

#### **MEMORANDUM**

#### OF

#### UNDERSTANDING

#### **TECHNICAL & ENFORCEMENT**

#### AND

# **OFFICE CLERICAL & MAINTENANCE**

#### UNITS

January 1, 2015 – December 31, 2017

ARTICLE 17

<u>GROUP INSURANCE</u> (Health, Dental, Life and Vision Insurance <u>Section 3</u>. \* \* \* \* \* \* \* \* \*

For premiums effective January 1, 2016, SCAQMD shall pay on behalf of each T&E and OCM bargaining unit member an additional amount of \$100.00 per month (for a total of \$340.00 per month) paid directly to the health insurance providers resulting in a reduction of premiums paid by employees.

### ATTACHMENT B

### SOUTH COAST AIR QUALITY

## MANAGEMENT DISTRICT

**MEMORANDUM** 

OF

UNDERSTANDING

### **PROFESSIONAL UNIT**

January 1, 2015 – December 31, 2017

### ARTICLE 17

<u>GROUP INSURANCE</u> (Health, Dental, Life and Vision Insurance Section 2. \* \* \* \* \* \* \* \*

For premiums effective January 1, 2106, SCAQMD shall pay on behalf of each SCPEA employee an additional amount of \$100.00 per month (for a total of \$340.00) paid directly to the health insurance providers resulting in a reduction of premiums paid by employees.

### ATTACHMENT C

### **RESOLUTION NO. 16-**

A Resolution of the South Coast Air Quality Management District Governing Board to amend SCAQMD's *Administrative Code*, to approve, for management, confidential, attorney classes, and Designated Deputies, an additional increase of \$100.00 per month per employee for the contribution towards health insurance premiums effective January 1, 2016.

**WHEREAS**, the Governing Board of the South Coast Air Quality Management District exercises its duty to review and determine appropriate wages, hours, and other terms and conditions of employment provided to its employees.

**THEREFORE, BE IT RESOLVED** that the Board of the South Coast Air Quality Management District, in a regular session assembled on February 5, 2016, in Diamond Bar, California, does hereby amend SCAQMD's *Administrative Code* to approve, for management, confidential, attorney classes, and Designated Deputies, an additional increase of \$100.00 per month per employee for the contribution towards health insurance premiums effective January 1, 2016.

AYES:

NOES:

ABSTAIN:

ABSENT:

Date

Clerk of the Board

# ATTACHMENT D

# SOUTH COAST AIR QUALITY

# MANAGEMENT DISTRICT

**ADMINISTRATIVE CODE** 

Revised December February 5, 20146

#### Section 115.3 - Insurance Contribution Amount

Effective September 1, 2010, the maximum health insurance contribution amount for management and confidential employees is \$2,060.84. SCAQMD shall also pay to the health insurance providers, on behalf of each management and confidential employee, an amount equal to the monthly premium increases for the health plan(s) selected by each employee, such that there is no change to the premium amount paid by the employee from the rates in effect prior to September 1, 2011, but not for premium increases effective January 1, 2013. Effective January 1, 2014, SCAQMD shall pay an additional amount of \$100.00 per month directly to the health insurance providers on behalf of each management and confidential employee for these health insurance premium increases. For premiums effective January 1, 2016, SCAQMD shall pay an additional contribution of \$100.00 per month directly to the health insurance providers on behalf of each management and confidential employee for health insurance premium increases. These payments to the health insurance company do not increase the existing health benefit cap of \$2,060.84.