South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 · www.aqmd.gov

A G E N D A

SCAQMD SPECIAL MEETING IN RIVERSIDE

MEETING, OCTOBER 7, 2016

A meeting of the South Coast Air Quality Management District Board will be held at 9:00 a.m., in the Grand Parisian Ballroom at The Mission Inn Hotel and Spa, 3649 Mission Inn Avenue, Riverside 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 Procedures

- 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, any item may be considered in any order.
- 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.

CALL TO ORDER

- Pledge of Allegiance
- Opening Comments: William A. Burke, Ed.D., Chair
  Other Board Members
  Wayne Nastri, Acting Executive Officer
- Presentation of Retirement Award to Saundra McDaniel **Burke**

Staff/Phone (909) 396-

CONSENT CALENDAR (Items 1 through 23)

Note: Consent Calendar items held for discussion will be moved to Item No. 24

1. Approve Minutes of September 2, 2016 Board Meeting **McDaniel/2500**

2. Set Public Hearing November 4, 2016 to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations **Nastri/3131**

   Amend Rule 1325 – Federal PM2.5 New Source Review Program and Amend Rule 1302 - Definitions **Nakamura/3105**

   Amendments to Rule 1325 are proposed to establish appropriate major stationary source thresholds for direct PM2.5 and PM2.5 precursors, including VOC and ammonia, in order to align with the recent reclassification of the South Coast Basin from a “moderate” PM2.5 nonattainment area to a “serious” nonattainment area and with U.S. EPA’s Fine Particulate Matter National Ambient Air Quality Standards implementation rule. Amendments to Rule 1302 are proposed to modify major source SOx threshold definitions and an editorial revision to improve rule clarity and consistency. The proposed amendments are intended to facilitate SIP approval of the regulations. (Reviewed: Stationary Source Committee, September 16, 2016)

Budget/Fiscal Impact

3. Recognize Revenue, Transfer Funds, and Execute Contract to Develop and Demonstrate Fuel Cell Heavy-Duty Truck **Miyasato/3249**

On December 5, 2014, the Board recognized revenue from the DOE for the Zero Emission Cargo Transport project to develop and demonstrate zero emission drayage trucks. International Rectifier, one of the technology providers, has decided not to continue with the project, and staff and DOE have invited Hydrogenics USA Inc. to join the project and develop a fuel cell range-extended drayage truck. These actions are to recognize revenue from the Ports' Technology Advancement Program (TAP) up to $283,495, transfer $283,495 as a temporary loan from the Clean Fuels Fund to the Advanced Technology Goods Movement Fund, and execute a contract with Hydrogenics USA Inc. to develop a fuel cell range-extended drayage truck in an amount not to exceed $1,109,279, comprising the $283,495 from the Ports' TAP and $825,784 from DOE funds previously awarded to International Rectifier. (Reviewed: Technology Committee, September 16, 2016; Recommended for Approval)

4. Transfer and Appropriate Funds, Amend Contract to Enhance Website Application Process for Enhanced Fleet Modernization Program, and Reimburse Administrative Costs **Miyasato/3249**

Last month, the Board approved continuation of the AB 118 Enhanced Fleet Modernization Program (EFMP) and EFMP Plus-Up for FY 2016-17. Staff proposes to streamline its implementation through an enhanced website application process, which will allow applicants to track their application status. Funds need to be transferred to the General Fund for this effort and to cover other administrative and outreach efforts associated with EFMP implementation. Thus, these actions are to: 1) transfer and appropriate $175,000 from the HEROS II Special Revenue Fund (56) into Information Management's FY 2016-17 Budget; 2) amend a contract with Varsun eTechnologies to develop an in-house web-based application process for the EFMP in an amount not to exceed $150,000 and provide EFMP website maintenance for $25,000; 3) reimburse the General Fund up to $10,000 from the HEROS II Special Revenue Fund (56) for administrative costs to operate a communications/call-in center; and 4) transfer and appropriate $70,000 from the HEROS II Special Revenue Fund (56) to Science & Technology Advancement's FY 2016-17 or FY 2017-18 Budget for EFMP marketing and outreach efforts.(Reviewed: Technology Committee, September 16, 2016; Recommended for Approval)

5. Recognize Funds and Amend Contract for Development, Integration and Demonstration of Ultra-Low Emission Natural Gas Engine for On-Road Heavy-Duty Vehicles **Miyasato/3249**

On November 6, 2015, the Board awarded a contract to Cummins Westport Inc. (CWI) to cofund the development of an 11.9-liter heavy-duty natural gas engine that is 90% cleaner than the current on-road heavy-duty NOx exhaust emissions standard. This award included $1 million in cost-share funding from the CEC, excluding funding CEC had intended to award directly to CWI. Subsequently, CEC has indicated they will award all project cost-share as pass-through funding to SCAQMD for a total of $2,000,000. These actions are to recognize funds up to an additional $1,000,000 into the Clean Fuels Fund (31) and amend the contract with CWI to increase the contract by an additional $1,000,000 from the Clean Fuels Fund (31). (Reviewed: Technology Committee, September 16, 2016; Recommended for Approval)

6. Recognize Revenue and Appropriate Funds to Engage, Educate, and Empower California Communities on Use and Applications of "Low-Cost" Air Monitoring Sensors **Miyasato/3249**

The U.S. EPA awarded SCAQMD a nationwide competitive Science to Achieve Results (STAR) research grant to engage, educate and empower California communities on the use and application of "low-cost" air monitoring sensors. SCAQMD staff will work with Sonoma Technology, Inc., researchers at UCLA and other air pollution control districts to develop and implement methodologies and resources for accomplishing the specific objectives of this project. This action is to recognize up to $749,820 in revenue into the General Fund and appropriate up to $670,500 in Science & Technology Advancement's FY 2016-17, FY 2017-18 and FY 2018-19 Budgets to support this work. (Reviewed: Technology Committee, September 16, 2016; Recommended for Approval)

7. Adopt Resolution Recognizing Funds and Accepting Terms and Conditions for FY 2015-16 Carl Moyer State Reserve Fund Award, and Execute Contracts for FY 2015-16 "Year 18" Carl Moyer Program and SOON Provision **Minassian/2641**

As agreed in a May 1, 2013 MOU between CAPCOA and CARB, the SCAQMD is to implement the FY 2015-16 Carl Moyer Multidistrict Program. This action is to adopt a resolution recognizing $3 million in revenue from CARB's Carl Moyer State Reserve Fund with its terms and conditions for FY 2015-16. On June 1, 2016, the Program Announcements issued for the "Year 18" Carl Moyer Program and SOON Provision closed. These actions are to execute contracts for the "Year 18" Carl Moyer Program and SOON Provision in an amount not to exceed $31,985,690, comprised of $25,302,812 from the SB 1107 Fund (32), $2,812,500 from the SB 1107 Multidistrict Fund (32), $3,326,453 from the AB 923 Fund (80), and $543,925 in accrued interest from the Carl Moyer Program Fund (32). Finally, these actions are to execute contracts from a backup project list as turnback funds become available and to transfer all unallocated AB 923 funds from the Carl Moyer Fund (32) to the Carl Moyer Program AB 923 Special Revenue Fund (80). (Reviewed: Technology Committee, September 16, 2016; Recommended for Approval)

8. Recognize Funds and Amend Award for Locomotive Replacement Project **Minassian/2641**

In June 2016, U.S. EPA notified SCAQMD that an award had been approved under the FY 2015-16 Diesel Emissions Reduction Act (DERA) to replace an older diesel locomotive with a new Tier 4 diesel locomotive. On July 8, 2016, the Board awarded a contract to Metropolitan Stevedore Company under the Proposition 1B–Goods Movement Program for the diesel locomotive replacement project. Subsequently, CARB approved additional funds under the Proposition 1B–Goods Movement Program for the replacement project. This action is to recognize up to $523,809 from U.S. EPA DERA into the Advanced Technology, Outreach and Education Fund (17). These actions are to also amend the award to Metropolitan Stevedore Company to increase project funding in an amount not to exceed $608,400, comprising $500,000 from the U.S. EPA DERA funds and $108,400 from Proposition 1B-Goods Movement Program Fund (81), and to reimburse the General Fund for administrative costs up to $23,809 necessary to implement the DERA grant. (Reviewed: Technology Committee, September 16, 2016; Recommended for Approval)

9. Execute Sole Source Contract for Maintenance and Service Agreement for SCAQMD Headquarters' Energy Management System **O'Kelly/2828**

SCAQMD currently contracts with Siemens Building Technologies, Inc. to maintain SCAQMD headquarters' energy management system, consisting of software and hardware to operate the building's heating, ventilation and air conditioning. This action is to enter into a new agreement for these services, to continue through June 30, 2019. Funding has been included in the FY 2016-17 Budget and will be requested in successive fiscal years. (Reviewed: Administrative Committee, September 9, 2016; Recommended for Approval)

10. Execute Contract for Biennial Audit of Motor Vehicle Registration Revenues for FYs 2013-14 and 2014-15 **O'Kelly/2828**

Health and Safety Code Section 44244.1 requires any agency receiving fee revenues pursuant to Section 44243 or 44244 to be subject to an audit of each program or project funded at least once every two years. On June 3, 2016, the Board approved the release of an RFP to select an auditor to perform the biennial audit for FYs 2013-14 and 2014-15. The panel that evaluated the proposals was comprised of representatives from the Local Governments, MSRC, and SCAQMD. This action is to award a contract to the firm of Simpson & Simpson, Certified Public Accountants. Local governments, the MSRC and SCAQMD will pay the cost of their own audits in the amounts of $93,790, $7,000 and $4,560 respectively. (Reviewed: Administrative Committee, September 9, 2016; Recommended for Approval)

11. Amend Lease Agreement with City of Diamond Bar for Use of SCAQMD Facility **O'Kelly/2828**

On January 1, 2012, SCAQMD executed a facility lease agreement with the City of Diamond Bar to conduct city council meetings and other special meetings at its headquarters facility in Diamond Bar. The agreement will expire on December 31, 2016. This action is to amend the existing lease with the City of Diamond Bar for a 10-year term at an annual lease payment of $27,153.84 plus, increases of 2-1/2% per year beginning with the second year of this amendment. (Reviewed: Administrative Committee, September 9, 2016; Recommended for Approval)

12. Execute Lease and Maintenance Agreement for Printing Equipment and Copiers **O'Kelly/2828**

On June 3, 2016, the Board approved the release of an RFP to solicit lease proposals to replace the Print Shop's black and white printer equipment, the color production printer and walk-up floor copiers. This action is to execute a five-year lease and maintenance agreement with SoCal Office Technologies, a Xerox subsidiary, for a total amount not to exceed $632,455. Funding has been included in the FY 2016-17 Budget and will be requested in successive fiscal years. (Reviewed: Administrative Committee, September 9, 2016; Recommended for Approval)

13. Status of Rule 1118 Mitigation Funds **Wiese/3460**

Staff will provide information to the Board on the status and potential uses of Rule 1118 mitigation funds, and receive direction from the Board on how to proceed. (Reviewed: Administrative Committee, September 9, 2016; Recommended for Approval)

14. Appropriate Funds and Authorize Amending/Initiating Contracts with Outside Counsel and Specialized Legal Counsel and Services **Wiese/3460**

Legal is currently being assisted in environmental lawsuits by outside law firms and in other matters requiring specialized legal counsel and services, including ongoing litigation. This action is to appropriate $100,000 from the Designation for Litigation and Enforcement and $400,000 from Undesignated Fund Balance to Legal's FY 2016-17 Budget and amend or initiate contracts to expend these funds with prequalified counsel approved by the Board as well as specialized legal counsel and services. (Reviewed: Administrative Committee, September 9, 2016; Recommended for Approval)

15. Approve Amendments to Labor Contracts with Teamsters Local 911 and SCPEA, and to Administrative Code Provisions for Non-Represented Employees, Relating to Health Insurance Premiums **O'Kelly/2828**

SCAQMD management and Teamsters Local 911 and SCPEA, representing the employee bargaining units, have reached agreement on changes to their respective MOUs to address health insurance premium increases effective January 1, 2017. The MOU amendments provide for an additional $45 per month to be paid directly to the health insurance providers on behalf of each employee. This action is to request Board approval of the MOU amendments. This action is also to approve amendments to the Administrative Code for an additional payment of $45 per month to the health insurance providers on behalf of each non-represented employee. Sufficient funds are available in the FY 2016-17 Budget. (No Committee Review)

16. Approve Contract Awards and Modification, Affirm Allocation of Funds, and Issue Solicitation Approved by MSRC **Pettis**

As part of their FYs 2016-18 Work Program, the MSRC approved new contracts under the Major Event Center Transportation Program and a sole-source contract for a Regional Active Transportation Partnership Program. As part of their FYs 2014-16 AB 2766 Discretionary Fund Work Program, the MSRC approved new contracts under the Alternative Fuel Infrastructure Program and Near-Zero Natural Gas Engine Incentive Program, as well as the release of a Program Announcement for the development and maintenance of the MSRC website. The MSRC also affirmed their previous allocation of funding for the Enhanced Fleet Modernization Program. At this time the MSRC seeks Board approval of the contract awards and modification and to release the solicitation. (Reviewed: Mobile Source Air Pollution Reduction Review Committee, August 18 and September 15, 2016; Recommended for Approval)

Items 17 through 23 - Information Only/Receive and File

17. Legislative and Public Affairs Report **Alatorre/3122**

This report highlights the August 2016 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)

18. Hearing Board Report **Camarena/2500**

This reports the actions taken by the Hearing Board during the period of August 1 through August 31, 2016. (No Committee Review)

19. Civil Filings and Civil Penalties Report **Wiese/3460**

This reports the monthly penalties from July 1 through August 30, 2016, and legal actions filed by the General Counsel's Office from July 1 through August 30, 2016. An Index of District Rules is attached with the penalty reports. (Reviewed: Stationary Source Committee, September 16, 2016)

20. Lead Agency Projects and Environmental Documents Received by SCAQMD **Nakamura/3105**

This report provides, for the Board's consideration, a listing of CEQA documents received by the SCAQMD between August 1, 2016 and August 31, 2016, and those projects for which the SCAQMD is acting as lead agency pursuant to CEQA. (Reviewed: Mobile Source Committee, September 16, 2016)

21. Rule and Control Measure Forecast **Fine/2239**

This report highlights SCAQMD rulemaking activities and public workshops potentially scheduled for the year 2016 and portions of 2017. (No Committee Review)

22. Report of RFQs Scheduled for Release in October **O'Kelly/2828**

This report summarizes the RFQs for budgeted services over $75,000 scheduled to be released for advertisement for the month of October. (Reviewed: Administrative Committee, September 9, 2016; Recommended for Approval)

23. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2016-17 **Marlia/3148**

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 first six months of FY 2016-17. (No Committee Review)

24. Items Deferred from Consent Calendar

BOARD CALENDAR

25.	Administrative Committee (Receive & File)	**Chair: Burke**	**Nastri/3131**
26.	Legislative Committee (Receive & File)	**Chair: Mitchell**	**Alatorre/3122**
27.	Mobile Source Committee (Receive & File)	**Chair: Parker**	**Fine/2239**
28.	Stationary Source Committee (Receive & File)	**Chair: B. Benoit**	**Tisopulos/3123**
29.	Technology Committee (Receive & File)	**Chair: J. Benoit**	**Miyasato/3249**
30.	Mobile Source Air Pollution Reduction Review Committee (Receive & File)	**Board Liaison: Antonovich**	**Hogo/3184**
31.	California Air Resources Board Monthly Report (Receive & File)	**Board Rep: Mitchell**	**McDaniel/2500**

Staff Presentation/Board Discussion

32. AQMP Update *(No Written Material)* — **Fine/2239**

Staff will present an informational update on development of the AQMP, including an overview of comments received, revisions made, and challenges remaining.

33. Report on Draft Action Plan to Reduce Permit Application Backlog — **Tisopulos/3123**

Staff has developed an Action Plan to Expeditiously reduce the permit application backlog accumulated over recent years, while simultaneously ensuring timely permit issuance in the future, improving customer service and transparency and keeping the environment whole. The Action Plan includes a suite of immediate actions and longer-term measures aimed at improving permit processing capacity and efficiency through automation, permit streamlining, training, more active management and supervision, enhanced utilization of staff resources and other operational efficiency improvement measures. This action is to receive and file the Permit Application Backlog Reduction Draft Action Plan. (Reviewed: Stationary Source Committee, September 16, 2016)

PUBLIC HEARINGS

34. Amend BACT Guidelines and Approve Charter for BACT Scientific Review Committee — **Miyasato/3249**

Staff is recommending that the public hearing on this item be continued to the December 2, 2016 Board Meeting.

Periodically, staff proposes updates to Parts A and C of the Policy and Procedures of the BACT Guidelines for major and non-major polluting facilities as well as reports new Lowest Achievable Emission Rate and BACT determinations added to Parts B and D for major and non-major polluting facilities. Additionally, for the first time, the BACT Guidelines need to incorporate policy and procedures and determinations for facilities subject to prevention of significant deterioration for greenhouse gases. These actions are to amend the BACT Guidelines to make them consistent with recent changes to SCAQMD rules and regulations as well as state and federal requirements and approve a charter for the BACT Scientific Review Committee. (Reviewed: Stationary Source Committee, September 16, 2016; Recommended for Approval)

35. Amend Rules 307.1, 1401, and 1402 and Approve Draft SCAQMD Public Notification Procedures for Facilities Under Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402 and Draft SCAQMD Guidelines for Participating in Rule 1402 Voluntary Risk Reduction Program **Nakamura/3105**

Proposed Amended Rule 1402 includes a voluntary program to allow facilities to implement early risk reduction measures that go beyond the Action Risk threshold in Rule 1402 with an alternative public notification approach. In addition, Proposed Amended Rule 1402 streamlines implementation, and includes provisions for potentially high risk facilities and other amendments to improve clarity. The "Public Notification Procedures for Phase I and II Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)" has been revised and "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" has been developed. Proposed Amended Rule 307.1 includes a fee category for Voluntary Risk Reduction facilities, a provision for the facility owner or operator to pay for costs associated with public meetings required by Rule 1402 and updates the reference to the most current Prioritization Procedures. Proposed Amended Rules 1401 and 1402 will remove provisions that require staff to report to the Board regarding changes from OEHHA regarding new or revised toxic air contaminant health values but instead discuss these changes and the potential impacts to permitting and AB 2588 in the AB 2588 Annual Report. This action is to adopt the resolution: 1) Certifying the Final Environmental Assessment for Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory, Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants, and Proposed Amended Rule 1402 – Control of Toxic Air Contaminants from Existing Sources, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program; 2) Determining that Proposed Amended Rule 307.1 is exempt from the California Environmental Quality Act; 3) Amending Rules 307.1, 1401, and 1402; 4) Approving SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402; and 5) Approving SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program. (Reviewed: Stationary Source Committee, October 16, 2015 and July 22, 2016)

36. Amend Regulation IX - Standards of Performance for New Stationary Sources **Fine/2239**

Amendments to Regulations IX and X are periodically made to incorporate by reference new or amended federal performance standards that have been enacted by U.S. EPA for stationary sources. These standards are currently in effect and enforceable by SCAQMD pursuant to the federal Clean Air Act, regardless of whether SCAQMD incorporates them by reference. The Board has historically adopted NSPS (40 CFR 60) and NESHAPS (40 CFR 61), by reference, into Regulations IX and X, providing stationary sources with a single point of reference for determining which federal and local requirements apply to their specific operations. NSPS actions by U.S. EPA from January 1, 2015 to June 15, 2016 are proposed for incorporation into Regulation IX. Actions by U.S. EPA include promulgation of new performance standards for: (1) additional oil and natural gas source categories, (2) new residential hydronic heaters and forced-air furnaces; and (3) electric utility steam generating units and stationary combustion turbines. The actions also include amendments to existing provisions of five NSPS. Regulation X is not amended as there were no delegable NESHAP actions adopted by the U.S. EPA for the same time period. This action is to adopt the resolution: 1) Determining that the proposed amendments to Regulation IX are exempt from the California Environmental Quality Act; and 2) Amending Proposed Regulation IX – Standards of Performances for New Stationary Sources. (Reviewed: Stationary Source Committee, July 22, 2016)

37. Amend Regulation XX - Regional Clean Air Incentives Market (RECLAIM) **Fine/2239**

At the December 4, 2015 meeting, the Board directed staff to further analyze shutdown credits and bring a proposal for the Board's consideration. The proposed amendments to NOx RECLAIM help to prevent facility shutdown RECLAIM Trading Credits (RTCs) from entering the market and delaying the installation of pollution controls at other NOx RECLAIM facilities. Specifically, the proposed amendments establish criteria for determining a facility shutdown, and the methodology to calculate the amount of RTCs that a facility's future holdings will be adjusted upon shutdown. The proposed amendments also include exclusions from these provisions to allow facilities under the same ownership to use shutdown RTCs under certain conditions, as well as provisions that allow for planned non-operation for up to five years for facilities that meet specific criteria. This action is to adopt the resolution: 1) Certifying the Addendum to the December 2015 Final Program Environmental Assessment; and 2) Amending Rule 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx). (Reviewed: Stationary Source Committee, July 22 and September 16, 2016)

PUBLIC COMMENT PERIOD – (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 Acting Executive Officer, the District will enter into contracts and a Bailment Agreement with the Gladstein, Neandross and Associates (Contract No. 17076) and UC Riverside /CE-CERT (Contract No. 156232) and Bailment Agreement (Contract No. 17060). 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 contracts and Bailment Agreement.

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 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 SCAQMD is a party. The actions are:

- Browning-Ferris Industries of California, Inc. v. South Coast Air Quality Management District, et al., Los Angeles Superior Court Case No. BS163753 (Sunshine Canyon Landfill);
- In the Matter of SCAQMD v. Browning-Ferris Industries of California, Inc. dba Sunshine Canyon Landfill, Hearing Board Case No. 3448-14;
- Communities for a Better Environment v. SCAQMD, Los Angeles Superior Court Case No. BS153472 (Phillips 66);
- Communities for a Better Environment v. SCAQMD, Los Angeles Superior Court Case No. BS161399 (RECLAIM);
- People of the State of California, ex rel SCAQMD v. Exide Technologies, Inc., Los Angeles Superior Court Case No. BC533528;
- Exide Technologies, Inc., Petition for Variance, SCAQMD Hearing Board Case No. 3151-31;
- In the Matter of SCAQMD v. Exide Technologies, Inc., SCAQMD Hearing Board Case No. 3151-29 (Order for Abatement);
- In re: Exide Technologies, Inc., U.S. Bankruptcy Court, District of Delaware, Case No. 13-11482 (KJC) (Bankruptcy case);
- In the Matter of SCAQMD v. Southern California Gas Company, Aliso Canyon Storage Facility, SCAQMD Hearing Board Case No. 137-76 (Order for Abatement);

- People of the State of California, ex rel SCAQMD v. Southern California Gas Company, Los Angeles Superior Court Case No. BC608322; Judicial Council Coordinated Proceeding No. 4861;

- Fast Lane Transportation, Inc. et al. v. City of Los Angeles, et al., 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);

- Refinery Safety Network v. SCAQMD, Hearing Board of SCAQMD; ExxonMobil Oil Corp., Los Angeles Superior Court Case No. BS161815;

- SCAQMD v. City of Moreno Valley, et al., Riverside County Superior Court, Case Nos. RIC 1511213 and RIC 1601988 (World Logistics Center); and

- SCAQMD v. U.S. EPA, D.C. Circuit Court Case No. 15-1115 (RFP for Coachella).

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):

- Bahr v. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 14-72327 (Amicus Brief).

CONFERENCE WITH LEGAL COUNSEL – THREATENED LITIGATION

It is also necessary for the Board to recess to closed session pursuant to Government Code sections 54956.9(a) and 54956.9(d)(2) due to significant exposure to litigation (one case).

CONFERENCE WITH NEGOTIATORS

It is also necessary 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: A. John Olvera; Represented Employees: Teamsters Local 911 and SCAQMD Professional Employees Association];

and to confer with:

- labor negotiators regarding unrepresented employees [Agency Designated Representative: A. John Olvera; Unrepresented Employees: Designated Deputies and Management and Confidential employees].

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 cob@aqmd.gov 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

AQ-SPEC = Air Quality Sensor Performance Evaluation Center
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 $\leq$ 10 microns
PM2.5 = Particulate Matter $\leq$ 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
ZEV = Zero Emission Vehicle

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the September 2, 2016 meeting.

RECOMMENDED ACTION:
Approve Minutes of the September 2, 2016 Board Meeting.

Saundra McDaniel,
Clerk of the Boards

SM:dg

FRIDAY, SEPTEMBER 2, 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

Supervisor Michael D. Antonovich
County of Los Angeles

Council Member Joe Buscaino
City of Los Angeles

Mayor Pro Tem Michael A. Cacciotti
Cities of Los Angeles County – Eastern Region

Dr. Joseph K. Lyou
Governor's Appointee

Mayor Larry McCallon
Cities of San Bernardino County

Council Member Judith Mitchell
Cities of Los Angeles County – Western Region

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

Council Member Dwight Robinson
Cities of Orange County

Members Absent:

Council Member Ben Benoit, Vice Chairman
Cities of Riverside County

Supervisor John J. Benoit
County of Riverside

Supervisor Shawn Nelson
County of Orange

Supervisor Janice Rutherford
County of San Bernardino

CALL TO ORDER: Chairman Burke called the meeting to order at 9:05 a.m.

- Pledge of Allegiance: Led by Council Member Mitchell.

- Opening Comments

Councilman Cacciotti. Explained that he attended a demonstration for zero-emission lawn equipment held on August 30, 2016 at California State University, Los Angeles; and expressed optimism at expanding the use of this technology throughout the nation.

Councilwoman Mitchell. Announced that she attended the Women in Green Annual Forum on August 31, 2016, where she participated on a panel and spoke about SCAQMD and the agency's role; she toured the Los Angeles Center for Innovation; and she attended the Torrance community meeting on August 24, 2016 which was to solicit ideas from community members and other stakeholders on the use of ExxonMobil settlement monies for projects that provide public health and quality of life improvements, and thanked staff for their involvement in the meeting.

Dr. Lyou. Recognized staff's efforts at the Torrance Community Meeting; and noted that he also attended a meeting in Maywood regarding Exide Technologies.

Chairman Burke. Requested that staff provide information regarding the potential of performing a review of the Hearing Board as he has been informed of potential items of concern regarding their procedures.

Mr. Nastri agreed that staff would look into having a review performed.

CONSENT CALENDAR

1. Approve Minutes of July 8, 2016 Board Meeting

2. Set Public Hearings October 7, 2016 to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations

   A. Amend Rules 307.1, 1401 and 1402, and Approve Draft SCAQMD Public Notification Procedures for Facilities Under Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Draft SCAQMD Guidelines for Participating in Rule 1402 Voluntary Risk Reduction Program

B. Amend Regulation XX - Regional Clean Air Incentives Market (RECLAIM)

C. Amend Regulation IX - Standards of Performance for New Stationary Sources

Budget/Fiscal Impact

3. Recognize and Appropriate Funds and Execute Contract for EV Charger Installation Services at SCAQMD Headquarters

4. Execute and Amend Contracts for Hydrogen Station Upgrades, Site Changes, and Analysis and Evaluation of Hydrogen Fuel-Related Issues

5. Transfer Funds and Execute Contract for Renewable Natural Gas Production and Vehicle Demonstration Project

6. Recognize Revenue and Appropriate Funds to Test and Deploy Low-Cost Sensors for Monitoring Ambient Concentrations of PM2.5 and Ozone

7. Recognize Funds and Execute Contracts for In-Use Emissions Testing and Fuel Usage Profile of On-Road Heavy-Duty Vehicles

8. Recognize, Transfer and Appropriate Funds, Issue RFP to Continue Implementation of Enhanced Fleet Modernization Program and Approve Eligible Participant Vouchers

9. Recognize and Transfer Funds, Execute Agreements for SCAQMD to Act as Supplemental Environmental Project Implementer and for Installation of Air Filtration Systems, and Reimburse General Fund for Administrative Costs

10. Add Deputy Executive Officer Position in Compliance and Enforcement and Assistant Deputy Executive Officer Position in Finance

11. Issue RFP for Supplemental Environmental Project Fund – ExxonMobil Settlement

12. Approve Contract for Executive Search and Recruitment Services for Executive Officer

13. Extend Contract Term and Modify Contract Provisions of Acting Executive Officer

14. Approve Contract Awards and Modification, Affirm Allocation of Funds, and Issue Solicitation Approved by MSRC

Action Item/No Fiscal Impact

15. Adopt Resolution Amending SCAQMD Records Retention Policy and Schedule

Items 16 through 24 - Information Only/Receive and File

16. Legislative and Public Affairs Report

17. Hearing Board Report

18. Civil Filings and Civil Penalties Report

19. Lead Agency Projects and Environmental Documents Received by SCAQMD

20. Rule and Control Measure Forecast

21. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2016-17

22. Status Report on Regulation XIII – New Source Review

23. Report of RFPs Scheduled for Release in September

24. FY 2015-16 Contract Activity

Councilman Buscaino announced his abstention on Item No. 4 because he has received campaign contributions from Air Products and Chemicals, Inc.

Dr. Lyou announced his abstention on Item No. 4 because Toyota and Southern California Gas Company are potential sources of income to him; on Item No. 5 because Kore Infrastructure, LLC is a potential source of income to him; on Item No. 7 because Southern California Gas Company and University of California Riverside, College of Engineering- Center for Environmental Research & Technology are potential sources of income to him; and on Item No. 14 because

Los Angeles County Metropolitan Transit Authority is a potential source of income to him.

Supervisor Antonovich announced that he serves on the Board of Directors for the Los Angeles County Metropolitan Transit Authority which is involved with Item No. 14.

Agenda Items 3, 5, 8, 11, 14 and 15 were withheld for comment and discussion.

MOVED BY CACCIOTTI, SECONDED BY ROBINSON, AGENDA ITEMS 1, 2, 4, 6, 7, 9, 10, 12, 13 AND 16 THROUGH 24, APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Antonovich Burke, Buscaino *(except Item #4)*, Cacciotti, Lyou *(except Items #4 and #7)*, McCallon, Mitchell, Parker and Robinson.

NOES: None.

ABSTAIN: Buscaino *(Item #4 only)* and Lyou *(Items #4 and #7 only).*

ABSENT: B. Benoit, J. Benoit, Nelson and Rutherford.

25. Items Deferred from Consent Calendar

3. Recognize and Appropriate Funds and Execute Contract for EV Charger Installation Services at SCAQMD Headquarters

In response to Mayor Pro Tem Cacciotti's inquiry regarding what type of chargers are included, Dr. Matt Miyasato, DEO/Science and Technology Advancement, explained that the current project specifically includes all level 2 chargers. He added that future projects could be focused on installing DC fast charging systems.

Councilman Robinson noted that there has already been a delay in implementing this project and expressed optimism that the installation would be complete by December 2016.

MOVED BY CACCIOTTI, SECONDED BY LYOU, AGENDA ITEM 3 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Buscaino, Cacciotti, McCallon, Mitchell, Parker and Robinson.

NOES: None.

ABSENT: B. Benoit, J. Benoit, Nelson and Rutherford.

5. Transfer Funds and Execute Contract for Renewable Natural Gas Production and Vehicle Demonstration Project

Dr. Lyou left the room during discussion of Item No. 5.

Mayor McCallon expressed concern regarding the increase in funds being requested for the project since the Technology Committee's review of this item; and raised a concern regarding the financial status of the firm. He also noted that the project appears to be more of a commercial venture than a demonstration project; and inquired about who would benefit economically from this new technology.

Dr. Miyasato confirmed that the project could eventually turn into a commercial venture, but the technology is in a pilot stage and needs development and demonstration to know if this process can be successful. He added that when entering into contract negotiations regarding demonstration projects, staff discusses with providers their willingness to repay the investment made by the agency if the project is successful.

Chairman Burke recognized the efforts of staff to bring this demonstration project to fruition and expressed optimism at the potential to convert solid waste into natural gas.

Councilwoman Mitchell noted the importance of supporting such projects that not only make better use of waste products, but also provide the potential for low-NOx fuel.

Dr. Parker stressed the importance of demonstrating programs that lead to innovation in current processes.

Mayor McCallon thanked staff for the discussion and noted his support of renewable natural gas production.

Harvey Eder, Public Solar Power Coalition, addressed the Board on Agenda Item No. 5, expressing opposition to renewable natural gas, because methane contributes to global warming.

MOVED BY CACCIOTTI, SECONDED BY ROBINSON, AGENDA ITEM 5 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES:	Antonovich, Burke, Buscaino, Cacciotti, McCallon, Mitchell, Parker and Robinson.
NOES:	None.
ABSTAIN:	Lyou.
ABSENT:	B. Benoit, J. Benoit, Nelson and Rutherford.

8. Recognize, Transfer and Appropriate Funds, Issue RFP to Continue Implementation of Enhanced Fleet Modernization Program and Approve Eligible Participant Vouchers

Councilman Cacciotti inquired about whether the funds being recognized would be sufficient to service the over one thousand individuals on the waiting list for the vouchers

Henry Hogo, Assistant DEO/Science and Technology Advancement, responded that the funds being appropriated as a result of this item would benefit those waiting for inclusion in the program. He added that the District has continued to accept applications for the program as more funds are expected to be received in the coming months.

Councilwoman Mitchell noted that she was aware that the funds anticipated from the Cap and Trade program have been held up for some time in the legislature, however they were very recently approved and should aid greatly in fulfilling the outstanding applications.

Dr. Lyou acknowledged the importance of the program that removes high-polluting vehicles from the road; acknowledged the progress that has been made to make the project more successful; and expressed concern with focusing on additional outreach to gain more applicants, when there is still such a large backlog.

Mr. Hogo explained that funds will be deployed to address the backlog as quickly as possible.

MOVED BY CACCIOTTI, SECONDED BY MITCHELL, AGENDA ITEM 8 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Buscaino, Cacciotti, Lyou, McCallon, Mitchell, Parker and Robinson.

NOES: None.

ABSENT: B. Benoit, J. Benoit, Nelson and Rutherford.

11. Issue RFP for Supplemental Environmental Project Fund – ExxonMobil Settlement

Councilwoman Mitchell explained that this item relates to the penalty funds received as a result of an explosion at the ExxonMobil refinery; and noted that the community feedback has been largely focused on an interest in projects that will include ongoing monitoring, a public warning system, and increased public outreach and education. She encouraged the approval of this item to provide additional safeguards for the community that surrounds the Torrance Refinery.

MOVED BY MITCHELL, SECONDED BY CACCIOTTI, AGENDA ITEM 11 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Buscaino, Cacciotti, Lyou, McCallon, Mitchell, Parker and Robinson.

NOES: None.

ABSENT: B. Benoit, J. Benoit, Nelson and Rutherford.

14. Approve Contract Awards and Modification, Affirm Allocation of Funds, and Issue Solicitation Approved by MSRC

Dr. Lyou left the room during discussion of Item No. 14.

Mr. Nastri noted that staff was requesting that consideration of item No. 14 be continued to the October 7, 2016 meeting.

AGENDA ITEM 14 WAS CONTINUED TO THE OCTOBER 7, 2016 MEETING AT THE CHAIRMAN'S DIRECTION.

15. Adopt Resolution Amending SCAQMD Records Retention Policy and Schedule

Dr. Lyou asked staff to address the increased amount of digital storage options and whether retention periods should be adjusted as a result of increased digitalization of records; and raised some inconsistencies in the retention of certain records.

John Olvera, Assistant DEO/Administrative and Human Resources, confirmed that the objective is to store more records in digital form; and added that staff could certainly examine the potential to extend retention periods as a result.

MOVED BY LYOU, SECONDED BY CACCIOTTI, AGENDA ITEM 15 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES:	Antonovich, Burke, Buscaino, Cacciotti, Lyou, McCallon, Mitchell, Parker and Robinson.
NOES:	None.
ABSENT:	B. Benoit, J. Benoit, Nelson and Rutherford.

BOARD CALENDAR

26. Administrative Committee

27. Legislative Committee

28. Mobile Source Committee

29. Stationary Source Committee

30. Technology Committee

31. Special Technology Committee

32. Mobile Source Air Pollution Reduction Review Committee

33. California Air Resources Board Monthly Report

34. Ad Hoc Committee on Large Compliance Investments and Future Regulatory Certainty

MOVED BY MITCHELL, SECONDED BY ROBINSON, AGENDA ITEMS 26 THROUGH 34 APPROVED AS RECOMMENDED, RECEIVING AND FILING THE COMMITTEE, MSRC AND CARB REPORTS, BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Buscaino, Cacciotti, Lyou, McCallon, Mitchell, Parker and Robinson.

NOES: None.

ABSENT: B. Benoit, J. Benoit, Nelson and Rutherford.

Staff Presentation/Board Discussion

35. Medium- and Heavy-Duty Innovators Roundtable

Naveen Berry, Planning & Rules Manager, gave the staff presentation describing the Roundtable event held on May 18, 2016, that brought together other governmental agencies, terminal operators, and private entities. Covered topics included the technologies that lower criteria and GHG emissions, identifying the barriers and pathways to implementation, as well as the benefits, in terms of potential cost-savings, and the corresponding health benefits that could be realized with implementing the lower-emitting technologies.

Councilwoman Mitchell mentioned that during a meeting with the Engine Manufacturers Association (EMA) on the recent trip to Washington D.C., EMA indicated their preference to have the low-NOx rule enacted at the same time as the Phase II GHG rule so that the advancements to the engines can be done simultaneously; and stressed the importance of setting standards that

communicate to industry that innovation is necessary.

Dr. Lyou noted that the event was very productive and educational; and encouraged continued partnership with the businesses and purchasers of clean technology.

Councilman Buscaino acknowledged the District's role in leading the effort, along with various stakeholders, to green heavy-duty and medium-duty fleets. He noted that he had the opportunity to tour the TraPac terminal at the Port of Los Angeles the prior week and see the automated systems.

Harvey Eder, Public Solar Power Coalition, urged support for immediate, total conversion to solar powered technologies.

INFORMATION ONLY; NO ACTION NECESSARY.

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

The following individuals addressed the Board stressing the importance of the Board taking steps to protect public health by further reducing harmful pollution; detailed the negative health effects suffered by their family and friends and encouraged the Board to support technologies that will lead to better air quality:

Dr. Jim Stewart, Sierra Club
Kent Minault, Sierra Club
Joe McLaughlin, Sierra Club
Daryl Gale, Los Angeles Resident
Elias Basilio, Sierra Club Eastern Coachella Valley
Jose Alcantara, Eastern Coachella Valley Resident
Ruben Garza, Eastern Coachella Valley Resident
Diego Alaniz, Sierra Club Eastern Coachella Valley
Lourdes Baez, Sierra Club
Jason Martinez, Sierra Club
Marina Barragan, Sierra Club
Raul Medel, Sierra Club
Ignacio Ochoa, Sierra Club
Asher Jones, Sierra Club
Cristian Garza, Sierra Club
Gullit Aceved
Yvonne Watson, Sierra Club
Andrew Yip, Bike San Gabriel Valley,
Lizette Hernandez, Sierra Club
Mike Chattom, Sierra Club & Neighborhood Watts Council
Selene Hernandez, Sierra Club

Florence Gharibian, Del Amo Action Committee, encouraged the Board to support technologies that will lead to better air quality; and expressed support for better enforcement of stationary sources.

Harvey Eder, Public Solar Power Coalition, commented on the effects of methane gas including global warming.

Wesley Reutimann, Bike SGV, stressed the importance of adopting an AQMP that includes strong regulations rather than relying on incentive-based methods.

CLOSED SESSION

The Board recessed to closed session at 11:30 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 SCAQMD is a party. The actions are:

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

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

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

  In the Matter of SCAQMD v. Southern California Gas Company, Aliso Canyon Storage Facility, SCAQMD Hearing Board Case No. 137-76 (Order for Abatement);

  People of the State of California, ex rel SCAQMD v. Southern California Gas Company, Los Angeles Superior Court Case No. BC608322; Judicial Council Coordinated Proceeding No. 4861; and

  SCAQMD v. City of Moreno Valley, et al., Riverside County Superior Court, Case Nos. RIC 1511213 and RIC 1601988 (World Logistics Center).

- 54956.9(a) and 54956.9(d)(2) due to significant exposure to litigation (one case).

- And 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: A. John Olvera; Represented Employees: Teamsters Local 911 and SCAQMD Professional Employees Association];

  and to confer with:

  - labor negotiators regarding unrepresented employees [Agency Designated Representative: A. John Olvera; 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 Chairman Burke at 12:20 p.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on September 2, 2016.

Respectfully Submitted,

Denise Garzaro
Senior Deputy Clerk

Date Minutes Approved: _____

_____
Dr. William A. Burke, Chairman

ACRONYMS

AQMP = Air Quality Management Plan
CARB = California Air Resources Board
CEQA = California Environmental Quality Act
EV = Electric Vehicle
FY = Fiscal Year
GHG = Greenhouse Gas
PM2.5 = Particulate Matter $\leq$ 2.5 microns
RFP = Request for Proposals
U.S. EPA = United States Environmental Protection Agency

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 2

PROPOSAL: Set Public Hearing November 4, 2016 to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations

Amend Rule 1325 – Federal PM2.5 New Source Review Program and Amend Rule 1302 - Definitions. Amendments to Rule 1325 are proposed to establish appropriate major stationary source thresholds for direct PM2.5 and PM2.5 precursors, including VOC and ammonia, in order to align with the recent reclassification of the South Coast Basin from a "moderate" PM2.5 nonattainment area to a "serious" nonattainment area and with U.S. EPA's Fine Particulate Matter National Ambient Air Quality Standards implementation rule. Amendments to Rule 1302 are proposed to modify major source SOx threshold definitions and an editorial revision to improve rule clarity and consistency. The proposed amendments are intended to facilitate SIP approval of the regulations. (Reviewed: Stationary Source Committee, September 16, 2016)

The complete text of the proposed amendment, staff report and other supporting documents will be available from the District's Public Information Center, (909) 396-2550 and on the Internet (www.aqmd.gov) as of October 5, 2016.

RECOMMENDED ACTION: Set public hearing November 4, 2016 to amend Rules 1325 and 1302.

Wayne Nastri
Acting Executive Officer

sm

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 3

PROPOSAL: Recognize Revenue, Transfer Funds, and Execute Contract to Develop and Demonstrate Fuel Cell Heavy-Duty Truck

SYNOPSIS: On December 5, 2014, the Board recognized revenue from the DOE for the Zero Emission Cargo Transport project to develop and demonstrate zero emission drayage trucks. International Rectifier, one of the technology providers, has decided not to continue with the project, and staff and DOE have invited Hydrogenics USA Inc. to join the project and develop a fuel cell range-extended drayage truck. These actions are to recognize revenue from the Ports' Technology Advancement Program (TAP) up to $283,495, transfer $283,495 as a temporary loan from the Clean Fuels Fund to the Advanced Technology Goods Movement Fund, and execute a contract with Hydrogenics USA Inc. to develop a fuel cell range-extended drayage truck in an amount not to exceed $1,109,279, comprising the $283,495 from the Ports' TAP and $825,784 from DOE funds previously awarded to International Rectifier.

COMMITTEE: Technology, September 16, 2016; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize, upon receipt, up to $283,495 from the Ports' Technology Advancement Program into the Advanced Technology Goods Movement Fund (61) for development and demonstration of zero emission drayage trucks;
2. Transfer $283,495 as a temporary loan from the Clean Fuels Fund (31) into the Advanced Technology Goods Movement Fund (61); and
3. Authorize the Chairman to execute a contract with Hydrogenics USA Inc. to develop a fuel cell range-extended drayage truck in an amount not to exceed $1,109,279 from the Advanced Technology Goods Movement Fund (61), comprising $283,495 from the Ports' TAP funding and $825,784 from DOE funds previously awarded to International Rectifier.

Wayne Nastri
Acting Executive Officer

CSL:MMM:NB:JI

Background
On June 11, 2014, SCAQMD submitted a proposal under DOE's Zero Emission Cargo Transport (ZECT) Demonstration Funding Opportunity Announcement. The proposal consisted of two technologies for goods movement operations between the Ports of Los Angeles and Long Beach near dock rail yards and warehouses: 1) development and demonstration of zero emission fuel cell range extended electric drayage trucks; and 2) development and demonstration of hybrid electric drayage trucks. On August 21, 2014, the DOE notified SCAQMD that the project proposal to develop and demonstrate zero emission drayage trucks had been selected for an award of $10,000,000. On December 5, 2014, the Board recognized revenue from the DOE for the ZECT project and to develop and demonstrate zero emission drayage trucks.

International Rectifier had planned to develop one plug-in hybrid-electric truck and an ultra-fast charger for use in or near the ports as part of the project. In August 2016 Infineon Technologies AG and International Rectifier Corporation announced that Infineon would acquire International Rectifier. After the acquisition, Infineon declined to continue developing the truck as part of the ZECT project. The departure of International Rectifier left $825,784 in stranded DOE funds.

Proposal
Hydrogenics USA Inc proposes to build and demonstrate a fuel cell range-extended Class 8 truck for the ZECT project. The truck design and development effort is fully funded under a CEC truck project while the electric drive system design of the truck will be duplicated for the ZECT Project. The fuel cell drayage truck will be demonstrated for 24 months in the Ports of Los Angeles and Long Beach. Hydrogenics will provide necessary support throughout the demonstration period, quarterly performance reports to SCAQMD and a final report at the end of the project. The project is expected to be three years in duration, including one year of truck production and two years of demonstration. These actions are to recognize up to $283,495 from the Ports' TAP and execute a contract with Hydrogenics USA Inc. to develop a fuel cell range-extended drayage truck for an amount not to exceed $1,109,279, comprising of $283,495 from the Port's TAP and $825,784 in DOE funds.

Sole Source Justification
Section VIII.B.3. of the Procurement Policy and Procedure identifies provisions under which a sole source award may be justified when funded in whole or in part with federal funds. The request for a sole source award for this project is made under the provisions B.3.c: the awarding federal agency authorizes noncompetitive proposals. Further, the Procurement Policy and Procedure identifies four provisions for the justification of a sole source award when non-federal funds are being awarded. This award is justified under paragraph 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) Projects involving cost-sharing by multiple sponsors. Hydrogenics was approved by DOE for this zero emission cargo

transport demonstration project and have extensive knowledge and experience in advanced electric, fuel cell and hybrid vehicle technologies that are needed to successfully complete this project. This demonstration project will be cost-shared by the CEC, the Ports of Los Angeles and Long Beach's TAP and Hydrogenics, as discussed in the Resource Impacts section.

Benefits to SCAQMD

Projects to support implementation of various clean fuel vehicle incentive programs are included in the *Technology Advancement Office Clean Fuels Program 2016 Plan Update* under the categories of "Electric/Hybrid Technologies & Infrastructure" and "Hydrogen and Fuel Cell Technologies and Infrastructure". This project is to develop and demonstrate zero emission drayage trucks with fuel cell range-extended technologies for goods movement operations. Successful demonstration of such projects will contribute to the attainment of clean air standards in the South Coast Air Basin by eliminating PM and NOx emissions from replaced diesel drayage trucks.

Resource Impacts

The Ports' TAP funds of $283,495 will be recognized into the Advanced Technology Goods Movement Fund (61). The DOE funds of $825,784 from the Advanced Technology Goods Movement Fund (61) are being reallocated to the Hydrogenics project with DOE's approval. The contract with Hydrogenics will not exceed $1,109,279.

The total cost for this proposed project is $2,433,553, comprised of the following project partner contributions:

Project Partner	Funding Amount	Percent
CEC	$983,858	40
*DOE	$825,784	34
Hydrogenics (*in-kind*)	$340,416	14
*Ports' TAP	$283,495	12
Total	**$2,433,553**	**100%**

*revenue totaling $1,109,279 received as pass-through

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 4

PROPOSAL: Transfer and Appropriate Funds, Amend Contract to Enhance Website Application Process for Enhanced Fleet Modernization Program, and Reimburse Administrative Costs

SYNOPSIS: Last month, the Board approved continuation of the AB 118 Enhanced Fleet Modernization Program (EFMP) and EFMP Plus-Up for FY 2016-17. Staff proposes to streamline its implementation through an enhanced website application process, which will allow applicants to track their application status. Funds need to be transferred to the General Fund for this effort and to cover other administrative and outreach efforts associated with EFMP implementation. Thus, these actions are to: 1) transfer and appropriate $175,000 from the HEROS II Special Revenue Fund (56) into Information Management's FY 2016-17 Budget; 2) amend a contract with Varsun eTechnologies to develop an in-house web-based application process for the EFMP in an amount not to exceed $150,000 and provide EFMP website maintenance for $25,000; 3) reimburse the General Fund up to $10,000 from the HEROS II Special Revenue Fund (56) for administrative costs to operate a communications/call-in center; and 4) transfer and appropriate $70,000 from the HEROS II Special Revenue Fund (56) to Science & Technology Advancement's FY 2016-17 or FY 2017-18 Budget for EFMP marketing and outreach efforts.

COMMITTEE: Technology, September 16, 2016; Recommended for Approval

RECOMMENDED ACTIONS:

1. Transfer $150,000, upon receipt of the FY 2016-17 revenue from CARB for EFMP, from the HEROS II (High Emitters Repair or SCRAP Program) Special Revenue Fund (56) into the General Fund and appropriate $150,000 to Information Management's FY 2016-17 Budget, Capital Outlays Major Object, Capital Outlays Account, for development of an in-house web-based application process for the EFMP.
2. Transfer $25,000, upon receipt of the FY 2016-17 revenue from CARB for EFMP, from the HEROS II Special Revenue Fund (56) into the General Fund and appropriate $25,000 to Information Management's FY 2016-17 Budget, Services

and Supplies Major Object, Professional and Special Services Account, for EFMP website maintenance.

3. Authorize the Executive Officer to amend a contract with Varsun eTechnologies for an amount not to exceed $175,000:
   a. From Information Management's FY 2016-17 Budget, Capital Outlays Major Object, Capital Outlays Account, for an amount not to exceed $150,000 to develop an in-house web-based application process for the EFMP; and
   b. From Information Management's FY 2016-17 Budget, Services and Supplies Major Object, Professional and Special Services Account, for $25,000 to provide EFMP website maintenance.
4. Reimburse the General Fund up to $10,000 from the HEROS II Special Revenue Fund (56) for administrative costs to operate a communications/call-in center for a one-year period.
5. Transfer, as needed, up to $70,000 from the HEROS II Special Revenue Fund (56) into the General Fund and appropriate up to $70,000 to Science and Technology Advancement's FY 2016-17 or 2017-18 Budget (Org 44), Services and Supplies Major Object, Professional and Special Services Account, for EFMP marketing and outreach efforts.

Wayne Nastri
Acting Executive Officer

MMM:HH

Background

At its September 2, 2016 meeting, the Board approved the continuance of the Enhanced Fleet Modernization Program (EFMP) and EFMP Plus-Up for the South Coast Air Basin and Coachella Valley with the recognition of up to $13,700,000 in revenues from CARB for FY 16-17 and the release of a RFP for case management and vehicle emissions testing services. Staff will return to the Board on the results of the RFP at a date in the near future.

Up to 15 percent ($2,055,000) of the $13,700,000 FY 16-17 EFMP and EFMP Plus-Up funds may be used to cover administrative costs and conduct consumer outreach. As part of the Board's approval of the EFMP in December 2014, $70,000 was transferred from the HEROS II Special Revenue Fund (56) to the General Fund and appropriated to Science and Technology Advancement's Budget to cover the cost of print outreach, educational and marketing materials and supporting special outreach efforts at community events. There have been several special events that the SCAQMD has participated at that included the promotion of the EFMP. The most recent events occurred in Assembly Member Burke's District. In addition, the SCAQMD has been invited to several community events to promote the EFMP.

Currently, the EFMP Web application site (ReplaceYourRide.com) and call-in center is maintained by the Foundation for California Community Colleges, one of the contractors implementing the EFMP. Based on the experience to date in implementing the EFMP and EFMP Plus-Up, staff proposes to improve the efficiency of the Program with enhancements to the application process, including revamping the program website (ReplaceYourRide.com) and maintaining the website on the SCAQMD computer servers. In addition, staff proposes to operate the call-in center at the SCAQMD rather than through an outside contractor. To facilitate the web enhancements and move the website to SCAQMD's servers, staff worked with Information Management (IM) staff to develop a scope of work and seek informal bids from IM's level-of-effort (LOE) software development contractors with the intent to issue a task order to the winning bidder to perform the services.

Bid Evaluation

The scope of work for the enhancements to the website and online application process is attached. Four proposals were received from the following entities:

- AgreeYa Solutions, Inc.
- Prelude Systems, Inc.
- Sierra Cybernetics, Inc.
- Varsun eTechnologies Group, Inc.

The proposals were reviewed and evaluated by a five-member panel, in accordance with established SCAQMD guidelines, using technical and cost criteria outlined in the scope of work soliciting informal bids from IM's LOE software development contractors. The five-member panel consisted of a Fleet Rule Implementation Manager, a Technology Implementation Manager, and three Systems & Programming Supervisors from SCAQMD. The panel's composition was one African-American, two Asian-Americans and two Caucasians; four males, one female. Varsun eTechnologies was the lowest bidder.

Proposal

These actions include the transfer of $175,000 from the administrative portion of the HEROS II Special Revenue Fund (56) into the General Fund and appropriation of $175,000 into Information Management's FY 2016-17 Budget: $150,000 to the Capital Outlays Major Object, Capital Outlays Account, and $25,000 to the Services and Supplies Major Object, Professional and Special Services Account. These actions are to also amend a contract with Varsun eTechnologies for an amount not to exceed $175,000 to develop an in-house web-based application for the EFMP in an amount not to exceed $150,000 from Information Management's FY 2016-17 Budget, Capital Outlays Major Object, Capital Outlays Account, and to provide EFMP website maintenance for a cost of $25,000 from Information Management's FY 2016-17 Budget, Services and Supplies Major Object, Professional and Special Services Account. Furthermore, these actions are to reimburse the General Fund up to $10,000 from the HEROS II Special Revenue

Fund (56) for administrative costs to operate a communications/call-in center for a one-year period. Finally, these actions are to transfer and appropriate $70,000, as needed, from the administrative portion of the HEROS II Special Revenue Fund (56) to Science & Technology Advancement's FY 2016-17 or 2017-18 Budget, Services and Supplies Major Object, Professional and Special Services Account, for SCAQMD to conduct outreach and marketing through various media similar to the successful Lawn Mower Exchange Program.

	FY 2016-17 EFMP and EFMP Plus-Up
Available Funding*	$2,055,000 max
Proposed Use (General Fund):	
Web Based Application Process	
Development	$150,000
Maintenance	$25,000
Call Center Operations	$10,000
Outreach and Marketing	$70,000

*FY 2016-17 funding will be 15% of the up to $13.7M in EFMP and EFMP Plus-Up revenue as allowed by CARB; Funding will be recognized in Fund 56 (Admin)

Benefits to SCAQMD

Successful continued implementation of the EFMP and EFMP Plus-Up will reduce emissions by accelerating the turnover of high-emitting vehicles with cleaner, more environmentally friendly replacement vehicles or use of alternative mobility options. Incentives for program participation will be provided to low- and middle-income vehicle owners to ensure that disadvantaged communities benefit from cleaner replacement vehicles. This program is included in the *Technology Advancement Office Clean Fuels Program 2016 Plan Update* under "Electric/Hybrid Technologies & Infrastructure."

Resource Impacts

Last month, the Board recognized CARB revenue up to $13,700,000 into the HEROS II Special Revenue Fund (56) for the EFMP and EFMP Plus-Up. Up to 15 percent ($2,055,000) may be used to cover administrative costs and conduct consumer outreach. Once this revenue is received, there will be sufficient funds available in the HEROS II Special Revenue Fund (56) for these actions. The contract amendment with Varsun eTechnologies will not exceed $175,000.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 5

PROPOSAL: Recognize Funds and Amend Contract for Development, Integration and Demonstration of Ultra-Low Emission Natural Gas Engine for On-Road Heavy-Duty Vehicles

SYNOPSIS: On November 6, 2015, the Board awarded a contract to Cummins Westport Inc. (CWI) to cofund the development of an 11.9-liter heavy-duty natural gas engine that is 90% cleaner than the current on-road heavy-duty NOx exhaust emissions standard. This award included $1 million in cost-share funding from the CEC, excluding funding CEC had intended to award directly to CWI. Subsequently, CEC has indicated they will award all project cost-share as pass-through funding to SCAQMD for a total of $2,000,000. These actions are to recognize funds up to an additional $1,000,000 into the Clean Fuels Fund (31) and amend the contract with CWI to increase the contract by an additional $1,000,000 from the Clean Fuels Fund (31).

COMMITTEE: Technology, September 16, 2016; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize, upon receipt, up to $1 million from the CEC into the Clean Fuels Fund (31) for the development, integration and demonstration of an 11.9-liter ultra-low emission natural gas engine meeting the 0.02 grams per brake horsepower per hour (g/bhp-hr) optional NOx standard for on-road heavy-duty vehicles; and
2. Authorize the Chairman to amend a contract with CWI to increase funding by up to $1 million for the development, Integration and demonstration of an 11.9-liter ultra-low emission natural gas engine meeting the 0.02 g/bhp-hr optional NOx standard for on-road heavy-duty vehicles.

Wayne Nastri
Acting Executive Officer

MMM:HH:AAO:RC

Background
On November 6, 2015, the Board approved a contract with CWI to develop, integrate and demonstrate an 11.9-liter natural gas engine meeting the 0.02 g/bhp-hr optional NOx emission standard for on-road heavy-duty vehicles. This award included pass-through cost-share funding of $1 million each from CEC and the Southern California Gas Company as well as $500,000 from Clean Energy. The CEC had also intended to provide an additional $1 million in a separate sole source contract directly with CWI. Subsequently, CEC has indicated they will award all project cost-share as pass-through funding to SCAQMD for a total of $2,000,000 for the 11.9-liter natural gas engine development.

Proposal
This action is to recognize, upon receipt, up to an additional $1 million from the CEC (for a total of $2 million) for the development, integration and demonstration of an 11.9-liter heavy-duty natural gas engine that is 90% cleaner than the current on-road heavy-duty NOx exhaust emissions standard. This action is to also amend the contract with CWI to increase project funding in an amount not to exceed $1 million. The project includes three phases: engine development, integration of the engine into vehicles and demonstration of the engine technology during typical operation of the vehicles. The additional $1 million from CEC is restricted to the engine development and integration phases.

Sole Source Justification
Section VII.B.2 of the Procurement Policy and Procedure identifies provisions by which sole source awards may be justified. This request for a sole source award is made under provisions B.2.c(2): The project involves the use of proprietary technology; and B.2.d: Other circumstances exist which in the determination of the Executive Officer requires such waiver in the best interests of the SCAQMD. Such circumstances may include but are not limited to (1) projects involving cost sharing by multiple partners and (3) projects involving commitment to multiple project phases. CWI has proprietary engine and aftertreatment technology developed for the 8.9-liter engine with assistance from a previous SCAQMD award. This technology will be applied to the 11.9-liter engine in this project. CEC, SoCalGas and Clean Energy are providing cost sharing along with in-kind cofunding provided by CWI. And the project includes three phases: engine development, integration of the engine into vehicles and demonstration of the engine technology during typical operation of the vehicles.

Benefits to SCAQMD
The Board previously awarded a contract to CWI to develop, integrate and demonstrate11.9-liter ultra-low emission heavy-duty natural gas engines that are capable of achieving 0.02 g/bhp-hr or lower NOx emissions. This additional funding from CEC will ensure that the development project remains on schedule and that the development targets will be met. The development and use of engines meeting the 0.02 g/bhp-hr

optional NOx standard in on-road heavy-duty truck applications will assist the SCAQMD to attain its clean air goals. This project is included in the *Technology Advancement Office Clean Fuels Program 2016 Plan Update* under "Engine Systems."

Resource Impacts

CEC will provide up to $1,000,000 in additional funds (for a total of $2,000,000 in pass-through funds) to be recognized into the Clean Funds Fund (31) for development of the 0.02 g/bhp-hr NOx 12-liter natural gas engine by CWI. No additional SCAQMD funds are required beyond the $1,750,000 previously approved by the Board in November 2015. The contract with CWI will not exceed $5,250,000 from the Clean Fuels Fund (31), with cost-share reflected below:

Proposed Project Cost-Share

Funding Source	Funding Amount	% of Project
Clean Energy	$ 500,000	8%
CEC	$2,000,000	32%
SoCalGas	$1,000,000	16%
CWI (in-kind)	$1,000,000	16%
SCAQMD	$1,750,000	28%
Total	**$6,250,000**	**100%**

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.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 6

PROPOSAL: Recognize Revenue and Appropriate Funds to Engage, Educate and Empower California Communities on Use and Applications of "Low-Cost" Air Monitoring Sensors

SYNOPSIS: The U.S. EPA awarded SCAQMD a nationwide competitive Science to Achieve Results (STAR) research grant to engage, educate and empower California communities on the use and application of "low-cost" air monitoring sensors. SCAQMD staff will work with Sonoma Technology, Inc., researchers at UCLA and other air pollution control districts to develop and implement methodologies and resources for accomplishing the specific objectives of this project. This action is to recognize up to $749,820 in revenue into the General Fund and appropriate up to $670,500 in Science & Technology Advancement's FY 2016-17, FY 2017-18 and FY 2018-19 Budgets to support this work.

COMMITTEE: Technology, September 16, 2016; Recommended for Approval

RECOMMENDED ACTION:
Recognize revenue up to $749,820 into the General Fund, upon receipt, and appropriate up to $670,500 from the General Fund Unassigned (Undesignated) Fund Balance in Science & Technology Advancement's FY 2016-17, FY 2017-18 and FY 2018-19 Budgets (Org 43), Services and Supplies Major Object, as needed (and available) in the Professional & Special Services Account ($560,500) and Lab Supplies Account ($110,000), with the remaining balance ($79,320) already included in Salaries and Employee Benefits within Science & Technology Advancement's Budget.

Wayne Nastri
Acting Executive Officer

MMM:AP:ld

Background
On June 9, 2014, the U.S. EPA, as part of its Science to Achieve Results (STAR) program, solicited applications proposing research on empowering communities and individuals to take action to avoid air pollution exposure, using "low-cost" portable air pollution sensors. Specifically of interest was research on using "low-cost" portable sensors to understand and avoid air pollution exposure, on the ways that communities and individuals interact with air pollution sensors and their data, on methods for understanding and managing the quality of data from air pollution sensors, and on how sensors and sensor networks compare to existing state-of-the-art air quality monitoring methods. About 100 proposals were received by the U.S. EPA in response to this nationwide solicitation, and SCAQMD was awarded one of six available grants to engage, educate and empower California communities on the use and applications of "low-cost" air monitoring sensors.

Proposal
The overarching objective of SCAQMD's proposed three-year project is to provide communities across California with the knowledge necessary to appropriately select, use and maintain "low-cost" sensors and to correctly interpret the collected data. This will be accomplished by pursuing the following four specific aims:

Aim 1: Develop new methods to engage, educate and empower local communities on the use and applications of "low-cost" sensors
SCAQMD's AQ-SPEC staff will work with Sonoma Technology, Inc., Dr. Yifang Zhu's research group at UCLA and other air pollution control districts to develop and implement methodologies and resources for educating California communities on the use of commercially available "low-cost" air pollution sensors. Specific objectives of this part of the project include: a) educate community-based organizations about air sensors, data collection and data interpretation; b) empower community-based organizations to use air sensors to identify local pollution problems; c) enable community-based organizations to produce quality data for wide spread use; and d) empower communities to take action to reduce air pollution and avoid exposure.

To meet these objectives, the team will develop a toolkit containing informational material about sensors and best practices for data collection and interpretation. This toolkit will promote appropriate use of air quality sensors and help community-based organizations use sensors to answer questions about air quality. An important component of this material will be guidance on identifying and framing the problem and designing suitable procedures for using sensors to answer questions that community members may have. A series of workshops will be held to train community-based organizations on how to use the materials in the toolkit to inform interested residents about the use of sensors and interpretation of monitoring data. The toolkit will consist of a guidebook, training videos and a data collection checklist. All three deliverables

will be designed to clearly convey important information in a format and language that is accessible to non-expert users.

The study will be conducted in six communities throughout California, two in Southern California and four in Central and/or Northern California. These communities will be located largely in Environmental Justice (or other polluted) areas and near specific sources of air pollution such as highly trafficked freeways, refineries, airports and ports. We will also seek one or more communities in rural areas for a study of smoke impacts or other pollutants of concern, depending on the availability of appropriate sensor technology. The six communities will be identified during year one of the study with the help of participating agencies and community groups. In each community, we will recruit individuals that are interested in air quality issues, learning more about the use and applications of sensor technologies, and collecting air monitoring data using sensors. Our recruitment efforts will be supported by the Center for Community Action and Environmental Justice (CCAEJ) and by Communities for a Better Environment (CBE). Both of these organizations have a long history of working with local communities and governmental agencies to protect communities and improve air quality, are enthusiastic about our proposed study and have submitted letters in support for this effort.

With help from these partners and others to be developed throughout the project, we will distribute a recruitment questionnaire (with questions on age, gender, education level and willingness to participate in our study) to a large number of subjects to recruit at least 200 eligible study participants across the study areas (i.e., Southern, Central and/or Northern California). All recruiting meetings will include enough time for community members to ask questions and discuss topics of interest and provide take home materials that are written at an appropriate level. All recruited individuals will receive a monitoring sensor to collect air quality data during this study. Compensation will be provided to community members for their participation in an amount not to exceed $100 per participant.

Aim 2: Conduct field and laboratory testing to characterize the performance of commercially available "low-cost" sensors and identify candidates for field deployment
During the first year of this project, a wide variety of commercially available "low-cost" sensors will be tested within SCAQMD's AQ-SPEC. AQ-SPEC will perform a thorough performance characterization of currently available "low-cost" sensors using both field- and laboratory-based testing. Specifically, air quality sensors will be operated side by side with "EPA approved" Federal Reference Method and Federal Equivalent Method (FRM and FEM, respectively) air monitoring equipment, which is routinely used to measure the ambient concentration of gaseous or particle pollutants for regulatory purposes. The testing will be conducted at one or more of SCAQMD's existing air monitoring stations to test sensor overall performance. All sensors will be evaluated in triplicates and for a period of at least two months to provide statistical

information about the comparability with FRM/FEM instruments measuring the same pollutant(s) and their overall performance.

Sensors that demonstrate a nominal level of performance in the field will then be brought back to the AQ-SPEC lab, where a characterization chamber will be used to challenge the sensors with known concentrations of different particle and gaseous pollutants under different temperature and relative humidity levels. Also, in this case, sensors will be evaluated in triplicates to provide statistical information about the comparability with FRM/FEM instruments measuring the same pollutant(s). Based on the testing results, one or more sensor types/models will be selected and deployed in the field to measure specific criteria pollutants and/or air toxics in six different communities as outlined in the next section.

Aim 3: Deploy the selected sensors in multiple California communities and perform a thorough validation and interpretation of the collected data

SCAQMD will work in collaboration with Dr. Yifang Zhu's research group at UCLA, Bay Area AQMD, Sacramento AQMD, Northern Sonoma County APCD and other interested air districts to deploy, operate and maintain the selected air quality sensors in six communities throughout California, two in Southern California and four in Central and/or Northern California. For this purpose, the team will specifically target communities located in Environmental Justice areas and near specific sources of air pollution. Sensors will be selected based on the AQ-SPEC results and on the specific air quality problems affecting the selected communities. For example, some neighborhoods may have potentially high concentrations of air toxics from a nearby petroleum production or refining source and may require VOC monitoring; some may be impacted by agricultural emissions or traffic, and others may be dominated by regional-scale pollutants such as ozone (O_3). Testing conducted by the AQ-SPEC group in the past two years has shown promising results for sensors measuring PM, O_3 and primary combustion products such as CO and nitrogen monoxide (NO). The performance of sensor devices for monitoring VOCs and other air toxics is still not well characterized.

CCAEJ will help us in recruiting two communities in Southern California, while CBE will help us in recruiting four communities in Central and/or Northern California. Both CCAEJ and CBE will be responsible for recruiting community members that may be willing to operate an air quality sensor in their backyards, on the roof of their home or in another secure outdoor location. Sensors will also be deployed at the nearest fixed-site stations that are part of the Southern, Central and/or Northern California air monitoring network to gather comparable air pollution measurements for data evaluation purposes. Based on an estimated average sensor cost of about $1,000 (typically, “low-cost” sensors range in price from $100 to $2500), we anticipate the procurement and deployment of at least 150 air quality sensors across the six selected communities (probably 20 to 30 sensors per community). Measurements will then be taken for a

period of at least one year (and up to 15 months). To the extent possible, measurement periods will be scheduled in a manner that would allow large-scale sharing of the sensors among participating communities and maximize the numbers of sensors deployed in each community. While the sensors are being deployed, SCAQMD will conduct focus groups, interviews and field observation of community members to assess their opinions on how well the sensors work, how easy they are to use, their understanding and ability to interpret the data and their thoughts and impressions about the overall project.

Once validated, this data will be analyzed by UCLA and SCAQMD to characterize spatial and diurnal trends at the six communities, identify potential gradients due to proximity to one or more air pollution sources (e.g., freeways, airports, oil refineries), and assess other factors that may contribute to increasing the ambient levels of the measured pollutant(s) (e.g., meteorology). Given their wide spatial distribution, these highly resolved sensor data could also be used to help predict air pollution concentration throughout Southern, Central, and Northern California using computer models. A comparison between sensor and network data will show how pollutants are distributed spatially around a central-site monitor and how they relate uniquely to fixed-site monitor measurements. The results will be shared with the community participants in terms understandable to those without technical training. The potential distribution and broad spatial coverage of air pollution sensors constitute a major strength of these technologies in helping communities learn more about local air pollution. Voluntary cost-share will be provided by all participating air districts for the purchase of additional air monitoring sensors for community deployment, their operation and maintenance and the analysis of the collected data. Specifically, approximately 100 sensors will be procured, deployed and maintained using direct funding from this proposal and approximately 50 sensors will be purchased and operated with voluntary cost-share from participating air districts.

Aim 4: Communicate the lessons learned to the public and organize outreach activities
Throughout the study, regular public meetings in the six California communities will be organized to share preliminary results and get feedback from community members and study participants. To prepare for and facilitate productive and engaging meetings, we will develop agendas, prepare presentations and share photos/videos from sensor users that demonstrate the operation of their sensors and describe what they learned. We will gather feedback, summarize the results from these meetings and use the information to inform later stages of the project. Data collected, documentation developed and testing results obtained during this project will be organized and posted online as part of the AQ-SPEC website (www.aqmd.gov/aq-spec) and made available for free to educate the public on the capabilities of commercially available sensors and their potential applications. Sensor-related events and workshop information will also be posted on this and other participating air districts' websites. The primary goals for sharing the results from this project with the public are to: a) inform a broad audience about air

pollution; b) provide a valuable resource for communities interested in using sensors to answer questions about air quality; and c) empower individuals and communities to take action to reduce their exposure to air pollution. Sonoma Technology, Inc. (STI), will work with SCAQMD staff to ensure all data and materials from this project are shared with the public in a meaningful way. STI and SCAQMD will work collaboratively to ensure that informative and useful data visualization is incorporated into the AQ-SPEC website, including how to show concentrations on maps, time series comparisons among sensors and participants, and comparisons to health benchmarks and standards to help communities put their data in perspective.

At the end of this three-year study, California Air Pollution Control Officers Association (CAPCOA) will help organize several community workshops throughout California to disseminate study results. SCAQMD staff will work with CAPCOA to develop workshop agendas and presentation content. The workshops will help educate the public on the strengths and limitations of commercially available sensors and help answer the following key questions: (a) Which tools will be most successful in educating communities and building their capacity to effectively use air monitoring sensors and to engage them in using sensor data; (b) Will a community more likely take action to reduce air pollution exposure when sensors and sensor data are made readily available; (c) Which sensors are the most suitable for community use; (d) How does sensor data quality change with time, after sustained use by communities under "real-world" conditions; (e) How do sensor data compare (spatially and temporally) to that of existing monitoring networks; and (f) What value is added by these sensors that we are not getting with the current network data?

Benefits to SCAQMD

The implementation of the four major aims of this project will allow individuals to become more familiar with specific air quality issues affecting their communities and will empower them with the knowledge and experience they need to take action to avoid air pollution exposure, using "low-cost" air pollution sensors. Results from this study will also help governmental organizations and other policymakers to better understand air quality issues at the community level and make better policy decisions to protect the public from the impacts of air pollution.

Resource Impacts

Sufficient funding will be available for this project. The U.S. EPA has authorized funding of $749,820 for this effort and SCAQMD has received an initial award of $400,000. Appropriations for the project will not exceed the current and future award amounts. Cost-share by the SCAQMD and project partners is approximately $1.6 million.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 7

PROPOSAL: Adopt Resolution Recognizing Funds and Accepting Terms and Conditions for FY 2015-16 Carl Moyer State Reserve Fund Award, and Execute Contracts for FY 2015-16 "Year 18" Carl Moyer Program and SOON Provision

SYNOPSIS: As agreed in a May 1, 2013 MOU between CAPCOA and CARB, the SCAQMD is to implement the FY 2015-16 Carl Moyer Multidistrict Program. This action is to adopt a resolution recognizing $3 million in revenue from CARB's Carl Moyer State Reserve Fund with its terms and conditions for FY 2015-16. On June 1, 2016, the Program Announcements issued for the "Year 18" Carl Moyer Program and SOON Provision closed. These actions are to execute contracts for the "Year 18" Carl Moyer Program and SOON Provision in an amount not to exceed $31,985,690, comprised of $25,302,812 from the SB 1107 Fund (32), $2,812,500 from the SB 1107 Multidistrict Fund (32), $3,326,453 from the AB 923 Fund (80), and $543,925 in accrued interest from the Carl Moyer Program Fund (32). Finally, these actions are to execute contracts from a backup project list as turnback funds become available and to transfer all unallocated AB 923 funds from the Carl Moyer Fund (32) to the Carl Moyer Program AB 923 Special Revenue Fund (80).

COMMITTEE: Technology, September 16, 2016; Recommended for Approval

RECOMMENDED ACTIONS:

A. Adopt the attached Resolution recognizing, upon receipt, up to $3 million from CARB's Carl Moyer State Reserve Fund into the Carl Moyer Program SB 1107 Multidistrict Fund (32) and accepting terms and conditions of the FY 2015-16 Carl Moyer State Reserve Fund Year 18 award;

B. Authorize the Chairman to execute the following Carl Moyer Program contracts with funds from the Carl Moyer Program SB 1107 Multidistrict Fund (32) for a total of up to $2,747,469:
   1. Pacific Tugboat Services, Inc., for the repower of 8 main and 4 auxiliary engines of three marine vessels in an amount not to exceed $957,976;

2. Anthony Makul for the repower of 1 main and 1 auxiliary engines of a marine vessel in an amount not to exceed $179,844;
3. Isurus, LLC, for the repower of 2 main and 1 auxiliary engines of a marine vessel in an amount not to exceed $647,309;
4. Freelance Sportfishing, Inc., for the repower of 2 main engines of a marine vessel in an amount not to exceed $263,500;
5. Ocean Defenders Alliance for the repower of 2 main engines of a marine vessel in an amount not to exceed $289,000;
6. Donald Krebs for the repower of 1 main engine of a marine vessel in an amount not to exceed $145,382; and
7. Rogers Grading for the repower of 2 off-road equipment in an amount not to exceed $264,458.

C. Authorize the Chairman to execute the following Carl Moyer Program contracts with funds from the Carl Moyer Program SB 1107 Fund (32) for a total of up to $24,205,689:
1. Energia Logistics for a shore power project and the retrofit of two marine vessels to accept electric power in an amount not to exceed $3,150,446;
2. Foothill Transit for the purchase of 13 electric transit buses in an amount not to exceed $236,873;
3. Coast Rail Services for the replacement of an uncontrolled switcher locomotive with an electric engine in an amount not to exceed $220,400 (subject to CARB approval);
4. Aquarium of the Pacific for the repower of 2 main engines of a marine vessel in an amount not to exceed $158,091;
5. Sundiver International, Inc., for the repower of 1 auxiliary engine of a marine vessel in an amount not to exceed $11,823;
6. Darrell Deck for the repower of 2 main and 1 auxiliary engines of a marine vessel in an amount not to exceed $252,818;
7. Gheorghe David for the repower of 2 main engines of a marine vessel in an amount not to exceed $133,450;
8. Thomas Nguyen for the repower of 1 main and 2 auxiliary engines of a marine vessel in an amount not to exceed $308,550;
9. Bryan & Jennifer Cruz for the repower of 2 main engines of a marine vessel in an amount not to exceed $215,050;
10. Seafleet One, LLC, for the repower of 2 main engines of a marine vessel in an amount not to exceed $229,500;
11. Joe Wu for the repower of 1 main engine of a marine vessel in an amount not to exceed $80,518;
12. Toan D. Nguyen for the repower of 1 main engine of a marine vessel in an amount not to exceed $133,450;
13. My Boat Companies, Inc., for the repower of 2 main and 2 auxiliary engines of a marine vessel in an amount not to exceed $306,850;

14. Rick Henderson for the repower of 2 main engines of a marine vessel in an amount not to exceed $149,659;
15. Catalina Classic Cruises for the repower of 2 main engines of a marine vessel in an amount not to exceed $391,458;
16. John S. Rice for the repower of 1 main engine of a marine vessel in an amount not to exceed $112,018;
17. Craig Jacobs for the repower of 1 main engine of a marine vessel in an amount not to exceed $87,818;
18. Rodger Healy for the repower of 1 main engine of a marine vessel in an amount not to exceed $170,009;
19. Daniel Mello for the repower of 1 main engine of a marine vessel in an amount not to exceed $56,048;
20. Island Charters, Inc., for the repower of 2 main engines of a marine vessel in an amount not to exceed $358,018;
21. Easter B. Charters, Inc., for the repower of 2 main engines of a marine vessel in an amount not to exceed $248,200;
22. David Haworth dba F/V Barbara H. Inc. for the repower of 1 main engine of a marine vessel in an amount not to exceed $224,239;
23. Adam Olson for the repower of 2 main engines of a marine vessel in an amount not to exceed $175,018;
24. Venita McLay for the repower of 2 main engines of a marine vessel in an amount not to exceed $260,100;
25. La Sala De Juntas, Inc., for the repower of 2 main engines of a marine vessel in an amount not to exceed $601,579;
26. Dive N' Surf for the repower of 1 main engine of a marine vessel in an amount not to exceed $120,700;
27. Bongos Sportfishing, LLC, for the repower of 4 main engines of two marine vessels in an amount not to exceed $442,000;
28. Southwest Marine Resources, LLC, for the repower of 1 main engine of a marine vessel in an amount not to exceed $85,392;
29. David Haworth dba Pacific Horizon Fishing for the repower of 1 main and 3 auxiliary engines of a marine vessel in an amount not to exceed $663,527;
30. Sardina Fishing, LLC, for the repower of 1 main and 1 auxiliary engines of a marine vessel in an amount not to exceed $156,400;
31. Timothy Perguson for the repower of 1 main engine of a marine vessel in an amount not to exceed $153,113;
32. Dilman's Crystal Pacific for the repower of 1 main engine of a marine vessel in an amount not to exceed $109,811;
33. Matthew Potter dba Mako Matt's Marine for the repower of 2 main engines of a marine vessel in an amount not to exceed $249,050;
34. Edward Hernandez for the repower of 1 main engine of a marine vessel in an amount not to exceed $85,987;

35. Kelly Fukushima for the repower of 1 main and 1 auxiliary engines of a marine vessel in an amount not to exceed $169,325;
36. Sea Esta Charters for the repower of 2 main engines of a marine vessel in an amount not to exceed $243,950;
37. David Powell for the repower of 1 main engine of a marine vessel in an amount not to exceed $132,779;
38. David Carlisle for the repower of 2 main engines of a marine vessel in an amount not to exceed $195,619;
39. Southern California Marine Institute for the repower of 2 main and 2 auxiliary engines of a marine vessel in an amount not to exceed $311,950;
40. Neil Splonskowski for the repower of 2 main engines of a marine vessel in an amount not to exceed $286,450;
41. Jeffrey S. Pelton for the repower of 1 main engine of a marine vessel in an amount not to exceed $121,550;
42. Catalina Sea Ranch, LLC, for the repower of 2 main engines of a marine vessel in an amount not to exceed $310,250;
43. John Mello for the repower of 1 main engine of a marine vessel in an amount not to exceed $79,921;
44. Matthew Meistrell for the repower of 1 main engine of a marine vessel in an amount not to exceed $150,450;
45. Hoanh Vu for the repower of 1 main and 1 auxiliary engines of a marine vessel in an amount not to exceed $141,100;
46. Pavel Bakhtine for the repower of 1 main engine of a marine vessel in an amount not to exceed $98,600;
47. Michael Cassidy for the repower of 1 main engine of a marine vessel in an amount not to exceed $79,921;
48. Friendly Hills Country Club for the replacement of 5 off-road equipment in an amount not to exceed $224,115;
49. Earth Tek Engineering Corp. for the replacement of 1 and the repower of 2 off-road equipment in an amount not to exceed $261,655;
50. Miller Blades for the replacement of 1 off-road equipment in an amount not to exceed $200,000;
51. MBA Grading & Demolition, Inc., for the repower of 3 off-road equipment in an amount not to exceed $346,328;
52. TE Roberts, Inc., for the replacement of 5 off-road equipment in an amount not to exceed $516,630;
53. Evergreen Recycling, Inc., for the replacement of 1 off-road equipment in an amount not to exceed $178,670;
54. M.H. Uyekawa, Inc., for the replacement of 2 off-road equipment in an amount not to exceed $460,270;
55. Barraza and Sons Heavy Equipment, Inc., for the repower of 2 off-road equipment in an amount not to exceed $93,427;

56. Don H. Mahaffey Drilling for the repower of 1 off-road equipment in an amount not to exceed $29,810;
57. A&I Rock Company, Inc., for the replacement of 4 off-road equipment in an amount not to exceed $243,589;
58. Trench Shoring Company for the replacement of 2 off-road equipment in an amount not to exceed $136,940;
59. CM Backhoe Service for the replacement of 2 off-road equipment in an amount not to exceed $146,491;
60. Dustin Smith Equipment for the repower of 4 off-road equipment in an amount not to exceed $44,587;
61. P. Riley Enterprises, Inc., for the repower of 1 off-road equipment in an amount not to exceed $122,930;
62. Jorge Fuentes Trucking for the replacement of 1 off-road equipment in an amount not to exceed $83,204;
63. Recycled Wood Products for the replacement of 2 off-road agricultural equipment in an amount not to exceed $97,402;
64. Boermsa Dairy for the replacement of 6 off-road agricultural equipment in an amount not to exceed $165,285;
65. Souza Dairy for the replacement of 3 off-road agricultural equipment in an amount not to exceed $163,503;
66. Cottonwood Dairy for the replacement of 6 off-road agricultural equipment in an amount not to exceed $805,833;
67. Offinga and Son Dairy for the replacement of 3 off-road agricultural equipment in an amount not to exceed $483,356;
68. Don Bean Ranch for the replacement of 2 off-road agricultural equipment in an amount not to exceed $140,075;
69. Marvo Holsteins for the replacement of 3 off-road agricultural equipment in an amount not to exceed $131,774;
70. O&S Holsteins LP for the replacement of 3 off-road agricultural equipment in an amount not to exceed $309,907;
71. Rancho Mission Viejo for the replacement of 3 off-road agricultural equipment in an amount not to exceed $62,216;
72. Sunwest Farm, LLC, for the replacement of 3 off-road agricultural equipment in an amount not to exceed $343,248;
73. Domenigoni Brothers Ranch, LP, for the replacement of 1 off-road agricultural equipment in an amount not to exceed $128,238;
74. La Quinta Date Growers for the replacement of 2 off-road agricultural equipment in an amount not to exceed $347,181;
75. Cleveland Farms, Inc., for the replacement of 5 off-road agricultural equipment in an amount not to exceed $825,388;
76. Triple B Farms, Inc., for the replacement of 1 off-road agricultural equipment in an amount not to exceed $272,750;

77. Pacific Date Corporation for the replacement of 1 off-road agricultural equipment in an amount not to exceed $68,231;
78. Desert Custom Farming, Inc. for the replacement of 1 off-road agricultural equipment in an amount not to exceed $135,225;
79. Junior Enterprises, LLC, for the replacement of 4 off-road agricultural equipment in an amount not to exceed $544,758;
80. Brian Smith Development for the replacement of 3 off-road agricultural equipment in an amount not to exceed $237,522;
81. Oostdam Dairy for the replacement of 4 off-road agricultural equipment in an amount not to exceed $294,208;
82. Gene Rheingans for the replacement of 2 off-road agricultural equipment in an amount not to exceed $364,927;
83. Michael Van Ryn/Van Ryn Farms for the replacement of 1 off-road agricultural equipment in an amount not to exceed $45,679;
84. Kono Farms for the replacement of 2 off-road agricultural equipment in an amount not to exceed $97,601;
85. Bautista Creek Ranches, Inc., for the replacement of 1 off-road agricultural equipment in an amount not to exceed $41,420;
86. Fernando Lopez Fuentes for the replacement of 1 off-road agricultural equipment in an amount not to exceed $76,194;
87. DYT Dairy for the replacement of 1 off-road agricultural equipment in an amount not to exceed $141,142;
88. William Koot Dairy for the replacement of 1 off-road agricultural equipment in an amount not to exceed $31,159;
89. Sunny Slope Tree Farm, Inc., for the replacement of 1 off-road agricultural equipment in an amount not to exceed $127,133;
90. Van Dam Dairy for the replacement of 2 off-road agricultural equipment in an amount not to exceed $277,227;
91. Organic Depot, LLC, for the replacement of 2 off-road agricultural equipment in an amount not to exceed $1,633,216;
92. C&R Farms, Inc., for the replacement of 1 off-road agricultural equipment in an amount not to exceed $35,269;
93. West Coast Turf for the replacement of 8 off-road agricultural equipment in an amount not to exceed $344,303;
94. Rick Bradford Ranches, LLC, for the replacement of 1 off-road agricultural equipment in an amount not to exceed $79,382; and
95. Amazing Coachella for the replacement of 6 off-road agricultural equipment in an amount not to exceed $455,833.

D. Authorize the Chairman to execute the following Carl Moyer Program contracts with:
   1. Loc Duy Pham for the repower of 1 main and 1 auxiliary engines of a marine vessel in an amount not to exceed $152,150; comprised of $65,031 from the Carl

Moyer Program SB 1107 Multidistrict Fund (32), and $87,119 from interest funds accrued in the Carl Moyer Program Fund (32); and

2. R&J Haringa Dairy for the replacement of 4 off-road agricultural equipment in an amount not to exceed $463,714; comprised of $6,908 from the Carl Moyer Program AB 923 Fund (80), and $456,806 from interest funds accrued in the Carl Moyer Program Fund (32); and
3. Agri-Empire for the replacement of 9 off-road agricultural equipment in an amount not to exceed $1,450,228, comprised of $247,753 from the Carl Moyer Program SB 1107 Fund (32), and $1,202,475 from the Carl Moyer Program AB 923 Fund (80).

E. Authorize the Chairman to execute the following SOON Provision contracts with funds from the Carl Moyer Program AB 923 Fund (80) for a total of up to $2,117,070:
   1. Mountain Top Quarries, LLC, for the replacement of 3 off-road equipment in an amount not to exceed $684,710;
   2. OC Waste & Recycling for the replacement of 2 off-road equipment in an amount not to exceed $338,296;
   3. McLaughlin Engineering & Mining, Inc., for the repower of 2 and the replacement of 2 for 1 off-road equipment in an amount not to exceed $543,357;
   4. Rentrac, Inc., for the repower of 2 off-road equipment in an amount not to exceed $373,520; and
   5. Harber Companies, Inc., for the repower of 2 off-road equipment in an amount not to exceed $177,187.

F. Authorize the Chairman to execute contracts from the backup list of projects as outlined in Table 5, under the Carl Moyer Program, upon availability of funds from returned or partially completed projects. Projects will be selected from the list based on their readiness to proceed and cost-effectiveness.

G. Transfer $3,062,303 in AB 923 funds and associated accrued interest, in addition to future residual interest, from the Carl Moyer Program Fund (32) to the Carl Moyer Program AB 923 Special Revenue Fund (80).

Wayne Nastri
Acting Executive Officer

MMM:FM

Background
As agreed in a Memorandum of Understanding signed between CAPCOA and CARB on May 1, 2013, the Carl Moyer Multidistrict Program will be alternatively implemented by the Bay Area and the South Coast AQMDs from FY 2012-13 (Year 15) through FY 2015-16 (Year 18). The SCAQMD is to implement the FY 2015-16 (Year 18) Multidistrict Program. For this purpose, CARB has allocated $3 million in revenue from the State Reserve Fund comprised of $2,812,500 in project funds and $187,500 in administrative funds. As required by the grant award, the SCAQMD has submitted a funding plan to CARB for the implementation of the Multidistrict Program with the State Reserve Funds and has received approval.

This is the 18th year of the Carl Moyer Program and the 12th year of the Program with a long-term source of funding generated under SB 1107 and AB 923. For FY 2015-16, CARB has allocated $25,495,135 in SB 1107 funds to the SCAQMD, comprised of $23,901,689 in project funds and $1,593,446 in administrative funds. In addition, $3,824,270 is required from the SCAQMD as its local match. Table 1 shows a summary of the total available funds including accumulated interest and returned funds.

On June 1, 2016, proposals were received in response to the Program Announcements issued for the "Year 18" Carl Moyer Program and the SOON Provision. A total of 165 proposals were received requesting over $55 million in funding.

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
This action is to adopt the attached resolution recognizing, upon receipt, up to $3 million from CARB's Carl Moyer State Reserve Fund into the Carl Moyer Program SB 1107 Multidistrict Fund (32) and accepting terms and conditions of the FY 2015-16 Carl Moyer State Reserve Fund Year 18 award.

These actions are to also approve the recommended awards as outlined in Tables 2 and 3 under the Carl Moyer Program and the SOON Provision, respectively, in an amount not to exceed $31,985,690 comprised of $25,302,812 from the SB 1107 Fund (32), $2,812,500 from the SB 1107 Multidistrict Fund (32), $3,326,453 from the AB 923 Fund (80), and $543,925 in accrued interest from the Carl Moyer Program Fund (32).

The applications have been evaluated and recommended for funding according to CARB's Carl Moyer Program Guidelines released on June 6, 2011, and the most recent mail out of January 2016. First, all the eligible projects in disproportionately impacted areas up to the maximum allowable cost-effectiveness limit of $18,260 per ton were selected. After that, projects were selected based on their cost-effectiveness with the remaining funds. Since the off-road equipment and the marine vessel categories were oversubscribed, projects in both these categories were selected only up to the cost-effectiveness limit of $13,200 per ton.

Table 4 summarizes staff's recommendation for the Carl Moyer Program and the SOON Provision awards in disproportionately impacted areas under the requirements of AB 1390. The total amount of projects funded in disproportionately impacted areas is $9,694,587, while the total amount of projects funded solely based on cost-effectiveness is $22,291,103. In summary, 30% of the projects are in disproportionately impacted areas. However, from early 2015 until March 2016, over 1,800 heavy-duty truck projects have been implemented under the Proposition 1B-Goods Movement Program with funding of $77.6 million. All these projects were in disproportionately impacted areas as they operate at the Ports and throughout goods movement corridors.

Since there were more eligible projects than available funds, this action is to also approve the list of backup projects, as outlined in Table 5, under the Carl Moyer Program. Upon availability of funds from returned or partially completed projects, new projects will be selected from this list based on cost-effectiveness and their readiness to proceed. The proposed projects in the backup list are limited to up to $16,000 per ton cost-effectiveness.

Finally, this action is to transfer $3,062,303 in AB 923 funds and associated accrued interest, in addition to future residual interest, from the Carl Moyer Program AB 923 Fund (32) to the Carl Moyer Program AB 923 Special Revenue Fund (80). This way all the AB 923 funds will be tracked under Fund (80).

Funding Distribution

Funding for projects has been recommended based on the priorities of the "Carl Moyer Program Guideline under SB 1107 & AB 923" adopted by the Board on July 8, 2005. The priorities of the Guideline are:

- Goods Movement (no less than 40%)
- Environmental Justice (no less than 50%)
- Cost-Effectiveness
- Low-Emission Engine/Vehicle Preference
- Early Commercialization of Advanced Technologies/Fuels
- Fleet Rules
- School Buses

The Board's allocation of funds for the implementation of the Proposition 1B–Goods Movement Program far exceeds the goods movement objective.

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.

Benefits to SCAQMD
The successful implementation of the Carl Moyer Program and SOON Provision will provide direct emissions reductions for both NOx and PM as required by the programs. Total annual NOx and PM emissions reductions from the recommended Carl Moyer Program projects are approximately 314 tons and 12.1 tons, respectively. Total annual NOx emission reductions from the recommended SOON Provision projects are approximately 22.1 tons. Additionally, since the vehicles and equipment funded under these programs will operate for the life of the contract and beyond, the emissions reductions will provide long-term benefits.

Resource Impacts
Funding for the Carl Moyer Program and the SOON Provision projects shall not exceed $31,985,690, comprised of $25,302,812 from the SB 1107 Fund (32), $2,812,500 from the SB 1107 Multidistrict Fund (32), $3,326,453 from the AB 923 Fund (80), and $543,925 in accrued interest from the Carl Moyer Program Fund (32).

Attachments
Resolution
Table 1 – Carl Moyer Program Available Funds
Table 2 – Recommended Carl Moyer Program Awards
Table 3 – Recommended SOON Provision Awards
Table 4 – Funding Distribution of Recommended Awards
Table 5 – List of Backup Projects

RESOLUTION NO. 16-_____

A Resolution of the South Coast Air Quality Management District Governing Board Recognizing Funds and Accepting the Terms and Conditions of the FY 2015-16 Carl Moyer State Reserve Fund Year 18 Award

WHEREAS, under Health & Safety Code §40400 et seq., the South Coast Air Quality Management District (SCAQMD) is the local agency with the primary responsibility for the development, implementation, monitoring and enforcement of air pollution control strategies, clean fuels programs and motor vehicle use reduction measures; and

WHEREAS, the SCAQMD is authorized by Health & Safety Code §§40402, 40440, and 40448.5 to implement programs to reduce transportation emissions, including programs to encourage the use of alternative fuels and low-emission vehicles, and to develop and implement other strategies and measures to reduce air contaminants and achieve the state and federal air quality standards; and

WHEREAS, the SCAQMD Governing Board has adopted several programs to reduce emissions from on-road and off-road vehicles, as well as emissions from other equipment, including the Carl Moyer, the Carl Moyer Multidistrict, and the School Bus Incentive Programs; and

WHEREAS, the SCAQMD is designated as an extreme non-attainment area for ozone and as such is required to utilize all feasible means to meet national ambient air quality standards;

THEREFORE, BE IT RESOLVED that the SCAQMD Governing Board, in regular session assembled on October 7, 2016, does hereby accept the terms and conditions of the FY 2015-16 Carl Moyer State Reserve Fund Year 18 award and recognizes up to $3,000,000 in Carl Moyer SB 1107 Multidistrict Fund.

BE IT FURTHER RESOLVED that the Executive Officer is authorized and directed to take all steps necessary to carry out this Resolution.

_____ _____

Date Clerk of the Boards

Table 1: Carl Moyer Program Available Funds

Funding Source	Funds Required to be Encumbered	Comment
SB 1107	$25,302,812	From $25,495,135 "Year 18" funds allocated by CARB: less $1,593,446 in administration funds; plus $1,401,123 in returned projects.
Carl Moyer Fund Interest	$543,925	Total unobligated interest funds in Fund 32 by 6/30/16.
Match Funds	$3,250,630	This is the required match amount for "Year 18", less 15% as SCAQMD's in-kind contribution allowed under the Program. The SCAQMD has already met its local match. However, in case of increased demand, projects can be funded with AB 923 funds that can be used either towards future match requirements or as backup for canceled or partially completed projects.
SB 1107 Multidistrict Funds	$2,812,500	From $3,000,000 "Year 18" Multidistrict funds allocated by CARB: - less $187,500 in administration funds
Total	**$31,909,867**	

Table 2: Recommended Carl Moyer Program Awards

SB 1107 Awards (Fund 32)				
Energia Logistics	$3,150,446		Foothill Transit	$236,873
Coast Rail Services	$220,400		Aquarium of the Pacific	$158,091
Sundiver International, Inc.	$11,823		Darrell Deck	$252,818
Gheorghe David	$133,450		Thomas Nguyen	$308,550
Bryan & Jennifer Cruz	$215,050		Seafleet One, LLC	$229,500
Joe Wu	$80,518		Toan D. Nguyen	$133,450
My Boat Companies, Inc.	$306,850		Rick Henderson	$149,659
Catalina Classic Cruises	$391,458		John S. Rice	$112,018
Craig Jacobs	$87,818		Rodger Healy	$170,009
Daniel Mello	$56,048		Island Charters, Inc.	$358,018
Easter B. Charters, Inc.	$248,200		David Haworth dba F/V Barbara H. Inc.	$224,239
Adam Olson	$175,018		Venita McLay	$260,100
La Sala De Juntas, Inc.	$601,579		Dive N' Surf	$120,700
Bongos Sportfishing, LLC	$442,000		Southwest Marine Resources, LLC	$85,392
David Haworth dba Pacific Horizon Fish.	$663,527		Sardina Fishing, LLC	$156,400
Timothy Perguson	$153,113		Dilman's Crystal Pacific	$109,811
Matthew Potter dba Mako Matt's Marine	$249,050		Edward Hernandez	$85,987
Kelly Fukushima	$169,325		Sea Esta Charters	$243,950
David Powell	$132,779		David Carlisle	$195,619
Southern California Marine Institute	$311,950		Neil Splonskowski	$286,450
Jeffrey S. Pelton	$121,550		Catalina Sea Ranch, LLC	$310,250
Matthew Meistrell	$150,450		John Mello	$79,921
Pavel Bakhtine	$98,600		Hoanh Vu	$141,100
Earth Tek Engineering Corp.	$261,655		Michael Cassidy	$79,921
MBA Grading & Demolition, Inc.	$346,328		Friendly Hills Country Club	$224,115
Evergreen Recycling, Inc.	$178,670		Miller Blades	$200,000
Barraza and Sons Heavy Equipment, Inc.	$93,427		TE Roberts, Inc.	$516,630
A&I Rock Company, Inc.	$243,589		M.H. Uyekawa, Inc.	$460,270
CM Backhoe Service	$146,491		Don H. Mahaffey Drilling	$29,810
Jorge Fuentes Trucking	$83,204		Trench Shoring Company	$136,940
Boermsa Dairy	$165,285		Dustin Smith Equipment	$44,587
Cottonwood Dairy	$805,833		Recycled Wood Products	$97,402
Don Bean Ranch	$140,075		Souza Dairy	$163,503
O&S Holsteins	$309,907		Offinga and Son Dairy	$483,356
Sunwest Farms LLC	$343,248		Marvo Holsteins	$131,774
La Quinta Date Growers	$347,181		Rancho Mission Viejo	$62,216
Triple B Farms, Inc.	$272,750		Domenigoni Brothers Ranch, LP	$128,238
Brian Smith Development	$237,522		Cleveland Farms, Inc.	$825,388
Gene Rheingans	$364,927		Junior Enterprises, LLC	$544,758
Kono Farms	$97,601		Oostdam Dairy	$294,208
Fernando Lopez Fuentes	$76,194		Michael Van Ryn/Van Ryn Farms	$45,679
William Koot Dairy	$31,159		Bautista Creek Ranches	$41,420
Van Dam Dairy	$277,227		DYT Dairy	$141,142
C&R Farms, Inc.	$35,269		Sunny Slope Tree Farm	$127,133
Rick Bradford Ranches, LLC	$79,382		Organic Depot, LLC	$1,633,216
P. Riley Enterprises, Inc.	$122,930		West Coast Turf	$344,303
Agri-Empire	$247,753		Amazing Coachella	$455,833
Pacific Date Corporation	$68,231		Desert Custom Framing, Inc.	$135,225
Total:	**$25,302,812**			

AB 923 Awards (Fund80)				
Agri-Empire	$1,202,475		R&J Haringa Dairy	$6,908
Total:	**$1,209,383**			
SB 1107 Multidistrict Awards (Fund 32)				
Pacific Tugboat Services, Inc.	$957,976		Anthony Makul	$179,844
Isurus, LLC	$647,309		Freelance Sportfishing, Inc.	$263,500
Ocean Defenders Alliance	$289,000		Donald Krebs	$145,382
Rogers Grading	$264,458		Loc Duy Pham	$65,031
Total:	**$2,812,500**			
Carl Moyer Interest Awards (Fund 32)				
Loc Duy Pham	$87,119		R&J Haringa	$456,806
Total:	**$543,925**			
Grand Total	**$29,868,620**			

Table 3: Recommended SOON Provision Awards

AB 923 Awards (Fund 80)				
Mountain Top Quarries, LLC	$684,710		OC Waste & Recycling	$338,296
McLaughlin Engineering & Mining, Inc.	$543,357		Rentrac, Inc.	$373,520
Harber Companies, Inc.	$177,187			
Total:	**$2,117,070**			

Table 4: Funding Distribution of Recommended Awards

Awards in Disproportionately Impacted Areas				
Energia Logistics	$3,150,446		Pacific Tugboat Services, Inc.	$957,976
Aquarium of the Pacific	$158,091		Craig Jacobs	$87,818
Sundiver International, Inc.	$11,823		Darrell Deck	$252,818
Gheorghe David	$133,450		Thomas Nguyen	$308,550
Bryan & Jennifer Cruz	$215,050		Seafleet One, LLC	$229,500
Joe Wu	$80,518		Toan D. Nguyen	$133,450
My Boat Companies, Inc.	$306,850		Rick Henderson	$149,659
Catalina Classic Cruises	$391,458		John S. Rice	$112,018
Earth Tek Engineering Corp.	$261,655		Miller Blades	$200,000
MBA Grading & Demolition, Inc.	$346,328		TE Roberts, Inc.	$516,630
Evergreen Recycling, Inc.	$178,670		M.H. Uyekawa, Inc.	$460,270
Barraza and Sons Heavy Equipment, Inc.	$93,427		Don H. Mahaffey Drilling	$29,810
A&I Rock Company, Inc.	$243,589		Trench Shoring Company	$136,940
Harber Companies, Inc.	$177,187		CM Backhoe Service	$146,491
Friendly Hills Country Club	$224,115			
Total:	**$9,694,587**			

Awards Solely Based on Cost Effectiveness				
Daniel Mello	$56,048		Island Charters, Inc.	$358,018
Easter B. Charters, Inc.	$248,200		David Haworth dba F/V Barbara H. Inc.	$224,239
Adam Olson	$175,018		Venita McLay	$260,100
La Sala De Juntas, Inc.	$601,579		Dive N' Surf	$120,700
Bongos Sportfishing, LLC	$442,000		Southwest Marine Resources, LLC	$85,392
David Haworth dba Pacific Horizon Fish.	$663,527		Sardina Fishing, LLC	$156,400
Timothy Perguson	$153,113		Dilman's Crystal Pacific	$109,811
Matthew Potter dba Mako Matt's Marine	$249,050		Edward Hernandez	$85,987
Kelly Fukushima	$169,325		Sea Esta Charters	$243,950
David Powell	$132,779		David Carlisle	$195,619
Southern California Marine Institute	$311,950		Neil Splonskowski	$286,450
Jeffrey S. Pelton	$121,550		Catalina Sea Ranch, LLC	$310,250
Loc Doy Pham	$152,150		John Mello	$79,921
Matthew Meistrell	$150,450		Hoanh Vu	$141,100
Pavel Bakhtine	$98,600		Michael Cassidy	$79,921
Rodger Healy	$170,009		Recycled Wood Products	$97,402
Jorge Fuentes Trucking	$83,204		Souza Dairy	$163,503
Boermsa Dairy	$165,285		Offinga and Son Dairy	$483,356
Cottonwood Dairy	$805,833		Marvo Holsteins	$131,774
Don Bean Ranch	$140,075		Rancho Mission Viejo	$62,216
O&S Holsteins	$309,907		Domenigoni Brothers Ranch, LP	$128,238
Sunwest Farms LLC	$343,248		Cleveland Farms, Inc.	$825,388
La Quinta Date Growers	$347,181		Junior Enterprises, LLC	$544,758
Triple B Farms, Inc.	$272,750		Oostdam Dairy	$294,208
Brian Smith Development	$237,522		Michael Van Ryn/Van Ryn Farms	$45,679
Gene Rheingans	$364,927		Bautista Creek Ranches	$41,420
Kono Farms	$97,601		DYT Dairy	$141,142
Fernando Lopez Fuentes	$76,194		Sunny Slope Tree Farm	$127,133
William Koot Dairy	$31,159		Organic Depot, LLC	$1,633,216
Van Dam Dairy	$277,227		West Coast Turf	$344,303
C&R Farms, Inc.	$35,269		Amazing Coachella	$455,833
Rick Bradford Ranches, LLC	$79,382		OC Waste & Recycling	$338,296
P. Riley Enterprises, Inc.	$122,930		Rentrac, Inc.	$373,520
Mountain Top Quarries, LLC	$684,710		Coast Rail Services	$220,400
McLaughlin Engineering & Mining, Inc.	$543,357		Dustin Smith Company	$44,587
Foothill Transit	$236,873		Isurus, LLC	$647,309
Agri-Empire	$1,450,228		Ocean Defenders Alliance	$289,000
Anthony Makul	$179,844		Rogers Grading	$264,458
Freelance Sportfishing, Inc.	$263,500		Donald Krebs	$145,382
R&J Haringa Dairy	$463,714		Pacific Date Corporation	$68,231
Desert Custom Framing, Inc.	$135,225			
Total:	**$22,291,103**			

Table 5: List of Backup Projects

	Project Category	Project Description	No. of Engines / Equipment	Funding
Sage Green, LLC	Off-road	Replacement	1	$799,200
Souza Dairy	Off-road	Replacement	2	$309,740
Tony R. Crisalli, Inc.	Off-road	Repower	1	$104,197
Let's Talk Hookup, Inc.	Marine	Repower	2	$271,121
Cottonwood Dairy	Off-Road	Replacement	1	$36,395
Frank Fierro	Off-Road	Replacement	1	$131,360
Jose Ramirez	Off Road	Replacement	1	$283,593
Marvo Holsteins	Off-Road	Replacement	1	$115,003
San Clemente Sportfishing, Inc.	Marine	Repower	2	$205,700
Amazing Coachella, Inc.	Off-Road	Replacement	3	$222,997
LaQuinta Date Growers	Off-Road	Replacement	1	$64,554
Boersma Dairy	Off-Road	Replacement	1	$137,000
West Coast Turf	Off-Road	Replacement	5	$302,113
Marabella Farms	Off-Road	Replacement	1	$31,965
Michael Martin	Marine	Repower	1	$106,250
Peter Vu	Marine	Repower	2	$124,234
Michael Bly	Marine	Repower	1	$99,450
Full Season Ag, Inc.	Off-Road	Replacement	1	$55,023
Kono Farms	Off-Road	Replacement	1	$77,685
West Coast Turf	Off-Road	Replacement	4	$109,805
Agri-Empire	Off-Road	Replacement	1	$119,195
Rogers Grading	Off-Road	Repower	1	$72,973
SC, Inc.	Off-Road	Replacement	1	$265,749
O&S Holsteins LP	Off-Road	Replacement	1	$147,144

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 8

PROPOSAL: Recognize Funds and Amend Award for Locomotive Replacement Project

SYNOPSIS: In June 2016, U.S. EPA notified SCAQMD that an award had been approved under the FY 2015-16 Diesel Emissions Reduction Act (DERA) to replace an older diesel locomotive with a new Tier 4 diesel locomotive. On July 8, 2016, the Board awarded a contract to Metropolitan Stevedore Company under the Proposition 1B–Goods Movement Program for the diesel locomotive replacement project. Subsequently, CARB approved additional funds under the Proposition 1B–Goods Movement Program for the replacement project. This action is to recognize up to $523,809 from U.S. EPA DERA into the Advanced Technology, Outreach and Education Fund (17). These actions are to also amend the award to Metropolitan Stevedore Company to increase project funding in an amount not to exceed $608,400, comprising $500,000 from the U.S. EPA DERA funds and $108,400 from Proposition 1B-Goods Movement Program Fund (81), and to reimburse the General Fund for administrative costs up to $23,809 necessary to implement the DERA grant.

COMMITTEE: Technology, September 16, 2016; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize, upon receipt, up to $523,809 in DERA funds from U.S. EPA into the Advanced Technology, Outreach and Education Fund (17);
2. Authorize the Chairman to amend the award to Metropolitan Stevedore Company to increase funding awarded for replacement of a diesel locomotive in an amount not to exceed $608,400, using $500,000 in DERA funds from U.S. EPA in the Advanced Technology, Outreach and Education Fund (17) and $108,400 from CARB funds in the Proposition 1B–Goods Movement Program Fund (81) for a revised total award of $1,700,000; and

3. Authorize reimbursement to the General Fund from DERA funds in the Advanced Technology, Outreach and Education Fund (17) for administrative costs up to $23,809 necessary to implement the DERA grant.

Wayne Nastri
Acting Executive Officer

MMM:FM:AAO

Background
In February 2016, the Board approved issuance of Program Announcement #PA2016-04 for locomotives under Proposition 1B-Goods Movement Program. In April 2016, staff applied for funding under the FY 2015-16 U.S. EPA Diesel Emissions Reduction Act (DERA) to cofund the replacement of an older diesel locomotive with a new Tier 4 diesel locomotive with mandatory matching funds from Metropolitan Stevedore Company and the Proposition 1B–Goods Movement Program. In June 2016, U.S. EPA notified SCAQMD that its proposal was approved for an award of $523,809 from the FY 2015-16 DERA Program.

On July 8, 2016, to fulfill DERA's mandatory matching funds requirement, the Board awarded a $1,091,600 contract to Metropolitan Stevedore Company for the locomotive replacement project under the Proposition 1B–Goods Movement Program solicitation which was released in February and closed on March 31, 2016. Soon thereafter, CARB approved an additional $108,400 to Metropolitan Stevedore Company because upon a clarification of a guideline requirement it was determined that Stevedore's locomotive replacement project was eligible for a higher funding award under the Proposition 1B–Goods Movement Program.

Proposal
Staff evaluated the two locomotive replacement projects received in response to the Proposition 1B–Goods Movement Program solicitation which closed on March 31, 2016, and selected Metropolitan Stevedore Company for DERA cofunding because the project met both the DERA and Proposition 1B–Goods Movement Program requirements. These actions are to recognize up to $523,809 in DERA funds from the U.S. EPA, amend the contract with Metropolitan Stevedore Company to increase project funding in an amount not to exceed $608,400 (for a revised total award of $1,700,000) and reimburse the General Fund for administrative costs up to $23,809 necessary to implement the DERA grant.

Benefits to SCAQMD
The successful implementation of the projects under the DERA and Proposition 1B-Goods Movement Program will provide direct emission reductions for both NOx and PM as required by these programs. Since the locomotive funded under these programs will operate for the life of the contract and beyond, the emission reductions will provide long-term benefits.

Resource Impacts
The $523,809 in FY 2015-16 DERA funds from U.S. EPA will be recognized into the Advanced Technology, Outreach and Education Fund (17). Of this $523,809 in funding, $23,809 will be used to reimburse the General Fund for administrative costs to implement the DERA grant and $500,000 will be added to the award to Metropolitan Stevedore Company, in addition to $108,400 from the Proposition 1B–Goods Movement Program Fund (81), for a total revised award of $1,700,000.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 9

PROPOSAL: Execute Sole Source Contract for Maintenance and Service Agreement for SCAQMD Headquarters' Energy Management System

SYNOPSIS: SCAQMD currently contracts with Siemens Building Technologies, Inc. to maintain SCAQMD headquarters' energy management system, consisting of software and hardware to operate the building's heating, ventilation and air conditioning. This action is to enter into a new agreement for these services, to continue through June 30, 2019. Funding has been included in the FY 2016-17 Budget and will be requested in successive fiscal years.

COMMITTEE: Administrative, September 9, 2016; Recommended for Approval

RECOMMENDED ACTION:
Authorize the Executive Officer to execute a sole-source contract, from October 7, 2016 through September 30, 2019, with Siemens Building Technologies, Inc., for maintenance and service of SCAQMD headquarters' energy management system, in an amount not to exceed $98,563.

Wayne Nastri
Acting Executive Officer

AJO:BJ

Background
SCAQMD headquarters utilizes an energy management system (EMS), consisting of software and hardware to operate the building's heating, ventilation and air conditioning (HVAC) through Siemens computerized controllers and Apogee software. The software is specific to Siemens equipment and provides a central control point for the EMS, to monitor and adjust HVAC equipment. The EMS requires routine preventive maintenance and periodic service to assure effective and efficient operation. SCAQMD has contracted with the original equipment manufacturer, Siemens Building Technologies, Inc., for these services since 1991.

Proposal
The continued services from Siemens are required to maintain, diagnose, troubleshoot, and remedy any software or hardware problems that occur with the building's EMS. The current Siemens Apogee software has performed without incident. As part of the service contract, Siemens provides a technical support person every month to update and maintain the EMS system. The service provided has been of the highest quality. In addition, as staff has been converting HVAC temperature controls from pneumatic to Direct Digital Control, Siemens has been assisting with installation and programming of the new equipment. Therefore, staff recommends that the Board award a sole-source maintenance and service agreement to Siemens.

Going forward, the EMS will not be restricted to Siemens equipment and software. Staff is currently in the process of replacing the central plant equipment (chillers, pumps and cooling towers), which will include new building energy management software that is compatible with the Siemens products and services. This will allow for more options and flexibility in future expansion and conversion of the energy management systems and programs.

Sole-Source Justification
Section VIII, B(2) of SCAQMD's Procurement Policy and Procedure identifies four major provisions under which a sole-source award may be justified. This request is made under provision B(2)(c)(2): the needed services are available only from the sole-source and involve the use of proprietary technology. Both software and hardware are proprietary, and Siemens is the original equipment manufacturer for each.

Resource Impacts
The total maintenance and service agreement cost is $98,563, which includes $25,479 for FY 2016-17, $35,644 for FY 2017-18, and $37,440 for FY 2018-19. Funding has been included in the FY 2016-17 Budget and will be requested in successive fiscal years.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 10

PROPOSAL: Execute Contract for Biennial Audit of Motor Vehicle Registration Revenues for FYs 2013-14 and 2014-15

SYNOPSIS: Health and Safety Code Section 44244.1 requires any agency receiving fee revenues pursuant to Section 44243 or 44244 to be subject to an audit of each program or project funded at least once every two years. On June 3, 2016, the Board approved the release of an RFP to select an auditor to perform the biennial audit for FYs 2013-14 and 2014-15. The panel that evaluated the proposals was comprised of representatives from the Local Governments, MSRC, and SCAQMD. This action is to award a contract to the firm of Simpson & Simpson, Certified Public Accountants. Local Governments, the MSRC and SCAQMD will pay the cost of their own audits in the amounts of $93,790, $7,000 and $4,560 respectively.

COMMITTEE: Administrative, September 9, 2016; Recommended for Approval

RECOMMENDED ACTION:
Authorize the Chairman to execute a contract with Simpson & Simpson Certified Public Accountants for performance of the biennial audit of Motor Vehicle Registration revenues for FYs 2013-14 and 2014-15 at a total cost not to exceed $105,350.

Wayne Nastri
Acting Executive Officer

MBO:JK:lg

Background
AB 2766, chaptered into law as Health and Safety Code Sections 44220-44247, was enacted to authorize air pollution control districts to impose fees on motor vehicles. Fees are expended on mobile source air pollution reduction measures pursuant to the California Clean Air Act of 1988 or the SCAQMD's AQMP pursuant to Article 5 of Chapter 5.5 of Part 3 of the Health and Safety Code. Health and Safety Code Section

44244.1(a) states that any agency receiving fee revenues pursuant to Section 44243 or 44244 shall, at least once every two years, be subject to an audit of each program or project funded. The audit is to be conducted by an independent auditor selected by the SCAQMD in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. Audit program guidelines for local government recipients of fee revenues under Health and Safety Code Sections 44220-44247 were prepared by the SCAQMD with input from the Technical Advisory Committee Audit Subcommittee of the Interagency AQMP Implementation Committee (IAIC), representatives of the Finance Committee of the League of California Cities and with CPA firms whose clients include local governments. These audit guidelines were approved by the IAIC, MSRC and by the Board on December 4, 1992 and further revised and approved in January 1995, and again in August 2003. This is the eleventh biennial audit of these fee revenues and covers FYs 2013-14 and 2014-15.

Proposal

On June 3, 2016, the Board approved an RFP to conduct the biennial audit of recipients of AB 2766 fee revenues. The audit will cover recipients in all three segments of the AB 2766 fee distribution to determine whether the fee revenues collected in FYs 2013-14 and 2014-15 were spent on the reduction of pollution from motor vehicles as described above. The primary purpose of the audit is to set forth an opinion regarding the propriety of the expenditures incurred, not the degree of efficacy in reducing air pollution.

Outreach

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFP 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 were notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP 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).

Bid Evaluation

The SCAQMD received a total of three proposals from CPA firms that are qualified to perform audits in the State of California. All of the proposals were received by the 3:00 p.m., July 22, 2016 deadline and were evaluated by a technically qualified panel in accordance with criteria contained in the RFP.

Panel Composition
The panel convened to evaluate the proposals consisted of: the MSRC Contract Administrator (MSRC), Los Angeles County's Transportation Manager (Local Governments) and the SCAQMD Financial Services Manager. Of the three panelists that scored the proposals, one is African American, and two are Caucasian; two female, one male.

Of the three proposals received, all were rated technically qualified to perform the audit of the AB 2766 program and were scored for cost. The evaluation results for the three proposals are summarized below.

BIDDER	TECHNICAL SCORE	BID AMOUNT	COST	SMALL/ LOCAL BUSINESS	TOTAL POINTS	OVERALL RANK
Simpson & Simpson, Certified Public Accountants	67.3	$105,350	30.0	15	112.3	1
BCA Watson Rice, LLP.	66.7	$118,600	26.2	15	107.9	2
Lance, Soll & Lunghard, LLP.	60.0	$119,160	26.1	15	101.1	3

The selection criteria used to rank the proposals included responsiveness to the RFP; technical expertise; qualifications and experience; past performance; cost; and SB/SBJV/DVBE/DVBEJV/DVBE/SB subcontractors/local business designation (non-EPA). Based on the panel's assessment of the criteria, Simpson & Simpson Certified Public Accountants is being recommended.

Resource Impacts:
The maximum audit cost is $105,350. The total audit costs will be borne by the entities being audited as follows:

- The cost of the audit of the SCAQMD's portion of motor vehicle registration revenues is $4,560. Sufficient funds are included in the FY 2016-17 Budget;
- The cost of the audit of ten projects of the Mobile Source Air Pollution Reduction Trust Fund is $7,000 and will be deducted from the FY 2016-17 revenues subvened to the Mobile Source Air Pollution Reduction Review Committee; and
- The total cost of the audit of local governments is up to a maximum of $93,790. The average cost for a non-compliant local government is $1,067 and the average cost for a compliant local government is $700. This cost will be borne by the entities being audited in the manner set forth in the audit program guidelines and will be deducted from quarterly fee revenues prior to distribution.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 11

PROPOSAL: Amend Lease Agreement with City of Diamond Bar for Use of SCAQMD Facility

SYNOPSIS: On January 1, 2012, SCAQMD executed a facility lease agreement with the City of Diamond Bar to conduct city council meetings and other special meetings at its headquarters facility in Diamond Bar. The agreement will expire on December 31, 2016. This action is to amend the existing lease with the City of Diamond Bar for a 10-year term, at an annual lease payment of $27,153.84, plus increases of 2-1/2% per year beginning with the second year of this amendment.

COMMITTEE: Administrative, September 9, 2016; Recommended for Approval

RECOMMENDED ACTION:
Authorize the Executive Officer to amend the existing lease with the City of Diamond Bar for a ten-year term, generating annual revenue of $27,153.84 plus increases of two and one-half percent per year beginning with the second year of this amendment.

Wayne Nastri
Acting Executive Officer

AJO:GT:tc

Background

In 2001, the City of Diamond Bar leased office space in the main lobby area at SCAQMD headquarters. The City occupied the space for eleven years. In 2012, the City purchased property and relocated its City Hall across the street from SCAQMD headquarters. Since their newly acquired space did not have an auditorium or larger conference rooms, the City entered into a facility lease agreement with SCAQMD to use its Conference Center to conduct bimonthly city council meetings and other special meetings as needed. The City holds meetings in the Auditorium, the Hearing Board Room and Conference Room CC-8.

Proposal
Staff recommends amending the contract with the City of Diamond Bar to allow them continued use of SCAQMD's Auditorium and conference rooms for a ten-year period, under the same terms and requirements of the current lease agreement.

Resource Impacts
The monthly lease payment of $2,262.82 generates $27,153.84 in revenue annually. Under this amendment, payments will increase by two and one-half percent each year beginning with the second year of the lease.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 12

PROPOSAL: Execute Lease and Maintenance Agreement for Printing Equipment and Copiers

SYNOPSIS: On June 3, 2016, the Board approved the release of an RFP to solicit lease proposals to replace the Print Shop's black and white printer equipment, the color production printer and walk-up floor copiers. This action is to execute a five-year lease and maintenance agreement with SoCal Office Technologies, a Xerox subsidiary, for a total amount not to exceed $632,455. Funding has been included in the FY 2016-17 Budget and will be requested in successive fiscal years.

COMMITTEE: Administrative, September 9, 2016; Recommended for Approval

RECOMMENDED ACTION:
Authorize the Executive Officer to execute a five-year lease and maintenance agreement with SoCal Office Technologies, a Xerox subsidiary, for two color production printers, one black and white printer system and 28 walk-up floor copiers for a total amount not to exceed $632,455 with an estimated annual cost of $126,491. Costs include the lease payment, maintenance and estimated overage charges based on past usage.

Wayne Nastri
Acting Executive Officer

AJO:GT:tc

Background
The Print Shop produces documents, training manuals and publications vital to the operations of SCAQMD and to keeping residents and businesses aware of upcoming programs and events. The Print Shop prints the SCAQMD Advisor, notices for public workshops, Board and committee meeting documents, as well as printed advertisements for special events such as the Lawn Mower Exchange Program. Last year, the Print Shop produced over 5 million copies and processed over 4,100 work orders.

Since 2012, SCAQMD has secured a lease agreement with Image IV for high-volume printing equipment for the Print Shop and for 28 walk-up floor copiers. This agreement expires in January 2017. The RFP (#P2016-24), released in June 2016, solicited two color production printers, a black and white printer system, and 28 walk-up floor copiers. The new printing and equipment and copiers will provide greater production flexibility, minimize paper usage and provide savings in costs and staff time.

The proposed walk-up copiers feature copy, scan, email and fax capabilities. The proposed Print Shop's black and white printer will print 200 impressions per minute, and scan and produce 65 pages per minute. The two proposed color production printers can print 80 impressions per minute. The proposed printers deliver consistent, high quality duplication of photos and graphics, newsletters and reports with professional results.

This Board action is to obtain a new lease agreement to replace the existing Print Shop equipment and the walk-up floor copiers with Xerox equipment.

Outreach
In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFP 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 entire South Coast Basin.

Additionally, potential bidders may have been notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the RFP was mailed 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
In addition to the advertising, 39 copies of the RFP were mailed. Eleven proposals were received when final bidding closed at 2:00 p.m., July 6, 2016. Five of the proposals received were deemed complete and met RFP requirements.

The panel evaluating proposals included three SCAQMD employees and one outside evaluator – a Business Services Manager, Print Shop Supervisor, Community Relations Manager and the Director of Printing from the City of Los Angeles. Of these four panel members, two are Caucasian, one is Asian, and one is Hispanic; two female, two male. The panel's evaluation is summarized in the Attachment.

As part of the evaluation process, SCAQMD's Business Services Manager, Print Shop Supervisor and lead Duplicator Operator attended equipment demonstrations from the top three highest-scored RFP submittals to assess the proposed machines and software. Six

SCAQMD jobs were sent to each of the vendors as files and were produced by the proposed equipment. SoCal Office Technologies gave a demonstration that was flawless and precise, demonstrating that their proposed equipment/software solutions would benefit SCAQMD by streamlining many of the Print Shop's daily tasks as well as providing multifunction devices (walk-up copiers) that would increase efficiency and the workflow of support staff.

Proposal
Staff recommends approval of the five-year lease agreement with SoCal Office Technologies for two color production printers, one black and white printer system for the Print Shop, and 28 walk-up floor copiers throughout the facility, including one located at the Long Beach field office.

SoCal Office Technologies is a wholly owned subsidiary of Xerox Corporation. SoCal Office Technologies operates eight locations in Southern California with over 78 dedicated service technicians available to provide quality products and excellent customer service.

Resource Impacts
The annual cost for the Print Shop's two color production printers and one black and white printer system is estimated at $96,320 and the 28 walk-up floor copiers at $30,171, for a total estimated annual cost of $126,491. Costs include lease payment, maintenance and estimated overage charges based on past usage. Sufficient funds are available in the approved FY 2016-17 Budget for estimated lease, maintenance and overage cost of $63,245 for the remainder of this fiscal year. Funding will be included in subsequent fiscal years for the remaining term of the five-year lease and maintenance agreement.

Attachment
Proposal Evaluation for RFP #P2016-24

ATTACHMENT

Proposal Evaluation
RFP #P2016-24

Company	Technical Points	References	Cost Points	Small and/or Local Business, DBVE, Low Emissions	Total
SoCal Off. Tech	58	8.66	30	15	111.66
Amer. Bus. Mach	38	8.83	28	15	89.83
C3 Tech Serv.	31	9.33	30	15	85.33
Triumph	36.75	3.33	19.47	15	74.55
MRC/Mr. Copy	32.5	9.96	13.87	0	56.33

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 13

PROPOSAL: Status of Rule 1118 Mitigation Funds

SYNOPSIS: Staff will provide information to the Board on the status and potential uses of Rule 1118 mitigation funds and receive direction from the Board on how to proceed.

COMMITTEE: Administrative, September 9, 2016; Recommended for Approval

RECOMMENDED ACTION:
Direct staff to conduct public workshops in communities affected by refinery emissions to solicit ideas on the types of projects to support with Rule 1118 mitigation funds.

Wayne Nastri
Acting Executive Officer

KRW:vmr

Background
Rule 1118 – Control of Emissions from Refinery Flares regulates emissions from flares used at refineries as a safety device. The rule imposes an annual limitation on sulfur dioxide emissions from flaring. The last increment of this limitation took effect in 2012, when refineries were required to limit sulfur dioxide emissions from flares to less than 0.5 tons per million barrels of crude processing capacity, calculated as an average over one calendar year. If a refinery exceeds a flaring limitation in the rule, the refinery is required to pay mitigation fees to the SCAQMD, as specified in the rule. As of August 31, 2016, the total funds available in the Rule 1118 mitigation fund are $22,433,530. Pursuant to a Board resolution accompanying the adoption of Rule 1118, the funds are to be used to develop air quality improvement projects, in cooperation with representatives of both the community impacted and the source of the release. Further, the rule specifies that the payments by the refineries are “mitigation fees” and consequently must be used to fund mitigation projects.

Proposal
Staff is proposing to conduct public workshops in communities affected by refinery emissions to solicit ideas on the types of projects to support with Rule 1118 mitigation funds, similar to the public workshop that was recently conducted in Torrance regarding a settlement with ExxonMobil that included a $2.7 million payment for public-benefit projects. Following the public workshops, staff will present the Board with RFPs for selected categories of projects. Staff will then return with recommendations to fund specified projects.

Since the rule specifies that the funds are "mitigation fees," the projects eligible for funding must mitigate the effects of refinery emissions. Eligible projects would include those that have measurable air quality benefits in terms of emissions reduction, reduced risk exposure, or emissions prevention.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 14

PROPOSAL: Appropriate Funds and Authorize Amending/Initiating Contracts with Outside Counsel and Specialized Legal Counsel and Services

SYNOPSIS: Legal is currently being assisted in environmental lawsuits by outside law firms and in other matters requiring specialized legal counsel and services, including on-going litigation. This action is to appropriate $100,000 from the Designation for Litigation and Enforcement and $400,000 from Undesignated Fund Balance to Legal's FY 2016-17 Budget and amend or initiate contracts to expend these funds with prequalified counsel approved by the Board as well as specialized legal counsel and services.

COMMITTEE: Administrative, September 9, 2016; Recommended for Approval

RECOMMENDED ACTIONS:

1. Appropriate $100,000 from the Designation for Litigation and Enforcement and $400,000 from Undesignated (Unassigned) Fund Balance to Legal's FY 2016-17 Budget, Services and Supplies Major Object, Professional and Special Services.
2. Authorize the Chairman or the Executive Officer, depending on whether the amount exceeds $75,000, to amend or initiate contracts with prequalified counsel approved by the Board, as well as specialized legal counsel and services, in a total amount not to exceed $779,500 in FY 2016-17, as the need arises.

Wayne Nastri
Acting Executive Officer

KRW:vmr

Background
The FY 2016-17 Budget for Legal included $279,500 for litigation expenses in environmental law cases and specialized legal counsel and services; however, this will not cover current and anticipated costs of legal counsel and specialized counsel and services.
Due to the complexity of certain cases, particularly the SoCalGas case, and the other matters handled by specialized legal counsel and related services, will require an additional amount of up to $500,000. Monies will be expended on other lawsuits and legal proceedings, including defending an appeal filed by Communities for a Better Environment to a CEQA challenge of a project by Phillips 66 at its Los Angeles/Carson Refinery that will reduce ship emissions; defending environmentalists' challenge to the December 2015 RECLAIM amendments; assisting with responses to comments on the EIR for the Tesoro Los Angeles Refinery Integration Project; pursuing a challenge to the World Logistics Center warehouse project in Moreno Valley; and, as mentioned previously, prosecuting the District's lawsuit against SoCalGas, and seeking to enforce SoCalGas' obligation under the Order for Abatement to fund a health study regarding health effects from the leak. In the Phillips 66 case we will be reimbursed for litigation costs once the case is closed. To date, litigation costs on the Phillips 66 matter have totaled $191,988.65. Accordingly, Legal is requesting an appropriation of funds in the amount of $500,000, for a total expected expenditure of $779,500 this fiscal year.

Proposal
In order to defend on-going and threatened litigation, it is necessary to appropriate additional funds for expenditure by outside counsel. It is expected that on-going lawsuits as well as matters requiring specialized legal counsel will require an additional $500,000 to be appropriated to prequalified counsel approved by the Board and with specialized legal counsel and services, as the need arises.

Resource Impacts
Sufficient funds will be available in Legal's FY 2016-17 Budget upon approval of this Board letter.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 15

PROPOSAL: Approve Amendments to Labor Contracts with Teamsters Local 911 and SCPEA, and to the Administrative Code Provisions for Non-Represented Employees, Relating to Health Insurance Premiums

SYNOPSIS: SCAQMD management and Teamsters Local 911 and SCPEA, representing the employee bargaining units, have reached agreement on changes to their respective MOUs, to address health insurance premium increases effective January 1, 2017. The MOU amendments provide for an additional $45 per month to be paid directly to the health insurance providers on behalf of each employee. This action is to request Board approval of the MOU amendments. This action is also to approve amendments to the Administrative Code for an additional payment of $45 per month to the health insurance providers on behalf of each non-represented employee. Sufficient funds are available in the FY 2016-17 Budget.

COMMITTEE: No Committee Review

RECOMMENDED ACTIONS:

1. Authorize the Executive Officer to sign the proposed 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 changes to the 2015-2017 SCPEA MOU are shown in Attachment B.
2. Adopt the Resolution in Attachment C, amending Section 115.3 (Insurance Contribution Amount) of SCAQMD's Administrative Code.

Wayne Nastri
Acting Executive Officer

AJO:tc

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. 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.

The health insurance premiums for 2017 were initially set to increase by an average of 12.4%. Through negotiations by SCAQMD's insurance consultants, the average rate increase was reduced to 8.5%. Per the Board's direction, and with the consensus of the Labor-Management Insurance Committee, further reductions to the rate increases will be achieved through changes to the health insurance plans, such as increases in deductibles and co-pays. The proposed additional payments to be made directly to the health insurance providers will offset a portion of increased costs for the employee.

Proposal
The proposed amendments to the MOUs for the represented employees provide for a $45 per month per employee increase in the contribution towards health insurance premium increases, effective January 1, 2017. Management met and conferred with the representatives for Teamsters Local 911 and SCPEA, and the parties have reached tentative agreements on the proposed amendments. 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 $45 per month payment to the health insurance providers on behalf of each employee. Attachment C reflects the proposed amendment to the Administrative Code.

Future cost containment efforts for health insurance for employees will include additional plan changes, marketing SCAQMD's existing program, and exploring alternatives for purchasing (such as risk-sharing pools, joint purchasing pools, and self-funding).

Resource Impacts
The cost for the proposed contribution towards health insurance premiums for all employees is approximately $215,000 for the remainder of Fiscal Year 2016-17. Sufficient funds are available in the FY 2016-17 Budget for this cost increase. Ongoing 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 – Administrative Code Amendments

ATTACHMENT A

SOUTH COAST AIR QUALITY

MANAGEMENT DISTRICT

MEMORANDUM OF UNDERSTANDING

TECHNICIAL & ENFORCEMENT
AND
OFFICE CLERICAL & MAINTENANCE UNITS

January 1, 2015 – December 31, 2017

Article 17 – GROUP INSURANCE (Health, Dental, Life and Vision Insurance), Section 3, of this MOU is amended by adding the following:

For premiums effective January 1, 2017, SCAQMD shall pay on behalf of each T&E and OCM bargaining unit member an additional amount of $45.00 per month (for a total of $385.00 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, GROUP INSURANCE (Health, Dental, Life and Vision Insurance), Section 2, of this MOU is amended by adding the following:

Effective January 1, 2017, SCAQMD shall pay on behalf of each SCPEA employee an additional amount of $45.00 per month (for a total of $385.00 per month) 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 and confidential employees, attorney classes, Designated Deputies, the Executive Officer, and the General Counsel, an additional increase of $45.00 per month per employee for the contribution towards health insurance premiums effective January 1, 2017.

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 October 7, 2016, in Diamond Bar, California, does hereby amend SCAQMD's Administrative Code, as set forth in the attachment hereto and incorporated by reference herein, providing management and confidential employees, attorney classes, Designated Deputies, the Executive Officer, and the General Counsel an additional payment of $45.00 per month per employee to the health insurance providers for health insurance premiums effective January 1, 2017.

AYES:

NOES:

ABSTAIN:

ABSENT:

_____ _____

Date ***Clerk of the Boards***

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. <u>For premiums effective January 1, 2017, SCAQMD shall pay an additional amount of $45.00 per month directly to the health insurance providers on behalf of each management and confidential employee for health insurance premium increases.</u> These payments to the health insurance company do not increase the existing health benefit cap of $2,060.84.

Clean Transportation
Funding from the MSRC
Mobile Source Air Pollution Reduction Review Committee

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 16

PROPOSAL: Approve Contract Awards and Modification, Affirm Allocation of Funds, and Issue Solicitation Approved by MSRC

SYNOPSIS: As part of their FYs 2016-18 Work Program, the MSRC approved new contracts under the Major Event Center Transportation Program and a sole-source contract for a Regional Active Transportation Partnership Program. As part of their FYs 2014-16 AB 2766 Discretionary Fund Work Program, the MSRC approved new contracts under the Alternative Fuel Infrastructure Program and Near-Zero Natural Gas Engine Incentive Program, as well as the release of a Program Announcement for the development and maintenance of the MSRC website. The MSRC also affirmed their previous allocation of funding for the Enhanced Fleet Modernization Program. At this time the MSRC seeks Board approval of the contract awards and modification and to release the solicitation.

COMMITTEE: Mobile Source Air Pollution Reduction Review, August 18 and September 15, 2016, Recommended for Approval

RECOMMENDED ACTIONS:

1. Approve the award of three contracts totaling $329,412 under the Major Event Center Transportation Program, using $172,389 of funds previously allocated and $157,023 of funds previously unallocated, as part of approval of the FYs 2016-18 AB 2766 Discretionary Fund Work Program, as described in this letter and as follows:
   a. A contract with Long Beach Transit in an amount not to exceed $198,957 to provide special bus service to the StubHub Center for the 2017 and 2018 LA Galaxy soccer seasons;
   b. A contract with Foothill Transit in an amount not to exceed $50,000 to provide special bus service to the 2016 Los Angeles County Fair; and
   c. A contract with Southern California Regional Rail Authority (SCRRA) in an amount not to exceed $80,455 to provide Metrolink service for the final day of the 2017 NASCAR Sprint Cup Series;

2. Approve a sole-source contract award in an amount not to exceed $2,500,000 to Southern California Association of Governments for a Regional Active Transportation Partnership Program, using funds previously unallocated, as part of approval of the FYs 2016-18 AB 2766 Discretionary Fund Work Program, as described in this letter;
3. Approve the award of ten contracts totaling $1,700,000 under the Alternative Fuel Infrastructure Program, as part of approval of the FYs 2014-16 AB 2766 Discretionary Fund Work Program, as described in this letter and as follows:
    a. A contract with NASA Services in an amount not to exceed $100,000 to install a limited access CNG station;
    b. A contract with Arrow Services, Inc. in an amount not to exceed $100,000 to install a limited access CNG station;
    c. A contract with the City of Perris in an amount not to exceed $175,000 to expand an existing limited access CNG station;
    d. A contract with Huntington Beach Union High School District in an amount not to exceed $175,000 to expand an existing limited access CNG station;
    e. A contract with the City of Lawndale in an amount not to exceed $175,000 to expand an existing limited access CNG station;
    f. A contract with Athens Services in an amount not to exceed $100,000 to install a limited access CNG station;
    g. A contract with VNG in an amount not to exceed $150,000 to install a public access CNG station in Bell Gardens;
    h. A contract with County Sanitation District No. 2 of Los Angeles County in an amount not to exceed $275,000 to expand an existing public access L/CNG station;
    i. A contract with the City of Riverside in an amount not to exceed $300,000 to expand an existing public access CNG station and modify a maintenance facility; and
    j. A contract with VNG in an amount not to exceed $150,000 to install a public access CNG station in Placentia;
4. Approve the award of five contracts totaling $4,270,000 under the Near-Zero Natural Gas Engine Incentives Program, as part of approval of the FYs 2014-16 AB 2766 Discretionary Fund Work Program, as described in this letter and as follows:
    a. A contract with Orange County Transportation Authority (OCTA) in an amount not to exceed $1,470,000 for the repower of up to 98 transit buses;
    b. A contract with Los Angeles County Metropolitan Transportation Authority (Metro) in an amount not to exceed $1,875,000 for the repower of up to 125 transit buses;
    c. A contract with the City of Norwalk in an amount not to exceed $45,000 for the purchase of up to three transit buses;
    d. A contract with the City of Santa Monica in an amount not to exceed $870,000 for the repower of up to 58 transit buses; and
    e. A contract with Riverside Transit Agency in an amount not to exceed $10,000 for the purchase of one transit bus;

5. Approve a modified contract with the County of Los Angeles, Department of Public Works under the Local Government Match Program, substituting the installation of CNG stations in Canyon Country and La Puente for the installation of a CNG station in Downey, as part of approval of the FYs 2012-14 AB 2766 Discretionary Fund Work Program, as described in this letter;
6. Recognize MSRC's affirmation of their previous $6,201,000 allocation of funding for partnership with SCAQMD in its implementation of the Enhanced Fleet Modernization Program (EFMP), so that remaining funds may continue to be used for the voucher portion of the program in current and future years, as part of approval of the FYs 2014-16 AB 2766 Discretionary Fund Work Program, as described in this letter;
7. Issue Request for Proposals (RFP) for development, hosting and maintenance of a new MSRC website, as part of approval of the FYs 2016-18 Discretionary Fund Work Program, as described in this letter and in the attached; and
8. Authorize MSRC the authority to adjust contract awards up to five percent, as necessary and previously granted in prior work programs; and
9. Authorize the Chairman of the Board to execute new and modified contracts under FYs 2012-14, 2014-16 and 2016-18 Work Programs, as described above and in this letter.

Greg Pettis,
Chair, MSRC

MM:HH:CR

Background

In September 1990 Assembly Bill 2766 was signed into law (Health & Safety Code Sections 44220-44247) authorizing the imposition of an annual $4 motor vehicle registration fee to fund the implementation of programs exclusively to reduce air pollution from motor vehicles. AB 2766 provides that 30 percent of the annual $4 vehicle registration fee subvened to the SCAQMD be placed into an account to be allocated pursuant to a work program developed and adopted by the MSRC and approved by the Board.

In November 2014, the MSRC selected initial categories for the FYs 2014-16 Work Program. Additional categories continued to be developed and brought forward for consideration over the succeeding months. At its August 18 and September 15, 2016 meetings, the MSRC considered awards under the Alternative Fuel Infrastructure, Near-Zero Natural Gas Engine Incentives, Major Event Center Transportation, and Regional Active Transportation Partnership Programs, plus a recommended contract modification. The MSRC also affirmed its previous allocation for partnership with SCAQMD in its implementation of the EFMP, as well as issuance of an RFP for development, hosting and maintenance of a new MSRC website. Details are provided below in the Proposals section.

Outreach

In accordance with SCAQMD's Procurement Policy and Procedure, public notices advertising the MSRC Website Development RFP will be published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin. In addition, the RFP will be advertised in the Desert Sun newspaper for expanded outreach in the Coachella Valley. Public notices advertising the Near-Zero Natural Gas Engine Incentives Program Announcement, Alternative Fuel Infrastructure Program Announcement and Major Event Center Transportation Program Announcement were likewise published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, the Riverside County Press Enterprise, and Desert Sun newspapers.

Additionally, potential bidders may be and/or may have been notified utilizing SCAQMD's own electronic listing of certified minority vendors. Notice of the solicitations will be/was e-mailed 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). Further, the solicitations will be/were posted on the MSRC's website at http://www.cleantransportationfunding.org and electronic notifications will be/were sent to those subscribing to this website's notification service.

Proposals

At its August 18 and September 15, 2016 meetings, the MSRC considered recommendations from its MSRC-TAC and approved the following:

FYs 16-18 Major Event Center Transportation Program

As part of the FYs 2014-16 Work Program, the MSRC allocated $4,500,000 for event center transportation programs and released a Program Announcement to solicit projects for traffic-impacted centers. Applications could be submitted through July 29, 2016. The MSRC subsequently allocated an additional $1,218,956 to the Program, and to date, the MSRC has awarded a total of $5,546,989. The MSRC considered three additional recommended awards.

Long Beach Transit requested the MSRC to consider an award of $198,957 to provide special express bus service for the 2017 and 2018 LA Galaxy soccer seasons. Service would be provided on two routes to StubHub Center in Carson, one originating at the Metro Blue Line Del Amo Station and the other at the Long Beach Transit Gallery, to all Galaxy home games, providing service from 90 minutes prior to each game and at least every 20 minutes following the conclusion of the game. Service would promote the use of public transit, including bus and (by connection) rail, in lieu of personal automobile. Long Beach Transit and StubHub Center would contribute at least $759,400 in co-funding. The MSRC allocated an additional $157,023 to the Program, and approved a contract award to Long Beach Transit in an amount not to exceed $198,957 as part of the FYs 2016-18 Work Program to implement the 2017 and 2018 LA Galaxy special bus service, contingent on the use of buses meeting the 2010 USEPA standard for NOx

emissions stipulated in the Program Announcement and on Long Beach Transit providing complete event schedules.

Foothill Transit requested the MSRC to consider an award of $50,000 to provide special bus service for the 2016 LA County Fair. Service would be provided from the Azusa Gold Line Station on Saturdays and Sundays during the Fair, as well as the Labor Day holiday on September 5, 2016, providing service from one hour prior to the Fair opening and with the last bus departing 40 minutes following the Fair's closure at midnight. Service would promote the use of public transit, including bus and (by connection) rail, in lieu of personal automobile. Foothill Transit and the LA County Fair would contribute at least $50,000 in co-funding. The MSRC approved a contract award to Foothill Transit in an amount not to exceed $50,000 as part of the FYs 2016-18 Work Program.

SCRRA requested the MSRC to consider an award of $80,455 to provide special Metrolink service for the final day of the 2017 NASCAR Sprint Cup Series at Auto Club Speedway. Service would be provided using Tier 4 locomotives, the cleanest available, on three routes, out of Oceanside, Oxnard, and Lancaster, with the first train arriving at 9:00 a.m. All three special Metrolink trains will wait up to 60 minutes following the conclusion of the race before departing. A dedicated tram service will connect patrons from the train platforms to the track. Service would promote the use of rail in lieu of personal automobile. SCRRA and the Auto Club Speedway would contribute at least $265,000 in co-funding. The MSRC approved a contract award to SCRRA in an amount not to exceed $80,455 as part of the FYs 2016-18 Work Program.

<u>FYs 16-18 Regional Active Transportation Partnership Program</u>
Southern California Association of Governments (SCAG) has begun implementing a broad-based active transportation outreach, education and demonstration program dubbed "Go Human". The program would implement active transportation events, educational programs, and temporary roadway installations to introduce people to alternative commute and trip modes including walking, biking and public transit. SCAG informed the MSRC of the program, and the MSRC asked its staff to bring forward a conceptual plan to partner with SCAG in the program's implementation. The program is consistent with the MSRC's goals and objectives to reduce motor vehicle emissions. With the MSRC's partnership, the program would support activities in approximately 25-30 cities within the SCAQMD region. Day-to-day administration of the program would be performed by SCAG. SCAG will be developing and releasing a Call for Proposals to select jurisdictions to host the Go Human activities, with the MSRC or their designee reviewing recommended proposals prior to final approval and implementation by SCAG. SCAG would match the MSRC's contribution dollar for dollar. The MSRC considered this partnership opportunity and approved an award to SCAG in an amount not to exceed $2,500,000 as an element of the FYs 16-18 AB 2766 Discretionary Fund Work Program, with $2,000,000 split equally amongst the four counties ($500,000 each) and the remaining $500,000 awarded competitively across all four counties.

FYs 14-16 Alternative Fuel Infrastructure Program

As part of the FYs 2014-16 Work Program, the MSRC allocated $5,000,000 for the implementation of new and expanded CNG and LNG refueling stations and modification of maintenance facilities to accommodate gaseous-fueled vehicles. A Program Announcement, #PA2015-12, was developed and released on May 1, 2015, with an open application period commencing that day and closing July 29, 2016. To date, the MSRC has awarded a total of $842,000. The MSRC approved ten additional contract awards as part of the FYs 2014-16 AB 2766 Discretionary Fund Work Program, as follows:

a. A contract with NASA Services in an amount not to exceed $100,000 to install a limited access CNG station;
b. A contract with Arrow Services, Inc. in an amount not to exceed $100,000 to install a limited access CNG station;
c. A contract with the City of Perris in an amount not to exceed $175,000 to expand an existing limited access CNG station;
d. A contract with Huntington Beach Union High School District in an amount not to exceed $175,000 to expand an existing limited access CNG station;
e. A contract with the City of Lawndale in an amount not to exceed $175,000 to expand an existing limited access CNG station;
f. A contract with Athens Services in an amount not to exceed $100,000 to install a limited access CNG station;
g. A contract with VNG in an amount not to exceed $150,000 to install a public access CNG station in Bell Gardens;
h. A contract with County Sanitation District No. 2 of Los Angeles County in an amount not to exceed $275,000 to expand an existing public access L/CNG station;
i. A contract with the City of Riverside in an amount not to exceed $300,000 to expand an existing public access CNG station and modify a maintenance facility; and
j. A contract with VNG in an amount not to exceed $150,000 to install a public access CNG station in Placentia.

The final awards under this Program are expected to come forward in the near future.

FYs 14-16 Near-Zero Natural Gas Engine Incentives Program

As part of the FYs 2014-16 Work Program, the MSRC allocated $10,000,000 to provide funds towards the purchase cost of the Cummins Westport ISL G Near Zero natural gas engine. This engine is certified to the CARB Optional NO_x standard of 0.02 g/bhp-hr. A Program Announcement, #PA2016-11, was developed and released on June 3, 2016. Eligible vehicle types include urban transit buses and refuse collection trucks. For qualifying transit buses, the MSRC allocated $7.5 million, with a maximum per-entity award amount of $1.875 million, and will award $15,000 per vehicle for either new bus purchases or the re-power (engine replacement) of existing buses. For qualifying refuse trucks, the MSRC allocated $2.5 million, with a maximum per-entity award amount of $625,000, and will award $25,000 per vehicle, for re-powers only. The Program Announcement includes an open application period commencing July 5, 2016 and closing

January 6, 2017. The MSRC-TAC recommended, and the MSRC approved, five awards totaling $4,270,000 as part of the FYs 2014-16 AB 2766 Discretionary Fund Work Program, as follows:

a. A contract with OCTA in an amount not to exceed $1,470,000 for the repower of up to 98 transit buses;
b. A contract with Metro in an amount not to exceed $1,875,000 for the repower of up to 125 transit buses;
c. A contract with the City of Norwalk in an amount not to exceed $45,000 for the purchase of up to three transit buses;
d. A contract with the City of Santa Monica in an amount not to exceed $870,000 for the repower of up to 58 transit buses; and
e. A contract with Riverside Transit Agency in an amount not to exceed $10,000 for the purchase of one transit bus.

FYs 12-14 Local Government Match Program

In December 2013, the MSRC approved an award to the County of Los Angeles, Department of Public Works in an amount not to exceed $500,000 for the installation of a CNG fueling station in Downey. The County has found that their need for a station in the Downey area has diminished; however, the installation of two stations, in Canyon Country and La Puente, would serve a greater percentage of their Public Works fleet. The County requests to substitute the installation of stations at these two locations for the station in Downey. Each location is projected to cost a total of $600,000, and the County attests that they will contribute $350,000 per station, with the MSRC funding $250,000 per station. In consideration that this approach would result in a greater number of stations at no additional cost to the MSRC, the MSRC considered and approved the County's requested contract modification.

FYs 14-16 Enhanced Fleet Modernization Program

The EFMP is a vehicle retirement and replacement program authorized by the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (AB 118). The program focuses on providing greater incentives to eligible low- and middle-income owners of older vehicles to scrap their existing vehicle and receive a voucher either to help acquire a newer vehicle or cover the cost for transit passes or participation in car-sharing programs. In conjunction, the EFMP Plus-Up supplements the EFMP by increasing incentives for certain advanced technology replacement vehicles.

The MSRC previously allocated $800,000 (approved by the Board in December 2014) and up to $6,201,000 (approved by the Board in October 2015) to augment the SCAQMD funds to implement the EFMP and EFMP Plus-Up as an element of the FYs 2014-16 AB 2766 Discretionary Fund Work Program. The later increment of funding was designated for the voucher program only, to help match the funding for the EFMP Plus-Up portion of the program. A portion of this original match funding has not yet been utilized, however, additional funding is anticipated to become available from the California Air Resources Board. The MSRC received an update on the program and affirmed their

previous allocation of funding, so that remaining funds may continue to be used for the voucher portion of the program in current and future years.

FYs 16-18 MSRC Website Development

Previously at their May 2016 meeting, the MSRC authorized the development of a draft RFP for the development, hosting and maintenance of a new MSRC website. The MSRC has now considered and approved an RFP to identify and retain a contractor to develop, host and maintain their website. Due to the uniqueness of the MSRC, and the complexity of the staffing, support, and program structure, the RFP features a mandatory bidders' conference on Thursday, October 27, 2016. Rather than specify a budget in advance, bidders are directed to provide cost proposals for the specified work, with cost being a significant selection criterion. Proposals will be due by 5:00 p.m. on Tuesday, October 11, 2016. It is anticipated that an award will be made on or about December 2, 2016; that award will be part of the FYs 2016-18 AB 2766 Discretionary Fund Work Program.

At this time, the MSRC requests the SCAQMD Board to approve the contract awards and modification, to recognize the MSRC's affirmation of their previous allocation of funds for the EFMP program, and to approve release of the RFP, as part of approval of the FYs 2012-14, 2014-16 and 2016-18 AB 2766 Discretionary Fund Work Programs as outlined above. The MSRC also requests the Board to authorize the SCAQMD Chairman of the Board the authority to execute all agreements described in this letter. The MSRC further requests authority to adjust the funds allocated to each project specified in this Board letter by up to five percent of the project's recommended funding. The Board has granted this authority to the MSRC for all past Work Programs.

Sole Source Justification

As an element of its FYs 2016-18 Work Program, the MSRC allocated $2,500,000 to partner with SCAG on a Regional Active Transportation Partnership Program. As discussed in Proposals above, this project will be implemented by initiating a sole-source contract with SCAG pursuant to SCAQMD Procurement Policy section VIII(B)(2)(c) and VIII(B)(2)(d)(1). While the MSRC and SCAQMD strive to retain technical services on a competitive basis, the SCAQMD's Procurement Policy and Procedure recognizes that, at times, the required services are available from only one source, making the pursuit of a competitive procurement futile. SCAG has already initiated the Go Human program, and would be providing matching co-funding, putting them in a unique position to implement the program.

Resource Impacts

The SCAQMD acts as fiscal administrator for the AB 2766 Discretionary Fund Program (Health & Safety Code Section 44243). Money received for this program is recorded in a special revenue fund (Fund 23) and the contracts specified herein, as well as any contracts awarded in response to the solicitation, will be drawn from this fund.

Attachment

Program Announcement #P2017-05 – Development, Hosting and Maintenance of the MSRC Website

Clean Transportation
Funding from the MSRC
Mobile Source Air Pollution Reduction Review Committee

Development, Hosting and Maintenance of the MSRC Website

www.CleanTransportationFunding.org

Request for Proposals

P2017-05

October 7, 2016

Table of Contents

SECTION 1 – Solicitation Overview 2
I.A. Introduction 2
I.B. Background 2
I.C. Schedule of Events 3
I.D. Mandatory Bidders' Conference 3
I.E. If You Need Help 4
I.F. Addenda 5
SECTION II: Statement of Work 5
II.A. Designer/Contractor Minimum Qualifications 5
II.B. Deliverable Items/Performance Requirements 6
II.C. Description of MSRC Website Requirements & Content 6
SECTION III: Proposal Preparation & Submission 10
III.A. Proposal Preparation Instructions 10
III.B Proposal Submittal Instructions 12
SECTION IV. Proposal Evaluation Process 13
IV.A Proposal Evaluation & Contractor Selection Criteria 13
Attachment A: Information on Existing MSRC Website 16
Attachment B: Certifications 17
Attachment C: Sample Contract 29

SECTION 1 – Solicitation Overview

I.A. Introduction

The Mobile Source Air Pollution Reduction Review Committee (MSRC) requests proposals from qualified website designers and developers to assist in the development, improvement, activation, testing, hosting, and maintenance of the MSRC's website. For the purpose of this solicitation, the terms "bidder", "contractor" and "website developer" are used interchangeably.

I.B. Background

The Mobile Source Air Pollution Reduction Review Committee, or "MSRC", is responsible for funding transportation projects that reduce air pollution in Southern California. The MSRC was created in 1990 by the California State Legislature as part of Assembly Bill (AB) 2766, which authorizes the Department of Motor Vehicles to collect a $4 surcharge on vehicle registration fees. Under AB 2766, the MSRC receives 30% of the surcharge as part of a Discretionary Fund to support projects that reduce pollution from mobile sources, such as cars, trucks, and buses. The Discretionary Fund has an annual budget of approximately $14 million.

In 1999, the MSRC contracted with a website development firm for the design, development, activation, testing, hosting, and maintenance of its first website. Located under the domain name www.msrc-cleanair.org, the MSRC used this site as a medium to disseminate both time sensitive and historical information to current MSRC contractors, prospective project applicants, and other interested parties. The website was developed and ultimately launched in July 2000. In 2005, the MSRC contracted with a website development firm to develop a successor website which incorporated most of the features of the original plus substantial new functionality. A similar process occurred in 2011. A few upgrades have been made in the ensuing years, but essentially this is the current MSRC website located under the domain name www.CleanTransportationFunding.org. Key features of the current website include:

- Ability for the public to download current solicitation documents in either Microsoft Word and PDF format;
- A key-word searchable library containing summaries of MSRC-funded projects, photos and final reports for many projects, as well as past solicitation documents;
- Current MSRC and MSRC-Technical Advisory Committee (MSRC-TAC) meeting agendas and archives of past meeting agendas and minutes;
- Current and past MSRC press releases;
- Relevant news clips, photos and articles of interest;
- History of the MSRC, related statutes and list of current MSRC and MSRC-TAC members;
- A subscription system by which interested parties can sign up to receive e-mail notifications of solicitations, agendas, and news articles, as well as a related system to assemble and distribute an electronic newsletter;
- An interface for MSRC contractors to download guidance documents and templates, and to upload summaries, which can then be downloaded by MSRC staff; and
- Ability to submit applications and proposals online.

Furthermore, much of the current website's content is able to be added, deleted or modified by MSRC staff without assistance of the website contractor.

While the current website has served the MSRC well for six years, the MSRC has identified desirable features and functionality not supported by the current site. Due to the magnitude of the desired website improvements, as well as advancements in website development software technology, the MSRC is seeking the development of a new website as opposed to extensively modifying the existing website.

Therefore, the purpose of this Request for Proposals (RFP) is to solicit qualified website developer(s) to submit proposals in accordance with requirements specified herein for the design, development, activation, testing, hosting, and maintenance of a new MSRC website. The MSRC seeks a state of the art website; bidders are free to recommend specific technologies to provide the desired functionality, user friendliness, reliability and appearance.

I.C. Schedule of Events

This solicitation will be conducted in accordance with the timeline illustrated in Table I, below. Proposals may be submitted at any time during the period commencing October 7, 2016 and ending November 10, 2016. *Please note that proposals must be received no later than 5:00 p.m. on November 10, 2016.*

Table I - Key Procurement Events & Dates

MSRC Website Development Key Procurement Events	Date
Request for Proposals Release	October 7, 2016
Mandatory Bidders' Conference, 1:30 p.m. at SCAQMD	October 27, 2016
Latest Date and Time to Submit Proposal	**November 10, 2016 @ 5:00 pm**
Proposal Evaluation Period	November 15 - 22, 2016
Interviews/Oral Presentations of Short-Listed Bidders	November 29, 2016
Contractor Selection Review & Approval by MSRC-TAC	December 8, 2016
Contractor Selection Review & Approval by MSRC	December 15, 2016
SCAQMD Governing Board Approval	January 6, 2017
Contract Execution/Authority to Proceed	February 17, 2017

I.D. Mandatory Bidders' Conference

Due to the uniqueness of the MSRC, and the complexity of the staffing, support, and program structure, a **mandatory** Bidders' Conference for the MSRC Website Development RFP will be held on Thursday, October 27, 2016. No bids will be accepted from those who do not attend. Additionally, this will be the only opportunity to discuss and clarify any questions Bidders may have regarding the RFP directly with MSRC staff. The purpose of the conference is to provide new or updated solicitation information, provide clarification regarding this RFP, and answer general questions regarding proposal preparation.

In addition, the Bidders' Conference will provide a forum to address individual proposal preparation issues and provide one-on-one guidance to potential Bidders. The location and time for the Bidders' Conference is as follows:

Date:	October 27, 2016
Time:	1:30 p.m. – 3:00 p.m.
Location:	SCAQMD Headquarters, Room GB
Address:	21865 Copley Drive Diamond Bar, California 91765

A limited number of participants may attend remotely via WebEx meeting. WebEx participants can hear the Conference audio, view all computer-based presentations, and pose simple questions of a general nature, but one-on-one guidance is not available to those not physically in attendance. Reservations for the WebEx meeting are available on a first-come, first-served basis. Please contact Cynthia Ravenstein, MSRC Contracts Administrator at 909-396-3269 or Cynthia@CleanTransportationFunding.org by close of business on Tuesday, October 25, 2016 either to request a WebEx reservation or indicate your plan to attend in person.

In addition, MSRC staff members are available to answer questions and provide guidance as appropriate during the proposal preparation period. Please refer to Section I.E. of this document for a list of MSRC Staff contacts.

I.E. If You Need Help

This RFP can be obtained by accessing the MSRC website at www.CleanTransportationFunding.org. MSRC staff members are available to answer questions during the proposal acceptance period. In order to help expedite assistance, please direct your inquiries to the applicable staff person, as follows:

- For **General and Administrative Assistance,** please contact:
  Cynthia Ravenstein
  MSRC Contracts Administrator
  Phone: 909-396-3269
  E-mail: Cynthia@CleanTransportationFunding.org

- For **Technical Assistance**, please contact:

  Ray Gorski
  MSRC Technical Advisor
  Phone: 909-396-2479
  E-mail: Ray@CleanTransportationFunding.org

- For **Contractual Assistance**, please contact:

  Dean Hughbanks
  SCAQMD Procurement Manager
  Phone: 909-396-2808
  E-mail: dhughbanks@aqmd.gov

I.F. Addenda

The MSRC may issue supplementary information or guidelines relative to this RFP during the proposal preparation period of October 7 to November 10, 2016.

Please note that the source of MSRC **Clean Transportation Funding™** is motor vehicle registration fees collected by the California Department of Motor Vehicles (DMV) in accordance with the California Health and Safety Code. Thus, the availability of MSRC **Clean Transportation Funding™** is contingent upon the timely receipt of funds from the DMV. Neither the MSRC nor SCAQMD can guarantee the collection or remittance of registration fees by the DMV.

SECTION II: Statement of Work

II.A. Designer/Contractor Minimum Qualifications

Bidders responding to this solicitation must show evidence of at least four (4) years related experience, including serving as prime contractor for the development of a minimum of ten (10) websites, at least two (2) of which are for public agencies. Bidder must have demonstrated expertise in art direction, writing, programming, systems administration, database design, and multimedia programming, as well as experience in creating a website designed to be updated by staff with little coding experience. Contractor must be willing to work closely with MSRC-TAC members and MSRC/SCAQMD staff on a continuing basis throughout the course of the contract term (see II.B. below regarding term) and include a user interface designer as part of the development team to ensure usability, accessibility and aesthetics of the user interface.

All proposals must contain the following information:

1. A thorough description of how the Bidder satisfies the requirements listed under Section II.A, Designer/Contractor Minimum Qualifications;
2. A conceptual website description demonstrating how the Bidder will fulfill items listed under Sections II.B, Deliverable Items/Performance Requirements and II.C., Description of MSRC Website Requirements and Content;
3. Key personnel and reporting structure, including resumes or background descriptions of all key personnel to be assigned to this project;
4. Information on work similar to the MSRC Website Development project completed by Bidder over the past four (4) years. A minimum of three (3) complete references must be submitted, including domain names for websites developed by the Bidder;
5. A list of work to be subcontracted by the Bidder to fulfill the items listed under Section II, Statement of Work. Information on subcontractor qualifications must also be included in the proposal submission, including resumes of individuals supporting the work effort in a subcontractor capacity;
6. A summary of the approach the Bidder will use to work with MSRC-TAC members and MSRC/SCAQMD staff to ensure project communications will be conducted efficiently and that project milestones will be met.

II.B. Deliverable Items/Performance Requirements

1. Period of Performance - The period of performance will commence on the date the contract is signed by all parties and extend for two (2) full years. The contract may be extended, or successor contract let, for an additional two-year option, upon agreement by both parties.

2. Deliverable Items - All XHTML (or equivalent) documents, database programming, CGI or other scripts, design elements, graphics and supporting materials (including results of on-going site evaluations) associated with a complete website.

3. Delivery Deadlines - Deadlines for delivery of all items listed above shall be negotiated with the successful bidder prior to contract execution.

II.C. Description of MSRC Website Requirements & Content

The following Sections describe the minimum requirements to be implemented within the Statement of Work covered by this RFP.

1. Project Design and Development Approach

Rather than dictate a specific development approach (e.g. Waterfall, Agile, etc.), the MSRC is relying on the Bidder using their expertise to recommend the best approach for this project. The Bidder shall fully describe their website project design and development approach in producing a high-quality product, in a cost-effective manner, and within timeline constraints set for the project. It is important that the Bidder detail how they intend to step staff through their website development process. Each step of the proposed process should be described in sufficient detail to convey how the Bidder plans to work efficiently and effectively with staff.

Throughout the development cycle, the approval process will consist of a website development subcommittee comprised of MSRC staff and MSRC-TAC members. SCAQMD staff may provide technical expertise. As each deliverable is provided to us, the subcommittee will review and give answers to the MSRC Contracts Administrator, who will be your day-to-day point of contact. Every effort will be made to provide feedback as rapidly as possible while working within this structure.

2. Technical Environment

The MSRC's website is currently hosted on a "virtual/cloud" server. Please refer to Attachment A for a description of the current configuration. It is the MSRC's requirement that the existing website remain fully operational during development of the new website.

The MSRC is requiring Bidders to specify the hosting approach, and to include any necessary hardware as part of their proposals. Any software licensing costs, and their renewals, must also be included for the term of the development and maintenance period. Hardware, including any hardware provided out of the selected Bidder's existing inventory, will become property of the MSRC. It is the objective of the MSRC that any website developed as part of this RFP process be expandable to accommodate future growth and additional features.

3. Website Features

In general, it is expected that the website will include a number of operating features, *including but not limited to those listed below*. Several of these features incorporate content which must be migrated, regardless of whether the existing architecture is preserved or a new feature is built to serve the same

purpose. The bidder shall provide a full discussion under this Section regarding website features that demonstrates their understanding of the Project and needs of the MSRC. Further, the discussion should identify any other features that the MSRC should consider in the development process of the software architecture and functionality.

General Attributes

- Compatibility with major web browsers (at a minimum, Chrome, Safari, Firefox, Edge and Internet Explorer), including compatibility with recent earlier versions of such browsers;
- Optimization for viewing on mobile devices;
- Smooth and rapid loading of all pages within the website, including the back-end administration pages;
- Easy access and downloading of information in common file formats such as PDF, Microsoft Word or Excel, etc. by public users;
- A menu system indicating each section of the website that facilitates easy movement between the home page, sections and individual pages;
- Mechanisms/paths that enable Web search engines to "spider" and index content on every page of the website;
- Professional and inviting look;
- Consistency in appearance and functionality throughout the site;
- Open architecture, compatible with industry standards;
- User-friendly navigation that is logical and easily understood to the general public;
- "Smart" search by key word(s) in titles as well as content throughout all levels of the website, including the back-end administration;
- Scalable and modular design so that functionality can be easily added without further modification to the software;
- Remote on-line access for purposes of troubleshooting and maintenance of the system by any authorized Contractor or off-site staff;
- At least two different password secured levels of access to the website for purposes of:
    - Uploading/replacing/archiving documents of all formats (including photos); and
    - Editing website screen text;
- Firewall protection that maintains the integrity of the MSRC existing information system infrastructure from the website;
- Accommodates the inclusion of a wide variety of information formats including but not limited to: MS Word, Excel, Access, Power Point, PDF, printed brochures, videos, and digital and scanned photographs;
- Allows for a large volume of documents, many hundreds of pages in length to be easily added, archived and deleted from the website;

- Administrative reports and usage tracking by website and individual page(s), including whether traffic is internal to SCAQMD or external.

Specific Features for which Existing Content Must Be Migrated

- A library database feature including, but not limited to, the ability to archive, search, and retrieve summaries of past projects, project final reports, past Committee agendas, press releases, as well as other text and photographic documents;
- Links to other websites;
- A subscription system by which interested parties can sign up to receive e-mail notifications of solicitations, agendas, and news articles;
- Electronic newsletter function which allows:
    - Members of the public to subscribe and receive the e-newsletter via the subscription system described above;
    - MSRC staff ability to manage subscriber list, assemble the e-newsletter components, including both text and images (with captions), compile them into a finished product, and distribute to the subscriber list; and
    - E-newsletter also to be accessible on the website.
- Policy update page with ability for MSRC staff to post reports;
- Meetings schedule page with ability for MSRC staff to add, modify or delete meetings and post related agendas and minutes;
- An interface for MSRC contractors to download guidance documents and templates, and to upload photos (TIFF or high-resolution JPG) and final reports (Microsoft Word or PDF) and to complete an online, form-based project summary, all of which can then be managed and downloaded by MSRC staff;
- A feature for the public to submit applications and proposals online in PDF format which includes, at a minimum, the following basic attributes:
    - Feature must be highly reliable, with redundancy and/or other means available to ensure feature remains live during critical proposal/application submission periods (i.e., capable of handling numerous electronic proposal submittals during the final closing minutes of an application period);
    - Ability to “timestamp” the time of arrival of the proposal document;
    - Registration process to enable proposal submission;
    - Automatically send a receipt to the document sender;
    - Reliably notify designated SCAQMD staff via e-mail that a proposal has been received;
    - Possess adequate security features to allow protection of a bidder’s proprietary information.
- Many pages of text, some with images

4. Task and Timeline Table

It is expected that the development of the website, from executing the Contract to launching the website, should be completed within a five (5) month time period. Based on Section II.C.1, the Bidder shall provide a detailed description of all tasks to be accomplished along with specific dates for each task. In addition, all deliverables and review time by MSRC staff as well as the deliverables of the Bidder should be clearly identified. The MSRC envisions that any payment for services rendered will be tied to specific deliverables. Therefore, the Bidders Cost Proposal should be coordinated with the Task and Timeline Table contained in this Section.

5. Software Ownership Rights/Confidentiality

The Bidder shall be required to agree and shall provide a written statement specifying that all rights, title and interest in work product developed under this project, including but not limited to website software, source code, documentation, reports, files, and all derivative works thereof, shall remain with MSRC/SCAQMD. This shall include work product developed by Bidder/Contractor and its employees, subcontractors and agents. The Bidder shall be required to agree that any and all work product shall be deemed to be works made for hire within the meaning of the copyright laws of the U.S. and that MSRC/SCAQMD shall own all rights, including, but not limited to, all copyright rights, in and to such Work Product. Bidder shall be required to warrant that any Work Product produced will be original work and will not infringe upon or violate any rights, including any patent, copyright, trademark or trade secret of any person or entity. Furthermore, all software source codes, graphic elements, and any other intellectual property associated with the website shall be provided to the MSRC within one month of activation (after it is live and accepted by the MSRC), and any updates or changes will be provided to the MSRC at the end of the contract term.

The Bidder shall also acknowledge that all information and graphic materials provided to the Bidder by MSRC/SCAQMD for use in development and incorporation into the Project is confidential. The Bidder shall agree not to use any MSRC information or graphic materials for the Bidder's own benefit, or divulge, disclose, or communicate in any manner said items to any third party without the prior written consent of the MSRC.

6. Training

The MSRC seeks to have the selected Bidder provide both system administrator and support staff (approximately four individuals) training as part of its work tasks. In addition, the MSRC requires the provision of training manuals, which may be in electronic format. Sufficient training shall be provided to the system administrator so that, upon acceptance of the Project, the system administrator (and backup) is fully able to perform all necessary functions for the day to day operations of the website. Training for support staff is anticipated to be at a lower level than the system administrator but sufficient enough to upload/download documents and edit/delete information. In this Section, the Bidder shall outline their training process and format including but not limited to: 1) hours of training, 2) location of training, 3) type and content of training, and 4) on-call training options for future staff.

7. Website Hosting and Maintenance, and Support Services

The MSRC desires a high level of customer support in terms of quality and responsiveness for any work that may be required after the project has been accepted by the MSRC. The Bidder shall describe their ability to host the website, their customer support services in detail as well as programming services

to enhance/amend the website should the MSRC desire to include on-call services as part of any Contract. It is anticipated that hosting and minor maintenance, including management of the MSRC's domain registrations, backup, and recovery, would be covered under a set monthly fee. Hourly rates for on-call services shall be clearly detailed and any terms and conditions that may apply should be fully disclosed.

SECTION III: Proposal Preparation & Submission

Only proposals that follow the instructions within this RFP will be reviewed and evaluated. The following instructions are intended to assist the Bidder in preparing a proposal for consideration under this RFP.

In general the Proposal should be concise, well organized and demonstrate the Bidder's qualifications and experience applicable to the Project

Written proposals are to reflect and/or include the following elements, in the following order:

III.A. Proposal Preparation Instructions

1. Cover Letter - Transmittal of the proposal must specify the subject of the proposal, the RFP number, and Bidder's name, address, e-mail address, and telephone/fax number. The letter shall specify contact person(s) for technical and contractual matters, and be signed by the person(s) authorized to contractually bind the bidding entity. For joint venture proposals, the Bidder must include a statement confirming authorization to act on behalf of all co-bidders. The Bidder must include a letter of confirmation from all proposing entities of a joint proposal including project contact name and all other information as required of the Bidder.
2. Project Description and Statement of Work – This section comprises the body of the proposal. The Bidder should describe their project concept in detail, addressing all project requirements as specified in RFP Sections II.A., II.B., and II.C., above. Bidders should place special emphasis on the following key proposal elements:
    a) Website Design and Development – Describe in detail the proposed methodology for designing, developing, migrating content, and activating the MSRC Website, including but not limited to: a) Website design and creative development; b) how the website will be activated and beta tested (both load and functional testing) before it goes live; c) training for MSRC staff, d) Website administration, including program documentation and reporting; and e) Website maintenance;
    b) Bidder Qualifications – The Bidder shall fully describe their firm's qualifications and experience in performing the type of work as described in Section II.A. of this RFP. If subcontractors are being used or the proposal is being submitted by a team of firms, a full description of each participating firm should be included. All key personnel are to be identified and resumes provided as part of any proposal submitted;
    c) Related Work - The Bidder shall list at least three (3) successfully completed projects of a similar nature to that described in this RFP for the design and activation of a website. Submit only those projects in which the Bidder served as the lead Contractor. Provide a brief description of the work performed, note what elements of the desired MSRC site are exemplified therein, and include the organization's name, project contact name, telephone/fax numbers, value of the

contract, and website address. The website references will be assessed as part of the evaluation process.

3. Website Development Schedule - This section shall identify anticipated dates of completion of all tasks specified in the Project Description and Statement of Work, including a list of milestones. Specifically, this section should include:
   a) A time schedule to complete each of the tasks described, by task; and
   b) A list of significant milestones and the projected delivery dates.
4. Project Organization - This section shall describe the organization proposed to implement the project. This shall include assigned personnel, all subcontractors and their related tasks and responsibilities, clearly detailed.
5. Conflict of Interest - Address any possible conflicts of interest with other clients affected by actions performed by the firm on behalf of the MSRC. Although the Bidder will not be automatically disqualified by reason of work performed for such firms, the MSRC reserves the right to consider the nature and extent of such work in evaluating the proposal.
6. Cost Proposal – shall be broken down into two components:
   a) Line Item Budget - The Line Item Budget shall detail the following cost components for initial two-year contract term for the Bidder and any subcontractors for the Project:
      i. Labor - Identify each professional category of direct project support, the number of hours for each, and the fully burdened rate per hour. The rates quoted must include labor, general, administrative, and overhead costs;
      ii. Equipment and Supplies - Provide an itemized list of equipment to be used and/or purchased, including the manufacturer, number of each, and the unit cost. **Please note that all equipment purchased in fulfillment of this contact will remain the property of the MSRC**;
      iii. Subcontractor Costs - Identify any subcontractors by name, the basis for the subcontractor's selection, and describe in detail the work the subcontractors will be hired to perform, list their cost per hour or per day, and the number of hours or days their services will be used and the related tasks;
      iv. Miscellaneous Costs - if any.
   b) Maintenance Costs – proposal for continuing the MSRC Website hosting and maintenance for an additional two-year option period. The cost breakdown for the priced option should include all costs included with website hosting and maintenance, on a line item basis as defined above.

Consider the following when preparing the cost schedules:

- Charges for supplies, equipment, and subcontractors will be paid at cost. No profit will be paid on these costs;
- The Bidder must warrant that the cost proposal will remain in effect for at least 90 days and state such in this section;
- Costs are reimbursed on an as-incurred basis only; describe billing procedures for the project and how costs will be documented for invoicing the MSRC for reimbursement of expenditures;

- The Bidder is required to certify as part of their proposal submission that the prime contractor and subcontractor rates contained in the proposal are no higher than the rates offered to the prime or subcontractor's most-favored customer;
- Identify all subcontractors by name, and include their hourly or daily rate of compensation and the number of hours or days their services will be utilized. If subcontractors are not yet identified, provide an estimate of their rates of compensation and number of hours or days the subcontractors' services will be utilized.

7. Certifications – All applicants must complete and submit the following forms, located in Attachment B, as elements of their Application:
   a) W-9 Form and Form 590
   b) Campaign Contribution Disclosure Form
   c) Business Status Certifications Form

III.B Proposal Submittal Instructions

1. Format - The maximum length of proposals accepted will be twenty (20) 8-1/2 X 11 sheets of paper. Technical appendices, of no more than fifty (50) 8-1/2 X 11 sheets of paper, including information on Bidder's past projects, experience, and resumes may be attached. All pages and appendices must be numbered and double sided, and should be unbound, and printed on recycled paper to the extent feasible. No videos will be accepted with proposals. However, images from relevant websites may be included on the CD-ROM or USB drive discussed below.

2. Due Date - The Bidder shall 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 Bidder and the words "MSRC Website P2017-05". All proposals should be directed to:

   Procurement Unit
   South Coast Air Quality Management District
   21865 Copley Drive
   Diamond Bar, CA 91765

   In addition to the paper proposal, proposers must also submit an electronic copy of their proposal in either PDF format or Microsoft Word. This should be provided via CD-ROM or USB drive in care of the Procurement Unit at the street address listed above.

   Please note that the proposal is only deemed "received" when the four (4) complete paper copies are submitted in accordance with the above instructions - submittal of an electronic proposal only does not constitute receipt by the SCAQMD. In addition, please note that faxed or e-mailed proposals will not be accepted. All proposals will be time and date stamped upon receipt by the South Coast Air Quality Management District. **PLEASE NOTE THAT ANY PROPOSAL TIME STAMPED 5:01 P.M. OR LATER ON NOVEMBER 10, 2016, AND/OR ANY PROPOSAL FOR WHICH THE PROPOSING ENTITY DID NOT HAVE A REPRESENTATIVE ATTENDING THE BIDDERS' CONFERENCE, WILL NOT BE REVIEWED AND WILL NOT BE AWARDED FUNDING**. No exceptions will be granted regardless of reason or circumstances.

3. Additional Grounds for Rejection - A proposal may be immediately rejected if:
   - It is not prepared in the format described contained within this RFP; or

- It is not signed by an individual authorized to represent the proposing entity.

4. Disposition of Proposals - The MSRC reserves the right to reject any or all proposals. All responses become the property of MSRC. One copy of the proposal shall be retained for SCAQMD files. Additional copies and materials will be returned only if requested and at the Bidder's expense.
5. Modification or Withdrawal - Once submitted, proposals cannot be altered without the prior written consent of MSRC. 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 IV. Proposal Evaluation Process

The MSRC-TAC and MSRC Staff will evaluate all proposals to determine responsiveness to the RFP. SCAQMD staff may provide administrative and technical assistance during the proposal evaluation process.

Proposals will be evaluated and points awarded based upon the criteria outlined below. The evaluation criteria are included to provide the Bidder additional guidance as to the particular components of the proposal that will be evaluated.

The MSRC reserves the right to approve only a portion of the Bidder's Statement of Work and funding request. In this case, the Bidder will be required to submit a revised work statement, schedule of deliverables, and cost breakdown within forty-five (45) calendar days of notification of selection.

Each Bidder should review the attached Sample Contract (Attachment C). Any exceptions to the sample contract terms and conditions should be identified in the Bidder's initial proposal.

The most qualified Bidders will be short-listed and may be interviewed by an MSRC-TAC Evaluation Subcommittee on November 29, 2016. Please keep this date available for possible interviews at the SCAQMD Headquarters in Diamond Bar, California. (Please see Section I.C, Table 1 – Key Procurement Events and Dates). The proposals and interviews will be evaluated based on the selection criteria below.

The MSRC reserves the right to not make any award. The project will be effectuated through a contract with SCAQMD, which must also approve the award.

IV.A Proposal Evaluation & Contractor Selection Criteria

Proposals will be evaluated based on the proposals demonstrating an understanding of the RFP objectives and work involved, and on the demonstrated capability of the Bidder to accomplish the work. The following evaluation criteria form the basis upon which proposal scoring and selection will be conducted. The maximum score available is 110 points.

1. Proposal Completeness

Maximum Points Available: 10 points

Proposals will be evaluated on their completeness, accuracy and responsiveness to the RFP and all of its requirements.

2. Qualifications, Staffing and References

Maximum Points Available: 30 points

Bidders must have extensive and successful experience in the design, development, activation, testing, hosting and maintenance of websites of similar scope within this RFP. The Bidder shall detail previous work experience demonstrating proficiency in current versions of widely-used programming languages. In addition, each Bidder shall provide a minimum of three (3) references and current website addresses from the last four (4) years to demonstrate the skills necessary to complete projects similar in scope to the current proposed project. Bidder website references will be reviewed as part of the evaluation process. Factors to be considered include, but are not limited to, ease of movement within the site, functionality, page layout, design elements, search functions, etc.

3. Statement of Work

Maximum Points Available 35 Points

As discussed in the RFP Section II, Subsection III.C., Bidders are required to submit a comprehensive discussion of preliminary website design, development, testing, training, activation, and maintenance concepts. Bidders shall clearly and professionally describe their understanding of the Project. Responses must thoroughly address all areas including project approach, technical environment, website features, tasks and timeline, ownership rights, training, ongoing maintenance and customer support. The technical merits of the Bidder will be evaluated, based upon the level of completeness and specificity of the proposed concepts.

4. Cost Proposal

Maximum Points Available 25 Points

Bidders are required to submit a detailed cost breakdown for the proposed project. Following a comprehensive review of the cost proposal, the Evaluation Subcommittee will assign a score based upon the competitiveness, completeness, documentation quality, accuracy, and substantiation of the information provided. Costs will be assessed to determine if they are reasonable and appropriately allocated among tasks. Consideration will also be given to the number of hours assigned to Bidder's staff in relationship to tasks to be performed, hourly rates, and whether the costs are realistic in relationship to projects of similar size.

5. DVBE/Local Business/Small Business Status

Maximum Points Available: 10 points

It is the policy of the MSRC to encourage participation by disabled veteran business entities, local businesses and small business and in the bidding process. The MSRC shall provide five (5) points each for Proposers who meet the following criteria, with the maximum points available not to exceed ten (10) points. Points will only be awarded should the Proposer, upon submission of its proposal, provide documents from a state or local agency certifying that it qualifies in the categories described below:

#1 "Disabled Veteran" as used herein is a United States military, a naval, or air service veteran with at least 10 percent service-connected disability. "Disabled Veteran Business Enterprise" as used herein means a sole proprietorship or partnership or corporation which is at least 51 percent owned

by one or more disabled veterans and whose management and control of the daily business operations are by one or more disabled veterans.

#2 "Local Business" as used herein means a Proposer which can demonstrate that it has an on-going business within the South Coast AQMD at the time of the bid application and performs 90% of the work related to the contract within the South Coast AQMD.

#3 "Small Business" as used herein means a business that is:

1) Independently owned and operated business, and

2) Not dominant in its field or operation and

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 or less over the previous three years, or a manufacturer with 100 or fewer employees.

The remainder of this page intentionally left blank

Attachment A: Information on Existing MSRC Website

1. Current database size: 36 mb

2. Total current site: 6.5 gb

3. SOFTWARE

- XHTML
- Custom CMS
- Website coding and database is 100% PHP

4. System currently running on Debian linux v6.0.7

5. Internet connection is 50Mb burstable to 100Mb.

6. Server is running 1Gb RAM with 1 vCPU

The items listed below represent content from MSRCADMIN to website:

- RFPs or other solicitation documents
- Contact Info, MSRC and MSRC-TAC member lists and many other pages of text
- Meetings
- Agendas
- Minutes
- News (press releases & other)
- Video
- Project summaries, photos and final reports (administrator-added)
- Related links
- Electronic newsletter (includes graphs, articles, photos)
- Clean Transportation Policy Update report
- Subscriber list entries (administrator-added/deleted)

The items listed below represent content from website to MSRCADMIN:

- Subscriber list entries (public subscriptions)
- MSRC contractor-uploaded photos, project summaries, and final reports
- Library search function
- Online proposal submittal function

Attachment B: Certifications

Form **W-9**
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification; check only **one** of the following seven boxes:
☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate
☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶
Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.
☐ Other (see instructions) ▶

4 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.)

5 Address (number, street, and apt. or suite no.) | Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid 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 *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number
☐☐☐ – ☐☐ – ☐☐☐☐

or

Employer identification number
☐☐ – ☐☐☐☐☐☐☐

Part II 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
2. 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 Here | **Signature of U.S. person ▶** | **Date ▶**

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:

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
4. 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.

Cat. No. 10231X — 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 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.
3. 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,
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,
4. 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
5. 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—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[1]	Generally, exempt payees 1 through 5[2]
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] 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 ITIN, 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.*

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.

1. 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.

3. 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:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account[1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor[2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee[1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner[1]
5. Sole proprietorship or disregarded entity owned by an individual	The owner[3]
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:**
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity[4]
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	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
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

[1] 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.

[2] Circle the minor's name and furnish the minor's SSN.

[3] 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.

[4] 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 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.

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 qualified 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 ▶ _____ 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 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
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 discapacidades auditivas o del habla

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 **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:

☐ Small Business Enterprise/Small Business Joint Venture
☐ Local business
☐ Minority-owned Business Enterprise
☐ Women-owned Business Enterprise
☐ Disabled Veteran-owned Business Enterprise/DVBE Joint Venture
☐ Most Favored Customer Pricing Certification

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.

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). The list of current MSRC members/alternates can be found at the MSRC website (http://www.cleantransportationfunding.org).

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 of Contributor _____

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution

Name of Contributor _____

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution

Name of Contributor _____

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution

Name of Contributor _____

Governing Board Member or MSRC Member/Alternate	Amount of Contribution	Date of Contribution

I declare the foregoing disclosures to be true and correct.

By: _____

Title: _____

Date: _____

DEFINITIONS

Parent, Subsidiary, or Otherwise Related Business Entity (2 Cal. Code of Regs., §18703.1(d).)

(1) Parent subsidiary. A parent subsidiary relationship exists when one corporation directly or indirectly owns shares possessing more than 50 percent of the voting power of another corporation.

(2) Otherwise related business entity. Business entities, including corporations, partnerships, joint ventures and any other organizations and enterprises operated for profit, which do not have a parent subsidiary relationship are otherwise related if any one of the following three tests is met:

(A) One business entity has a controlling ownership interest in the other business entity.

(B) There is shared management and control between the entities. In determining whether there is shared management and control, consideration should be given to the following factors:

(i) The same person or substantially the same person owns and manages the two entities;
(ii) There are common or commingled funds or assets;
(iii) The business entities share the use of the same offices or employees, or otherwise share activities, resources or personnel on a regular basis;
(iv) There is otherwise a regular and close working relationship between the entities; or

(C) A controlling owner (50% or greater interest as a shareholder or as a general partner) in one entity also is a controlling owner in the other entity.

Attachment C: Sample Contract



AB 2766/MSRC WORK PROGRAM CONTRACT

1. PARTIES - The parties to this Contract are the South Coast Air Quality Management District (hereinafter referred to as "SCAQMD") whose address is 21865 Copley Drive, Diamond Bar, California 91765-4178, and the *** (hereinafter referred to as "CONTRACTOR") whose address is ***.

2. RECITALS
   A. SCAQMD is the local agency with primary responsibility for regulating stationary source air pollution within the geographical boundaries of the South Coast Air Quality Management District in the State of California (State). SCAQMD is authorized under State Health & Safety Code Section 44225 (AB 2766) to levy a fee on motor vehicles for the purpose of reducing air pollution from such vehicles and to implement the California Clean Air Act.
   B. Under AB 2766, SCAQMD's Governing Board has authorized the imposition of the statutorily set motor vehicle fee. By taking such action, the State's Department of Motor Vehicles (DMV) is required to collect such fee and remit it periodically to SCAQMD.
   C. AB 2766 further mandates that thirty (30) percent of such vehicle registration fees be placed by SCAQMD into a separate account for the sole purpose of implementing and monitoring programs to reduce air pollution from motor vehicles.
   D. AB 2766 creates a regional Mobile Source Air Pollution Reduction Review Committee (MSRC) to develop a work program to fund projects from the separate account. Pursuant to approval of the work program by SCAQMD's Governing Board, SCAQMD authorized this Contract with CONTRACTOR for equipment or services described in Attachment 1 - Statement of Work, expressly incorporated herein by this reference and made a part hereof of this Contract.
   E. CONTRACTOR has met the requirements for receipt of AB 2766 Discretionary Funds as set forth in CONTRACTOR's *** Program Application/Proposal dated ***.
   F. CONTRACTOR is authorized to do business in the State of California and attests that it is in good tax standing with the California Franchise Tax Board.
   G. All parties to this Contract have had the opportunity to have this Contract reviewed by their attorney.

3. DMV FEES - CONTRACTOR acknowledges that SCAQMD cannot guarantee that the amount of fees to be collected under AB 2766 will be sufficient to fund this Contract. CONTRACTOR further acknowledges that payment under this Contract is contingent upon SCAQMD receiving sufficient funds from the DMV, and that SCAQMD assumes no responsibility for the collection and remittance of motor vehicle registration fees.

4. AUDIT AND RECORDS RETENTION
   5. CONTRACTOR shall, at least once every two years, or within two years of the termination of the Contract if the term is less than two years, be subject to an audit by SCAQMD or its authorized

representative to determine if the revenues received by CONTRACTOR were spent for the reduction of pollution from motor vehicles pursuant to the Clean Air Act of 1988.

6. CONTRACTOR agrees to maintain records related to this Contract during the Contract term and continue to retain these records for a period of two years beyond the Contract term, except that in no case shall CONTRACTOR be required to retain more than the most recent five years' records. SCAQMD shall coordinate such audit through CONTRACTOR'S audit staff.
7. If an amount is found to be inappropriately expended, SCAQMD may withhold funding, or seek reimbursement, from CONTRACTOR in the amount equal to the amount that was inappropriately expended. Such withholding shall not be construed as SCAQMD's sole remedy and shall not relieve CONTRACTOR of its obligation to perform under the terms of this Contract.

8. TERM - The term of this Contract is for *** (**) months from the date of execution by both parties, unless terminated earlier as provided for in the TERMINATION clause of this Contract, the EARLY TERMINATION clause, [OPTIONAL] or the term is extended by amendment of this Contract in writing. No work shall commence prior to the Contract start date, except at CONTRACTOR's cost and risk, and no charges are authorized until this Contract is fully executed, subject to the provisions stated in the PRE-CONTRACT COSTS clause of this Contract.

9. SUCCESSORS-IN-INTEREST - This Contract, and the obligations arising under the Contract, shall be binding on and inure to the benefit of CONTRACTOR and their executors, administrators, successors, and assigns.

10. REPORTING - CONTRACTOR shall submit reports to SCAQMD as outlined in Attachment 1 - Statement of Work. SCAQMD reserves the right to review, comment, and request changes to any report produced as a result of this Contract.

11. TERMINATION
    A. In the event any party fails to comply with any term or condition of this Contract, or fails to provide services in the manner agreed upon by the parties, including, but not limited to, the requirements of Attachment 1 – Statement of Work, this failure shall constitute a breach of this Contract. The non-breaching party shall notify the breaching party that it must cure this breach or provide written notification of its intention to terminate this contract. Notification shall be provided in the manner set forth in the NOTICES clause of this Contract. The non-breaching party reserves all rights under law and equity to enforce this Contract and recover damages.
    B. SCAQMD reserves the right to terminate this Contract, in whole or in part, without cause, upon thirty (30) days' written notice. Once such notice has been given, CONTRACTOR shall, except as and to the extent or directed otherwise by SCAQMD, discontinue any Work being performed under this Contract and cancel any of CONTRACTOR's orders for materials, facilities, and supplies in connection with such Work, and shall use its best efforts to procure termination of existing subcontracts upon terms satisfactory to SCAQMD. Thereafter, CONTRACTOR shall perform only such services as may be necessary to preserve and protect any Work already in progress and to dispose of any property as requested by SCAQMD.
    B. Either party may terminate this Contract upon thirty (30) days written notice to the other party.
    C. CONTRACTOR shall be paid in accordance with this Contract for all Work performed before the effective date of termination under section B of the TERMINATION clause of this Contract. Before expiration of the thirty (30) days' written notice, CONTRACTOR shall promptly deliver to SCAQMD all copies of documents and other information and data prepared or developed by CONTRACTOR

under this Contract with the exception of a record copy of such materials, which may be retained by CONTRACTOR.

12. EARLY TERMINATION - This Contract may be terminated early due to the following circumstances: The infrastructure identified in Attachment 1, Statement of Work, becomes inoperable, and is either not technically able to be repaired, or is too costly to repair, and such failure is not caused by CONTRACTOR's negligence, misuse, or malfeasance. [OPTIONAL]

13. STOP WORK - SCAQMD may, at any time, by written notice to CONTRACTOR, require CONTRACTOR to stop all or any part of the Statement of Work tasks in this Contract. A stop work order may be issued for reasons including, but not limited to, the project exceeding the budget, out of scope work, delay in project schedule, or misrepresentations. Upon receipt of the stop work order, CONTRACTOR shall immediately take all necessary steps to comply with the order. CONTRACTOR shall resume the work only upon receipt of written instructions from SCAQMD cancelling the stop work order. CONTRACTOR agrees and understands that CONTRACTOR will not be paid for performing work while the stop work order is in effect, unless SCAQMD agrees to do so in its written cancellation of the stop work order.

14. INSURANCE
    A. CONTRACTOR shall furnish evidence to SCAQMD of workers' compensation insurance for each of its employees, in accordance with either California or other states' applicable statutory requirements prior to commencement of any work on this Contract.
    B. CONTRACTOR shall furnish evidence to SCAQMD of general liability insurance with a limit of at least $1,000,000 per occurrence, and $2,000,000 in a general aggregate prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to SCAQMD.
    C. CONTRACTOR shall furnish evidence to SCAQMD of automobile liability insurance with limits of at least $100,000 per person and $300,000 per accident for bodily injuries, and $50,000 in property damage, or $1,000,000 combined single limit for bodily injury or property damage, prior to commencement of any work on this Contract. SCAQMD shall be named as an additional insured on any such liability policy, and thirty (30) days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to SCAQMD.
    D. CONTRACTOR shall furnish evidence to SCAQMD of Professional Liability Insurance with an aggregate limit of not less than $5,000,000. [OPTIONAL]
    E. If CONTRACTOR fails to maintain the required insurance coverage set forth above, SCAQMD reserves the right either to purchase such additional insurance and to deduct the cost thereof from any payments owed to CONTRACTOR or terminate this Contract for breach.
    F. All insurance certificates shall be mailed to: SCAQMD, 21865 Copley Drive, Diamond Bar, CA 91765-4178, Attention: Cynthia Ravenstein, MSRC Contracts Administrator. **The SCAQMD Contract Number must be included on the face of the certificate.**
    G. CONTRACTOR must provide updates on the insurance coverage throughout the term of the Contract to ensure that there is no break in coverage during the period of contract performance. Failure to provide evidence of current coverage shall be grounds for termination for breach of Contract.

[USE ABOVE CLAUSE OR SELF INSURANCE CLAUSE BELOW]

Self Insurance Clause:

INSURANCE - CONTRACTOR represents that it is permissibly self-insured and will maintain such self-insurance in accordance with applicable provisions of California law throughout the term of this Contract. CONTRACTOR shall provide evidence of sufficient coverage during the term of this Contract and any extensions thereof that meet or exceed the minimum requirements set forth by the SCAQMD below. The certificate of self-insurance shall be mailed to: SCAQMD, 21865 Copley Drive, Diamond Bar, CA 91765-4178, Attention: Cynthia Ravenstein, MSRC Contracts Administrator. **The SCAQMD Contract Number must be included on the face of the certificate.** If CONTRACTOR fails to maintain the required insurance coverage, SCAQMD reserves the right to terminate the Contract or purchase such additional insurance and bill CONTRACTOR or deduct the cost thereof from any payments owed to CONTRACTOR. Minimum insurance coverages are as follows:

A. Worker's compensation insurance in accordance with either California or other state's applicable statutory requirements.

B. General Liability insurance with a limit of at least $1,000,000 per occurrence, and $2,000,000 in general aggregate.

C. Automobile Liability insurance with limits of at least $100,000 per person and $300,000 per accident for bodily injuries and $50,000 in property damage, or $1,000,000 combined single limit for bodily injury or property damage.

15. INDEMNIFICATION - CONTRACTOR agrees to hold harmless, defend and indemnify SCAQMD, its officers, employees, agents, representatives, and successors-in-interest against any and all loss, damage, costs, lawsuits, claims, demands, causes of action, judgments, attorney's fees, or any other expenses arising from or related to any third party claim against SCAQMD, its officers, employees, agents, representatives, or successors in interest that arise or result in whole or in part, from any actual or alleged act or omission of CONTRACTOR, its employees, subcontractors, agents or representatives in the performance of this Contract. This Indemnification Clause shall survive the expiration or termination (for any reason) of the Contract and shall remain in full force and effect.

16. DISCLAIMER OF WARRANTY - The purchase or lease of funded vehicles/equipment is the CONTRACTOR's decision. The SCAQMD does not make any express or implied warranty of merchantability, fitness for a particular purpose or otherwise, quality or usefulness of the technology or product. Without limiting the foregoing, the SCAQMD will not be financially responsible, or otherwise liable, for the installation or performance of the vehicle/equipment. [OPTIONAL]

17. PAYMENT
    A. SCAQMD shall reimburse CONTRACTOR up to a total amount of *** Dollars ($***) in accordance with Attachment 2 – Payment/Cost Schedule expressly incorporated herein by this reference and made a part hereof of the Contract.
    B. A withhold amount or percentage (if any) shall be identified in the Payment/Cost Schedule, and such amount shall be withheld from each invoice. Upon satisfactory completion of project and final acceptance of work and the final report, CONTRACTOR's invoice for the withheld amount shall be released. Proof of project completion shall include a Final Report detailing the project goals and

accomplishments, data collected during project performance, if any, documentation of significant results, and emissions reduction input data needed for calculation of emissions reductions.

C. Any funds not expended upon early Contract termination or Contract completion shall revert to the AB 2766 Discretionary Fund. Payment of charges shall be made by SCAQMD to CONTRACTOR within thirty (30) days after approval by SCAQMD of an itemized invoice prepared and furnished by CONTRACTOR.

D. An invoice submitted to SCAQMD for payment must be prepared in duplicate, on company letterhead, and list SCAQMD's contract number, period covered by invoice, and CONTRACTOR's social security number or Employer Identification Number and submitted to:

South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765-4178
Attn: Cynthia Ravenstein, MSRC Contracts Administrator

1. Charges for equipment, material, and supply costs, travel expenses, subcontractors, and other charges, as applicable, must be itemized by CONTRACTOR. Reimbursement for equipment, material, supplies, subcontractors, and other charges, as applicable, shall be made at actual cost. Supporting documentation must be provided for all individual charges (with the exception of direct labor charges provided by CONTRACTOR).
2. SCAQMD shall pay CONTRACTOR for travel-related expenses only if such travel is expressly set forth in Attachment 2 – Payment/Cost Schedule of this Contract or pre-authorized by SCAQMD in writing.
3. CONTRACTOR's failure to provide receipts shall be grounds for SCAQMD's non-reimbursement of such charges. CONTRACTOR may reduce payments on invoices by those charges for which receipts were not provided.
4. CONTRACTOR must submit final invoice no later than ninety (90) days after the termination date of this Contract or invoice may not be paid.

18. COMPLIANCE WITH APPLICABLE LAWS - CONTRACTOR agrees to comply with all federal, state, and local laws, ordinances, codes and regulations and orders of public authorities in the performance of this Contract. CONTRACTOR must also ensure that the vehicles and/or equipment to be purchased, leased or installed is in compliance with all applicable federal, state, and local air quality rules and regulations, and that it will maintain compliance for the full Contract term. CONTRACTOR shall ensure that the provisions of this clause are included in all subcontracts.

19. MOBILE SOURCE EMISSION REDUCTION CREDITS (MSERCs)
   A. The MSRC has adopted a policy that no MSERCs resulting from AB 2766 Discretionary Funds may be generated and/or sold.
   B. CONTRACTOR has the opportunity to generate MSERCs as a by-product of the project if a portion of the air quality benefits attributable to the project resulted from funding sources other than AB2766. These MSERCs, which are issued by SCAQMD, are based upon the quantified vehicle miles traveled (VMT) by project vehicles or other activity data as appropriate. Therefore, a portion of prospective MSERCs, generated as a result of AB 2766 Funds, must be retired. The portion of prospective credits funded by the AB 2766 program, and which are subject to retirement, shall be referred to as "AB 2766-MSERCs."

C. The determination of AB 2766-MSERC's is to be prorated based upon the AB 2766 program's contribution to the cost associated with the air quality benefits. In the case where AB 2766 Discretionary Funds are used to pay for the full differential cost of a new alternative fuel vehicle or for the retrofitting or repowering of an existing vehicle, all MSERCs attributable to AB 2766 Discretionary Funds must be retired. The determination of AB 2766-MSERCs for infrastructure and other ancillary items is to be prorated based upon the AB 2766 program's contribution to the associated air quality benefits. Determination of the project's overall cost will be on a case-by-case basis at the time an MSERC application is submitted. SCAQMD staff, at the time an MSERC application is submitted, will calculate total MSERCs and retire the AB 2766-MSERCs. CONTRACTOR would then receive the balance of the MSERCs not associated with AB 2766 funding.

20. NOTICES - All notices that are required under this Contract shall be provided in the manner set forth herein, unless specified otherwise. Notice to a party shall be delivered to the attention of the person listed below, or to such other person or persons as may hereafter be designated by that party in writing. Notice shall be in writing sent by email, U.S. Mail, express, certified, return receipt requested, or a nationally recognized overnight courier service. In the case of email communications, valid notice shall be deemed to have been delivered upon sending, provided the sender obtained an electronic confirmation of delivery. Email communications shall be deemed to have been received on the date of such transmission, provided such date was a business day (Tuesday-Friday) and delivered prior to 5:30pm Pacific Standard Time. Otherwise, receipt of email communications shall be deemed to have occurred on the following business day. In the case of U.S. Mail notice, notice shall be deemed to be received when delivered or five (5) business days after deposit in the U. S. Mail. In the case of a nationally recognized overnight courier service, notice shall be deemed received when delivered (written receipt of delivery).

SCAQMD:
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765-4178
Attn: Cynthia Ravenstein, MSRC Contracts Administrator, email: cravenstein@aqmd.gov

CONTRACTOR:
***
***
***
Attn: ***, email: ***

21. INDEPENDENT CONTRACTOR - CONTRACTOR is an independent contractor. CONTRACTOR, its officers, employees, agents, representatives, or subcontractors shall in no sense be considered employees or agents of SCAQMD, nor shall CONTRACTOR, its officers, employees, agents, representatives, or subcontractors be entitled to or eligible to participate in any benefits, privileges, or plans, given or extended by SCAQMD to its employees. SCAQMD will not supervise, direct, or have control over, or be responsible for, CONTRACTOR's or subcontractor's means, methods, techniques, work sequences or procedures, or for the safety precautions and programs incident thereto, or for any

failure by them to comply with any local, state, or federal laws, or rules or regulations, including state minimum wage laws and OSHA requirements.

22. SUBCONTRACTOR APPROVAL - If CONTRACTOR intends to subcontract all or a portion of the work under this Contract, then CONTRACTOR must first obtain written approval from SCAQMD's Executive Officer or designee prior to subcontracting any work. Any material changes to the subcontract(s) that affect the scope of work, deliverable schedule, and/or payment/cost schedule shall also require the prior written approval of the SCAQMD Executive Officer or designee. No subcontract charges will be reimbursed unless the required approvals have been obtained from SCAQMD.

23. OWNERSHIP - Title and full ownership rights to any equipment purchased under this Contract shall at all times remain with CONTRACTOR.

[USE ABOVE CLAUSE, OR USE CLAUSE BELOW FOR PROFESSIONAL SERVICES

OWNERSHIP - Title and full ownership rights to any products purchased or developed under this Contract shall at all time remain with CONTRACTOR. CONTRACTOR shall also retain title and full ownership rights to any documents or reports developed under this Contract. All of the above shall be subject to the following limitations:

A. PATENT RIGHTS - CONTRACTOR shall have patent rights, as well as title and full ownership rights, for invention(s) developed under this Contract, subject to SCAQMD retaining a no-cost, nonexclusive, nontransferable, irrevocable license to use or test such invention(s) for SCAQMD purposes. CONTRACTOR must obtain agreements to effectuate this clause with all persons or entities obtaining an ownership interest in the patented subject invention(s). Previously documented (whether patented or unpatented under the patent laws of the United States, 35 U.S.C. 1 et seq., or any foreign country) inventions are exempt from this provision. CONTRACTOR shall submit a written report to SCAQMD's Agent disclosing each subject invention and specifying patents applied for, patents issued, and patent application(s) abandoned and/or cosponsored participants on subject invention(s).
B. RIGHTS OF TECHNICAL DATA - SCAQMD shall have unlimited right to use technical data resulting from performance of CONTRACTOR under this Contract. CONTRACTOR shall have the right to use data for its own benefit.
C. COPYRIGHT - CONTRACTOR agrees to grant SCAQMD a royalty free, nonexclusive, irrevocable, nontransferable license to produce, translate, publish, use, and dispose of all copyrightable material first produced or composed in the performance of this Contract.
D. SOFTWARE RIGHTS - CONTRACTOR agrees to grant SCAQMD a worldwide, royalty free, nonexclusive, irrevocable, nontransferable license in perpetuity to use any software developed by CONTRACTOR in performing its obligations under this Contract. CONTRACTOR further agrees to obtain the rights required from any third party for SCAQMD to have a worldwide, royalty free, nonexclusive, irrevocable license in perpetuity to use any other software essential to performance of CONTRACTOR'S obligations under this Contract or necessary to the operation of the software developed by CONTRACTOR. CONTRACTOR shall provide SCAQMD with documentation confirming CONTRACTOR'S right to assign the use of such software. CONTRACTOR shall also provide SCAQMD with all documentation and manuals required to operate the software developed by it or third parties.
E. CONTRACTOR'S INSOLVENCY OR BANKRUPTCY, or PROJECT'S DISCONTINUATION - CONTRACTOR agrees that in the event that CONTRACTOR becomes insolvent or files for

bankruptcy during the term of the Contract or does not complete the intent of the Contract, title to goods, services software, and equipment purchased for the performance of this Contract with AB 2766 Discretionary Funds shall revert to the SCAQMD.

24. SECURITY INTEREST - CONTRACTOR hereby grants SCAQMD a security interest in any and all equipment purchased, in whole or in part, with funding provided by SCAQMD pursuant to this Contract. CONTRACTOR acknowledges and agrees that SCAQMD shall have all lien rights as a secured creditor on any and all equipment purchased in whole or in part by the CONTRACTOR, under this Contract or any amendments thereto. The SCAQMD shall have lien rights in effect until the CONTRACTOR satisfies all terms under the Contract, including but not limited to, the use and reporting requirements. **Accordingly, CONTRACTOR further agrees that SCAQMD is authorized to file a UCC filing statement or similar security instrument to secure its interests in the equipment that is the subject of the Contract.** In the event CONTRACTOR files for bankruptcy protection, CONTRACTOR shall notify SCAQMD within 10 business days of such filing. [OPTIONAL]

25. NON-DISCRIMINATION - In the performance of this Contract, CONTRACTOR shall not discriminate in recruiting, hiring, promotion, demotion, or termination practices on the basis of race, religious creed, color, national origin, ancestry, sex, age, or physical handicap and shall comply with the provisions of the California Fair Employment & Housing Act (Government Code Section 12900, *et seq*.), the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, Executive Order No. 11246 (30 Federal Register 12319), and all administrative rules and regulations issued pursuant to said Acts and Order. CONTRACTOR shall likewise require each subcontractor to comply with this clause and shall include in each such subcontract language similar to this clause.

26. CITIZENSHIP AND ALIEN STATUS
    A. CONTRACTOR warrants that it fully complies with all laws regarding the employment of aliens and others, and that its employees performing services hereunder meet the citizenship or alien status requirements contained in federal and state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986 (P.L. 99-603). CONTRACTOR shall obtain from all covered employees performing services hereunder all verification and other documentation of employees' eligibility status required by federal statutes and regulations as they currently exist and as they may be hereafter amended. CONTRACTOR shall have a continuing obligation to verify and document the continuing employment authorization and authorized alien status of employees performing services under this Contract to insure continued compliance with all federal statutes and regulations. Notwithstanding the above, CONTRACTOR, in the performance of this Contract, shall not discriminate against any person in violation of 8 USC Section 1324b.
    B. CONTRACTOR shall retain such documentation for all covered employees for the period described by law. CONTRACTOR shall indemnify, defend, and hold harmless SCAQMD, its officers and employees from employer sanctions and other liability which may be assessed against CONTRACTOR or SCAQMD, or both in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Contract.

27. ASSIGNMENT AND TRANSFER OF EQUIPMENT
    A. The rights and responsibilities granted hereby may not be assigned, sold, licensed, or otherwise transferred by CONTRACTOR without the prior written consent of SCAQMD, and any attempt by CONTRACTOR to do so shall be void upon inception.

B. CONTRACTOR agrees to obtain SCAQMD's written consent to any assignment, sale, license or transfer of Equipment, if any, prior to completing the transaction. CONTRACTOR shall inform the proposed assignee, buyer, licensee or transferee (collectively referred to here as "Buyer") of the terms of this Contract. CONTRACTOR is responsible for establishing contact between SCAQMD and the Buyer and shall assist SCAQMD in facilitating the transfer of this Contract's terms and conditions to the Buyer. **CONTRACTOR will not be relieved of the legal obligation to fulfill the terms and conditions of this Contract until and unless the Buyer has assumed responsibility of this Contract's terms and conditions through an executed contract with SCAQMD.** [OPTIONAL]

28. NON-EFFECT OF WAIVER - The failure of CONTRACTOR or SCAQMD to insist upon the performance of any or all of the terms, covenants, or conditions of this Contract, or failure to exercise any rights or remedies hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions, or of the future exercise of such rights or remedies, unless otherwise provided for herein.

29. PROPOSAL INCORPORATION – CONTRACTOR's Technical Proposal dated *** submitted in response to Request for Proposal (RFP) #***, is expressly incorporated herein by this reference and made a part hereof of this Contract. In the event of any conflict between the terms and conditions of this Contract and CONTRACTOR's Technical Proposal, this Contract shall govern and control. [OPTIONAL]

30. KEY PERSONNEL - [OPTIONAL]*insert person's name* is deemed critical to the successful performance of this Contract. Any changes in key personnel by CONTRACTOR must be approved by SCAQMD. All substitute personnel must possess qualifications/experience equal to the original named key personnel and must be approved by SCAQMD. SCAQMD reserves the right to interview proposed substitute key personnel. [OPTIONAL]

31. TAX IMPLICATIONS FROM RECEIPT OF MSRC FUNDS - CONTRACTOR is advised to consult a tax attorney regarding potential tax implications from receipt of MSRC funds.

32. ATTORNEYS' FEES - In the event any action is filed in connection with the enforcement or interpretation of this Contract, each party in said action shall pay its own attorneys' fees and costs.

33. FORCE MAJEURE - Neither SCAQMD nor CONTRACTOR shall be liable or deemed to be in default for any delay or failure in performance under this Contract or interruption of services resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, strikes, labor disputes, shortages of suitable parts, materials, labor or transportation, or any similar cause beyond the reasonable control of SCAQMD or CONTRACTOR.

34. SEVERABILITY - In the event that any one or more of the provisions contained in this Contract shall for any reason be held to be unenforceable in any respect by a court of competent jurisdiction, such holding shall not affect any other provisions of this Contract, and the Contract shall then be construed as if such unenforceable provisions are not a part hereof.

35. HEADINGS - Headings on the clauses of this Contract are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Contract.

36. DUPLICATE EXECUTION - This Contract is executed in duplicate. Each signed copy shall have the force and effect of an original.

37. GOVERNING LAW - This Contract shall be construed and interpreted and the legal relations created thereby shall be determined in accordance with the laws of the State of California. Venue for resolution of any disputes under this Contract shall be Los Angeles County, California.

38. PRE-CONTRACT COSTS - Any costs incurred by CONTRACTOR prior to CONTRACTOR receipt of a fully executed Contract shall be incurred solely at the risk of the CONTRACTOR. In the event that a formal Contract is not executed, neither the MSRC nor the SCAQMD shall be liable for any amounts expended in anticipation of a formal Contract. If a formal Contract does result, pre-contract cost expenditures authorized by the Contract will be reimbursed in accordance with the Payment/Cost Schedule and payment provision of the Contract.

39. CHANGE TERMS - Changes to any part of this Contract must be requested in writing by CONTRACTOR and approved by MSRC in accordance with MSRC policies and procedures. CONTRACTOR must make requests a minimum of 90 days prior to desired effective date of change. All modifications to this Contract shall be in writing and signed by the authorized representatives of the parties. Fueling station location changes shall not be approved under any circumstances.

40. PREVAILING WAGES – CONTRACTOR is alerted to the prevailing wage requirements of California Labor Code section 1770 et seq., and the compliance monitoring and enforcement of such requirements by the Department of Industrial Relations ("DIR"). CONTRACTOR and all of CONTRACTOR's subcontractors must comply with the California Public Works Contractor Registration Program and, where applicable, must be registered with the DIR to participate in public works projects. CONTRACTOR shall be responsible for determining the applicability of the provisions of California Labor Code and complying with the same, including, without limitation, obtaining from the Director of the Department of Industrial Relations the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work, making the same available to any interested party upon request, paying any applicable prevailing rates, posting copies thereof at the job site and flowing all applicable prevailing wage rate requirements to its subcontractors. Proof of compliance with these requirements must be provided to SCAQMD upon request. CONTRACTOR shall indemnify, defend and hold harmless the South Coast Air Quality Management District against any and all claims, demands, damages, defense costs or liabilities based on failure to adhere to the above referenced statutes. [OPTIONAL]

41. ENTIRE CONTRACT - This Contract represents the entire agreement between CONTRACTOR and SCAQMD. There are no understandings, representations, or warranties of any kind except as expressly set forth herein. No waiver, alteration, or modification of any of the provisions herein shall be binding on any party unless in writing and signed by the authorized representative of the party against whom enforcement of such waiver, alteration, or modification is sought.

42. AUTHORITY - The signator hereto represents and warrants that he or she is authorized and empowered and has the legal capacity to execute this Contract and to legally bind CONTRACTOR both in an operational and financial capacity and that the requirements and obligations under this Contract are legally enforceable and binding on CONTRACTOR.

(THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the parties to this Contract have caused this Contract to be duly executed on their behalf by their authorized representatives.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT ***

By: _____
Dr. William A. Burke, Chairman, Governing Board

By: _____
Name:
Title:

Date: _____

Date: _____

ATTEST:
Saundra McDaniel, Clerk of the Board

By: _____

APPROVED AS TO FORM:
Kurt R. Wiese, General Counsel

By: _____

//MSRC Master Boilerplate
Revised January 27, 2016

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 17

REPORT: Legislative and Public Affairs Report

SYNOPSIS: This report highlights the August 2016 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.

Wayne Nastri
Acting Executive Officer

DJA:MC:DM

BACKGROUND
This report summarizes the activities of Legislative and Public Affairs for August 2016. 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 staff participated during August 2016. These events involve communities which suffer disproportionately from adverse air quality impacts.

August 3

- Staff met with the Lee Andrews Group to strategize on the Environmental Justice for All Conference, taking place on November 16, 2016 at the Center at Cathedral Plaza in Downtown Los Angeles. The teams discussed possible keynote speakers, panel topics, breakout group sessions, and logistics related to the execution of the event. Information from this strategy meeting was then presented to the Advisory Council for the Environmental Justice Community Partnership.

August 4

- Staff met at SCAQMD Headquarters with Comite Civico del Valle (CCV), to discuss environmental justice in the Coachella Valley. CCV summarized the most pressing air quality issues affecting Coachella Valley, and inquired how SCAQMD might be able to help with technical assistance and funding for air quality monitors. SCAQMD staff agreed to be part of their advisory committee to provide insight on technical issues.

August 16

- Staff met with a SoCalGas representative to discuss recent lessons learned and best practices in environmental justice, community outreach, and stakeholder relations.

August 24

- Staff met with Oakview ComUNIDAD Group, Delhi Center, Unit HERE Local 11, and Orange County Communities Organized for Responsible Development to discuss the Orange County workshop for the Environmental Justice Community Partnership. The group discussed proposed workshop formats, awardees, logistics, and outreach strategies. The event will take place in Huntington Beach.

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 air pollution 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:

August 6

- SCAQMD Hearing Board Meeting related to SoCalGas Aliso Canyon Storage Facility, Plaza de Sol Concert Hall, Northridge
-

August 10

- City of Calabasas Fast Charger Electric Vehicle Event, Calabasas City Hall

August 16
- SCAQMD Paramount Town Hall Meeting, Paramount Community Center

August 18
- SCAQMD Town Hall Meeting related to Sunshine Canyon, Van Gogh Charter School, Granada Hills

August 20
- Eastside Sol Festival Event, Mariachi Plaza, Los Angeles.

August 21
- Regalettes Annual "A White Linen Affair" Event, Skirball Cultural Center, Los Angeles

August 24
- SCAQMD Public Meeting on RFP Related to Penalties/Fines from ExxonMobil

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.

August 2
- Staff provided an overview on SCAQMD, air quality, and clean alternative fuel vehicles to 35 members at the Rotary Club of Brea.

August 4
- Members of a family from Los Angeles visited SCAQMD headquarters and received an overview from staff on SCAQMD, clean alternative fuel vehicles, and a brief tour of the laboratory.

August 18
- Four officials of a Chinese delegation from Pingdon County in Taiwan visited SCAQMD's headquarters, and received a tour of the laboratory.

August 30
- Staff provided an overview on SCAQMD, air quality, and clean alternative fuel vehicles to fifteen members at the Whittier Sunrise Rotary Club.

COMMUNICATION CENTER STATISTICS

The Communication Center handles calls on SCAQMD's main line, 1-800-CUT-SMOG® line, the Spanish line, and after-hours calls to each of those lines. Total calls received in the month of August were:

Calls to SCAQMD's Main Line and 1-800-CUT-SMOG® Line	4,035
Calls to SCAQMD's Spanish-language Line	53
Total Calls	4,088

PUBLIC INFORMATION CENTER STATISTICS

The Public Information Center (PIC) handles phone calls and walk-in requests for general information. Information for the month of August is summarized below:

Calls Received by PIC Staff	131
Calls to Automated System	1568
Total Calls	1,699
Visitor Transactions	259
E-Mail Advisories Sent	2839

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 161 companies
- Provided assistance in filing 1 request for variance
- Conducted 4 free on-site consultations
- Issued 23 clearance letters

Types of businesses assisted

Auto Body Shops	Dry Cleaners	Furniture Refinishing Facilities
Engineering Firm	Gas Stations	Auto Repair Centers
Construction Firm	Restaurants	Printing Facilities
Architecture Firm	Breweries	Manufacturing Facilities
		Plating Facilities

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:

Artesia	Hemet	Rosemead
Azusa	Industry	Riverside
Brea	Jurupa Valley	Rolling Hills
Burbank	Los Angeles	San Jacinto
Calabasas	Lake Elsinore	Santa Clarita
Cerritos	La Puente	Signal Hill
Chino	Maywood	South El Monte
Chino Hills	Menifee	South Gate
Claremont	Monrovia	South Pasadena
Corona	Moreno Valley	Temecula
Commerce	Murrieta	Vernon
Diamond Bar	Norco	Walnut
Duarte	Ontario	West Hollywood
Fontana	Paramount	Westlake Village
Glendora	Rancho Cucamonga	Wildomar

Visits and/or communications were conducted with elected officials or staff from the following state and federal offices:

- U.S. Senator Barbara Boxer
- U.S. Senator Dianne Feinstein
- U.S. Congressman Xavier Becerra
- U.S. Congressman Ken Calvert
- U.S. Congressman Tony Cardenas
- U.S. Congressman Ted Lieu
- U.S. Congresswoman Grace Napolitano
- U.S. Congresswoman Lucille Roybal-Allard
- U.S. Congressman Ed Royce
- U.S. Congressman Brad Sherman
- U.S. Congressman Mark Takano
- California Secretary of State Alex Padilla
- State Senator Ed Hernandez
- State Senator Robert Hertzberg
- State Senator Bob Huff
- State Senator Ricardo Lara
- Assembly Member Scott Wilk
- State Senator Mike Morrell
- State Senator Fran Pavley
- State Senator Richard Roth
- State Senator Jeff Stone
- Assembly Member Ling Ling Chang
- Assembly Member Ian Calderon
- Assembly Member Jimmy Gomez
- Assembly Member Brian Jones
- Assembly Member Eric Linder
- Assembly Member Chad Mayes
- Assembly Member Jose Medina
- Assembly Member Melissa Melendez
- Assembly Member Miguel Santiago
- Assembly Member Marie Waldron

Staff represented SCAQMD and/or provided updates or a presentation to the following governmental agencies and business organizations:

Bear Valley Chamber of Commerce
California Air Resources Board
California Department of Toxic Substances Control
California Contract Cities Association
Chino Valley Chamber of Commerce
Corona Chamber of Commerce
Greater Riverside Chamber of Commerce
Hemet/San Jacinto Valley Chamber of Commerce
Lake Arrowhead Communities Chamber of Commerce
League of California Cities, Los Angeles Division
Los Angeles Police Department
Los Angeles County Unified School District
Los Angeles County Department of Public Health
Metropolitan Water District of Southern California
Moreno Valley Chamber of Commerce
North Orange County Legislative Alliance
Omnitrans
Orange County Business Council (OCBC)
Pasadena Chamber of Commerce
Riverside County Library System
Riverside County Transportation Commission
Riverside County Transportation Department
Riverside Transit Agency (RTA)
Riverside County Flood Control & Water Conservation District
Riverside County Code Enforcement
Riverside County Regional Park and Open Space District
San Bernardino County
San Bernardino Associated Governments
San Fernando Valley Council of Governments
Southern California Gas Company
Southwest California Legislative Council
Western Riverside Council of Governments (WRCOG)
- WRCOG Clean Cities Coalition

Western Riverside County Transportation NOW (RTA)
- Greater Riverside Chapter
- Southwest Chapter

Yucaipa Chamber of Commerce

Staff represented SCAQMD and/or provided updates or a presentation to the following community and educational groups and organizations:

American Lung Association in California, Inland Empire
Building Healthy Communities Group, Long Beach
Cabazon Band of Mission Indians
Coachella Valley Environmental Task Force
Coachella Valley Water District
Coachella Valley Mosquito and Vector Control Center District
Earthjustice, Los Angeles
El Oro Way Charter Elementary School, Granada Hills
Granada Hills North Neighborhood Council
Healthy Jurupa Valley
Healthy Fontana
Inland Empire Asthma Coalition
LA Unión Hace La Fuerza
Los Angeles Unified School District
Loma Linda University
Moreno Valley Unified School District
Moreno Valley College
Pasadena Sierra Club
Riverside City College
Riverside County Health Coalition
Robert Frost Middle School, Granada Hills
San Antonio Regional Hospital
San Bernardino County Healthy Communities
Sunshine Canyon Community Advisory Committee
University of California, Riverside
University of Southern California, Los Angeles
Valley Alliance of Neighborhood Councils, Los Angeles
Whittier Clean Air Coalition, Whitter & Avocado Heights

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 18

REPORT: Hearing Board Report

SYNOPSIS: This reports the actions taken by the Hearing Board during the period of August 1 through August 31, 2016.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:
Receive and file this report.

Edward Camarena
Chairman of Hearing Board

DG

Two summaries are attached: **Rules From Which Variances and Orders for Abatement Were Requested in 2016** and **August 2016 Hearing Board Cases**.

The total number of appeals filed during the period August 1 to August 31, 2016 is 1; and total number of appeals filed during the period of January 1 to August 31, 2016 is 3.

Rules from which Variances and Orders for Abatement were Requested in 2016														
	2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*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														0
202(a)						1	2	1	1					5
202(b)														0
202(c)		1												1
203				1			1							2
203(a)			1				1	1						3
203(b)		4	3	4	5	8	5	2	4					35
204														0
208														0
218(c)(1)(B)(i)														0
218.1														0
218.1(b)(4)(C)														0
218(b)(2)														0
218(c)(1)(A)														0
218(d)(1)(A)														0
218(d)(1)(B)														0
219														0
219(s)(2)														0
221(b)			1											1
221(c)														0
221(d)			1											1
222														0
222(d)(1)(C)														0
222(e)(1)														0
401														0
401(b)														0
401(b)(1)							1							1
401(b)(1)(A)					1									1
401(b)(1)(B)									1					1
402		1	1		2	1	1		1					7
403														0
403(d)(1)														0
403(d)(1)(A)														0
404														0
404(a)					1									1
405														0
405(a)					1									1
405(b)														0
405(c)														0
407					1									1
407(a)(1)														0

Rules from which Variances and Orders for Abatement were Requested in 2016														
	2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Total Actions*
409														0
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														0
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)														0
461(c)(2)(A)														0
461(c)(2)(B)														0
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			1	1						3
461(e)(2)(A)														0
461(e)(2)(A)(i)														0
461(e)(2)(B)(i)														0
461(e)(2)(C)														0
461(e)(3)														0

Rules from which Variances and Orders for Abatement were Requested in 2016														
	2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Total Actions*
461(e)(3)(A)														0
461(e)(3)(C)(i)(I)														0
461(e)(3)(D)														0
461(e)(3)(E)														0
461(e)(5)		1		3	1	1		1						7
461(e)(6)(d)							1							1
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

Rules from which Variances and Orders for Abatement were Requested in 2016														
	2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Total Actions*
464(b)(2)								1						1
464(b)(3)					1			1						2
468														0
468(a)														0
468(b)														0
1102														0
1102(c)(2)														0
1102(e)(1)														0
1102(f)(1)														0
1105.1														0
1105.1(d)(1)														0
1105.1(d)(1)(A)(iii)														0
1106(c)(1)														0
1106.1(c)(1)														0
1106.1(c)(1)(A)														0
1107(c)(1)														0
1107(c)(2)														0
1107(c)(7)														0
1107														0
1110.1														0
1110.2				1	1	1	1							4
1110.2(c)(14)														0
1110.2(d)														0
1110.2(d)(1)(A)														0
1110.2(d)(1)(B)					1									1
1110.2(d)(1)(B), Table II						1		1	1					3
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

Rules from which Variances and Orders for Abatement were Requested in 2016													
2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Total Actions*
1118(d)(12)													0
1118(e)													0
1118(f)(1)(C)													0
1118(g)(1)		1											1
1118(g)(3)													0
1118(g)(5)		1											1
1118(g)(5)(A)													0
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

Rules from which Variances and Orders for Abatement were Requested in 2016														
	2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Total Actions*
1130(c)(4)														0
1131														0
1131(d)														0
1132(d)(2)														0
1132(d)(3)														0
1133(d)(8)														0
1133.2(d)(8)														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														0
1146(c)(1)(A)														0
1146(c)(1)(G)							1							1
1146(c)(1)(I)														0
1146(c)(2)														0
1146(c)(2)(A)														0
1146(d)(8)														0
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)														0

Rules from which Variances and Orders for Abatement were Requested in 2016														
	2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Total Actions*
1146.2(c)(4)														0
1146.2(c)(5)														0
1146.2(e)														0
1147								1						1
1147(c)(1)														0
1147(c)(10)									1					1
1147(c)(14)(A)														0
1147(c)(14)(B)														0
1150.1(d)(1)(C)(i)														0
1150.1(d)(4)														0
1150.1(d)(5)														0
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

Rules from which Variances and Orders for Abatement were Requested in 2016														
	2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Total Actions*
1158(d)(10)														0
1164(c)(1)(B)														0
1164(c)(2)														0
1166(c)(2)														0
1166(c)(2)(F)														0
1166, Part 12														0
1168														0
1168(c)(1)														0
1169(c)(13)(ii)														0
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)(1)		1	1		1									3
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
1176(e)(2)					1			1						2
1176(e)(2)(A)														0
1176(e)(2)(A)(i)														0
1176(e)(2)(B)(v)														0
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

Rules from which Variances and Orders for Abatement were Requested in 2016														
	2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Total Actions*
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
1303(a)(1)														0
1303(b)(1)														0
1401														0
1401(d)														0
1401(d)(1)(A)														0
1401(d)(1)(B)														0
1402(e)(3)						1								1
1407(d)														0
1407(d)(1)														0
1407(d)(2)														0
1407(d)(5)														0
1407(f)(1)														0
1415(d)(3)														0
1418(d)(2)(A)														0
1420(d)(1)														0
1420.1(d)			1											1
1420.1(n)(2)(D)						1								1
1420.1(n)(2)(E)						1								1
1420.1(k)(13)(B)														0
1420.2(e)(1)(A)		1												1
1420.2(f)(1)		1												1
1420.2(f)(3)		1												1
1420.2(j)(2)		1												1
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

Rules from which Variances and Orders for Abatement were Requested in 2016														
	2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Total Actions*
1469(c)(13)(ii)														0
1469(d)(5)														0
1469(e)(1)														0
1469(e)(7)						1	1							2
1469(g)(2)														0
1469(h)														0
1469(I)														0
1469(j)(4)(A)														0
1469(j)(4)(D)														0
1469(k)(3)(A)														0
1470														0
1470(c)(2)(C)(i)(I)														0
1470(c)(2)(C)(iv)														0
1470(c)(3)(B)(ii)														0
1470(c)(3)(C)(iii)							1							1
1470(c)(4)														0
1470(c)(4)(B)				1			1							2
1470(c)(5)														0
1470(d)(2)(B)														0
1470(e)(2)(A)														0
2004(c)(1)														0
2004(c)(1)(C)														0
2004(f)(1)		2	2		5	4	2	3	3					21
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														0
2011(c)(2)						1								1
2011(c)(2)(A)					2									2
2011(c)(2)(B)														0
2011(c)(3)(A)					2									2
2011(e)(1)					2									2
2011(f)(3)														0
2011(g)														0
2011(g)(1)														0
2011(k)														0
2011(k) Appen. A, Chap. 2, except E & Attach C														0

Rules from which Variances and Orders for Abatement were Requested in 2016														
	2016	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*	*Oct*	*Nov*	*Dec*	*Total Actions*
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, Attachment C, Section B, Paragraph 2						1								1
2012 Chapter 2														0
2012 Attach. C, B.2.a														0
2012 Appen. A, Attach. C, Section B.2.														0
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)														0
2012 Appen A, Chap. 2, Sec. B														0
2012, Appen. A, Protocol 2012, Chap. 2, B.5.														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														0
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
2012(B)(5)(e)														0
2012(c)(2)(A)		1			2									3
2012(c)(2)														0
2012(c)(3)														0
2012(c)(3)(A)					2									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)														0
2012(g)(1)		1			2									3
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

Rules from which Variances and Orders for Abatement were Requested in 2016													
2016	***Jan***	***Feb***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***	***Oct***	***Nov***	***Dec***	***Total Actions***
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													0
3002													0
3002(c)													0
3002(c)(1)	2	3	1	4	5	2	3	2					22
3002(c)(2)													0
3004													0
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		1	1	1		1					6
H&S 41701				1		1		1					3
H&S 93115.6(c)(2)(C)(1)													0
H&S 42303													0
Title 13 Code of Regulations §2452													0

Report of August 2016 Hearing Board Cases

Case Name and Case No. (SCAQMD Attorney)	Rules	Reason for Petition	District Position/ Hearing Board Action	Type and Length of Variance or Order	Excess Emissions
1. Beta Offshore Case No. 5855-4 (N. Feldman)	203(b) 1110.2(d)(1)(B), Table II 2004(f)(1)	Two ICEs failed source tests.	Not Opposed/Granted	RV granted commencing 8/24/16 and continuing through 4/13/17.	VOC: 2.45 lbs/day
2. City of Pasadena Water and Power Department Case No. 2244-32 (M. Reichert)	202(a) 2004(f)(1) 3002(c)(1)	Unexpected additional commissioning hours required to complete commissioning of new NG turbines.	Not Opposed/Granted	RV granted commencing 8/18/16 and continuing through 1/18/17.	<u>Gas Turbine GT-5</u> NOx: 121 lbs/day CO: 110 lbs/day VOC: 19 lbs/day PM10: 19 lbs/day SOx: 4 lbs/day <u>Broadway Unit No. B-3</u> NOx: 1679 lbs/total CO: 5521 lbs/total VOC: 360 lbs/total PM10: 500 lbs/total SOx: 40 lbs/total
3. Hixson Metal Finishing Case No. 5418-7 (N. Feldman)	203(b)	Scrubber must be shut down to make space for upgraded scrubber.	No Position/Denied	IV denied for lack of beyond reasonable control.	N/A
4. SCAQMD vs. Joe Graham, individually and dba Islands Coating Case No. 6061-1 (W. Wong)	1147(c)(10)	Powder coating oven exceeds NOx limit.	Not Stipulated/Issued	O/A issued commencing 8/18/2016 and continuing through 12/31/2016. The Hearing Board shall retain jurisdiction over this matter until 12/31/16.	N/A
5. SCAQMD vs. Browning-Ferris Industries of California, Inc., and Republic Services, Inc. dba Sunshine Canyon Landfill Case No. 3448-14 (N. Sanchez and M. Reichert)	402 H&S Code §41700	Hearing on objection to subpoena and subpoena duces tecum and motion in limine.	Stipulated/Issued	Stipulation and Protective Order issued regarding use of complaint data. District's Motion to Quash granted as to Items 22 and 23 of the subpoena.	N/A

Case Name and Case No. (SCAQMD Attorney)	Rules	Reason for Petition	District Position/ Hearing Board Action	Type and Length of Variance or Order	Excess Emissions
6. Torrance Refining Company LLC Case No. 6060-2 (V. Tyagi)	203(b) 2004(f)(1) 3002(c)(1)	Boiler which serves as emissions control device must be shut down for maintenance.	Not Opposed/Granted	SV & AOC granted commencing 8/17/16 and end seven days after the notification pursuant to Condition No. 10, but in no event later than 10/2/16.	None
7. Universal City Studios LLC Case No. 4935-14 (Consent Calendar; No Appearance)	401(b)(1)(B) H&S Code §41701	Petitioner will use artificial fog for Halloween production exceeding opacity limits.	Not Opposed/Granted	SV granted commencing 9/10/16 and continuing through 11/7/16.	Opacity: TBD by 10/1/16
8. Verizon Wireless: Magic Mountain Peak Case No. 6063-1 (W. Wong)	203(b)	Interruption of commercial power requires use of emergency generator beyond permit limit.	Not Opposed/Granted	IV granted commencing 8/24/16 for 90 days or until the RV hearing currently scheduled for 9/29/16, whichever comes first.	<u>Tier 4 Engine</u> NOx: .81 lb/day PM10: .13 lb/day THC: .073 lb/day <u>Stand-by Generator</u> NOx: 30.79 lbs/day PM10: 1.65 lbs/day THC: 2.28 lbs/day

Acronyms

AOC: Alternative Operating Conditions
CEMS: Continuous Emissions Monitoring System
CO: Carbon Monoxide
ESP: Electrostatic Precipitator
EV: Emergency Variance
FCD: Final Compliance Date
FCCU: Fluid Catalytic Cracking Unit
H&S: Health & Safety
ICE: Internal Combustion Engine
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
NG: Natural Gas
NOV: Notice of Violation
NOx: Oxides of Nitrogen
O/A: Order for Abatement
PM: Particulate Matter
RATA: Relative Accuracy Test Audit
RV: Regular Variance
SOx: Oxides of Sulfur
SV: Short Variance
TBD: To be determined
THC: Total HydroCarbons
VOC: Volatile Organic Compounds

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 19

REPORT: Civil Filings and Civil Penalties Report

SYNOPSIS: This reports the monthly penalties from July 1 through August 31, 2016, and legal actions filed by the General Counsel's Office from July 1 through August 31, 2016. An Index of District Rules is attached with the penalty report.

COMMITTEE: Stationary Source, September 16, 2016, Reviewed

RECOMMENDED ACTION:
Receive and file this report.

Kurt R. Wiese
General Counsel

KRW:lc

Violations — Civil Actions Filed

2 SOUTH COAST OIL CORPORATION
Los Angeles Superior Court - East Judicial District
Case Number: KC068620; Filed: 7.29.16 (WBW)
P60718
R. 201 – Record Keeping for Volatile Organic Compound Emissions
R. 203 – Permit to Operate

1 Case 2 Violations

Attachments
July and August 2016 Penalty Report
Index of District Rules and Regulations

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office

July 2016 Settlement Penalty Report

Total Penalties	
Civil Settlements:	**$49,909.00**
MSPAP Settlements:	**$31,155.00**
Total Cash Settlements:	**$81,064.00**
Total SEP Value:	**$0.00**
Fiscal Year through July 2016 Cash Total:	**$81,064.00**
Fiscal Year through July 2016 SEP Value Only Total:	**$0.00**

FAC ID	COMPANY NAME	RULE NUMBER	SETTLED DATE	ATTY INT	NOTICE NO.	TOTAL SETTLEMENT
CIVIL SETTLEMENTS:						
141479	AIRPORT FIVE STAR INC. Small Claims Court No. 161WSC00039	461	7/13/2016	PH	P62240	$1,000.00
25638	BURBANK CITY, BURBANK WATER & POWER	2004, 3002 2004	7/20/2016	MJR	P37235 P55672	$500.00
172195	KNOLLWOOD AUTO BODY	109, 203	7/12/2016	PH	P61318	$400.00
550	LA CO., INTERNAL SERVICE DEPT	2004	7/12/2016	KCM	P53147	$1,250.00
166065	LOWE'S HIW, NC	1143	7/26/2016	WBW	P60339	$12,759.00
76504	OCCIDENTAL TOWERS APTS, SAN MARCOS ETC D Civil Court Case No. 16K04021	1146.2	7/14/2016	NAS	P58191	$3,000.00
392	TAYLOR-DUNN MFG CO	1146.2	7/27/2016	NAS	P59679	$5,000.00
800198	ULTRAMAR INC	3002 2004 1173, 2004, 2004(d) 2012	7/26/2016	NSF	P61012 P61013 P61017	$6,000.00
800198	ULTRAMAR INC	1173(h)(2), 3002(c)(1)	7/26/2016	NSF	P61011	$20,000.00

TOTAL CIVIL PENALTIES: $49,909.00

FAC ID	COMPANY NAME	RULE NUMBER	SETTLED DATE	ATTY INT	NOTICE NO.	TOTAL SETTLEMENT
MSPAP SETTLEMENTS:						
180982	AMERICAN TRAFFIC PRODUCTS, INC	201, 203(a)	7/14/2016		P63955	$1,150.00
140146	AP-LONG BEACH AIRPORT LLC	203(a), 1470	7/27/2016		P56986	$3,750.00
180692	BEAZER HOMES	403	7/28/2016		P63701	$2,625.00
70778	BURBANK PLATING SERVICE CORP	203	7/14/2016		P64513	$550.00
162093	CHEVRON STATIONS INC #202016	461(e)(2)	7/14/2016		P63021	$1,125.00
174754	COX COMPLIANCE	461(c)	7/28/2016		P63105	$1,755.00
151829	CROWN CLEANERS	1421	7/14/2016		P62900	$880.00
129981	DAVDA CHEVRON MART, HASMUKH DAVDA DBA	461(e)(1)	7/28/2016		P61282	$420.00
180983	EVERARDO	203 (a)	7/28/2016		P63954	$400.00
171954	GREEN LUX CLEANERS, GREEN FOREST LLC	203 (a)	7/28/2016		P60149	$500.00
151106	INDIAN HILL SHELL	461(c)	7/14/2016		P63101	$1,100.00
11428	KAISER FOUNDATION HOSP	203, 1146	7/28/2016		P63653	$2,200.00
70446	LA CO., FIRE STA #27	461	7/14/2016		P63505	$500.00
148152	NEWMAN & SONS INC	203(a), 1157	7/14/2016		P59532	$750.00
135419	POWER VOLVO IRVINE	461, 41960.2	7/14/2016		P63602	$1,000.00

FAC ID	COMPANY NAME	RULE NUMBER	SETTLED DATE	ATTY INT	NOTICE NO.	TOTAL SETTLEMENT
162367	RED HILL GAS AND MINI MARKET	461, 461(e)(2)	7/28/2016		P63020	$600.00
180654	SHELL GAS STATION	203	7/28/2016		P36742	$550.00
181251	UNITED WASH AND DYE	1146.2	7/14/2016		P63659	$1,600.00
134694	VERIZON WIRELESS	203 (b)	7/28/2016		P60864	$800.00
165700	VOLCANIC RED COFFEES	201, 203	7/14/2016		P64010	$2,400.00
137767	WARE DISPOSAL CO INC/MADISOM MATERIALS	403(d)(1) 403 403	7/28/2016		P60420 P63153 P64509	$4,500.00
131892	ZIBA INVESTMENT CORP	203 (b)	7/14/2016		P63056	$2,000.00

TOTAL MSPAP SETTLEMENTS: $31,155.00

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
General Counsel's Office

August 2016 Settlement Penalty Report

Total Penalties

Civil Settlements:	**$69,480.00**
MSPAP Settlements:	**$32,985.00**
Hearing Board Settlements:	**$7,750.00**
Total Cash Settlements:	**$110,215.00**
Total SEP Value:	**$3,000.00**
Fiscal Year through August 2016 Cash Total:	**$191,279.00**
Fiscal Year through August 2016 SEP Value Only Total:	**$3,000.00**

Fac ID	Company Name	Atty Initial	Rule Number	Notice Nbr	Settled Date	Total Settlement
CIVIL SETTLEMENTS:						
8451	HUGHES BROS AIRCRAFTERS INC	TRB	201, 203(a), 1420	P49174	8/10/2016	$8,500.00
			203(a), 1420, 1407	P51526		
			203(b), 221	P51527		
169678	ITT CANNON, LLC	NSF	3002	P61110	8/24/2016	$10,000.00
43525	J C PENNEY CO	BBB	2202	P64804	8/3/2016	$30,780.00
	$15,000 suspended penalty for three years (8/2019) on condition of no violations		2202	P60301		
160879	LIBRA ONE	MJR	461(c), 41960.2	P58283	8/22/2016	$4,400.00
			461(c)(2)(B)			
150530	R & C COMPLIANCE MANAGEMENT	TRB	461 (e) (3)	P61674	8/18/2016	$2,800.00
			461 (e) (3)	P61957		
108242	YWIS CORP	NSF	461(c)(2)(B), 41960.2	P60805	8/18/2016	$10,000.00
			203 (b), 461	P60814		
			203	P60829		
			203 (a)	P61483		
			461	P61491		
TOTAL CIVIL PENALTIES:	**$66,480.00**					

$66,480.00

Fac ID	Company Name	Atty Initial	Rule Number	Notice Nbr	Settled Date	Total Settlement
SUPPLEMENTAL ENVIRONMENTAL PROJECT SETTLEMENTS:						
135099	STATE OF CALIFORNIA,, DEPT.OF WATER RESOURCES Suspended Cash: $3,000.00 / SEP: $3,000.00 Provide plants and irrigation equipment supplied as needed for Crafton Hills Open Space Conservancy project to be completed by June 30, 2017. $3,000 suspended unless SEP project is not completed by deadline.	MJR	203 (b)	P61570	8/30/2016	$6,000.00
TOTAL SEP SETTLEMENTS: $6,000.00						
MSPAP SETTLEMENTS:						
147098	A & R COLLISION, SALVADOR EQUIHUA		203(a)	P64452	8/16/2016	$550.00
179971	A&S MOTORSPORTS		203 (a) 203 (a)	P56735 P60860	8/16/2016	$1,460.00
128980	ALAMO DISCOUNT STORE		203	P59793	8/16/2016	$600.00
45063	BIG BEAR AREA REGIONAL WASTEWATER		203, 1110.2	P63251	8/16/2016	$3,000.00
181643	DAN INVESTMENT GROUP LLC		208, 444	P59483	8/24/2016	$950.00
170115	HAVEN 76		203 (b) 41960.2 461(c)	P63112	8/4/2016	$500.00

Fac ID	Company Name	Atty Initial	Rule Number	Notice Nbr	Settled Date	Total Settlement
172726	ICL PERFORMANCE PRODUCTS		203 (b)	P63951	8/16/2016	$1,800.00
181914	JIM 76		461, 461(c) 461(c)(2)(A)	P63055	8/24/2016	$800.00
12989	LA TRADE TECH COLL, LA COMMUNITY COLLEGE		461	P64007	8/24/2016	$1,300.00
135135	MATICH CORP		1146.2 203 (a)	P63956	8/16/2016	$1,800.00
46481	MISSION VIEJO COUNTRY CLUB		203 (b)	P64062	8/16/2016	$600.00
175582	NCK INDUSTRIES; DBA VIKING ENVIRONMENTAL		1403	P63554	8/24/2016	$1,600.00
152886	NIAGARA BOTTLING, LLC.		203 (a), 1470	P62025	8/24/2016	$2,600.00
181500	NOEL CORROS		444(d)	P61567	8/16/2016	$50.00
114393	ORANGE COAST DISTRICT HEADQUARTERS		461(c)(1)(B) 461(c)(1)(B)	P64052 P64058	8/16/2016	$725.00
171843	PLATINUM FUEL INC		461 (e) (1)	P64318	8/4/2016	$550.00
180829	PRECISION POWDER COATING		203 (a)	P62027	8/4/2016	$550.00
156902	PROVIDENCE TARZANA MEDICAL CENTER		203(b)	P62160	8/16/2016	$900.00

Fac ID	Company Name	Atty Initial	Rule Number	Notice Nbr	Settled Date	Total Settlement
145127	SAM'S WEST INC/SAM'S CLUB #4824		203(b)	P62167	8/4/2016	$1,700.00
155434	SIERRA MADRE VALERO, INC.		461, 461 (e) (2)	P64282	8/4/2016	$900.00
178463	SUNSET SATER, INC.		461, 461(E)(2)(A)	P61995	8/4/2016	$800.00
172801	SUPERIOR ENVIRONMENTAL		1403	P61083	8/24/2016	$2,400.00
102953	THE HOME DEPOT #653		1470	P60865	8/16/2016	$700.00
169126	TRANSLOADING EXPRESS, INC.		203(a)	P64154	8/4/2016	$2,400.00
97616	UNIVERSAL ABATEMENT SERVICES		1403	P63063	8/16/2016	$1,600.00
182002	VALLEY GAS COMPANY JNK INVESTMENT ENT IN		203(a)	P61283	8/16/2016	$850.00
180438	WESTERN FUEL GROUP, INC		461(c), 41960.2, 41954	P64321	8/4/2016	$500.00
34636	WINALL OIL CO		41954, 41960.2, 461(c)	P61986	8/24/2016	$800.00

TOTAL MSPAP SETTLEMENTS: $32,985.00

Fac ID	Company Name	Atty Initial	Rule Number	Notice Nbr	Settled Date	Total Settlement

HEARING BOARD SETTLEMENTS:

11818	HIXSON METAL FINISHING Hearing Board Case No. 5418-3 Stipulated Order for Abatement includes civil penalties if compliance with the Risk Reduction Plan is not achieved by September 30, 2016. Per settlement agreement, Hixson will pay $250 x 31 days for the month of July 2016.	NSF	402, 1402(e), 1402(f)(3)	SN2016-00196	8/22/2016	$7,750.00

TOTAL HEARING BOARD SETTLEMENTS: $7,750.00

DISTRICT RULES AND REGULATIONS INDEX
FOR JULY AND AUGUST 2016 PENALTY REPORTS

REGULATION I - GENERAL PROVISIONS

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

REGULATION II – PERMITS

Rule 201 Permit to Construct *(Amended 1/5/90)*
Rule 203 Permit to Operate *(Amended 1/5/90)*
Rule 208 Permit for Open Burning *(Amended 1/5/90)*
Rule 221 Plans *(Adopted 1/4/85)*

REGULATION IV - PROHIBITIONS

Rule 401 Visible Emissions *(Amended 9/11/98)*
Rule 402 Nuisance *(Adopted 5/7/76)*
Rule 403 Fugitive Dust *(Amended 12/11/98) Pertains to solid particulate matter emitted from man-made activities.*
Rule 444 Open Fires *(Amended 10/2/87)*
Rule 461 Gasoline Transfer and Dispensing *(Amended 6/15/01)*

REGULATION XI - SOURCE SPECIFIC STANDARDS

Rule 1110.2 Emissions from Gaseous- and Liquid-Fueled Internal Combustion Engines *(Amended 11/14/97)*
Rule 1143. Consumer Paint Thinners & Multi-Purpose Solvents
Rule 1146 Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators, and Process Heaters *(Amended 11/17/00)*
Rule 1146.2 Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers *(Adopted 1/9/98)*
Rule 1157 PM10 Emission Reductions From Aggregate And Related Operations
Rule 1173 Fugitive Emissions of Volatile Organic Compounds *(Amended 5/13/94)*

REGULATION XIV – TOXICS

Rule 1402	Control of Toxic Air Contaminants from Existing Sources *(Amended 3/17/00)*
	Rule 1407Control of Emissions of Arsenic, Cadmium, and Nickel from from Non-Ferrous Metal Melting Operations *(Adopted 7/8/94)*
Rule 1403	Asbestos Emissions from Demolition/Renovation Activities *(Amended 4/8/94)*
Rule 1407	Control of Emissions of Arsenic, Cadmium, and Nickel from from Non-Ferrous Metal Melting Operations *(Adopted 7/8/94)*
Rule 1420	Emissions Standard for Lead *(Adopted 9/11/92)*
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_X) 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)*

CALIFORNIA HEALTH AND SAFETY CODE § 41700

41954	Compliance for Control of Gasoline Vapor Emissions
41960.2	Gasoline Vapor Recovery

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 20

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 August 1, 2016 and August 31, 2016, and those projects for which the SCAQMD is acting as lead agency pursuant to CEQA.

COMMITTEE: Mobile Source, September 16, 2016, Reviewed

RECOMMENDED ACTION:
Receive and file.

Wayne Nastri
Acting Executive Officer

PF:SN:JW:MK:AK

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 between August 1, 2016 and August 31, 2016 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. A total of 105 CEQA documents were received during this reporting period and 44 comment letters were sent. Notable projects in this report are: a modernization project at LAX Terminals 2 and 3; a soil sampling program for areas surrounding Quemetco, and a contaminated soil removal project at Riverside Agricultural Park.

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 August 1, 2016 through August 31, 2016, the SCAQMD received 105 CEQA documents. Of the total of 123 documents* listed in Attachments A and B:

- 44 comment letters were sent;
- 54 documents were reviewed, but no comments were made;
- 23 documents are currently under review;
- 1 document did not require comments (e.g., public notices, plot plans, Final Environmental Impact Reports);
- 0 documents were not reviewed; and
- 1 document was screened without additional review.

* These statistics are from August 1, 2016 to August 31, 2016 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 three active projects during August.

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

Attachment A*
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Goods Movement **LAC160825-09** Berth 164 [Valero] Marine Oil Terminal Wharf Improvements Project	This document consists of CARB's comments on the NOP. The proposed project consists of demolition of a timber deck and access trestles and removal of creosote-treated timber piles at Berth 164, construction of a new, steel-reinforced concrete loading platform and access trestles; installation of new mooring and berthing dolphins and installation of a new boom reel platform, catwalks, and topside equipment required for loading and unloading operations at and adjacent to the new loading platform; and possible clean-up dredging to restore the existing berth of 40-foot depth. Reference LAC160722-05 Comment Period: N/A Public Hearing: N/A	Other	Port of Los Angeles	Document reviewed - No comments sent
Warehouse & Distribution Centers **LAC160804-01** Leftbank Art Warehouse Facility	The proposed project consists of the construction of a 78,752-square-foot warehouse building on a 2.62-acre site. The project site is located at 14860 Alondra Boulevard within the Industrial Zoning District. Comment Period: 7/29/2016 - 8/18/2016 Public Hearing: 8/17/2016	Notice of Intent to Adopt a Mitigated Negative Declaration	City of La Mirada	Document reviewed - No comments sent
Warehouse & Distribution Centers **RVC160802-12** 100K Multi-Tenant Building: Planning Case P16-0413	The proposed project consists of the construction of a 100,100-square foot warehouse building on a vacant 5.45-acre parcel. The project is located at 7820 Lincoln Avenue on the southwest corner of Lincoln Avenue and Grace Street. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PCp16-0413.pdf Comment Period: 7/28/2016 - 8/19/2016 Public Hearing: N/A	Initial Project Consultation	City of Riverside	SCAQMD staff commented on 8/3/2016
Warehouse & Distribution Centers **RVC160811-02** Sycamore Canyon Business Park Buildings 1 and 2	The proposed project consists of grading, construction, and operation of approximately 1.4-million square feet of light industrial office and warehouse uses contained within two buildings. The project site is located west of Sycamore Canyon Boulevard and Lance Drive. Reference RVC150818-05 Comment Period: 8/10/2016 - 9/23/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of Riverside	Preparing written comments

**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.

Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Warehouse & Distribution Centers **RVC160825-06** Planning Cases P14-1033 and P14-1034	The proposed project consists of constructing an approximately 308,000-square-foot warehouse and consolidation of four contiguous parcels into one parcel totaling approximately 15.90 acres. The project site is located in the Northside Neighborhood & Pellissier Ranch Inter-Jurisdictional Specific Plan. Reference RVC160819-08 and RVC150827-06 Comment Period: 8/23/2016 - 9/12/2016 Public Hearing: N/A	Notice of Intent to Adopt a Mitigated Negative Declaration	City of Riverside	Document reviewed - No comments sent
Warehouse & Distribution Centers **RVC160825-08** Veterans Industrial Park 215	The proposed project consists of the construction of two speculative high-cube industrial buildings totaling approximately 2,219,852 square feet, which will be used for storage and distribution of freight and commodities. The project is located southeast of I-215 at the Van Buren exit. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPveterans.pdf Comment Period: 8/23/2016 - 9/23/2016 Public Hearing: 9/7/2016	Notice of Preparation	March Joint Powers Authority	SCAQMD staff commented on 8/31/2016
Warehouse & Distribution Centers **RVC160830-01** Planning Case P16-0555	The proposed project consists of the construction of a 99,875-square-foot manufacturing building, and a 50,000-square-foot warehouse building on a two-parcel site totaling 7.35 acres. The project is located at 2625 Durahart Street. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/september/PCprismaero.pdf Comment Period: 8/25/2016 - 9/14/2016 Public Hearing: N/A	Initial Project Consultation	City of Riverside	SCAQMD staff commented on 9/1/2016
Warehouse & Distribution Centers **RVC160830-10** Indian Street Commerce Center Project (PA 16-0002)	The proposed project consists of the construction of a 446,350-square-foot light industrial building on a 19.64-acre site. The project is located south of Grove View Road on the west side of Indian Street. Comment Period: 8/26/2016 - 10/10/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of Moreno Valley	Under review, may submit written comments

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Warehouse & Distribution Centers **RVC160830-14** Dendy Parkway Distribution Building	The proposed project consists of the construction of a 151,180-square-foot distribution center. The project is located at the northwest corner of Winchester Road and Dendy Parkway. Comment Period: 8/29/2016 - 9/28/2016 Public Hearing: N/A	Notice of Intent to Adopt a Mitigated Negative Declaration	City of Temecula	Document reviewed - No comments sent
Warehouse & Distribution Centers **SBC160802-09** Caprock Distribution Center III Warehouse	The proposed project consists of the development of a 527,900-square-foot warehouse building on a 24.43-acre project site located at the northeast corner of Willow and Santa Ana Avenues in the City of Rialto. Reference SBC151021-01 http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/DEIRcaprock.pdf Comment Period: 7/29/2016 - 9/16/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of Rialto	SCAQMD staff commented on 8/24/2016
Airports **LAC160811-03** Los Angeles International Airport Terminals 2 and 3 Modernization	The proposed project consists of modernizing Terminals 2 and 3 in order to improve passenger level of service and amenities. The project consists of demolition and construction of Terminals 2 and 3 adding approximately 830,000 square feet of new building space for a total square footage of approximately 1,620,000 square feet of building space. Comment Period: 8/11/2016 - 9/9/2016 Public Hearing: 8/24/2016	Notice of Preparation	Los Angeles World Airports	Document reviewed - No comments sent
Industrial and Commercial **LAC160802-13** 9000 Wilshire Boulevard Commercial Project	The proposed project consists of the demolition of two commercial buildings and construction of a 31,702-square-foot commercial office building with subterranean parking on a rectangular area of 15,876 square feet. The project site is located on the southwest corner of the intersection of Wilshire Boulevard and S. Almont Drive. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOP9000wilshire.pdf Comment Period: 8/1/2016 - 8/30/2016 Public Hearing: 8/9/2016	Notice of Preparation	City of Beverly Hills	SCAQMD staff commented on 8/10/2016

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Industrial and Commercial **LAC160818-03** ENV-2015-4133; 7223 S. Vermont Avenue	The proposed project consists of the construction of a one-story, 1,880-square-foot commercial/storage building addition to an existing auto repair facility. Comment Period: 8/18/2016 - 9/7/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
Industrial and Commercial **RVC160818-06** Coachella Grow and Research Center; 84-775 Avenue 48	The proposed project consists of the construction of a medical cannabis cultivation facility on 7.99 acres of a 15-acre industrial site. Comment Period: 8/16/2016 - 9/5/2016 Public Hearing: 9/21/2016	Notice of Intent to Adopt a Mitigated Negative Declaration	City of Coachella	Document reviewed - No comments sent
Industrial and Commercial **RVC160818-08** JPN Parcel Map No. 2016-185; PM37121	The proposed project consists of the subdivision of 37.06 gross acres into eleven commercial/industrial parcels and construction of five water quality bio retention facilities. The project site is located north of Holland Road, west of I-215 and east of Haun Road. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PCpm37121.pdf Comment Period: 8/16/2016 - 9/13/2016 Public Hearing: N/A	Initial Project Consultation	City of Menifee	SCAQMD staff commented on 8/19/2016
Industrial and Commercial **RVC160824-01** SoCal Mulch Planning Application Plot Plan No. 2016-187	The proposed project consists of the construction of a 1,400-square-foot modular sales office, parking spaces and areas for product sample boxes, mulch bins, soil area, loading area, flagstone area, rock and aggregate bins, driveways and landscaping. The project is located adjacent to Antelope Road and Dawson Road. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PCpp2016187.pdf Comment Period: 8/24/2016 - 9/15/2016 Public Hearing: N/A	Initial Project Consultation	City of Menifee	SCAQMD staff commented on 8/26/2016

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Industrial and Commercial **SBC160823-01** Nichols Canyon Mine; Amendment No. 2 to Reclamation Plan 2006-01A1; and Surface Mining Permit No. 2015-01	The proposed project consists of amending an existing reclamation plan in order to increase mining activities by approximately 24 acres; reducing the annual tonnage limit for the mine from 4,000,000 tons per day to 1,000,000 tons per day; revising the approved seed mix and revegetation plan; and extending the hours permitted for mining. The project is located east of and adjacent to Interstate 15, both north and south of Nichols Road. Reference SBC160112-05 Comment Period: 8/23/2016 - 10/7/2016 Public Hearing: N/A	Notice of Availability of a Recirculated Draft Environmental Impact Report	City of Lake Elsinore	Under review, may submit written comments
Waste and Water-related **LAC160802-15** BKK Landfills Facility Third Consent Decree	The proposed project consists of a consent decree requiring the BKK Working Group to investigate groundwater contaminated from the 190-acre closed Class I landfill. The project is located at the BKK Landfills Facility in West Covina. Reference LAC150203-01 Comment Period: 8/1/2016 - 8/31/2106 Public Hearing: N/A	Public Notice	Department of Toxic Substances Control	Document reviewed - No comments sent
Waste and Water-related **LAC160811-01** Notice of RCRA Class 1 Minor Permit Modification Change of Ownership	The proposed project consists of a change of ownership from Evoqua Water Technologies LLC to US Ecology Vernon. This permitted hazardous waste facility stores, treats, recycles and transfers hazardous and non-hazardous waste from outside customers. This facility treats the waste to less-hazardous or non-hazardous levels before shipping it for further treatment or disposal. The project site is located at 5375 S. Boyle Avenue, Vernon, CA. Comment Period: N/A Public Hearing: N/A	Other	Department of Toxic Substances Control	Document reviewed - No comments sent
Waste and Water-related **LAC160811-08** CleanTech Environmental, Inc.	The proposed project consists of the construction and operation of a hazardous waste treatment and storage facility. The project is located at 5820 Martin Road in Irwindale on a 0.98 acre site. Reference LAC150203-02, LAC140812-01, LAC140610-11, LAC131226-04, LAC130103-04, LAC120525-01 Comment Period: 8/6/2016 - 9/6/2016 Public Hearing: N/A	Notice of Preparation of a Supplemental Environmental Impact Report	Department of Toxic Substances Control	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Waste and Water-related **LAC160818-07** Ascon Landfill Site	The proposed project consists of the excavation and off-site disposal of up to 32,000 cubic yards of contaminated materials, consolidation of contaminated materials, and installation of a protective cap to cover the contaminated materials which will remain on-site. The project site is located at the southwest corner of Hamilton Avenue and Magnolia Street. Reference LAC150630-21 Comment Period: N/A Public Hearing: N/A	Community Notice	Department of Toxic Substances Control	Document reviewed - No comments sent
Waste and Water-related **LAC160819-05** Former Eaton Corporation Site	The proposed project consists of the monitoring and treatment of contaminated groundwater on approximately 35 acres. The contaminants on the site are volatile organic compounds and trichloroethylene. The project site is located at 31717 La Tienda Road. Comment Period: 8/19/2016 - 8/31/2016 Public Hearing: N/A	Community Notice	Department of Toxic Substances Control	Document reviewed - No comments sent
Waste and Water-related **LAC160825-10** Quemetco Incorporated 720 South 7th Street, City of Industry	The proposed project consists of a soil sampling program in the right-of-ways, residential and commercial areas within a quarter mile of the Quemetco battery-recycling plant. Reference LAC150422-02 Comment Period: N/A Public Hearing: 8/31/2016	Community Notice	Department of Toxic Substances Control	Document reviewed - No comments sent
Waste and Water-related **ODP160830-13** Disposition Options for Universal Waste Cathode Ray Tubes (CRTs) and CRT Glass	The proposed Emergency Regulatory Action consists of re-adopting emergency regulations which expand the existing options for the disposition of CRTs and CRT glass currently regulated under universal waste regulations by removing the standard that a universal waste handler may treat CRTs only if the glass is sent for recycling to either a CRT glass manufacturer or a primary or secondary lead smelter. Reference ODP140902-08 Comment Period: N/A Public Hearing: N/A	Other	Department of Toxic Substances Control	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Waste and Water-related **ORC160816-03** Removal Action Workplan for Mr. Best Cleaners	The proposed Removal Action Workplan involves a soil vapor extraction system to clean tetrachloroethene impacted soil and groundwater. The project is located at 2939 East Coast Highway, Corona Del Mar. Comment Period: 8/16/2016 - 9/16/2016 Public Hearing: N/A	Community Notice	Department of Toxic Substances Control	Document reviewed - No comments sent
Waste and Water-related **ORC160825-07** Former Impression Polishing and Plating Facility	The proposed project consists of a Land Use Convenant at the former Impression Polishing and Plating Facility located at 1233 North Batavia Street. The former operations at the site resulted in the release of volatile organic compounds, including chloroform and tetrachloroethylene, in soil vapor and metals in soil beneath the site at levels not suitable for unrestricted land uses. Comment Period: 8/31/2016 - 9/29/2016 Public Hearing: N/A	Community Notice	Department of Toxic Substances Control	Under review, may submit written comments
Waste and Water-related **ORC160830-02** Water Production Enhancement Project	The proposed project consists of the construction of a flow equalization tank and pump station on the Orange County Sanitation District Plant No. 2 wastewater treatment facility site. The project is located at 22212 Brookhurst Street within the City of Huntington Beach. Comment Period: 8/30/2016 - 9/28/2016 Public Hearing: 10/12/2016	Notice of Intent to Adopt a Mitigated Negative Declaration	Orange County Water District	Under review, may submit written comments
Waste and Water-related **ORC160830-04** Permit No. 5-15-1751	The proposed project by Orange County Parks consists of the repair of existing buff drainage facilities, consisting of the removal of approximately 162 linear feet of 30-inch corrugated steel pipe and the installation of approximately 450 linear feet of 48-inch high-density polyethylene pipe, a catch drain protected by approximately 96 square feet of un-grouted rip-rap, and a sub-drain at the bottom of the erosional gully that is approximately 174 linear feet. The project site is located due west of East Bluff Elementary School and east of Back Bay Drive. Comment Period: 8/26/2016 - 9/7/2016 Public Hearing: 9/7/2016	Notice of a Public Hearing	California Coastal Commission	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Waste and Water-related **RVC160809-02** Bautista Recharge Basin Expansion Project	The proposed project consists of the construction of six earthen infiltration basins that will allow stormwater and surplus water to pond until it infiltrates into the ground. Water will enter the site and begin ponding within the southernmost basin and then be allowed to spillover via concrete spillway or concrete pipe structure, each will be connected into the subsequent downstream basins flowing from south to north. A secondary source of water will be from surplus imported water via a pipeline from under Cedar Avenue that will be constructed as part of the project. The proposed project is being designed to promote infiltration and increase recharge in the Hemet-San Jacinto Valley groundwater basin area. Comment Period: 8/9/2016 - 9/6/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	Riverside County Flood Control and Water Conservation District	Document reviewed - No comments sent
Waste and Water-related **RVC160809-04** Riverside Agricultural Park Site/Off-Site Evaluation Community Work Group	The proposed project consists of removing soil contaminated with polychlorinated biphenyls at the Riverside Agricultural Park. The project is located at 7020 Crest Avenue. Reference RVC160722-10, RVC160708-02, RVC160504-02, RVC160309-02 and RVC 150902-04 Comment Period: N/A Public Hearing: 8/10/2016	Community Notice	Department of Toxic Substances Control	Document reviewed - No comments sent
Waste and Water-related **SBC160804-03** Fontana Water Company Recycled Water Improvement Project	The proposed project consists of the expanded delivery of recycled water produced by the Inland Empire Utilities Agency Water Reclamation Facilities to Fontana Water Company at its Regional Plant No. 3 recharge basin location. The project consists of the installation of a reservoir, pump station, and recycled water delivery pipeline. The proposed project is making minor modifications, specifically, a second reservoir 0.58 million gallons of storage, possible 4,000 gallon hydropnuematic tank and additional piping have been added to the project. The project site is located south of Jurupa Avenue and west of Beech Avenue. Reference SBC160701-04 Comment Period: 8/1/2016 - 8/30/2016 Public Hearing: N/A	Recirculated Notice of Intent to Adopt a Mitigated Negative Declaration	Inland Empire Utilities Agency	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Waste and Water-related **SBC160809-01** Recycled Water Distribution System Project	The proposed project consists of reducing use of potable water for landscape irrigation applications and a recycled water pipeline that will provide a connection point to the existing recycled water pipeline within Euclid Avenue, between the I-10 and Riverside Drive, and the parks surrounding the Euclid Avenue corridor with recycled water for irrigation. The proposed project will also construct a booster pump station within the Euclid Avenue median at Fourth Street and another at one of three proposed alternative pump station locations on South Bon View Avenue. Comment Period: 8/9/2016 - 9/6/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Ontario	Document reviewed - No comments sent
Utilities **LAC160816-07** ENV-2014-1240; 5860 Whitsett Avenue	The proposed project consists of the installation and maintenance of a wireless telecommunications facility with a maximum height of 45 feet on the roof of a 36-foot tall building. Reference LAC151119-04 and LAC140821-08 Comment Period: N/A Public Hearing: 9/8/2016	Notice of a Public Hearing	City of Los Angeles	Document reviewed - No comments sent
Utilities **ORC160804-05** Coyote Canyon Landfill Gas Recovery Facility Demolition and Telecom Update	The proposed project consists of the demolition of the existing gas-to-energy facility structures and construction of both temporary and permanent collocated wireless telecommunication facility at the closed Coyote Canyon Landfill gas-to-energy facility site on a 4.14-acre site. The project is located at 20662 Newport Coast Drive in Newport Beach. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MNDcoyote.pdf Comment Period: 8/30/2016 - 9/2/2016 Public Hearing: 9/22/2016	Notice of Intent to Adopt a Mitigated Negative Declaration	City of Newport Beach	SCAQMD staff commented on 8/24/2016
Utilities **RVC160830-11** Crestmore Heights Photovoltaic Renewable Energy Project	The proposed project consists of the construction and operation of a ground-mounted photovoltaic system consisting of three possible arrays, each with multiple photovoltaic panels with a maximum height of 8 feet. Each array would be attached to a ground mounted pole that will extend about 8 feet into the ground and located to avoid existing utility easements. Minimal ground disturbance is expected. Trenching and directional boring to run conduit below ground between the arrays, the inverters and point of utility connections may also be used. The project is located at 1500 Castellano Drive. Comment Period: 8/27/2016 - 9/15/2016 Public Hearing: 9/8/2016	Notice of Intent to Adopt a Mitigated Negative Declaration	County of Riverside	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Utilities **SBC/RVC160816-01** Southern California Edison West of Devers Upgrade Project	The proposed project consists of upgrading the West of Devers 220 kilovolt transmission lines between Devers, El Casco, Vista, and San Bernardino substations to increase system deliverability by at least 2,200 megawatts. The project also includes upgrading of equipment, removal and relocation of existing subtransmission and electric distribution lines. Reference SBC160419-03, SBC150818-03, SBC151215-01 and RVCSBC140516-07 Comment Period: N/A Public Hearing: N/A	Notice of Availability of a Final Environmental Impact Report	Southern California Edison	Document reviewed - No comments sent
Utilities **SBC160823-03** Conditional Use Permit 16-004 "Orchid" Verizon Wireless Tower	The proposed project consists of the installation of a 55-foot monopole wireless tower with the option for a 15-foot extension to 70-foot to permit colocation by another wireless carrier. The project is located at 28099 Greenspot Road. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PCcup16004.pdf Comment Period: 8/23/2016 - 9/3/2016 Public Hearing: N/A	Initial Project Consultation	City of Highland	SCAQMD staff commented on 8/26/2016
Transportation **LAC160809-05** SR-110 Safety Enhancement Project	The proposed project consists of replacing metal beam guardrails, adding new concrete barriers, installing new safety lighting, adding graffiti resistant coating to structures, removing approximately three miles of curbs and raised islands, and relocating irrigation facilities. The project is located along Interstate 110 between West Sunset Boulevard to East Glenarm Street. Comment Period: 7/25/2016 - 8/29/2016 Public Hearing: N/A	Notice of Preparation	California Department of Transportation	Document reviewed - No comments sent
Transportation **LAC160816-08** Interstate 5 Improvement Project from Interstate 605 to Interstate 710	The proposed project consists of adding an HOV lane on the I-5 Freeway between Interstate 605 and Interstate 710. The project site includes cities of Santa Fe Springs, Commerce, Montebello, Downey and East Los Angeles. Comment Period: 8/9/2016 - 9/28/2016 Public Hearing: N/A	Notice of Preparation	California Department of Transportation	Under review, may submit written comments

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Transportation **ORC160811-05** University Dr. and Ridgeline Dr./Rosa Drew Ln. Intersection Improvement Project (CIP # 311504)	The proposed project consists of adding an additional through lane on eastbound University Drive west of the intersection with Ridgeline Drive/Rosa Drew Lane. A northbound right-turn lane would be added to Ridgeline Drive. The existing left turn pocket on westbound University Drive would be extended. This project also includes new pavement, curb, gutter, sidewalk, and pedestrian ramps. The project site is located at the intersection of University Drive and Ridgeline Drive/Rosa Drew Lane. Reference ORC160317-02 Comment Period: N/A Public Hearing: 9/1/2016	Notice of Intent to Adopt a Mitigated Final Negative Declaration	City of Irvine	Document reviewed - No comments sent
Transportation **RVC160802-10** County of Riverside Department of Public Social Services (PA15-1833)	The proposed project consists of the construction of two 50,000-square feet of professional office buildings on 15.39 acres of vacant land. The project site is at 26155 Ynez Road. Comment Period: 7/29/2016 - 8/29/2016 Public Hearing: N/A	Notice of Intent to Adopt a Mitigated Negative Declaration	County of Riverside	Document reviewed - No comments sent
Transportation **RVC160802-11** Holland Road/Interstate 215 Overcrossing Project	The proposed project consists of the construction of a new overcrossing at Holland Road over the Interstate 215 (I-215) freeway. The proposed project will construct a new four-lane overcrossing at Holland Road that will span the I-215 freeway and Antelope Road within the limits of Menifee. Reference RVC160426-01 Comment Period: N/A Public Hearing: 8/10/2016	Notice of Intent to Adopt a Mitigated Negative Declaration	City of Menifee	Document reviewed - No comments sent
Transportation **SBC160805-02** Institution Road Reconstruction and Maintenance Project	The proposed project consists of the widening of 5,400 feet of Institution Road. The project site is comprised of the existing paved Institution Road which connects to Verdemont Ranch Road on the west and Cajon Boulevard on the east and also connects to Palm Avenue east of the project site. Comment Period: 8/5/2016 - 9/6/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	County of San Bernardino	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Institutional (schools, government, etc.) **LAC160804-02** CARB Southern California Consolidation Project	The proposed project consists of the construction of a new approximately 300,000 square-foot motor vehicle and emissions testing and research facility on an approximately 18-acre project site at 4001 Iowa Avenue on the University of California, Riverside, West campus. The project would include photovoltaic panels, emergency diesel generators and other technologies to produce electricity. The project would also include thermal energy storage tanks for chilled water and electrical battery storage. The facility would be designed to handle the testing and ingress/egress requirement of large vehicles such as industrial equipment and large haul trucks and the facility will be affixed with an HVAC system that will accommodate the ventilation needs of the offices and the emission testing floor. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPsocalconsolidationucr.pdf Comment Period: 8/2/2016 - 9/1/2016 Public Hearing: 8/16/2016	Notice of Preparation	California Air Resources Board	SCAQMD staff commented on 8/10/2016
Institutional (schools, government, etc.) **LAC160804-07** Mount Saint Mary's University Chalon Campus Wellness Pavilion Project	The proposed project consists of the demolition and construction of a Wellness Pavilion with approximately 38,000 square feet of multiuse building on a 3.8-acre site. The project site is within the northern portion of Mount Saint Mary's University's Chalon Campus located at 12001 Chalon Road. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOP20162319.pdf Comment Period: 8/4/2016 - 9/2/2016 Public Hearing: 8/16/2016	Notice of Preparation	City of Los Angeles	SCAQMD staff commented on 8/10/2016
Institutional (schools, government, etc.) **LAC160831-02** Brentwood School Education Master Plan (ENV-2014-572)	The proposed project consists of a Master Plan for the Brentwood School, an independent K-12 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. Reference LAC151204-04 Comment Period: N/A Public Hearing: N/A	Notice of Availability of a Final Environmental Impact Report	City of Los Angeles	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Institutional (schools, government, etc.) **ORC160802-04** Concordia University Conditional Use Permit Modification	The proposed project consists of modifications to the Conditional Use Permit that updates the campus build-out plan. Seven existing buildings totaling approximately 71,231 square feet are proposed to be demolished. Additionally, eight new buildings or additions to existing buildings totaling approximately 148,880 square feet total are proposed to be constructed. The project is located in the existing Concordia University Campus, north of Turtle Rock Drive, south of University Drive and Mason Regional Park, east of Culver Drive, and west of Ridgeline Drive. Reference ORC150911-01 Comment Period: 8/1/2016 - 9/14/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of Irvine	Document reviewed - No comments sent
Institutional (schools, government, etc.) **ORC160816-02** Orange County Civic Center Facilities Strategic Plan	The proposed project consists of demolition, renovation, and construction of multiple government buildings. The project will include renovation of 289,360 square feet, demolition of 429,277 square feet and construction of 818,676 square feet. The County satellite buildings being renovated are located at 401 and 433 W. Civic Center Drive. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPocCivicCtr.pdf Comment Period: 8/17/2016 - 9/15/2016 Public Hearing: 8/20/2016	Notice of Preparation	County of Orange	SCAQMD staff commented on 8/18/2016
Institutional (schools, government, etc.) **RVC160819-04** Plot Plan No. 26048	The proposed project consists of the construction of a 19,494-square-foot church and a 27,470-square-foot private school with a 10,865-square-foot multi-purpose building on twelve acres. The project site is located south of Nuevo Road, west of Foothill Drive, north of San Jacinto Avenue, and east of Dunlap Drive. Comment Period: 8/19/2016 - 9/12/2016 Public Hearing: 9/12/2016	Notice of Intent to Adopt a Mitigated Negative Declaration	Riverside County Planning	Document reviewed - No comments sent
Institutional (schools, government, etc.) **SBC160802-06** Indian Springs High School - Performing Arts Center	The proposed project consists of the construction of an 18,625-square-foot performing arts center on 2.36 acres. The project site is on the Indian Springs High School at 650 North Del Rosa Drive. Comment Period: 7/28/2016 - 8/29/2016 Public Hearing: N/A	Notice of Intent to Adopt a Mitigated Negative Declaration	San Bernardino Unified School District	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Medical Facility **LAC160817-01** Harbor-UCLA Medical Center Campus Master Plan Project	The proposed project consists of the Harbor-UCLA Medical Center Campus Master Plan to consider current conditions and future needs of the Harbor-UCLA Medical Center Hospital and Clinics. Reference LAC150701-03 Comment Period: 8/17/2016 - 10/3/2016 Public Hearing: 9/8/2016	Notice of Availability of a Draft Environmental Impact Report	County of Los Angeles	Document reviewed - No comments sent
Retail **LAC160805-06** Rowland Heights Plaza and Hotel Project	The proposed project consists of subdividing a 14.06-acre lot into three parcels, totaling 189,890 square feet, which include one industrial parcel developed with commercial retail uses and two commercial parcels developed with hotels. The proposed project is located on Gale Avenue near Nogales Street. Reference LAC151008-18, LAC150602-09 Comment Period: N/A Public Hearing: 9/7/2016	Final Environmental Impact Report	City of Los Angeles	Document reviewed - No comments sent
Retail **LAC160818-02** ENV-2016-2507; 733 S. Spring Street	The proposed project consists of construction of a 7,115-square-foot restaurant with a 335-square-foot outdoor patio. Comment Period: 8/18/2016 - 9/7/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
Retail **LAC160830-09** 7985 Santa Monica Boulevard Project	The proposed project consists of the construction of a 79,000-square-foot commercial building and three-levels of subterranean parking and a nightclub. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/september/NOP7985santamonica.pdf Comment Period: 8/30/2016 - 9/26/2016 Public Hearing: N/A	Notice of Preparation	City of Hollywood	SCAQMD staff commented on 9/1/2016

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Retail **RVC160811-04** Plot Plan No. 26064	The proposed project consists of the construction of a Class V Winery, restaurant, barrel rooms and a 43-room wine country hotel on 23.67 gross acres. The project site is southwest of the Monte de Oro Road and Rancho California Road intersection. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PCea42935.pdf Comment Period: 7/28/2016 - 8/11/2016 Public Hearing: 8/11/2016	Initial Project Consultation	County of Riverside	SCAQMD staff commented on 8/12/2016
Retail **RVC160819-03** Change of Zone No. 7864 and Plot Plan No. 25740	The proposed project consists of legalizing an existing winery facility into a Class II Winery. The project includes wine tasting room, office, production area, retail space and storage area. The project site is at the southeast corner of the Rancho California Road and Calle Contento intersection. Reference RVC150225-01 Comment Period: 8/19/2016 - 9/7/2016 Public Hearing: 9/7/2016	Notice of Availability of a Draft Mitigated Negative Declaration	Riverside County Planning	Document reviewed - No comments sent
Retail **SBC160823-02** Development Application Review (DAR 16-007)	The proposed project consists of the construction of a 27,524-square-foot commercial building on 3.2 acres. The project site is located on the northeast corner of Base Line Road and Church Street. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PCdra16010-highland.pdf Comment Period: 8/23/2016 - 9/3/2016 Public Hearing: 10/28/2016	Initial Project Consultation	City of Highland	SCAQMD staff commented on 8/26/2016
General Land Use (residential, etc.) **LAC160802-01** ICON Sherman Oaks Project	The proposed project consists of developing a 359,795-square-foot mixed-use project on an approximately 8.3-acre site. The site is currently developed with a 126,674 square-foot building which would be retained, preserved and rehabilitated as part of the Project. The project site is located at 14130 and 14154 West Riverside Drive. Reference LAC140701-02 http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/DEIRiconshermanoaks.pdf Comment Period: 7/28/2016 - 9/27/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of Los Angeles	SCAQMD staff commented on 8/11/2016

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) **LAC160804-06** LACMA Building for the Permanent Collection	The proposed project consists of the construction of one new museum building of approximately 368,300 gross square feet and a parking facility, which would replace four buildings within LACMA east collectively comprised of approximately 392,871 gross square feet. The project is comprised of the east campus (LACMA East), located within Hancock Park and the west campus (LACMA West), located west of Hancock Park in the area bordered by the vacated Ogden Drive on the East and 6th Street on the north. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPlacmapermanent.pdf Comment Period: 8/4/2016 - 9/6/2016 Public Hearing: 8/24/2016	Notice of Preparation	County of Los Angeles	SCAQMD staff commented on 8/10/2016
General Land Use (residential, etc.) **LAC160804-08** ENV-2015-1817; 959 E. Stadium Way	The proposed project consists of the construction of an approximately 162,500-square-foot, 158-unit, six-story apartment building. The project requires approximately 59,250 cubic yards of net earth export. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MND2015-1817.pdf Comment Period: 8/4/2016 - 9/6/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	SCAQMD staff commented on 8/18/2016
General Land Use (residential, etc.) **LAC160804-09** ENV-2015-4342; 417 N. Amapola Ln.	The proposed project consists of the demolition of an existing garage and construction of a new 3,866-square-foot garage. Comment Period: 8/4/2016 - 8/24/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160804-10** ENV-2016-296; 1323, 1329, 1333, 1339 & 1345 S. Orange Grove Avenue	The proposed project consists of the demolition of five single-family residences on five parcels and construction of a five-story, multi-family residential condominium building containing 61 residential condominium units. Comment Period: 8/4/2016 - 8/24/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) **LAC160804-11** ENV-2015-4614; 3525 W. 8th Street	The proposed project consists of the demolition and construction of a seven story, mixed-use development above a three-level subterranean parking garage. The proposed project requires a haul route permit for the import/export of approximately 146,370 cubic yards of soil. Comment Period: 8/4/2016 - 8/24/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160804-12** ENV-2016-1169; 14709 W. Plummer Street	The proposed project consists of the subdivision of four parcels into 28 small lots and the construction of 28 small single-family dwellings. Comment Period: 8/4/2016 - 8/24/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160805-05** McCadden Campus; ENV-2015-1192 EIR	The proposed project consists of development of McCadden Campus, a mixed-use project that includes the headquarters for the Los Angeles LGBT Center, multigenerational affordable housing, program space for senior and youth services, administrative offices, and retail space that would primarily serve project residents, clients, and guests on approximately 30,708 square feet of floor area. The project is located at 1118-1139, 1119-1139 N. McCadden Place/1118-1136 N. McCadden Place and 6719-6733 Santa Monica Boulevard, Los Angeles. Reference LAC160609-14 and LAC151001-13 Comment Period: N/A Public Hearing: N/A	Final Environmental Impact Report	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160811-06** ENV-2016-1061; The ICON at Panorama	The proposed project consists of demolition and construction of a 584,000 gross square-foot mixed-use development on an approximately 8.9 acre site. The project involves the construction of seven buildings, 423 multi-family residential units, commercial land uses in five separate one- and two-story buildings with two separate seven-story residential buildings and a six-level parking structure. The project is located at 14651-14697 W. Roscoe Boulevard, 8300-8406 N. Cedros Avenue, and 8313-8413 N. Tobias Avenue. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPiconpanorama.pdf Comment Period: 8/9/2016 - 9/9/2016 Public Hearing: 8/17/2016	Notice of Preparation	City of Los Angeles	SCAQMD staff commented on 8/12/2016

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) **LAC160811-09** ENV-2016-1214; 12964, 12930, 12922,12929, & 12910 Panama Street, Palms-Mar Vista-Del Rey	The proposed project consists of the construction of three two-story buildings, totaling approximately 155,000 square feet of creative office campus with a separate above-grade parking structure. Comment Period: 8/11/2016 - 8/31/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160816-04** Dorado Residential Development Project	The proposed project consists of demolition and construction of 40 single family residences. The project is on a 5.8 acre site at 3655 North Norwalk Boulevard. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPdorado.pdf Comment Period: 8/16/2016 - 9/14/2016 Public Hearing: N/A	Notice of Preparation	City of Long Beach	SCAQMD staff commented on 8/18/2016
General Land Use (residential, etc.) **LAC160816-05** 9900 Wilshire Boulevard (One Beverly Hills) Project	The proposed project consists of development of 901,514 square feet of floor area, up to 193 condominiums and up to a 134-room luxury hotel. Reference LAC160420-04, LAC160419-01 and LAC151201-09 Comment Period: N/A Public Hearing: 8/23/2016	Final Supplemental Environmental Impact Report	City of Beverly Hills	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160818-01** ENV-2016-2080; 18367 W. Hatteras Street	The proposed project consists of a zone change and construction of a three-story residential building with 12 dwelling units on a 21,800-square-foot site. Comment Period: 8/18/2016 - 9/7/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) **LAC160818-04** ENV-2016-1418; 11701-11715 W. Santa Monica Blvd; 1511 S. Barrington Avenue	The proposed project consists of the demolition and construction of a five-story, 53-unit mixed-use apartment building, with 45,429 square feet of floor area. Comment Period: 8/18/2016 - 9/7/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160818-05** ENV-2015-3384; 8350-8430 N. Reseda Boulevard and 8421-8429 N. Canby Avenue	The proposed project consists of the demolition and construction of a four-story, 79 unit apartment building of approximately 10,300 square feet and a small lot subdivision of 61 small lot homes, three-stories each. Comment Period: 8/18/2016 - 9/7/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160819-01** First Street Village	The proposed project consists of the development of three five-story buildings, to provide a combined total of 261 apartments with up to 21,265 square feet of retail/commercial space on the ground floor, and a total of 673 parking spaces in three subterranean garages. The project would require the demolition of an existing commercial building on-site. The project is located at First Street and Magnolia Boulevard. Reference LAC160405-02 Comment Period: N/A Public Hearing: 9/12/2016	Response to Comments	City of Burbank	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160824-02** GPA-01219; 08-SPA-001; 08-CUP-001 and VTTM 71742 (The Park at Ladyface Mountain Senior Apartment Project)	The proposed project consists of the construction of a 71,206-square-foot apartment complex with 46 housing units for senior citizens on an undeveloped 7.1-acre parcel located in the Ladyface Mountain Specific Plan area. The project is located at 30800 Agoura Road. Reference LAC160419-06, LAC160413-04 and LAC121011-02 Comment Period: N/A Public Hearing: 9/1/2016	Notice of a Public Hearing	City of Agoura Hills	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) **LAC160824-03** 9908 South Santa Monica Boulevard Condominium Project	The proposed project consists of the construction of a 27-unit luxury condominium building with approximately 89,988 square feet of floor area, underground parking, gym, and 74 parking spaces. The project is located at the corner of the intersection of Charleville Boulevard and South Santa Monica Boulevard. Comment Period: 8/19/2016 - 10/3/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of Beverly Hills	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160825-01** ENV-2014-3392; 3604 N. Woodhill Canyon Place	The proposed project consists of subdividing an irregular shaped property into two lots and the construction of two single-family homes on a two-acre site. Comment Period: 8/25/2016 - 9/14/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160825-02** ENV-2015-3649; 263 S. Commonwealth Avenue	The proposed project consists of the demolition and construction of an 18-unit residential condominium with 41 parking spaces. Comment Period: 8/25/2016 - 9/14/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160825-03** ENV-2011-2680; 6221 N. Fallbrook Avenue	The proposed project consists of the demolition and construction of a one-story building for assisted-living care housing with a total of 50 rooms and common areas with a total floor area of approximately 33,500 square feet. Comment Period: 8/25/2016 - 9/14/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) **LAC160825-04** ENV-2016-121; 5137-51491/2 N. Colfax Avenue	The proposed project consists of the subdivision of two parcels into 12 lots and the construction of 12 single-family homes. Comment Period: 8/25/2016 - 9/14/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	Document reviewed - No comments sent
General Land Use (residential, etc.) **LAC160830-08** Picerne Lomita Apartments	The proposed project consists of the construction of a five-story, 223 unit, multi-family residential development, pool, fitness center, community room, and roof deck. The project includes approximately 227,000 square feet of residential uses and 225,000 square feet of parking area. The project is located at 24000 Crenshaw Boulevard. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/september/NOPpicerne.pdf Comment Period: 8/26/2016 - 9/26/2016 Public Hearing: N/A	Notice of Preparation	City of Lomita	SCAQMD staff commented on 9/13/2016
General Land Use (residential, etc.) **LAC160830-12** Segment C of the Park to Playa Trail	The proposed project consists of a new trail on its property to connect the Baldwin Hills Scenic Overlook to the Kenneth Hahn State Recreation Area. The trail would include installation of native landscaping, fencing, gates, signage, stairway, and a new trail from parking lots at the Baldwin Hills Scenic Overlook. The project is located east and west of La Cinema to Blair Hills in the cities of Culver City and Los Angeles. Reference LAC151125-03 Comment Period: 8/30/2016 - 9/28/2016 Public Hearing: 9/6/2016	Notice of Availability of a Draft Mitigated Negative Declaration	Baldwin Hills Regional Conservation Authority	Document reviewed - No comments sent
General Land Use (residential, etc.) **ORC160802-05** Vintage Lofts Residential Project	The proposed project consists of subdividing a 6.81-acre lot into two parcels and the construction of 140 residential condominiums and club house. The project site is located at 420-436 West 6th Street and 330-694 South B Street in Tustin. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MNDvintagelofts.pdf Comment Period: 7/27/2016 - 8/26/2016 Public Hearing: N/A	Notice of Intent to Adopt a Mitigated Negative Declaration	City of Tustin	SCAQMD staff commented on 8/11/2016

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) **ORC160830-03** Permit No. 5-15-2097	The proposed project consists of subdividing a 401-acre site into 895 residential units, a commercial building, a 75-room resort and a 20-bed hostel and a natural open space preserve on 329 acres with oil operations to remain on 15 acres. The project site is located at the 5100 Block of West Coast Highway in Newport Beach. Comment Period: 8/26/2016 - 9/7/2016 Public Hearing: 9/7/2016	Notice of a Public Hearing	California Coastal Commission	Document reviewed - No comments sent
General Land Use (residential, etc.) **ORC160830-07** Proposed General Plan Amendment 06-16-4932	The proposed project consists of amending the City's General Plan to identify the location of the future Lake Forest Civic Center and the existing Sports Park, and to remove public facility designations from other sites no longer considered as options for siting public facilities. No development is proposed in conjunction with the General Plan Amendment. Reference ORC160802-14 Comment Period: 8/30/2016 - 9/6/2016 Public Hearing: 9/6/2016	Notice of a Public Hearing	City of Lake Forest	Document reviewed - No comments sent
General Land Use (residential, etc.) **RVC160805-01** Case No. 16-PP-04	The proposed project consists of the construction of a Recreation Complex consisting of a 16,953-square-foot building, 516-square-foot bathroom building and 500-square-foot guard building on a 7.5 acre parcel. The project is located east of Starlight Avenue, south of Cougar Way, west of Highland Springs and north of the Edison Easement. Comment Period: 8/2/2016 - 8/16/2016 Public Hearing: N/A	Initial Project Consultation	City of Beaumont	Document reviewed - No comments sent
General Land Use (residential, etc.) **RVC160805-03** MA16113/CZ16004	The proposed project consists of a Zone change for the site from Industrial Park to General Commercial to allow uses such as a gas station, convenience store and casual restaurant/fast food and car wash. The project site is located north of Cantu-Galleano Ranch Road, east of I-15, and west of Wineville Road. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PCma16113.pdf Comment Period: 8/5/2016 - 8/15/2016 Public Hearing: N/A	Initial Project Consultation	City of Jurupa Valley	SCAQMD staff commented on 8/12/2016

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) **RVC160811-07** La Quinta Village Build-Out Plan	The proposed project consists of developing a build-out plan for the Village, anticipated to occur over the next 20 years. The project consists of approximately 137 acres located north and south of Calle Tampico and east of Eisenhower Drive. Reference RVC151006-07 Comment Period: 8/9/2016 - 9/22/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of La Quinta	Document reviewed - No comments sent
General Land Use (residential, etc.) **RVC160817-02** Planning Application Conditional Use Permit No. 2016-183 Sun City Senior Care	The proposed project consists of the construction of an assisted living facility which includes 58 single units, offices and retail building. The project site is bounded by McCall Boulevard to the south, Chatham Lane to the west, vacant land to the east and vacant land to the north. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PCsuncity.pdf Comment Period: 8/15/2016 - 9/7/2016 Public Hearing: N/A	Initial Project Consultation	City of Menifee	SCAQMD staff commented on 8/18/2016
General Land Use (residential, etc.) **SBC160805-04** Serrano Place Residential Subdivision Project	The proposed project consists of the subdivision of approximately 4.57 gross acres of land into thirty-six lots for the use of single-family residences, recreation area, open space area, and one water detention basin. The project site is at the southwest corner of Willow Avenue and Bloomington Avenue. Comment Period: 8/5/2016 - 8/24/2016 Public Hearing: N/A	Notice of Intent to Adopt a Mitigated Negative Declaration	City of Rialto	Document reviewed - No comments sent
General Land Use (residential, etc.) **SBC160819-06** GPA 15-044 and TTM 15-046	The proposed project consists of subdividing a 30-acre property within an 80-acre annexation area into 95 multi-family residential lots and a business park. The project is located east of California Street, south and west of Mission Zanja Creek, west of Nevada Street and north of Barton Road. Reference SBC160727-04 Comment Period: N/A Public Hearing: 9/13/2016	Notice of a Public Hearing	City of Loma Linda	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) **SBC160823-04** Development Review Application DRA 16-010, Greenspot 13	The proposed project consists of the construction of thirteen single-family detached homes within PA 39 of East Highlands Ranch. The project is located north of Greenspot Road and west of Valencia Court. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PCdra16010-highland.pdf Comment Period: 8/23/2016 - 9/2/2016 Public Hearing: 9/20/2016	Initial Project Consultation	City of Highland	SCAQMD staff commented on 8/26/2016
Plans and Regulations **LAC160816-06** General Plan Amendment No. 2015-001, Change of Zone No. 2015-001, Conditional Use Permit No. 2766, Vesting Tentative Tract Map No. 73337	The proposed project consists of the construction of a 62-unit detached condominium development on 14.9 acres of vacant land. The project site is located at 2001 and 2111 E. Rosecrans Avenue. Comment Period: N/A Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Compton	Document reviewed - No comments sent
Plans and Regulations **LAC160819-07** Local Coastal Program Amendment Nos. 09-006 and 10-003	The proposed project consists of an amendment to correct the previous adoption of the California Coastal Commission's modifications to remove the approved parkland and Trails Dedication Incentive Program Map from the Local Coastal Program Local Implementation Plan and place it into the Local Coastal Program Land Use Plan. Comment Period: N/A Public Hearing: 9/12/2016	Notice of a Public Hearing	City of Malibu	Document reviewed - No comments sent
Plans and Regulations **LAC160825-05** City of Downey Parks and Open Space Master Plan	The proposed project consists of the adoption of the Master Plan to serve as a guide and implementation tool for the development of parks and recreational facilities and programs within the City of Downey. Comment Period: 8/25/2016 - 9/23/2016 Public Hearing: N/A	Notice of Intent to Adopt a Mitigated Negative Declaration	City of Downey	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Plans and Regulations **LAC160830-06** Local Coastal Program Amendment No. 16-003	The proposed project consists of changing the local coastal program land use and zoning designation from public open space to rural residential-twenty acre minimum lot size for four lots. The project is located at 5603 Tuna Canyon Road. Comment Period: N/A Public Hearing: 9/19/2016	Notice of a Public Hearing	City of Malibu	Document reviewed - No comments sent
Plans and Regulations **ORC160802-02** Tustin Downtown Commercial Core Specific Plan	The proposed project consists of a Specific Plan which includes construction of mixed-use center and rezoning of parcels comprising 220 acres located in the Tustin Downtown Commercial Core Specific Plan. The project site is on the north side of First Street, which includes parcels along the east side of Newport Avenue, northeast of Interstate 5 and east of the Costa Mesa Freeway 55. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPtustindowntown.pdf Comment Period: 8/1/2016 - 8/31/2016 Public Hearing: 8/16/2016	Notice of Preparation	City of Tustin	SCAQMD staff commented on 8/4/2016
Plans and Regulations **ORC160802-14** Proposed General Plan Amendment 06-16-4932	The proposed project consists of amending the City's General Plan to identify the location of the future Lake Forest Civic Center and the existing Sports Park, and to remove public facility designations from other sites no longer considered as options for siting public facilities. No development is proposed in conjunction with the General Plan Amendment. Comment Period: N/A Public Hearing: 8/11/2016	Notice of a Public Hearing	City of Lake Forest	Document reviewed - No comments sent
Plans and Regulations **ORC160830-05** Implementation Plan No. LCP-5-NPB-15-0039-1	The proposed project consists of a City request for Commission certification of the Implementation Plan to complete the City's certified Local Coastal Program. Comment Period: 8/26/2016 - 9/8/2016 Public Hearing: 9/8/2016	Notice of a Public Hearing	California Coastal Commission	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Plans and Regulations **RVC160802-07** Altair Specific Plan (Formerly "Village West")	The proposed project consists of the approval of a Specific Plan and General Plan Amendment for the development of up to 1,750 residential units, limited neighborhood-serving commercial, civic/institutional uses, parks, and open space within a 270-acre area in the southwesterly portion of the City of Temecula. The project is located on south of Ridge Park Drive and westerly of Pujol Street. Reference RVC160503-07 and RVC141107-07 http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPaltairPA14-0159.pdf Comment Period: N/A Public Hearing: 7/28/2016	Notice of a Public Hearing	City of Temecula	SCAQMD staff commented on 8/4/2016
Plans and Regulations **RVC160804-04** Rancho Diamante Phase II Specific Plan Amendment SPA 15-001; GPA 15-002; TTM 15-008	The proposed project consists of a Specific Plan Amendment and General Plan Amendment for residential, open space recreation, open space preserve, commercial, industrial, fire station and public school. The proposed project would subdivide a 245.07 total acre site into 635 single family residential lots, 60.63 acres of park and open space area, construction of water and reclaimed water pipeline, realignment of Warren Road, and drainage conveyance features. The project site is in the Page Ranch Planned Community Development Plan between Warren Road to the east, the Second San Diego Aqueduct to the west, and the future Stetson Road alignment, the Hemet Channel and the BNSF railroad tracks to the South. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPranchodiamante.pdf Comment Period: 8/4/2016 - 9/3/2016 Public Hearing: 8/22/2016	Notice of Preparation of a Subsequent Environmental Impact Report	City of Hemet	SCAQMD staff commented on 8/10/2016
Plans and Regulations **RVC160819-02** French Valley Specific Plan No. 312, Amendment No. 2, General Plan Amendment No. 1163, Change of Zone No. 7898, and Tentative Tract Map No. 37053	The proposed project consists of the subdivision of 214.43 acres into 747 single-family residential lots, 84 open space lots and two basins. The project is located south of Keller Road, west of Leon Road, north of Baxter Road and east of Lasker Lane. Reference RVC160304-05 http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPfrenchvalley.pdf Comment Period: 8/19/2016 - 9/19/2016 Public Hearing: 9/12/2016	Notice of Preparation	Riverside County Planning	SCAQMD staff commented on 8/30/2016

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

Attachment A
Incoming CEQA Documents
August 01, 2016 to August 31, 2016

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Plans and Regulations **RVC160819-08** City of Palm Desert 2015 General Plan Update	The proposed project consists of design guidance for the areas around the CSUSB Palm Desert campus, and includes policies that provide the City with tools to seek pedestrian-oriented development patterns to diversify the City's existing primarily automobile-oriented development patterns. Comment Period: 8/19/2016 - 10/3/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of Palm Desert	Document reviewed - No comments sent
Plans and Regulations **RVC160831-01** Rancho San Gorgonio Specific Plan	The proposed project consists of an 831-acre master-planned community, which includes a mixture of residential, commercial, open space, and recreational uses and up to 3,385 residential units. The project is bounded by Westward Avenue on the north, Sunset Avenue and Turtle Dove Lane on the west. Reference RVC160621-07 Comment Period: N/A Public Hearing: 9/7/2016	Final Environmental Impact Report	City of Banning	Document reviewed - No comments sent
Plans and Regulations **SBC160802-03** Waterman and Baseline Neighborhood Transformation Specific Plan	The proposed project consists of a Specific Plan that proposes a maximum buildout of up to 4,341 residential units, 3,570,448 square feet of non-residential uses, and associated transportation/mobility and infrastructure improvements which includes approximately 710 acres. The project site is located by Sierra Way to the west, Tippecanoe Avenue and the flood control channel on the east, 3rd Street to the south and Highland Avenue to the north. Reference SBC150901-02 Comment Period: 7/29/2016 - 9/12/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of San Bernardino	Document reviewed - No comments sent

- Project has potential environmental justice concerns due to the nature and/or location of the project.
Documents received by the CEQA Intergovernmental Review program but not requiring review are not included in this report.

ATTACHMENT B*
ONGOING ACTIVE PROJECTS FOR WHICH SCAQMD HAS OR IS CONTINUING TO CONDUCT A CEQA REVIEW

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Warehouse & Distribution Centers **LAC160715-03** Chestnut Street Warehouse Project	The proposed project consists of subdividing a 28.9 acre site into five parcels and developing each parcel with a concrete tilt-up warehouse/office building for a total of 614,597 square feet. The project site would access Chestnut Street, Virgil Waters Way, Azusa Avenue, Railroad Street, and Curl Court off of Railroad Street. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/DEIRchestnutst.pdf Comment Period: 7/15/2016 - 8/29/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of Industry	SCAQMD staff commented on 8/24/2016
Warehouse & Distribution Centers **RVC160727-05** Moreno Valley Logistics Center (SPA P-15-036, TPM PA 15-0018; PP PA 15-0014. Plot Plan PA15-0015, Plot Plan PA15-016, and Plot Plan PA15-0017)	The proposed project consists of four Plot Plans to provide for the construction and operation of a warehouse distribution center with four buildings providing 1,737,518 square feet of total floor space. Associated improvements to the property would include loading docks, surface parking areas (automobile parking and truck trailer parking), drive aisles, roadway improvements, utility infrastructure, landscaping, exterior lighting, signage, and water quality detention basins. The project also includes a Specific Plan Amendment to modify land use buffering and landscape requirements applicable to the subject property and a Tentative Parcel Map to consolidate a 73.4 acre portion of the site into two parcels. The project is located on the southwest corner of Indian St. and Krameria Ave. Reference RVC150619-03 http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/DEIRmorenovalley.pdf Comment Period: 7/22/2016 - 9/6/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of Moreno Valley	SCAQMD staff commented on 8/26/2016
Airports **LAC160722-02** Los Angeles International Airport Terminal 1.5 Project	The proposed project consists of constructing an enclosed/controlled corridor between Terminals 1 and 2 at LAX to improve existing passenger processing capabilities. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MNDlaxterminal.pdf Comment Period: 7/21/2016 - 8/10/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	Los Angeles World Airports	SCAQMD staff commented on 8/10/2016
Industrial and Commercial **LAC160721-02** ENV-2013-2994; 1525 Industrial Street, Central City North	The proposed project consists of the demolition of the existing industrial building, loading dock and freight truck/trailer storage area and the construction of an approximately 336,304-square-foot mixed-use project on a 2.59-acre site. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MND2013-2994.pdf Comment Period: 7/21/2016 - 8/22/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	SCAQMD staff commented on 8/9/2016

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 CEQA REVIEW

SCAQMD LOG-IN NUMBER PROJECT TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Institutional (schools, government, etc.) **LAC160712-02** Pacific Charter School Development; Conditional Use Permit No. RPPL2015000365/Environment Case No. RPPL2016000593	The proposed project consists of constructing a 34,318-square-foot charter middle school located at 4360 Dozier Street. The site is within close proximity (300 feet) of the I-710 Freeway. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PC4360dozier.pdf Comment Period: N/A Public Hearing: N/A	Initial Project Consultation	Los Angeles County Department of Regional Planning	SCAQMD staff commented on 8/4/2016
Institutional (schools, government, etc.) **LAC160728-05** ENV-2016-1484; 10650 N. DeSoto Avenue, Chatsworth-Porter Ranch	The proposed project consists of the construction of a 7,098-square-foot house of worship with 150 seats. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MND20161484.pdf Comment Period: 7/28/2016 - 8/17/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	SCAQMD staff commented on 8/12/2016
Medical Facility **LAC160715-01** ENV-2016-1662/Providence Tarzana Medical Center	The proposed project consists of demolishing approximately 17,948 square feet of existing floor area and constructing approximately 292,000 square feet of new floor area on a 13-acre site. The project will include a new central utility plant and a patient wing. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPprovidencetarzana.pdf Comment Period: 7/15/2016 - 8/15/2016 Public Hearing: 7/27/2016	Notice of Preparation	City of Los Angeles	SCAQMD staff commented on 8/11/2016
Medical Facility **ORC160722-08** Harbor Pointe Senior Living Project	The proposed project consists of the demolition of an existing 8,800-square-foot restaurant and development of a five-story, 128-unit convalescent and congregate care facility. The project is located at 101 Bayview Place. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/NOPharborpointesr.pdf Comment Period: 7/22/2016 - 8/22/2016 Public Hearing: 8/15/2016	Notice of Preparation	City of Newport Beach	SCAQMD staff commented on 8/11/2016

- 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 TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Retail **LAC160714-12** Sam's Club Fueling Station Project	The proposed project consists of constructing a fueling station with eight pumps and a kiosk. The project location at the northeast corner of Normandie Avenue and Artesia Boulevard. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MNDsamsclubfuel.pdf Comment Period: 7/14/2016 - 8/15/2016 Public Hearing: 9/6/2016	Notice of Intent to Adopt a Draft Mitigated Negative Declaration	City of Gardena	SCAQMD staff commented on 8/10/2016
Retail **LAC160721-09** ENV-2016-731; 1330 W. Anaheim Street, Wilmington-Harbor City	The proposed project consists of the construction of a 1,000-square-foot take-out and drive-thru-only coffee-shop. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MND2016731.pdf Comment Period: 7/21/2016 - 8/22/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	SCAQMD staff commented on 8/12/2016
Retail **LAC160729-05** City Market of Los Angeles	The proposed project consists of redeveloping an approximately 10-acre site in Downtown Los Angeles. The project seeks to demolish up to approximately 91,729 square feet of existing structures on the project site and redevelop the site with a mixed-use project with a maximum of 1,719,658 square feet of total developed floor area built over a 25-year period. The project site is located at 1057 S. San Pedro Street Reference LAC150624-04 http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/DEIRcitymarket.pdf Comment Period: 7/28/2016 - 9/12/2016 Public Hearing: N/A	Recirculated Draft Environmental Impact Report	City of Los Angeles	SCAQMD staff commented on 8/24/2016
General Land Use (residential, etc.) **LAC160721-03** ENV-2016-1573; 4531 N. Tujunga Avenue, Sherman Oaks-Studio City-Toluca Lake-Cahuenga Pass	The proposed project consists of demolishing and constructing eight small lot homes on a 12,794-square-foot lot. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MND20161573.pdf Comment Period: 7/21/2016 - 8/22/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	SCAQMD staff commented on 8/12/2016

- 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 TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
General Land Use (residential, etc.) **LAC160721-05** ENV-2016-572; 849 N. Bunker Hill Avenue, Central City North	The proposed project consists of construction of a 37-unit apartment building. The project includes a haul route for the export of 5,000 cubic yards of earth material. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MND2016572.pdf Comment Period: 7/21/2016 - 8/22/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	SCAQMD staff commented on 8/12/2016
General Land Use (residential, etc.) **LAC160721-07** ENV-2016-1052; 18535 W. Burbank Boulevard, Encino-Tarzana	The proposed project consists of demolishing a surface parking lot and constructing a 14-unit multi-family apartment structure on a 10,729-square-foot lot. http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/MND20161052.pdf Comment Period: 7/21/2016 - 8/10/2016 Public Hearing: N/A	Notice of Availability of a Draft Mitigated Negative Declaration	City of Los Angeles	SCAQMD staff commented on 8/10/2016
General Land Use (residential, etc.) **RVC160722-07** Sophie Roland Hotel; TTM 36843; PP16-001	The proposed project consists of the construction of a 120-room hotel/residential condominiums on 2.21 acres located on the south side of Blue Springs Drive and west of Temescal Canyon Road in the Dos Lagos Specific Plan (SP99-03). http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/PCttm36843.pdf Comment Period: 7/18/2016 - 8/4/2016 Public Hearing: N/A	Initial Project Consultation	City of Corona	SCAQMD staff commented on 8/2/2016
General Land Use (residential, etc.) **SBC160712-01** Rancho Palma Development Project	The proposed project consists of the development of 120 single-family residential dwelling units, 98,000 square feet of commercial uses, two private parks, and a paseo. The project is located on a 42-acre site on the north side of West Little League Drive and west of Palm Avenue in the Verdemont Heights area. Reference SBC160329-01 http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/DEIRranchopalma.pdf Comment Period: 7/8/2016 - 8/22/2016 Public Hearing: N/A	Notice of Availability of a Draft Environmental Impact Report	City of San Bernardino	SCAQMD staff commented on 8/19/2016
Plans and Regulations **LAC160617-02/LAC160617-03** Puente Hills Landfill Park Master Plan	The proposed project consists of a long-range master plan that over time would develop a portion 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 I-605 in the unincorporated County. Reference LAC151229-14 http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/DEIRpuentehillslandfillpark.pdf Comment Period: 6/24/2016 - 8/8/2016 Public Hearing: 6/29/2016	Notice of Availability of a Draft Environmental Impact Report	County of Los Angeles	SCAQMD staff commented on 8/3/2016

- 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 TITLE	PROJECT DESCRIPTION	TYPE OF DOC.	LEAD AGENCY	COMMENT STATUS
Plans and Regulations **SBC160705-15** Renaissance Specific Plan	The proposed project consists of an amendment to the 2010 Renaissance Specific Plan. The Specific Plan is planned as an integrated community of varied housing types located near and linked to places of employment, retail outlets, services and schools. The project accommodates 16.2 million square feet of business and commercial uses, 1,667 residential units, one school, a community park, and multiple neighborhood parks all located in close proximity and organized in a grid pattern. Reference SBC100902-01 http://www.aqmd.gov/docs/default-source/ceqa/comment-letters/2016/august/DEIRrenaisance.pdf Comment Period: 7/6/2016 - 8/8/2016 Public Hearing: 7/13/2016	Draft Subsequent Environmental Impact Report	City of Rialto	SCAQMD staff commented on 8/3/2016

- Project has potential environmental justice concerns due to the nature and/or location of the project.

ATTACHMENT C
ACTIVE SCAQMD LEAD AGENCY PROJECTS
THROUGH AUGUST 31, 2016

PROJECT DESCRIPTION	PROPONENT	TYPE OF DOCUMENT	STATUS	CONSULTANT
Tesoro Refinery proposes to integrate the Tesoro Wilmington Operations with the Tesoro Carson Operations (former BP Refinery). 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.	Tesoro Refining and Marketing Company Los Angeles Refinery	Environmental Impact Report (EIR)	The comment period for the Draft EIR closed on June 10, 2016. Responses to comments are being prepared.	Environmental Audit, Inc.
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.	Phillips 66 (formerly ConocoPhillips), Los Angeles Refinery	Environmental Impact Report (EIR)	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.	Environmental Audit, Inc.
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

A shaded row indicates a new project.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 21

REPORT: Rule and Control Measure Forecast

SYNOPSIS: This report highlights SCAQMD rulemaking activities and public workshops potentially scheduled for the year 2016 and portions of 2017.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:
Receive and file.

Wayne Nastri
Acting Executive Officer

PMF:SN:afm:la

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.

219 222	Equipment Not Requiring a Written Permit Pursuant to Regulation II Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II
Proposed Amendments to Rules 219 and 222 are being moved from December 2016 to March 2017 to allow additional time for staff to work with stakeholders.	
1470.1	Requirement for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines at Sensitive Receptors
Proposed Rule 1470.1 is being moved from January 2017 to June 2017 to allow additional time for staff to work with stakeholders.	

2016 To-Be-Determined Rules
All rules listed under the 2016 To-Be-Determined table will be shifted to the 2017 To-Be-Determined table due to the limited time remaining in the year. The 2017 Master Calendar is currently under development.

2016 MASTER CALENDAR (continued)

2016

November	Title	AQMP	Toxics	Other
1302	Definitions			√
1325	Federal PM2.5 New Source Review Program			√

2017

January	Title	AQMP	Toxics	Other
1304.2	Greenfield or Existing Electrical Generating Facility Fee for Use of Offsets for Load Serving Entities			√
1304.3	Greenfield or Existing Electrical Generating Facility Fee for Use of Offsets for Municipalities			√
February		**AQMP**	**Toxics**	**Other**
1148.3	Requirements for Oil and Gas Wells and Commercial Suppliers			√
March		**AQMP**	**Toxics**	**Other**
219	Equipment Not Requiring a Written Permit Pursuant to Regulation II			√
222	Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II			√
1148.2	Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers			√
1430*	Control of Emissions from Grinding Operations at Metal Forging Facilities		√	
2202	On-Road Motor Vehicle Mitigation Options			√
Quarter 1		**AQMP**	**Toxics**	**Other**
415*	Odors from Animal Rendering Facilities			√

2016 MASTER CALENDAR (continued)

2017 (continued)

April		AQMP	Toxics	Other
1466	Toxic Air Contaminant Emissions from Decontamination of Soil		√	
May		**AQMP**	**Toxics**	**Other**
1469[*]	Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations		√	
Quarter 2	**Title**	**AQMP**	**Toxics**	**Other**
1136[*,+]	Wood Products Coatings (CTS-02)	√		
1147	NOx Reductions from Miscellaneous Sources	√		
1407	Control of Emissions of Arsenic, Cadmium and Nickel from Non-Ferrous Metal Operations		√	
1420	Emissions Standard for Lead		√	
June		**AQMP**	**Toxics**	**Other**
1470.1	Requirement for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines at Sensitive Receptors		√	
Quarter 3		**AQMP**	**Toxics**	**Other**
1138	Control of Emissions from Restaurant Operations (BCM-01)	√		
1426	Emissions from Metal Finishing Operations		√	
Quarter 4		**AQMP**	**Toxics**	**Other**
1135	Emissions of Oxides of Nitrogen from Electric Power Generating Systems			√
1142	Marine Tank Vessel Operations	√		
1153.1	Emissions of Oxides of Nitrogen from Commercial Food Ovens	√		

2016 MASTER CALENDAR (continued)

2017 TO-BE-DETERMINED

TBD	Title	AQMP	Toxics	Other
Reg. II 224	Permits Incentives for Super-Compliant Technologies			√ √
416	Odors from Kitchen Grease Processing			√
430	Breakdown Provisions	√		
1106 1106.1	Marine Coating Operations Pleasure Craft Coating Operations			√ √
1107+	Coating of Metal Parts and Products (CTS-02)	√		
1118+	Control of Emissions from Refinery Flares	√		
1123+	Refinery Process Turnarounds (MCS-03)	√		
1146 Series*,+	Emissions of Oxides of Nitrogen	√		
1161+	VOC Reductions from Mold Release Agents (CTS-03)	√		
1171+	Solvent Cleaning Operations (CTS-02)	√		
1173+	Control of Volatile Organic Compound Leaks and Releases from Components at Petroleum Facilities and Chemical Plants	√		
1177+	Liquefied Petroleum Gas Transfer and Dispensing (FUG-02)	√		
1188+	VOC Reductions from Vacuum Trucks (FUG-01)	√		
1190 Series*,+	Fleet Vehicle Requirements	√		
Reg. XIII	New Source Review			√
1450*	Control of Methylene Chloride Emissions		√	
1111.1	Reduction of NOx Emissions from Natural Gas Fired Commercial Furnaces (CMB-01)	√		
1133 Series	Composting and Related Operations	√		

2016 MASTER CALENDAR (continued)

2017 TO-BE-DETERMINED (continued)

TBD	Title	AQMP	Toxics	Other
1150.1	Control of Gaseous Emissions from Municipal Solid Waste Landfills			√
1168	Adhesive and Sealant Applications (CTS-02)	√		
1403	Asbestos Emissions from Demolition/Renovation Activities		√	
1411	Recovery or Recycling of Refrigerants from Motor Vehicle Air Conditioners			√
1902	Transportation Conformity	√		
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.	√	√	√

2016 MASTER CALENDAR (continued)

2017 TO-BE-DETERMINED (continued)

TBD	Title	AQMP	Toxics	Other
Reg. XVI	Mobile Source Offset Programs			√
Reg. XXV	On-Road and Off-Road Mobile Source Credit Generation Program			√
Reg. XXVII	Climate Change			√
Reg. XXIII	Emissions Growth Management of Various Emissions Sources	√		
Reg. XL	Ensure AQMP Emission Reduction Targets Are Met at Commerical Marine Ports	√		
---	Mobile and Indirect Source Measures	√	√	
---	SIP Implementation	√		

ATTACHMENT A

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.

2017

Quarter 2	
1136	**Wood Products Coatings (CTS-02)** *[Projected Emission Reduction: TBD]* Amendments to existing rule limits and other provisions. *Philip Fine 909.396.2239 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1147	**NOx Reductions from Miscellaneous Sources** *[Projected Emission Reduction: N/A]* Amendments may be necessary to address findings of ongoing technology assessment. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
Quarter 3	
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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
Quarter 4	
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. *Ian MacMillan 909.396.3244 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1153.1	**Emissions of Oxides of Nitrogen from Commercial Food Ovens** *[Projected Emission Reduction: N/A]* Rule 1153.1 was adopted in November 2014 and established NOx emission limits for various types of existing commercial food ovens on a specified compliance schedule. Amendments may be necessary to address applicability and technological feasibility of low-NOx burner technologies for new commercial food ovens. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

2017 To-Be-Determined

To-Be-Determined	
430	**Breakdown Provisions** *[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 shutdowns associated with breakdowns. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1111.1	**Reduction of NOx Emissions from Natural Gas Fired Commercial Furnaces (CMB-01)** *[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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1118	**Control of Emissions from Refinery Flares** *[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. *Ian MacMillan 909.396.3244 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
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. *Ian MacMillan 909.396.3244 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1146 Series	**Emissions of Oxides of Nitrogen** *[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: Michael Krause 909.396.27064 Socio: Jillian Wong 909.396.3176*

2017 To-Be-Determined (Continued)

To-Be-Determined	
1161	**VOC Reductions from Mold Release Agents (CTS-03)** *[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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1168	**Adhesive and Sealant Applications (CTS-02)** 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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1171	**Solvent Cleaning Operations (CTS-02)** *[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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
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. *Ian MacMillan 909.396.3244 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1188	**VOC Reductions from Vacuum Trucks (FUG-01)** *[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. *Ian MacMillan 909.396.3244 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1190 Series	**Fleet Vehicle Requirements** *[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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

2017 To-Be-Determined (Continued)

To-Be Determined	
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. *Ian MacMillan 909.396.3244 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
Reg. IV, XI, XIV, 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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
---	**SIP Implementation** *[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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

2017 To-Be Determined (Continued)

To-Be Determined	
Reg. XXIII	**Emissions Growth Management of Various Emissions Sources** *[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. *Henry Hogo 909.396.3184 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
Reg. XL	**Ensure AQMP Emission Reduction Targets Are Met at Commercial Marine Ports** *[Projected Emission Reduction: TBD]* Regulation XL will contain rules applicable to the region's commercial marine ports and to port-related emission sources operating within or traveling 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. *Henry Hogo 909.396.3184 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

ATTACHMENT B

Toxic Rule Activity Schedule

This attachment lists those rule or rule amendments for Board consideration that are designed to reduce air toxics.

2017

March	
1430	**Control of Emissions from Grinding Operations at Metal Forging Facilities** Proposed Rule 1430 will establish emission reduction requirements for metal grinding operations. *Susan Nakamura 909.396.3105 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
April	
1466	**Toxic Air Contaminant Emissions from Decontamination Soil** Proposed Rule 1466 would establish requirements to control toxic metal emissions from activities involving storing, handling and transporting soils with metals. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
May	
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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
June	
1470.1	**Requirement for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines at Sensitive Receptors** The proposal would address new and existing small ($\leq$ 50 brake horsepower) diesel engine emissions located near sensitive receptors such as schools, preschools, daycare centers and health care facilities. *Susan Nakamura 909.396.3104 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

2017 (Continued)

Quarter 2	
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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1420	**Emissions Standard for Lead** 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. *Susan Nakamura 909.396.3105 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
Quarter 3	
1426	**Emissions from Metal Finishing Operations** Proposed amendments to Rule 1426 will establish requirements to reduce nickel, cadmium and other air toxics from plating operations. *Susan Nakamura 909.396.3105 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

2017 To-Be-Determined

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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1450	**Control of Methylene Chloride Emissions** 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. *Philip Fine 909.396.2239 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
Reg. IV, XI, XIV, XIV, 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.
---	**Mobile and Indirect Source Measures** The District may adopt measures to limit emissions from mobile and indirect sources, both on-road and off-road (non-road) 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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

ATTACHMENT C

Other Rule Activity Schedule

This attachment lists rule amendments for Board consideration that are designed to improve rule enforceability, SIP corrections, or implementing state or federal regulations.

2016

November	
1302	**Definitions**
1325	**Federal PM2.5 New Source Review Program** Amendments may be necessary to address U.S. EPA's Final Ruling to reclassify the Los Angeles South Coast Air Basin (South Coast) from Moderate PM2.5 nonattainment area to Serious PM2.5 nonattainment for the 2006 National Ambient Air Quality Standards. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

2017

January	
1304.2	**California Public Utilities Commission Regulated Electrical Generating Facility Fee For Use Of Sox, PM10 and NOx Offsets**
1304.3	**Local Publicly Owned Electrical Utility Fee For Use Of Sox, PM10 and NOx Offsets** 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 can compete on a level playing field with existing generating facilities with utility steam boilers, and implement the State's plan to maintain grid reliability. 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. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

ATTACHMENT C (Continued)

2017 (Continued)

February	
1148.3	**Requirements for Oil and Gas Wells and Commercial Suppliers** Proposed Rule 1148.3 will establish best management practices during specific well stimulation activities. Additional revisions to Rule 1148.2 may also be needed. *Ian MacMillan 909.396.3244 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
March	
219 222	**Equipment Not Requiring a Written Permit Pursuant to Regulation II** **Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II** 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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1148.2	**Notification and Reporting Requirements for Oil and Gas Wells and Chemical Suppliers** *Ian MacMillan 909.396.3244 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
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: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
Quarter 1	
415	**Odors from Animal Rendering Facilities** *[Projected Emission Reduction: TBD]* 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. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

2017 (Continued)

Quarter 4	
1135	**Emissions of Oxides of Nitrogen from Electric Power Generating Systems** At the December 4, 2015 Governing Board meeting, Rule 2001 – Applicability was amended, allowing for an off-ramp from the NOx RECLAIM program for electricity generating facilities (EGF) operating at best available control technology (BACT) or best available retrofit control technology (BARCT) NOx emission levels. Any EGF that opts out of the NOx RECLAIM program will need to comply with the proposed amendments to Rule 1135 - Emissions of Oxides of Nitrogen from Electric Power Generating Systems. The primary purpose of these proposed amendments is for the EGF facility to maintain compliance with the NOx RECLAIM emission limits. The EGF owner or operator would need to comply with the newly developed Rule 1135 source-specific requirements no later than three years after approval of their Rule 2001 opt-out plan. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

2017 To-Be Determined

To-Be-Determined	
Reg. II 224	**Permits** **Incentives for Super-Compliant Technologies** This 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 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
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. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

2017 To-Be Determined (Continued)

To-Be-Determined	
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. *Philip Fine 909.396.2239 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1150.1	**Control of Gaseous Emissions from Municipal Solid Waste Landfills** 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. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
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. *Tracy Goss 909.396.3106 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
1411	**Recovery or Recycling of Refrigerants from Motor Vehicle Air Conditioners** 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. *Philip Fine 909.396.2239 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*

2017 To-Be Determined (Continued)

To-Be-Determined	
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. *Henry Hogo 909.396.3184 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
Reg. XXV	**On-Road and Off-Road Mobile Source Credit Generation Programs** 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. *Henry Hogo 909.396.3184 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
Reg. XXVII	**Climate Change** Changes may be needed for Regulation XXVII to add or update protocols for GHG reductions, and other changes may be needed. *Jill Whynot 909.396.3104 CEQA: Michael Krause 909.396.2706 Socio: Jillian Wong 909.396.3176*
Reg. IV, XI, XIV, 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 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.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 22

PROPOSAL: Report of RFQs Scheduled for Release in October

SYNOPSIS: This report summarizes the RFQs for budgeted services over $75,000 scheduled to be released for advertisement for the month of October.

COMMITTEE: Administrative, September 9, 2016; Recommended for Approval

RECOMMENDED ACTION:
Approve the release of RFQs for the month of October.

Wayne Nastri
Acting Executive Officer

MBO:lg

Background

At its January 8, 2010 meeting, the Board approved a revised Procurement Policy and Procedure. Under the revised policy, RFQs for budgeted items over $75,000, which follow the Procurement Policy and Procedure, no longer require Board approval. However, a monthly report of all RFQs over $75,000 is included as part of the Board agenda package and the Board may, if desired, take action on anyRFQ in the report. The report provides the title and synopsis of the RFQ, the budgeted funds available, and the name of the Deputy Executive Officer/Asst. Deputy Executive Officer responsible for that item. Further detail including closing dates, contact information, and detailed proposal criteria will be available online at http://www.aqmd.gov/grants-bids following Board approval on October 7, 2016.

Outreach

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFQs 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 RFQs 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."

Proposal Evaluation
Proposals received will be evaluated by applicable diverse panels of technically-qualified individuals familiar with the subject matter of the project or equipment and may include outside public sector or academic community expertise.

Attachment
Report of RFQs Scheduled for Release in October 2016

October 7, 2016 Board Meeting
Report on RFQs Scheduled for Release on October 7, 2016

(For detailed information visit SCAQMD's website at http://www.aqmd.gov/grants-bids following Board approval on October 7, 2016)

RESEARCH AND DEVELOPMENT OR SPECIAL TECHNICAL EXPERTISE

RFQ #Q2017-02	Issue Request for Quotations for Core Network Upgrade The SCAQMD maintains staff responsible for the administration, maintenance, and repair of the SCAQMD's computer infrastructure. This includes core network equipment (i.e. network backbone, local area network, and wide area network). The SCAQMD issues purchase orders to obtain hardware, software and services as required to support this infrastructure. The purpose of this RFQ is to invite eligible vendors to submit quotations for core network equipment, training and configuration/installation/ maintenance service. Funds for this purpose are included in the FY 2016-17 Budget.	MARLIA/3148

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 23

PROPOSAL: Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2016-17

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 first six months of FY 2016-17.

COMMITTEE: No Committee Review

RECOMMENDED ACTION:
Receive and file.

Wayne Nastri
Acting 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 July 1 and December 31, 2016. Information provided for each project includes a brief project description, FY 2016-17 Budget, and the schedule associated with known major milestones (issue RFP/RFQ, execute contract, etc.).

Attachment
Information Management Major Projects for Period July 1 through December 31, 2016

ATTACHMENT
October 7, 2016 Board Meeting
Information Management Major Projects
for the Period July 1 through December 31, 2016

Item	Brief Description	Budgeted Funds	Schedule of Board Actions	Status
Systems Development, Maintenance, and Support	Provide development, maintenance and support for: • Web application system development • eGovernment/eCommerce Infrastructure • CLASS systems maintenance	$373,000	July 8, 2016	Completed
Network Core Switch and Router Replacement	Replace the existing voice and data network core switch and router, which is no longer fully supported by the manufacturer. The new core switch and router will deliver enhanced functionality with additional bandwidth and speed.	$150,000	Release RFP October 7, 2016; Award contract January 6, 2017	On Schedule

Double-lined Rows - Board Agenda items for this month

Shaded Rows - activities completed

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 25

REPORT: Administrative Committee

SYNOPSIS: The Administrative Committee met on Friday, September 9, 2016. The Committee discussed various issues detailed in the Committee report. The next Administrative Committee meeting is scheduled for Friday, October 14, 2016 at 10:00 a.m.

RECOMMENDED ACTION:
Receive and file.

Dr. William A. Burke, Chair
Administrative Committee

nv

Attendance: Attending the September 9, 2016 meeting were Committee Vice Chair Ben Benoit and Committee Member Judith Mitchell at SCAQMD headquarters, and Committee Chair Dr. William A. Burke and Committee Member Dr. Clark E. Parker, Sr. via videoconference.

ACTION/DISCUSSION ITEMS:

1. **Board Members' Concerns:** None to report.

2. **Chairman's Report of Approved Travel:** As noted on the travel report, Councilmember Mitchell will attend the monthly CARB Board meeting in Sacramento, September 21-23, 2016. In addition, Councilmember Mitchell and Mayor McCallon will attend the 2016 UCLA Lake Arrowhead Symposium on Transportation, Land Use and the Environment, "Pay it Forward: Investing in Sustainable Mobility" on October 16-18, 2016.

3. **Approval of Compensation for Board Member Assistant(s)/Consultant(s):** Chief Deputy Counsel Barbara Baird reported that Councilmember Dwight Robinson is recommending to increase his Board Consultant Matthew Holder's

stipend as he has taken on additional responsibilities, resulting in a decrease to his Board Consultant Thomas Fuentes' stipend in a simple reallocation of funds.

Moved by Benoit; seconded by Mitchell, unanimously approved.

Ayes:	Benoit, Mitchell, Dr. Parker, Dr. Burke
Noes:	None
Absent:	None

4. **Report of Approved Out-of-Country Travel:** None to report.

5. **Discussion on Potential SCAQMD Membership in Southern California Association of Governments:** Deputy Executive Officer/Public Advisor Derrick Alatorre reported that Vice Chair Benoit requested that staff to research the cost of becoming a member of SCAG; the membership cost is $10,000. Every year SCAQMD sponsors the General Assembly for $7,500. The $10,000 membership benefits include selecting membership on one of SCAG's policy committees, either Transportation; Community, Economic and Human Development; or Energy and Environment. Only SCAQMD's elected Board Members are eligible to serve on regional councils. SCAQMD receives one complimentary registration at SCAG's General Assembly and other conferences, such as the Economic Summit, the Housing Summit and the Regional Conference. SCAQMD also has the opportunity to participate in their state and legislative meetings. Dr. Burke inquired whether with payment of $10,000 for membership, will there still be a $7,500 fee for sponsorship? Mr. Alatorre responded yes, but does not include a booth at the annual General Assembly meeting. If a booth is requested, there would be an additional cost. Dr. Burke inquired who would be the eligible Board Members to be appointed to SCAG? Mr. Alatorre responded that it would be any of the elected City or County Board of Supervisor Members; none of the appointed Board Members would be eligible. Dr. Burke commented that it is a good idea to join SCAG and Councilmember Mitchell agreed.

   Moved by Mitchell; seconded by Benoit, unanimously approved.

Ayes:	Benoit, Mitchell, Dr. Parker, Dr. Burke
Noes:	None
Absent:	None

6. **Website Improvement Project:** Assistant Deputy Executive Officer Chris Marlia reported that the website contractor's recommendations were approved at the May Administrative Committee meeting and approved by the full Board at its June Board meeting. The recommended final draft home page design, new

navigation and revised calendar are now complete. The contractors have worked with an oversight committee that consists of members from similar agencies that have recently gone through website upgrades and provided valuable insight on the proposed navigation, calendar, and home page design. The contractor has provided its draft final home page design and navigation, and reorganization of site content. Feedback has been received from internal staff and from Executive Council members. Of the budgeted $117,000 approved in June, $20,000 has been spent to date. Dr. Burke inquired which area of the website is most popular? Mr. Marlia responded that the rules pages and the F.I.N.D. application are most popular. Dr. Burke inquired whether that would cause one to believe these are institutional users, or general public looking for permit information? Mr. Marlia agreed and added that users may seek information to determine whether facilities are in compliance with SCAQMD's rules. Dr. Burke asked who receives complaints about the website? Mr. Marlia responded that complaints go to the WebEditor (monitored by Information Management staff) or WebInquiry (monitored by Legislative, Public Affairs and Media staff) both of which are reached through links on the website. Dr. Burke inquired which area receives the most inquiries or complaints. Mr. Marlia responded that most people have questions about finding information on the website.

Dr. Burke commented that the website has greatly improved, but inquired whether the website will be user-friendly for the layman? Mr. Marlia responded that the consultant designed the website with that in mind. Councilmember Benoit commented it would be nice to continue having an air quality map at the bottom as was displayed on the old website. The map could be a GIS-type map. Currently, if you want to look up what's in your neighborhood, you would have to know the name and address of the facility, but with a GIS-type map you can click on the location and obtain the facility information. Councilmember Mitchell agreed that the map would make it easier for the layman. She also commented that the new website is a vast improvement, since the current website is obscure. Councilmember Mitchell inquired if there is physical difficulty in designing a web page? Mr. Marlia responded it gets down to the "real estate" and how much space is being used. Councilmember Mitchell commented that while viewing the map within the website, it would be nice if there was the ability to go back to the homepage. Dr. Burke commented that he has received good feedback on the website improvement and congratulated Mr. Marlia on a job well-done. Councilmember Benoit inquired if the website calendar page can be tied to his Outlook calendar or his Gmail calendar at home? Mr. Marlia responded that the consultant will be exploring that feature. Dr. Parker inquired about locating the Check Before You Burn icon on the homepage and had some concerns about the calendar title page language; Mr. Marlia responded that the page is a mock-up with "filler text." Councilmember Mitchell inquired if it would be possible to highlight the calendar page so that it is more easily found

than having to go to a dropdown menu? Councilmember Benoit inquired if a calendar icon could be located to the right of Resources on the navigation bar. Mr. Nastri commented that going forward, individual presentations to the Board Members and staff will be done to obtain additional feedback.

7. **Status of Rule 1118 Mitigation Funds:** General Counsel Kurt Wiese reported that there is approximately $22 million in a fund that has been paid by the refineries pursuant to Rule 1118. Rule 1118 requires the refineries to pay into the fund if they exceed annual limits on flaring. The rule states that the money is a mitigation fee with the requirement that the money be used to reduce emissions as created by flaring or the adverse effects of those emissions. In the past, mitigation funds have been used to fund monitoring at the refineries and could also be used to fund emission reduction programs or respiratory health-related projects. The Board Resolution adopting Rule 1118 directs staff to cooperate with representatives from impacted communities and the refineries at the source of the emissions when developing proposals. Staff is proposing to conduct community workshops similar to the workshop recently conducted in Torrance to get community input on the use of ExxonMobil settlement funds. Following the workshops, this item will go back to the Board with requests to release RFPs based on the input received from the community. In response to an inquiry from Councilmember Mitchell, Mr. Wiese advised the primary pollutant SO2 brought regional effects, but that it will not be necessary to go back and tie funds to particular events; rather this money can be utilized to fund projects in areas near the refineries.

   Mr. Nastri added that the issue was brought up relative to the Torrance Refinery releases and the utilization of the $2.7 million. The community inquired how the $22 million would be utilized within the community. Dr. Burke commented that he has never heard any previous discussion that funds need to be utilized in any specific manner, and cautioned against restricting the use of penalty funds in the future. Mr. Wiese clarified that these are not penalty funds, but amounts paid by the refineries into a Rule 1118 mitigation fund when they exceed their annual SOx limit. Dr. Parker asked how much money is usually collected on average per year from the refineries for excess flaring. Mr. O'Kelly responded that this Rule has been in place about 6 years, earning $22 million, which averages about $3-$4 million per year. Dr. Parker inquired what has been spent, to which Mr. O'Kelly responded $1.5 million has been spent on lidar equipment, field services and monitoring at a couple of refineries. Mr. O'Kelly further clarified that out of $22 million, $13 million was received within the last six months; the fund had $2-$3 million for the first three-four years of its existence and then over the last 24 months, there has been an additional $13-$14 million received. Mr. Nastri commented that it came from the Torrance Refinery (ExxonMobil). Councilmember Mitchell moved the item, contingent upon holding Town Hall

workshops similar to the workshop held for the $2.7 million to determine how the money under Rule 1118 will be spent.

Moved by Mitchell; seconded by Benoit, unanimously approved.

Ayes:	Benoit, Mitchell, Dr. Parker, Dr. Burke
Noes:	None
Absent:	None

8. **Appropriate Funds and Authorize Amending/Initiating Contracts with Outside Counsel and Specialized Legal Counsel and Services:** Mr. Kurt Wiese reported that this item is to request $500,000 for funding environmental litigation efforts which includes the SoCalGas litigation, World Logistics Center and the lawsuit brought by environmental organizations challenging the RECLAIM shave.

   Moved by Benoit; seconded by Mitchell, unanimously approved.

Ayes:	Benoit, Mitchell, Dr. Parker, Dr. Burke
Noes:	None
Absent:	None

On the motion of Chairman Burke, moved by Mitchell, seconded by Benoit, the committee unanimously approved agenda items 9 through 13 to be forwarded to the full Board.

9. **Execute Sole Source Contract for Maintenance and Service Agreement for SCAQMD Headquarters' Energy Management System:** Deputy Executive Officer/Chief Administrative Officer Michael O'Kelly reported that this item is to request a three-year contract with Siemens for the energy management system of the building, of approximately $3,000 per year.

10. **Execute Contract for Biennial Audit of Motor Vehicle Registration Revenues for FYs 2013-14 and 2014-15:** The staff presentation on this item was waived.

11. **Report of RFQs Scheduled for Release in October:** The staff presentation on this item was waived.

12. **Amend Lease Agreement with City of Diamond Bar for Use of SCAQMD Facility:** The staff presentation on this item was waived.

13. **Execute Lease and Maintenance Agreement for Printing Equipment and Copiers:** The staff presentation on this item was waived.

14. **Review October 7, 2016 Governing Board Agenda:** The next Board meeting is October 7, 2016, in Riverside.

15. **Other Business:** None to report.

16. **Public Comment:** None to report.

Meeting adjourned at 10:50 a.m.

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 26

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, September 9, 2016. The next Legislative Committee meeting is scheduled for Friday, October 14, 2016 at 9 a.m.

RECOMMENDED ACTION:
Receive and file this report.

Judith Mitchell
Chair
Legislative Committee

DA:PC:MC

Attendance ***[Attachment 1]***
The Legislative Committee met on September 9, 2016. Committee Chair Judith Mitchell, and Committee Member Janice Rutherford were present at the South Coast Air Quality Management District's (SCAQMD) Diamond Bar headquarters. Committee Members Michael D. Antonovich, Dr. William A. Burke, and Dr. Clark E. Parker, Sr. attended via videoconference. Committee Member Joe Buscaino was absent.

Update on Federal Legislative Issues ***[Attachment 2]***
SCAQMD's federal legislative consultants (Carmen Group, Cassidy & Associates, and Kadesh & Associates) each provided a written report on various key Washington, D.C. issues. The three firms each gave a verbal update as well.

Mr. Gary Hoitsma of Carmen Group updated his firm's report by providing a more comprehensive description of the Congressional schedule for the remainder of 2016. Mr. Hoitsma also generally described some of the larger funding issues that Congress will be facing through the end of the year, and mentioned a number of Department of Transportation grant program announcements, including those involving the FASTLANE grant program and the Transportation Investment Generating Economic Recovery (TIGER) Discretionary grant program.

Mr. Kaleb Froehlich of Cassidy & Associates updated his firm's written report by stating that the conference committee relating to the energy bill had its first official conference meeting between House and Senate members, in an effort to work out issues

and merge the House and Senate versions of the bill into an agreeable joint package. One more such meeting may occur before the October recess. Mr. Froehlich also reported that his firm is working with SCAQMD staff to coordinate a visit by Congressional staff to the SCAQMD to tour the headquarters and key parts of the region, as well as to be briefed on regional air quality issues. In response to an inquiry, Mr. Froehlich clarified that this trip was planned for the end of October 2016.

Mr. Chris Kierig of Kadesh & Associates updated his firm's written report by reporting on the latest developments regarding the FY 2017 appropriations bills. Mr. Kierig reported that it is unlikely that these appropriations bills will be completed before the end of the federal fiscal year (September 30), thus a Continuing Resolution (CR) is expected that lasts through December 9 or 16, although the end date is still being debated, with conservative-leaning House members preferring an end date in early 2017.

In response to an inquiry, Acting Executive Officer Wayne Nastri provided a status update on progress with U.S. EPA regarding the Petition for Rulemaking to Adopt Ultra-Low NOx Exhaust Emission Standards for On-Road Heavy-Duty Trucks and Engines. It was reported that this effort remains on track and encouraging communications have been received from U.S. EPA regarding the possibility of their undertaking a timely rulemaking.

Update on State Legislative Issues *[Attachment 3]*
An inquiry was made regarding whether the tenuous status of the Cap and Trade Program and complexities involved in getting Greenhouse Gas Reduction Fund (GGRF) monies would impact SCAQMD's approach to the draft 2016 AQMP. Staff responded in the negative, and made reference to the passage of SB 32 (Pavley), which officially puts into law greenhouse gas reduction requirements through 2030, and the fact that the Governor released $900 million in GGRF monies, a portion of which will directly help reduce criteria pollutant emissions. Staff also stated that multiple pots of funding will continue to be identified and pursued beyond the GGRF, in order to support the AQMP efforts. Additionally, the exploration of a new increased DMV registration fee to support the AQMP and air pollution reduction efforts was also discussed.

SCAQMD's state legislative consultants (Joe A. Gonsalves & Son and Gonzalez, Quintana, Hunter & Cruz, LLC) also provided written reports on various key issues in Sacramento. The two firms each gave a verbal update as well.

Mr. Paul Gonsalves of Joe A. Gonsalves & Son updated his firm's report by stating that there were over 800 bills sent to the Governor at the end of the legislative session for his consideration, and he has until September 30 to act on these bills. Further, Mr. Gonsalves reported that AB 197 (E. Garcia) and SB 32 (Pavley), which were double-joined (i.e. each could not become law without the other also becoming law), were both signed into law on September 8 by Governor Brown. Mr. Gonsalves also made

reference to the lawsuit that has been filed by the California Chamber of Commerce challenging the validity of the Cap and Trade Program. The Legislature focused only on establishing GHG emission limit levels and timelines this year and did not address the Cap and Trade Program. The plan is to see how the lawsuit develops and, if necessary, pursue legislation (with a 2/3 vote) or a statewide ballot initiative to reestablish the legitimacy of the program.

Mr. Gonsalves also reported that SB 1387 (De León) failed passage and is now dead.

Mr. Matt Klopfenstein of Gonzalez, Quintana, Hunter & Cruz, LLC, updated his firm's report by providing a description of key GGRF monies that will benefit the SCAQMD's air quality goals. In response to an inquiry regarding the Enhanced Fleet Modernization Program, which received $80 million, Mr. Klopfenstein explained that the Legislature did not provide guidance on where in the state this money should be spent; this decision will be made by the California Air Resources Board (CARB). In response to an inquiry regarding accessing GGRF funds, staff explained that the next step is for SCAQMD representatives to engage with CARB and other state agencies that are being directly allocated GGRF funds for distribution throughout the state, in an effort to ensure that the South Coast region receives its fair share of funds in line with multiple factors, including those in existing law prioritizing disadvantaged communities. Committee Chair Mitchell requested that staff provide her with information to inform her efforts as a CARB Board member to help secure fair share funding for the South Coast region. Staff agreed to provide such information and will continue to work with the various state agencies as appropriate, including CARB.

Report from SCAQMD Home Rule Advisory Group *[Attachment 4]*
Please refer to Attachment 4 for the written report.

Other Business:
None

Public Comment Period:
None

The committee adjourned until Friday, October 14, 2016.

Attachments
1. Attendance Record
2. Update on Federal Legislative Issues – Written Reports
3. Update on State Legislative Issues – Written Reports
4. SCAQMD Home Rule Advisory Group Report – Written Report

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
LEGISLATIVE COMMITTEE MEETING
Attendance Record –September 9, 2016

Councilmember Judith Mitchell	SCAQMD Governing Board
Supervisor Michael D. Antonovich (videoconference)	SCAQMD Governing Board
Dr. William A. Burke (videoconference)	SCAQMD Governing Board
Dr. Clark E. Parker, Sr. (videoconference)	SCAQMD Governing Board
Supervisor Janice Rutherford	SCAQMD Governing Board
Board Consultant David Czamanske	SCAQMD Governing Board (Cacciotti)
Board Consultant Mark Abramowitz	SCAQMD Governing Board (Lyou)
Board Consultant Debra Mendelsohn	SCAQMD Governing Board (Antonovich)
Board Consultant Andy Silva	SCAQMD Governing Board (Rutherford)
Deputy Chief of Staff Mark Taylor	SCAQMD Governing Board (Rutherford)
Tricia Almiron	San Bernardino Associated Governments
Kaleb Froehlich (teleconference)	Cassidy & Associates
Paul Gonsalves (teleconference)	Joe A. Gonsalves & Son
Will Gonzalez (teleconference)	Gonzalez, Quintana, Hunter & Cruz
Sue Gornick	Western States Petroleum Association
Otis Greer	San Bernardino Associated Governments
Gary Hoitsma	The Carmen Group
Amelia Jenkins (teleconference)	Cassidy & Associates
Mark Kadesh	Kadesh & Associates
Chris Kierig	Kadesh & Associates
Bill LaMarr	California Small Business Alliance
Rita Loof	RadTech
Noel Muyco	Southern California Gas
David Rothbart	Los Angeles County Sanitation Districts
Susan Stark	Tesoro
Derrick Alatorre	SCAQMD Staff
Guillermo Sanchez	SCAQMD Staff
Jeanette Short	SCAQMD Staff
Barbara Baird	SCAQMD Staff
William Wong	SCAQMD Staff
Marc Carrel	SCAQMD Staff
Tina Cox	SCAQMD Staff
Phil Fine	SCAQMD Staff
Julie Franco	SCAQMD Staff
Monika Kim	SCAQMD Staff
Matt Miyasato	SCAQMD Staff
Wayne Nastri	SCAQMD Staff
Robert Paud	SCAQMD Staff
Mary Reichert	SCAQMD Staff
Rainbow Yeung	SCAQMD Staff
Kim White	SCAQMD Staff

ATTACHMENT 2

Carmen Group
INCORPORATED

MEMORANDUM

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: September 9, 2016

Re: Federal Legislative Update

House Legislative Outlook: After a seven-week recess, the House is back in session for the rest of this month, and will then recess again beginning the first of October, through the November elections. The primary item of business this month will be determining how to keep federal agencies funded so as to avoid a possible government shutdown after Sept. 30th, which is the end of the federal fiscal year. With the regular appropriations process largely stalled, Congress can be expected to pass a stop-gap "Continuing Resolution" (CR) that would basically maintain current funding levels until some point after the election when Members will have more time and be in a better frame of mind to pass the annual appropriations bills for Fiscal Year 2017. House leaders currently see such a CR extending to approximately mid-December, but a group of House conservatives is pushing for it to be extended through next March instead, so as to assure that final decisions on spending would be deferred to the new Congress and the new Administration that takes over in January. One complicating factor could be a major effort by the Florida delegation to secure new funding to more quickly address the Zika virus outbreak there.

EPA Appropriations: Meanwhile, we continue to track developments related to the House Interior/Environment appropriations bill for FY 17 – now approved by committee --that includes EPA funding for the Diesel Emission Reduction (DERA) program at $100 million, and for the Targeted Airshed Grant program at $40 million. Both numbers are double their respective current levels, thanks in large measure to the work of Congressman Ken Calvert, the relevant subcommittee Chairman. Calvert has also inserted report language to require at least 70 percent of DERA funds be designated for projects in non-attainment areas, and to require that Targeted Airshed grants be only available to the nations' top five non-attainment areas. SCAQMD's strong interest will be to protect these House positions on these programs as the bill moves to the House floor and later into conference with the Senate…. most likely in a lame duck session.

FAST Act Section 1413: The Federal Highway Administration (FHWA) is now moving forward rapidly with implementation of the provision to officially designate National Corridors for Electric Vehicle Charging and Hydrogen, Propane, and Natural Gas Fueling Infrastructure, pursuant to Section 1413 of the FAST Act. After publication of a

solicitation notice in July and a short 30-day comment period, the FHWA is now reviewing the recommendations of approximately 50 state and/or local entities that were submitted nationwide by the August 22nd deadline. These include the recommendations made by the state of California in which South Coast AQMD had direct input. The final corridor designations are expected to be announced sometime in September or October.

No Lead in Air Act (H.R. 4675): We were in contact with the office of Del. Eleanor Holmes Norton (D-DC) -- the sponsor of this bill to prohibit the use of leaded fuel in aircraft operating within U.S. airspace – to communicate SCAQMD's formal support for the legislation, contained in a July 14th letter to Ms. Norton. Efforts are being made to try to attach this bill as an amendment to other legislation that might be able to pass this fall.

###

CASSIDY&ASSOCIATES
733 Tenth Street, N.W., Suite 400
Washington, DC 20001-4886
(202) 347-0773
www.cassidy.com

To: South Coast Air Quality Management District

From: Cassidy & Associates

Date: Sept 1, 2016

Re: September Federal Update

Issues of Interest to SCAQMD

Comprehensive Energy Legislation/Vehicle Innovation Act:

Both the House and the Senate have voted to appoint conferees to begin the process of constructing a final comprehensive energy package. Currently, the staff members from the Senate Energy and Natural Resources Committee, the House Natural Resources Committee and the House Energy and Commerce Committee are working through a "pre-conference" phase in an attempt to process and address as many of the potential disagreements and controversies prior to the member conference commencing. The first official meeting of the conference members is expected to take place during the September work period, though a date has not yet been set.

South Coast has previously written a letter of support to Chairwoman Murkowski regarding the Vehicle Innovation Act. We will continue to convey SCAQMD's support of this provision and express South Coast's desire that this title be included in the final conference package.

Clean Fuel and Clean Vehicle Tax Credit Update:

A number of clean fuel and clean vehicle tax credits are scheduled to expire at the end of 2016. Specifically, the 30B credit for fuel cell vehicles, the 30C credit for Alternative Fuel Refueling Property (e.g. E85 or LNG pumps), the 6426 credit for alternative fuels themselves, and the Section 40 credits for biodiesel, renewable diesel and cellulosic biofuels are all expiring in December. Manufacturers and interests group are beginning lobbying efforts in earnest now to advance a tax extenders package that would likely include a large number of other, non-energy related provisions. Free market groups such as Americans for Prosperity (Koch Brothers) have already written letters to Congress preemptively opposing an extenders package. It is unlikely that these credits are addressed during the September legislative session.

VW Settlement Update:

On June 28, the Department of Justice announced a proposed consent decree regarding VW's offending 2-liter vehicles (~500,000). The settlement funds will be unlocked as soon as the Federal Court grants final approval to the settlement agreements. A hearing scheduled for October 18 is a likely date for approval.

Under the June proposal, California will receive $381.3 million (14.1% of a $2.7b pot) for remediation projects to offset NOx emitted by offending 2-liter vehicles. States can spend the money on clean air or "DERA style" projects of their choosing. Some states plan to use the money to cut diesel emissions by replacing older, government-owned vehicles currently on the roads. Mary Nichols has indicated that replacing old buses will be a priority in California. CARB will work with a state trustee, to be named by Governor Brown, to oversee the process of disbursing this $380 million resource. Governor Brown won't name this trustee until the final consent decree is approved. CARB also declared that projects for funding should be identified within six months once the trustee is named.

Funding Opportunity Announcements for this $380 million should be forthcoming soon. SCAQMD should be working now to identify priority mitigation projects that could compete.

MEMORANDUM

To: South Coast AQMD Legislative Committee Members
Fr: Kadesh & Associates
Re: DC Update for September Legislative Committee Hearing
Da: September 1, 2016

We have been asked to provide a brief update on what to expect when Congress returns to Washington with an emphasis on the Senate. This memo will also cover items Kadesh & Associates has been tasked with monitoring and engaging on, as needed, on behalf of the South Coast AQMD.

Congress

Congress returns on September 6, but in light of the looming Presidential election and ongoing Congressional primaries in many states, little activity is expected right away. When Congress returns, there will be only 25 days left in the current fiscal year. The House has passed 6 of the FY17 appropriations bills and the Senate has passed one. Clearly, much work remains and a continuing resolution (CR) will be needed. The length of the CR, however, is far from certain and the debate appears to be centering around passing a CR into next year or finishing the budget this year. There are strong voices on either side. Additionally, citing their concerns with the process used for the Zika funding bill, Senate Democrats are already warning of a potential government shutdown if they are not allowed to participate in conference negotiations on the omnibus. Combined with the uncertainty surrounding expiring tax credits and the election year issue of the TPP, the outlook for Congress doing anything more than passing a CR is bleak prior to the election. It is important to note that, at this point, leadership is talking about an omnibus bill and not a year-long CR.

South Coast AQMD Priorities

Kadesh & Associates is tracking the following appropriations issues on behalf of the District:

- $10 million in continued funding for the DOE zero emissions goods movement program in the Senate Energy-Water appropriations bill
- $20 million in the targeted airshed grant program in the Senate Interior appropriations bill. Recall, Kadesh & Associates worked with SCAQMD staff and Senate appropriations staff to create this program in FY08.
- $25 million in the Diesel Emissions Reduction Program (DERA) in the Senate Interior appropriations bill.

Senator Feinstein sits on the Senate Appropriations Committee, is the ranking member on the Senate Energy-Water appropriations subcommittee and sits on the Interior appropriations subcommittee. We will continue to work closely with her office as the appropriations committee staff pre-conference their bills in preparation for an eventual omnibus bill.

DERA Reauthorization

Senator Carper's bill to reauthorize the DERA program for five years (S. 2816) is on the Senate Calendar and can be called up at any time to pass by unanimous consent. Similar language is included in the Senate energy bill, but that bill has stalled. The House sponsor, Rep. Elmers (R-NC), lost her primary, so action on the House companion bill appears uncertain. We will continue working with Senators Carper and Boxer to pass this important bill before the end of the year.

ATTACHMENT 3

Joe A. Gonsalves & Son
Anthony D. Gonsalves
Jason A. Gonsalves
Paul A. Gonsalves
PROFESSIONAL LEGISLATIVE REPRESENTATION
925 L ST. · SUITE 250 · SACRAMENTO, CA 95814-3766
916 441-0597 · FAX 916 441-5061
Email: gonsalves@gonsalvi.com

TO: SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

FROM: ANTHONY, JASON, AND PAUL GONSALVES

SUBJECT: JULY LEGISLATIVE UPDATE

DATE: FRIDAY, JULY 15, 2016

On August 31, 2016, the State Legislature adjourned their 2015-16 legislative session after introducing over 5000 bills and Resolutions. The following will provide you with an update on some of the issues we participated in on behalf of the SCAQMD:

AB 197 (E. Garcia)

AB 197 was part of the overall climate change package that was proposed by the Governor and Legislative Leadership this year. AB 197 was double-joined with SB 32 (Pavley), which means AB 197 would only take effect if SB 32 was enacted.

On August 24, 2016, AB 197 passed off the Assembly floor on a vote of 45-30, with 2 republicans supporting the bill. The bill is now before the Governor and we expect him to sign the bill when he signs the package of climate change bills. The Governor has until October 1, 2016 to act on all remaining bills.

AB 197 proposes the following:

- Establishes the Joint Legislative Committee on Climate Change Policies (JLCCCP), consisting of 3 members of the Senate and 3 members of the Assembly.
- Requires ARB to annually appear before the JLCCCP to present ARB's informational report on emissions of GHGs, criteria pollutants, and toxic air contaminants from all sectors covered by the AB 32 scoping plan.
- Defines "social costs" as an estimate of the economic damages, including, but not limited to, changes in net agricultural productivity; impacts to public health; climate adaptation impacts, such as property damages from increased flood risk; and changes in energy system costs, per metric ton of GHG emission per year.
- Requires ARB to publish emissions of GHGs, criteria pollutants and, no later than January 1, 2018, toxic air contaminants, for each facility that is a major source of GHG emissions required to report its emissions pursuant to AB 32.
- Requires ARB, when it adopts regulations to achieve GHG emission reductions beyond the statewide limit, to consider social costs and prioritize direct emission reductions at large stationary, mobile, and other sources.
- Establishes terms of 6 years for each of the 14 members of ARB and requires ARB to establish initial staggered terms, permit reappointment, and provide that the 6 local air district representatives must maintain their air district board membership to remain on ARB.
- Adds 2 members of the Legislature as ex officio, non-voting members, one appointed by the Senate Rules Committee and one appointed by the Speaker of the Assembly.
- Requires ARB to make available on its Web site the emissions of GHGs, criteria pollutants, and toxic air contaminants throughout the state broken down to a local and sub-county level for stationary sources and to at least a county level for mobile sources.

AB 1691 (Gipson and C. Garcia)

AB 1691 proposed the following:

- Would require the California Air Resources Board (ARB) to update the Enhanced Fleet Modernization Program (EFMP) guidelines to create efficiencies in the EFMP Plus Up Pilot Project (Plus Up).
- The provisions of the bill would sunset on July 1, 2022.
- Declares the intent of the Legislature that Plus Up be focused on disadvantaged communities.
- Requires ARB, no later than June 30, 2017, to update EFMP guidelines to ensure the following occur with regard to the EFMP Plus Up Pilot Project (Plus Up):
    - Each local air district implementing a vehicle retirement program with a backlog or a waiting list for applicants is required to develop a plan on how to eliminate the backlog or waiting list.
    - Specific steps are taken to ensure that the program is not being misused, including, but not limited to, random income eligibility verification and contact with program participants at least once after their vehicles are replaced.
    - The program is accessible to the lowest income disadvantaged communities by developing mandatory partnerships with, and a mandatory minimum amount of overall funding allocated for outreach to community-based organizations.
    - Requires that an outreach and partnership report be submitted every six months after July 1, 2017.
    - The applicant prescreening be enhanced, if deemed appropriate.
    - Priority is given to the retirement of vehicles that are 15 years old or older and vehicles with more than 75,000 miles.

Our office was working closely with the Author's office on amendments that would do the following:

- Revise the provisions to not require a formal plan from districts implementing EFMP that have backlogs or waiting list as long as the district provides in its quarterly program progress reports information on the backlog and actions taken to reduce the backlog.
- Update the program's disadvantaged communities' guidelines to ensure:
    - Specific steps are taken to ensure the vehicle replacement component of the program is available in areas at risk of being designated as Federal extreme nonattainment and in all districts containing disadvantaged communities.
    - Increased funding for targeted outreach in low-income and disadvantaged communities for the program.
    - The monies allocated for EFMP be at the same levels allocated from the GGRF for the EFMP Plus Up Project.

Prior to coming to an agreement on our requested amendments, AB 1691 was held in the Senate Appropriations Committee suspense file and is now dead.

AB 1903 (Wilk)

This bill proposed to require completion of a study of the long-term effects on health caused by the prolonged leak at the Aliso Canyon natural gas storage facility.

Assemblymember Wilk's office reached out to our firm to discuss proposed amendments to AB 1903 that they received from SoCal gas. We provided those amendments to SCAQMD staff and they provided feedback based on those amendments. In addition, our firm arranged a conference call between Assemblymember Wilk's office, our firm, SCAQMD staff and legal counsel.

Our feedback to Assemblymember Wilk's office on the proposed SoCal Gas amendments was well received. The Author did not take any amendments to the bill, however, the bill was held in the Senate Appropriations Committee on the suspense file. The bill is now dead.

AB 2170 (Frazier)

This bill requires federal freight revenues apportioned to California from the Fixing America's Surface Transportation (FAST) Act be deposited into the Trade Corridor Improvement Fund (TCIF) and apportioned to state, regional, and local transportation entities by the California Transportation Commission.

Specifically, this bill would propose the following:

- Requires Federal FAST Act freight funding be deposited into the TCIF and allocated in accordance with TCIF program guidelines as well as FAST Act requirements
- Requires the California Sustainable Freight Action Plan to be among the documents consulted by the Commission in determining eligible projects for funding.
- Requires projects considered for funding by the Commission further the state's economic, environmental, and public health objectives and goals for freight policy.
- Requires the Commission, when selecting projects for inclusion in the program, to evaluate the total potential costs and total potential economic and non-economic benefits of the program to California's economy, environment and public health.
- Requires the Commission to adopt any amendments to the 2007 TCIF guidelines on or before April 1, 2017.
- Requires the Commission to accept project nominations from regional and local transportation agencies and the California Department of Transportation, recognize the key role of the state in project identification, and support integrating statewide goods movement priorities into a corridor approach.

On August 31, 2016 AB 2170 passed off the Assembly floor on a vote of 77-1, but not without some controversy. The International Longshore Workers Union was seeking last minute amendments to the bill that would prohibit the funds from being used to purchase equipment that would replace workers at the Ports. The amendments were

not included in the bill, however, Legislative Leadership made a commitment to the ILWU to introduce urgency legislation early next year to address their concerns.

AB 2170 is now on the Governor's desk awaiting his action. The Governor has until October 1, 2016 to take action.

SB 1387 (De Leon)

SB 1387 (De Leon) was amended in the Assembly on August 19, 2016 and the amendments did the following:

- Removed both the RECLAIM and ARB oversight provisions of the bill.
- Keeps the provisions that increase the SCAQMD Governing board by 3 with the additional members appointed by the Governor, the Senate Committee on Rules, and the Speaker of the Assembly.
- Requires the additional appointed members to reside in and work directly with communities in the South Coast Air Basin that are disproportionately burdened by and vulnerable to high levels of pollution and issues of environmental justice, including, but not limited to, communities with diverse racial and ethnic populations and communities with low-income populations.
- Requires the appointing authority to accept an application from, and give appropriate consideration to appointing, a member of a city council or county board of supervisors who meets the above criteria.
- Adds a January 1, 2025 sunset provision for the 3 additional board members
- Prohibits a member of the SCAQMD board who is eligible for a vehicle or vehicle allowance from the local government from which he or she is appointed from being issued a vehicle from the SCAQMD for greater than seven days in a 30-day period.

SB 1387 was brought up on the Assembly floor on the morning of the last day of session. The first roll call on the bill was 30-33, with 17 members not voting (41 needed to pass). At 11:53 p.m., with just 7 mins left in the Legislative session, the Assembly

lifted the call and the final vote was 30-36 with 14 members not voting. The bill is now dead.

SB 32 (Pavley)

This bill is part of the Governor's and Legislative Leadership's package of climate change bills and is double-joined with AB 197 (E. Garcia).

SB 32 does the following:

- Makes findings and declarations regarding requirements and authority of ARB under AB 32; the need to continue to reduce GHG emissions to protect all areas of the state, especially the state's most disadvantaged communities; and that ARB shall achieve the state's more stringent GHG emission reductions in a manner that benefits the state's most disadvantaged communities and is transparent and accountable to the public and the Legislature.
- Requires ARB to ensure that statewide GHG emissions are reduced to at least 40% below the 1990 statewide GHG emissions level no later than December 31, 2030, when adopting rules and regulations to achieve the maximum technologically feasible and cost-effective GHG emissions reductions authorized by AB 32.

On August 24, 2016 SB 32 was passed off the Senate floor on a party line vote of 25-13 with 1 member not voting. The bill is now on the Governor's desk awaiting his action. The Governor has until October 1, 2016 to act on all remaining bills.

GONZALEZ, QUINTANA HUNTER & CRUZ, LLC

SCAQMD Report

Gonzalez, Quintana, Hunter & Cruz, LLC
September 1, 2016

General Update:
The Legislature officially gaveled down and ended the 2016 Session at nearly 2am on September 1, 2016. Several high priority issues had been building up for the final day, including a deal on the GGRF Budget and the multiple trailer bills to implement the budget.

The attention within the Capitol now turns to Governor Brown, who has until September 30 to sign or veto bills passed by the Legislature. Outside of the Capitol, legislators are turning their attention to November. The election could result in major shake-up, with many close contests as Democrats look to regain a 2/3 majority.

Below are updates to issues being tracked by SCAQMD's legislative team.

Greenhouse Gas Reduction Fund Spending Overview:
While the full California State Budget of $170.9 billion was enacted on time and signed by the Governor back in June, spending of the Greenhouse Gas Reduction Fund (GGRF) was not included. Due to continued uncertainty of the Cap & Trade programs, in part because of the uncertainty of SB 32 (Pavley) and ongoing litigation, this money was not appropriated at that time. Some also wanted to wait until the August Cap & Trade auction results were released, hoping it would bring good news following the dismal $10 million raised in May. However, the auction was even worse, generating around $8 million.

In the end, pressure to maintain programs like CVRP that were out of funds, in addition to the passage of SB 32, brought the Governor, Speaker and Pro Tem together to reach an agreement. The final deal allocates $900 million, bringing the total lifetime amount of GGRF spending to $3.2 billion. This is a compromise proposal, spending less than Democrats in the Senate wished, but more than the Speaker and Governor wanted. It also leaves $462 million in the GGRF for future use.

Along with the spending bill, AB 1613, the Legislature also passed SB 859, a budget trailer bill that made several policy changes for implementing the GGRF expenditures, which is discussed below.

Low Carbon Transportation Funding & CVRP Budget Trailer Bill:
The GGRF spending plan provides $368 million to the Air Resources Board, including: $133 million to the Clean Vehicle Rebate Project (CVRP), $80 million to the Enhanced Fleet Modernization Program (EFMP) and Plus-Up Pilot Project, and $150 million for heavy-duty vehicles.

In addition to allocating funds, the Legislature also made policy changes in the Budget for implementing the CVRP through SB 859.

The changes reflect a legislative priority amongst environmental justice advocates and those concerned with subsidies for luxury vehicles. The changes are related to those in numerous bills that failed this year, including AB 1861 (Gray), AB 1710 (Calderon) and AB 2564 (Cooper). The alterations are aimed at shifting the CVRP funds more towards low income Californians.

SB 859 would require CVRP to have stricter income limits ($150,000 for single filers; $204,000 for head-of-household filers; and $300,000 for joint filers) as well as increase the incentive for low income applicants by $500.

More GGRF Funding for Low Income Communities:
AB 1550 (Gomez), which SCAQMD supported, will substantially increase the amount of funding from GGRF that is directed to DACs and low income Californians. The bill raises to 25% the amount that must go to Disadvantaged Communities (DACs) per the CalEnviroScreen. In addition, another 5% must be spent on projects benefiting low income households with 1/2 mile of a DAC. Finally, an additional 5% must go to projects benefiting low income residents anywhere in the state. There has been a lot of debate this year about whether to rely solely on the CalEnviroScreen because it tends to tilt more towards Southern California and leaves out some very low income communities. This bill is seen as a compromise because it ensures some funds will go to those low income communities outside of DACs while also raising the total that must be spent in DACs. The bill passed both houses and awaits the Governor's signature.

Woodsmoke:
Another budget issue that SCAQMD and CAPCOA supported was funding for woodsmoke programs in the state. In the GGRF agreement, $5 million was given to ARB for black carbon wood smoke programs. This is not the $40 million that was originally part of the Governor's and Senate's Proposals, but many programs were reduced in the compromise budget.

Transportation Trailer Bill – Green & White Sticker Programs
SB 838, one of the late budget trailer bills, included language to extend the Green and White sticker programs. The language eliminates the cap and extends both to January 1, 2019. There was debate about whether these programs would get stuck because AB 1964 (Bloom) was the extension bill but included other changes to the sticker program that was seen as overly complex and not widely supported. SB 838 passed both houses and is onto the Governor.

Short Lived Climate Pollutants:
Senator Lara's SLCP bill, SB 1383, became one of the key controversial climate bills on the final night of Session. It took late amendments from agriculture and dairy interests, creating a complex dynamic of supporters and opponents. Some environmental groups removed support while some industries supported the bill as a bitter pill to swallow, but a necessary one to prevent ARB from implementing even stricter requirements. In the end the bill passed both houses and is headed to the Governor's desk.

ATTACHMENT 4

BACKGROUND: The Home Rule Advisory Group (HRAG) usually meets on the third Wednesday of every other month and is Chaired by Governing Board Member Dr. Joseph Lyou. As required by Governing Board Resolution, the HRAG shall give a monthly summary to the Stationary Source & Legislative Committees. Following is a summary of the July 20, 2016 meeting.

REPORT CONTENT

TOPIC	DESCRIPTION
Legislative Update	Philip Crabbe provided a recap on the following items from the Legislative Committee meeting on July 15, 2016. • In early June, SCAQMD petitioned U.S. EPA to adopt an ultra-low NOx emission standard for heavy-duty trucks. A week later, on June 14th, a delegation of four SCAQMD Governing Board Members (Supervisor Benoit, Dr. Lyou, Councilwoman Mitchell and Councilman Robinson) and staff traveled to Washington, DC to meet with the White House, the U.S. EPA, Members of Congress, and others regarding this effort. • In addition to SCAQMD, the Petition included ten co-petitioners, who consisted of state and local clean air agencies from around the country. Since then, there have been five additional co-petitioners and three letters of support. Additionally, a group of nine national health organizations, including the American Lung Association and the American Thoracic Society, submitted a letter calling for the adoption of the ultra-low NOx emissions rule for heavy-duty trucks. • As part of the trip, meetings were held with 35 different Congressional offices on Capitol Hill – involving meetings with Members and/or staff. SCAQMD was joined in a number of those meetings by the Deputy Director of NESCAUM, a coalition of northeastern states' air agencies, as well as the Executive Director of the Advanced Engine Systems Institute (AESI), the advocacy arm for manufacturers of emissions controls. • As part of this effort, SCAQMD representatives sought to have Congressional Members sign on to a letter in support of the EPA Petition. Overall, 30 federal legislators signed on to this support letter, including four Senators (Feinstein, Boxer, Booker of New Jersey and Whitehouse of Rhode Island), and 26 Members of the U.S. House of Representatives. • Additionally, Board Members and staff had a meeting with a number of business groups to discuss the Petition, which included: ✓ U.S. Chamber of Commerce ✓ National Association of Manufacturers ✓ Truck & Engine Manufacturers Association ✓ American Trucking Association ✓ PACCAR, Inc. (Parent company of Kenworth, Peterbilt and DAF trucks) ✓ Cummins, Inc. • A meeting was also held with the executive staff of the National Association of Clean Air Agencies (NACAA). **State Legislative Update** In response to an inquiry by Dr. Lyou, Philip Crabbe reported that the California legislature is on summer recess during the month of July and will come back to Sacramento to conduct legislative business at the beginning of August. The first half of the month will focus primarily on bills going through the Appropriations Committee process, with the second half of the month focusing on legislative floor session and

	final passage or failures of all bills. The state legislative session finishes at the end of August. ***Discussion*** **SB 1387** Bill LaMarr inquired about the status of SB 1387. Philip Crabbe confirmed that the bill currently resides with the Assembly Appropriations Committee, where it will remain until the end of summer recess. The hearing for this bill will be in early August 2016. Bill LaMarr commented that in June 2016 the SCAQMD Governing Board took a vote to oppose SB 1387, and he inquired how this was communicated to Sacramento. Dr. Lyou indicated that Supervisor Rutherford testified at a previous legislative hearing, and Philip Crabbe added that the District sent an opposition letter. Bill LaMarr inquired if a copy of the letter could be provided to the Home Rule Advisory Group, or was it only available through a public record request. Philip Crabbe indicated that this letter was public record and will be provided to HRAG staff for distribution.
Litigation Update	William Wong commented there was an update to the June 30, 2016 Status Report Regarding Litigation. Last week, SCAQMD participated in a settlement conference regarding the lawsuit filed by environmentalists against the adoption of amendments to RECLAIM (Case #2). Details cannot be provided, due to the confidential nature of this matter.
EPA and Federal Activities	Gerardo Rios gave a presentation on U.S. EPA's proposed rule - Removal of Title V Emergency Affirmative Defense Provisions from State Operating Permit Programs. **Proposed Action** • On June 3, 2016, the U.S. EPA proposed revisions to its operating permit program regulations that implement Title V of the Clean Air Act (CAA). The proposal is to remove the "emergency" affirmative defense provisions. • The Title V emergency provisions currently establish an affirmative defense. A stationary source of air pollution can use this affirmative defense in an enforcement case to avoid liability for non-compliance with technology-based emission limits contained in the source's Title V permit. In order to use this affirmative defense and avoid liability, the source must demonstrate that any excess emissions occurred as the result of an "emergency," as defined in the regulations, and the source must make a number of other demonstrations specified in the regulations. These Title V affirmative defense provisions apply in addition to, and independently from, any emergency or upset provisions contained in other applicable CAA requirements. **Anticipated Effects on State, Local, and Tribal Permitting Authorities** • The U.S. EPA is taking comments on the actions that state, local, and tribal permitting authorities may need to take if this proposal is finalized. • Program Revisions: If the rule is finalized, it will be necessary for many state permitting authorities to make conforming revisions to their Title V programs to remove similar affirmative defense provisions. Alternatively, states may be able to retain affirmative defenses as state-only provisions.

- Permit Revisions: If the rule is finalized, Title V affirmative defense provisions included within individual operating permits will need to be removed. We expect these permit changes will occur in the ordinary course of business as permits are periodically renewed, revised, or reopened for other reasons.

How to Comment

- Comments will be accepted for 60 days beginning when this proposal is published in the Federal Register.
- All comments should be identified by Docket ID No. EPA-HQ-OAR-2016-0186 and submitted to the Federal e-rulemaking portal (http://www.regulations.gov).
- For additional information about other ways to submit comments, please visit http://www.epa.gov/dockets/comments.html.

Additional Information

- Interested parties can download the proposed rule from U.S. EPA's website at: https://www.epa.gov/title-v-operating-permits.

Discussion

David Rothbart indicated that it was his understanding that in the startup, shutdown malfunction litigation an entity has to retain the ability for citizen lawsuits and cannot take away the authority for EPA to take enforcement. Gerardo Rios explained that this action is not about U.S. EPA's enforcement, but about their authority regarding the liability for the affirmative defense provision.

Bill LaMarr inquired if this applies to equipment breakdowns and shutdown and startup of new or repaired equipment. Dr. Lyou commented that it applies to Title V permit violations.

Bill LaMarr asked about this authority which is currently in the District's rule governing equipment breakdowns, shutdowns and restarts, and whether EPA is now removing themselves. Gerardo Rios replied that EPA is not being removed from the enforcement of violations but rather from the liability of the affirmative defense provision.

Public Comment

Rita Loof indicated that a slide in the presentation indicated an alternative that states may be able to retain affirmative defenses as a state only provision. Dr. Lyou commented that Rule 430 may apply, as a state only provision.

Rita Loof inquired that if this was already challenged on the federal side, would it stand to reason that it could also be challenged on the state side. The issue seems to be about the ability of the agency to decide what the civil penalty would be. Curtis Coleman commented that it was decided at the federal level on the basis that the Clean Air Act set up the penalties for violations of the Clean Air Act and said EPA is not able to insert its own defenses. Legislatures gives states the ability to adopt rules and regulations, so SCAQMD has the ability to determine what constitutes a violation.

CARB Regulatory Activities	Patrick Au reported that the CARB Board Hearing will be on July 21, 2016 and there are three regulatory items going to their Board. • 2016 Ozone State Implementation Plan (SIP) for the San Joaquin Valley (first of two planned hearings). • Proposed Regulation for Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities (first of two proposed hearings). • Proposed Amendments to the Large Spark-Ignition Engine Fleet Requirements Regulation (first of two regulatory amendments). In future 2016 CARB Board Hearings, the Board will consider approval of the following items. • 2016 Ozone SIP for Ventura County, Western Mojave Nonattainment Area, and San Diego County. • 2016 PM2.5 SIP for Imperial County, Portola and San Joaquin Valley. • 2016 Air Quality Management Plan for Ozone and PM2.5 for the South Coast Air Basin and the Coachella Valley. • Proposed amendment to the California cap on greenhouse gas emissions and market-based compliance mechanisms. ***Discussion*** Bill LaMarr inquired if there were any concerns regarding the San Joaquin Valley SIP. Patrick Au replied that there were no areas of concern at this time that he was aware of and that he will follow-up with CARB staff. Dr. Lyou commented that he spoke with Seyed Sadredin, Executive Officer for the San Joaquin Valley Air Pollution Control District, about their PM2.5 SIP attainment issues. Bill LaMarr inquired if there were any challenges to the San Joaquin Valley SIP. Dr. Lyou indicated that a SIP cannot be challenged until it is approved. Dr. Lyou asked Jill Whynot about how the oil and gas rule that CARB is considering will impact SCAQMD. Jill Whynot indicated that SCAQMD staff is working closely with CARB to address this rule. CARB is having their first of two public hearings tomorrow. The rules will be going to the CARB Board in early 2017. CAPCOA has expressed concern, because many of the oil and gas wells in California do not have permits or they do not have the same level of requirements. There will be an increased workload for air districts and there is a concern about implementation issues. Dr. Lyou expressed that the role of the Home Rule Advisory Group is to address concerns of overlapping or regulatory inconsistencies between agencies. Jill Whynot indicated that there is time to work out concerns, and that this topic would be good for a future Home Rule meeting.
Incentive Programs in the AQMP	Jill Whynot provided a brief presentation on the traditional control measures and incentive funding that is needed to fund the 2016 Air Quality Management Plan (AQMP). The SCAQMD needs $11 to $14 billion in total funding for the AQMP, beginning with $1 billion/year beginning in 2017. Current funding includes $56 million/year from SB 1107 (accelerated turnover of on- and off-road vehicles and

	equipment), portion of state's tire fee, and AB 923; $550 million total from Proposition 1B (~$70 million/year); and Diesel Emissions Reduction Program (DERA) funding (~$1.5 million/year). The U.S. EPA has outlined several key elements for SIP approvability of incentive programs. • Integrity Elements ✓ Quantifiable/Real, Surplus, Permanent, Enforceable ✓ Approvable Guidelines • Commitment ✓ Federally Enforceable (e.g. Board Resolution) • Technical Analysis • Funding • Resources • Outreach and Public Disclosure • Legal Authority The SCAQMD will work closely with U.S. EPA and stakeholders throughout the AQMP development process, to ensure a SIP that will be approvable. In the future, portions of the SCAQMD workforce may need to be transitioned into developing guidelines for incentive programs and implementation. ***Discussion*** David Rothbart inquired if anyone has looked at the Carl Moyer Program and determined what it will take to incentivize a trucker to change-over a truck. Jill Whynot commented that SCAQMD has the expertise to determine a reasonable amount to encourage an early change-over. The SOON Program model will also be considered, as well as other programs. David Rothbart inquired if a Board Resolution would satisfy U.S. EPA. Jill Whynot indicated that this would be worked out in future discussions, to determine what EPA would expect and need from SCAQMD. Sue Gornick inquired about the AQMP timeframe. Jill Whynot explained that the 2016 AQMP will go to the SCAQMD Governing Board in December 2016, CARB in January 2017, and U.S. EPA in February 2017. Larry Smith remarked that many trucking companies are committed to long-term leases, and have there been discussions with lease entities to inquire if they would be motivated to let them out of their leases and into newer trucks. Jill Whynot commented that she would check with staff. Bill LaMarr indicated concern that the 2016 AQMP emission reductions are more costly than ever and asked for consideration for stationary sources, smaller sources and fleet operators. He further expressed that his organization is concerned that entities are being committed to specific emission reductions, but SCAQMD is only committed to seek the funding. Jill Whynot indicated that she understands his perspective and requested ideas and suggestions for other regulatory approaches for consideration.

	Dan McGivney commented that San Joaquin APCD, in the past has used Department of Motor Vehicle fees and would SCAQMD considered this approach. Bill Wong commented we do not have similar authority and this would require legislation. Jill Whynot expressed that it is one of our potential ideas. Dan McGivney inquired if all SIP approvability elements have to be met before the Plan is forwarded on for approval, or can some be delayed? Jill Whynot commented that the guidelines can be development during implementation, but other elements have to be completed before submittal or approval at least. All funding does not have to be secured before Plan approval. David Rothbart inquired what would happen if the AQMP incentives are not approved. Dr. Lyou indicated that SCAQMD will do everything possible to reach attainment. Dr. Lyou inquired if U.S. EPA has ever clearly defined the definition of surplus and if this is one of their criteria's for approvability of our plan, it might help if the term was defined. Dr. Lyou inquired if there is a limit on incentive funding and public enforceability once the SIP is adopted by U.S. EPA. Jill Whynot commented that there will need to be a way for SCAQMD to reassure the public that the measures are doing what they were intended to do.
Consensus Building	There was no report.
Subcommittee Status Reports	**A. *Freight Sustainability (Noel Muyco)*** Dr. Lyou noted that the California State Freight Sustainability Plan should be finalized by the end of July 2016, to comply with the Governor's Executive Order. **B. Small Business Considerations *(Bill LaMarr)*** There was no report. **C. *Environmental Justice (Curt Coleman)*** There was no report. **D. *New Source Review (Bill Quinn)*** There was no report. **E. *Climate Change (David Rothbart)*** • In June, the 2030 Target Scoping Plan Update Concept Paper was released. This paper outlined discussions on the cap-and-trade program and how it could proceed. • On July 12, 2016, CARB released their public hearing to consider proposed amendments to the California cap-and-trade program on greenhouse gas emissions and market based compliance mechanisms. CARB staff has recommended revisions to their cap-and-trade regulations, to extend the program beyond 2020. ***Discussion*** Jaclyn Ferlita added there is a lawsuit being heard by the appellate court regarding issues on the options within the cap-and-trade program. The outcome of this lawsuit

	could affect approvals of some of the recommended program revisions.
Report from and to the Stationary Source Committee	Jill Whynot reported that the following items were discussed at the Stationary Source Committee meeting on June 17, 2016. • Home Rule Advisory Group Memberships Updated • Annual Report on Toxic Hot Spots AB 2588 Program On the agenda for July 22, 2016, are the following items of interest. • Status Report on Efforts to Reduce Permit Backlog • Status Report on Regulation XIII – New Source Review • Amendment Updates on Regulations IX – Standards of Performance for New Stationary Sources and Regulation X – National Emission Standards for Hazardous Air Pollutants • Regulation XX – RECLAIM Shutdown Credits • Proposed Amendments for Rules 307.1, 1401 and 1402
Group Action Item	The Home Rule Advisory Group members were asked to provide ideas and topic suggestions for future meetings. • Future incentive funding (Lyou) • Perceptions about air quality at the community level – identify the disconnections and outline solutions and needs (Lyou) • Focused conversation among stakeholders about the Regional Transportation Plan (RTP) and Transportation Control Measures (TCM) (Lyou) • Win-win opportunities for environmentalists and regulated business to save money and function efficiently and opportunities to reduce environmental impacts (Lyou) • Identifying the barriers to advanced clean air technologies (Lyou) • Monitor SCAQMD, CARB and EPA activities and plans; track the progress on current and proposed NAAQS for ozone and particulate matter; targeted air shed grants; CARB's mobile source strategy; and the State Implementation Plan. (LaMarr) • Monitor SCAQMD, CARB and EPA activities and plans, with a focus on the potential to impact public health and the economy of the South Coast basin. (LaMarr) • Monitor other regulatory initiatives by EPA (e.g. energy efficiency), which may be useful as SCAQMD prepares the 2016 AQMP and future AQMPs. (LaMarr) • Partner with other HRAG subcommittees as they pursue their respective agendas for 2016. (LaMarr) • Discuss mobile and stationary source issues as appropriate (LaMarr) • Reaching attainment without putting further burden on stationary sources (LaMarr) ***Discussion*** Dr. Lyou commented that it is the mission of Home Rule to ensure there is efficiency and no conflicts among the different regulatory programs. He noted there was some overlap in the action items addressed, but we should be able to have conversations or discussions on all of these items. The items will need to be prioritized and in advance

	lay out discussions for future meetings, so that staff can be prepared to assist and to circulate information. This group should address key issues affecting this agency, without duplicating efforts of other working groups or committees. Jill Whynot commented that these are good discussion items and recognized some possible overlaps with the AQMP Advisory Group and Technology Advancement Office, but there could be some discussions on the implementation and development of RTP and TCMs. Michael Downs inquired if this advisory group has invited associations to these meetings to express how their members address overlapping agency requirements and how we may be able to assist them and inquired if outreach was a possibility. Dr. Lyou acknowledged this and commented that possibly trade associations would be willing to comment on behalf of their members. Larry Smith indicated that a mission statement review would be helpful to provide clarity of what this group should be doing, and requested consideration of the possible revision of the HRAG mission statement. He expressed that it makes the committee relevant when you keep the members informed and involved. Dr. Lyou suggested for the next meeting in September 2016 the following topics for discussion. • Review of the HRAG Mission Statement • CARB Oil and Gas Regulation and How it Applies to SCAQMD Rulemaking • Barriers to the Advancement of Clean Technologies (Matt Miyasato/TAO)
Other Business/Public Comments	There were no comments.
Next meeting	The next meeting of the Home Rule Advisory Group is scheduled for September 21, 2016 at 10:00 a.m. and will be held at SCAQMD in Conference Room CC-8.
2016 Meeting Schedule	The following meetings are scheduled to begin at 10:00 a.m. and will be held at SCAQMD in Conference Room CC-8: September 21 November 16

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 27

REPORT: Mobile Source Committee

SYNOPSIS: The Mobile Source Committee met on Friday, September 16, 2016. Following is a summary of that meeting. The next Mobile Source Committee meeting is scheduled for Friday, October 21, 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., and Committee Member Shawn Nelson attended via videoconference. Committee Members Larry McCallon and Judith Mitchell attended at SCAQMD headquarters. Dr. Parker appointed Dr. William Burke, who participated via videoconference, as a one-time Committee Member for this meeting. Committee Member Dr. Joseph Lyou was absent. Dr. Parker called the meeting to order at 9:04 a.m.

INFORMATIONAL ITEM:

1) Update on Release of Draft 2016 AQMP

Dr. Philip Fine, Deputy Executive Officer in Planning, Rule Development and Area Sources, provided a status update on the ongoing development of the Draft 2016 Air Quality Management Plan (AQMP or Plan) and supporting documents. The Preliminary Draft Socioeconomic Report and remaining technical appendices were released for public review and the Revised Draft Plan is currently being prepared based on over 64 comment letters received. Dr. Fine discussed the recent Advisory

Group meetings and noted presentations at over 25 stakeholder meetings since the release of the Draft Plan.

Dr. Fine outlined key comments received on the Draft Plan. There has been strong support for incentives considered necessary for early deployment of cleaner technologies, but also opposition to incentive approaches seen as being weighted more than regulatory measures, because regulatory measures are viewed as more reliable, useful and enforceable. There is high interest in the development of a funding action plan that discusses the sources of funding, and a backup plan in case of a shortfall in funding and/or emission reductions.

Dr. Parker wanted assurance that funds potentially received from the Volkswagen (VW) settlement could legally be used to support the incentive programs. Staff explained that the proposed settlement is a nationwide fund to be distributed amongst the states, which would be required to submit a plan as to how the money would be spent (e.g., type of project(s), cost for project(s), etc.). CARB recognizes the resource needs of South Coast and San Joaquin regions in meeting the ozone standards.

Dr. Burke raised concerns regarding the potential success of these incentive programs, especially if dependent on the timing of court decisions for the settlement. The initial VW settlement (regarding 2-liter engines) is already proposed and going to court next month. The schedule for the subsequent VW settlement (regarding 3-liter engines), however, is unknown at this time. Acting Executive Officer Wayne Nastri suggested presenting an incentive funding action plan to the Mobile Source Committee at their next meeting.

Councilmember Mitchell reminded the committee that as a state agency under the administration, CARB cannot advocate for additional incentive funding from the state legislature, but the SCAQMD does have that opportunity. Mr. Nastri added that U.S. EPA is in a similar position, and cannot lobby Congress, but other agencies can lobby and U.S. EPA can respond to congressional inquiries. Staff believes CARB would support more federal incentive funding as it would assist in implementing the State SIP strategy locally. Councilmember Mitchell mentioned that achieving the designated emission reductions from federal sources is a real challenge.

The 2016 AQMP considers and must include all feasible measures, and Mr. Nastri expressed the need for a balanced approach of strong regulatory proposals along with incentives for early deployment of cleaner technologies. A similar approach is also being considered by CARB in their mobile source strategy. Some AQMP comment letters have suggested returning to a more regulatory approach.

Dr. Parker encouraged incentives for solar water heating in new construction, which is already proposed in the stationary source strategy. However, staff is considering potential opportunities for future regulatory action in response to some comments. Staff is also proposing a collaborative effort with builders in the EGM-01 measure. Mayor Larry McCallon opposes requiring new equipment at a building's "point of sale."

Dr. Fine continued discussing the comments received, including support for a focus on more state and federal source reductions since stationary sources have already achieved substantial reductions. Others requested continued efforts to reduce stationary source emissions and address impacts to low-income communities. There is an ongoing debate between technology/fuel neutrality and emission-based standards vs. supporting only zero-emission technologies. Similarly, some commenters are opposed to all facility-based measures while others support a regulatory approach making full use of SCAQMD's indirect source authority. The Plan does include measures with no quantified emission reductions, which elicited comments on the need and purpose for including such measures. Staff has prepared the Plan with all feasible measures, including some measures that require more technical assessment to quantify reductions, but has done so because such reductions could be available if there is an emission reduction shortfall from other measures.

Dr. Fine and Mr. Nastri highlighted the upcoming release of the Revised Draft AQMP along with remaining chapters in the Preliminary Draft Socioeconomic Report and the concern that appropriate public review and time to respond to comments is constricted. Considering the upcoming holiday season, a possible delay in seeking Board approval of the Plan and supporting documents may warrant an additional 60 days, to February 2017. Councilmember Mitchell suggested alerting the CARB staff who have already scheduled the South Coast SIP for consideration at their January 2017 Board meeting.

Two public comments were offered on this item. On behalf of the "Clean Air Advocates" comprised of multiple environmental organizations, Jim Stewart from the Sierra Club expressed concern that the Draft Plan was eliminating the Port "backstop" measure that was included in previous AQMPs. Staff explained that previous emission reductions and proposed actions (except for vessel speed reduction) at the Ports have already been achieved and are required by regulation, so there is no longer a need to "backstop" these reductions. In the 2016 AQMP, the proposed Port measures seek additional reductions. U.S. EPA took no action on the previous "backstop" measure in the 2012 AQMP. Mr. Stewart also encouraged making full use of the SCAQMD authority for fleet rules and indirect sources such as warehouses.

William LaMarr of the California Small Business Alliance requested that all the comment letters submitted be posted online. Staff noted that comment letters received since the release of the Draft 2016 AQMP are available online, but the comment letters specifically on Appendix I (Health Effects) are currently being uploaded and should be online today. The delay was due to the legal handling of potential copyrighted material submitted with some of those letters. Comment letters received before the release of the Draft Plan are currently not posted.

WRITTEN REPORTS:

2) **Rule 2202 Activity Report**
The report was received as submitted.

3) **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 approximately 10:14 a.m.

Attachment
Attendance Roster

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
MOBILE SOURCE COMMITTEE MEETING
Attendance Roster – September 16, 2016

Dr. Clark E. Parker (videoconference)	SCAQMD Governing Board
Dr. William Burke (videoconference)	SCAQMD Governing Board
Mayor Larry McCallon	SCAQMD Governing Board
Councilmember Judith Mitchell	SCAQMD Governing Board
Supervisor Shawn Nelson (videoconference)	SCAQMD Governing Board
Board Consultant Mark Abramowitz	SCAQMD Governing Board (Lyou)
Board Consultant Ron Ketcham	SCAQMD Governing Board (McCallon)
Curtis Coleman	Southern California Air Quality Alliance
Sue Gornick	Western States Petroleum Association
Peter Herzog	NAIOP SoCal and Inland Empire
William LaMarr	California Small Business Alliance
Noel Muyco	SoCalGas
David Rothbart	L.A. Sanitation Districts
Erin Sheehy	Environmental Compliance Solutions
Susan Stark	Tesoro
Wayne Nastri	SCAQMD Staff
Jill Whynot	SCAQMD Staff
Philip Fine	SCAQMD Staff
Barbara Baird	SCAQMD Staff
Matt Miyasato	SCAQMD Staff
Henry Hogo	SCAQMD Staff
Derrick Alatorre	SCAQMD Staff
Leah Alfaro	SCAQMD Staff
Sam Atwood	SCAQMD Staff
Naveen Berry	SCAQMD Staff
Arlene Farol	SCAQMD Staff
Carol Gomez	SCAQMD Staff
Aaron Katzenstein	SCAQMD Staff
Michael Krause	SCAQMD Staff
Michael O' Kelly	SCAQMD Staff
Laki Tisopulos	SCAQMD Staff
Kim White	SCAQMD Staff
Jillian Wong	SCAQMD Staff

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 28

REPORT: Stationary Source Committee

SYNOPSIS: The Stationary Source Committee met Friday, September 16, 2016. Following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

Ben Benoit, Chair
Stationary Source Committee

LT:eb

Attendance
The meeting began at 10:30 a.m. In attendance at SCAQMD Headquarters were Committee Chair Ben Benoit and Committee Members Judith Mitchell and Larry McCallon. Committee Member Shawn Nelson attended via videoconference. Absent were Committee Members Dr. Joseph Lyou and Janice Rutherford.

ACTION ITEMS

1. **Home Rule Advisory Group Revised Membership Roster**
   Based on the Blue Ribbon Panel Recommendations and approval by the Board, a request from Dr. Joseph Lyou to reappoint his representative Jaclyn Ferlita to the Home Rule Advisory Group was submitted for the concurrence of the Committee.

   Moved (McCallon), seconded (Mitchell) and approved as recommended by the following vote:

   Ayes: *Benoit, Mitchell, McCallon, Nelson*
   Noes: *None*
   Absent: *Lyou, Rutherford*

2. Amend BACT Guidelines and Approve Charter for BACT Scientific Review Committee

Alfonso Baez, Program Supervisor, provided the Committee with a presentation on the proposed amendments to the BACT Guidelines and proposed Charter for the BACT Scientific Review Committee (SRC). The proposed amendments of the BACT Guidelines are to make them consistent with current requirements of SCAQMD rules and regulations as well as state and federal requirements such as the addition of Parts E and F to address greenhouse gas BACT that is now covered under the federal Prevention of Significant Deterioration and Title V Permit Programs. To formalize the operation of the BACT SRC, staff is proposing the approval of a Charter which will detail the BACT SRC's goals and objectives, composition and selection of the BACT SRC membership and the operational guidelines, all consistent with the initial establishment of the BACT SRC.

David Rothbart representing Southern California Alliance of Publicly Owned Treatment Works (SCAP) noted that the BACT Guidelines have not been updated in almost ten years, and the SRC meeting was the first since then. Mr. Rothbart stated that his members were under the impression that there would be another SRC meeting. There are issues that need to be brought back to the SRC to be addressed. In addition to those issues, there are permit streamlining issues that can be addressed. He also requested additional time for review and to have another meeting before this item goes to the Board.

Curt Coleman of Southern California Air Quality Alliance stated that he received an email from one of his members asking what was the rush to approve the BACT Guidelines. The website description of the SRC implies that the responses are to be brought back to the SRC. In addition, they have been faced with limited time due to many other issues, such as the Draft AQMP, that still need to be addressed. He would appreciate one more SRC meeting. Bill LaMarr of Southern California Small Business Alliance and Sue Gornick of Western States Petroleum Association also expressed their support for having another BACT SRC meeting before this item goes to the Board.

Dr. Matt Miyasato, Deputy Executive Officer of Science & Technology Advancement, stated that the BACT Guidelines are guidance for permitting, not a regulatory requirement. He clarified that the BACT SRC's role is to review and comment on proposed amendments to the BACT Guidelines, not to serve as an approving body.

Wayne Nastri, Acting Executive Officer, asked Dr. Miyasato if there were any substantive issues brought forth to staff. Dr. Miyasato responded that there were concerns about portable Tier 4 engines but those have been addressed in the proposed amendments consistent with current CARB requirements.

Mr. Nastri stated that staff will continue to meet and work with the BACT SRC to resolve any outstanding concerns, with the option to pull the item from the October 7 Board agenda if something substantive is brought forth by the BACT SRC and not resolved.

Mayor McCallon asked how is BACT applied? Mr. Baez stated that for major sources, BACT is applied at the time a permit is issued. For minor sources BACT is applied at the time an application is deemed complete.

Councilmember Mitchell made a motion directing staff to hold a BACT SRC meeting between now and October 7, 2016 to receive input regarding the proposed amended BACT Guidelines, for review and inclusion into the proposed amendments, and to have this item remain on the agenda for the October 7, 2016 Board meeting agenda. She asked BACT SRC members to communicate with Board members if issues are not resolved.

Moved (Mitchell), seconded (McCallon) and approved as recommended by the following vote:

Ayes: *Benoit, Mitchell, McCallon, Nelson*
Noes: *None*
Absent: *Lyou, Rutherford*

INFORMATIONAL ITEMS

3. Permit Backlog Reduction Plan

Dr. Laki Tisopulos, Deputy Executive Officer of Engineering & Permitting, provided an overview of the Permit Application Backlog Reduction Draft Action Plan that was developed to address the permit application backlog. The key objectives in developing the plan are to reduce the backlog as expeditiously as possible, ensure timely issuance of permits in the future, improve customer service and transparency, and keep the environment whole. The Draft Action Plan identifies multiple immediate action and longer term strategies that seek to improve permit processing capacity and operational efficiency and includes many permit processing modernization and automation measures. The overview included an analysis of the various efficiency measures and strategies, cost scenarios and timelines considered, as well as early gains made in reducing the backlog over the last two months. The feedback from stakeholders (business and environmental community representatives) was very positive. The Draft Action Plan will be presented to the full Board in October. In an effort to maintain an ongoing dialogue with stakeholders, staff plans to have additional listening sessions prior to and after the Board meeting in October.

Following Dr. Tisopulos' presentation, Mayor McCallon suggested that SCAQMD actively pursue new engineers due to the aging workforce. Mr. Nastri responded that Jill Whynot, Chief Operating Officer, is currently working on succession planning that addresses this issue. Ms. Whynot gave further details to the Committee regarding the succession planning, as well as employee retention efforts.

Councilmember Mitchell asked if SCAQMD is going to hire outside consultants to build the automated system. Mr. Nastri responded that staff is looking at options, including incorporating the Bay Area system, using internal staff to build a system, or looking for outside consultants to build the system. Chris Marlia, Assistant Deputy Executive Officer of Information Management, explained the pros and cons of each option. Councilmember Mitchell recommended putting out an RFP for someone to build the system for SCAQMD. Dr. Tisopulos stated that based on the Bay Area experience, it is advisable to proceed in small increments, as opposed to building an entire system at once.

Mr. LaMarr requested follow up on the number of Expedited Permit requests that are processed in a timely manner. Mr. Coleman was appreciative of staff and expressed gratitude for the Action Plan and offered support to Dr. Tisopulos. David Rothbart also thanked staff for all their hard work, and added a few suggestions. Mr. Rothbart stated that some inefficiencies come from applicants "haggling" over permits with the permit engineer. He also added the priority should be placed on Permits to Construct.

Bill Pearce of the Boeing Company expressed support for the Permit Streamlining effort and inquired about Class I versus Class III permits. Joe Hower of Ramboll Environ also expressed support for the backlog reduction efforts and requested that the permit guidance documents, including Change of Operator Guidelines, be updated and be made available to the public. Staff responded that the updated Change of Operator Guidelines should be completed soon and that updating the Permit Guideline Handbook is part of the Draft Action Plan and that it would be posted on the web as soon as it is updated. Angela Johnson-Meszaros of Earthjustice stated she endorses speeding up the permit process in order to keep businesses from operating without a permit. She expressed her interest for the Environmental community to be involved in the process.

Councilmember Mitchell asked that small equipment be standardized as much as it could be to speed up the process.

4. Alkylation Technology Study

Dr. Tisopulos reported that the Alkylation Technology study, initiated in March 2016 in response to the public concerns regarding the continuing reliance on modified hydrofluoric acid-based (HF) alkylation process by two of our local

refineries, was recently completed. SCAQMD had commissioned Norton Engineering Consultants to conduct an independent review and evaluation of commercially viable options for replacing HF Alkylation units. The completed report was made available to the public through SCAQMD's website on Thursday, September 15.

5. **Summary of Proposed Amended Rule 1302 - Definitions and Rule 1325 - Federal PM2.5 New Source Review Program**
   Mr. Tracy Goss, Planning and Rules Manager, presented a summary of Proposed Amended Rules (PARs) 1325 and 1302, which address the Basin's recent reclassification as a "serious" nonattainment area for PM2.5 and the recently released U.S. EPA's Fine Particulate Matter implementation rule. Specifically, PAR 1325 would lower the major source threshold for PM2.5 and PM2.5 precursors from 100 to 70 tons per year, identify VOC and ammonia as PM2.5 precursors and establish significant modification thresholds for VOC and ammonia at 40 tons per year. An exemption from offset requirements is also proposed under PAR 1325 for sources installing equipment to comply with air pollution regulations. Mr. Goss explained that PAR 1302 includes a correction to the SOx major source threshold and other editorial changes to improve clarity and consistency. U.S. EPA comments have been incorporated into PAR 1325 and SCAQMD staff does not anticipate the amendments will cause any impacts to the regulated community. There were no comments from the public or Committee Members.

6. **Update on Proposed Rule 1304.2 and Proposed Rule 1304.3 Development**
   Mr. Goss gave the staff presentation on Proposed Rule 1304.2 – California Public Utilities Commission Regulated Electrical Generating Facility Fee for Use of SOx, PM10 and NOx Offsets; and Proposed Rule 1304.3 – Local Publicly Owned Electrical Utility Fee For Use Of SOx, PM10 and NOx Offsets. Dr. Fine commented that the initial impetus for the rulemaking was loss of MW generation due to the decommissioning of SONGS; however, the urgency for the proposed rules may have significantly lessened based on the most recent power forecasts by the CEC. Mr. Mike Carroll, Latham & Watkins representing Wellhead Electric, Inc., urged staff to continue rule development since Wellhead was moving ahead with its contract to supply Southern California Edison peaker power via the Stanton Energy Reliability Center project. Wellhead will be submitting applications in the coming weeks [applicable to PR 1304.2]. In addition, regardless of renewable power generation capacity, small distributed natural gas-fired generation is still required to ensure local reliability and avert brown-outs and black-outs, and the best policy would be to have the rules in place for any sudden future additional power need. Ramon Abueg, Chief Assistant General Manager, Glendale Water and Power stated that the city would like to have PR 1304.3 available for repowering aging equipment at the Grayson power plant (~250MW) and that they are currently in the process of vendor selection.

Ms. Johnson-Meszaros, with Earthjustice, and additionally speaking on behalf of several other environmental groups, opposes the proposed rules based on the following three points: The Board would be endorsing a rule that increases pollution by facilitating the operation of equipment that would otherwise not operate, while SCAQMD rules should be mitigating air pollution; shutdown of SONGs is not an issue any more in late 2016 (based on the latest power projections); and battery storage is displacing the need for need for previously approved California Public Utilities Commission MWs.

Mr. Carroll responded that the current fossil fuel generation being requested was part of the response plan to the SONGs shut down, and just not implemented yet. Dr. Fine added that both proposed rules are optional and that they are to be utilized as a last resort. He also noted that safeguards are in place to assure that only essential/necessary projects are approved including the requirement for either an Integrated Resource Plan (IRP) or Long-Term Procurement Program Plan (LTPP) and the use of other credit sources first, where available. Dr. Fine also pointed out that staff is neutral but is seeking direction from Board Members. He offered that an alternative could be to draft a second scenario/optional set of proposed rule language limiting the scope of either rule to specific projects or based on a time element. Mayor McCallon and Councilmember Mitchell expressed that staff should continue to move forward with the rule development. Councilmember Benoit suggested staff draft a proposed rule alternative that would effectively limit utilization of the proposed rules to the Stanton Energy Reliability Center and City of Glendale projects and the Board could take that under consideration.

7. **Status Update on Proposed Amended Rule 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx)**

Susan Nakamura, Acting Assistant Deputy Executive Officer of Planning, Rule Development and Area Sources, provided the Committee with an update regarding proposed amendments to Regulation XX, Regional Clean Air Incentives Market (RECLAIM). Per Board direction, amendments to Rule 2002 would allow a closer alignment of shutdown credits in the RECLAIM program with command-and-control programs, short of full forfeiture. The proposed amended rule would be considered at the October 2016 Board Meeting. There were no Committee Member comments. Mr. Coleman expressed his appreciation to staff for an open and collaborative process. He also stated that staff has addressed all but one of his comments, which is he does not feel is significant and does not apply to any of his organization's members.

Mr. Hower also thanked staff for their work and expressed his concern with Rule 1304 offsets being included as part of the proposed rule amendment calculation because it is a complex and long process. He understands why staff has this provision, but would prefer it be removed from the proposed amended rule. In

addition, Mr. Hower requested clarity on proposed paragraph (i)(12), because he isn't certain if a facility would be able to sell any remaining NOx RTCs after the reduction calculation.

Mr. Carroll, representing Latham & Watkins and Regulatory Flexibility Group, stated the staff proposal is an improvement from the December 2015 proposal. He also stated that it is industry's perspective that inputs of RTCs into the market from shutdown facilities are vital to its function, and that industry's preference is that there should not be any shutdown provisions in the proposed amended rule.

8. **Consider Request by City of Newport Beach for Board to Add Rule 444 - Open Burning to Rule Forecast Report**
   Due to time constraints, this item was moved to the October meeting.

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 October 21, 2016. The meeting was adjourned at 12:25 p.m.

Attachment
Attendance Roster

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
STATIONARY SOURCE COMMITTEE
September 20, 2016
Attendance Roster (Voluntary)

Supervisor Ben Benoit	SCAQMD Governing Board
Councilmember Judith Mitchell	SCAQMD Governing Board
Mayor Larry McCallon	SCAQMD Governing Board
Supervisor Shawn Nelson (videoconference)	SCAQMD Governing Board
Board Consultant Marisa Perez	SCAQMD Governing Board (Mitchell)
Wayne Nastri	SCAQMD staff
Barbara Baird	SCAQMD staff
Philip Fine	SCAQMD staff
Laki Tisopulos	SCAQMD staff
Jill Whynot	SCAQMD staff
Kurt Wiese	SCAQMD staff
Matt Miyasato	SCAQMD staff
Susan Nakamura	SCAQMD staff
Amir Dejbakhsh	SCAQMD staff
Al Baez	SCAQMD Staff
Noel Muyco	SoCalGas
Bill LaMarr	California Small Business Alliance
David Rothbart	L.A. County Sanitation Districts
Sue Gornick	Western States Petroleum Association
Erin Sheehy	Environmental Compliance Solutions
Krishna Nand	Env. Mgmt. Professionals, LLC
Cecile Felsher	ALTA Environmental
Michael Morrison	ALTA Environmental
Bill Pearce	The Boeing Company
Susan Stark	Tesoro
Tom Gross	Southern California Edison

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 29

REPORT: Technology Committee

SYNOPSIS: The Technology Committee met on September 16, 2016. Major topics included Technology Advancement items reflected in the regular Board Agenda for the October Board meeting. A summary of these topics with the Committee's comments is provided. The next Technology Committee meeting will be held on October 21, 2016.

RECOMMENDED ACTION:
Receive and file.

John J. Benoit
Technology Committee Chair

MMM:pmk

Attendance: Supervisor John Benoit and Councilmember Joe Buscaino participated by videoconference. Mayor Larry McCallon, Councilmember Judith Mitchell, and Councilmember Dwight Robinson were in attendance at SCAQMD headquarters. Supervisor Janice Rutherford was absent due to a conflict with her schedule.

OCTOBER BOARD AGENDA ITEMS

1. **Adopt Resolution Recognizing Funds and Accepting Terms and Conditions for FY 2015-16 Carl Moyer State Reserve Fund Award, and Execute Contracts for FY 2015-16 "Year 18" Carl Moyer Program and SOON Provision**
   As agreed in a May 1, 2013 MOU between CAPCOA and CARB, the SCAQMD is to implement the FY 2015-16 Carl Moyer Multidistrict Program. This action is to adopt a resolution recognizing $3 million in revenue from CARB's Carl Moyer State Reserve Fund with its terms and conditions for FY 2015-16. On June 1, 2016, the Program Announcements issued for the "Year 18" Carl Moyer Program and SOON Provision closed. These actions are to execute contracts for the "Year 18" Carl Moyer Program and SOON Provision in an amount not to exceed $31,985,690, comprised of $25,302,812 from the SB 1107 Fund (32), $2,812,500 from the SB 1107 Multidistrict Fund (32), $3,326,453 from the AB 923 Fund (80), and $543,925 in accrued interest from the Carl Moyer Program Fund (32). Finally, these actions

are to execute contracts from a backup project list as turnback funds become available and to transfer all unallocated AB 923 funds from the Carl Moyer Fund (32) to the Carl Moyer Program AB 923 Special Revenue Fund (80).

Supervisor Benoit recused himself due to a campaign contribution from West Coast Turf and possibly others. Councilmember Mitchell was asked to chair this item.

Moved by Buscaino; seconded by Robinson; unanimously approved.

Ayes: *Buscaino, McCallon, Mitchell, Robinson*
Noes: *None*
Abstain: *Benoit*
Absent: *Rutherford*

2. **Recognize Funds and Amend Award for Locomotive Replacement Project**
In June 2016, U.S. EPA notified SCAQMD that an award had been approved under the FY 2015-16 Diesel Emissions Reduction Act (DERA) to replace an older diesel locomotive with a new Tier 4 diesel locomotive. On July 8, 2016, the Board awarded a contract to Metropolitan Stevedore Company under the Proposition 1B–Goods Movement Program for the diesel locomotive replacement project. Subsequently, CARB approved additional funds under the Proposition 1B–Goods Movement Program for the replacement project. This action is to recognize up to $523,809 from U.S. EPA DERA into the Advanced Technology, Outreach and Education Fund (17). These actions are to also amend the award to Metropolitan Stevedore Company to increase project funding in an amount not to exceed $608,400, comprising $500,000 from the U.S. EPA DERA funds and $108,400 from Proposition 1B-Goods Movement Program Fund (81), and to reimburse the General Fund for administrative costs up to $23,809 necessary to implement the DERA grant.

Mayor McCallon asked staff the number of locomotives that are being replaced for this project. Staff responded that Metropolitan Stevedore Company (MSC) is replacing one locomotive. Funding for this MSC locomotive replacement project comes from both DERA and Proposition 1B Programs.

Councilmember Robinson asked staff the cost of a Tier 4 locomotive. Staff responded that it is about $3 to $4 million.

Moved by McCallon; seconded by Mitchell; unanimously approved.

Ayes: *Benoit, Buscaino, McCallon, Mitchell, Robinson*
Noes: *None*
Absent: *Rutherford*

3. Recognize Funds and Amend Contract for Development, Integration and Demonstration of Ultra-Low Emission Natural Gas Engine for On-Road Heavy-Duty Vehicles

On November 6, 2015, the Board awarded a contract to Cummins Westport Inc. (CWI) to cofund the development of an 11.9-liter heavy-duty natural gas engine that is 90% cleaner than the current on-road heavy-duty NOx exhaust emissions standard. This award included $1 million in cost-share funding from the CEC, excluding funding CEC had intended to award directly to CWI. Subsequently, CEC has indicated they will award all project cost-share as pass-through funding to SCAQMD for a total of $2,000,000. These actions are to recognize funds up to an additional $1,000,000 into the Clean Fuels Fund (31) and amend the contract with CWI to increase the contract by an additional $1,000,000 from the Clean Fuels Fund (31).

Councilmember Mitchell asked staff if the objective of the project is to certify the engine with CARB and U.S. EPA. Staff indicated that is the goal.

Moved by Mitchell; seconded by Robinson; unanimously approved.

Ayes: *Benoit, Buscaino, McCallon, Mitchell, Robinson*
Noes: *None*
Absent: *Rutherford*

4. Transfer and Appropriate Funds, Amend Contract to Enhance Website Application Process for Enhanced Fleet Modernization Program, and Reimburse Administrative Costs

Last month, the Board approved continuation of the AB 118 Enhanced Fleet Modernization Program (EFMP) and EFMP Plus-Up for FY 2016-17. Staff proposes to streamline its implementation through an enhanced website application process, which will allow applicants to track their application status. Funds need to be transferred to the General Fund for this effort and to cover other administrative and outreach efforts associated with EFMP implementation. Thus, these actions are to: 1) transfer and appropriate $175,000 from the HEROS II Special Revenue Fund (56) into Information Management's FY 2016-17 Budget; 2) amend a contract with Varsun eTechnologies to develop an in-house web-based application process for the EFMP in an amount not to exceed $150,000 and provide EFMP website maintenance for $25,000; 3) reimburse the General Fund up to $10,000 from the HEROS II Special Revenue Fund (56) for administrative costs to operate a communications/call-in center; and 4) transfer and appropriate $70,000 from the HEROS II Special Revenue Fund (56) to Science & Technology Advancement's FY 2016-17 or FY 2017-18 Budget for EFMP marketing and outreach efforts.

Mayor McCallon inquired about the existing waiting list for the EFMP program and whether additional outreach and marketing are necessary. Staff responded that the waiting list is down to 600 consumers. With the funding approved by the Board last month from the state, staff should be able to process those on the waiting list and seek additional participants for the EFMP program, especially from Orange County and the Inland Empire. Staff indicated that CARB has a requirement that a percentage of the administrative portion of the funds be used for outreach, which includes consumer education on advanced technology vehicles. Staff does not plan on expending funds for direct marketing activities.

Councilmember Robinson inquired about the cost of the existing website and the need for the development of a new website. Staff responded the existing website is a static website that was a carryover from a previous program. A new website design would provide applicants the ability to track where they are in the application process and provide staff the ability to track program progress including fund balance.

Moved by McCallon; seconded by Mitchell; unanimously approved.

Ayes: *Benoit, Buscaino, McCallon, Mitchell, Robinson*
Noes: *None*
Absent: *Rutherford*

5. Recognize Revenue and Appropriate Funds to Engage, Educate and Empower California Communities on Use and Applications of "Low-Cost" Air Monitoring Sensors

The U.S. EPA awarded SCAQMD a nationwide competitive Science to Achieve Results (STAR) research grant to engage, educate and empower California communities on the use and application of "low-cost" air monitoring sensors. SCAQMD staff will work with Sonoma Technology, Inc., researchers at UCLA and other air pollution control districts to develop and implement methodologies and resources for accomplishing the specific objectives of this project. This action is to recognize up to $749,820 in revenue into the General Fund and appropriate up to $670,500 in Science & Technology Advancement's FY 2016-17, FY 2017-18 and FY 2018-19 Budgets to support this work.

Councilmember Mitchell asked if staff tests sensors from different vendors and manufacturers. Staff responded in the affirmative. Staff purchases, leases or otherwise acquires commercially available sensors. All sensors are fully evaluated within the SCAQMD's Air Quality Sensor Performance Evaluation Center (AQ-SPEC) before being deployed in the field.

Councilmember Mitchell asked how the SCAQMD or other organizations evaluate the reliability of these air quality sensors. Staff replied that typically the performance of these sensors is evaluated by comparing them to reference "EPA-approved" monitors in the field. SCAQMD's AQ-SPEC is the only comprehensive sensor testing program in the country that systematically evaluates the performance of commercially available sensors both in the field and in the laboratory. All testing results are publicly available on the SCAQMD website (www.aqmd.gov/aq-spec). Before staff deploys sensors in the field, they need to be calibrated to make sure staff can retrieve meaningful and usable data.

Mayor McCallon asked how communities are being selected for this project. Staff responded that the six communities that will participate have not yet been identified. Our recruitment efforts will be supported by California Air Pollution Control Officers Association (CAPCOA), the Center for Community Action and Environmental Justice (CCAEJ), and by Communities for a Better Environment (CBE). Also, the sensors will have to be selected for the appropriate air quality issues affecting each community. Staff noted that this will not prevent engaging other communities and deploying additional air quality sensors in other parts of Southern California.

Supervisor Benoit requested that the Board be updated on AQ-SPEC. Staff indicated AQ-SPEC is a very successful program and has received a number of external grants from EPA. Staff will update the Board on the progress made by AQ-SPEC at the November Board meeting. A summary of all field and laboratory testing results will be presented along with lessons learned from the past two years of AQ-SPEC activities.

Moved by Mitchell; seconded by Robinson; unanimously approved.

Ayes: *Benoit, Buscaino, McCallon, Mitchell, Robinson*
Noes: *None*
Absent: *Rutherford*

6. Recognize Revenue, Transfer Funds, and Execute Contract to Develop and Demonstrate Fuel Cell Heavy-Duty Truck

On December 5, 2014, the Board recognized revenue from the DOE for the Zero Emission Cargo Transport project to develop and demonstrate zero emission drayage trucks. International Rectifier, one of the technology providers, has decided not to continue with the project, and staff and DOE have invited Hydrogenics USA Inc. to join the project and develop a fuel cell range-extended drayage truck. These actions are to recognize revenue from the Ports' Technology Advancement Program (TAP) up to $283,495, transfer $283,495 as a temporary loan from the Clean Fuels Fund to the Advanced Technology Goods Movement Fund, and execute a contract with

Hydrogenics USA Inc. to develop a fuel cell range-extended drayage truck in an amount not to exceed $1,109,279, comprising the $283,495 from the Ports' TAP and $825,784 from DOE funds previously awarded to International Rectifier.

Staff presented a summary of the project to cost-share the development and demonstration of the fuel cell truck under the Zero Emission Cargo Transport project. Supervisor Benoit inquired about the truck's ability to plug in for a charge. Staff clarified that the battery is operated in charge-sustaining mode and does not need to be charged from the grid.

Councilmember Robinson inquired about the funds that were expended with the initial proponent and an explanation for the cost of $2.4 Million for one truck. Staff clarified that previously no funds were expended and that the cost for one truck is about $1.1 Million. The remainder is a one-time engineering research and development cost necessary to design, model and simulate performance before building the vehicle, mainly funded by CEC. Councilmember Buscaino commented that the local ports have been waiting for this type of technology.

Moved by Buscaino; seconded by Robinson; unanimously approved.

Ayes: *Benoit, Buscaino, McCallon, Mitchell, Robinson*
Noes: *None*
Absent: *Rutherford*

7. Other Business
There was no other business.

8. Public Comments
There were no public comments.

Next Meeting: October 21, 2016

Attachment
Attendance Roster

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
TECHNOLOGY COMMITTEE MEETING
Attendance Roster – September 16, 2016

Supervisor John J. Benoit (via videoconference)	SCAQMD Governing Board
Councilmember Joe Buscaino (via videoconference)	SCAQMD Governing Board
Mayor Larry McCallon	SCAQMD Governing Board
Councilmember Judith Mitchell	SCAQMD Governing Board
Councilmember Dwight Robinson	SCAQMD Governing Board
Mark Abramowitz	Board Consultant (Lyou)
Ron Ketcham	Board Consultant (McCallon)
Wayne Nastri	SCAQMD Staff
Jill Whynot	SCAQMD Staff
Michael O'Kelly	SCAQMD Staff
Derrick Alatorre	SCAQMD Staff
Ruby Fernandez	SCAQMD Staff
Matt Miyasato	SCAQMD Staff
Henry Hogo	SCAQMD Staff
Jason Low	SCAQMD Staff
Naveen Berry	SCAQMD Staff
Andrea Polidori	SCAQMD Staff
Dean Saito	SCAQMD Staff
Richard Carlson	SCAQMD Staff
Drue Hargis	SCAQMD Staff
Joseph Impullitti	SCAQMD Staff
Adewale Oshinuga	SCAQMD Staff
Vicki White	SCAQMD Staff
Gregory Rowley	SCAQMD Staff
Alejandra Vega	SCAQMD Staff
Penny Shaw Cedillo	SCAQMD Staff
Pat Krayser	SCAQMD Staff

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 30

REPORT: Mobile Source Air Pollution Reduction Review Committee

SYNOPSIS: The MSRC conducted its annual offsite Retreat with its Technical Advisory Committee on Thursday, September 15, 2016 at the Orange County Transportation Authority Headquarters in Santa Ana. The Retreat, which included regular meeting business items, was to initiate development of the two-year FYs 2016-18 Work Program. The MSRC's next meeting is currently scheduled for Thursday, October 20, 2016, at 2:00 p.m., in Conference Room CC8.

RECOMMENDED ACTION:
Receive and file.

Ben Benoit
Alternate SCAQMD Representative on MSRC

MMM:HH:AP

Meeting Minutes Approved

The MSRC unanimously approved the minutes of its May 19, 2016 meeting. Those approved minutes are attached for your information *(Attachment 1)*.

Joint MSRC & MSRC-TAC Annual Offsite Retreat

On September 15, 2016, the MSRC conducted its annual offsite Retreat with its Technical Advisory Committee to initiate development of its upcoming FYs 2016-18 AB 2766 Discretionary Fund Work Program, for which an estimated $37.4 million will be available for projects. A few highlights from the Retreat include the following:

A luncheon keynote presentation was presented by Josh Becker, Clean Energy Business and Policy Leader, and Founder Full Circle Fund. His presentation focused on transit integration and scheduling. One idea included decreasing the wait time to seven minutes or less for a bus, and thus increasing public transit ridership. He stated that if people knew that if they missed their bus, and another one would be coming along shortly, they would be more apt to ride public transit. Another incentive would be to consolidate fares for Uber, buses and trains, to make it a one-ticket fare purchase. With mobile phones, this may now be possible.

The second guest speaker was Colin Peppard, Manager for Outreach and Strategic Relationships for the Office of Extraordinary Innovation at LA Metro. His talk centered on autonomous vehicles and how they are no longer a thing of the future. He shared how autonomous vehicles could be useful, cleaner, and safer.

Additionally, SCAQMD, CARB, and CEC provided the MSRC an update on their agencies' respective activities and priorities in relation to the MSRC's goals and mission. MSRC staff provided a historical look at how the MSRC Work Programs have evolved and the air quality benefits that have been realized. Finally, the MSRC's Outreach Coordinator, the Better World Group, summarized the results and analysis of six regional "mini-workshops" held throughout the basin during the summer to launch the development process of the upcoming Work Program and solicit direct feedback from past, current and potentially future project participants.

At its next meeting the MSRC will continue discussing parameters and priorities for the upcoming FYs 2016-18 Work Program.

FYs 14-16 Near-Zero Natural Gas Engine Incentives Program

As part of the FYs 2014-16 Work Program, the MSRC allocated $10,000,000 to provide funds towards the purchase cost of the Cummins Westport ISL G Near Zero natural gas engine. This engine is certified to the CARB Optional NO_x standard of 0.02 g/bhp-hr. A Program Announcement, #PA2016-11, was developed and released on June 3, 2016. Eligible vehicle types include urban transit buses and refuse collection trucks. For qualifying transit buses, the MSRC allocated $7.5 million, with a maximum per-entity award amount of $1.875 million, and will award $15,000 per vehicle for either new bus purchases or the re-power (engine replacement) of existing buses. For qualifying refuse trucks, the MSRC allocated $2.5 million, with a maximum per-entity award amount of $625,000, and will award $25,000 per vehicle, for re-powers only. The Program Announcement includes an open application period commencing July 5, 2016 and closing January 6, 2017. A total of $4,260,000 has been awarded to date. The MSRC-TAC recommended, and the MSRC approved, one additional award to Riverside Transit Agency, in an amount not to exceed $10,000, for the purchase of a new transit bus, as part of the FYs 2014-16 AB 2766 Discretionary Fund Work Program. This award will be considered by the SCAQMD Board at its October 7, 2016 meeting.

FYs 14-16 Alternative Fuel Infrastructure Program

As part of the FYs 2014-16 Work Program, the MSRC allocated $5,000,000 for the implementation of new and expanded CNG and LNG refueling stations and modification of maintenance facilities to accommodate gaseous-fueled vehicles. A Program Announcement, #PA2015-12, was developed and released on May 1, 2015, with an open application period commencing that day and closing July 29, 2016. To date, the MSRC has awarded a total of $842,000. The MSRC approved ten additional contract awards totaling $1,700,000 as part of the FYs 2014-16 AB 2766 Discretionary

Fund Work Program. These awards will be considered by the SCAQMD Board at its October 7, 2016 meeting.

FYs 16-18 Major Event Center Transportation Program

As part of the FYs 2014-16 Work Program, the MSRC allocated $4,500,000 for event center transportation programs and released a Program Announcement to solicit projects for traffic-impacted centers. Applications could be submitted through July 29, 2016. The MSRC subsequently allocated an additional $1,218,956 to the Program, and to date, the MSRC has awarded a total of $5,546,989. The MSRC considered three additional recommended awards.

Long Beach Transit requested the MSRC to consider an award of $198,957 to provide special express bus service for the 2017 and 2018 LA Galaxy soccer seasons. Service would be provided on two routes to StubHub Center in Carson, one originating at the Metro Blue Line Del Amo Station and the other at the Long Beach Transit Gallery, to all Galaxy home games, providing service from 90 minutes prior to each game and at least every 20 minutes following the conclusion of the game. Service would promote the use of public transit, including bus and (by connection) rail, in lieu of personal automobile. Long Beach Transit and StubHub Center would contribute at least $759,400 in co-funding. The MSRC allocated an additional $157,023 to the Program, and approved a contract award to Long Beach Transit in an amount not to exceed $198,957 as part of the FYs 2016-18 Work Program to implement the 2017 and 2018 LA Galaxy special bus service, contingent on the use of buses meeting the 2010 USEPA standard for NO_x emissions stipulated in the Program Announcement and on Long Beach Transit providing complete event schedules.

Foothill Transit requested the MSRC to consider an award of $50,000 to provide special bus service for the 2016 LA County Fair. Service would be provided from the Azusa Gold Line Station on Saturdays and Sundays during the Fair, as well as the Labor Day holiday on September 5, 2016, providing service from one hour prior to the Fair opening and with the last bus departing 40 minutes following the Fair's closure at midnight. Service would promote the use of public transit, including bus and (by connection) rail, in lieu of personal automobile. Foothill Transit and the LA County Fair would contribute at least $50,000 in co-funding. The MSRC approved a contract award to Foothill Transit in an amount not to exceed $50,000 as part of the FYs 2016-18 Work Program.

SCRRA requested the MSRC to consider an award of $80,455 to provide special Metrolink service for the final day of the 2017 NASCAR Sprint Cup Series at Auto Club Speedway. Service would be provided using Tier 4 locomotives, the cleanest available, on three routes, out of Oceanside, Oxnard, and Lancaster, with the first train arriving at 9:00 a.m. All three special Metrolink trains will wait up to 60 minutes following the conclusion of the race before departing. A dedicated tram service will connect patrons from the train platforms to the track. Service would promote the use of

rail in lieu of personal automobile. SCRRA and the Auto Club Speedway would contribute at least $265,000 in co-funding. The MSRC approved a contract award to SCRRA in an amount not to exceed $80,455 as part of the FYs 2016-18 Work Program.

These awards will be considered by the SCAQMD Board at its October 7, 2016 meeting.

FYs 16-18 Regional Active Transportation Partnership Program

Southern California Association of Governments (SCAG) has begun implementing a broad-based active transportation outreach, education and demonstration program dubbed "Go Human". The program would implement active transportation events, educational programs, and temporary roadway installations to introduce people to alternative commute and trip modes including walking, biking and public transit. SCAG informed the MSRC of the program, and the MSRC asked its staff to bring forward a conceptual plan to partner with SCAG in the program's implementation. The program is consistent with the MSRC's goals and objectives to reduce motor vehicle emissions. With the MSRC's partnership, the program would support activities in approximately 25-30 cities within the SCAQMD region. Day-to-day administration of the program would be performed by SCAG. SCAG will be developing and releasing a Call for Proposals to select jurisdictions to host the Go Human activities, with the MSRC or their designee reviewing recommended proposals prior to final approval and implementation by SCAG. SCAG would match the MSRC's contribution dollar for dollar. The MSRC considered this partnership opportunity and approved an award to SCAG in an amount not to exceed $2,500,000 as an element of the FYs 16-18 AB 2766 Discretionary Fund Work Program, with $2,000,000 split equally amongst the four counties ($500,000 each) and the remaining $500,000 awarded competitively across all four counties.

Contract Modification Requests

The MSRC considered three contract modification requests and took the following actions:

1. For City of Placentia, Contract #ML16048, which provides $90,000 to install bicycle locker and EV charging stations, a 13-month contract term extension;
2. For Southern California Gas Company (SoCalGas), Contract #MS12024, which provides $150,000 to install a new public access CNG station in Murrieta, a modified statement of work to install a slightly smaller compressor and storage, coupled with a larger compressor pad to accommodate the installation of a future second compressor, as well as installing a second dual-hose dispenser, in place of the 600 SCFM compression capability and 41,000 SCF storage capacity specified in the contract;
3. For Southern California Gas Company (SoCalGas), Contract #MS12011, which provides $150,000 to install a new public access CNG station in Pico Rivera, a

modified statement of work to install less storage, coupled with extra compression capability, as well as installing a second dual-hose dispenser, in place of the 41,000 SCF storage capacity specified in the contract.

Received and Approved Final Reports

The MSRC received and unanimously approved a final report summary this month for Orange County Transportation Authority, Contract #MS14087, which provided $239,645 to implement Special Metrolink Service to Angel Stadium.

Contracts Administrator's Report

The MSRC's AB 2766 Contracts Administrator provides a written status report on all open contracts from FY 2004-05 through the present. The Contracts Administrator's Report for September, 2016 is attached for your information. *(Attachment 2)*

Attachments

Attachment 1 – Approved May 19, 2016 Meeting Minutes
Attachment 2 – September 2016 Contracts Administrator's Report

MOBILE SOURCE AIR POLLUTION REDUCTION REVIEW COMMITTEE
THURSDAY, MAY 19, 2016 MEETING MINUTES
21865 Copley Drive, Diamond, Bar, CA 91765- Conference Room CC-8

MEMBERS PRESENT:

(Chair) Greg Pettis, representing RCTC
(Vice Chair) Larry McCallon, representing SANBAG
Michael Antonovich, representing SCAQMD (via v/c)
Ben Benoit (Alt.), representing SCAQMD
Jack Kitowski, representing California Air Resources Board (via v/c)
Michele Martinez, representing SCAG
Dolores Roybal Saltarelli, representing Regional Rideshare Agency (via v/c)

MEMBERS ABSENT:

Steve Veres, representing LA County MTA
Greg Winterbottom, representing OCTA

MSRC-TAC MEMBERS PRESENT:

Rongsheng Luo (Alt.), representing Southern California Association of Governments
Kelly Lynn, representing San Bernardino Associated Governments
Dean Saito, representing SCAQMD

OTHERS PRESENT:

David Czamanske, SCAQMD Board Assistant (Cacciotti)
Debra Mendelsohn, SCAQMD Board Assistant (Antonovich)
Ric Teano, OCTA

SCAQMD STAFF & CONTRACTORS

Ray Gorski, MSRC Technical Advisor-Contractor
Henry Hogo, Asst. DEO/Science and Technology Advancement
John Kampa, Financial Analyst
Christina Kusnandar, Contracts Assistant
Matt MacKenzie, MSRC Contracts Assistant
Ana Ponce, MSRC Administrative Liaison
Cynthia Ravenstein, MSRC Contracts Administrator
Veera Tyagi, Senior Deputy District Counsel
Rachel Valenzuela, MSRC Contracts Assistant
Paul Wright, Audio Visual Specialist

CALL TO ORDER

- Call to Order

  MSRC Chair Greg Pettis called the meeting to order at 2:03 p.m. Roll call was taken at the start of the meeting. The following members and alternates were present: BENOIT, KITOWSKI, MARTINEZ, ROYABAL SALTARELLI, MCCALLON, PETTIS.

- Opening Comments

  There were no opening comments.

- Election of MSRC Chair and Vice Chair

  The meeting was turned over to Henry Hogo, Assistant DEO/Science and Technology Advancement, to conduct annual elections.

  Nominations for the Chair and Vice Chair positions were opened.

  > MSRC ALTERNATE BEN BENOIT NOMINATED MSRC CHAIR GREG PETTIS AND MSRC VICE CHAIR LARRY MCCALLON TO SERVE AS CHAIR AND VICE CHAIR, RESPECTIVELY, FOR ANOTHER TERM.

  No further nominations were offered, so nominations were closed.

  > THE MSRC UNANIMOUSLY VOTED TO APPROVE THE ABOVE NOMINATIONS.
  > AYES: BENOIT, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
  > NOES: NONE.

  Mr. Hogo turned the meeting over to MSRC Chair Greg Pettis.

CONSENT CALENDAR (Items 1 through 7)
Receive and Approve Items

MSRC Member Michelle Martinez stated that she does not have a financial interest, but is required to identify for the record that she is a Councilmember for the City of Santa Ana, which is involved in Agenda Items #4 and #5.

Agenda Item #1 – Minutes of the February 18, 2016 MSRC Meeting

The minutes of the February 18, 2016 MSRC meeting were distributed at the meeting.

ON MOTION BY MSRC VICE CHAIR LARRY MCCALLON, AND SECONDED BY MSRC ALTERNATE BEN BENOIT, UNDER APPROVAL OF CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY VOTED TO APPROVE THE FEBRUARY 18, 2016 MSRC MEETING MINUTES.
AYES: BENOIT, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
NOES: NONE.

ACTION: Staff will include the minutes in the MSRC Committee Report for the June 3, 2016 SCAQMD Board meeting, and place a copy on the MSRC's website.

Receive and File Items
Agenda Item #2 – MSRC Contracts Administrator's Report

The MSRC AB 2766 Contracts Administrator's Report for March 31, 2016 through April 27, 2016 was included in the agenda package.

ON MOTION BY MSRC VICE CHAIR LARRY MCCALLON, AND SECONDED BY MSRC ALTERNATE BEN BENOIT, UNDER APPROVAL OF CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY VOTED TO RECEIVE AND FILE THE CONTRACTS ADMINISTRATOR'S REPORT FOR MARCH 31, 2016 THROUGH APRIL 27, 2016.
AYES: BENOIT, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
NOES: NONE.

ACTION: Staff will include the MSRC Contracts Administrator's Report in the MSRC Committee Report for the June 3, 2016, SCAQMD Board meeting.

Agenda Item #3 – Financial Report on AB 2766 Discretionary Fund

A financial report on the AB 2766 Discretionary Fund for the period ending April 30, 2016 was included in the agenda package.

ON MOTION BY MSRC VICE CHAIR LARRY MCCALLON, AND SECONDED BY MSRC ALTERNATE BEN BENOIT, UNDER APPROVAL OF CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY VOTED TO RECEIVE AND FILE THE FINANCIAL REPORT FOR THE PERIOD ENDING APRIL 30, 2016.
AYES: BENOIT, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
NOES: NONE.

ACTION: No further action is required.

For Approval – As Recommended
Agenda Item #4 – Consider One-Year Term Extension by City of Santa Ana, Contract #ML11041 ($265,000 - Purchase Seven Heavy-Duty Liquefied Petroleum Gas (Propane) Vehicles and Retrofit Six Heavy-Duty Diesel Vehicles)

The City requests a one-year contract term extension due to budget delays and longer-than-anticipated time to complete propane conversion. The MSRC-TAC unanimously recommends approval of an eight-month extension.

> ON MOTION BY MSRC VICE CHAIR LARRY MCCALLON, AND SECONDED BY MSRC ALTERNATE BEN BENOIT, UNDER APPROVAL OF CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY VOTED TO APPROVE AN EIGHT-MONTH CONTRACT TERM EXTENSION FOR THE CITY OF SANTA ANA, CONTRACT #ML11041, AS PART OF THE FY 2010-11 LOCAL GOVERNMENT MATCH PROGRAM.
> AYES: BENOIT, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
> NOES: NONE.

ACTION: MSRC staff will amend the above contract accordingly.

Agenda Item #5 – Consider Modified Scope and Three-Year Term Extension by City of Santa Ana, Contract #ML11029 ($262,500 – Install Propane Station and Expand CNG Station)

Instead of full public access, the City requests to modify the accessibility of the propane station to commercial fleets/accounts. Monday through Friday, from 6 a.m. to 9 p.m. The City further requests a three-year term extension to complete the CNG station expansion. This work was delayed due to changes in staff and the need to design an approach which will accommodate public access while addressing security concerns. The MSRC-TAC unanimously recommends approval.

> ON MOTION BY MSRC VICE CHAIR LARRY MCCALLON, AND SECONDED BY MSRC ALTERNATE BEN BENOIT, UNDER APPROVAL OF CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY VOTED TO APPROVE THE CITY OF SANTA ANA, CONTRACT #ML11029, TO MODIFY THE ACCESSIBILITY OF THE PROPANE STATION TO COMMERCIAL FLEETS/ACCOUNTS, MONDAY THROUGH FRIDAY FROM 6 A.M. TO 9 P.M.; AND A THREE-YEAR CONTRACT TERM EXTENSION TO COMPLETE CNG STATION EXPANSION, AS PART OF THE FY 2010-11 LOCAL GOVERNMENT MATCH PROGRAM.
> AYES: BENOIT, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
> NOES: NONE.

ACTION: MSRC staff will amend the above contract accordingly.

Agenda Item #6 – Consider Six-Month Extension by City of South Pasadena, Contract #ML14068 – ($10,183 – Install EV Charging Station)

The City requests a six-month term extension due to delays associated with bids coming in over budget. While reviewing this request, MSRC staff determined that Contract #ML14068 had been

inadvertently prepared for a term that did not cover the three-year operational requirement. The MSRC-TAC unanimously recommends approval of a 6-month term extension, and further recommends an additional 36 months for a total term extension of 42 months.

ON MOTION BY MSRC VICE CHAIR LARRY MCCALLON, AND SECONDED BY MSRC ALTERNATE BEN BENOIT, UNDER APPROVAL OF CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY VOTED TO APPROVE A 6-MONTH TERM EXTENSION, PLUS AN ADDITIONAL 36 MONTHS FOR A TOTAL CONTRACT TERM EXTENSION OF 42 MONTHS, TO THE CITY OF SOUTH PASADENA, CONTRACT #ML14068, AS PART OF THE FYS 2012-14 LOCAL GOVERNMENT MATCH PROGRAM.
AYES: BENOIT, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
NOES: NONE.

ACTION: MSRC staff will amend the above contract accordingly.

Agenda Item #7 – Consider Three-Month Term Extension by Ontario CNG, Contract #MS14046 ($150,000 – Expand Public Access CNG Station)

Ontario CNG requests a three-month term extension due to delays in obtaining necessary electrical upgrades. The MSRC-TAC unanimously recommends approval of a six-month extension to minimize need for additional modifications.

ON MOTION BY MSRC VICE CHAIR LARRY MCCALLON, AND SECONDED BY MSRC ALTERNATE BEN BENOIT, UNDER APPROVAL OF CONSENT CALENDAR ITEMS 1 THROUGH 7, THE MSRC UNANIMOUSLY VOTED TO APPROVE A SIX-MONTH CONTRACT TERM EXTENSION TO ONTARIO CNG, CONTRACT #MS14046, AS PART OF THE FYS 2012-14 ALTERNATIVE FUEL INFRASTRUCTURE PROGRAM.
AYES: BENOIT, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
NOES: NONE.

ACTION: MSRC staff will amend the above contract accordingly.

ACTION CALENDAR (Items 8 through 11)
Agenda Item #8 – Consider Proposed Outreach Strategy Developed as Part of Programmatic Outreach Services under Contract #MS16030

[MSRC Member Michael Antonovich arrived at the meeting at 2:19 p.m., during discussion of this item.]

Cynthia Ravenstein, MSRC Contracts Administrator, introduced this item. The MSRC has contracted with the Better World Group to perform Programmatic Outreach Services. One of their tasks is the development of an Outreach Strategy outlining supplemental activities to be undertaken under the current contract, as well as activities which might be undertaken in subsequent years. The proposed Outreach Strategy, presented by Wendy James, Ruben Aronin, and Sam Emmersen of the Better World Group, included the following goals: 1) To expand the pool of applicants for MSRC funding; 2) seek opportunities to leverage MSRC funding; 3) recognize the achievements of MSRC funding recipients; 4) acknowledge the leadership of

MSRC Members; 5) highlight MSRC as a model air quality funder; and 6) ensure that MSRC has the latest information on clean transportation policy activities, research and trends. The Better World Group outlined their proposed target audiences, key messages, and new and innovative communications strategies.

In addition, Sam Emmersen stated that they have six workshops coming up in June to get stakeholder feedback on projects for which they would like to see funding available in the future through the MSRC's Work Program: One in Coachella Valley/Eastern Riverside County Region; one in San Bernardino County; one in Orange County; 4) one in Riverside County; and two in Los Angeles County.

MSRC Chair Greg Pettis asked if MSRC Members will be present at each of the workshops. Ms. Emmersen said she has been able to secure MSRC Members for all but one location. She is still looking to secure the attendance of an MSRC Member for the Los Angeles County Workshop #2, at the Internal Services Department facility. Ms. Emmersen thanked the MSRC and the MSRC-TAC Members and their Alternates for helping the Better World Group to secure Workshop locations and for agreeing to participate in the Workshops.

Workshop flyers were available at the meeting, and Ms. Ravenstein stated that she will be emailing an electronic copy to all of the MSRC Members so that they may forward the flyer to their networks.

One of the Communications Strategies highlighted by Rubin Aronin is the possibility of starting an MSRC blog, to provide an informal voice to members about projects or initiatives in their districts; although this particular activity may require additional resources. MSRC Member Michele Martinez asked if the MSRC does not move forward with the blog idea because of the cost and the maintenance, suggested doing some kind of spotlight newsletter or something that goes out quarterly, to spotlight a city and the work that it has done with MSRC funding. That could be very beneficial. The MSRC could work with its partners, such as SCAG or the COGs, or the League of Cities to get that kind of information out there; even to some of the Advocacy Groups or other organizations that tend to help push cities to fight for these kind of funds. The Active Transportation community has been pushing cities to move in that direction. This would be a way to spotlight the good things that cities are doing across the region. The MSRC Members have done a good job, but the reality is that there are hundreds of elected officials that are doing so many different things, and the MSRC Members also, that may not have the opportunity to be able to go back and give updates. It sometimes bypasses them, in the form of an email, so other forums have to be used to connect them so that they can realize that their cities can apply for these types of funds.

Ms. Emmersen said that if the MSRC Members are aware of cities or city programs that ought to be highlighted in the Clean Air Roadmap E-Newsletter, the Better World Group would like to hear about it. That's also where the Twitter idea can really take off because a lot of elected officials get their information through Twitter. Once Twitter is launched, we can tweet that and highlight the information about what's going on in their cities.

Ms. Martinez asked if research has done to find out what elected officials actually use, whether blog or news media they actually go to or a certain Facebook or Twitter, with amount of hits by elected officials. That is something in the future that should be looked into. So as not to duplicate efforts, it is much easier to identify what the keys areas of social media that elected officials are using. MSRC Vice Chair Larry McCallon indicated that he uses Facebook and Twitter. MSRC Chair Greg Pettis indicated that SCAG may be able to conduct that survey.

Chair Pettis asked if we have ever looked at doing OnDex so that Larry McCallon could sign on to the one for San Bernardino Sun, or Michele Martinez and Greg Winterbottom for the Orange County Register, and talk about point Cities and what the MSRC is doing. Ms. Emmersen said that that is a good idea.

MSRC Member Jack Kitowski commented that it looks like what we are doing is sort of two-pronged, one is to try and get more awareness so we get more applicants in and get feedback on the program; and the other is post-project making sure there is awareness of the MSRC and improve the profile. On the first part, he wanted to make sure everyone was aware and sort of extend the opportunity that the ARB is going to be doing a lot of outreach, especially in disadvantaged communities, about their various funding programs and they certainly are doing some outreach in the South Coast Basin, maybe it would make sense to link up with the MSRC and their outreach efforts there and make sure that folks get a full list of funding opportunities, not just "you do yours and we do ours."

Mr. Kitowski asked with regard to the electronic communication, he likes the idea of branching out into this area. He is not aware of a whole lot of experience we have in how this outreach is going to play out in terms of effectiveness. Have we thought through some sort of matrix on how we judge how successful it is and how we would establish some sort of feedback loop in order to tweak it and update it? Ruben Aronin said it is more anecdotal from other similar projects that the Better World Group has done. One objective is to grow overall applicants and applicants from disadvantaged communities or communities that have not applied previously. The project survey tool for existing grants will be used to find out whether they use social media. Right now, for example, the majority of folks find out about it from cities, or website posting, or from email. We have not been engaging in social media, so it is not surprising that people are not finding us there. On one side we want to use it as a way to disseminate award opportunities on future grants. On the tactic that we wanted to reinforce post-grant to raise the visibility of the MSRC brand and a particular project, our goal is to use it to reach out to targeted media and local elected officials so that they get more visibility about this. Sometimes the article in the newspaper is pretty easy to miss if you are not flagging it. We can use Twitter or a Facebook post, even if it is a week or two after the article has run. The Better World Group certainly can deal that into our plan and to come back to the MSRC at a certain period of time to say here is where we are finding some success, and here is where we are not. When we asked cities, in particular, and some of the other applicants if they used Twitter, a lot of folks were not. But we think it is valuable for reaching elected officials who are almost universally on it, as well as reporters.

[Due to some technical difficulties with the videoconferencing capability, Veera Tyagi, Senior Deputy District Counsel, asked IM staff to connect the videoconference locations with conference call capability, as well, so as not to violate the Brown Act. IM staff complied.]

MSRC Vice Chair Larry McCallon said that he has never seen the MSRC quarterly newsletter that was distributed at the meeting. Ms. Ravenstein stated that Members have to be registered on the MSRC Website to access the newsletter. She indicated that she would register him. Mr. McCallon asked why he needs to go to the Website to obtain such information. He would rather that the information be attached to an email to him.

Chair Pettis stated that the MSRC-TAC has recommended approval of the Proposed Outreach Strategy. He asked if there were any further questions. Ms. James added one other point on the Newsletter subscriptions. The Better World Group is looking to get a little less cumbersome in terms of signing people up to receive the newsletter. The website has been a bit challenging. At

the last event that Sam Emmersen helped staff, the business cards that were collected were automatically added to receive the newsletter, rather than asking folks to go to the website to subscribe to it.

MSRC Member Michele Martinez said that emails tend to get lost or overlooked because elected officials receive so many. She personally prefers text messaging, when there is something important, because texts serve as great reminders. She thinks that more and more elected officials are starting to move in that direction. Most elected officials put their phone numbers on their business cards. That is something to consider, as well.

> ON MOTION BY MSRC VICE CHAIR LARRY MCCALLON, AND SECONDED BY MSRC MEMBER MICHELE MARTINEZ, THE MSRC UNANIMOUSLY VOTED TO APPROVE THE PROPOSED 2016-2018 OUTREACH STRATEGY PRESENTED BY THE BETTER WORLD GROUP.
> AYES: ANTONOVICH, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
> NOES: NONE.

FYs 2014-16 WORK PROGRAM
Agenda Item #9 – Consider Funding for Application Received under the Alternative Fuel Infrastructure Program

Cynthia Ravenstein, MSRC Contracts Administrator, reported that the MSRC allocated $5.0 million of Clean Transportation Funding™ for the implementation of new and expanded CNG and LNG refueling stations and modification of maintenance facilities to accommodate gaseous-fueled vehicles. A Program Announcement, #PA2015-12, was developed and released on May 1, 2015, with a final submission deadline of July 29, 2016. Projects are to be considered throughout the application submission period on a first-come, first-served basis.

Walnut Valley Unified School District has requested $250,000 to expand their existing limited-access CNG station and modify their vehicle maintenance facility to accommodate the maintenance of gaseous-fueled vehicles. The application meets program criteria, and the MSRC-TAC recommends approval.

> ON MOTION BY MSRC MEMBER MICHELE MARTINEZ, AND SECONDED BY MSRC VICE CHAIR LARRY MCCALLON, THE MSRC UNANIMOUSLY VOTED TO APPROVE AN AWARD TO WALNUT VALLEY UNIFIED SCHOOL DISTRICT FOR $250,000, AS PART OF THE ALTERNATIVE FUEL INFRASTRUCTURE PROGRAM AS AN ELEMENT OF THE FYS 2014-16 WORK PROGRAM.
> AYES: ANTONOVICH, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
> NOES: NONE

ACTION: Staff will include this award for consideration by the SCAQMD Board at its June 3, 2016 meeting.

Agenda Item #10 – Consider Program Announcement for Near-Zero Natural Gas Engine Incentive Program

Ray Gorski, MSRC Technical Advisor, reported on this item, on behalf of MSRC-TAC Alternate Rick Teebay, Chair/Heavy-Duty Subcommittee. At the March 17, 2016 meeting, the MSRC

directed the formation of an MSRC-TAC Subcommittee to develop a Work Program category and solicitation to provide incentives for near-zero emission natural gas engines certified to the optional standard for oxides of nitrogen. Mr. Gorski gave an overview of the draft program announcement that was included in the agenda package and noted that there have been a couple of editorial changes. A revised draft was sent to the MSRC Members. These have been vetted through the MSRC-TAC and other stakeholders, but staff and the Heavy Duty Subcommittee wanted to be sure that any MSRC comments or concerns were addressed.

MSRC Vice Chair Larry McCallon indicated that he has talked to Burrtec. They do trash collection in his City and they are also at this time purchasing the other trash carrier in his City, Cal Disposal, and their comments were that they would need to be upgrading the Cal Disposal trucks, so hopefully they can take advantage of this program.

MSRC Member Jack Kitowski commented that he is fully supportive, but wanted to make sure folks were aware that the ARB will be releasing their funding plan for Low Carbon Transportation tomorrow. It will have a very similar program. The two teams have coordinated together and they are on the same page. It is actually the ability for us to leverage these funds and do a lot of good with an engine of which we have all been supportive.

> ON MOTION BY MSRC VICE CHAIR LARRY MCCALLON, AND SECONDED BY MSRC MEMBER MICHELE MARTINEZ, THE MSRC UNANIMOUSLY VOTED TO APPROVE THE DRAFT PROGRAM ANNOUNCEMENT FOR THE "NEAR ZERO" HEAVY-DUTY NATURAL GAS ENGINE INCENTIVE PROGRAM.
> AYES: ANTONOVICH, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
> NOES: NONE.

ACTION: Staff will include this item for consideration by the SCAQMD Board at its June 3, 2016 meeting.

FYs 2016-18 WORK PROGRAM
Agenda Item #11 – Consider New MSRC Website and Maintenance Services

Cynthia Ravenstein, MSRC Contracts Administrator, reported that the MSRC-TAC Administrative Subcommittee has identified additional desired functionality not supported by the current MSRC website. Additionally, while it is still possible to achieve required outcomes, many of the current website features have become cumbersome to operate and should be upgraded. Lastly, a refresh of the site's appearance is warranted. Refinement of features and costs is ongoing, and a targeted funding amount would be brought back as an element of a draft RFP. The MSRC-TAC recommends that the MSRC direct the development of a draft RFP.

> ON MOTION BY MSRC VICE CHAIR LARRY MCCALLON, AND SECONDED BY MSRC MEMBER MICHELE MARTINEZ, THE MSRC UNANIMOUSLY VOTED TO APPROVE THE DEVELOPMENT OF A DRAFT RFP FOR NEW MSRC WEBSITE AND MAINTENANCE SERVICES..
> AYES: ANTONOVICH, KITOWSKI, MARTINEZ, ROYBAL SALTARELLI, MCCALLON, PETTIS.
> NOES: NONE

Chair Pettis asked what the cost is anticipated to be. Ms. Ravenstein stated that that is something staff is going to look into. They have to look at what new features the MSRC wants to add, and what features may no longer be needed. In the past, it has cost about $120,000 for the development and 2-years' maintenance, but that may not be enough considering what we got. The cumbersomeness she was referring to was more for staff to try to get things onto the website, but it is good to know that the MSRC is finding other elements. She is aware that the current emails are less than informative when they just state that something new has been added to the website.

ACTION: Staff will begin the development of the draft RFP.

OTHER BUSINESS

Agenda Item #12 – Other Business

No other business was introduced.

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS, THE MSRC MEETING ADJOURNED AT 2:51 P.M.

NEXT MEETING

Thursday, June 16, 2016, at 2 p.m., Room CC-8.

[Prepared by Ana Ponce]

Clean Transportation
Funding from the MSRC
Mobile Source Air Pollution Reduction Review Committee

MSRC Agenda Item No. 3

DATE: September 15, 2016

FROM: Cynthia Ravenstein

SUBJECT: AB 2766 Contracts Administrator's Report

SYNOPSIS: This report covers key issues addressed by MSRC staff, status of open contracts, and administrative scope changes from July 28 to August 24, 2016.

RECOMMENDATION: Receive and file report

WORK PROGRAM IMPACT: None

Contract Execution Status

2016-18 Work Program

On July 8, 2016, the SCAQMD Governing Board approved an award under the Event Center Transportation Program. This contract is under development.

2014-16 Work Program

On December 5, 2014, the SCAQMD Governing Board approved an award under the AB118 Enhanced Fleet Maintenance Program. This contract is executed.

On June 5, 2015, the SCAQMD Governing Board approved two awards under the Event Center Transportation Program and one award to provide low-emission transportation services to the Special Olympics World Games. These contracts are executed.

On September 4, 2015, the SCAQMD Governing Board approved 25 awards under the Local Government Match Program and one award under the Transportation Control Measure Partnership Program. These contracts are undergoing internal review, with the prospective contractor for signature, or executed.

On October 2, 2015, the SCAQMD Governing Board approved 11 awards under the Local Government Match Program and one award under the Alternative Fuel Infrastructure Program. These contracts are with the prospective contractor for signature, with the SCAQMD Board Chair for signature, or executed.

On November 6, 2015, the SCAQMD Governing Board approved 37 awards under the Local Government Match Program. These contracts are under development, undergoing internal review, with the prospective contractor for signature, or executed.

On December 4, 2015, the SCAQMD Governing Board approved one award under the Major Event Center Transportation Program, one award under the Alternative Fuel Infrastructure Program, and one award under the Transportation Control Measure Partnership Program. These contracts are under development, with the SCAQMD Board Chair for signature, or executed.

On January 8, 2016, the SCAQMD Governing Board approved two awards under the Major Event Center Transportation Program, one award under the Local Government Match Program, and one award under the Transportation Control Measure Partnership Program. These contracts are with the SCAQMD Board Chair for signature or executed.

On March 4, 2016, the SCAQMD Governing Board approved two awards under the Alternative Fuel Infrastructure Program. These contracts are undergoing internal review, with the SCAQMD Board Chair for signature, or executed.

On April 1, 2016, the SCAQMD Governing Board approved one award under the Major Event Center Transportation Program and five awards under the Transportation Control Measure Partnership Program. These contracts are undergoing internal review, with the prospective contractor for signature, or with the SCAQMD Board Chair for signature.

On May 6, 2016, the SCAQMD Governing Board approved one award under the Major Event Center Transportation Program and one award under the Transportation Control Measure Partnership Program. These contracts are with the prospective contractor for signature or with the SCAQMD Board Chair for signature.

On June 3, 2016, the SCAQMD Governing Board approved one award under the Alternative Fuel Infrastructure Program. This contract is undergoing internal review.

2012-14 Work Program

On April 5, 2013, the SCAQMD Governing Board approved three awards under the Event Center Transportation Program. These contracts are executed.

On July 5, 2013, the SCAQMD Governing Board approved an additional award to Orange County Transportation Authority under the Event Center Transportation Program. This contract is executed.

On September 6, 2013, the SCAQMD Governing Board approved an award to Transit Systems Unlimited under the Event Center Transportation Program. This contract is executed.

On November 1, 2013, the SCAQMD Governing Board approved two awards under the Event Center Transportation Program. These contracts are executed.

On December 6, 2013, the SCAQMD Governing Board approved 25 awards under the Local Government Match Program, 12 awards under the Alternative Fuel Infrastructure Program, one award under the Alternative Fuel School Bus Incentives Program, and one award under the

Event Center Transportation Program. These contracts are with the prospective contractor for signature or executed.

On January 10, 2014, the SCAQMD Governing Board approved three awards under the Local Government Match Program, one award under the Alternative Fuel Infrastructure Program, and one award under the Alternative Fuel School Bus Incentives Program. These contracts are executed.

On February 7, 2014, the SCAQMD Governing Board approved two awards under the Local Government Match Program and one award under the Alternative Fuel Infrastructure Program. These contracts are executed.

On April 4, 2014, the SCAQMD Governing Board approved two awards under the Local Government Match Program and three awards under the Traffic Signal Synchronization Partnership Program. These contracts are executed.

On May 2, 2014, the SCAQMD Governing Board approved 12 awards under the Local Government Match Program. These contracts are with the prospective contractor for signature or executed.

On June 6, 2014, the SCAQMD Governing Board approved an award under the Traffic Signal Synchronization Partnership Program. This contract is executed.

On July 11, 2014, the SCAQMD Governing Board approved an award under the Traffic Signal Synchronization Partnership Program. This contract is executed.

On September 5, 2014, the SCAQMD Governing Board approved an award under the Event Center Transportation Program. This contract is executed.

On October 3, 2014, the SCAQMD Governing Board approved an award under the Alternative Fuel Infrastructure Program. This contract is executed.

On December 5, 2014, the SCAQMD Governing Board approved 12 awards under the Alternative Fuel Infrastructure Program and two awards under the Event Center Transportation Program. These contracts are with the prospective contractor for signature, with the SCAQMD Board Chair for signature, or executed.

On February 6, 2015, the SCAQMD Governing Board approved 3 awards under the Alternative Fuel Infrastructure Program. These contracts are with the prospective contractor for signature or executed.

Work Program Status

Contract Status Reports for work program years with open (including "Open/Complete") and/or pending contracts are attached. MSRC or MSRC-TAC members may request spreadsheets covering any other work program year.

FY 2004-05 Work Program Contracts

One contract from this work program year is open.

FY 2004-05 Invoices Paid
No invoices were paid during this period.

FY 2005-06 Work Program Contracts
No contracts from this work program year are open; and 2 are in "Open/Complete" status.

FY 2005-06 Work Program Invoices Paid
No invoices were paid during this period.

FY 2006-07 Work Program Contracts
One contract from this work program year is open; and 3 are in "Open/Complete" status. 2 contracts closed during this period: Palm Springs Disposal Services, Contract #MS07049 – Purchase 3 Heavy-Duty Natural Gas Refuse Trucks; and Republic Services, Inc., Contract #MS07054 – Purchase 40 Heavy-Duty Natural Gas Refuse Trucks.

FY 2006-07 Invoices Paid
No invoices were paid during this period.

FY 2007-08 Work Program Contracts
5 contracts from this work program year are open; and 10 are in "Open/Complete" status. 3 contracts closed during this period: Enterprise Rent-a-Car Company, Contract #MS08019 – Purchase 10 Natural Gas Heavy-Duty Vehicles; CalMet Services, Inc., Contract #MS08021 – Purchase 30 Natural Gas Heavy-Duty Vehicles; and Trillium CNG, Contract #MS08067 – Install New CNG Station.

FY 2007-08 Invoices Paid
No invoices were paid during this period.

FY 2008-09 Work Program Contracts
2 contracts from this work program year are open; and 11 are in "Open/Complete" status.

FY 2008-09 Invoices Paid
No invoices were paid during this period.

FY 2010-11 Work Program Contracts
15 contracts from this work program year are open; and 32 are in "Open/Complete" status.

FY 2010-11 Invoices Paid
No invoices were paid during this period.

FY 2011-12 Work Program Contracts
29 contracts from this work program year are open, and 24 are in "Open/Complete" status.

FY 2011-12 Invoices Paid
No invoices were paid during this period.

FYs 2012-14 Work Program Contracts
49 contracts from this work program year are open, and 10 are in "Open/Complete" status.

FYs 2012-14 Invoices Paid
No invoices were paid during this period.

FYs 2014-16 Work Program Contracts
51 contracts from this work program year are open, and one is in "Open/Complete" status. One contract passed into "Open/Complete" status during this period: City of Glendora, Contract #ML16063 – Purchase One Natural Gas Heavy Duty Vehicle.

FYs 2014-16 Invoices Paid
One invoice in the amount of $15,000.00 was paid during this period.

Administrative Scope Changes
No administrative scope changes were initiated during the period of July 28 to August 24, 2016.

Attachments
- FY 2004-05 through FYs 2014-16 (except FY 2009-10) Contract Status Reports

MSRC Database
Mobile Source Air Pollution Reduction Review Committee

AB2766 Discretionary Fund Program Invoices

July 28, 2016 to August 24, 2016

Contract Admin.	MSRC Chair	MSRC Liaison	Finance	Contract #	Contractor	Invoice #	Amount
2014-2016 Work Program							
8/12/2016	8/18/2016	8/19/2016	8/23/2016	MS16081	EDCO Disposal Corporation	2-Final	$15,000.00

Total: $15,000.00

Total This Period: $15,000.00

MSRC Database
Mobile Source Air Pollution Reduction Review Committee

FYs 2004-05 Through 2014-16 AB2766 Contract Status Report

9/7/2016

FY 2004-2005 Contracts

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML05014	Los Angeles County Department of P	5/21/2007	11/20/2008	3/20/2018	$204,221.00	$0.00	Traffic Signal Synchronization	$204,221.00	No
Total: 1									
Declined/Cancelled Contracts									
ML05005	City of Highland				$20,000.00	$0.00	2 Medium Duty CNG Vehicles	$20,000.00	No
ML05008	Los Angeles County Department of P				$140,000.00	$0.00	7 Heavy Duty LPG Street Sweepers	$140,000.00	No
ML05010	Los Angeles County Department of P				$20,000.00	$0.00	1 Heavy Duty CNG Bus	$20,000.00	No
MS05030	City of Inglewood				$31,662.00	$0.00	2 CNG Street Sweepers	$31,662.00	No
MS05032	H&C Disposal				$34,068.00	$0.00	2 CNG Waste Haulers	$34,068.00	No
MS05044	City of Colton				$78,720.00	$0.00	CNG Station Upgrade	$78,720.00	No
Total: 6									
Closed Contracts									
ML05006	City of Colton Public Works	7/27/2005	7/26/2006		$30,000.00	$30,000.00	3 Medium Duty CNG Vehicles	$0.00	Yes
ML05011	Los Angeles County Department of P	8/10/2006	12/9/2007	6/9/2008	$52,409.00	$51,048.46	3 Heavy Duty LPG Shuttle Vans	$1,360.54	Yes
ML05013	Los Angeles County Department of P	1/5/2007	7/4/2008	1/4/2013	$313,000.00	$313,000.00	Traffic Signal Synchronization	$0.00	Yes
ML05015	City of Lawndale	7/27/2005	7/26/2006		$10,000.00	$10,000.00	1 Medium Duty CNG Vehicle	$0.00	Yes
ML05016	City of Santa Monica	9/23/2005	9/22/2006	9/22/2007	$350,000.00	$350,000.00	6 MD CNG Vehicles, 1 LPG Sweep, 13 CNG	$0.00	Yes
ML05017	City of Signal Hill	1/16/2006	7/15/2007		$126,000.00	$126,000.00	Traffic Signal Synchronization	$0.00	Yes
ML05018	City of San Bernardino	4/19/2005	4/18/2006		$40,000.00	$40,000.00	4 M.D. CNG Vehicles	$0.00	Yes
ML05019	City of Lakewood	5/6/2005	5/5/2006		$10,000.00	$10,000.00	1 M.D. CNG Vehicle	$0.00	Yes
ML05020	City of Pomona	6/24/2005	6/23/2006		$10,000.00	$10,000.00	1 M.D. CNG Vehicle	$0.00	Yes
ML05021	City of Whittier	7/7/2005	7/6/2006	4/6/2008	$100,000.00	$80,000.00	Sweeper, Aerial Truck, & 3 Refuse Trucks	$20,000.00	Yes
ML05022	City of Claremont	9/23/2005	9/22/2006		$20,000.00	$20,000.00	2 M.D. CNG Vehicles	$0.00	Yes
ML05024	City of Cerritos	4/18/2005	3/17/2006		$10,000.00	$10,000.00	1 M.D. CNG Vehicle	$0.00	Yes
ML05025	City of Malibu	5/6/2005	3/5/2006		$10,000.00	$10,000.00	1 Medium-Duty CNG Vehicle	$0.00	Yes
ML05026	City of Inglewood	1/6/2006	1/5/2007	2/5/2009	$60,000.00	$60,000.00	2 CNG Transit Buses, 1 CNG Pothole Patch	$0.00	Yes
ML05027	City of Beaumont	2/23/2006	4/22/2007	6/22/2010	$20,000.00	$20,000.00	1 H.D. CNG Bus	$0.00	Yes
ML05028	City of Anaheim	9/8/2006	9/7/2007	5/7/2008	$85,331.00	$85,331.00	Traffic signal coordination & synchronization	$0.00	Yes
ML05029	Los Angeles World Airports	5/5/2006	9/4/2007		$140,000.00	$140,000.00	Seven CNG Buses	$0.00	Yes
ML05071	City of La Canada Flintridge	1/30/2009	1/29/2011		$20,000.00	$20,000.00	1 CNG Bus	$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML05072	Los Angeles County Department of P	8/24/2009	5/23/2010	1/23/2011	$349,000.00	$349,000.00	Traffic Signal Synchronization (LADOT)	$0.00	Yes
MS05001	A-Z Bus Sales, Inc.	2/4/2005	12/31/2005	12/31/2006	$1,385,000.00	$1,385,000.00	CNG School Bus Buydown	$0.00	Yes
MS05002	California Bus Sales	2/4/2005	12/31/2005	12/31/2006	$1,800,000.00	$1,800,000.00	CNG School Bus Buydown	$0.00	Yes
MS05003	BusWest	1/28/2005	12/31/2005	12/31/2006	$2,100,000.00	$1,620,000.00	CNG School Bus Buydown	$480,000.00	Yes
MS05004	Johnson/Ukropina Creative Marketin	11/27/2004	1/18/2006	4/18/2006	$1,000,000.00	$994,612.56	Implement "Rideshare Thursday" Campaign	$5,387.44	Yes
MS05031	City of Ontario, Housing & Municipal	7/22/2005	3/21/2007		$191,268.00	$191,268.00	11 CNG Waste Haulers	$0.00	Yes
MS05033	Waste Management of the Desert	9/26/2005	5/25/2007		$202,900.00	$202,900.00	10 CNG Waste Haulers	$0.00	Yes
MS05034	Sukut Equipment, Inc.	9/9/2005	5/8/2007		$1,151,136.00	$1,151,136.00	Repower 12 Scrapers	$0.00	Yes
MS05035	Varner Construction Inc.	11/28/2005	4/27/2007	2/27/2008	$334,624.00	$334,624.00	Repower 5 Off-Road H.D. Vehicles	$0.00	Yes
MS05036	Camarillo Engineering	8/18/2005	1/17/2007		$1,167,276.00	$1,167,276.00	Repower 12 Scrapers	$0.00	Yes
MS05037	Road Builders, Inc.	11/21/2005	4/20/2007	6/20/2008	$229,302.00	$229,302.00	Repower 2 Scrapers	$0.00	Yes
MS05038	SunLine Transit Agency	3/30/2006	9/29/2007		$135,000.00	$135,000.00	15 CNG Buses	$0.00	Yes
MS05039	Los Angeles County MTA	4/28/2006	4/27/2008		$405,000.00	$405,000.00	75 CNG Buses	$0.00	Yes
MS05040	Orange County Transportation Autho	3/23/2006	12/22/2007	6/22/2008	$200,000.00	$200,000.00	25 CNG Buses	$0.00	Yes
MS05041	The Regents of the University of Cali	9/5/2006	8/4/2007	9/4/2008	$15,921.00	$15,921.00	CNG Station Upgrade	$0.00	Yes
MS05042	City of Ontario, Housing & Municipal	11/21/2005	9/20/2006	7/20/2007	$117,832.00	$74,531.27	CNG Station Upgrade	$43,300.73	Yes
MS05043	Whittier Union High School District	9/23/2005	7/22/2006		$15,921.00	$15,921.00	CNG Station Upgrade	$0.00	Yes
MS05045	City of Covina	9/9/2005	7/8/2006		$10,000.00	$7,435.61	CNG Station Upgrade	$2,564.39	Yes
MS05046	City of Inglewood	1/6/2006	5/5/2007		$139,150.00	$56,150.27	CNG Station Upgrade	$82,999.73	Yes
MS05047	Orange County Transportation Autho	10/20/2005	10/19/2006	1/19/2007	$75,563.00	$75,563.00	CNG Station Upgrade	$0.00	Yes
MS05048	City of Santa Monica	7/24/2006	11/23/2007		$150,000.00	$150,000.00	CNG Station Upgrade	$0.00	Yes
MS05049	Omnitrans	9/23/2005	2/22/2007		$25,000.00	$7,250.00	CNG Station Upgrade	$17,750.00	Yes
MS05050	Gateway Cities Council of Governme	12/21/2005	4/20/2010		$1,464,839.00	$1,464,838.12	Truck Fleet Modernization Program	$0.88	Yes
MS05051	Jagur Tractor	1/16/2006	4/15/2007	10/15/2007	$660,928.00	$660,928.00	Repower 6 Scrapers	$0.00	Yes
MS05052	Caufield Equipment, Inc.	8/3/2005	1/2/2007		$478,000.00	$478,000.00	Repower 4 Scrapers	$0.00	Yes
MS05070	Haaland Internet Productions (HIP D	6/24/2005	5/31/2007	11/30/2011	$100,715.00	$92,458.24	Design, Host & Maintain MSRC Website	$8,256.76	Yes
Total: 44									
Closed/Incomplete Contracts									
ML05007	Los Angeles County Dept of Beache	6/23/2006	6/22/2007	12/22/2007	$50,000.00	$0.00	5 Medium Duty CNG Vehicles	$50,000.00	No
ML05009	Los Angeles County Department of P	6/22/2006	12/21/2007	9/30/2011	$56,666.00	$0.00	2 Propane Refueling Stations	$56,666.00	No
ML05012	Los Angeles County Department of P	11/10/2006	5/9/2008	1/9/2009	$349,000.00	$0.00	Traffic Signal Synchronization (LADOT)	$349,000.00	No
ML05023	City of La Canada Flintridge	3/30/2005	2/28/2006	8/28/2008	$20,000.00	$0.00	1 CNG Bus	$20,000.00	No
Total: 4									

FY 2005-2006 Contracts

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Declined/Cancelled Contracts									
ML06018	Los Angeles County Dept of Beache				$375,000.00	$0.00	New CNG Station & 2 CNG Dump Trucks	$375,000.00	No
ML06019	Los Angeles County Dept of Beache				$250,000.00	$0.00	New CNG Station & 2 CNG Dump Trucks	$250,000.00	No
ML06023	City of Baldwin Park	6/16/2006	9/15/2012		$20,000.00	$0.00	CNG Dump Truck	$20,000.00	No
ML06024	City of Pomona	8/3/2007	7/2/2013	7/2/2014	$286,450.00	$0.00	New CNG Station	$286,450.00	No
ML06030	City of Burbank	3/19/2007	9/18/2011		$287,700.00	$0.00	New CNG Fueling Station	$287,700.00	No
ML06037	City of Lynwood				$25,000.00	$0.00	1 Nat Gas Dump Truck	$25,000.00	No
ML06039	City of Inglewood	2/9/2007	2/8/2008	4/8/2011	$50,000.00	$0.00	Modify Maintenance Facility for CNG Vehicle	$50,000.00	No
ML06055	City of Los Angeles, Dept. of Genera				$125,000.00	$0.00	5 Gas-Electric Hybrid Buses	$125,000.00	No
ML06059	City of Fountain Valley				$25,000.00	$0.00	One H.D. CNG Truck	$25,000.00	No
Total: 9									
Closed Contracts									
ML06016	City of Whittier	5/25/2006	5/24/2012	11/24/2012	$50,000.00	$50,000.00	2 CNG Refuse Trucks	$0.00	Yes
ML06017	City of Claremont	8/2/2006	4/1/2012		$50,000.00	$50,000.00	2 CNG Refuse Trucks	$0.00	Yes
ML06020	Los Angeles Department of Water an	3/19/2007	9/18/2013	4/18/2014	$25,000.00	$25,000.00	CNG Aerial Truck	$0.00	Yes
ML06021	Los Angeles World Airports	9/13/2006	5/12/2013		$150,000.00	$150,000.00	6 CNG Buses	$0.00	Yes
ML06022	City of Los Angeles, Bureau of Sanit	5/4/2007	1/3/2014		$1,250,000.00	$1,250,000.00	50 LNG Refuse Trucks	$0.00	Yes
ML06025	City of Santa Monica	1/5/2007	11/4/2012	12/14/2014	$300,000.00	$300,000.00	12 H.D. CNG Vehicles	$0.00	Yes
ML06026	City of Cerritos	10/27/2006	9/26/2010		$60,500.00	$60,500.00	CNG Station Upgrade	$0.00	Yes
ML06027	City of Redondo Beach	9/5/2006	5/4/2012	10/4/2012	$50,000.00	$50,000.00	2 Heavy-Duty CNG Trucks	$0.00	Yes
ML06028	City of Pasadena	9/29/2006	11/28/2012	3/28/2014	$245,000.00	$245,000.00	New CNG Station & Maint. Fac. Upgrades	$0.00	Yes
ML06029	City of Culver City Transportation De	9/29/2006	8/28/2012	12/28/2012	$50,000.00	$50,000.00	2 CNG Heavy-Duty Trucks	$0.00	Yes
ML06031	City of Inglewood	4/4/2007	6/3/2013	9/3/2015	$150,000.00	$65,602.40	Purchase 4 H-D LPG Vehicles & Install LPG	$84,397.60	Yes
ML06032	City of Rancho Cucamonga	2/13/2007	3/12/2013	2/12/2014	$237,079.00	$237,079.00	New CNG Station & 2 CNG Dump Trucks	$0.00	Yes
ML06033	City of Cathedral City	11/17/2006	12/16/2012	12/16/2013	$125,000.00	$125,000.00	5 Heavy-Duty CNG Trucks	$0.00	Yes
ML06034	City of South Pasadena	9/25/2006	9/24/2012		$16,422.42	$16,422.42	2 Nat. Gas Transit Buses	$0.00	Yes
ML06036	City of Riverside	3/23/2007	3/22/2013		$200,000.00	$200,000.00	8 Heavy-Duty Nat Gas Vehicles	$0.00	Yes
ML06038	City of Los Angeles, Department of	5/21/2007	1/20/2014		$625,000.00	$625,000.00	25 CNG Street Sweepers	$0.00	Yes
ML06044	City of Pomona	12/15/2006	3/14/2013		$50,000.00	$50,000.00	2 CNG Street Sweepers	$0.00	Yes
ML06052	City of Hemet, Public Works	4/20/2007	2/19/2013		$25,000.00	$25,000.00	Purchase One CNG Dump Truck	$0.00	Yes
ML06053	City of Burbank	5/4/2007	7/3/2013		$125,000.00	$125,000.00	Five Nat. Gas Refuse Trucks	$0.00	Yes
ML06054	Los Angeles County Department of P	6/17/2009	6/16/2016		$125,000.00	$125,000.00	3 CNG & 2 LPG HD Trucks	$0.00	Yes
ML06056	City of Los Angeles, Dept. of Genera	11/30/2007	11/29/2008		$350,000.00	$350,000.00	Maintenance Facility Mods.	$0.00	Yes
ML06057	City of Rancho Cucamonga	8/28/2007	6/27/2013	8/27/2014	$100,000.00	$100,000.00	4 H.D. Nat. Gas Vehicles	$0.00	Yes
ML06058	City of Santa Monica	7/12/2007	7/11/2013		$149,925.00	$0.00	3 H.D. CNG Trucks & CNG Fueling Station	$149,925.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML06060	City of Temple City	6/12/2007	6/11/2013		$31,885.00	$0.00	Upgrade existing CNG infrastructure	$31,885.00	No
ML06061	City of Chino Hills	4/30/2007	4/29/2013		$25,000.00	$25,000.00	One H.D. CNG Vehicle	$0.00	Yes
ML06062	City of Redlands	5/11/2007	5/10/2013		$100,000.00	$100,000.00	4 H.D. LNG Vehicles	$0.00	Yes
ML06063	City of Moreno Valley	3/23/2007	11/22/2012		$25,000.00	$25,000.00	One H.D. CNG Vehicle	$0.00	Yes
ML06064	City of South Pasadena	1/25/2008	11/24/2013	11/24/2014	$50,000.00	$50,000.00	2 H.D. CNG Vehicles	$0.00	Yes
ML06065	City of Walnut	6/29/2007	6/28/2013		$44,203.00	$44,203.00	Upgrade Existing CNG Infrastructure	$0.00	Yes
ML06066	City of Ontario, Housing & Municipal	5/30/2007	1/29/2013		$125,000.00	$125,000.00	5 H.D. CNG Vehicles	$0.00	Yes
ML06067	City of El Monte	3/17/2008	5/16/2014	11/16/2014	$157,957.00	$157,957.00	Upgrade existing CNG infrastructure	$0.00	Yes
ML06068	City of Claremont	8/28/2007	6/27/2013		$60,000.00	$60,000.00	Expand existing CNG infrastructure	$0.00	Yes
ML06069	City of Palos Verdes Estates	11/19/2007	11/18/2013		$25,000.00	$25,000.00	One H.D. CNG Vehicle	$0.00	Yes
ML06070	City of Colton	4/30/2008	2/28/2015	4/30/2015	$50,000.00	$0.00	Two CNG Pickups	$50,000.00	No
Total: 34									
Open/Complete Contracts									
ML06035	City of Hemet, Public Works	11/10/2006	12/9/2012	1/9/2017	$338,107.00	$323,107.00	7 Nat Gas Trucks & New Nat Gas Infrastruct	$15,000.00	Yes
ML06071	City of Santa Monica	6/13/2014		11/30/2016	$149,925.00	$149,925.00	3 H.D. CNG Trucks & CNG Fueling Station	$0.00	Yes
Total: 2									

FY 2006-2007 Contracts

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Declined/Cancelled Contracts									
ML07031	City of Santa Monica				$180,000.00	$0.00	Upgrade N.G. Station to Add Hythane	$180,000.00	No
ML07032	City of Huntington Beach Public Wor				$25,000.00	$0.00	One H.D. CNG Vehicle	$25,000.00	No
ML07035	City of Los Angeles, General Service				$350,000.00	$0.00	New CNG Refueling Station/Southeast Yard	$350,000.00	No
ML07038	City of Palos Verdes Estates				$25,000.00	$0.00	One H.D. LPG Vehicle	$25,000.00	No
MS07010	Palos Verdes Peninsula Transit Auth				$80,000.00	$0.00	Repower 4 Transit Buses	$80,000.00	No
MS07014	Clean Energy Fuels Corp.				$350,000.00	$0.00	New L/CNG Station - SERRF	$350,000.00	No
MS07015	Baldwin Park Unified School District				$57,500.00	$0.00	New CNG Station	$57,500.00	No
MS07016	County of Riverside Fleet Services D				$36,359.00	$0.00	New CNG Station - Rubidoux	$36,359.00	No
MS07017	County of Riverside Fleet Services D				$33,829.00	$0.00	New CNG Station - Indio	$33,829.00	No
MS07018	City of Cathedral City				$350,000.00	$0.00	New CNG Station	$350,000.00	No
MS07021	City of Riverside				$350,000.00	$0.00	New CNG Station	$350,000.00	No
MS07050	Southern California Disposal Co.				$320,000.00	$0.00	Ten Nat. Gas Refuse Trucks	$320,000.00	No
MS07062	Caltrans Division of Equipment				$1,081,818.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$1,081,818.00	No
MS07065	ECCO Equipment Corp.				$174,525.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$174,525.00	No
MS07067	Recycled Materials Company of Calif				$99,900.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$99,900.00	No
MS07069	City of Burbank	5/9/2008	3/8/2010	9/8/2011	$8,895.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$8,895.00	No
MS07074	Albert W. Davies, Inc.	1/25/2008	11/24/2009		$39,200.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$39,200.00	No
MS07081	Clean Diesel Technologies, Inc.				$240,347.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$240,347.00	No
MS07082	DCL International, Inc.				$153,010.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$153,010.00	No
MS07083	Dinex Exhausts, Inc.				$52,381.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$52,381.00	No
MS07084	Donaldson Company, Inc.				$42,416.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$42,416.00	No
MS07085	Engine Control Systems Limited				$155,746.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$155,746.00	No
MS07086	Huss, LLC				$84,871.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$84,871.00	No
MS07087	Mann+Hummel GmbH				$189,361.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$189,361.00	No
MS07088	Nett Technologies, Inc.				$118,760.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$118,760.00	No
MS07089	Rypos, Inc.				$68,055.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$68,055.00	No
MS07090	Sud-Chemie				$27,345.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$27,345.00	No
Total: 27									
Closed Contracts									
ML07023	City of Riverside	6/20/2008	10/19/2014	7/19/2016	$462,500.00	$461,476.42	CNG Station Expansion/Purch. 14 H.D. Vehi	$1,023.58	Yes
ML07024	City of Garden Grove	3/7/2008	9/6/2014	7/6/2016	$75,000.00	$75,000.00	Three H.D. CNG Vehicles	$0.00	Yes
ML07025	City of San Bernardino	8/12/2008	7/11/2010		$350,000.00	$350,000.00	Maintenance Facility Modifications	$0.00	Yes
ML07026	City of South Pasadena	6/13/2008	6/12/2014		$25,000.00	$25,000.00	One H.D. CNG Vehicle	$0.00	Yes
ML07027	Los Angeles World Airports	6/3/2008	7/2/2014		$25,000.00	$25,000.00	One H.D. LNG Vehicle	$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML07028	City of Los Angeles, General Service	3/13/2009	3/12/2014		$350,000.00	$350,000.00	New CNG Refueling Station/Hollywood Yard	$0.00	Yes
ML07029	City of Los Angeles, General Service	3/13/2009	3/12/2014		$350,000.00	$350,000.00	New CNG Refueling Station/Venice Yard	$0.00	Yes
ML07030	County of San Bernardino Public Wo	7/11/2008	9/10/2015		$200,000.00	$200,000.00	8 Natural Gas H.D. Vehicles	$0.00	Yes
ML07033	City of La Habra	5/21/2008	6/20/2014	11/30/2013	$25,000.00	$25,000.00	One H.D. Nat Gas Vehicle	$0.00	Yes
ML07034	City of Los Angeles, General Service	3/13/2009	3/12/2014		$350,000.00	$350,000.00	New CNG Refueling Station/Van Nuys Yard	$0.00	Yes
ML07036	City of Alhambra	1/23/2009	2/22/2015		$50,000.00	$50,000.00	2 H.D. CNG Vehicles	$0.00	Yes
ML07037	City of Los Angeles, General Service	10/8/2008	10/7/2015		$255,222.00	$255,222.00	Upgrade LNG/LCNG Station/East Valley Yar	$0.00	Yes
ML07039	City of Baldwin Park	6/6/2008	6/5/2014	8/5/2015	$50,000.00	$50,000.00	Two N.G. H.D. Vehicles	$0.00	Yes
ML07040	City of Moreno Valley	6/3/2008	9/2/2014		$25,000.00	$25,000.00	One Heavy-Duty CNG Vehicle	$0.00	Yes
ML07041	City of La Quinta	6/6/2008	6/5/2014		$25,000.00	$25,000.00	One CNG Street Sweeper	$0.00	Yes
ML07042	City of La Quinta	8/15/2008	9/14/2010		$100,000.00	$100,000.00	Street Sweeping Operations	$0.00	Yes
ML07046	City of Culver City Transportation De	5/2/2008	5/1/2014		$25,000.00	$25,000.00	One H.D. Nat. Gas Vehicle	$0.00	Yes
ML07047	City of Cathedral City	6/16/2008	9/15/2014	3/15/2015	$225,000.00	$225,000.00	Two H.D. Nat. Gas Vehicles/New CNG Fueli	$0.00	Yes
ML07048	City of Cathedral City	9/19/2008	10/18/2010		$100,000.00	$84,972.45	Street Sweeping Operations	$15,027.55	Yes
MS07001	A-Z Bus Sales, Inc.	12/28/2006	12/31/2007	2/29/2008	$1,920,000.00	$1,380,000.00	CNG School Bus Buydown	$540,000.00	Yes
MS07002	BusWest	1/19/2007	12/31/2007	3/31/2008	$840,000.00	$840,000.00	CNG School Bus Buydown	$0.00	Yes
MS07003	Westport Fuel Systems, Inc.	11/2/2007	12/31/2011	6/30/2013	$1,500,000.00	$1,499,990.00	Advanced Nat. Gas Engine Incentive Progra	$10.00	Yes
MS07005	S-W Compressors	3/17/2008	3/16/2010		$60,000.00	$7,500.00	Mountain CNG School Bus Demo Program-	$52,500.00	Yes
MS07006	Coachella Valley Association of Gov	2/28/2008	10/27/2008		$400,000.00	$400,000.00	Coachella Valley PM10 Reduction Street Sw	$0.00	Yes
MS07007	Los Angeles World Airports	5/2/2008	11/1/2014		$420,000.00	$420,000.00	Purchase CNG 21 Transit Buses	$0.00	Yes
MS07009	Orange County Transportation Autho	5/14/2008	4/13/2016		$800,000.00	$800,000.00	Purchase 40 Transit Buses	$0.00	Yes
MS07011	L A Service Authority for Freeway E	3/12/2010	5/31/2011	9/30/2011	$700,000.00	$700,000.00	"511" Commuter Services Campaign	$0.00	Yes
MS07012	City of Los Angeles, General Service	6/13/2008	6/12/2009	6/12/2010	$50,000.00	$50,000.00	Maintenance Facility Modifications	$0.00	Yes
MS07013	Rainbow Disposal Company, Inc.	1/25/2008	3/24/2014	9/24/2014	$350,000.00	$350,000.00	New High-Volume CNG Station	$0.00	Yes
MS07019	City of Cathedral City	1/9/2009	6/8/2010		$32,500.00	$32,500.00	Maintenance Facility Modifications	$0.00	Yes
MS07020	Avery Petroleum	5/20/2009	7/19/2015		$250,000.00	$250,000.00	New CNG Station	$0.00	Yes
MS07049	Palm Springs Disposal Services	10/23/2008	11/22/2014	9/22/2016	$96,000.00	$96,000.00	Three Nat. Gas Refuse Trucks	$0.00	Yes
MS07051	City of San Bernardino	8/12/2008	12/11/2014		$480,000.00	$480,000.00	15 Nat. Gas Refuse Trucks	$0.00	Yes
MS07052	City of Redlands	7/30/2008	11/29/2014		$160,000.00	$160,000.00	Five Nat. Gas Refuse Trucks	$0.00	Yes
MS07053	City of Claremont	7/31/2008	12/30/2014		$96,000.00	$96,000.00	Three Nat. Gas Refuse Trucks	$0.00	Yes
MS07054	Republic Services, Inc.	3/7/2008	9/6/2014	9/6/2016	$1,280,000.00	$1,280,000.00	40 Nat. Gas Refuse Trucks	$0.00	Yes
MS07055	City of Culver City Transportation De	7/8/2008	9/7/2014		$192,000.00	$192,000.00	Six Nat. Gas Refuse Trucks	$0.00	Yes
MS07056	City of Whittier	9/5/2008	3/4/2015		$32,000.00	$32,000.00	One Nat. Gas Refuse Trucks	$0.00	Yes
MS07057	CR&R, Inc.	7/31/2008	8/30/2014	6/30/2015	$896,000.00	$896,000.00	28 Nat. Gas Refuse Trucks	$0.00	Yes
MS07058	The Better World Group	11/17/2007	11/16/2009	11/16/2011	$247,690.00	$201,946.21	MSRC Programmatic Outreach Services	$45,743.79	Yes
MS07059	County Sanitation Districts of L.A. Co	9/5/2008	9/4/2010	7/14/2012	$231,500.00	$231,500.00	Off-Road Diesel Equipment Retrofit Program	$0.00	Yes
MS07060	Community Recycling & Resource R	3/7/2008	1/6/2010	7/6/2011	$177,460.00	$98,471.00	Off-Road Diesel Equipment Retrofit Program	$78,989.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS07061	City of Los Angeles, Department of	10/31/2008	8/30/2010	2/28/2013	$40,626.00	$40,626.00	Off-Road Diesel Equipment Retrofit Program	$0.00	Yes
MS07063	Shimmick Construction Company, In	4/26/2008	2/25/2010	8/25/2011	$80,800.00	$11,956.37	Off-Road Diesel Equipment Retrofit Program	$68,843.63	Yes
MS07064	Altfillisch Contractors, Inc.	9/19/2008	7/18/2010	1/18/2011	$160,000.00	$155,667.14	Off-Road Diesel Equipment Retrofit Program	$4,332.86	Yes
MS07068	Sukut Equipment Inc.	1/23/2009	11/22/2010	5/22/2012	$26,900.00	$26,900.00	Off-Road Diesel Equipment Retrofit Program	$0.00	Yes
MS07070	Griffith Company	4/30/2008	2/28/2010	8/28/2012	$168,434.00	$125,504.00	Off-Road Diesel Equipment Retrofit Program	$42,930.00	Yes
MS07071	Tiger 4 Equipment Leasing	9/19/2008	7/18/2010	1/18/2013	$210,937.00	$108,808.97	Off-Road Diesel Equipment Retrofit Program	$102,128.03	Yes
MS07072	City of Culver City Transportation De	4/4/2008	2/3/2010	8/3/2011	$72,865.00	$72,865.00	Off-Road Diesel Equipment Retrofit Program	$0.00	Yes
MS07075	Dan Copp Crushing	9/17/2008	7/16/2010	1/16/2012	$73,600.00	$40,200.00	Off-Road Diesel Equipment Retrofit Program	$33,400.00	Yes
MS07076	Reed Thomas Company, Inc.	8/15/2008	6/14/2010	3/14/2012	$339,073.00	$100,540.00	Off-Road Diesel Equipment Retrofit Program	$238,533.00	Yes
MS07077	USA Waste of California, Inc.	5/1/2009	12/31/2014		$160,000.00	$160,000.00	Five Nat. Gas Refuse Trucks (Santa Ana)	$0.00	Yes
MS07078	USA Waste of California, Inc.	5/1/2009	12/31/2014	12/31/2015	$256,000.00	$256,000.00	Eight Nat. Gas Refuse Trucks (Dewey's)	$0.00	Yes
MS07079	Riverside County Transportation Co	1/30/2009	7/29/2013	12/31/2011	$20,000.00	$15,165.45	BikeMetro Website Migration	$4,834.55	Yes
MS07080	City of Los Angeles, Bureau of Sanit	10/31/2008	8/30/2010	8/28/2016	$63,192.00	$62,692.00	Off-Road Diesel Equipment Retrofit Program	$500.00	No
MS07091	BusWest	10/16/2009	3/15/2010		$33,660.00	$33,660.00	Provide Lease for 2 CNG School Buses	$0.00	Yes
MS07092	Riverside County Transportation Co	9/1/2010	10/31/2011		$350,000.00	$350,000.00	"511" Commuter Services Campaign	$0.00	Yes
Total: 57									
Closed/Incomplete Contracts									
ML07045	City of Inglewood	2/6/2009	4/5/2015		$75,000.00	$25,000.00	3 H.D. Nat. Gas Vehicles	$50,000.00	No
MS07004	BusWest	7/2/2007	7/1/2009		$90,928.00	$68,196.00	Provide Lease for 2 CNG School Buses	$22,732.00	No
MS07066	Skanska USA Civil West California D	6/28/2008	4/27/2010	10/27/2010	$111,700.00	$36,128.19	Off-Road Diesel Equipment Retrofit Program	$75,571.81	No
MS07073	PEED Equipment Co.	10/31/2008	8/30/2010		$11,600.00	$0.00	Off-Road Diesel Equipment Retrofit Program	$11,600.00	No
Total: 4									
Open/Complete Contracts									
ML07043	City of Redondo Beach	9/28/2008	7/27/2014	10/27/2016	$125,000.00	$125,000.00	Five H.D. CNG Transit Vehicles	$0.00	Yes
ML07044	City of Santa Monica	9/8/2008	3/7/2015	3/7/2017	$600,000.00	$600,000.00	24 H.D. Nat. Gas Vehicles	$0.00	No
MS07008	City of Los Angeles, Department of T	9/18/2009	5/17/2020	9/17/2017	$1,900,000.00	$1,900,000.00	Purchase 95 Transit Buses	$0.00	Yes
MS07022	CSULA Hydrogen Station and Resea	10/30/2009	12/29/2015	10/29/2019	$250,000.00	$250,000.00	New Hydrogen Fueling Station	$0.00	Yes
Total: 4									

FY 2007-2008 Contracts

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML08028	City of Santa Monica	9/11/2009	9/10/2016	5/10/2019	$600,000.00	$0.00	24 CNG Heavy-Duty Vehicles	$600,000.00	No
ML08043	City of Desert Hot Springs	9/25/2009	3/24/2016	3/24/2021	$25,000.00	$25,000.00	1 CNG Heavy-Duty Vehicle	$0.00	No
MS08007	United Parcel Service West Region	12/10/2008	10/9/2014	4/9/2019	$300,000.00	$0.00	10 H.D. Nat. Gas Vehicles	$300,000.00	No
MS08013	United Parcel Service West Region	12/10/2008	10/9/2014	3/9/2019	$480,000.00	$216,000.00	12 H.D. Nat. Gas Yard Tractors	$264,000.00	No
MS08068	Regents of the University of Californi	11/5/2010	11/4/2017	11/4/2019	$400,000.00	$0.00	Hydrogen Station	$400,000.00	No
Total: 5									
Declined/Cancelled Contracts									
ML08032	City of Irvine	5/1/2009	8/31/2010		$9,000.00	$0.00	36 Vehicles (Diagnostic)	$9,000.00	No
ML08041	City of Los Angeles, Dept of Transpo	8/6/2010	7/5/2011	12/5/2011	$8,800.00	$0.00	73 Vehicles (Diagnostic)	$8,800.00	No
ML08049	City of Cerritos	3/20/2009	1/19/2015	2/19/2017	$25,000.00	$0.00	1 CNG Heavy-Duty Vehicle	$25,000.00	No
ML08051	City of Colton				$75,000.00	$0.00	3 CNG Heavy-Duty Vehicles	$75,000.00	No
ML08080	City of Irvine	5/1/2009	5/31/2015		$50,000.00	$0.00	Two Heavy-Duty Nat. Gas Vehicles	$50,000.00	No
MS08002	Orange County Transportation Autho				$1,500,000.00	$0.00	Big Rig Freeway Service Patrol	$1,500,000.00	No
MS08008	Diversified Truck Rental & Leasing				$300,000.00	$0.00	10 H.D. Nat. Gas Vehicles	$300,000.00	No
MS08010	Orange County Transportation Autho				$10,000.00	$0.00	20 H.D. Nat. Gas Vehicles	$10,000.00	No
MS08011	Green Fleet Systems, LLC				$10,000.00	$0.00	30 H.D. Nat. Gas Vehicles	$10,000.00	No
MS08052	Burrtec Waste Industries, Inc.	12/24/2008	11/23/2014	11/23/2015	$100,000.00	$0.00	New CNG Station - Fontana	$100,000.00	No
MS08054	Clean Energy Fuels Corp.				$400,000.00	$0.00	New LNG Station - Fontana	$400,000.00	No
MS08055	Clean Energy Fuels Corp.	11/26/2009	3/25/2016	3/25/2017	$400,000.00	$0.00	New LNG Station - Long Beach-Pier S	$400,000.00	No
MS08059	Burrtec Waste Industries, Inc.	12/24/2008	11/23/2014		$100,000.00	$0.00	New CNG Station - San Bernardino	$100,000.00	No
MS08060	Burrtec Waste Industries, Inc.	12/24/2008	11/23/2014		$100,000.00	$0.00	New CNG Station - Azusa	$100,000.00	No
MS08062	Go Natural Gas	9/25/2009	1/24/2016	1/24/2017	$400,000.00	$0.00	New CNG Station - Rialto	$400,000.00	No
MS08074	Fontana Unified School District	11/14/2008	12/13/2014		$200,000.00	$0.00	Expansion of Existing CNG station	$200,000.00	No
MS08077	Hythane Company, LLC				$144,000.00	$0.00	Upgrade Station to Hythane	$144,000.00	No
Total: 17									
Closed Contracts									
ML08023	City of Villa Park	11/7/2008	10/6/2012		$6,500.00	$5,102.50	Upgrade of Existing Refueling Facility	$1,397.50	Yes
ML08026	Los Angeles County Department of P	7/20/2009	7/19/2016		$250,000.00	$250,000.00	10 LPG Heavy-Duty Vehicles	$0.00	Yes
ML08027	Los Angeles County Department of P	7/20/2009	1/19/2011	1/19/2012	$6,901.00	$5,124.00	34 Vehicles (Diagnostic)	$1,777.00	Yes
ML08029	City of Gardena	3/19/2009	1/18/2015		$25,000.00	$25,000.00	1 Propane Heavy-Duty Vehicle	$0.00	Yes
ML08030	City of Azusa	5/14/2010	3/13/2016		$25,000.00	$25,000.00	1 CNG Heavy-Duty Vehicle	$0.00	No
ML08031	City of Claremont	3/27/2009	3/26/2013	3/26/2015	$97,500.00	$97,500.00	Upgrade of Existing CNG Station, Purchase	$0.00	Yes
ML08033	County of San Bernardino Public Wo	4/3/2009	2/2/2010		$14,875.00	$14,875.00	70 Vehicles (Diagnostic)	$0.00	Yes
ML08034	County of San Bernardino Public Wo	3/27/2009	7/26/2015		$150,000.00	$150,000.00	8 CNG Heavy-Duty Vehicles	$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML08035	City of La Verne	3/6/2009	11/5/2009		$11,925.00	$11,925.00	53 Vehicles (Diagnostic)	$0.00	Yes
ML08036	City of South Pasadena	5/12/2009	7/11/2013		$169,421.00	$169,421.00	New CNG Station	$0.00	Yes
ML08037	City of Glendale	5/20/2009	5/19/2015		$325,000.00	$325,000.00	13 CNG Heavy-Duty Vehicles	$0.00	Yes
ML08039	City of Rancho Palos Verdes	6/5/2009	8/4/2015		$50,000.00	$50,000.00	2 LPG Transit Buses	$0.00	Yes
ML08042	City of Ontario, Housing & Municipal	5/1/2009	1/31/2016		$175,000.00	$175,000.00	7 CNG Heavy-Duty Vehicles	$0.00	Yes
ML08044	City of Chino	3/19/2009	3/18/2015		$25,000.00	$25,000.00	1 CNG Heavy-Duty Vehicle	$0.00	Yes
ML08045	City of Santa Clarita	2/20/2009	6/19/2010		$3,213.00	$3,150.00	14 Vehicles (Diagnostic)	$63.00	Yes
ML08046	City of Paramount	2/20/2009	2/19/2015		$25,000.00	$25,000.00	1 CNG Heavy-Duty Vehicle	$0.00	Yes
ML08047	City of Culver City Transportation De	5/12/2009	8/11/2015		$150,000.00	$150,000.00	6 CNG Heavy-Duty Vehicles	$0.00	Yes
ML08048	City of Santa Clarita	2/20/2009	6/19/2015		$25,000.00	$25,000.00	1 CNG Heavy-Duty Vehicle	$0.00	Yes
MS08001	Los Angeles County MTA	12/10/2010	6/9/2014		$1,500,000.00	$1,499,999.66	Big Rig Freeway Service Patrol	$0.34	Yes
MS08003	A-Z Bus Sales, Inc.	5/2/2008	12/31/2008	2/28/2009	$1,480,000.00	$1,400,000.00	Alternative Fuel School Bus Incentive Progra	$80,000.00	Yes
MS08004	BusWest	5/2/2008	12/31/2008		$1,440,000.00	$1,440,000.00	Alternative Fuel School Bus Incentive Progra	$0.00	Yes
MS08005	Burrtec Waste Industries, Inc.	10/23/2008	11/22/2014	10/22/2015	$450,000.00	$450,000.00	15 H.D. Nat. Gas Vehicles - Azusa	$0.00	Yes
MS08006	Burrtec Waste Industries, Inc.	10/23/2008	11/22/2014	10/22/2015	$450,000.00	$450,000.00	15 H.D. Nat. Gas Vehicles - Saugus	$0.00	Yes
MS08009	Los Angeles World Airports	12/24/2008	12/23/2014		$870,000.00	$870,000.00	29 H.D. Nat. Gas Vehicles	$0.00	Yes
MS08012	California Cartage Company, LLC	12/21/2009	10/20/2015	4/20/2016	$480,000.00	$480,000.00	12 H.D. Nat. Gas Yard Tractors	$0.00	Yes
MS08014	City of San Bernardino	12/5/2008	6/4/2015		$390,000.00	$360,000.00	13 H.D. Nat. Gas Vehicles	$30,000.00	Yes
MS08015	Yosemite Waters	5/12/2009	5/11/2015		$180,000.00	$117,813.60	11 H.D. Propane Vehicles	$62,186.40	Yes
MS08016	TransVironmental Solutions, Inc.	1/23/2009	12/31/2010	9/30/2011	$227,198.00	$80,351.34	Rideshare 2 School Program	$146,846.66	Yes
MS08019	Enterprise Rent-A-Car Company of L	2/12/2010	7/11/2016		$300,000.00	$300,000.00	10 CNG Vehicles	$0.00	Yes
MS08020	Ware Disposal Company, Inc.	11/25/2008	2/24/2016		$900,000.00	$900,000.00	30 CNG Vehicles	$0.00	Yes
MS08021	CalMet Services, Inc.	1/9/2009	1/8/2016	7/8/2016	$900,000.00	$900,000.00	30 CNG Vehicles	$0.00	Yes
MS08022	SunLine Transit Agency	12/18/2008	3/17/2015		$311,625.00	$311,625.00	15 CNG Buses	$0.00	Yes
MS08053	City of Los Angeles, Bureau of Sanit	2/18/2009	12/17/2015		$400,000.00	$400,000.00	New LNG/CNG Station	$0.00	Yes
MS08056	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		$400,000.00	$400,000.00	New LNG Station - POLB-Anah. & I	$0.00	Yes
MS08057	Orange County Transportation Autho	5/14/2009	7/13/2015		$400,000.00	$400,000.00	New CNG Station - Garden Grove	$0.00	Yes
MS08061	Clean Energy Fuels Corp.	12/4/2009	3/3/2015		$400,000.00	$400,000.00	New CNG Station - L.A.-La Cienega	$0.00	Yes
MS08064	Hemet Unified School District	1/9/2009	3/8/2015		$75,000.00	$75,000.00	Expansion of Existing Infrastructure	$0.00	Yes
MS08065	Pupil Transportation Cooperative	11/20/2008	7/19/2014		$10,500.00	$10,500.00	Existing CNG Station Modifications	$0.00	Yes
MS08066	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		$400,000.00	$400,000.00	New CNG Station - Palm Spring Airport	$0.00	Yes
MS08067	Trillium CNG	3/19/2009	6/18/2015	6/18/2016	$311,600.00	$254,330.00	New CNG Station	$57,270.00	Yes
MS08070	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		$400,000.00	$400,000.00	New CNG Station - Paramount	$0.00	Yes
MS08071	ABC Unified School District	1/16/2009	1/15/2015		$63,000.00	$63,000.00	New CNG Station	$0.00	Yes
MS08072	Clean Energy Fuels Corp.	12/4/2009	3/3/2015		$400,000.00	$354,243.38	New CNG Station - Burbank	$45,756.62	Yes
MS08073	Clean Energy Fuels Corp.	11/26/2009	2/25/2015		$400,000.00	$400,000.00	New CNG Station - Norwalk	$0.00	Yes
MS08075	Disneyland Resort	12/10/2008	2/1/2015		$200,000.00	$200,000.00	Expansion of Existing CNG Infrastructure	$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS08078	SunLine Transit Agency	12/10/2008	6/9/2015	2/9/2016	$189,000.00	$189,000.00	CNG Station Upgrade	$0.00	Yes
MS09002	A-Z Bus Sales, Inc.	11/7/2008	12/31/2009	12/31/2010	$2,520,000.00	$2,460,000.00	Alternative Fuel School Bus Incentive Progra	$60,000.00	Yes
MS09004	A-Z Bus Sales, Inc.	1/30/2009	3/31/2009		$156,000.00	$156,000.00	Alternative Fuel School Bus Incentive Progra	$0.00	Yes
MS09047	BusWest	7/9/2010	12/31/2010	4/30/2011	$480,000.00	$480,000.00	Alternative Fuel School Bus Incentive Progra	$0.00	Yes
Total: 49									
Closed/Incomplete Contracts									
ML08025	Los Angeles County Department of P	10/30/2009	3/29/2011		$75,000.00	$0.00	150 Vehicles (Diagnostic)	$75,000.00	No
MS08079	ABC Unified School District	1/16/2009	12/15/2009	12/15/2010	$50,000.00	$0.00	Maintenance Facility Modifications	$50,000.00	No
Total: 2									
Open/Complete Contracts									
ML08024	City of Anaheim	7/9/2010	7/8/2017	1/8/2018	$425,000.00	$425,000.00	9 LPG Buses and 8 CNG Buses	$0.00	Yes
ML08038	Los Angeles Department of Water an	7/16/2010	7/15/2017		$1,050,000.00	$1,050,000.00	42 CNG Heavy-Duty Vehicles	$0.00	Yes
ML08040	City of Riverside	9/11/2009	9/10/2016	3/10/2019	$455,500.00	$455,500.00	16 CNG Vehicles, Expand CNG Station & M	$0.00	Yes
ML08050	City of Laguna Beach Public Works	8/12/2009	4/11/2016	10/11/2016	$75,000.00	$75,000.00	3 LPG Trolleys	$0.00	Yes
MS08017	Omnitrans	12/13/2008	12/12/2015	12/12/2016	$900,000.00	$900,000.00	30 CNG Buses	$0.00	Yes
MS08018	Los Angeles County Department of P	8/7/2009	10/6/2016	4/6/2018	$60,000.00	$60,000.00	2 CNG Vehicles	$0.00	Yes
MS08058	Clean Energy Fuels Corp.	11/26/2009	3/25/2016	3/25/2017	$400,000.00	$400,000.00	New CNG Station - Ontario Airport	$0.00	Yes
MS08063	Go Natural Gas	9/25/2009	1/24/2016	1/24/2017	$400,000.00	$400,000.00	New CNG Station - Moreno Valley	$0.00	Yes
MS08069	Perris Union High School District	6/5/2009	8/4/2015	8/4/2016	$225,000.00	$225,000.00	New CNG Station	$0.00	Yes
MS08076	Azusa Unified School District	10/17/2008	11/16/2014	1/31/2017	$172,500.00	$172,500.00	New CNG station and maint. Fac. Modificati	$0.00	Yes
Total: 10									

FY 2008-2009 Contracts

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML09033	City of Beverly Hills	3/4/2011	5/3/2017	5/3/2018	$550,000.00	$100,000.00	10 Nat. Gas Heavy-Duty Vehicles & CNG St	$450,000.00	No
ML09036	City of Long Beach Fleet Services B	5/7/2010	5/6/2017	5/6/2020	$875,000.00	$525,000.00	Purchase 35 LNG Refuse Trucks	$350,000.00	No
Total: 2									
Declined/Cancelled Contracts									
ML09017	County of San Bernardino Public Wo	1/28/2010	7/27/2016		$200,000.00	$0.00	8 Nat. Gas Heavy-Duty Vehicles	$200,000.00	No
ML09018	Los Angeles Department of Water an	7/16/2010	9/15/2012		$850,000.00	$0.00	Retrofit 85 Off-Road Vehicles w/DECS	$850,000.00	No
ML09019	City of San Juan Capistrano Public	12/4/2009	11/3/2010		$10,125.00	$0.00	Remote Vehicle Diagnostics/45 Vehicles	$10,125.00	No
ML09022	Los Angeles County Department of P				$8,250.00	$0.00	Remote Vehicle Diagnostics/15 Vehicles	$8,250.00	No
ML09025	Los Angeles County Department of P	10/15/2010	12/14/2012	6/14/2013	$50,000.00	$0.00	Remote Vehicle Diagnostics/85 Vehicles	$50,000.00	No
ML09028	Riverside County Waste Manageme				$140,000.00	$0.00	Retrofit 7 Off-Road Vehicles w/DECS	$140,000.00	No
ML09039	City of Inglewood				$310,000.00	$0.00	Purchase 12 H.D. CNG Vehicles and Remot	$310,000.00	No
ML09040	City of Cathedral City				$83,125.00	$0.00	Purchase 3 H.D. CNG Vehicles and Remote	$83,125.00	No
ML09044	City of San Dimas				$425,000.00	$0.00	Install CNG Station and Purchase 1 CNG S	$425,000.00	No
ML09045	City of Orange				$125,000.00	$0.00	Purchase 5 CNG Sweepers	$125,000.00	No
MS09003	FuelMaker Corporation				$296,000.00	$0.00	Home Refueling Apparatus Incentives	$296,000.00	No
Total: 11									
Closed Contracts									
ML09007	City of Rancho Cucamonga	2/26/2010	4/25/2012		$117,500.00	$62,452.57	Maintenance Facility Modification	$55,047.43	Yes
ML09010	City of Palm Springs	1/8/2010	2/7/2016		$25,000.00	$25,000.00	1 Nat. Gas Heavy-Duty Vehicle	$0.00	Yes
ML09011	City of San Bernardino	2/19/2010	5/18/2016		$250,000.00	$250,000.00	10 Nat. Gas Heavy-Duty Vehicles	$0.00	Yes
ML09012	City of Gardena	3/12/2010	11/11/2015		$25,000.00	$25,000.00	1 Nat. Gas Heavy-Duty Vehicle	$0.00	Yes
ML09013	City of Riverside Public Works	9/10/2010	12/9/2011	7/31/2013	$144,470.00	$128,116.75	Traffic Signal Synchr./Moreno Valley	$16,353.25	Yes
ML09014	City of Riverside Public Works	9/10/2010	12/9/2011	7/31/2013	$113,030.00	$108,495.94	Traffic Signal Synchr./Corona	$4,534.06	Yes
ML09015	City of Riverside Public Works	9/10/2010	12/9/2011	7/31/2013	$80,060.00	$79,778.52	Traffic Signal Synchr./Co. of Riverside	$281.48	Yes
ML09016	County of San Bernardino Public Wo	1/28/2010	3/27/2014		$50,000.00	$50,000.00	Install New CNG Station	$0.00	Yes
ML09020	County of San Bernardino	8/16/2010	2/15/2012		$49,770.00	$49,770.00	Remote Vehicle Diagnostics/252 Vehicles	$0.00	Yes
ML09021	City of Palm Desert	7/9/2010	3/8/2012		$39,450.00	$38,248.87	Traffic Signal Synchr./Rancho Mirage	$1,201.13	Yes
ML09024	Los Angeles County Department of P	10/15/2010	12/14/2012	6/14/2013	$400,000.00	$0.00	Maintenance Facility Modifications	$400,000.00	No
ML09027	Los Angeles County Department of P	7/23/2010	3/22/2012	6/22/2012	$150,000.00	$150,000.00	Freeway Detector Map Interface	$0.00	Yes
ML09029	City of Whittier	11/6/2009	4/5/2016		$25,000.00	$25,000.00	1 Nat. Gas Heavy-Duty Vehicle	$0.00	Yes
ML09030	City of Los Angeles GSD/Fleet Servi	6/18/2010	6/17/2011		$22,310.00	$22,310.00	Remote Vehicle Diagnostics/107 Vehicles	$0.00	Yes
ML09034	City of La Palma	11/25/2009	6/24/2015		$25,000.00	$25,000.00	1 LPG Heavy-Duty Vehicle	$0.00	Yes
ML09037	City of Redondo Beach	6/18/2010	6/17/2016		$50,000.00	$50,000.00	Purchase Two CNG Sweepers	$0.00	Yes
ML09046	City of Newport Beach	5/20/2010	5/19/2016		$162,500.00	$162,500.00	Upgrade Existing CNG Station, Maintenance	$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML09047	Los Angeles County Department of P	8/13/2014	8/12/2015	11/12/2015	$400,000.00	$272,924.53	Maintenance Facility Modifications	$127,075.47	No
MS09001	Administrative Services Co-Op/Long	3/5/2009	6/30/2012	12/31/2013	$225,000.00	$150,000.00	15 CNG Taxicabs	$75,000.00	Yes
MS09005	Gas Equipment Systems, Inc.	6/19/2009	10/18/2010		$71,000.00	$71,000.00	Provide Temp. Fueling for Mountain Area C	$0.00	Yes
Total: 20									
Open/Complete Contracts									
ML09008	City of Culver City Transportation De	1/19/2010	7/18/2016	7/18/2017	$175,000.00	$175,000.00	8 Nat. Gas Heavy-Duty Vehicles	$0.00	Yes
ML09009	City of South Pasadena	11/5/2010	12/4/2016	3/4/2019	$125,930.00	$125,930.00	CNG Station Expansion	$0.00	Yes
ML09023	Los Angeles County Department of P	12/10/2010	12/9/2017		$50,000.00	$50,000.00	2 Heavy-Duty Alternative Fuel Transit Vehicl	$0.00	Yes
ML09026	Los Angeles County Department of P	10/15/2010	10/14/2017	4/14/2019	$150,000.00	$80,411.18	3 Off-Road Vehicles Repowers	$69,588.82	Yes
ML09031	City of Los Angeles, Department of	10/29/2010	10/28/2017		$825,000.00	$825,000.00	33 Nat. Gas Heavy-Duty Vehicles	$0.00	Yes
ML09032	Los Angeles World Airports	4/8/2011	4/7/2018		$175,000.00	$175,000.00	7 Nat. Gas Heavy-Duty Vehicles	$0.00	Yes
ML09035	City of Fullerton	6/17/2010	6/16/2017	12/16/2018	$450,000.00	$450,000.00	2 Heavy-Duty CNG Vehicles & Install CNG	$0.00	Yes
ML09038	City of Chino	9/27/2010	5/26/2017		$250,000.00	$250,000.00	Upgrade Existing CNG Station	$0.00	Yes
ML09041	City of Los Angeles, Bureau of Sanit	10/1/2010	9/30/2017		$875,000.00	$875,000.00	Purchase 35 H.D. Nat. Gas Vehicles	$0.00	Yes
ML09042	Los Angeles Department of Water an	12/10/2010	12/9/2017		$1,400,000.00	$1,400,000.00	Purchase 56 Dump Trucks	$0.00	Yes
ML09043	City of Covina	10/8/2010	4/7/2017	10/7/2018	$179,591.00	$179,591.00	Upgrade Existing CNG Station	$0.00	Yes
Total: 11									

FY 2010-2011 Contracts

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML11020	City of Indio	2/1/2013	3/31/2019	9/30/2019	$30,000.00	$0.00	Retrofit one H.D. Vehicles w/DECS, repower	$30,000.00	No
ML11024	County of Los Angeles, Dept of Publi	12/5/2014	6/4/2022		$90,000.00	$0.00	Purchase 3 Nat. Gas H.D. Vehicles	$90,000.00	No
ML11029	City of Santa Ana	9/7/2012	3/6/2020		$262,500.00	$0.00	Expansion of Existing CNG Station, Install N	$262,500.00	No
ML11032	City of Gardena	3/2/2012	9/1/2018	10/1/2020	$102,500.00	$0.00	Modify Maint. Facility, Expand CNG station,	$102,500.00	No
ML11036	City of Riverside	1/27/2012	1/26/2019	3/26/2021	$670,000.00	$0.00	Install New CNG Station, Purchase 9 H.D. N	$670,000.00	No
ML11038	City of Santa Monica	5/18/2012	7/17/2018		$400,000.00	$0.00	Maintenance Facility Modifications	$400,000.00	No
ML11040	City of South Pasadena	5/4/2012	1/3/2019	1/3/2022	$30,000.00	$0.00	Purchase 1 Nat. Gas H.D. Vehicle	$30,000.00	No
ML11041	City of Santa Ana	9/7/2012	11/6/2018	1/6/2021	$265,000.00	$34,651.86	Purchase 7 LPG H.D. Vehicles, Retrofit 6 H.	$230,348.14	No
ML11045	City of Newport Beach	2/3/2012	8/2/2018	8/2/2020	$30,000.00	$0.00	Purchase 1 Nat. Gas H.D. Vehicle	$30,000.00	No
MS11062	Load Center	9/7/2012	1/6/2016	12/6/2016	$175,384.00	$169,883.00	Retrofit Six Off-Road Vehicles under Showc	$5,501.00	No
MS11065	Temecula Valley Unified School Distr	8/11/2012	1/10/2019		$50,000.00	$0.00	Expansion of Existing CNG Station	$50,000.00	No
MS11085	City of Long Beach Fleet Services B	8/23/2013	12/22/2016		$159,012.00	$0.00	Retrofit Seven H.D. Off-Road Vehicles Unde	$159,012.00	No
MS11086	DCL America Inc.	6/7/2013	10/6/2016		$500,000.00	$351,076.96	Retrofit Eight H.D. Off-Road Vehicles Under	$148,923.04	No
MS11091	California Cartage Company, LLC	4/5/2013	8/4/2016	2/4/2018	$55,000.00	$0.00	Retrofit Two H.D. Off-Road Vehicles Under	$55,000.00	No
MS11092	Griffith Company	2/15/2013	6/14/2016	12/14/2017	$390,521.00	$0.00	Retrofit 17 H.D. Off-Road Vehicles Under Sh	$390,521.00	No
Total: 15									
Declined/Cancelled Contracts									
MS11013	Go Natural Gas, Inc.				$150,000.00	$0.00	New CNG Station - Huntington Beach	$150,000.00	No
MS11014	Go Natural Gas, Inc.				$150,000.00	$0.00	New CNG Station - Santa Ana	$150,000.00	No
MS11015	Go Natural Gas, Inc.				$150,000.00	$0.00	New CNG Station - Inglewood	$150,000.00	No
MS11046	Luis Castro				$40,000.00	$0.00	Repower One Heavy-Duty Vehicle	$40,000.00	No
MS11047	Ivan Borjas				$40,000.00	$0.00	Repower One Heavy-Duty Vehicle	$40,000.00	No
MS11048	Phase II Transportation				$1,080,000.00	$0.00	Repower 27 Heavy-Duty Vehicles	$1,080,000.00	No
MS11049	Ruben Caceras				$40,000.00	$0.00	Repower One Heavy-Duty Vehicle	$40,000.00	No
MS11050	Carlos Arrue				$40,000.00	$0.00	Repower One Heavy-Duty Vehicle	$40,000.00	No
MS11051	Francisco Vargas				$40,000.00	$0.00	Repower One Heavy-Duty Vehicle	$40,000.00	No
MS11053	Jose Ivan Soltero				$40,000.00	$0.00	Repower One Heavy-Duty Vehicle	$40,000.00	No
MS11054	Albino Meza				$40,000.00	$0.00	Repower One Heavy-Duty Vehicle	$40,000.00	No
MS11059	Go Natural Gas				$150,000.00	$0.00	New Public Access CNG Station - Paramou	$150,000.00	No
MS11063	Standard Concrete Products				$310,825.00	$0.00	Retrofit Two Off-Road Vehicles under Showc	$310,825.00	No
MS11070	American Honda Motor Company				$100,000.00	$0.00	Expansion of Existing CNG Station	$100,000.00	No
MS11072	Trillium USA Company DBA Californi				$150,000.00	$0.00	New Public Access CNG Station	$150,000.00	No
MS11077	DCL America Inc.				$263,107.00	$0.00	Retrofit of 13 Off-Road Diesel Vehicles with	$263,107.00	No
MS11083	Cattrac Construction, Inc.				$500,000.00	$0.00	Install DECS on Eight Off-Road Vehicles	$500,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS11084	Ivanhoe Energy Services and Develo				$66,750.00	$0.00	Retrofit One H.D. Off-Road Vehicle Under S	$66,750.00	No
MS11088	Diesel Emission Technologies				$32,750.00	$0.00	Retrofit Three H.D. Off-Road Vehicles Under	$32,750.00	No
MS11089	Diesel Emission Technologies				$9,750.00	$0.00	Retrofit One H.D. Off-Road Vehicle Under S	$9,750.00	No
MS11090	Diesel Emission Technologies				$14,750.00	$0.00	Retrofit One H.D. Off-Road Vehicle Under S	$14,750.00	No
Total: 21									
Closed Contracts									
ML11007	Coachella Valley Association of Gov	7/29/2011	7/28/2012		$250,000.00	$249,999.96	Regional PM10 Street Sweeping Program	$0.04	Yes
ML11027	City of Los Angeles, Dept. of Genera	5/4/2012	7/3/2015	1/3/2016	$300,000.00	$300,000.00	Maintenance Facility Modifications	$0.00	No
ML11035	City of La Quinta	11/18/2011	11/17/2012		$25,368.00	$25,368.00	Retrofit 3 On-Road Vehicles w/DECS	$0.00	Yes
MS11001	Mineral LLC	4/22/2011	4/30/2013	4/30/2015	$111,827.00	$103,136.83	Design, Develop, Host and Maintain MSRC	$8,690.17	Yes
MS11002	A-Z Bus Sales, Inc.	7/15/2011	12/31/2011	6/30/2013	$1,705,000.00	$1,705,000.00	Alternative Fuel School Bus Incentive Progra	$0.00	Yes
MS11003	BusWest	7/26/2011	12/31/2011	12/31/2012	$1,305,000.00	$1,305,000.00	Alternative Fuel School Bus Incentive Progra	$0.00	Yes
MS11004	Los Angeles County MTA	9/9/2011	2/29/2012		$450,000.00	$299,743.34	Clean Fuel Transit Service to Dodger Stadiu	$150,256.66	Yes
MS11006	Orange County Transportation Autho	10/7/2011	2/29/2012	8/31/2012	$268,207.00	$160,713.00	Metrolink Service to Angel Stadium	$107,494.00	Yes
MS11018	Orange County Transportation Autho	10/14/2011	1/31/2012		$211,360.00	$211,360.00	Express Bus Service to Orange County Fair	$0.00	Yes
MS11052	Krisda Inc	9/27/2012	6/26/2013		$120,000.00	$120,000.00	Repower Three Heavy-Duty Vehicles	$0.00	Yes
MS11056	The Better World Group	12/30/2011	12/29/2013	12/29/2015	$206,836.00	$186,953.46	Programmatic Outreach Services	$19,882.54	Yes
MS11057	Riverside County Transportation Co	7/28/2012	3/27/2013		$100,000.00	$89,159.40	Develop and Implement 511 "Smart Phone"	$10,840.60	Yes
MS11058	L A Service Authority for Freeway E	5/31/2013	4/30/2014		$123,395.00	$123,395.00	Implement 511 "Smart Phone" Application	$0.00	Yes
MS11061	Eastern Municipal Water District	3/29/2012	5/28/2015		$11,659.00	$1,450.00	Retrofit One Off-Road Vehicle under Showc	$10,209.00	Yes
MS11074	SunLine Transit Agency	5/11/2012	7/31/2012		$41,849.00	$22,391.00	Transit Service for Coachella Valley Festival	$19,458.00	Yes
MS11080	Southern California Regional Rail Au	4/6/2012	7/31/2012		$26,000.00	$26,000.00	Metrolink Service to Auto Club Speedway	$0.00	Yes
MS11087	Cemex Construction Material Pacific,	10/16/2012	2/15/2016		$448,766.00	$448,760.80	Retrofit 13 H.D. Off-Road Vehicles Under Sh	$5.20	Yes
Total: 17									
Closed/Incomplete Contracts									
MS11064	City of Hawthorne	7/28/2012	8/27/2018	8/27/2019	$175,000.00	$0.00	New Limited Access CNG Station	$175,000.00	No
MS11076	SA Recycling, LLC	5/24/2012	9/23/2015		$424,801.00	$0.00	Retrofit of 13 Off-Road Diesel Vehicles with	$424,801.00	No
MS11081	Metropolitan Stevedore Company	9/7/2012	1/6/2016		$45,416.00	$0.00	Install DECS on Two Off-Road Vehicles	$45,416.00	No
MS11082	Baumot North America, LLC	8/2/2012	12/1/2015		$65,958.00	$4,350.00	Install DECS on Four Off-Road Vehicles	$61,608.00	Yes
Total: 4									
Open/Complete Contracts									
ML11021	City of Whittier	1/27/2012	9/26/2018	6/26/2019	$210,000.00	$210,000.00	Purchase 7 Nat. Gas H.D. Vehicles	$0.00	Yes
ML11022	City of Anaheim	3/16/2012	7/15/2018		$150,000.00	$150,000.00	Purchase of 5 H.D. Vehicles	$0.00	Yes
ML11023	City of Rancho Cucamonga	4/20/2012	12/19/2018	9/19/2020	$260,000.00	$260,000.00	Expand Existing CNG Station, 2 H.D. Vehicl	$0.00	Yes
ML11025	County of Los Angeles Department o	3/14/2014	9/13/2021		$150,000.00	$150,000.00	Purchase 5 Nat. Gas H.D. Vehicles	$0.00	Yes
ML11026	City of Redlands	3/2/2012	10/1/2018		$90,000.00	$90,000.00	Purchase 3 Nat. Gas H.D. Vehicles	$0.00	Yes
ML11028	City of Glendale	1/13/2012	5/12/2018		$300,000.00	$300,000.00	Purchase 10 H.D. CNG Vehicles	$0.00	Yes

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML11030	City of Fullerton	2/3/2012	3/2/2018		$109,200.00	$109,200.00	Purchase 2 Nat. Gas H.D. Vehicles, Retrofit	$0.00	Yes
ML11031	City of Culver City Transportation De	12/2/2011	12/1/2018		$300,000.00	$300,000.00	Purchase 10 H.D. Nat. Gas Vehicles	$0.00	Yes
ML11033	City of Los Angeles, Bureau of Sanit	3/16/2012	1/15/2019		$1,080,000.00	$1,080,000.00	Purchase 36 LNG H.D. Vehicles	$0.00	Yes
ML11034	City of Los Angeles, Department of	5/4/2012	1/3/2019		$630,000.00	$630,000.00	Purchase 21 H.D. CNG Vehicles	$0.00	Yes
ML11037	City of Anaheim	12/22/2012	12/21/2019		$300,000.00	$300,000.00	Purchase 12 Nat. Gas H.D. Vehicles	$0.00	Yes
ML11039	City of Ontario, Housing & Municipal	1/27/2012	9/26/2018		$180,000.00	$180,000.00	Purchase 6 Nat. Gas H.D. Vehicles	$0.00	Yes
ML11042	City of Chino	2/17/2012	4/16/2018		$30,000.00	$30,000.00	Purchase 1 Nat. Gas H.D. Vehicle, Repower	$0.00	Yes
ML11043	City of Hemet Public Works	2/3/2012	2/2/2019		$60,000.00	$60,000.00	Purchase 2 H.D. Nat. Gas Vehicles	$0.00	Yes
ML11044	City of Ontario, Housing & Municipal	1/27/2012	6/26/2019		$400,000.00	$400,000.00	Expand Existing CNG Station	$0.00	Yes
MS11008	USA Waste of California, Inc.	10/24/2013	4/23/2020		$125,000.00	$125,000.00	Expansion of Existing LCNG Station	$0.00	Yes
MS11009	USA Waste of California, Inc.	10/24/2013	4/23/2020		$125,000.00	$125,000.00	Expansion of Existing LCNG Station	$0.00	Yes
MS11010	Border Valley Trading	8/26/2011	10/25/2017	4/25/2020	$150,000.00	$150,000.00	New LNG Station	$0.00	Yes
MS11011	EDCO Disposal Corporation	12/30/2011	4/29/2019		$100,000.00	$100,000.00	New CNG Station - Signal Hill	$0.00	Yes
MS11012	EDCO Disposal Corporation	12/30/2011	4/29/2019		$100,000.00	$100,000.00	New CNG Station - Buena Park	$0.00	Yes
MS11016	CR&R Incorporated	4/12/2013	10/11/2019		$100,000.00	$100,000.00	New CNG Station - Perris	$0.00	Yes
MS11017	CR&R, Inc.	3/2/2012	2/1/2018		$100,000.00	$100,000.00	Expansion of existing station - Garden Grove	$0.00	Yes
MS11019	City of Corona	11/29/2012	4/28/2020		$225,000.00	$225,000.00	Expansion of Existing CNG Station	$0.00	Yes
MS11055	KEC Engineering	2/3/2012	8/2/2018	8/2/2019	$200,000.00	$200,000.00	Repower 5 H.D. Off-Road Vehicles	$0.00	Yes
MS11060	Rowland Unified School District	8/17/2012	1/16/2019	1/16/2020	$175,000.00	$175,000.00	New Limited Access CNG Station	$0.00	Yes
MS11066	Torrance Unified School District	11/19/2012	9/18/2018		$42,296.00	$42,296.00	Expansion of Existing CNG Station	$0.00	Yes
MS11067	City of Redlands	5/24/2012	11/23/2018	11/23/2019	$85,000.00	$85,000.00	Expansion of Existing CNG Station	$0.00	Yes
MS11068	Ryder System Inc.	7/28/2012	10/27/2018		$175,000.00	$175,000.00	New Public Access L/CNG Station (Fontana)	$0.00	Yes
MS11069	Ryder System Inc.	7/28/2012	8/27/2018		$175,000.00	$175,000.00	New Public Access L/CNG Station (Orange)	$0.00	Yes
MS11071	City of Torrance Transit Department	12/22/2012	1/21/2019	1/21/2020	$175,000.00	$166,250.00	New Limited Access CNG Station	$8,750.00	Yes
MS11073	Los Angeles Unified School District	9/11/2015	2/10/2022		$175,000.00	$175,000.00	Expansion of Existing CNG Station	$0.00	Yes
MS11079	Bear Valley Unified School District	2/5/2013	10/4/2019		$175,000.00	$175,000.00	New Limited Access CNG Station	$0.00	Yes

Total: 32

FY 2011-2012 Contracts

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Open Contracts									
ML12014	City of Santa Ana	11/8/2013	8/7/2020		$384,000.00	$4,709.00	9 H.D. Nat. Gas & LPG Trucks, EV Charging	$379,291.00	No
ML12015	City of Fullerton	4/25/2013	11/24/2020	11/24/2021	$40,000.00	$10,000.00	HD CNG Vehicle, Expand CNG Station	$30,000.00	No
ML12016	City of Cathedral City	1/4/2013	10/3/2019		$60,000.00	$0.00	CNG Vehicle & Electric Vehicle Infrastructur	$60,000.00	No
ML12017	City of Los Angeles, Bureau of Sanit	6/26/2013	5/25/2020	11/25/2021	$950,000.00	$900,000.00	32 H.D. Nat. Gas Vehicles	$50,000.00	No
ML12018	City of West Covina	10/18/2013	10/17/2020	1/17/2022	$300,000.00	$0.00	Expansion of Existing CNG Station	$300,000.00	No
ML12041	City of Anaheim Public Utilities Depa	4/4/2014	11/3/2015	11/3/2016	$68,977.00	$0.00	EV Charging Infrastructure	$68,977.00	No
ML12043	City of Hemet	6/24/2013	9/23/2019		$60,000.00	$0.00	Two Heavy-Duty Nat. Gas Vehicles	$60,000.00	No
ML12045	City of Baldwin Park DPW	2/14/2014	12/13/2020		$400,000.00	$0.00	Install New CNG Station	$400,000.00	No
ML12046	City of Irvine	8/11/2013	3/10/2021		$30,000.00	$0.00	One Heavy-Duty Nat. Gas Vehicle	$30,000.00	No
ML12048	City of La Palma	1/4/2013	11/3/2018		$20,000.00	$0.00	Two Medium-Duty LPG Vehicles	$20,000.00	No
ML12051	City of Bellflower	2/7/2014	2/6/2016	2/6/2017	$170,000.00	$0.00	EV Charging Infrastructure	$170,000.00	No
ML12057	City of Coachella	8/28/2013	8/27/2019	1/27/2022	$57,456.00	$0.00	Purchase One Nat. Gas H.D. Vehicle/Street	$57,456.00	No
ML12090	City of Palm Springs	10/9/2015	10/8/2021		$21,163.00	$0.00	EV Charging Infrastructure	$21,163.00	No
MS12008	Bonita Unified School District	7/12/2013	12/11/2019	4/11/2021	$175,000.00	$0.00	Construct New Limited-Acess CNG Station	$175,000.00	No
MS12011	Southern California Gas Company	6/14/2013	6/13/2019	3/13/2021	$150,000.00	$0.00	Construct New Public-Access CNG Station -	$150,000.00	No
MS12024	Southern California Gas Company	6/13/2013	12/12/2019	11/12/2020	$150,000.00	$0.00	Construct New Public-Access CNG Station -	$150,000.00	No
MS12027	C.V. Ice Company, Inc.	5/17/2013	11/16/2019		$75,000.00	$0.00	Purchase 3 Medium-Heavy Duty Vehicles	$75,000.00	No
MS12033	Mike Diamond/Phace Management	12/22/2012	12/21/2018	6/21/2021	$500,000.00	$134,010.00	Purchase 20 Medium-Heavy Duty Vehicles	$365,990.00	No
MS12034	Ware Disposal Company, Inc.	11/2/2012	11/1/2018	11/1/2020	$133,070.00	$74,763.00	Purchase 8 Medium-Heavy Duty Vehicles	$58,307.00	No
MS12060	City of Santa Monica	4/4/2014	8/3/2017		$500,000.00	$333,734.27	Implement Westside Bikeshare Program	$166,265.73	No
MS12067	Leatherwood Construction, Inc.	11/8/2013	3/7/2017		$122,719.00	$0.00	Retrofit Six Vehicles w/DECS - Showcase III	$122,719.00	No
MS12075	CR&R Incorporated	7/27/2013	1/26/2021	1/26/2022	$100,000.00	$0.00	Expansion of Existing CNG Infrastructure	$100,000.00	No
MS12077	City of Coachella	6/14/2013	6/13/2020		$225,000.00	$0.00	Construct New CNG Station	$225,000.00	No
MS12080	City of Pasadena	11/8/2013	8/7/2020	2/7/2022	$225,000.00	$0.00	Expansion of Existing CNG Infrastructure	$225,000.00	No
MS12083	Brea Olinda Unified School District	7/30/2015	2/29/2024		$59,454.00	$0.00	Install New CNG Infrastructure	$59,454.00	No
MS12084	Airport Mobil Inc.	12/6/2013	5/5/2020		$150,000.00	$0.00	Install New CNG Infrastructure	$150,000.00	No
MS12086	SuperShuttle International, Inc.	3/26/2013	3/25/2019		$225,000.00	$202,500.00	Purchase 23 Medium-Heavy Duty Vehicles	$22,500.00	No
MS12089	Riverside County Transportation Co	10/18/2013	9/17/2015		$249,136.00	$105,747.48	Implement Rideshare Incentives Program	$143,388.52	No
MS12Hom	Mansfield Gas Equipment Systems				$296,000.00	$0.00	Home Refueling Apparatus Incentive Progra	$296,000.00	No
Total: 29									
Declined/Cancelled Contracts									
ML12038	City of Long Beach Public Works				$26,000.00	$0.00	Electric Vehicle Charging Infrastructure	$26,000.00	No
ML12040	City of Duarte Transit				$30,000.00	$0.00	One Heavy-Duty Nat. Gas Vehicle	$30,000.00	No
ML12044	County of San Bernardino Public Wo				$250,000.00	$0.00	Install New CNG Station	$250,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML12052	City of Whittier	3/14/2013	7/13/2019		$165,000.00	$0.00	Expansion of Existing CNG Station	$165,000.00	No
ML12053	City of Mission Viejo				$60,000.00	$0.00	EV Charging Infrastructure	$60,000.00	No
MS12007	WestAir Gases & Equipment				$100,000.00	$0.00	Construct New Limited-Acess CNG Station	$100,000.00	No
MS12030	Complete Landscape Care, Inc.				$150,000.00	$0.00	Purchase 6 Medium-Heavy Duty Vehicles	$150,000.00	No
MS12070	Valley Music Travel/CID Entertainme				$99,000.00	$0.00	Implement Shuttle Service to Coachella Mus	$99,000.00	No
Total: 8									
Closed Contracts									
ML12013	City of Pasadena	10/19/2012	3/18/2015	9/18/2015	$200,000.00	$65,065.00	Electric Vehicle Charging Infrastructure	$134,935.00	Yes
ML12019	City of Palm Springs	9/6/2013	7/5/2015		$38,000.00	$16,837.00	EV Charging Infrastructure	$21,163.00	Yes
ML12021	City of Rancho Cucamonga	9/14/2012	1/13/2020		$40,000.00	$40,000.00	Four Medium-Duty Nat. Gas Vehicles	$0.00	Yes
ML12023	County of Los Angeles Internal Servi	8/1/2013	2/28/2015		$250,000.00	$192,333.00	EV Charging Infrastructure	$57,667.00	Yes
ML12037	Coachella Valley Association of Gov	3/14/2013	3/13/2014		$250,000.00	$250,000.00	Street Sweeping Operations	$0.00	Yes
ML12049	City of Rialto Public Works	7/14/2014	9/13/2015		$30,432.00	$3,265.29	EV Charging Infrastructure	$27,166.71	Yes
ML12050	City of Baldwin Park	4/25/2013	4/24/2014	10/24/2014	$402,400.00	$385,363.00	EV Charging Infrastructure	$17,037.00	Yes
ML12054	City of Palm Desert	9/30/2013	2/28/2015		$77,385.00	$77,385.00	EV Charging Infrastructure	$0.00	Yes
ML12056	City of Cathedral City	3/26/2013	5/25/2014		$25,000.00	$25,000.00	Regional Street Sweeping Program	$0.00	Yes
ML12066	City of Manhattan Beach	1/7/2014	4/6/2015		$5,900.00	$5,900.00	Electric Vehicle Charging Infrastructure	$0.00	Yes
MS12001	Los Angeles County MTA	7/1/2012	4/30/2013		$300,000.00	$211,170.00	Clean Fuel Transit Service to Dodger Stadiu	$88,830.00	Yes
MS12002	Orange County Transportation Autho	9/7/2012	4/30/2013		$342,340.00	$333,185.13	Express Bus Service to Orange County Fair	$9,154.87	Yes
MS12003	Orange County Transportation Autho	7/20/2012	2/28/2013		$234,669.00	$167,665.12	Implement Metrolink Service to Angel Stadiu	$67,003.88	Yes
MS12005	USA Waste of California, Inc.	10/19/2012	8/18/2013		$75,000.00	$75,000.00	Vehicle Maintenance Facility Modifications	$0.00	Yes
MS12006	Waste Management Collection & Re	10/19/2012	8/18/2013		$75,000.00	$75,000.00	Vehicle Maintenance Facility Modifications	$0.00	Yes
MS12012	Rim of the World Unified School Dist	12/20/2012	5/19/2014		$75,000.00	$75,000.00	Vehicle Maintenance Facility Modifications	$0.00	Yes
MS12059	Orange County Transportation Autho	2/28/2013	12/27/2014		$75,000.00	$75,000.00	Maintenance Facilities Modifications	$0.00	Yes
MS12061	Orange County Transportation Autho	3/14/2014	3/13/2017		$224,000.00	$114,240.00	Transit-Oriented Bicycle Sharing Program	$109,760.00	Yes
MS12062	Fraser Communications	12/7/2012	5/31/2014		$998,669.00	$989,218.49	Develop & Implement "Rideshare Thursday"	$9,450.51	Yes
MS12064	Anaheim Transportation Network	3/26/2013	12/31/2014		$127,296.00	$56,443.92	Implement Anaheim Circulator Service	$70,852.08	Yes
MS12065	Orange County Transportation Autho	7/27/2013	11/30/2013		$43,933.00	$14,832.93	Ducks Express Service to Honda Center	$29,100.07	Yes
MS12068	Southern California Regional Rail Au	3/1/2013	9/30/2013		$57,363.00	$47,587.10	Implement Metrolink Service to Autoclub Sp	$9,775.90	Yes
MS12069	City of Irvine	8/11/2013	2/28/2014		$45,000.00	$26,649.41	Implement Special Transit Service to Solar	$18,350.59	Yes
MS12076	City of Ontario, Housing & Municipal	3/8/2013	4/7/2015		$75,000.00	$75,000.00	Maintenance Facilities Modification	$0.00	Yes
MS12078	Penske Truck Leasing Co., L.P.	1/7/2014	1/6/2016		$75,000.00	$73,107.00	Maintenance Facility Modifications - Vernon	$1,893.00	Yes
MS12081	Penske Truck Leasing Co., L.P.	1/7/2014	1/6/2016		$75,000.00	$75,000.00	Maintenance Facility Modifications - Santa A	$0.00	Yes
MS12085	Bear Valley Unified School District	4/25/2013	6/24/2014		$75,000.00	$75,000.00	Maintenance Facility Modifications	$0.00	Yes
MS12087	Los Angeles County MTA	8/29/2013	11/28/2015		$125,000.00	$125,000.00	Implement Rideshare Incentives Program	$0.00	Yes
MS12088	Orange County Transportation Autho	12/6/2013	3/5/2016		$125,000.00	$18,496.50	Implement Rideshare Incentives Program	$106,503.50	Yes
Total: 29									

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
Closed/Incomplete Contracts									
MS12079	Penske Truck Leasing Co., L.P.	1/7/2014	1/6/2016		$75,000.00	$0.00	Maintenance Facility Modifications - Boyle H	$75,000.00	No
Total: 1									
Open/Complete Contracts									
ML12020	City of Los Angeles, Department of	9/27/2012	3/26/2019	3/26/2020	$450,000.00	$450,000.00	15 H.D. Nat. Gas Vehicles	$0.00	Yes
ML12022	City of La Puente	12/6/2013	6/5/2020		$110,000.00	$110,000.00	2 Medium-Duty and Three Heavy-Duty CNG	$0.00	Yes
ML12039	City of Redlands	2/8/2013	10/7/2019		$90,000.00	$90,000.00	Three Heavy-Duty Nat. Gas Vehicles	$0.00	Yes
ML12042	City of Chino Hills	1/18/2013	3/17/2017		$87,500.00	$87,500.00	Expansion of Existing CNG Station	$0.00	Yes
ML12047	City of Orange	2/1/2013	1/31/2019		$30,000.00	$30,000.00	One Heavy-Duty Nat. Gas Vehicle	$0.00	Yes
ML12055	City of Manhattan Beach	3/1/2013	12/31/2018		$10,000.00	$10,000.00	One Medium-Duty Nat. Gas Vehicle	$0.00	Yes
MS12004	USA Waste of California, Inc.	10/24/2013	11/23/2019		$175,000.00	$175,000.00	Construct New Limited-Access CNG Station	$0.00	Yes
MS12009	Sysco Food Services of Los Angeles	1/7/2014	4/6/2020		$150,000.00	$150,000.00	Construct New Public-Access LNG Station	$0.00	Yes
MS12010	Murrieta Valley Unified School Distric	4/5/2013	9/4/2019		$242,786.00	$242,786.00	Construct New Limited-Access CNG Station	$0.00	Yes
MS12025	Silverado Stages, Inc.	11/2/2012	7/1/2018		$150,000.00	$150,000.00	Purchase Six Medium-Heavy Duty Vehicles	$0.00	Yes
MS12026	U-Haul Company of California	3/14/2013	3/13/2019		$500,000.00	$353,048.26	Purchase 23 Medium-Heavy Duty Vehicles	$146,951.74	Yes
MS12028	Dy-Dee Service of Pasadena, Inc.	12/22/2012	1/21/2019		$45,000.00	$40,000.00	Purchase 2 Medium-Duty and 1 Medium-He	$5,000.00	Yes
MS12029	Community Action Partnership of Or	11/2/2012	11/1/2018		$25,000.00	$14,850.00	Purchase 1 Medium-Heavy Duty Vehicle	$10,150.00	Yes
MS12031	Final Assembly, Inc.	11/2/2012	11/1/2018		$50,000.00	$32,446.00	Purchase 2 Medium-Heavy Duty Vehicles	$17,554.00	Yes
MS12032	Fox Transportation	12/14/2012	12/13/2018		$500,000.00	$500,000.00	Purchase 20 Medium-Heavy Duty Vehicles	$0.00	Yes
MS12035	Disneyland Resort	1/4/2013	7/3/2019		$25,000.00	$18,900.00	Purchase 1 Medium-Heavy Duty Vehicle	$6,100.00	Yes
MS12036	Jim & Doug Carter's Automotive/VS	1/4/2013	11/3/2018		$50,000.00	$50,000.00	Purchase 2 Medium-Heavy Duty Vehicles	$0.00	Yes
MS12058	Krisda Inc	4/24/2013	1/23/2019		$25,000.00	$25,000.00	Repower One Heavy-Duty Off-Road Vehicle	$0.00	Yes
MS12063	Custom Alloy Light Metals, Inc.	8/16/2013	2/15/2020		$100,000.00	$100,000.00	Install New Limited Access CNG Station	$0.00	Yes
MS12071	Transit Systems Unlimited, Inc.	5/17/2013	12/16/2018		$21,250.00	$21,250.00	Expansion of Existing CNG Station	$0.00	Yes
MS12072	99 Cents Only Stores	4/5/2013	9/4/2019		$100,000.00	$100,000.00	Construct New CNG Station	$0.00	Yes
MS12073	FirstCNG, LLC	7/27/2013	12/26/2019		$150,000.00	$150,000.00	Construct New CNG Station	$0.00	Yes
MS12074	Arcadia Unified School District	7/5/2013	9/4/2019		$175,000.00	$175,000.00	Expansion of Existing CNG Infrastructure	$0.00	Yes
MS12082	City of Los Angeles, Bureau of Sanit	11/20/2013	2/19/2021		$175,000.00	$175,000.00	Install New CNG Infrastructure	$0.00	Yes
Total: 24									

FY 2012-2014 Contracts

Open Contracts

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML14012	City of Santa Ana	2/13/2015	10/12/2021		$244,000.00	$0.00	EV Charging and 7 H.D. LPG Vehicles	$244,000.00	No
ML14014	City of Torrance	9/5/2014	12/4/2019		$56,000.00	$0.00	EV Charging Infrastructure	$56,000.00	No
ML14016	City of Anaheim	4/3/2015	9/2/2021		$380,000.00	$0.00	Purchase 2 H.D. Vehicles, Expansion of Exi	$380,000.00	No
ML14018	City of Los Angeles, Department of	3/6/2015	9/5/2021		$810,000.00	$0.00	Purchase 27 H.D. Nat. Gas Vehicles	$810,000.00	No
ML14019	City of Corona Public Works	12/5/2014	6/4/2020	6/4/2022	$178,263.00	$0.00	EV Charging, Bicycle Racks, Bicycle Locker	$178,263.00	No
ML14021	Riverside County Regional Park and	7/24/2014	12/23/2016		$250,000.00	$0.00	Bicycle Trail Improvements	$250,000.00	No
ML14022	County of Los Angeles Department o	10/2/2015	5/1/2022		$270,000.00	$0.00	Purchase 9 H.D. Nat. Gas Vehicles	$270,000.00	No
ML14023	County of Los Angeles Department o	10/2/2015	9/1/2017		$230,000.00	$0.00	Maintenance Fac. Modifications-Westcheste	$230,000.00	No
ML14024	County of Los Angeles Department o	10/2/2015	9/1/2017		$230,000.00	$0.00	Maintenance Fac. Modifications-Baldwin Par	$230,000.00	No
ML14025	County of Los Angeles Dept of Publi	10/2/2015	7/1/2018		$300,000.00	$0.00	Construct New CNG Station in Malibu	$300,000.00	No
ML14026	County of Los Angeles Dept of Publi	10/2/2015	5/1/2023		$300,000.00	$0.00	Construct New CNG Station in Castaic	$300,000.00	No
ML14027	County of Los Angeles Dept of Publi	10/2/2015	5/1/2023		$500,000.00	$0.00	Construct New CNG Station in Downey	$500,000.00	No
ML14028	City of Fullerton	9/5/2014	1/4/2022		$126,950.00	$0.00	Expansion of Exisiting CNG Infrastructure	$126,950.00	No
ML14029	City of Irvine	7/11/2014	6/10/2017		$90,500.00	$71,056.78	Bicycle Trail Improvements	$19,443.22	No
ML14030	County of Los Angeles Internal Servi	1/9/2015	3/8/2018		$425,000.00	$0.00	Bicycle Racks, Outreach & Education	$425,000.00	No
ML14033	City of Irvine	7/11/2014	2/10/2021		$60,000.00	$0.00	Purchase 2 H.D. CNG Vehicles	$60,000.00	No
ML14049	City of Moreno Valley	7/11/2014	3/10/2021		$105,000.00	$30,000.00	One HD Nat Gas Vehicle, EV Charging, Bicy	$75,000.00	No
ML14050	City of Yucaipa	7/11/2014	9/10/2015	7/1/2016	$84,795.00	$0.00	Installation of Bicycle Lanes	$84,795.00	No
ML14051	City of Brea	9/5/2014	1/4/2017	7/4/2018	$450,000.00	$0.00	Installation of Bicycle Trail	$450,000.00	No
ML14054	City of Torrance	11/14/2014	4/13/2017		$350,000.00	$0.00	Upgrade Maintenance Facility	$350,000.00	No
ML14055	City of Highland	10/10/2014	3/9/2018		$500,000.00	$0.00	Bicycle Lanes and Outreach	$500,000.00	No
ML14056	City of Redlands	9/5/2014	5/4/2016	5/4/2017	$125,000.00	$0.00	Bicycle Lanes	$125,000.00	No
ML14061	City of La Habra	3/11/2016	3/10/2022		$41,600.00	$0.00	Purchase Two Heavy-Duty Nat. Gas Vehicle	$41,600.00	No
ML14062	City of San Fernando	3/27/2015	5/26/2021		$387,091.00	$0.00	Expand Existing CNG Fueling Station	$387,091.00	No
ML14066	City of South Pasadena	9/12/2014	7/11/2016	7/11/2017	$142,096.00	$0.00	Bicycle Trail Improvements	$142,096.00	No
ML14067	City of Duarte Transit	12/4/2015	1/3/2023		$60,000.00	$0.00	Purchase Two Heavy-Duty Nat. Gas Vehicle	$60,000.00	No
ML14068	City of South Pasadena	9/12/2014	10/11/2015	1/11/2020	$10,183.00	$0.00	Electric Vehicle Charging Infrastructure	$10,183.00	No
ML14071	City of Manhattan Beach	1/9/2015	11/8/2018		$22,485.00	$0.00	Electric Vehicle Charging Infrastructure	$22,485.00	No
ML14072	City of Cathedral City	8/13/2014	1/12/2021		$136,000.00	$0.00	Medium & H.D. Vehicles, EV Charging, Bike	$136,000.00	No
ML14093	County of Los Angeles Dept of Publi	8/14/2015	1/13/2019		$150,000.00	$0.00	San Gabriel BikeTrail Underpass Improveme	$150,000.00	No
MS14001	Los Angeles County MTA	3/6/2015	4/30/2015		$1,216,637.00	$0.00	Clean Fuel Transit Service to Dodger Stadiu	$1,216,637.00	No
MS14046	Ontario CNG Station Inc.	5/15/2014	5/14/2020	11/14/2021	$150,000.00	$0.00	Expansion of Existing CNG Infrastructure	$150,000.00	No
MS14053	Upland Unified School District	1/9/2015	7/8/2021		$175,000.00	$0.00	Expansion of Existing CNG Infrastructure	$175,000.00	No
MS14057	Los Angeles County MTA	11/7/2014	10/6/2019		$1,250,000.00	$0.00	Implement Various Signal Synchronization P	$1,250,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
MS14058	Orange County Transportation Autho	11/7/2014	4/6/2016	10/6/2016	$1,250,000.00	$0.00	Implement Various Signal Synchronization P	$1,250,000.00	No
MS14059	Riverside County Transportation Co	9/5/2014	3/4/2018		$1,250,000.00	$0.00	Implement Various Signal Synchronization P	$1,250,000.00	No
MS14072	San Bernardino Associated Governm	3/27/2015	3/26/2018		$1,250,000.00	$0.00	Implement Various Signal Synchronization P	$1,250,000.00	No
MS14073	Anaheim Transportation Network	1/9/2015	4/30/2017		$221,312.00	$217,811.50	Anaheim Resort Circulator Service	$3,500.50	No
MS14075	Fullerton Joint Union High School Di	7/22/2016	11/21/2023		$300,000.00	$0.00	Expansion of Existing CNG Infrastructure/Ma	$300,000.00	No
MS14076	Rialto Unified School District	6/17/2015	2/16/2022		$225,000.00	$0.00	New Public Access CNG Station	$225,000.00	No
MS14077	County Sanitation Districts of L.A. Co	3/6/2015	5/5/2021		$175,000.00	$0.00	New Limited Access CNG Station	$175,000.00	No
MS14078	American Honda Motor Co., Inc.	9/4/2015	8/3/2022		$150,000.00	$0.00	New Public Access CNG Station	$150,000.00	No
MS14080	CR&R Incorporated	6/1/2015	8/31/2021	8/31/2022	$200,000.00	$0.00	Expansion of Existing CNG Infrastructure/Ma	$200,000.00	No
MS14081	CR&R Incorporated	6/1/2015	5/30/2021		$175,000.00	$90,000.00	Expansion of Existing CNG Infrastructure/Ma	$85,000.00	No
MS14082	Grand Central Recycling & Transfer	12/4/2015	3/3/2023		$150,000.00	$0.00	Expansion of Existing CNG Infrastructure	$150,000.00	No
MS14083	Hacienda La Puente Unified School	7/10/2015	3/9/2022		$175,000.00	$0.00	New Limited Access CNG Station	$175,000.00	No
MS14084	US Air Conditioning Distributors	5/7/2015	9/6/2021		$100,000.00	$90,000.00	Expansion of Existing CNG Infrastructure	$10,000.00	No
MS14087	Orange County Transportation Autho	8/14/2015	4/30/2016		$239,645.00	$195,377.88	Implement Special Metrolink Service to Ang	$44,267.12	No
MS14089	Top Shelf Consulting, LLC	2/5/2015	8/4/2016	12/31/2016	$200,000.00	$190,000.00	Enhanced Fleet Modernization Program	$10,000.00	No
MS14090	City of Monterey Park	5/7/2015	5/6/2021		$225,000.00	$186,857.60	Expansion of Existing CNG Infrastructure	$38,142.40	No
Total: 50									
Pending Execution Contracts									
ML14013	City of Los Angeles, Bureau of Sanit				$400,000.00	$0.00	Purchase 128 H.D. Nat. Gas Vehicles	$400,000.00	No
ML14060	County of Los Angeles Internal Servi				$104,400.00	$0.00	Electric Vehicle Charging Infrastructure	$104,400.00	No
ML14069	City of Beaumont				$200,000.00	$0.00	Construct New CNG Infrastructure	$200,000.00	No
ML14070	City of Rancho Cucamonga				$365,245.00	$0.00	Bicycle Trail Improvements	$365,245.00	No
MS14035	Penske Truck Leasing Co., L.P.				$75,000.00	$0.00	Vehicle Maint. Fac. Modifications - Sun Valle	$75,000.00	No
MS14036	Penske Truck Leasing Co., L.P.				$75,000.00	$0.00	Vehicle Maint. Fac. Modifications - La Mirad	$75,000.00	No
MS14037	Penske Truck Leasing Co., L.P.				$75,000.00	$0.00	Vehicle Maint. Fac. Modifications - Carson	$75,000.00	No
MS14038	Penske Truck Leasing Co., L.P.				$75,000.00	$0.00	Vehicle Maint. Fac. Modifications - Fontana	$75,000.00	No
MS14079	Waste Resources, Inc.				$100,000.00	$0.00	New Limited Access CNG Station	$100,000.00	No
MS14085	Prologis, L.P.				$100,000.00	$0.00	New Limited Access CNG Station	$100,000.00	No
MS14086	San Gabriel Valley Towing I				$150,000.00	$0.00	New Public Access CNG Station	$150,000.00	No
MS14092	West Covina Unified School District				$124,000.00	$0.00	Expansion of Existing CNG Infrastructure	$124,000.00	No
Total: 12									
Declined/Cancelled Contracts									
ML14063	City of Hawthorne				$32,000.00	$0.00	Expansion of Existng CNG Infrastructure	$32,000.00	No
MS14043	City of Anaheim				$175,000.00	$0.00	Expansion of Existing CNG Station	$175,000.00	No
MS14091	Serv-Wel Disposal				$100,000.00	$0.00	New Limited-Access CNG Infrastructure	$100,000.00	No
Total: 3									
Closed Contracts									

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML14010	City of Cathedral City	8/13/2014	10/12/2015		$25,000.00	$25,000.00	Street Sweeping Operations	$0.00	Yes
ML14011	City of Palm Springs	6/13/2014	1/12/2016		$79,000.00	$78,627.00	Bicycle Racks, Bicycle Outreach & Educatio	$373.00	Yes
ML14015	Coachella Valley Association of Gov	6/6/2014	9/5/2015		$250,000.00	$250,000.00	Street Sweeping Operations	$0.00	Yes
ML14020	County of Los Angeles Dept of Publi	8/13/2014	1/12/2018		$150,000.00	$0.00	San Gabriel BikeTrail Underpass Improveme	$150,000.00	No
ML14065	City of Orange	9/5/2014	8/4/2015		$10,000.00	$10,000.00	Electric Vehicle Charging Infrastructure	$0.00	Yes
MS14002	Orange County Transportation Autho	9/6/2013	4/30/2014		$576,833.00	$576,833.00	Clean Fuel Transit Service to Orange Count	$0.00	Yes
MS14003	Orange County Transportation Autho	8/1/2013	4/30/2014	10/30/2014	$194,235.00	$184,523.00	Implement Metrolink Service to Angel Stadiu	$9,712.00	Yes
MS14004	Orange County Transportation Autho	9/24/2013	4/30/2014		$36,800.00	$35,485.23	Implement Express Bus Service to Solar De	$1,314.77	Yes
MS14005	Transit Systems Unlimited, Inc.	4/11/2014	2/28/2016		$515,200.00	$511,520.00	Provide Expanded Shuttle Service to Hollyw	$3,680.00	Yes
MS14007	Orange County Transportation Autho	6/6/2014	4/30/2015		$208,520.00	$189,622.94	Implement Special Metrolink Service to Ang	$18,897.06	Yes
MS14008	Orange County Transportation Autho	8/13/2014	5/31/2015		$601,187.00	$601,187.00	Implement Clean Fuel Bus Service to Orang	$0.00	Yes
MS14009	A-Z Bus Sales, Inc.	1/17/2014	12/31/2014	3/31/2015	$388,000.00	$388,000.00	Alternative Fuel School Bus Incentive Progra	$0.00	Yes
MS14039	Waste Management Collection and	7/10/2015	4/9/2016		$75,000.00	$75,000.00	Vehicle Maint. Fac. Modifications - Irvine	$0.00	Yes
MS14040	Waste Management Collection and	7/10/2015	4/9/2016		$75,000.00	$75,000.00	Vehicle Maint. Fac. Modifications - Santa An	$0.00	No
MS14047	Southern California Regional Rail Au	3/7/2014	9/30/2014		$49,203.00	$32,067.04	Special Metrolink Service to Autoclub Speed	$17,135.96	Yes
MS14048	BusWest	3/14/2014	12/31/2014	5/31/2015	$940,850.00	$847,850.00	Alternative Fuel School Bus Incentive Progra	$93,000.00	Yes
MS14088	Southern California Regional Rail Au	5/7/2015	9/30/2015		$79,660.00	$66,351.44	Special Metrolink Service to Autoclub Speed	$13,308.56	Yes
Total: 17									
Open/Complete Contracts									
ML14031	Riverside County Waste Manageme	6/13/2014	12/12/2020		$90,000.00	$90,000.00	Purchase 3 H.D. CNG Vehicles	$0.00	No
ML14032	City of Rancho Cucamonga	1/9/2015	1/8/2022		$113,990.00	$104,350.63	Expansion of Existing CNG Infras., Bicycle L	$9,639.37	Yes
ML14034	City of Lake Elsinore	9/5/2014	5/4/2021		$56,700.00	$56,700.00	EV Charging Stations	$0.00	No
ML14064	City of Claremont	7/11/2014	7/10/2020	1/10/2021	$60,000.00	$60,000.00	Purchase Two Heavy-Duty Nat. Gas Vehicle	$0.00	No
MS14041	USA Waste of California, Inc.	9/4/2015	10/3/2021		$175,000.00	$175,000.00	Limited-Access CNG Station, Vehicle Maint.	$0.00	Yes
MS14042	Grand Central Recycling & Transfer	6/6/2014	9/5/2021		$150,000.00	$150,000.00	Expansion of Existing CNG Station	$0.00	Yes
MS14044	TIMCO CNG Fund I, LLC	5/2/2014	11/1/2020		$150,000.00	$150,000.00	New Public-Access CNG Station in Santa A	$0.00	Yes
MS14045	TIMCO CNG Fund I, LLC	6/6/2014	12/5/2020		$150,000.00	$150,000.00	New Public-Access CNG Station in Inglewoo	$0.00	Yes
MS14052	Arcadia Unified School District	6/13/2014	10/12/2020		$78,000.00	$78,000.00	Expansion of an Existing CNG Fueling Statio	$0.00	Yes
MS14074	Midway City Sanitary District	1/9/2015	3/8/2021		$250,000.00	$250,000.00	Limited-Access CNG Station & Facility Modif	$0.00	Yes
Total: 10									

FY 2014-2016 Contracts

Open Contracts

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML16005	City of Palm Springs	3/4/2016	10/3/2017		$40,000.00	$0.00	Install Bicycle Racks, and Implement Bicycl	$40,000.00	No
ML16006	City of Cathedral City	4/27/2016	4/26/2022		$55,000.00	$0.00	Purchase 1 H.D. Nat. Gas Vehicle, Bicycle	$55,000.00	No
ML16007	City of Culver City Transportation De	10/6/2015	4/5/2023		$246,000.00	$0.00	Purchase 7 H.D. Nat. Gas Vehicles, EV Cha	$246,000.00	No
ML16009	City of Fountain Valley	10/6/2015	2/5/2018		$46,100.00	$0.00	Install EV Charging Infrastructure	$46,100.00	No
ML16011	City of Claremont	10/6/2015	6/5/2022		$90,000.00	$0.00	Purchase 3 Heavy-Duty Nat. Gas Vehicles	$90,000.00	No
ML16012	City of Carson	1/15/2016	10/14/2022		$60,000.00	$0.00	Purchase 2 Heavy-Duty Nat. Gas Vehicles	$60,000.00	No
ML16013	City of Monterey Park	12/4/2015	7/3/2022		$90,000.00	$0.00	Purchase 3 Heavy-Duty Nat. Gas Vehicles	$90,000.00	No
ML16015	City of Yorba Linda	3/4/2016	11/3/2017		$85,000.00	$0.00	Install Bicycle Lanes	$85,000.00	No
ML16016	City of Los Angeles, Department of	2/5/2016	12/4/2022		$630,000.00	$0.00	Purchase 21 Heavy-Duty Nat. Gas Vehicles	$630,000.00	No
ML16017	City of Long Beach	2/5/2016	8/4/2023		$1,445,400.00	$0.00	Purchase 48 Medium-Duty, 16 H.D. Nat. Ga	$1,445,400.00	No
ML16020	City of Pomona	4/1/2016	2/1/2018		$440,000.00	$0.00	Install Road Surface Bicycle Detection Syste	$440,000.00	No
ML16023	City of Banning	12/11/2015	12/10/2021		$30,000.00	$0.00	Purchase 1 H.D. Nat. Gas Vehicle	$30,000.00	No
ML16024	City of Azusa	4/27/2016	2/26/2022		$30,000.00	$0.00	Purchase 1 H.D. Nat. Gas Vehicle	$30,000.00	No
ML16025	City of South Pasadena	6/22/2016	4/21/2023		$180,535.00	$0.00	Purchase 2 H.D. Nat. Gas Vehicles, Expand	$180,535.00	No
ML16026	City of Downey	5/6/2016	9/5/2017		$40,000.00	$0.00	Install EV Charging Infrastructure	$40,000.00	No
ML16027	City of Whittier	1/8/2016	11/7/2022		$30,000.00	$0.00	Purchase 1 H.D. Nat. Gas Vehicle	$30,000.00	No
ML16031	City of Cathedral City	12/19/2015	2/18/2017		$25,000.00	$0.00	Street Sweeping in Coachella Valley	$25,000.00	No
ML16033	Coachella Valley Association of Gov	4/27/2016	4/26/2018		$250,000.00	$0.00	Street Sweeping Operations in Coachella Va	$250,000.00	No
ML16034	City of Riverside	3/11/2016	10/10/2018		$500,000.00	$0.00	Implement a "Complete Streets" Pedestrian	$500,000.00	No
ML16035	City of Wildomar	4/1/2016	11/1/2017		$500,000.00	$0.00	Install Bicycle Lanes	$500,000.00	No
ML16036	City of Brea	3/4/2016	12/3/2018		$500,000.00	$0.00	Install a Class 1 Bikeway	$500,000.00	No
ML16037	City of Rancho Cucamonga	2/5/2016	11/4/2022		$30,000.00	$0.00	Purchase One Heavy-Duty Natural Gas Vehi	$30,000.00	No
ML16038	City of Palm Springs	4/1/2016	7/31/2022		$230,000.00	$0.00	Install Bicycle Lanes & Purchase 4 Heavy-D	$230,000.00	No
ML16042	City of San Dimas	4/1/2016	12/31/2019		$55,000.00	$0.00	Install EV Charging Infrastructure	$55,000.00	No
ML16045	City of Anaheim	6/22/2016	8/21/2019		$275,000.00	$0.00	Maintenance Facility Modifications	$275,000.00	No
ML16046	City of El Monte	4/1/2016	5/31/2021		$20,160.00	$0.00	Install EV Charging Infrastructure	$20,160.00	No
ML16048	City of Placentia	3/26/2016	5/25/2021		$90,000.00	$18,655.00	Install a Bicycle Locker and EV Charging Infr	$71,345.00	No
ML16049	City of Buena Park	4/1/2016	11/30/2018		$429,262.00	$0.00	Installation of a Class 1 Bikeway	$429,262.00	No
ML16050	City of Westminster	5/6/2016	7/5/2020		$115,000.00	$0.00	Installation of EV Charging Infrastructure	$115,000.00	No
ML16051	City of South Pasadena	2/12/2016	1/11/2017		$320,000.00	$0.00	Implement "Open Streets" Event with Variou	$320,000.00	No
ML16053	City of Claremont	3/11/2016	7/10/2018		$498,750.00	$0.00	Implement a "Complete Streets" Pedestrian	$498,750.00	No
ML16054	City of Yucaipa	3/26/2016	7/26/2018		$120,000.00	$0.00	Implement a "Complete Streets" Pedestrian	$120,000.00	No
ML16055	City of Ontario	5/6/2016	5/5/2022		$270,000.00	$0.00	Purchas Nine Heavy-Duty Natural-Gas Vehi	$270,000.00	No
ML16056	City of Ontario	3/23/2016	9/22/2020		$150,000.00	$0.00	Expansion of an Existing CNG Station	$150,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML16057	City of Yucaipa	4/27/2016	1/26/2019		$380,000.00	$0.00	Implement a "Complete Streets" Pedestrian	$380,000.00	No
ML16059	City of Burbank	4/1/2016	2/28/2022		$180,000.00	$0.00	Purchase 6 H.D. Nat. Gas Vehicles	$180,000.00	No
ML16060	City of Cudahy	2/5/2016	10/4/2017		$73,910.00	$0.00	Implement an "Open Streets" Event	$73,910.00	No
ML16061	City of Murrieta	4/27/2016	1/26/2020		$11,642.00	$0.00	Installation of EV Charging Infrastructure	$11,642.00	No
ML16062	City of Colton, Electric Department	6/3/2016	7/2/2020		$25,000.00	$0.00	Installation of EV Charging Infrastructure	$25,000.00	No
ML16072	City of Palm Desert	3/4/2016	1/3/2020		$56,000.00	$0.00	Installation of EV Charging Infrastructure	$56,000.00	No
ML16074	City of La Verne	7/22/2016	1/21/2023		$365,000.00	$0.00	Install CNG Fueling Station	$365,000.00	No
ML16078	City of Moreno Valley	5/6/2016	11/5/2017		$32,800.00	$0.00	Install Bicycle Infrastructure & Implement Bi	$32,800.00	No
ML16079	City of Yucaipa	4/1/2016	3/31/2020		$5,000.00	$5,000.00	Purchase Electric Lawnmower	$0.00	No
ML16083	City of El Monte	4/1/2016	4/30/2021		$57,210.00	$0.00	Install EV Charging Infrastructure	$57,210.00	No
MS16001	Los Angeles County MTA	4/1/2016	4/30/2017		$1,350,000.00	$0.00	Clean Fuel Transit Service to Dodger Stadiu	$1,350,000.00	No
MS16004	Mineral LLC	9/4/2015	7/3/2017		$25,890.00	$3,900.00	Design, Develop, Host and Maintain MSRC	$21,990.00	No
MS16030	The Better World Group	12/19/2015	12/31/2017		$120,000.00	$49,866.69	Programmic Outreach Services to the MSR	$70,133.31	No
MS16084	Transit Systems Unlimited, Inc.	5/6/2016	2/28/2018		$565,600.00	$0.00	Implement Special Shuttle Service from Uni	$565,600.00	No
MS16085	Southern California Regional Rail Au	3/11/2016	9/30/2016		$78,033.00	$0.00	Special MetroLink Service to Autoclub Spee	$78,033.00	No
MS16087	Burrtec Waste & Recycling Services,	7/8/2016	3/7/2023		$100,000.00	$0.00	Construct New Limited-Access CNG Station	$100,000.00	No
MS16089	Orange County Transportation Autho	7/8/2016	4/30/2017		$128,500.00	$0.00	Implement Special Bus Service to Angel Sta	$128,500.00	No
MS16095	Orange County Transportation Autho	7/22/2016	5/31/2017		$694,645.00	$0.00	Implement Special Bus Service to Orange C	$694,645.00	No
Total: 52									
Pending Execution Contracts									
ML16008	City of Pomona				$310,000.00	$0.00	Purchase 4 Medium-Duty and 9 Heavy-Duty	$310,000.00	No
ML16010	City of Fullerton				$370,500.00	$0.00	Expand Existing CNG Station, EV Charging I	$370,500.00	No
ML16014	City of Dana Point				$153,818.00	$0.00	Extend an Existing Class 1 Bikeway	$153,818.00	No
ML16018	City of Hermosa Beach				$29,520.00	$0.00	Purchase 2 M.D. Nat. Gas Vehicles, Bicycle	$29,520.00	No
ML16019	City of Los Angeles, Dept of General				$102,955.00	$0.00	Install EV Charging Infrastructure	$102,955.00	No
ML16021	City of Santa Clarita				$49,400.00	$0.00	Install EV Charging Infrastructure	$49,400.00	No
ML16022	Los Angeles Department of Water an				$390,000.00	$0.00	Purchase 13 H.D. Nat. Gas Vehicles	$390,000.00	No
ML16028	City of Azusa				$25,000.00	$0.00	Enhance Existing Class 1 Bikeway	$25,000.00	No
ML16032	City of Azusa				$474,925.00	$0.00	Implement a "Complete Streets" Pedestrian	$474,925.00	No
ML16039	City of Torrance Transit Department				$32,000.00	$0.00	Install EV Charging Infrastructure	$32,000.00	No
ML16040	City of Eastvale				$110,000.00	$0.00	Install EV Charging Infrastructure	$110,000.00	No
ML16041	City of Moreno Valley				$20,000.00	$0.00	Install EV Charging Infrastructure	$20,000.00	No
ML16047	City of Fontana				$500,000.00	$0.00	Enhance an Existing Class 1 Bikeway	$500,000.00	No
ML16052	City of Rancho Cucamonga				$315,576.00	$0.00	Install Two Class 1 Bikeways	$315,576.00	No
ML16058	Los Angeles County Department of P				$491,898.00	$0.00	Purchase 15 H.D. Nat. Gas Vehicles and Ins	$491,898.00	No
ML16064	County of Orange, OC Parks				$204,073.00	$0.00	Implement "Open Streets" Events with Vario	$204,073.00	No
ML16065	City of Temple City				$500,000.00	$0.00	Implement a "Complete Streets" Pedestrian	$500,000.00	No

Cont.#	Contractor	Start Date	Original End Date	Amended End Date	Contract Value	Remitted	Project Description	Award Balance	Billing Complete?
ML16066	City of Long Beach				$75,050.00	$0.00	Implement an "Open Streets" Event	$75,050.00	No
ML16067	City of South El Monte				$73,329.00	$0.00	Implement an "Open Streets" Event	$73,329.00	No
ML16068	Riverside County Dept of Public Heal				$171,648.00	$0.00	Implement an "Open Streets" Events with V	$171,648.00	No
ML16069	City of West Covina				$54,199.00	$0.00	Installation of EV Charging Infrastructure	$54,199.00	No
ML16070	City of Beverly Hills				$90,000.00	$0.00	Purchase 3 H.D. Nat. Gas Vehicles	$90,000.00	No
ML16071	City of Highland				$264,500.00	$0.00	Implement a "Complete Streets" Pedestrian	$264,500.00	No
ML16073	City of Long Beach				$50,000.00	$0.00	Implement an "Open Streets" Event	$50,000.00	No
ML16075	City of San Fernando				$354,000.00	$0.00	Install a Class 1 Bikeway	$354,000.00	No
ML16076	City of San Fernando				$100,000.00	$0.00	Install EV Charging Infrastructure	$100,000.00	No
ML16077	City of Rialto				$463,216.00	$0.00	Pedestrian Access Improvements, Bicycle L	$463,216.00	No
ML16092	San Bernardino Associated Governm				$250,000.00	$0.00	Implement a Series of "Open Streets" Event	$250,000.00	No
MS16029	Orange County Transportation Autho				$851,883.00	$0.00	Transportation Control Measure Partnership	$851,883.00	No
MS16043	LBA Realty Company LLC				$100,000.00	$0.00	Install Limited-Access CNG Station	$100,000.00	No
MS16080	Riverside Country Transportation Co				$1,200,000.00	$0.00	Passenger Rail Service for Coachella and St	$1,200,000.00	No
MS16082	Riverside County Transportation Co				$590,759.00	$0.00	Extended Freeway Service Patrols	$590,759.00	No
MS16086	San Bernardino Associated Governm				$800,625.00	$0.00	Freeway Service Patrols	$800,625.00	No
MS16088	Transit Systems Unlimited, Inc.				$17,000.00	$0.00	Expansion of Existing CNG Station	$17,000.00	No
MS16090	Los Angeles County MTA				$2,500,000.00	$0.00	Expansion of the Willowbrook/Rosa Parks Tr	$2,500,000.00	No
MS16091	San Bernardino Associated Governm				$1,000,000.00	$0.00	Traffic Signal Synchronization Projects	$1,000,000.00	No
MS16093	Orange County Transportation Autho				$1,553,657.00	$0.00	Implement a Mobile Ticketing System	$1,553,657.00	No
MS16094	Riverside Country Transportation Co				$1,909,241.00	$0.00	MetroLink First Mile/Last Mile Mobility Strate	$1,909,241.00	No
MS16096	San Bernardino Associated Governm				$450,000.00	$0.00	EV Charging Infrastructure	$450,000.00	No
MS16097	Walnut Valley Unified School District				$250,000.00	$0.00	Expand CNG Station & Modify Maintenance	$250,000.00	No
Total: 40									
Closed Contracts									
MS16002	Orange County Transportation Autho	10/6/2015	5/31/2016		$722,266.00	$703,860.99	Clean Fuel Transit Service to Orange Count	$18,405.01	Yes
MS16003	Special Olympics World Games Los	10/9/2015	12/30/2015		$380,304.00	$380,304.00	Low-Emission Transportation Service for Sp	$0.00	Yes
Total: 2									
Open/Complete Contracts									
ML16063	City of Glendora	3/4/2016	4/3/2022		$30,000.00	$30,000.00	Purchase One H.D. Nat. Gas Vehicle	$0.00	No
MS16081	EDCO Disposal Corporation	3/4/2016	10/3/2022		$150,000.00	$150,000.00	Expansion of Existing Public Access CNG St	$0.00	No
Total: 2									

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 31

REPORT: California Air Resources Board Monthly Meeting

SYNOPSIS: The California Air Resources Board met on September 22, 2016, in Sacramento, CA. The following is a summary of this meeting.

RECOMMENDED ACTION:
Receive and File.

Judith Mitchell, Member
SCAQMD Governing Board

dg

The Air Resources Board's (ARB or Board) September meeting was held on September 22, 2016 in Sacramento at the California Environmental Protection Agency Headquarters Building. Key items presented are summarized below.

Consent Item

---

1. **Public Meeting to Consider Ozone Designation Recommendations for the Revised National Ozone Standard of 70 Parts per Billion.**

The Board approved staff recommendations for the area designations needed to comply with the revised national ambient air quality 8-hour ozone standard of 70 parts per billion (ppb). ARB staff recommended 19 areas be designated as nonattainment. These recommendations include all 16 areas currently designated nonattainment for the 75 ppb ozone standard, as well as 3 additional areas that were previously nonattainment for the 80 ppb standard.

Discussion Items

1. Public Meeting to Consider the 2016 State Strategy for the State Implementation Plan

The Board heard an informational update on the Proposed 2016 State Strategy for the State Implementation Plan (State SIP Strategy). The State SIP Strategy identifies measures for mobile sources, fuels, and consumer products needed to attain health-based federal air quality standards over the next 15 years. In combination with the current control program, the measures will reduce mobile source NOx emissions 80 percent from today's levels in the South Coast by 2031 and provide significant ozone benefits in the San Joaquin Valley over the same timeframe. This was the first of two planned Board meetings on the item. Based on input from stakeholders and Board direction, ARB staff will issue a revised State SIP Strategy for Board consideration in January 2017.

SCAQMD Staff Comments/Testimony: Staff provided comments that the State SIP Strategy is needed to help the South Coast Air Basin and Coachella Valley attain federal air quality standards. In order to meet near-term air quality standard deadlines, there is a need for additional financial incentives to turnover older vehicles to the cleanest technologies feasible. Staff stated the need to deploy zero-emission vehicles wherever feasible and near-zero emission technologies everywhere else. Staff indicated that the SCAQMD staff is proposing 15 mobile source measures to help implement the State SIP Strategy "Further Deployment of Cleaner Technologies" measures. Staff will be proposing in the next iteration of the Draft 2016 AQMP, that the measures be implemented through a collaborative process to identify actions that potentially result in emission reduction benefits and to identify additional financial incentives. The SCAQMD staff will report back to the SCAQMD Governing Board within one year on the progress. If actions are not identified or funding is not sufficient, staff will recommend that the Board proceed with formal rulemaking. Finally, staff commended the close working relationship between the two agency staffs.

2. Public Hearing to Consider Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions

The Board heard the proposed amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions needed to support California's Cap-and-Trade Regulation and other greenhouse gas programs. The amendments will harmonize the program with the Cap-and-Trade Regulation and update requirements for several sectors including agriculture, petroleum and natural gas, and electric power entities. The

amendments will also update global warming potential values to agree with the 4th assessment report of the Intergovernmental Panel on Climate Change (IPCC) beginning in 2021, and provide revisions to implement reporting for the U.S. EPA Clean Power Plan. The Board directed staff to develop 15-day revisions to the proposed amendments that will further clarify reporting and requirements for nitric acid facilities, change of ownership, and incomplete reporting for fuel suppliers. Staff anticipates presenting a final regulation to the Board in spring 2017.

3. **Public Hearing to Consider Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation (Cap-and-Trade Regulation)**

The Board heard the proposed amendments to the Cap-and-Trade Regulation (Regulation). The proposed amendments would extend the major provisions of the Regulation beyond 2020; link the Regulation with Ontario, Canada; continue cost-effective prevention of emission leakage through allowance allocations to entities; and enhance Program implementation and oversight. The amendments also demonstrate how the Regulation meets California's compliance with the federal Clean Power Plan. Members of the Environmental Justice Advisory Committee, in addition to other EJ community groups, expressed concerns as to whether the Regulation adequately protects residents living in disadvantaged communities from increases in local criteria and toxics pollutants. The Board directed staff to provide an assessment of alternatives to Cap-and Trade as part of the ongoing work on the 2030 Target Scoping Plan in addition to an update on the adaptive management program associated with the Regulation. The Board further directed staff to work with stakeholders on 15-day revisions to the amendments to address new leakage assessments, post-2020 allocations, and adjustments for the post-2020 Renewable Portfolio Standard, and further clarifications. Staff anticipates presenting a final regulation to the Board in spring 2017.

4. **Public Hearing to Consider California's Proposed Compliance Plan for the Federal Clean Power Plan**

The Board heard an informational update on California's Proposed Compliance Plan for the federal Clean Power Plan, which requires that California limit greenhouse gas emissions from large power plants. California's current policies and climate goals will result in emissions well below the 2030 federal targets. The proposed "state measures" plan for California relies on the Cap-and-Trade Regulation, with appropriate amendments to support compliance. Incorporation of the Cap-and-Trade Regulation provides a mechanism to meet federal targets, while supporting economy-wide greenhouse gas reductions. Staff anticipates presenting a final plan to the Board in spring 2017.

Attachment
CARB September 22, 2016 Meeting Agenda

California Environmental Protection Agency

Air Resources Board

PUBLIC MEETING AGENDA

September 22, 2016

Webcast

LOCATION:
California Environmental Protection Agency
Air Resources Board
Byron Sher Auditorium, 2nd Floor
1001 I Street
Sacramento, California 95814

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website: http://www.sacrt.com
(This facility is accessible to persons with disabilities.)

TO SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO: http://www.arb.ca.gov/lispub/comm/bclist.php

Thursday
September 22, 2016
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 #

16-8-1: Public Meeting to Consider Ozone Designation Recommendations for the Revised National Ozone Standard of 70 Parts Per Billion

The Board will consider recommendations for initial nonattainment areas for the revised national ambient air quality 8-hour ozone standard of 70 parts per billion to be submitted to the United States Environmental Protection Agency.

More Information *Proposed Resolution*

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Agenda Item #

16-8-3: Public Hearing to Consider Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions

Spanish translation will be provided at the Board Meeting for this item, Item 16-8-3.

The Board will consider proposed amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions needed to support California's Cap-and-Trade Regulation and other greenhouse gas programs. This is the first of two planned Board hearings on the item, and the Board will not take action to adopt the proposed amendments at this hearing. Staff anticipates presenting a final regulation to the Board in spring 2017.

More Information *Staff Presentation*

16-8-4: Public Hearing to Consider Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation (Cap-and-Trade Regulation)

Spanish translation will be provided at the Board Meeting for this item, Item 16-8-4.

The Board will consider proposed amendments to the Cap-and-Trade Regulation. The proposed amendments would extend the major provisions of the Program beyond 2020; link the Program with Ontario, Canada; continue to cost-effectively prevent emissions leakage through allowance allocations to entities; and enhance Program implementation and oversight. Amendments also propose how the Program can be used to demonstrate California's compliance with the federal Clean Power Plan. A draft environmental analysis prepared under the California Environmental Quality Act is included with the Staff Report. This is the first of two planned Board hearings on the item, and the Board will not take action to adopt the proposed amendments at this hearing. Staff anticipates presenting a final regulation to the Board in spring 2017.

More Information *Staff Presentation*

16-8-5: Public Hearing to Consider California's Proposed Compliance Plan for the Federal Clean Power Plan

Spanish translation will be provided at the Board Meeting for this item, Item 16-8-5.

The Board will consider California's Proposed Compliance Plan for the Federal Clean Power Plan, which requires that California limit greenhouse gas emissions from many large power plants. A draft environmental analysis prepared under the California Environmental Quality Act is included with the proposed Plan. This is the first of two planned hearings on the item, and the Board will not take action to adopt the proposed Plan at this hearing. Staff anticipates presenting a final Plan along with the finalized environmental documents to the Board in spring 2017.

More Information *Staff Presentation*

16-8-6: Public Meeting to Consider the 2016 State Strategy for the State Implementation Plan

The Board will receive public comment and consider the Proposed 2016 State Strategy for the State Implementation Plan (State SIP Strategy). The State SIP Strategy identifies measures for mobile sources and consumer products needed to attain health-based federal air quality standards over the next 15 years. The measures in the State SIP Strategy describe the regulatory and programmatic approaches necessary to deploy cleaner technologies and fuels in a manner sufficient to meet air quality standards by deadlines established in the Clean Air Act. In combination with the current control program, the measures will reduce mobile source NOx emissions 80 percent from today's levels in the South Coast by 2031 and provide significant ozone benefits in the San Joaquin Valley over the same timeframe. This is the first of two planned Board meetings on the item, and the Board will not consider approving the State SIP Strategy at this meeting. Staff anticipates presenting the SIP Strategy to the Board for approval in December 2016 or January 2017.

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 the following 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.

POET, LLC, et al. v. Corey, et al., Superior Court of California (Fresno County), Case No. 09CECG04659; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394 [remanded to trial court]; plaintiff's appeal of trial court order discharging peremptory writ of mandate, Court of Appeal, Fifth District, Case No. F073340.

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.

Sowinski v. California Air Resources Board, et al., United States District Court for the Central District of California, Case No. 8:15-cv-02123.

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.

Murray Energy Corporation v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1385.

State of North Dakota, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 16-1242.

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.

Alliance for California Business v. California Air Resources Board, 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 (dismissed), U.S. Court of Appeals, Ninth Circuit, Case No. 13-74019.

Owner-Operator Independent Drivers Association Inc. et al. v. 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), plaintiffs' appeal U.S. Court of Appeals, Ninth Circuit, Case Nos. 15-72101 and 15-16429.

Jack Cody dba Cody Transport v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2015-80002116.

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 Court, Case No. 34-2014-80001974-CU-WM-GDS).

Meeks v. California Air Resources Board, et al. Los Angeles County Superior Court, Case No. BC592558.

Adam Brothers Farming, Inc. v. California Air Resources Board, et al., Santa Barbara County Superior Court, Case No. 15 CV04432.

In re: Volkswagen "Clean Diesel" MDL, United States District Court, Northern District of California, Case No. 15-MD-2672-CRB (JSC).

American Coating Association, Inc. v. State of California and California Air Resources Board, Sacramento County Superior Court, Case No. 04CS01707.

Hamilton v. California Air Resources Board, et al., U.S. District Court for the Eastern District of California, Case No. 1:15-CV-01942-AWI-SKO.

Mahan v. California Air Resources Board, Sacramento County Superior Court, Case No. 34-2016-80002416.

California Air Resources Board v. Adam Brothers Farming Inc., Santa Barbara County Superior Court, Case No. 16CV01758.

California Air Resources Board v. SSA Containers, Inc., Los Angeles County Superior Court, Case No. BC628573 and No. BC628722.

People v. Southern California Gas Company, Los Angeles Superior Court, Case No. BC 602973.

California Air Resources Board v. BP West Coast Products LLC, Contra Costa County Superior Court, Case No. C12-00567.

California Air Resources Board v. West Coast Diesel, Inc., Fresno County Superior Court, Case No. 15 CECG 03337.

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.

TO ELECTRONICALLY SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

http://www.arb.ca.gov/lispub/comm/bclist.php

(Note: not all agenda items are available for electronic submittals of written comments.)

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERK OF THE BOARD:
1001 I Street, 23rd Floor, Sacramento, California 95814
(916) 322-5594
ARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 7 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alterno u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envié un fax a (916) 322-3928 lo más pronto posible, pero no menos de 7 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR RESOURCES BOARD

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 33

PROPOSAL: Report on Draft Action Plan to Reduce Permit Application Backlog

SYNOPSIS: Staff has developed an Action Plan to expeditiously reduce the permit application backlog accumulated over recent years, while simultaneously ensuring timely permit issuance in the future, improving customer service and transparency and keeping the environment whole. The Action Plan includes a suite of immediate actions and longer-term measures aimed at improving permit processing capacity and efficiency through automation, permit streamlining, training, more active management and supervision, enhanced utilization of staff resources and other operational efficiency improvement measures. This action is to receive and file the Permit Application Backlog Reduction Draft Action Plan.

COMMITTEE: Stationary Source, September 16, 2016, Reviewed

RECOMMENDED ACTION:
Receive and file.

Wayne Nastri
Acting Executive Officer

LT:AD:MH:am

Background

SCAQMD has gradually accumulated a backlog of permit applications that have not been processed in a timely manner. In particular, the overall inventory of 7,348 "open" permit applications as of June 21, 2016 consisted of 3,624 in the working inventory (i.e., timely) and 3,724 in the backlog (i.e., not timely). The attached Permit Application Backlog Reduction Draft Action Plan describes the draft roadmap for eliminating that backlog.

Summary of Permit Application Backlog Reduction Draft Action Plan

Staff developed this Draft Action Plan with the objectives of eliminating the backlog, issuing permits in a timely manner, improving customer service, increasing transparency, and keeping the environment whole. The Draft Action Plan identifies both immediate actions and longer-term measures to accomplish these objectives.

These measures were designed to be optimistic yet achievable with timely, adequate support and include improvements to operational efficiency, expanded use of active supervision and management, permit streamlining, automation, training, over time and temporary and permanent staffing changes.

Staff will solicit input from stakeholders and other interested parties at one or more listening session(s) regarding implementation of the Draft Action Plan's measures. Several teams will be formed and tasked to work on the various measures identified to ensure timely implementation of the Draft Action Plan. These teams will be staffed by rank and file as well as management staff from Engineering and Permitting and representatives from other Offices, as necessary. Oversight and follow-through will be provided at the Deputy Executive Officer and Chief Operating Officer level with frequent reporting to and feedback from the Executive Officer. Staff will provide quarterly progress reports to the Stationary Source Committee to inform Committee Members of progress made in meeting the backlog reduction targets and implementing the efficiency improvement measures.

The Draft Action Plan explores two timelines and corresponding costs to eliminate the backlog. Staff anticipates that the backlog can be eliminated in two years at a cost of $4.4 million ($2.2 million per year) plus $1 million per year for five years for system upgrades and automation efforts or in approximately 15 months at $11.9 million plus $1 million per year for five years for system upgrades and automation efforts. The two-year backlog elimination scenario provides an aggressive, realistic, and cost-effective pathway to backlog elimination depending primarily on improved utilization of existing staff resources and some overtime, coupled with operational and efficiency improvements. The second scenario reflects a further expedited backlog reduction effort that seeks to eliminate the backlog in 15 months. The second scenario will take about one year after key program elements are in place but deploying those elements will add several months to the process. In addition to the improved utilization of existing staff resources and efficiency improvements included in the two-year scenario, this expedited scenario relies on hiring, training, and deploying a large number of a combination of both permanent and temporary additional permit engineering staff, hence the higher cost.

Staff has already commenced implementation of certain immediate action measures of the Draft Action Plan. Initial results from the first two months (July and August) of implementation yielded a 14 percent reduction in the "open permit applications" inventory.

Attachments

1. Permit Application Backlog Reduction Draft Action Plan
2. Board Meeting Presentation

PERMIT APPLICATION BACKLOG REDUCTION

DRAFT ACTION PLAN

Engineering and Permitting

September 16, 2016

SCAQMD staff would like to acknowledge the contributions of the Permit Streamlining Task Force to the ideas presented in this Draft Action Plan.

TABLE OF CONTENTS

Table of Contents

Executive Summary 1

Introduction 3

- **SCAQMD's Permitting Process** 3
- **Anatomy of the Backlog** 6
- **Common Hurdles that Prevent Expeditious Permit Processing** 11
- **Challenges SCAQMD Faces in Eliminating the Backlog** 14

Action Plan 15

- **Permit Processing (Production) Capacity Improvement Measures** 16
- **Permit Processing Efficiency Improvement Measures** 18
- **Additional Customer Service and Transparency Improvement Measures** 26

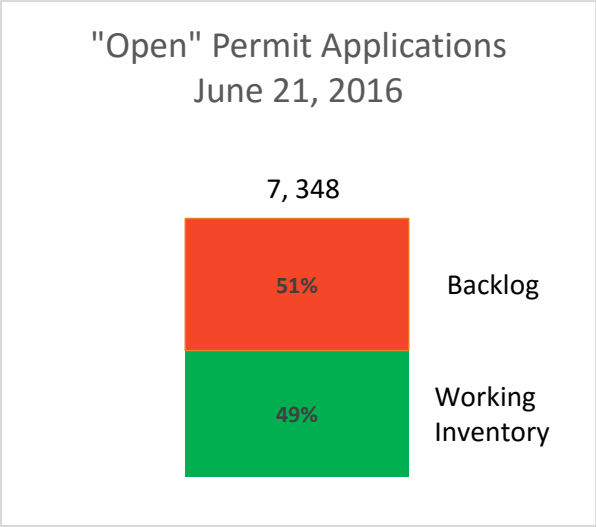
Implementation Scenarios 28

- **Data and Assumptions Used in these Analyses** 29
- **Scenario I:** 30
- **Scenario II:** 32

Conclusions 36

Executive Summary

SCAQMD has gradually accumulated a backlog of permit applications that have not been processed within a timely manner. Specifically, as of June 21, 2016, the overall inventory of 7,348 "open" permit applications consisted of 3,624 in the working inventory (*i.e.*, within expected processing timeframes) and 3,724 in the backlog (*i.e.*, beyond the expected processing timeframes). While the age of applications is the primary characteristic used in this analysis to distinguish between backlog and working inventory, there are certain aged applications included in the backlog for reasons that are beyond staff's control and should be categorized as part of the working inventory. Staff intends to further refine its tracking system and criteria used and provide on a more real-time basis an updated account of the true backlog.



Staff developed this Draft Action Plan with the following objectives: eliminate the backlog, issue permits in a timely manner, improve customer service, increase transparency, and keep the environment whole. Staff will accomplish these objectives by implementing several immediate action measures and longer-term measures identified and included in the Draft Action Plan.

Staff designed the measures in the Draft Action Plan to be aggressive and optimistic, yet achievable with adequate and timely support. These measures include improvements to operational efficiency (including policy solutions and changes to permitting procedures), expanded use of active supervision and management, permit streamlining, automation, training, and temporary and permanent staffing changes. The Draft Action Plan also includes a commitment to periodically review resource allocation among the various permitting teams and redistribute such resources as necessary to ensure optimal balancing of workload with production needs.

Staff will solicit input from the Permit Streamlining Task Force and other interested parties at one or more listening session(s) regarding implementation of the Draft Action Plan's measures. SCAQMD will also form several teams and task them to work on the various measures identified to ensure timely implementation of the Draft Action Plan. These teams will be staffed by rank and file as well as management staff from Engineering and Permitting and representatives from other Offices, as necessary. Oversight and follow through will be provided at the DEO and COO level with frequent reporting to and feedback from the EO.

As a point of reference, an open application reduction effort was conducted in the 2001 and 2002. That effort processed 4,261 out of a starting inventory of about open 10,900 applications

and reduced the inventory by approximately one third. That effort lasted about nine months and involved the full time efforts of one Senior Engineering Manager, two Senior Engineers, four staff Engineers, and 25 temporary engineers at a cost of $2.5 million ($3.4 million in 2016 dollars). The Draft Action Plan seeks to accomplish a more comprehensive effort to eliminate the backlog rather than simply reducing the inventory of open applications. Furthermore, it was designed to do so in a much more sustainable way by combining intensive processing for immediate results with efficiency and automation measures that will prevent regrowth of the backlog in the future.

The Draft Action Plan explores two different plausible timelines and corresponding costs to eliminate the backlog. Staff anticipates that the backlog can be eliminated in two years at a cost of $4.4 million ($2.2 million per year) or in approximately 15 months at $11.9 million. The two-year backlog elimination scenario provides an aggressive and yet realistic and cost-effective pathway to backlog elimination by largely depending on improved utilization of existing staff resources and some overtime, coupled with operational and efficiency improvements. The two-year scenario seeks to eliminate backlog by establishing quarterly backlog reduction targets of 12.5 percent. The second scenario reflects a further expedited backlog reduction effort that seeks to eliminate the backlog in 15 months. The second scenario will take about one year after key program elements are in place but deploying those elements will add several months to the process. In addition to the improved utilization of existing staff resources and efficiency improvements included in the two-year scenario, it relies on hiring, training, and deploying a large number additional permit engineering staff on a permanent and temporary basis and, hence, the higher cost. This scenario establishes quarterly backlog reduction targets of 25 percent. The cost estimates for either scenario above do not include the costs of developing the various online tools for permitting, computer database and system upgrades and other automation efforts. Such tools and upgrades will be developed in phases and it is currently estimated that these efforts will cost $1 million per year for five years.

The body of the Draft Action Plan includes a more detailed description of the specific timeline for the formation of the various ad-hoc teams, development and implementation of the efficiency measures, and final and interim backlog reduction targets.

This Draft Action Plan establishes a roadmap for staff to follow in their efforts to expeditiously eliminate the backlog. Staff intends to stay true to the continuous improvement principle in executing this Draft Action Plan. As such, it is a living document that will be revised and updated over time to reflect information gleaned through the implementation process. For example, any measures that turns out to be more effective than anticipated will be prioritized while any that prove to be ineffective will be abandoned.

Staff has already commenced implementation of certain immediate action measures of the Draft Action Plan. Initial results from the first two months (July, August) of implementation are encouraging, yielding a 14 percent reduction in the “open permit applications” inventory. Staff will be providing quarterly progress reports to the Stationary Source Committee to inform Committee members on progress made in meeting the backlog reduction targets and implementing the efficiency improvement measures.

Introduction

A variety of factors has led to the accumulation over time of permit applications pending review and permit action (approval, rejection, cancelation, or denial)[1]. This action plan was prepared to establish a clear roadmap to guide staff efforts to resolve the issues preventing permit action on the aged applications and to balance the rate of production (permits issued) with the rate new applications are received in a sustainable manner. The key objectives this action plan intends to accomplish are to simultaneously reduce the backlog, improve customer service, and enhance transparency—all while keeping the environment whole; it does not call for "corner cutting" measures that could result in reduced protection of public health. It should be noted that many of the measures identified in the action plan are reflective of an intensive brainstorming effort conducted with all levels of staff involved in permitting as well as input received from stakeholders. More specifically, this action plan identifies immediate action measures as well as long term measures that will require more time to implement. It also includes backup measures that will only be implemented if the primary measures prove to be insufficient.

In developing and executing this action plan, staff intends to stay true to the continuous improvement principle. As such, it is not intended to be a static document but rather a dynamic/living document that will be updated periodically to supplement it with additional strategies and measures as they are identified in the future and delete any measures that are proven to be ineffective in producing desirable results. All figures in this action plan quantifying the open application inventory, the backlog, rely on a June 21, 2016 baseline, at which point the inventory was composed of 7,348 open application of which 3,724 were backlog (defined below) and the remaining 3,624 were working inventory.

Having a good understanding of the permitting process and the various facets of the accumulation of pending applications, is critical to identifying and prioritizing lasting solutions to the backlog challenge. With that in mind, the following two sections describe these two topics.

SCAQMD's Permitting Process

SCAQMD rules require any equipment/process that may result in the issuance or control of any air contaminant to obtain a permit, unless such equipment/process is explicitly exempt from permitting in Rule 219 due to the insignificant level of emissions associated with its operation. SCAQMD employs an essentially two-step permitting process. The first step is the permit to construct step and the second is the permit to operate step, as described below:

1. **Permit to Construct (PC)**
   Rule 201 – Permit to Construct requires a permit to construct prior to installing, building, modifying, or replacing equipment that can cause or control air pollution emissions. Facility

[1] Total inventory of 7,348 open applications as of June 21, 2016.

operators are required to submit applications describing their proposed projects for SCAQMD review prior to initiating installation or construction. This provides engineering staff the opportunity to perform pre-construction review to determine if the proposed project can be expected to comply with applicable air quality rules and regulations. If so, a permit to construct is issued authorizing the applicant to install/construct the project and to commence operation once construction and installation are complete. However, if the proposed project is not expected to comply, the reviewing engineer explains the reason(s) compliance is not expected and allows time for the applicant to revise the proposal so as to overcome the obstacles to compliance. Thus, this preconstruction review process provides the crucial benefit of resolving most compliance problems before the applicant has invested in the purchase, construction, and installation of equipment and makes it far more cost effective for the applicant to correct deficiencies. Denial of these applications is a last resort reserved for situations in which the applicant is unable or unwilling to resolve the compliance issues identified through the review process. Note that Rule 201 does not apply to applications for change of condition, so such applications proceed directly to the permit to operate step without the need for a permit to construct. It should also be noted that once equipment is constructed in accordance with the conditions specified in a Permit to Construct, the Permit to Construct can serve as a Temporary Permit to Operate (see Rule 202 – Temporary Permit to Operate).

2. **Permit to Operate (PO)**
   After a project has been implemented pursuant to a permit to construct and has been in operation long enough to conduct any required source testing to verify compliance, it is subject to review by the SCAQMD engineer to confirm that the installation is as described in the application package and consistent with the permit to construct and that it is operating in compliance. Provided such is the case, a permit to operate that supersedes the permit to construct is issued. If the installation is consistent with the application and the conditions imposed on the permit to construct yet is found to be out of compliance with an applicable rule or regulation, the applicant is afforded the opportunity to rectify the compliance issues such that the equipment can be operated in compliance. A permit to operate is issued upon demonstration that the equipment is now operating in compliance. As with the permit to construct phase, denial is reserved for situations in which the applicant cannot or will not resolve the obstacles to compliance.

   In some cases, facility operators apply for a permit for change of conditions. Such applications seek only to change the manner in which permitted equipment is operated without installing, removing, or physically modifying equipment. Because such projects do not involve a construction/installation phase, they are exempt from the permit to construct phase of the permitting process and are only reviewed for permits to operate.

   Permit to Operate without a Permit to Construct (PO no PC): Some facility operators fail to comply with Rule 201 and perform construction/installation without benefit of preconstruction review or a permit to construct. In addition to being a violation subject to enforcement action, this is a risky approach because engineering review does not occur until after construction/installation is complete. As such, there is the possibility that the

review will identify compliance problems that could have been resolved much more efficiently and cost-effectively if they were identified prior to construction/installation. In some cases, equipment is installed that never would have received a permit to construct because it cannot be made to comply, a problem that cannot be resolved by any means short of complete replacement of the non-compliant equipment.

Title V Facility Permits: SCAQMD administers a Title V permit program for facilities that are federal major sources. These facilities are issued a single permit for all of their sources rather than individual permits for each "permit unit" (source or, in some cases, interrelated grouping of sources) at the facility. Beyond this structural change, the Title V permitting process involves mandatory public notification and subsequent public review and comment periods, as well as notification to the U.S. EPA and a 45-day U.S. EPA review periods in many cases. Staff is required to prepare substantial additional documentation in such cases. The document preparation, public and U.S. EPA review periods, and responding to any comments received substantially increases the time required to issue permits both directly (time needed for each of these steps) and indirectly (significant additional workload).

Emission Reduction Credit Applications: SCAQMD also receives and process a relatively small number (in the roughly 200 per year range) of applications pertaining to Emission Reduction Credits (ERCs). Some of these applications are for the initial generation (banking) of ERCs when a facility experiences a surplus emission reduction. The balance of ERC-related applications are associated with transferring ownership of ERCs from one entity to another. Banking applications are in the minority but require substantial analysis and are quite time consuming to process, while the majority of ERC applications are related to ownership transfers and are quickly processed.

Change of Operator & Administrative Permit Amendments: SCAQMD receives applications to change the operator identified on an existing permit from one entity to another and for other administrative changes to existing permits (*e.g.*, a change to an equipment description that does not impact the source's emissions characteristics). Such applications are generally processed quickly, although in some cases there are extenuating circumstances that require additional staff time and that result in delays.

Registration/Certification Program: To facilitate the expeditious issuance of permits, SCAQMD has developed a Certification/registration program. Equipment manufacturers that want to take advantage of this program can voluntarily apply to have their standard, off-the-shelf equipment certified by SCAQMD as meeting all applicable requirements. When they do so, they are issued a Certified Equipment Permit (CEP) documenting that compliance has been established. Facility operators that purchase certified equipment can obtain permits to operate it through a registration process rather than through the traditional application process. The fee for the registration process is less than the traditional permit application fee for the same equipment and the turnaround time for permit issuance is very short. Currently, only emergency internal combustion engines are eligible for permitting through the Registration/Certification program.

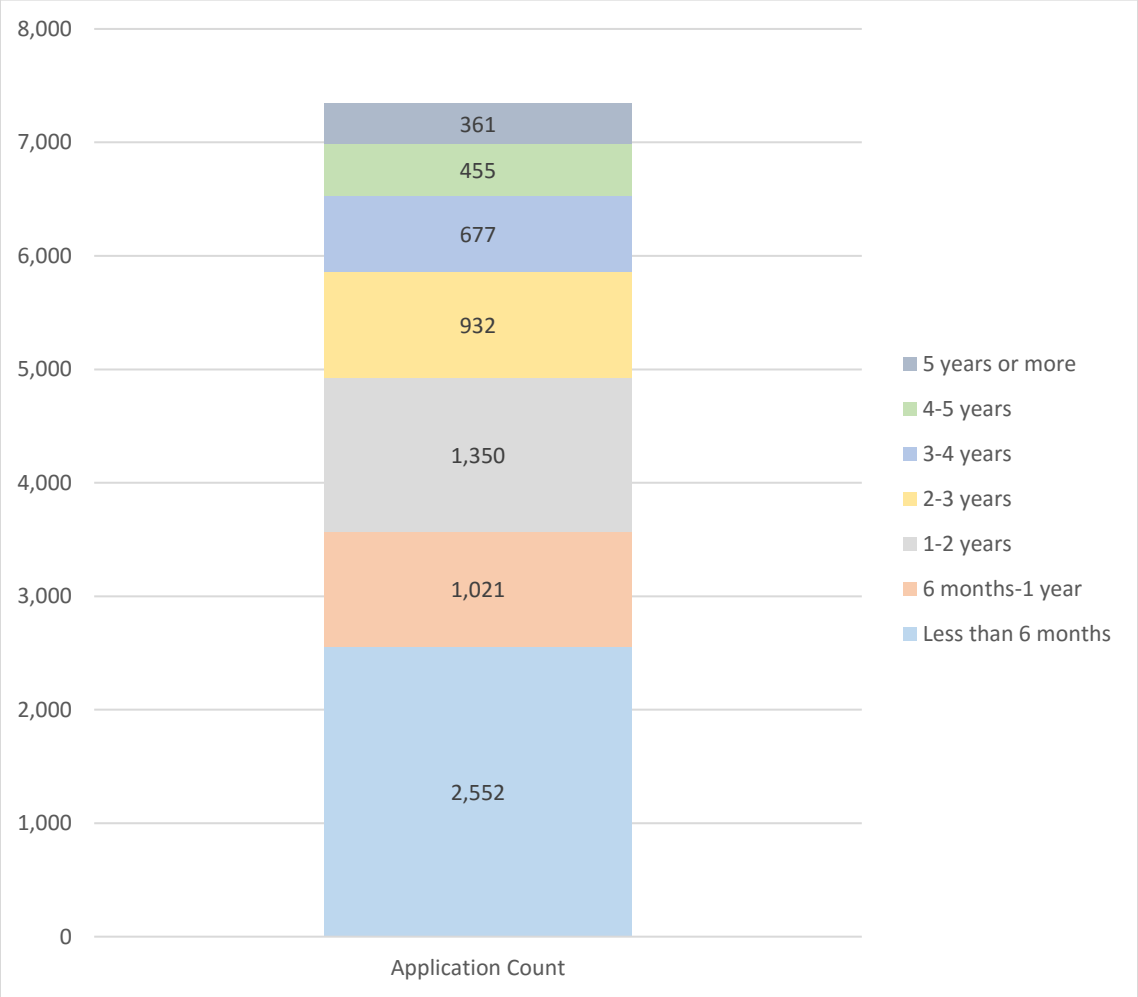
Filling Program (Rule 222): As an alternative to the permitting that is applicable to more complex equipment/processes requiring a thorough and detailed evaluation of emissions and compliance, SCAQMD has also developed a streamlined program that is applicable to certain classes of equipment/processes, which are less complex, have smaller emission profiles and similar operational characteristics that do not warrant detailed individual engineering review. Operators of such equipment are afforded with expeditious processing by registering/filing with the SCAQMD by simply filling out a form that comes with pre-defined conditions rather than applying for a permit. Such filings are akin to over-the-counter permits and can be obtained at much reduced time and cost. A wide variety of equipment is eligible for such filing, as listed in Rule 222 - Filing Requirements For Specific Emission Sources Not Requiring a Written Permit Pursuant to Regulation II. For example, certain boilers, engines, micoroturbines, printing equipment, and coating equipment are eligible for this program.

Anatomy of the Backlog

As of June 21, 2016, there were 7,348 pending applications upon which no final action was yet taken ("open" applications). However, it is important to understand that this figure is a snap shot in time of pending applications, reflecting the difference of in-flowing permit applications into the permitting system and out-flow of permits issued. As such, the pending applications sum should not be considered as backlog in its entirety but rather it should be viewed as the combination of working inventory of permit applications and the "true" backlog of aged applications. In an effort to better understand the nature and size of the backlog and especially to help prioritize our future actions, pending applications statistics were analyzed in several different ways, as summarized below.

First, we looked at the aging characteristics of the 7,348 pending applications. Figure 1 provides vital statistics on the age distribution of the pending applications. It is important to note that 35 percent of the pending applications were less than six months old (180 days) and 49 percent of the pending applications were less than a year old, while the remaining 51 percent were older, with many applications older than four or five years. While there is a consensus that the aging statistics of Figure 1 are quite revealing, pointing to the unacceptably high number of pending applications and equally unacceptably high percentage of aging applications, it does not provide a clear understanding of what fraction of these pending applications reflect working inventory versus "true" backlog. As a first level rough approximation, all permit applications residing in the permitting system for more than six months (approximately 4,800) could be considered as backlog, while the remaining (approximately 2,550) less than six months old applications would be reflective of the working inventory.

Figure 1
Open Application Age Distribution as of June 21, 2016

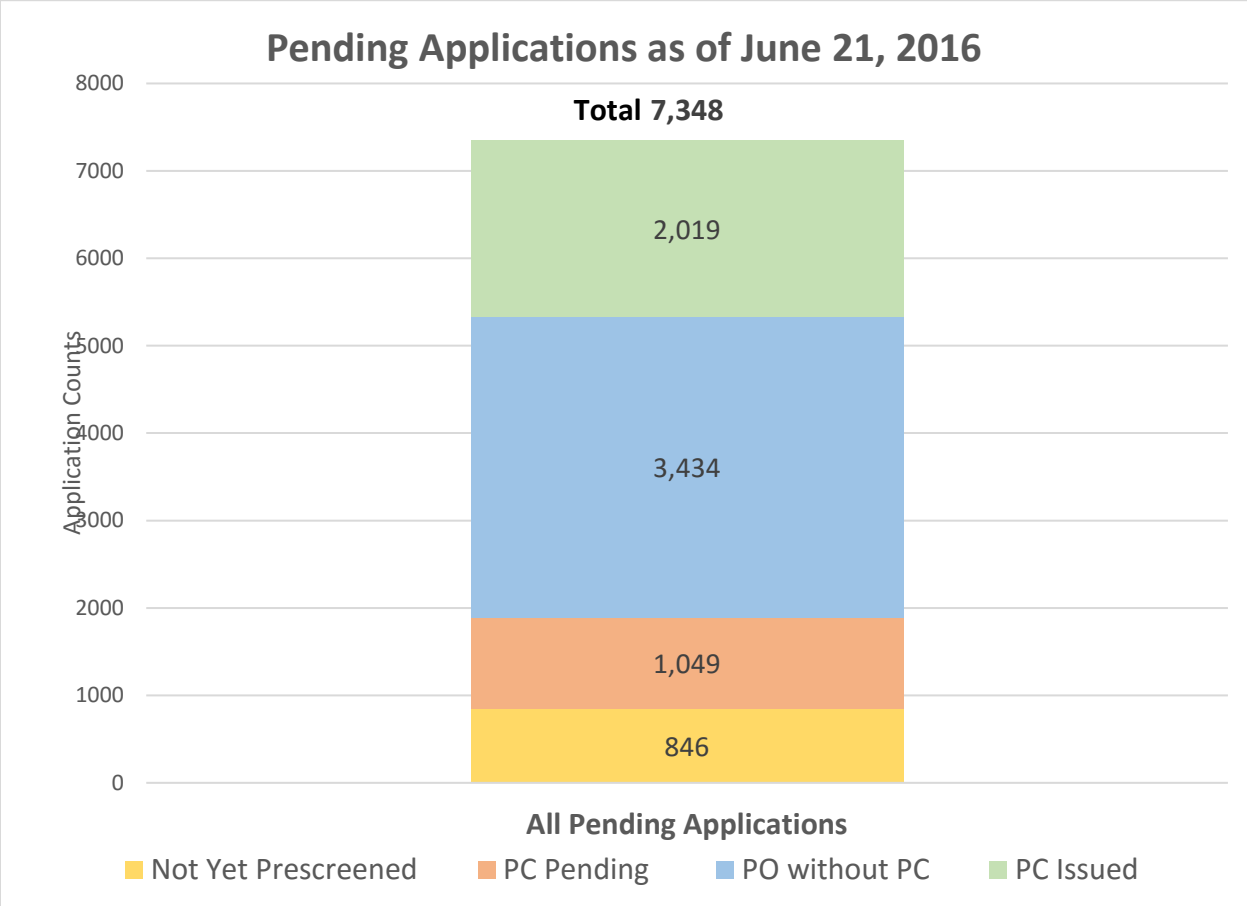


To refine this first level approximation, and to help with our future prioritization efforts, it is important that we look deeper (within the constraints of our current permit application tracking system) to better appreciate the distribution of those applications between various types and statuses, and therefore which applications constitute a backlog of work that is overdue and which are simply a working inventory that is on track for timely completion. To that end, Figure 2 provides the anatomy of the 7,348 pending applications as a function of the permit type, including Permit to Construct (PC) issued, pending PC, PO without PC, and applications that have not been prescreened[2]. Of the 7,348 pending applications, PCs have already been issued for 2,019 of these applications, which, as described in the previous section,

[2] Prescreening is the process of reviewing an application package to determine if it is complete. The engineer contacts the applicant and explains what information, forms, and/or fees are missing and provides an opportunity to provide those materials If it is not complete. If the applicant is unwilling or unable to do so the application will be rejected (this is uncommon).

can serve as temporary permits to operate. While taking action on all segments of the pending applications is important, prioritizing the processing of the remaining 5,300 pending applications and focusing resources accordingly may be advisable. It is especially important that **efforts are focused on expeditiously processing PC applications for new equipment and processes to allow businesses to operate, while simultaneously investing our resources to reduce the application backlog.**

Figure 2
Distribution of Open Applications as of June 21, 2016



To further refine and optimize our prioritization strategy and future actions to reduce backlog we conducted yet another level of analysis on the time sensitivity of pending applications utilizing current SCAQMD regulatory time frames. A brief description of these time frames follows.

Rule 210 – Applications establishes the following timeframes within which the Executive Officer is to grant or deny a permit to construct [refer to subdivision (d)]:

- "Within 180 days after the application has been deemed complete, provided the project has been approved by the lead agency, or, if not so approved, as expeditiously as practicable,

not to exceed 180 days, after the project has been approved by the lead agency" if SCAQMD is a responsible agency under the California Environmental Quality Act (CEQA);

- "Within 180 days after the certification of the Environmental Impact Report or 60 days after approval of a negative declaration or determination the project is exempt, or, if no formal determination is made, 60 days after the determination should have been made" if SCAQMD is a lead agency under CEQA; and
- Within the timeframes specified in Rules 3003 – Applications and 3005 – Permit Revisions for significant, de minimis significant, and minor Title V permit revisions.

Rule 210(d) also specifies that these time limits can be extended by 90 days upon written agreement between the applicant and the Executive Officer and resource recovery projects subject to Health and Safety Code Section 42314.2 may receive additional extensions as specified therein. Thus, the deadline to issue or deny a permit to construct varies from case to case. As an extremely conservative assumption, and for the purposes of this exercise, we treated all applications for permit to construct that have not been approved or denied within 180 days from application receipt date (as opposed to the deemed complete date, which can be as much as 120 days after the receipt date under certain circumstances) as part of the backlog. There were 538 such applications pending action on permit to construct as of June21, 2016.

Once a permit to construct is issued, the facility has one year to construct the equipment and conduct any required source testing. This timeframe can be extended in one-year increments upon request of the applicant and approval of the Executive Officer. The first request is typically granted without question while subsequent requests are subject to more scrutiny but are granted within reason, such as if the applicant is making progress on construction. While some projects involving "off-the-shelf" equipment can be completed quickly, many large projects take several years to complete construction and some, including power plants, can take five years or more. Permits to construct generally specify that the operator has up to 180 days after commencing operation to conduct troubleshooting, get everything operating smoothly, and conduct a source test. The source test contractor then needs additional time to prepare the report, after which the facility submits it to SCAQMD for review and approval. All of these steps need to occur before the permit to operate can be prepared and approved.

Rule 202 – Temporary Permit to Operate, specifies that the applicant notify the Executive Officer prior to operating equipment issued a permit to construct and that, upon such notification, "the permit to construct shall serve as a temporary permit for operation of the equipment or agricultural permit unit until the permit to operate is granted or denied." The result of this is that, there is no way to determine which (if any) of the applications that have been issued permits to construct and are pending permits to operate are overdue short of manually evaluating the details of each. There is generally less urgency to take action on these applications because they are able to legally continue operating without risk of violating the requirement to obtain a permit to operate during the interim. Air quality is not impacted because the applications have already been subject to engineering review and determined to be in compliance with applicable air quality rules and regulations. Staff is considering such applications to be part of the backlog if it has been three years or more since the permit to

construct was issued. There were 491 such applications in the backlog as of June 21, 2016. We will improve our application tracking system in the future so that we can accurately and readily identify each application awaiting conversion from permit to construct to permit to operate as timely or backlog.

In some cases, facility operators construct/install sources without obtaining a permit to construct even though doing so is a violation of Rule 201 – Permit to Construct. When they subsequently file applications for such sources, either on their own initiative or in response to compliance action taken by an inspector, they are subject to engineering review[3] for permit to operate without going through the permit to construct phase. While these applications are generally not considered urgent by the applicant because, pursuant to Rule 202(c), the application acts as a temporary permit to operate, they are a priority for SCAQMD because the sources are operating without having been subject to engineering review to determine if they are in compliance with applicable rules and regulations. SCAQMD rules do not specify a timeframe to act on such applications, but we consider them part of the backlog if not approved or denied within 180 days of receipt. Furthermore, certain other applications, such as those for change of operator or change of conditions, do not involve construction so are processed for permit to operate without going through the permit to construct process. There were 2,492 such applications for permits to operate not subject to the permit to construct process in the backlog as of June 21, 2016.

The final group of applications contributing to the backlog is applications that have not been deemed complete (or rejected/denied as incomplete) in a timely manner. Rule 210(b) provides the Executive Officer 30 days from receipt of an application for permit to construct to inform the applicant if the application contains sufficient information to be deemed complete. If it does not and the applicant provides additional information, a new 30-day clock for the Executive Officer to determine if the application contains sufficient information begins. Rule 210(c) further specifies that if an application for permit to construct continues to be incomplete 120 days after receipt it shall be denied unless the Executive Officer has extended the time in writing. SCAQMD rules do not specify timeframes in which the Executive Officer is to make completeness determinations on applications other than those for permits to construct (*e.g.*, change of condition, permit to operate without permit to construct). Nevertheless, all applications are conservatively considered part of the backlog if they have not been deemed complete or rejected/denied within 60 days of receipt. As of June 21, 2016 there were 203 such applications in the backlog.

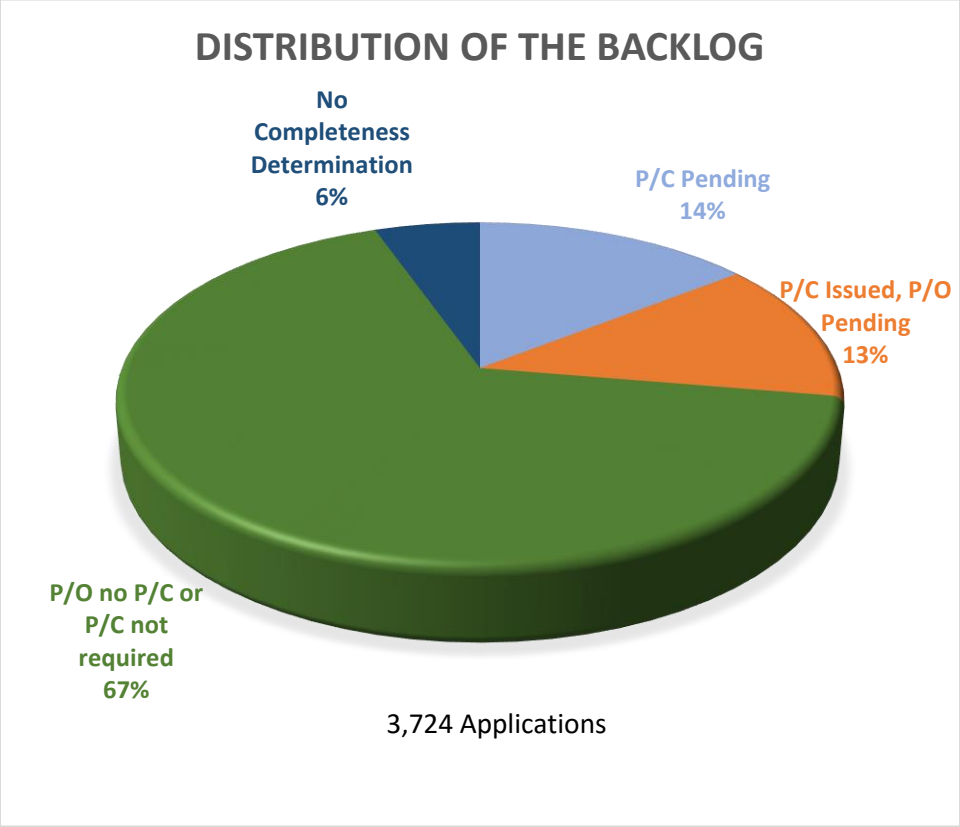
Based on the above analysis, the backlog consisted of 3,724[4] applications overall (roughly half of the 7,348 application inventory) as of June 21, 2016. Two-thirds of that backlog is attributable to applications for permit to operate either without benefit of permit to construct

[3] In many cases, these applications are also subject to additional types of review, such as public review via the public noticing process and review under the California Environmental Quality Act.

[4] As engineers work on their applications they currently manually update a tracking spreadsheet with more granular status information than is tracked by the enterprise database. This will enable us to refine the quantification of the backlog. Thus, we expect to have more accurate backlog figures in about a month.

(unlikely to be cause for concern on the part of applicants) or for which permit to construct is not required. The distribution of the backlog between the above-discussed categories on that date is summarized in Figure 3:

Figure 3
Distribution of the Backlog



It is important to reiterate that prioritizing efforts to reduce the backlog does not, in any way, imply ignoring the expeditious processing of working inventory applications.

Common Hurdles that Prevent Expeditious Permit Processing

There are multiple regulatory as well as non-regulatory hurdles that adversely impact the expeditious processing of permits. This section attempts to capture key examples of these hurdles.

Staffing: For the last several years SCAQMD had a high vacancy rate (more than 20% for Engineering & Permitting (E&P). These vacancy rates impacted not only staff engineer levels involved in processing permit applications but also senior engineer and supervisory levels,

typically involved in reviewing processed applications and pending permits, adversely impacting the production or permit processing capacity of the agency.

CEQA: The SCAQMD is required by state law to review discretionary permit project applications for potential air quality and other environmental impacts. While the majority of permit applications submitted are exempt from CEQA, there is a subset of applications that necessitate more detailed CEQA analysis, which may elongate the permitting process considerably beyond 180 days. Currently, all such projects are included as part of the backlog because of the limitations of the tracking system. Therefore, it will be important to further refine our existing tracking system to track such projects separately and communicate the timeliness of such applications appropriately. There are currently 41 applications of various ages upon which no action can be taken pending completion of the CEQA process.

Health Risk Assessment, Modeling and Source Testing Report Review: Often permit applications necessitate the development and submittal of Health Risk Assessment, Modeling analysis and/or Source test protocol and Source Testing results, which must be reviewed by other offices in the SCAQMD, which can further prolong the permit review process, especially if their submittal trails the original permit application.

Best Available Control Technology (BACT)/Lowest Achievable Emission Rate (LAER) Analysis: BACT analysis is a critical step in the review of a permit application for new equipment and processes. While BACT compliance determination normally is not an issue for minor sources, conducting a comprehensive BACT/LAER determination for major sources may elongate the process significantly because of the obligation to conduct a national search of similar equipment/processes. Availability of up to date, well established guidelines can help optimize permit application evaluation time.

Large Projects: Permit processing for large facilities or projects may take years and is often beyond the control of SCAQMD. For instance, for large projects once a PC is issued, it may take the facility years to purchase and install equipment and conduct the necessary source testing prior to obtaining a PO. For instance many power plant projects often take five to seven years to complete and receive California Energy Commission approval prior to obtaining a permit to operate from the District. Similarly, many refinery-related and other major projects may fall into this multi-year category, delaying the issuance of a permit to operate. Also, it is not uncommon that a permit applicant alters the project mid-stream during the permit evaluation process or ask SCAQMD to halt processing the permit application in anticipation of significant modification to the scope of the project for financial or other reasons. The current tracking system does not allow tracking such permit applications separately and they appear as part of the backlog. Staff is working to manually track such situations on an application-by-application basis until such time as the electronic tracking system can be updated to provide this functionality. Therefore, we will be able to provide refined backlog numbers within a month.

New Source Review/ERCs: When a permit application for a new/modified equipment/process is received, in addition to the BACT/LAER determination, the applicant often is required to provide Emission Reduction Credits (ERCs) to offset equipment-related emissions. The

applicant is obligated to find a seller in the open market, agree to a price, obtain title to the ERCs and ultimately surrender them to the SCAQMD, all time consuming steps that have the propensity of elongating the process beyond traditional time frames. The amount of time this adds to the permitting process is highly variable, but it can be a couple of months.

Additional information: In addition to the initial information submitted as part of the original permit application, often the subsequent engineering evaluation of the permit project by the permitting engineer may result in requesting the applicant to submit additional information to allow completion of the permit evaluation process. Such additional information requests may delay the permitting process significantly, especially if the applicant takes a long time to provide the information.

Public Notice: Rule 212-Standards for Approving Permits and Issuing Public Notice, requires public notice to be given for certain permit applications, especially for projects located near schools. Current noticing practices add at a minimum 45 days to the process, which may be further elongated if there are public comments submitted that must be responded to and public meetings held. Refinement of SCAQMD's current Public Noticing practices could further streamline the permit process without compromising the public's right to know.

Fees: Current District policy requires no less than 85% of the permit fees to be submitted prior to accepting a permit application with the balance to be paid prior to permit issuance. This creates delays because a permit cannot be issued until the applicant pays the fees in full even though the evaluation process is complete.

Notice of Violation (NOV), Notice to Comply, Variance, Order for Abatement: When there is a pending NOV with the facility, new permits cannot be issued to the facility even if the permit evaluation process is complete, unless and until the facility is in compliance, which also may cause significant delay in permit processing. Similarly, permits cannot be issued to facilities operating under variance or an order for abatement or that are correcting a compliance issue pursuant to a notice to comply. The current tracking system does not allow tracking such permit applications separately and they appear as part of the backlog. However, recently implemented manual tracking by engineers indicates that there are currently 47 permits that cannot be approved and issued due to non-compliance. .

Rule Interpretation and Policy Development: Ambiguities in regulatory language sometimes necessitate rule interpretations and development of policies to address real world scenarios and situations that were not anticipated during the rule development process.

Title V and RECLAIM Permits: Title V and RECLAIM are complex programs and such permits are a lot more time consuming to process. In addition to the complexity of the evaluation process and public noticing requirements, all Title V permit applications other than those for administrative revisions require U.S.EPA review, which automatically adds 45 days to the processing time. This, along with responding to comments from public notices, further lengthens the permit process. There are currently 384 active Title V facilities within the SCAQMD.

Computer System: Current computer system and databases have limitations that contribute to further hindering permit processing. For example, it is sometimes necessary to keep multiple applications open for the same source to maintain the integrity of the emissions accounting for that source.

Field Evaluation: In evaluating permit applications without a prior Permit to Construct or converting a Permit to Construct to a Permit to Operate, current permit evaluation practices require the permit engineer to conduct a field visit to review the equipment as part of the evaluation process. While this is a valuable experience for the engineer and useful step for complex applications, it may elongate the process unnecessarily for simpler equipment.

Process Inefficiencies: In addition to the inefficiencies due to the limitations of computer data base and systems described above, current permit processing often requires manual data entry and processing due to the lack of automated computer programs and online tools, further contributing to the operational inefficiency of the permitting system.

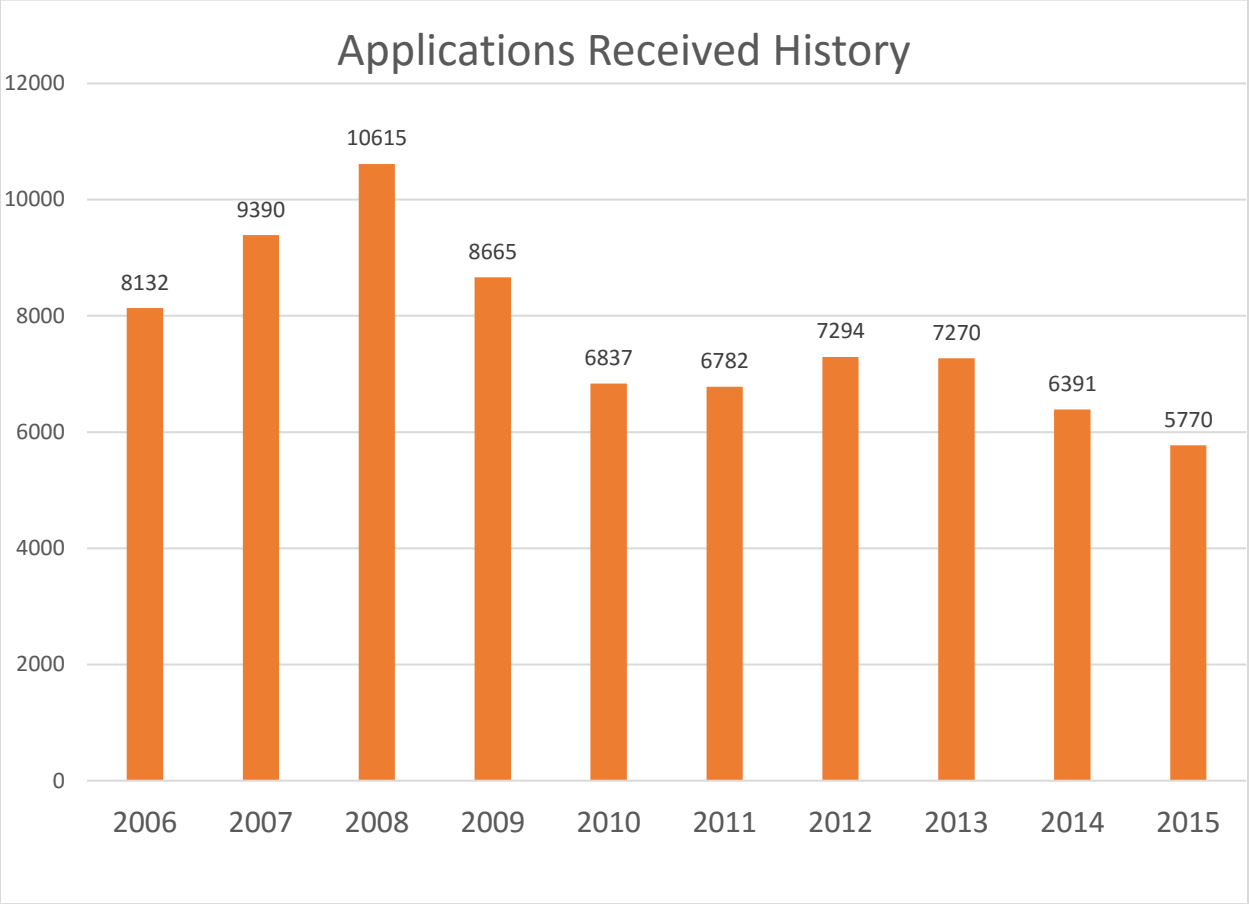
Challenges SCAQMD Faces in Eliminating the Backlog

As established in the discussion under the "Anatomy of the Backlog" heading above, the backlog is estimated at 3,724 applications as of June 21, 2016. In fiscal year 2015-2016, SCAQMD received approximately 6,000 permit applications (low end of annually incoming permit applications range) and produced 7,700 permit actions[5] during the same period with 79 permit engineers. The estimated backlog figure above represents approximately 50 percent of the permit actions produced in fiscal year 2015-2016. In other words, in order to eliminate the backlog expeditiously (say in one year), overall permitting productivity in terms of final actions would need to increase by a similar percentage or approximately 50%. Similarly, if one seeks to eliminate the backlog in two years, permitting productivity in terms of final actions would need to increase by 25% per year for at least two consecutive years. This of course assumes that the incoming permit applications in future years remain the same at 6,000 as in prior fiscal year, which may not be a reasonable assumption since it reflects the lower end of the historically received permit applications. As shown in Figure 4, the annual number of applications received ranged between 5,770 and 10,615 per year from 2006 through 2015. However, this figure shows an overall downward trend over this period, so the last five years (2011 through 2015) are considered more representative of the rate at which applications are likely to be received in the future. The range for this five year period is 5,770 to 7,300. Projections in this Draft Action Plan assume applications will be received at a rate of 6,000 per year over the next two years.

Clearly, the much needed productivity rates above represent quite a substantial increase over current productivity rates and, hence, a significant challenge since there is no single measure that will allow us to achieve it while maintaining quality standards and providing a high level of customer service.

[5] Final actions include issuing permits to operate and rejecting, cancelling, and denying applications but exclude issuing permits to construct.

Figure 4
Counts of Applications Received by Year



Action Plan

To achieve the significant production rate improvements described in previous section and eliminate the backlog necessitate major improvements in two fronts:

- Permit Processing (Production) capacity; and
- Permit Processing Efficiency (through streamlining and expediting permitting)

To accomplish the backlog reduction goal as expeditiously as possible, and meet the customer service and transparency improvement objectives in a sustainable manner, staff developed the following action plan consisting of a suite of immediate and longer-term action measures. These measures focus on increasing production capacity through improvements in permitting efficiency (permit streamlining and acceleration measures), staffing solutions, active management of permit processing, automation, and policy solutions.

Permit Processing (Production) Capacity Improvement Measures

To improve permit processing capacity, it is essential that additional resources and/or improved utilization of existing resources are deployed and made available to process applications above and beyond current production rates. This can be accomplished through the combination of the following measures:

- **Active Management/Supervision**
  More active and tighter management and supervision of subordinate staff will be relied upon to help improve permit production rates. Supervisors and managers will be called upon to provide production goals, direction, and feedback, while closely monitoring progress. This will include monitoring productivity of each engineer relative to the overall productivity of the team and providing training and coaching for any who are not meeting their potential. Production statistics will be monitored on weekly and monthly basis. Oversight will be provided at the ADEO and DEO level.
- **Maintaining Adequate Staff Resources**
  Key to processing new permit applications as they are received as well as expeditiously eliminating the backlog is appropriate staffing. This work program must be performed by competent engineers with the appropriate knowledge, training, and abilities. Therefore, it is necessary to ensure that we maintain adequate engineering staffing to perform the required work in the desired timeframe. The prioritized list of staffing solutions follows:
  - ✓ **Filling Vacancies**
    As stated previously, chronic high vacancy rates in E&P (approximately 20%) at both the Air Quality Engineer and Senior Air Quality Engineer/Supervisory levels have contributed adversely to the growth of the backlog. While filling Air Quality Engineer vacancies will add to our capacity of evaluating additional permit applications, filling vacant Senior Air Quality Engineer positions is also important because Senior Engineers review engineers' work, provide direction, and train new engineers. Currently, high vacancy rate at the Senior/Supervisor Air Quality Engineer level has been identified as a bottleneck in finalizing the review and issuance of permits. Staff has already initiated this process and has recently hired six new engineers and will conduct another recruitment. It is important to note that, while filling entry-level engineer vacancies is a crucial activity that is occurring in the short term and must continue in the long term as new vacancies are created (*e.g.*, due to retirement), it should be viewed as an essential investment in the future but will not help reduce the inventory of open applications in the short term appreciably due to the long training required for an entry-level engineer to come up to speed with the necessary experience to tackle the intricacies of the permit evaluation process. Filling the vacant Senior Engineer positions, on the other hand, will pay immediate rewards in enhanced productivity.

- ✓ **Weekend Work**
  As a means of expanding our permit production capacity, we could expand weekend work by engineers. Initially, opportunities to work weekend overtime will be provided to permit processing engineers on a voluntary basis. Depending on level of interest towards voluntary overtime expressed, it may become necessary to institute mandatory overtime to achieve our backlog elimination goals. We intend to initiate the voluntary component of this program in October and the mandatory component, if necessary, shortly after. We will also review our expedited permitting program, which relies on voluntary overtime work, with an eye to enhancing the benefits that it provides to applicants.
- ✓ **Deploying Engineers from Other Departments**
  It is quite clear, given the permit processing capacity improvements needed, to reduce the backlog as expeditiously as possible, additional staff resources will be needed for permit processing. To that end, staff will borrow staff with formal engineering training (preferably with prior permit processing experience) currently working in other departments at the SCAQMD, as well as Engineering and Permitting engineers currently assigned non-permitting duties, to help with the permit backlog reduction effort. This could be done on a full time, part time (e.g., 20 hours per week dedicated to their normal duties and 20 hours per week to permit processing), and/or overtime basis for permit processing. Deployment of these resources can be expected to commence within 45 days to allow for training and preparation of office space that includes purchasing and deployment of the necessary computer and phone infrastructure, as well as identification and availability of senior/supervisory support.
- ✓ **Temporary Engineers**
  If the above-described efforts to maximize the availability of engineers to process applications proves to be insufficient to achieve the necessary backlog reductions in the short term, we will also consider additional contingency measures including short-term (no more than six-month) use of engineering contractors to temporarily increase the engineering workforce. However, hiring temporary contract engineers has the significant disadvantage of imposing a similar training and supervision burden on our seasoned staff as does hiring new, full-time engineers without the long-term benefits realized from hiring permanent engineers. To reduce time needed for training, emphasis will be given to hiring retired SCAQMD engineers and Certified Permit Processing engineers. It will be necessary for temporary engineers to disclose their prior business associations so that they can be assigned applications that do not pose the potential for conflict of interest.
- ✓ **Permitting Dugout**
  Physically relocating teams of engineers on a temporary basis for targeted permitting efforts (“permitting dugout”) is another contingency measure that may be implemented, if necessary. The dugout approach is designed to minimize distractions to help the engineers focus on their evaluations. For example, the dugout would include limited access to shared phones rather than moving each

engineer's direct line to the dugout location. This may be an effective situation for staff that works solely on weekends so they have the support of other staff and supervisors in the same location. Implementation of this contingency measure will be considered in the event quarterly backlog reduction targets are missed by a wide margin.

- ✓ **Resource Reallocation**
  To ensure optimal balancing of workload with production needs, resource allocation among the various permitting teams in E&P will be periodically reviewed and redistributed as necessary.
- ✓ **Training**
  Training will be employed as appropriate to ensure that permitting engineers are fully aware of and understand the latest guidance and policies, as well as the tools available to them.

Permit Processing Efficiency Improvement Measures

While deploying additional staff resources to improve permit processing capacity as described above will undeniably help reduce the backlog, the main focus must be given to efficiency improvement measures that can provide much needed synergies to achieve that end. Improving permit processing efficiency ensures the least cost path in streamlining and expediting the permitting process, and reducing the backlog in a sustainable manner. These efforts will also enhance our ability to be more transparent. Internal ad-hoc teams ("Red Team," "Blue Team," etc.) comprised of Engineering and Permitting executive management, management, and staff and augmented as appropriate by the Chief Operating Officer (COO), General Counsel staff, and management staff from other offices will be established to assist with the vigorous development and implementation of the many efficiency improvement measures described below. Oversight will be provided at the Deputy Executive Officer (DEO) and COO level with frequent reporting to and feedback from the Executive Officer. Some of these efficiency measures are long-term projects that will not yield efficiency improvements until we are beyond the time horizon of this backlog reduction effort. However, they will be important contributors to maintaining appropriate permit turnaround times and preventing the growth of a new backlog.

- **Better Coordination between SCAQMD departments**
  Some applications can be processed, and resulting permits issued, through the efforts of a single engineer and one reviewer (senior engineer or engineering supervisor), while others involve input from other departments at the SCAQMD, such as CEQA , Modeling, Source Testing, and Technology Advancement and sometimes input from other agencies. Improved coordination among various departments will go a long way in minimizing delays. To that end, options to improve interdepartmental communication will be explored and clear guidance to staff regarding proper methods to request inter-departmental assistance and procedures for responding to such requests, including prioritization and turnaround times will be established by an ad-hoc team, as described above. This measure is already being implemented.

- **Rely on Inspection Reports when Converting Permits to Construct to Permits to Operate**

  The traditional approach to processing an application for new construction of a new source has included the following steps, among others:

  - ✓ Preliminary review/completeness determination;
  - ✓ Application evaluation to quantify emissions and determine compliance with applicable requirements;
  - ✓ Issue permit to construct;
  - ✓ Engineer visit to the facility to verify the source was constructed consistent with the application and permit;
  - ✓ Review source test results to verify compliance with emissions limits; and
  - ✓ Issue permit to operate.

  The engineers' site visits constitute a time-consuming step in the overall process. Therefore, we are now streamlining the process by having the engineers rely on inspection reports prepared by inspectors that routinely visit facilities to verify the source is as described rather than visiting the facilities themselves in most cases (site visits by engineers remain appropriate in some of the most complex cases and for training purposes). We expect this to provide a significant benefit in reducing the overall inventory of open applications because 2,056 (28 %) of the 7,348-application inventory as of June 21, 2016 had permits to construct issued. Implementation of this measure has already commenced and is expected to continue for the duration of the backlog reduction effort.

- **Simplify Issuance of Permits - Reduce the Two-Step Permitting into a Single-Step Process**

  We are actively exploring the opportunities to transition from a two-step permitting process (issuance of a Permit to Construct followed by issuance of a Permit to Operate once construction is complete and compliance demonstrated) to a single-step permitting process (issuance of a single permit to both construct and operate, with an inspector conducting compliance verification after construction is complete). While this simplification may not be appropriate for many of the complex permit application projects, it may provide significant permit streamlining opportunities for many of the less complex equipment and processes. The review of this streamlining effort is expected to be completed within six to nine months, although it is already being implemented in some cases.

- **Automating Permitting Process**

  To reduce the backlog in a sustainable manner but also improve customer service and transparency, it is of paramount importance that SCAQMD heavily invests in efforts to automate permit processing to the extent feasible. There are a variety of automation projects with the potential to improve efficiency of the permitting process:

  - ✓ **Develop Templates for Application Evaluations and Permits**

    Permitting engineers widely use templates to improve consistency between permits for similar equipment while streamlining the processing and permit preparation

process. More can be done to develop additional templates and centralize them so that they are available to all permit processing teams and are used consistently across the board, as well as kept current as applicable requirements and evaluation techniques evolve. Posting templates on the web will also help applicants. An ad-hoc team for this effort will be formed and staffed by members from each permitting team to identify potential template candidate processes and work on the development of such templates. The ad-hoc team for this effort will be formalized during the last quarter of 2016 and will continue for the duration of the backlog effort and beyond. However, the brainstorming effort to identify potential template candidates will commence immediately. In fact, development of such a template for boilers is already underway. Depending on the ideas generated through this initial brainstorming effort and ensuing demand for template development, deployment of the ad-hoc team may be accelerated.

- ✓ **Electronic Processing Tools**
  The current Facility Permit software makes it possible for Permit Services staff to process some—but not all—applications for change of operator. Therefore, upgrading the Facility Permit software such that Permit Services staff rather than engineers can process all change of operator applications will free more of the engineers' time for tasks that require their technical expertise. An ad-hoc team comprised of E&P and Information Management (IM) managers and staff will be formed immediately to work on this effort. Oversight will be provided at the Assistant DEO and DEO level.
- ✓ **Electronic Permitting**
  There are several automation projects that have the potential to greatly improve the permit application processing efficiency. These projects begin with transitioning from filing applications on paper to electronic filing. Initially, electronic filing is likely to be an option for limited types of equipment. Over time, the list of equipment eligible for electronic filing will grow and, eventually, electronic filing is likely to become mandatory for specified types of equipment. Electronic filing will enhance efficiency by reducing the time engineers spend on data entry and reducing the potential for data entry errors. Also, additional automation projects will develop tools to harvest the data from electronic filing and reduce the time engineers must spend on certain routine tasks that can be performed by these tools. We intend for this process to eventually lead to an electronic permitting system, although it may not be applicable to all types of equipment or all facilities initially. Developing the online capabilities described above is a very ambitious but necessary undertaking to streamline our permitting process. It is expected to take significant time and resources to complete and will be developed in multiple phases. While developing basic electronic forms and permit processing tools for simpler equipment permits and registrations is expected to be completed in a relatively short time frame of three to four quarters, the development of online tools for more complex equipment and processes will take considerably longer. An ad-hoc team comprised

of E&P and IM managers and staff will be formed immediately to work on this effort. Oversight will be provided at the ADEO and DEO level.

- ✓ **Review Permitting Computer Systems and Automation at other Agencies**
  The various automation efforts described above will be supported by review of similar efforts at other agencies. This approach will allow SCAQMD to benefit from the experiences of other agencies (replicating their successes and avoiding their missteps).

  Bay Area Air Quality Management District (BAAQMD) has already invested a decade and approximately $13.5 million in developing an online permitting tool for certain auto body shops, dry cleaning facilities and gasoline dispensing facilities (gas stations). This tool allows applicants to perform the following activities:

  - Submit permit applications;
  - Submit Data Update requests;
  - Pay invoices for applications and permit renewals;
  - Retrieve permit copies; and
  - Designate three facility contacts (owner, operator, and billing contacts)

  The three type of facilities covered by this online tool account for approximately 30% of BAAQMD's permit application activity. While these facilities only account for approximately 8% of the annual permit application activity in SCAQMD, the online tool is worth pursuing. Therefore, our IM staff are reviewing BAAQMD's online permitting tool to determine to what extent elements of it can be adapted to work with our permitting system. We will return to the Governing Board with a project description and budget to do so after the evaluation process is complete; the current estimate is that this effort will take five years at a cost of $1 million per year.

- **Registration/Certification**
  The Registration/Certification program provides a cost-effective and streamlined alternative to the conventional permitting process for certain off-the-shelf equipment, such as emergency internal combustion engines. We will actively work to identify additional types of off-the-shelf equipment appropriate for inclusion into the program. While this going to be an on-going effort, the process to identify candidate equipment categories is currently commencing.
- **Filing Program (Rule 222)**
  Rule 222 provides yet another cost-effective and streamlined alternative to the conventional permitting process for certain equipment/processes with low emissions profiles by allowing facility owners to operate their equipment/processes by simply filing a registration form with the SCAQMD rather than obtaining a regular permit. The registration form comes with pre-assembled conditions, is extremely easy to complete and process and, very importantly, much less costly to the applicant. While this program is more conducive to smaller, less complex equipment with lower emission profiles, identifying additional candidate equipment for the program that can be

handled through Rule 222 filing instead of traditional permitting not only will help improve customer service but also will go a long way in reducing the number of incoming permit applications to be processed, and thus freeing engineers' time to process other more complex permit applications. While this will be an on-going effort, the identification of equipment categories to be proposed for inclusion in the Rule 222 program will begin in the last quarter of 2016.

- **Improved Training**
  Providing improved training to our staff is a key strategy that will pay dividends over the long run. The following summarizes our efforts to improve our internal training programs:
  - ✓ **New Engineer Training**
    It typically takes months and often years for newly hired engineers to realize their full permit processing potential. Therefore, providing appropriate training to new engineers and equipping them with the necessary knowledge and experience to navigate the intricacies of the permit evaluation process is of utmost importance and may help reduce the maturation process. Our training programs for newly hired engineers has consisted of a lengthy classroom process followed by on-the-job training provided by senior engineers. We are now transitioning to a training program more focused on the on-the-job aspect because it improves comprehension and retention.
  - ✓ **General Engineer Training**
    Appropriate training can help engineering staff become more efficient and effective. We will make efforts to identify and provide effective training that can help engineers make the best use of available tools while enhancing customer service. We will also explore opportunities for cross training to help keep engineers fresh.
- **Permit Processing Handbook**
  The Permit Processing Handbook was released in 1989 and has not been updated since. Therefore, we will initiate the process of reviewing and updating it to ensure it is consistent with current rules and regulations, policies, permitting tools, etcetera. The Handbook will be a valuable resource for the engineers reviewing permit applications. The ad-hoc team for this project will include representatives from each of the permitting teams, as well as from other departments as appropriate to address the relevant issues. As part of our transparency improvement efforts, once updated, we intend to post the handbook on our website. This work is expected to commence during the second quarter of 2017. However, depending on progress made in reducing the backlog and available resources this schedule may be adjusted.
- **Revisit Outdated Policies**
  There are multiple policies developed over the years that need to be reevaluated in an effort to streamline permit processing while continuing to respect the letter and the spirit of the law. Rule 212 - Standards for Approving Permits and Issuing Public Notice described below is a prime example for such an improvement.

Rule 212 establishes several criteria by which applications can trigger public notice requirements. While SCAQMD staff is very much in support of the public's right to know what is happening in the community, there are certain cases in which the noticing process does not provide meaningful information and therefore the substantial delays and investments of time and finances it imposes on both the applicants and SCAQMD are not warranted. In particular, we currently require distribution of a public notice for any application that results in an increase in emissions within 1,000 feet of a school no matter how small the increase—there is no *de minimis* level of emissions increase below which no public notice is required. Therefore, we are investigating options for developing such a *de minimis* level such that if a project results in an increase in emissions that is below the established level in terms of both amount and health risk, noticing will not be required. Additionally, there are two types of situations in which noticing is required even though there is actually no increase in emissions or health risk whatsoever:

- ✓ Re-permitting a source that has been in constant use but lost its permit due to non-payment of annual operating fees. These are sources that have already been subject to engineering review, are only going through the permitting process due to prior non-payment of fees, and do not result in any impact on air quality or public health; from the perspective of the community such permitting activity may not be important.
- ✓ Re-permitting a source (permit to construct) that previously went through the public notice process simply due to the timing of a change of the operator. Specifically, if a public notice is distributed for a project and we issue (a) permit(s) to construct, then a new operator takes over the project before construction commences the new operator is required to submit (a) new application(s) for permit(s) to construct because change of operator is not possible for (a) source(s) that have not commenced construction. The public has already been informed of the emissions and health risk (if any). The costs and delays associated with the noticing process are not justified in cases where the notice would amount to informing the public that a project of which they were already informed is being taken over by a different operator.

We intend to establish an ad-hoc team to revisit the current guidance on these situations, including the underlying rule requirements and statutes, to determine to what extent they can be streamlined. This ad-hoc team will include members from General Counsel's office, Public Affairs, and the permitting teams, as well as from other departments as appropriate. Oversight will be provided at the DEO and COO level with frequent reporting to and feedback from the Executive Officer. This ad-hoc team will commence its efforts in the fourth quarter of 2016 and continue for the duration of the permit backlog effort and beyond.

- **Revisiting Rules**
  - ✓ **Rule 219** - Equipment Not Requiring a Written Permit Pursuant to Regulation II identifies equipment that is exempt from permit requirements. Therefore, identifying additional categories of equipment that have minimal emissions and risk potential and amending Rule 219 to include them will reduce the backlog by rendering certain applications unnecessary. Rule development efforts are currently in progress to evaluate many additional potential exemptions.
  - ✓ **Rule 222** provides an expedited and low-cost alternative to permitting for smaller, simpler equipment and processes with a relatively low emissions profile. Identifying additional such equipment and including them into Rule 222 can provide much needed relief to permit processing by reducing the universe of sources subject to permitting.
  - ✓ **Rule 1309** – Emission Reduction Credits and Short Term Credits, states that the "Executive Officer shall issue ERCs after rule adoption in yearly increments for the first 7 years and a permanent credit thereafter" (see Rule 1309(f)(1)(C)). The intent behind this provision was to increase the fungibility and liquidity of ERCs by allowing facilities to separate their near-term ERCs from the future years and, for example, sell the near-term portion for use by another party while retaining the future years portion for their own use. However, for a variety of reasons, there has actually been virtually no use of this feature and it causes the number of applications required for ERC transactions to grow by a factor of eight. This increase in applications results in a corresponding increase in application fees for the parties to these transactions and in work needed to be done by SCAQMD engineers. As such, amending this provision to give the applicant the choice between traditional ERCs or seven yearly increments and a subsequent permanent ERC will avoid both of these issues while retaining the intended flexibility.

  The ad-hoc team that will be formed to review policies described above will also be tasked to review the underlying rule requirements and statutes to determine to what extent they can be streamlined. This ad-hoc team will include members from General Counsel's office and the permitting teams, as well as from other departments as appropriate. Oversight will be provided at the DEO and COO level with frequent reporting to and feedback from the Executive Officer. This ad-hoc team will commence its efforts in the 4th quarter of 2016 and continue for the duration of the permit backlog effort and beyond. However, the review of the limited number of rules listed above as an example is expected to be completed within three to six months, then they will be prioritized for rule amendments within the next one to three years.

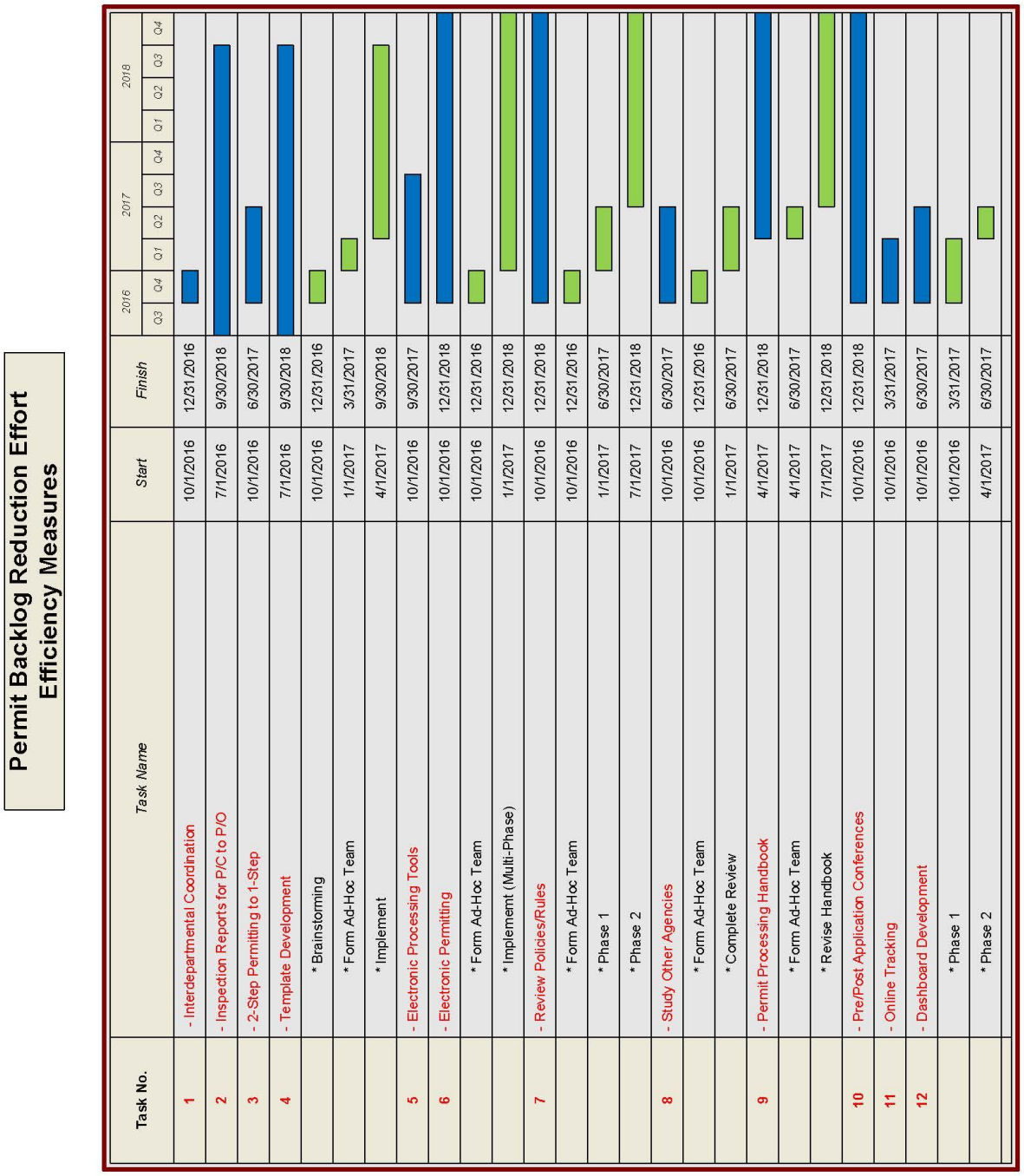
- **Study Other Agencies**
  There are a number of other agencies that have achieved significant strides in streamlining and expediting their permit processing. Therefore, it make sense to review and study the business processes and experiences of other permitting agencies to learn from their successes and failures so that we can incorporate the best ideas into our own

processes and avoid approaches that have been demonstrated to be ineffectual. As a starting point, we will look to a couple of California's other air quality districts (Bay Area Air Quality Management District, San Joaquin Valley Air Pollution Control District) and the Texas Department of Environmental Quality. An ad-hoc team comprised of E&P managers and staff will be deployed for this effort in the 4th quarter of 2016 and is expected to complete its review by the 2nd quarter of 2017.

- **Missing Fees**
  SCAQMD's current practice is to accept permit applications with insufficient application fees provided at least 85 % of the correct fee is included. This business process often results in engineers performing all of the work to process and issue the requested permit and the supervisor to perform the associated review only to be unable to approve the permit due to missing fees. This then results in significant delays and consumption of disproportionate staff time while the engineer attempts to get the facility to submit the missing fees. Acting as collection agents is not an effective use of engineers' time that could be more appropriately used processing additional permit applications. Therefore, we are exploring options to eliminate this problem.
- **Additional Information**
  Another problem routinely encountered by engineers when reviewing permit applications is that the applicant does not provide all of the necessary information even though the missing information was specifically requested in the supplemental application form. The applicants typically explain that they chose not to provide certain requested information because they did not think it was important. Negotiating with the applicant to obtain the missing information is time consuming for engineers and does not represent the best use of their time. As such, our intention is to revise the application forms to make it clearer that the requested information is necessary. This will include incorporating "fill-in-the-blanks" style equipment descriptions in the application forms, which will help applicants understand that the requested information will actually be used. Alternatively, staff is considering issuing two sequential letters requesting the additional information needed by specific deadlines and if the information is not forthcoming consider rejecting the application.
- **Listening Session**
  Staff will hold one or more listening session(s) to solicit input from the Permit Streamlining Task Force and other interested parties regarding this Draft Action Plan.

Figure 5 is a Gantt chart presenting the timeline for implementation of the various efficiency measures. Several items in this Gantt chart are presented as continuing through the fourth quarter of 2018 (*i.e.*, to the right edge of the chart). These are continuous/ongoing efforts that will persist into the future.

Figure 5
Implementation of Efficiency Measures



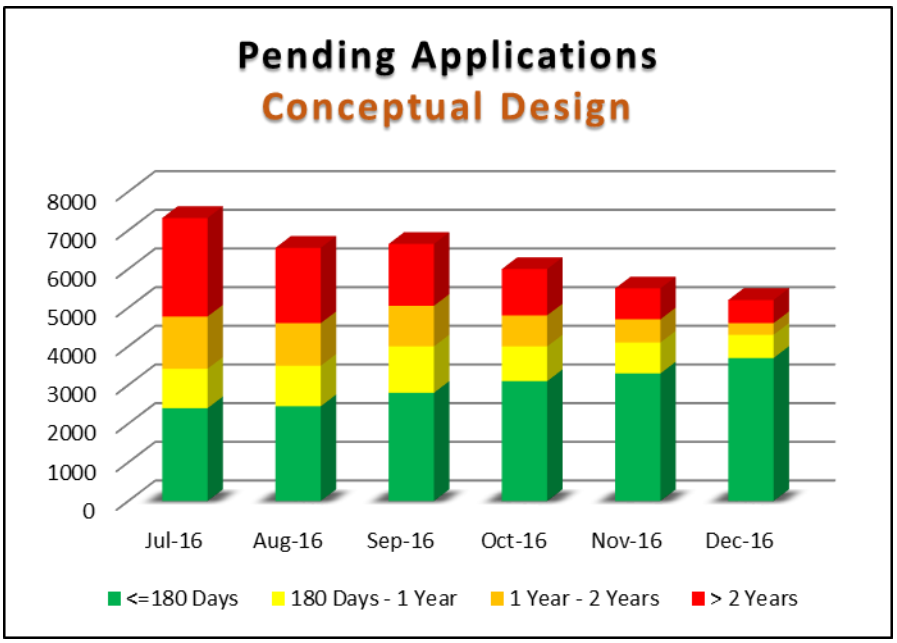
Additional Customer Service and Transparency Improvement Measures

While implementing the measures outlined above and reducing the permit backlog is the best strategy to improve customer service, there are a number of other measures described below that staff intends to implement to provide better customer service and improved transparency.

The above-described listening session(s) will also solicit ideas regarding implementation of these measures.

- **Pre- and Post-Application Conferences between Applicant and Permit Engineer**
  Holding pre-application conferences between the applicant and permit engineer prior to the submittal of an application will help the engineer gain familiarity with the project but will also familiarize the applicant with the permitting process as well as the type of information that will be needed for an expeditious evaluation of the application. Similarly a post-application and post-PC conference will help outline expectations for an expeditious issuance of a PO. Such conferences are already in use in some cases and expansion of their use will commence the fourth quarter of 2016.
- **Online Tracking**
  In addition to the efficiency-related automation projects described above, we intend to build an online tracking tool that applicants will be able to use to monitor the progress of their applications with substantially improved granularity relative to what is currently available. This will also include web posting of Title V and RECLAIM facility permits as they are issued. Work on developing this tool has already commenced and is expected to be completed within the 1st quarter of 2017.
- **Dashboard**
  Staff has developed a simple color coded tool for the public that will communicate the aging status of pending applications (see Figure 6); this phase of the dashboard project should be "live" on our website within a month. We are also working to develop a dashboard for our website that will allow applicants to quickly and easily identify how their applications are progressing through the permitting process relative to the target processing times. The current thinking is that each open application will receive a color code identifying if it is currently on time (green), a little behind schedule (yellow), or significantly behind schedule (red). Developing this application-level dashboard is a far more complex task than is developing the visual representation of the age distribution pending applications described above and shown in concept in Figure 6. As such, it will be developed in phases, starting with updates to our application tracking system to enable it to capture the necessary data for this dashboard to present. Then permitting staff will need to be trained and that data populated. Finally, the dashboard itself will need to be designed, built (programmed), and deployed. Staff is targeting the end of the second quarter of 2017 for dashboard deployment.

Figure 6
Graphical Representation of the Age Distribution of Pending Applications



- **Evaluation and Permit Templates**
  Staff is also exploring the feasibility of making the previously discussed evaluation and permit templates available on our website in the hopes that doing so will help applicants better prepare complete, approvable applications.
- **Permit Processing Handbook**
  Once the Permit Processing Handbook is updated as described above, staff intends to make it available on SCAQMD's website. Similar to the permit templates, it is expected that the availability of the document on the public domain will help future applicants in better preparing complete, approvable applications, which in turn will help expedite the permit evaluation and issuance of permits.

Implementation Scenarios

Eliminating the backlog as expeditiously as possible, as described above, will require significant resource commitments (human and capital) to improve permit production capacity and permit processing efficiency. The following discussion analyzes the implementation of this Action Plan under two different time scenarios including estimation of costs required to eliminate the backlog. The first scenario explores the opportunity to eliminate the backlog in two years, while the second scenario evaluates the prospect of eliminating the backlog in 15 months. Although difficult to quantify, both scenarios assume an across-the-board efficiency improvement in permit processing of five percent in the first year and eight percent in the second year while enhanced management and supervision will provide an additional boost of seven percent. Furthermore, both scenarios rely on our existing permitting resources working

beyond the 40-hour week schedule and mobilizing and temporarily drafting staff with engineering background residing in other departments in to the backlog reduction effort. Relying on internal staff to reduce the backlog has by far the lowest capital expenditure. However, to further expedite the backlog reduction, the second scenario also explores the possibility of hiring contract engineers on a temporary basis.

Data and Assumptions Used in these Analyses

- SCAQMD will continue to receive approximately 6,000 permit applications per year.
- Seventy-nine engineers produced 7,700 permits in Fiscal Year 2015-16, which translates to a production rate of approximately 100 permits per engineer per year.
- The various efficiency measures in this Action Plan will result in an approximately five percent increase in productivity by current permit processing engineers in the first year and eight percent in the second year because these measures will take time to develop and implement and thus will phase in over time. This is equivalent to 385 additional permits in the first year and 616 additional permits per year in subsequent years, or approximately four additional FTE-equivalent permit processing engineers in the first year and six additional FTE-equivalent permit processing engineers in subsequent years.
- The various management/supervision measures in this Action Plan will result in an approximately 7 percent increase in productivity by current permit processing engineers. This is equivalent to 540 additional permits per year or approximately five additional FTE-equivalent permit processing engineers.
- The current costs of engineers are summarized in the following table:

Position	Fully Burdened Hourly Rate	Overtime Hourly Rate	Annual Salary and Benefits
Assistant Air Quality Engineer	$90.52	$80.61	$125,784
Air Quality Engineer I	$97.39	$88.89	$138,260
Air Quality Engineer II*	$101.40	$93.71	$145,522
Senior Air Quality Engineer	$108.56	$102.32	$158,490
Engineering Supervisor (AQACS)	$116.41	$111.78	$172,740

* The Air Quality Engineer II regular rate is assumed to reflect the cost of hiring temporary engineers.

- Newly hired engineers perform at the level of one-third of a seasoned engineer in their first year (Assistant Air Quality Engineer) and two-thirds of a seasoned engineer in their second year (Air Quality Engineer I).
- Temporary engineers have a range of experience levels and perform at the level of one-half of a seasoned engineer.
- It is assumed that ten engineers from other divisions will be identified to contribute to the backlog reduction effort one day per week. Because of the extensive training and/or re-training that will be required, they are further assumed to perform at half the level of permit processing Air Quality Engineers II in the first year they are “borrowed” to help with this effort and three-quarters the level of permit processing Air Quality Engineers II in the

second year. Furthermore, their time contributing to the backlog reduction effort is assumed to be performed during overtime.

- The overall application inventory (working inventory plus backlog) consists of approximately 7,350 applications as of June 21, 2016 (about 2,000 of which had permits to construct issued and were pending permits to operate).
- Since permits to construct serve as temporary permits to operate, we are focusing on the other approximately 5,350 pending applications in the overall inventory with primary emphasis on the backlog of the older 3,724 applications.
- Conversion of permits to construct to permits to operate will not be ignored; inspectors' inspection reports will be utilized to verify installation of equipment as described in permits to construct.
- At 100 permits per engineer per year, 38 full-time employee (FTE)-equivalent engineers[6] will be needed to process the 3,724-application backlog in one year. Eight FTE-equivalent Senior Engineers and 3 FTE-equivalent Engineering Supervisors will be needed to review and approve the work of these engineers. These FTE-equivalent staffing estimates are above and beyond current staffing levels.
- Alternatively, to process the 3,724-application backlog in two years, nineteen FTE-equivalent engineers, four FTE-equivalent Senior Engineers and 1.5 FTE-equivalent Engineering Supervisors will be needed each year to supplement current staffing levels. Note that these are average FTE equivalents for each of the two years and the actual implementation does not need to be evenly distributed over the two years. For example, three newly hired engineers or temporary engineers would yield 1 FTE-equivalent engineers in the first year and 2 FTE-equivalent engineers in the second year for a combined contribution of 3 FTE equivalent engineers to the overall need for 38 FTE equivalent engineers.
- Line item costs are rounded to the nearest hundred thousand dollars, but totals are calculated from unrounded figures.
- These scenarios reflect staffing costs over the next one to two years. Additional funding will be required for items such as automation projects, which are expected to generate cost savings over the long term. The extent of such additional funding is not quantified at this time.

Scenario I:

Scenario I seeks to eliminate the backlog expeditiously relying on better utilization of existing staff in an effort to minimize short- and long-term costs, while maintaining high quality standards. It relies on a blend of efficiency measures, enhanced management and supervision,

[6] Specifying the need for a certain number of "FTE-equivalent engineers" indicates that some combination of measures resulting in an increase in productivity equivalent to the productivity achieved by that same number of fully trained and seasoned engineers; it does not mean that that number of additional engineers is required. For example, both of the Scenarios presented herein includes eight FTE-equivalent engineers from "Efficiency and Enhanced Management/Supervision" (*i.e.*, increased productivity from existing staff resources).

and modest use of overtime. As described below, under this scenario the backlog is eliminated in eight quarters.

- Year 1

Measure	FTE Equivalents	Cost
Efficiency measures	4 Engineers	$0
Enhanced Management/Supervision measures	5 Engineers	$0
Overtime (10 hours/week, every other month)	8 Engineers 1.875 Senior Engineers 0.875 Engineering Supervisors	$1.6 million $0.4 million $0.2 million
Six newly-hired engineers*	2 Engineers	$0
Totals	**19 Engineers** **1.875 Senior Engineers** **0.875 Engineering Supervisors**	**$2.2 million**

* These engineers are already in the budget and were hired effective August 2, 2016, so they do not result in any additional costs.

- Year 2

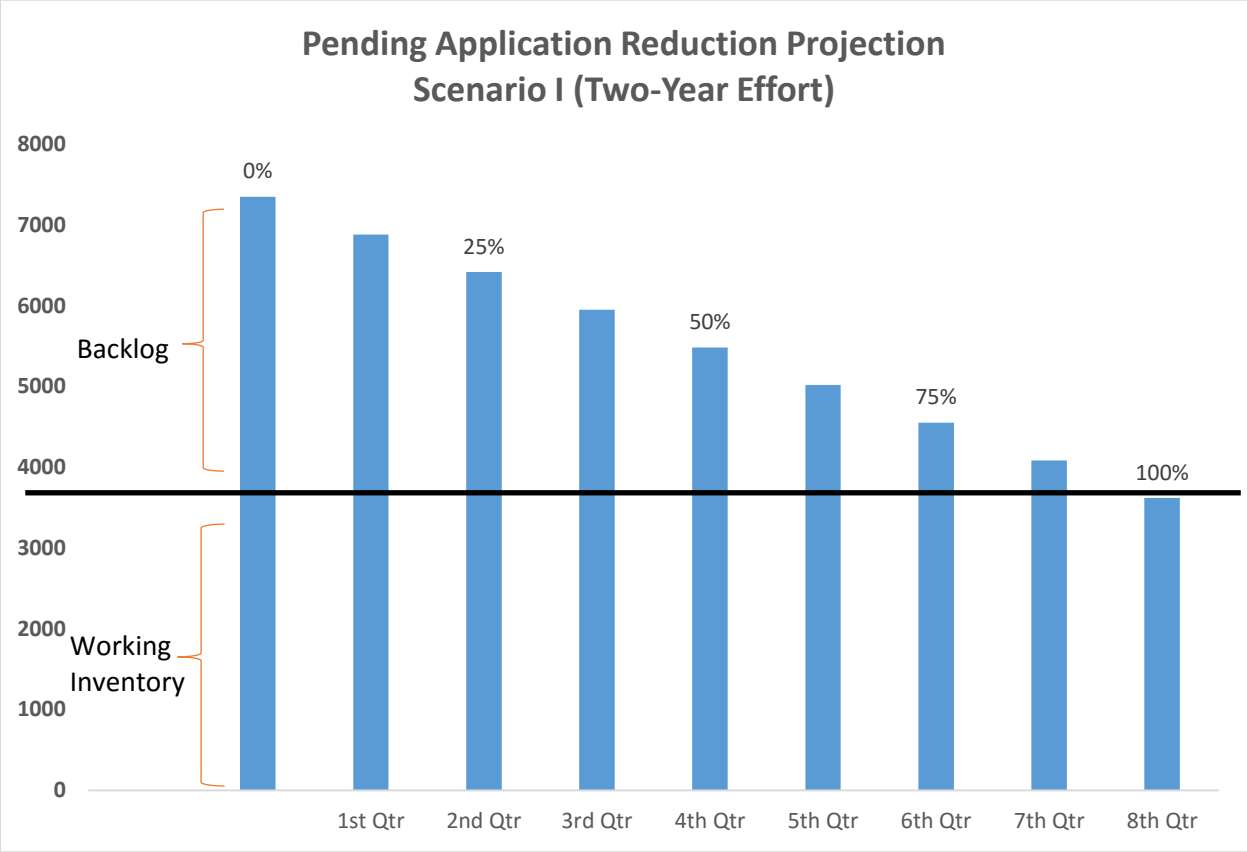
Measure	FTE Equivalents	Cost/Year
Efficiency measures	6 Engineers	$0
Enhanced Management/Supervision measures	5 Engineers	$0
Mandatory Overtime (10 hours/week, every other month)	8 Engineers 1.875 Senior Engineers 0.875 Engineering Supervisors	$1.6 million $0.4 million $0.2 million
Six newly-hired engineers*	4 Engineers	$0
Totals	**23 Engineers** **1.875 Senior Engineers** **0.875 Engineering Supervisors**	**$2.2 million**

* These engineers are already in the budget and were hired effective August 2, 2016, so they do not result in any additional costs.

Over the course of two years this approach yields 42 FTE-equivalent engineers, 3.75 FTE-equivalent senior engineers, and 1.75 FTE-equivalent engineering supervisors at a cost of $4.4 million. As such, this approach would process the 3,724-application backlog in two years. Inter-divisional use of engineers is not required for this scenario as modest use of overtime for experienced permit processing engineers is sufficient in this scenario and more effective than part time use of engineers from other departments, particularly in consideration of the logistical and training issues involved. Note that this scenario results in an FTE-equivalent engineers estimate that is slightly more than the anticipated need (but not of senior engineers or engineering supervisors) and provides a cushion for a potential increase (up to 6%) in the incoming permit applications. Overall this scenario, as depicted in Figure 7, seeks to eliminate the backlog by achieving a quarterly 12.5 % pending application reduction target over eight consecutive quarters (actual reductions may be non-linear with some quarters achieving reductions above 12.5 % and others below). In the event the annual average in-flow of permit

applications is significantly higher than the 6,000 permit applications assumed in this scenario, additional resources would be required to prevent delays to the schedule.

Figure 7
Scenario I



Scenario II:

Scenario II seeks to eliminate the backlog quicker than Scenario I (15 months). It relies on the efficiency measures, enhanced management and supervision, staffing and overtime assumed in Scenario I, and, in addition, the hiring of new engineers (beyond the six hired in August 2016), senior engineers and engineering supervisors, as well as a large number of temporary engineers.

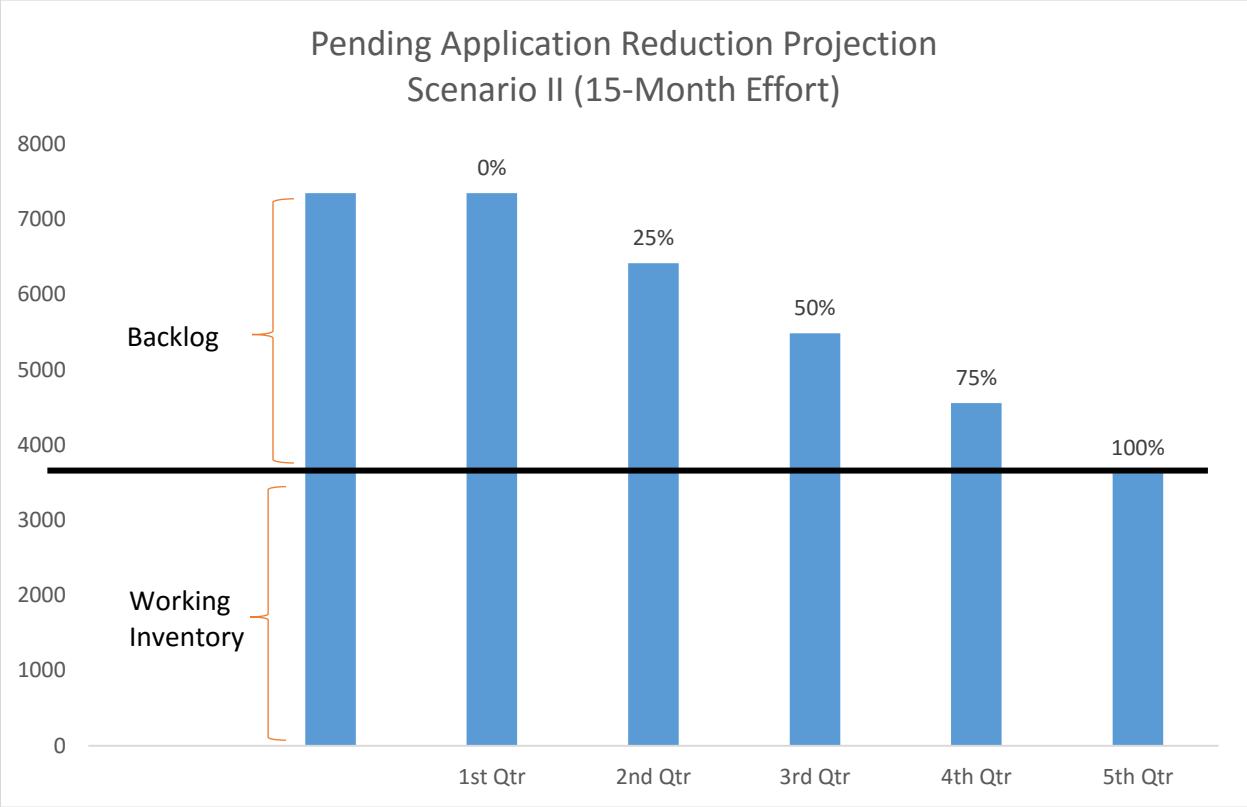
- Year 1

Measure	FTE Equivalents	Cost/Year
Efficiency measures	4 Engineers	$0
Enhanced Management/Supervision measures	5 Engineers	$0
Overtime (every other month) • Engineers: 10 hours/week • Seniors & Supervisors: 12.5 hours/week	8 Engineers 2.3 Senior Engineers 1.1 Engineering Supervisors	$1.6 million $0.5 million $0.3 million
Six newly-hired engineers*	2 Engineers	$0
Twelve newly-hired engineers	4 Engineers	$1.5 million
Six newly-hired senior engineers	6 Senior Engineers	$1.0 million
Two newly-hired engineering supervisors	2 Engineering Supervisors	$0.3 million
Use of 10 Inter-division engineers	1.25 Engineers	$0.5 million
Thirty temporary engineers	15 Engineers	$6.3 million
Totals	**38.25 Engineers** **7.875 Senior Engineers** **2.875 Engineering Supervisors**	**$11.9 million**

* These engineers are already in the budget and were hired effective August 2, 2016, so they do not result in any additional costs.

Over the course of a year this approach would yield 38.25 FTE-equivalent engineers, 1.875 FTE-equivalent senior engineers, and 0.875 FTE-equivalent engineering supervisors at a cost of $11.9 million. As such, this approach would process the 3,724-application backlog in 15 months at approximately 270% of the cost of doing so in two years. Overall, this scenario, as depicted in Figure 8, seeks to eliminate the backlog by achieving a quarterly 25% pending application reduction target over four consecutive quarters. However, this Scenario relies on hiring a large number of temporary engineers, as well as full time engineers, senior engineers, and engineering supervisors—a process that would take several months after it is approved by the Governing Board. As such, Scenario II would be expected to eliminate the backlog by April 2018. This scenario would require that senior engineers and engineering supervisors train and supervise an additional 30 temporary engineers and 12 newly hired engineers. As such, more mandatory overtime is required on the part of the senior engineers and engineering supervisors than is needed from engineers under this scenario. Also, similar to Scenario I, in the event the annual average in-flow of permit applications is significantly higher than the 6,000 permit applications assumed in this scenario, additional resources would be required to prevent delays to the schedule.

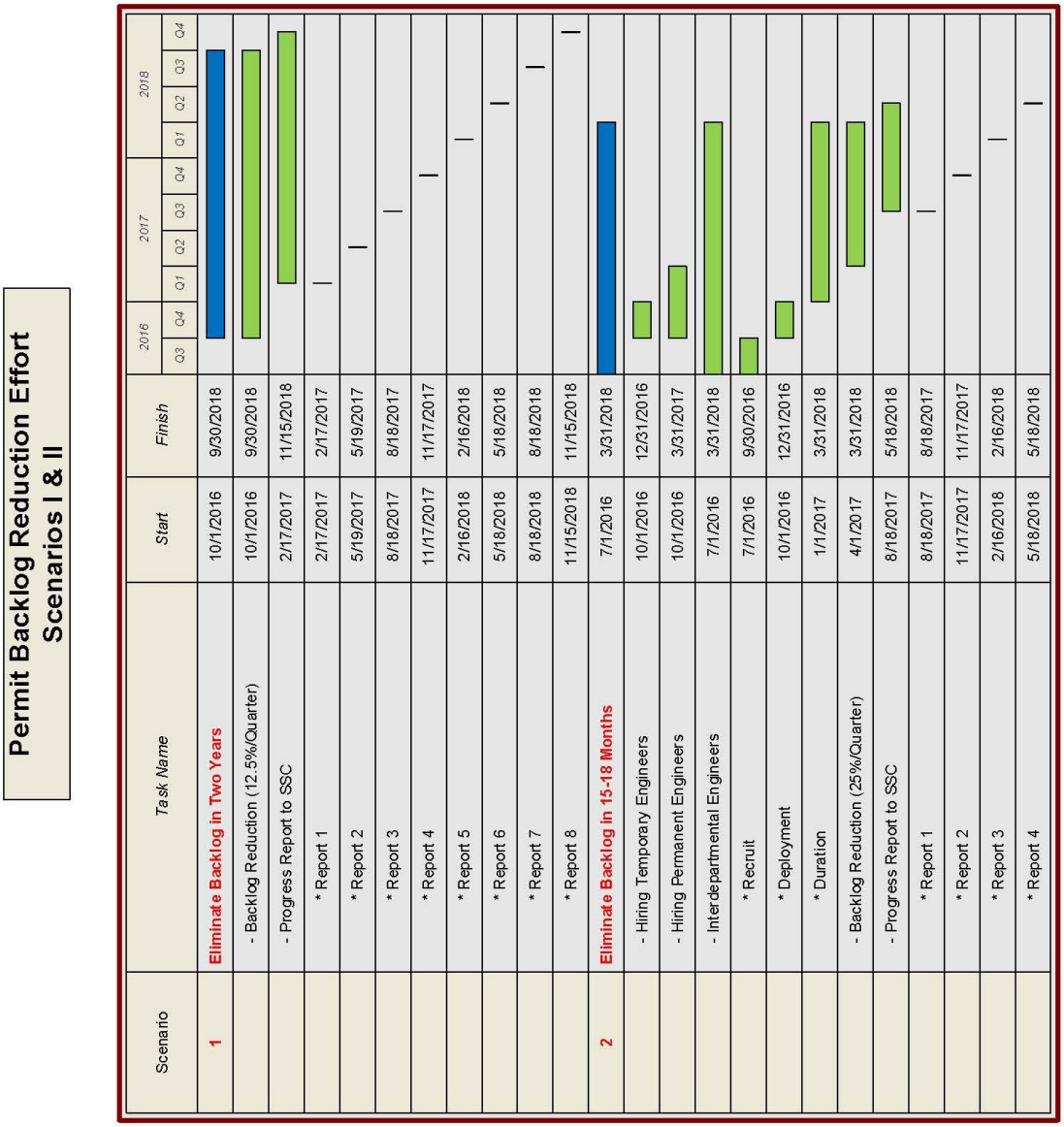
Figure 8
Scenario II



Depending on the resources deployed, both scenarios estimate that through a concentrated and intensive effort the backlog can be eliminated in approximately one-and-a-quarter to two years. The analysis also indicates that the efficacy of the efficiency improvement measures play a big role in determining the ultimate time and resources needed to eliminate the backlog. However, it is also important to be cognizant of certain challenges and vulnerabilities associated with some of the assumptions considered. All scenarios rely on the extensive use of overtime for the duration of the scenarios as a key strategy in eliminating the backlog. It is also assumed that productivity is maintained for the duration of the scenarios. That is, fatigue resulting from long-term use of overtime is assumed not to adversely impact productivity, an assumption supported by limiting the use of mandatory overtime to every other month. Finally, the hiring of additional full-time staff called for in these scenarios has the potential to temporarily bring Engineering and Permitting staffing above the level consistent with an eight percent vacancy rate. However, this increased staffing level would be self-correcting within a short time (one to two years) through attrition. There are currently four Air Quality Engineers, two Senior Engineers, and six Engineering Supervisors in Engineering and Permitting with 30 years or more of service and additional employees in each of those classifications between 25 and 30 years of service. As a result, the retirement rate is expected to remain high for several years. A co-benefit of this short-term overlap of staffing by newly hired engineers and soon-to-be-retired engineers is that it will enable the newly hired engineers to benefit from the knowledge and experience of the most experienced engineers before those engineers retire. It

should also be noted that the cost estimates for either scenario above do not include the costs of developing the various online tools for permitting, computer data base and system upgrades and other automation efforts. The Gantt chart in Figure 9 presents the implementation timelines for Scenarios I and II. As a point of reference, a backlog reduction effort was conducted in the 2001-2002 timeframe, which lasted approximately nine months. It involved the full time efforts of one Senior Engineering Manager, two Senior Engineers, four staff Engineers, and 25 temporary engineers and reduced the inventory of open applications by approximately one third. The cost of that effort was $2.5 million ($3.4 million in 2016 dollars).

Figure 9
Implementation of Scenarios I and II



Scenario	Task Name	Start	Finish
1	Eliminate Backlog in Two Years	10/1/2016	9/30/2018
	- Backlog Reduction (12.5%/Quarter)	10/1/2016	9/30/2018
	- Progress Report to SSC	2/17/2017	11/15/2018
	* Report 1	2/17/2017	2/17/2017
	* Report 2	5/19/2017	5/19/2017
	* Report 3	8/18/2017	8/18/2017
	* Report 4	11/17/2017	11/17/2017
	* Report 5	2/16/2018	2/16/2018
	* Report 6	5/18/2018	5/18/2018
	* Report 7	8/18/2018	8/18/2018
	* Report 8	11/15/2018	11/15/2018
2	Eliminate Backlog in 15-18 Months	7/1/2016	3/31/2018
	- Hiring Temporary Engineers	10/1/2016	12/31/2016
	- Hiring Permanent Engineers	10/1/2016	3/31/2017
	- Interdepartmental Engineers	7/1/2016	3/31/2018
	* Recruit	7/1/2016	9/30/2016
	* Deployment	10/1/2016	12/31/2016
	* Duration	1/1/2017	3/31/2018
	- Backlog Reduction (25%/Quarter)	4/1/2017	3/31/2018
	- Progress Report to SSC	8/18/2017	5/18/2018
	* Report 1	8/18/2017	8/18/2017
	* Report 2	11/17/2017	11/17/2017
	* Report 3	2/16/2018	2/16/2018
	* Report 4	5/18/2018	5/18/2018

Conclusions

Staff developed this Draft Action Plan to address the permit backlog SCAQMD has been experiencing, while improving customer service, issuing permits in a timely manner, enhancing transparency, and keeping the environment whole. This Action Plan includes a suite of aggressive but realistic immediate action and longer term measures that seek to improve permit production capacity and permit processing efficiency. Improved utilization of staff resources, active management of permit processing, automation and permit streamlining, policy solutions and training are among the strategies included in the Action Plan.

Depending on the resources deployed, the Draft Action Plan estimates that the backlog, which currently stands at 50 percent of the pending applications, can be realistically eliminated within a time frame of 15 months to two years. However, the cost of implementing the measures needed to eliminate the backlog in 15 months ($11.9 million) is nearly three times the cost of the measures to do so in two years ($4.4 million).

In an effort to expeditiously reduce the permit backlog, staff intends to proceed with the execution of this Draft Action Plan immediately and aggressively implement all of its elements. Staff has already commenced implementation of certain immediate action measures. Initial results from the first two months (July, August) of implementation are encouraging, yielding a 14 percent reduction in the “open permit applications” inventory.

Furthermore, staff will be providing the Stationary Source Committee with quarterly status reports on progress made. This may include recommending mid-course corrections, depending on actual progress compared to the projections included in this Action Plan.

Permit Application Backlog Reduction

Draft Action Plan



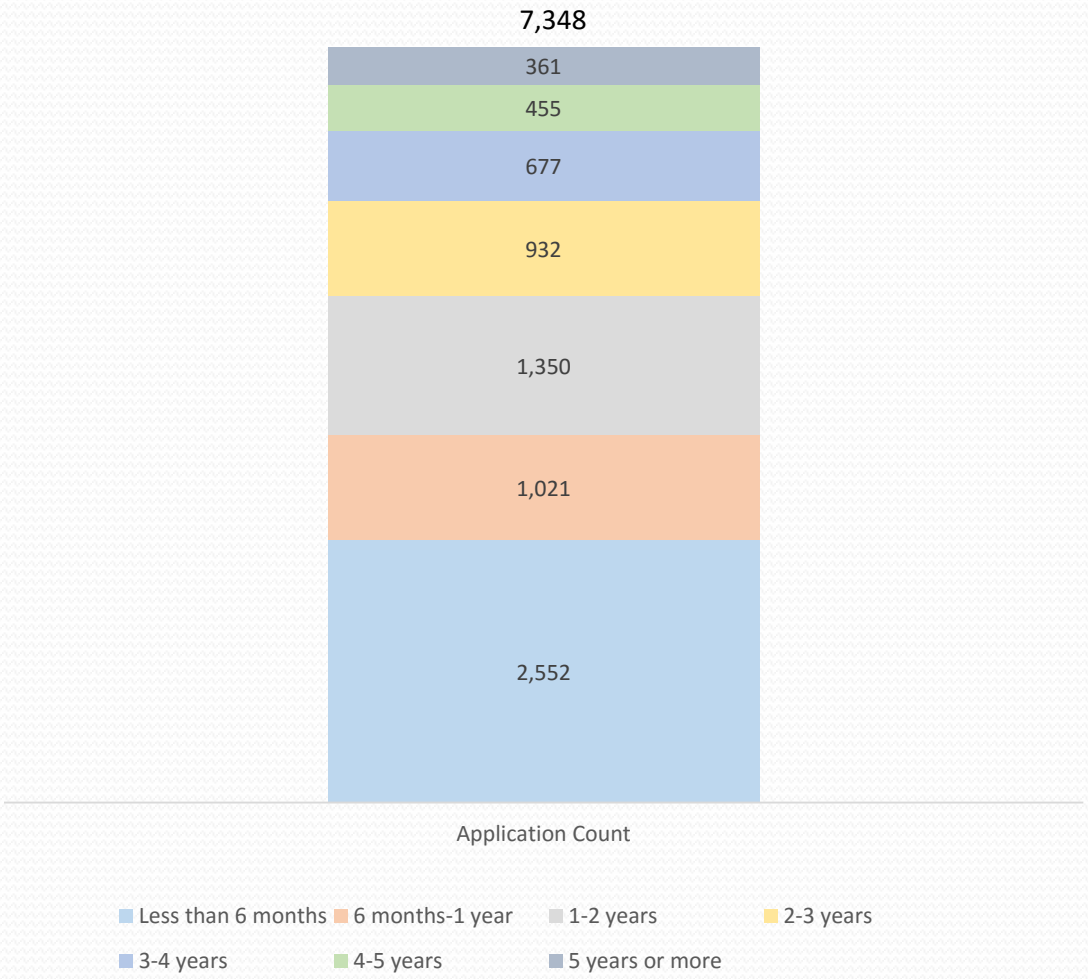
Governing Board Meeting
October 7, 2016

Objectives

- Eliminate Backlog Expeditiously
- Ensure Timely Permit Issuance
- Improve Customer Service
- Improve Transparency
- Keep Environment Whole

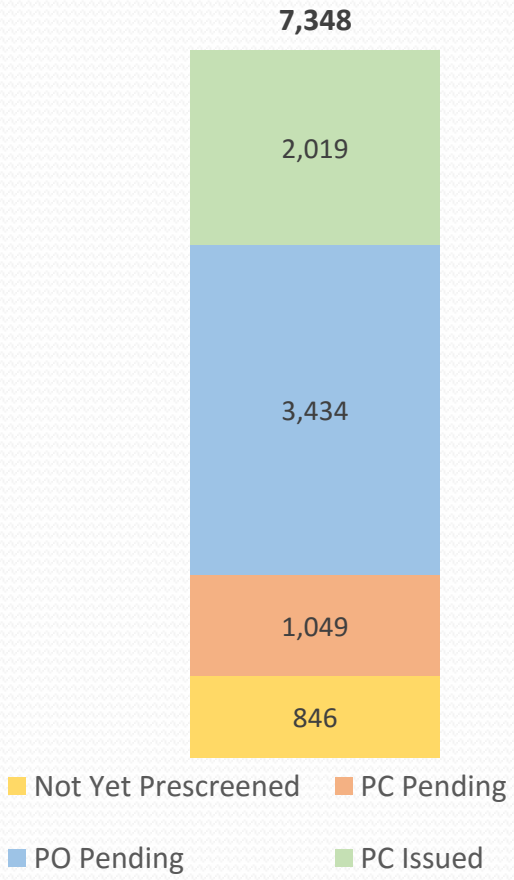


“Open” Permit Applications by Age (as of 6/21/16)



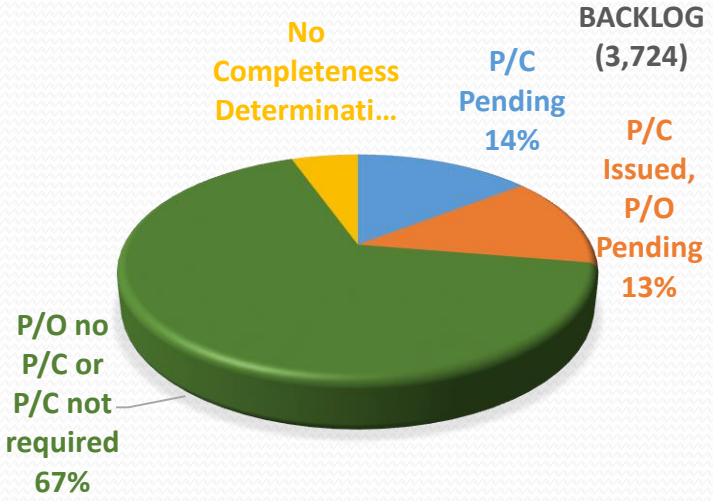
“Open” Permit Applications by Type

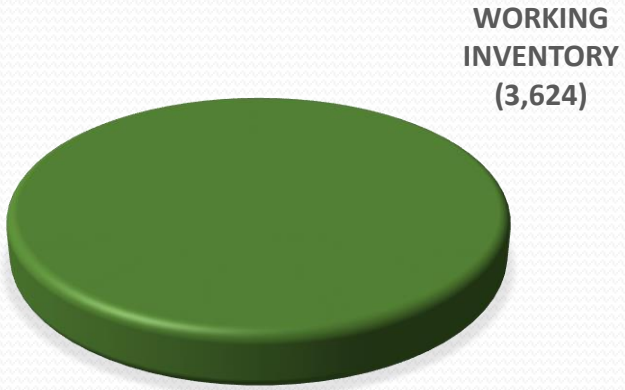
Backlog vs. Working Inventory (as of 6/21/16)



51% Backlog

49% Working Inventory



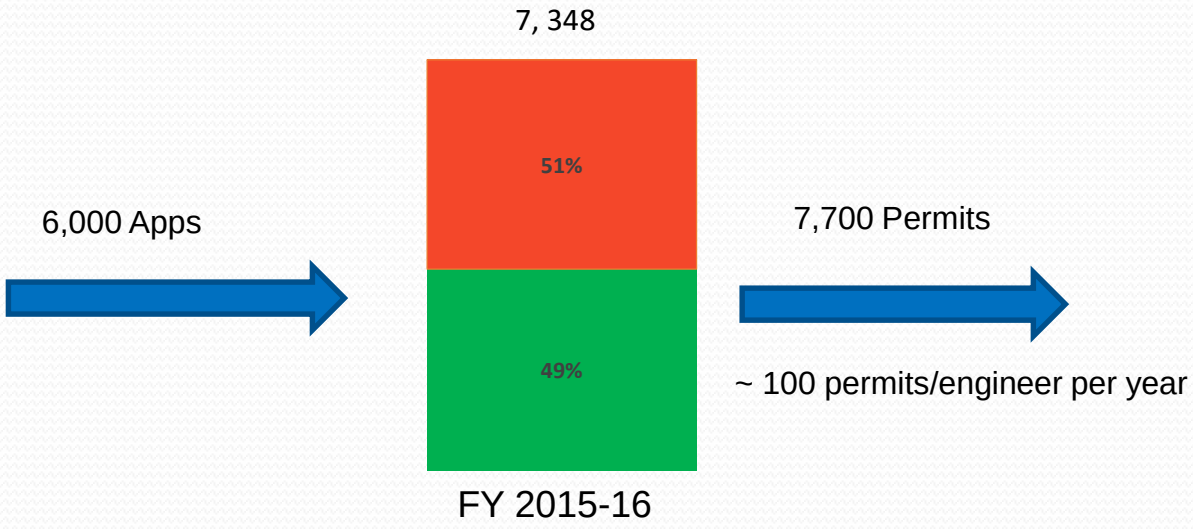


Key Hurdles/Bottlenecks

- Large Projects
- CEQA
- HRA, Modeling, Source Testing Report Review
- BACT/LAER Analysis
- Title V/RECLAIM Permits
- NSR/ERC
- Additional Information
- High Vacancy Rates
- Fees
- NOVs
- Public Notification
- Computer System
- Field Evaluations
- Process Inefficiencies

How Big is the Challenge?

- Must increase productivity by a large %
  - 50% eliminates backlog in one year
  - 25% eliminates backlog in two years



Action Plan

- Improve Production Performance
  - Permit Processing Capacity ↑
  - Permit Processing Efficiency ↑



- Immediate Action and Longer-Term Measures

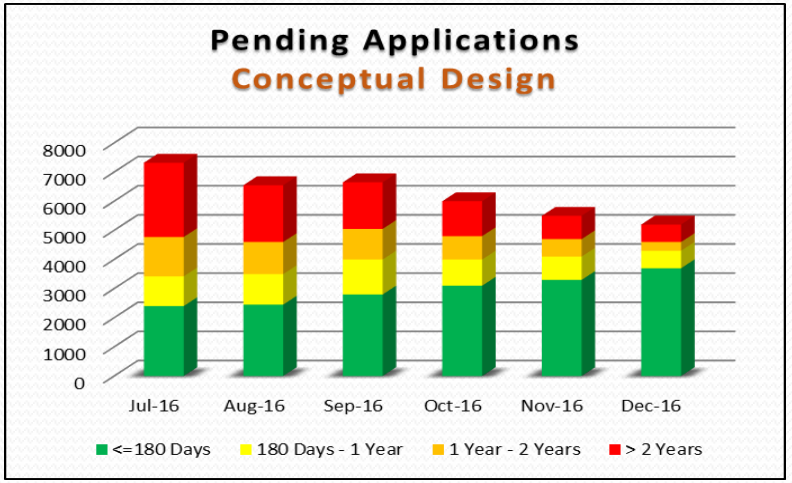
Action Plan (continued)

- Capacity Improvement Measures
  - Active Management/Supervision
  - Reducing High Vacancy Rate
  - Training
  - Weekend Work
  - Temp/Perm Hires
  - Other
- Efficiency Measures
  - Better Interdepartmental Coordination
  - Revise Outdated Policies/Rules
  - **Automation**
    - Electronic Tools
  - Other



Customer Service/Transparency Measures

- Pre- and Post-Application Conferences
- Online Tracking
- Dashboard
- Website Uploads
  - Permit Templates
  - Permit Processing Handbook



Implementation

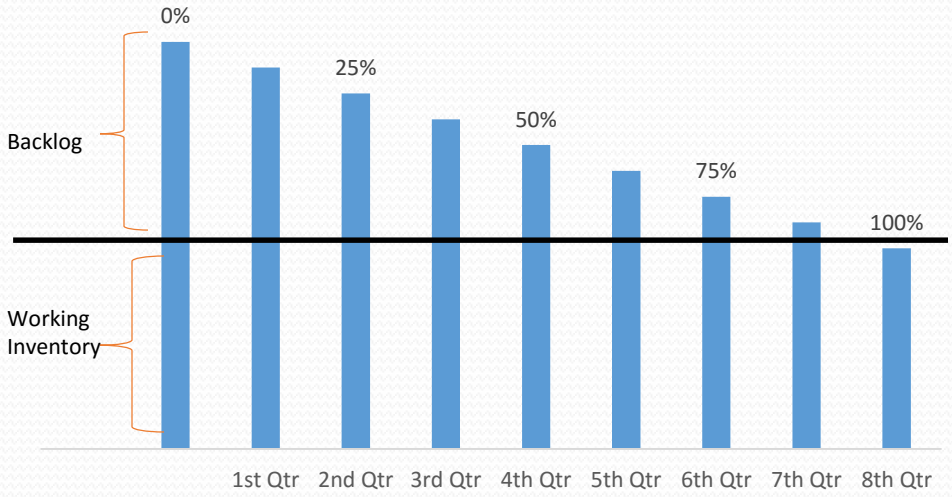
- Work with Stakeholders
- Multiple Ad-Hoc Teams
- Oversight at DEO/COO/EO Level
- Timelines/Milestones Established
- 2 Scenarios for Consideration

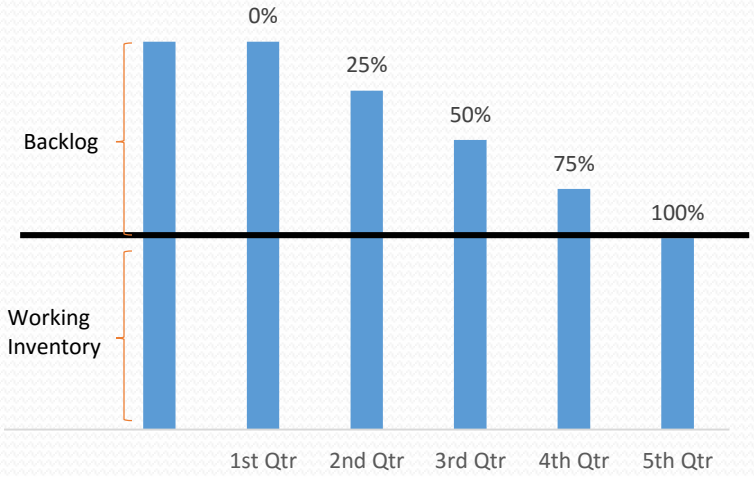


Backlog Elimination Scenarios

- Scenario 1 (Two-Year Effort)
  - Efficiency Measures
  - Enhanced Sup/Management
  - Existing Staff + OT
  - Cost: $2.2M/yr for 2 yrs +
    $1M/yr for 5 yrs for automation

- Scenario 2 (15-Month Effort)
  - Same as Scenario 1 +
  - Additional Temp/Perm Staff
  - Cost: $11.9M +
    $1M/yr for 5 yrs for automation



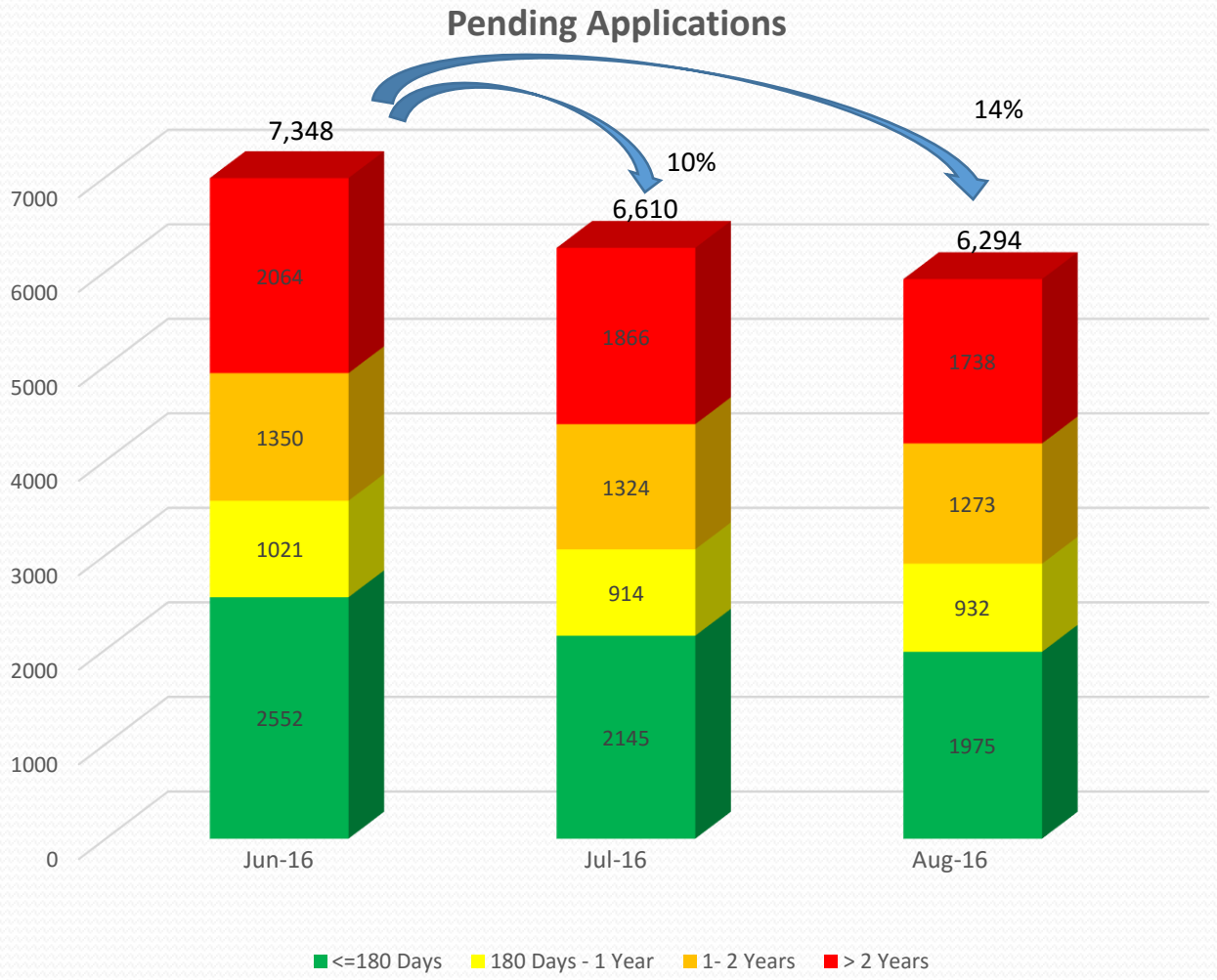


Conclusions



- Seeking Board direction regarding scenario choice
- Action Plan
  - Aggressive but realistic & achievable
- Living Document
- Road Map for Staff
- Automation is a **“Must”** for Sustainable Gains
- Quarterly Progress Updates to SSC

Encouraging Early Results



Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 34

PROPOSAL: Amend BACT Guidelines and Approve Charter for BACT Scientific Review Committee

(Staff is recommending that the public hearing on this item be continued to the December 2, 2016 Board Meeting.)

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 35

PROPOSAL: Amend Rules 307.1, 1401, and 1402 and Approve Draft SCAQMD Public Notification Procedures for Facilities Under Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402 and Draft SCAQMD Guidelines for Participating in Rule 1402 Voluntary Risk Reduction Program

SYNOPSIS: Proposed Amended Rule 1402 includes a voluntary program to allow facilities to implement early risk reduction measures that go beyond the Action Risk threshold in Rule 1402 with an alternative public notification approach. In addition, Proposed Amended Rule 1402 streamlines implementation, and includes provisions for potentially high risk facilities and other amendments to improve clarity. The "Public Notification Procedures for Phase I and II Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)" has been revised and "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" has been developed. Proposed Amended Rule 307.1 includes a fee category for Voluntary Risk Reduction facilities, a provision for the facility owner or operator to pay for costs associated with public meetings required by Rule 1402 and updates the reference to the most current Prioritization Procedures. Proposed Amended Rules 1401 and 1402 will remove provisions that require staff to report to the Board regarding changes from OEHHA regarding new or revised toxic air contaminant health values but instead discuss these changes and the potential impacts to permitting and AB 2588 in the AB 2588 Annual Report.

COMMITTEE: Stationary Source, October 16, 2015 and July 22, 2016, Reviewed

RECOMMENDED ACTIONS:

1. Adopt the attached resolution:
   a. Certifying the Final Environmental Assessment for Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory, Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants, Proposed Amended Rule 1402 – Control of Toxic Air Contaminants from Existing

Sources, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program;

b. Determining that Proposed Amended Rule 307.1 is exempt from the California Environmental Quality Act;
c. Amending Rules 307.1, 1401, and 1402;

2. Approve:
   a. SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402; and
   b. SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program.

Wayne Nastri
Acting Executive Officer

PF:SN:MM:UV

Background

Rule 1402 – Control of Toxic Air Contaminants from Existing Sources establishes facility-wide health risk requirements for existing facilities that emit toxic air contaminants and implements the Air Toxics Hot Spots Act (AB 2588). In June 2015, the Board amended Rule 1402 to incorporate the Revised Office of Environmental Health Hazard Assessment (OEHHA) Guidelines for estimating health risk. Some stakeholders commented that although facility-wide emissions have not changed, their estimated health risk would be higher under the Revised OEHHA Guidelines and requested an approach that would allow stakeholders to reduce facility-wide risk beyond current requirements with a modified public notification process. In response to stakeholder comments, the Board directed staff to continue to work with stakeholders to incentivize early risk reductions beyond those required under Rule 1402, to assess public notification procedures, and explore alternatives for such facilities.

Proposal

Proposed Amended Rule 1402 includes a Voluntary Risk Reduction Program that allows facilities that commit to reducing their health risk 60 percent below the current risk reduction thresholds to use a modified public notification approach. The Voluntary Risk Reduction Program is available to those facilities whose health risks have been previously evaluated as demonstrated through a Health Risk Assessment approved or prepared by SCAQMD staff. This program incorporates the submittal of an Air Toxics Inventory Report with a Voluntary Risk Reduction Plan such that implementation of risk reduction measures would be completed 16 months sooner than the traditional Rule 1402 process.

In addition to the Voluntary Risk Reduction Program, Proposed Amended Rule 1402 includes special requirements for Potentially High Risk Level Facilities, those facilities with an estimated cancer risk that exceeds 100 in-one-million. Potentially High Risk Facilities must implement an Early Action Reduction Plan to immediately reduce elevated health risks. Implementation of the Early Action Reduction Plan will occur while the facility is concurrently preparing their Health Risk Assessment and Risk Reduction Plan. The proposed amended rule also includes provisions to streamline implementation by reducing submittal times for Health Risk Assessments and Risk Reduction Plans, reducing the time to implement Risk Reduction Plans by six months, and allowing a one-time time extension of 2½ years as opposed to multiple 2-year time extensions. Proposed Amended Rule 1402 incorporates requirements that improve the overall clarity and provides greater transparency of the submittal, review, and approval process of Air Toxics Inventory Reports, Health Risk Assessments, and Risk Reduction Plans.

In addition to Proposed Amended Rule 1402, Proposed Amended Rule 307.1 includes a fee category for Voluntary Risk Reduction facilities and a provision for the facility owner or operator to directly pay for costs associated with Rule 1402 public meetings or to reimburse SCAQMD for such costs; neither provisions add any additional costs. Fees for facilities that elect to participate in the Voluntary Risk Reduction Program are identical to those fees that would be assessed if the facility complied through the traditional Rule 1402 pathway. Fees to directly pay or reimburse SCAQMD for public meetings are identical to the cost of a facility conducing the public meeting. Other minor changes are included for clarification.

Additionally, Proposed Amended Rules 1401 and 1402 will streamline reporting of OEHHA changes and their impacts of new or revised toxic air contaminant health values on permitting and AB 2588. Staff will report this information annually in the AB 2588 Annual Report, compared to each time OEHHA adds or revises toxic air contaminant health values.

The "Public Notification Procedures for Phase I and II Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)" (Public Notification Procedures) were updated by incorporating the modified public notification procedures for facilities that elect to participate in the Voluntary Risk Reduction Program and revisions to require the SCAQMD staff to conduct the public notification meeting. In addition, the "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" (Voluntary Guidelines) include information for facilities that elect to participate in the Voluntary Risk Reduction Program.

Public Process
Proposed Amended Rules 307.1, 1401, and 1402, Public Notification Procedures, and Voluntary Guidelines were developed through a public process. Through the rulemaking process, staff held four stakeholder Working Group Meetings to discuss provisions of the proposed rules and associated documents. The SCAQMD staff also provided monthly briefings to Environmental Groups regarding the proposed amendments. In addition, staff held a Public Workshop on August 10, 2016. The proposed rules and associated documents were also discussed at Stationary Source Committee meetings on October 16, 2015 and July 22, 2016.

Key Outstanding Issue
Staff has worked with stakeholders to address comments and resolve issues and staff is not aware of any key outstanding issues.

California Environmental Quality Act
Pursuant to the California Environmental Quality Act (CEQA) Guidelines §15252 and §15070 and the SCAQMD's Certified Regulatory Program (Rule 110), the SCAQMD, acting as Lead Agency, has prepared an Environmental Assessment (EA) for the following proposed project:

- Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory;
- Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants;
- Proposed Amended Rule 1402 – Control of Toxic Air Contaminants from Existing Sources;
- SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402; and
- SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program.

The environmental analysis in the Draft EA concluded that the proposed project would result in less than significant environmental impacts.

The Draft EA was circulated for a 30-day public review and comment period from August 23, 2016 to September 22, 2016. Comments have been received from the public regarding the Draft EA and responses to the comments have been prepared and are included in the Final EA. Subsequent to the release of the Draft EA for public review and comment, modifications were made to the proposed project. These modifications are reflected in the Final EA as underlined/strikethrough text. Staff has reviewed the modifications to the proposed project and concluded that none of the modifications constitute: 1) significant new information which discloses that a significant new environmental impact would result from the project or that there would be a substantial

increase in the severity of an environmental impact; or 2) provide new information of substantial importance relative to the Draft EA. As a result, the modifications do not require recirculation of the documents pursuant to CEQA Guidelines §15973.5 and §15088.5. Therefore, the document is now a Final EA and is included as an attachment to this Board package.

In addition, SCAQMD staff has reviewed the proposed amendments to Rule 307.1 and because these amendments are strictly administrative in nature, it can be seen with certainty that there is no possibility that the adoption of the proposed amendments to Rule 307.1 may have a significant adverse effect on the environment [General Rule Exemption – CEQA Guidelines §15061 (b)(3)]. Additionally, Proposed Amended Rule 307.1 is statutorily exempt from CEQA requirements, pursuant to CEQA Guidelines §15273 – Rates, Tolls, Fares, and Charges, because the proposed amendments to Rule 307.1 involve charges by public agencies for the purpose of meeting operating expenses and financial reserve requirements. A Notice of Exemption has been prepared for the proposed amendments to Rule 307.1 pursuant to CEQA Guidelines §15062 – Notice of Exemption. If the proposed amendments to Rule 307.1 are approved, a Notice of Exemption will be filed with the county clerks immediately following adoption of Proposed Amended Rule 307.1.

Socioeconomic Analysis

Proposed Amended Rule 1401 is intended to provide additional clarity and is administrative in nature, and therefore, will not have any associated cost impacts. Proposed Amended Rule 307.1 includes a fee category for Voluntary Risk Reduction facilities and a provision to either directly pay or reimburse SCAQMD for costs associated with Rule 1402 public meeting requirements. These are not additional costs. The fee is identical to the fee for the Facility Program Category "PS>10, No HRA". The Voluntary Risk Reduction Program is voluntary and facilities that elect to not participate, would have paid the same total fee if they were to forego the voluntary option and instead remain on the traditional Rule 1402 pathway. Revisions to the Public Notification Procedures establish that the SCAQMD staff will be planning and conducting public meetings instead of the affected facility. Therefore, this provision was added to allow SCAQMD to be reimbursed for the costs of conducting the public meetings or for the facility to pay these costs directly. The cost for these public notification meetings are not expected to change.

The associated cost of Proposed Amended Rule 1402 is estimated based on the types of pollution controls that could potentially reduce total facility risk below the Voluntary Risk Threshold. The cost impacts presented should be viewed with the caveat that all additional costs are voluntary. Facilities that do not wish to participate may follow the traditional risk assessment and reduction pathway for which all costs were already analyzed in the June 2015 rule amendments. The associated total annual compliance cost of the Voluntary Risk Reduction Program in Proposed Amended Rule 1402,

assuming 100% of the eligible facilities participate, is estimated to range from $1.07 million to $1.17 million, depending on the real interest rate assumed (1%-4%). The proposed amendments are expected to result in approximately 10 annual jobs forgone between 2017 and 2030 when it is assumed that facilities would finance capital costs of control equipment at a 4-percent real interest rate and that all equipment and services would be purchased from businesses located within the region. There are no expected cost impacts from Voluntary Guidelines because changes to the guidance documents are administrative in nature and do not impose any additional costs to the affected facilities.

AQMP and Legal Mandates

Rules 307.1, 1401, and 1402 are mandated by state requirements. Pursuant to Health & Safety Code Section 40460 (a), the SCAQMD is required to adopt an Air Quality Management Plan (AQMP) demonstrating compliance with all federal regulations and standards. The SCAQMD is required to adopt rules and regulations that carry out the objectives of the AQMP. Proposed Amended Rules 307.1, 1401, and 1402 are not control measures in the 2012 AQMP but are needed to reduce exposure and associated health risk impacts from toxic emissions from stationary sources. Proposed Amended Rules 307.1, 1401, and 1402 will not be submitted for inclusion into the State Implementation Plan; however, they help implement SCAQMD's AB 2588 Risk Reduction Program under Health and Safety Code 44300 et seq.

Implementation and Resource Impact

Existing SCAQMD resources will be used to implement Proposed Amended Rules 307.1, 1401, and 1402.

Attachments

A. Summary of Proposal
B. Key Issues and Responses
C. Rule Development Process
D. Key Contacts List
E. Resolution
F1-F3. Proposed Amended Rules 307.1, 1401, and 1402
G. Staff Report for Proposed Amended Rules 307.1, 1401, and 1402
H. Socioeconomic Impact Assessment
I. Final Environmental Assessment
J. Notice of Exemption from the California Environmental Quality Act for Proposed Amended Rule 307.1
K. SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402
L. SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program
M. Board Meeting Presentation

ATTACHMENT A

SUMMARY OF PROPOSAL

Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory; Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants; and Proposed Amended Rule 1402 – Control of Toxic Substances Air Contaminants from Existing Sources

Proposed Amended Rule 1402

- Provisions for a Voluntary Risk Reduction Program
  - Eligible facilities may elect to participate and must reduce facility-wide risk below Voluntary Risk Threshold (MICR of ten in one million)
  - Modified public notification for Voluntary Risk Reduction Facilities will be conducted by SCAQMD and will be placed on the SCAQMD website and AB 2588 Annual Report
  - Implementation of Voluntary Risk Reduction Plan must occur within two and a half years
- Provisions for Potentially High Risk Level Facilities
  - Require submittal and implementation of Early Action Reduction Plan to immediately address key toxic health risk drivers
  - Add requirement for concurrent submittal of Air Toxics Inventory Report, Health Risk Assessment, and Risk Reduction Plan
- Separate submittal of Air Toxics Inventory Reports and Health Risk Assessments to avoid unnecessary submittals of Health Risk Assessments when the Air Toxics Inventory Report shows the facility is below the Notification Risk Level
- Added submittal and approval requirements for Air Toxics Inventory Reports
- Added source test requirements
- Added approval requirements for Health Risk Assessments
- Reduce submittal date of Risk Reduction Plans from 180 to 120 days.
- Change the implementation time for Risk Reduction Plans to two and a half years from plan approval date instead of three years from the date of plan submittal
- Limit time extensions to a one-time two and a half year time extension instead of multiple two-year extensions

Proposed Amended Rule 1401 and 1402

- Consolidate reporting of new or modified risk values for toxic air contaminants by OEHHA by reporting this information annually through the AB 2588 Annual Report instead of after each revision by OEHHA

Proposed Amended Rule 307.1

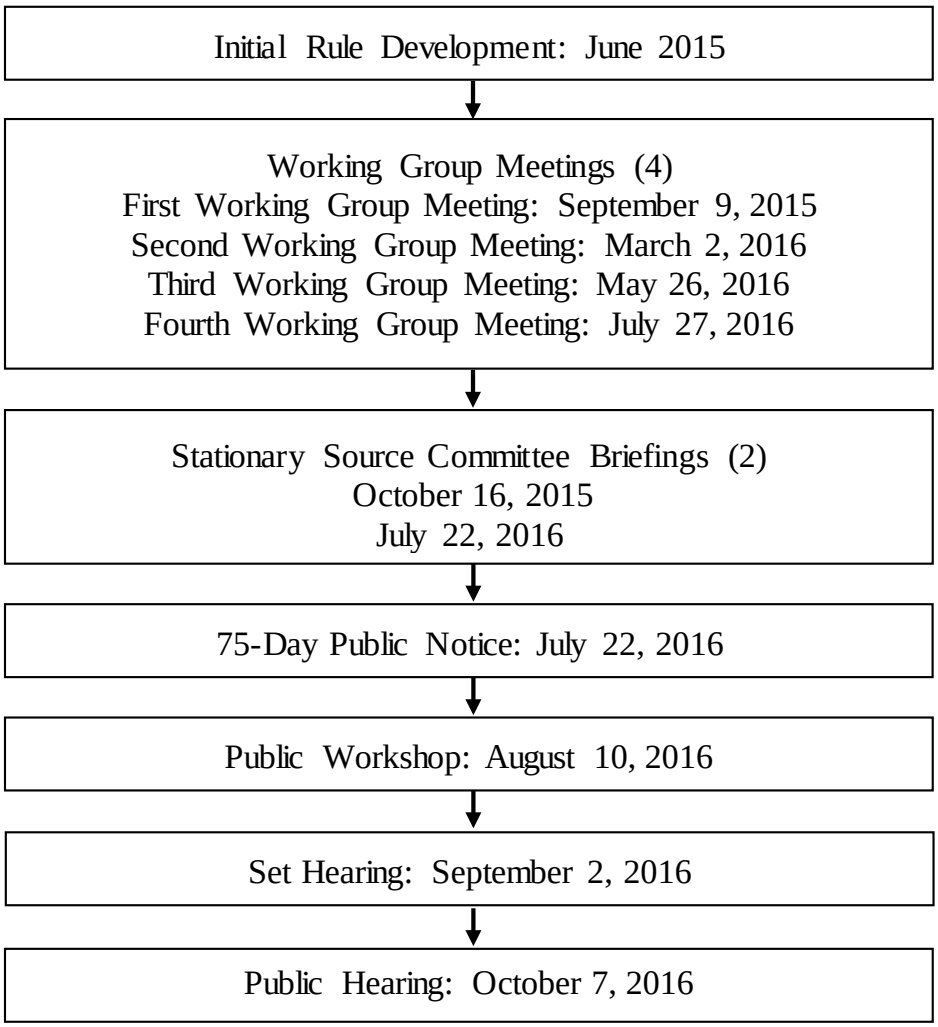
- Add fee categories for Voluntary Risk Reduction Program and Public Meetings.

ATTACHMENT B
KEY ISSUES AND RESPONSES

Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory; Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants; and Proposed Amended Rule 1402 – Control of Toxic Air Contaminants from Existing Sources
Staff is not aware of any key outstanding issues.

ATTACHMENT C

RULE DEVELOPMENT PROCESS
PAR 307.1 – Alternative Fees for Air Toxics Emissions Inventory
PAR 1401 – New Source Review of Toxic Air Contaminants
PAR 1402 – Control of Toxic Air Contaminants from Existing Sources



16 months spent in rule development.
1 Public Workshop.
4 Working Group Meetings.

ATTACHMENT D

KEY CONTACTS LIST

ACE Clearwater

Advanced Environmental Controls

AECOM

Alta Environmental

AMEC Engineering

Associates Environmental

The Boeing Company

Bowman Plating

BreitBurn Energy

California Council for Environmental and Economic Balance

California Small Business Alliance

California Steel Industries

Chevron Products Company

Citadel Environmental Services

City of Corona Department of Water and Power

Davenport Engineering

Disneyland Resort

Downs Energy Fuel & Lubricants

Ducommun Aero Structures

Environmental Resources Management

ES Engineering Services

ExxonMobil Refining & Supply Company

Grifols

Inland Empire Utilities Agency

JE Compliance Services

Kimberly-Clark

Kinder Morgan Energy Partners

Metal Finishing Association of Southern California

Metal Surfaces

NBCUniversal

NRG Energy

Orange County Sanitation District

Paramount Petroleum

Phillips 66

Pillsbury

RadTech

Ramboll Environ

Sanitation Districts of Los Angeles County

SC Fuels

Southern California Air Quality Alliance

Southern California Alliance of Publicly Owned Treatment Works

Southern California Edison

StandardAero

Tesoro Petroleum Corporation

TST

Trinity Consultants

University of California, Riverside

University of Southern California

Valero Energy

Western States Petroleum Association

ATTACHMENT E

RESOLUTION NO. 16-_____

A Resolution of the Governing Board of the South Coast Air Quality Management District (SCAQMD) certifying the Final Environmental Assessment for: Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants; Proposed Amended Rule 1402 – Control of Toxic Air Contaminants from Existing Sources; SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program.

A Resolution of the SCAQMD Governing Board determining that Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory is exempt from the requirements of the California Environmental Quality Act (CEQA).

A Resolution of the SCAQMD Governing Board amending Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory, Rule 1401 – New Source Review of Toxic Air Contaminants, and Rule 1402 – Control of Toxic Air Contaminants from Existing Sources.

A Resolution of the SCAQMD Governing Board approving SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402 and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program.

WHEREAS, the SCAQMD Governing Board finds and determines that the proposed amendments to Proposed Amended Rule (PAR) 307.1 – Alternative Fees for Air Toxics Emissions Inventory, PAR 1401 – New Source Review of Toxic Air Contaminants, and PAR 1402 – Control of Toxic Air Contaminants from Existing Sources, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program are considered a "project" pursuant to the California Environmental Quality Act (CEQA) and that the proposed project would not have significant adverse effect on the environment; and

WHEREAS, the SCAQMD Governing Board finds and determines that the proposed amendments to PAR 307.1 – Alternative Fees for Air Toxics Emissions Inventory are considered a "project" pursuant to CEQA per CEQA Guidelines Section 15002 (k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and

WHEREAS, the SCAQMD has had its regulatory program certified pursuant to Public Resources Code Section 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 CEQA Guidelines Sections 15251, 15252, and 15070, setting forth the potential environmental consequences of PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program; and

WHEREAS, the Draft EA was circulated for 30-day public review and comment period, from August 23, 2016 to September 22, 2016; and

WHEREAS, the Draft EA has been revised to include comments received on the Draft EA and the responses, so that is now a Final EA; and

WHEREAS, the SCAQMD Governing Board finds and determines that after conducting a review of PAR 307.1 in accordance with CEQA Guidelines Section 15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA, PAR 307.1 is determined to be exempt from CEQA; and

WHEREAS, the SCAQMD Governing Board finds and determines that it can be seen with certainty that there is no possibility that PAR 307.1 may have any significant effects on the environment, and is therefore, exempt from CEQA pursuant to CEQA Guidelines Section 15061 (b)(3) – Activities Covered By General Rule. Further, PAR 307.1 is also statutorily exempt from CEQA pursuant to CEQA Guidelines Section 15273 - Rates, Tolls, Fares and Charges, because PAR 307.1 involves the modification and structuring of charges by public agencies for the purpose of meeting operating expenses and financial reserve requirements; and

WHEREAS, SCAQMD staff has prepared a Notice of Exemption for PAR 307.1, that is completed in compliance with CEQA Guidelines §15062 – Notice of Exemption; and

WHEREAS, PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program and their supporting documentation, including but not limited to, the Final EA, the Socioeconomic Impact Assessment, the Staff Report, and the Notice of Exemption for PAR 307.1, were presented to the SCAQMD Governing Board and the SCAQMD Governing Board has reviewed and considered the entirety of this information, as well as has taken and considered staff testimony and public comment prior to approving the project; and

WHEREAS, it is necessary that the adequacy of the Final EA, including responses to comments, be determined by the SCAQMD Governing Board prior to its certification; and

WHEREAS, Findings pursuant to Public Resources Code Section 21081.6 and CEQA Guidelines Section 15091 and a Statement of Overriding Considerations pursuant to CEQA Guidelines Section 15093 were not prepared because the analysis of the proposed project shows that PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program would not have a significant adverse effect on the environment, and thus, are not required; and

WHEREAS, pursuant to CEQA Guidelines Section 15252 (a)(2)(B), since no significant adverse impacts were identified, no alternatives or mitigation measures are required and thus, a Mitigation Monitoring Plan pursuant to Public Resources Code Section 21081.6 and CEQA Guidelines Section 15097, has not been prepared; and

WHEREAS, the SCAQMD Governing Board voting on PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program., has reviewed, considered, and approved the Final EA, including responses to comments, prior to its certification; and

WHEREAS, the Final EA reflects the independent judgment of the SCAQMD; and

WHEREAS, the SCAQMD Governing Board finds and determines, taking into consideration the factors in section (d)(4)(D) of the Governing Board

Procedures (codified as Section 30.5(4)(D) of the Administrative Code), that the modifications which have been made to PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program since the notice of public hearing was published do not significantly change the meaning of the proposed project within the meaning of Health and Safety Code Section 40726 and would not constitute significant new information requiring recirculation of the Draft EA pursuant to CEQA Guidelines Sections 15073.5 and 15088.5; and

WHEREAS, PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program are not control measures in the 2012 Air Quality Management Plan (AQMP) and were not ranked by cost-effectiveness relative to other AQMP control measures in the 2012 AQMP, and furthermore, pursuant to Health and Safety Code Section 40910, cost-effectiveness in terms of dollars per ton of pollutant reduced is only applicable to rules regulating ozone, carbon monoxide, sulfur dioxide, and nitrogen dioxide and does not apply to toxic air contaminants; and

WHEREAS, PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program will not be submitted for inclusion into the State Implementation Plan; and

WHEREAS, the SCAQMD staff conducted a Public Workshop regarding PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program on August 10, 2016; and

WHEREAS, California 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 public hearing and in the staff report; and

WHEREAS, it is necessary to amend Rules 307.1, 1401, and 1402 because the SCAQMD Governing Board directed SCAQMD staff to work with

stakeholders to incentivize early risk reductions beyond those required under Rule 1402, to assess public notification procedures, and explore alternatives for such facilities; a need exists to amend current Rules 1401 and 1402 to streamline implementation when analyzing and reporting potential permitting impacts from revisions and additions to health risk values for toxic air contaminants; and a need exists to amend current Rule 307.1 to ensure continued program administration of Rule 1402; and

WHEREAS, a need exists to revise "Public Notification Procedures for Phase I and II Facilities under the Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)" to clarify requirements and provide consistency with Proposed Amended Rule 1402; and

WHEREAS, a need exists to develop "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" to establish procedures required by PAR 1402; and

WHEREAS, the SCAQMD Governing Board has determined that PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program is written and displayed so that the meaning can be easily understood by persons directly affected by it; and

WHEREAS, the SCAQMD Governing Board obtains its authority to adopt, amend or repeal rules and regulations from Sections 39002, 39650 et seq., 40000, 40001, 40440, 40441, 40702, 40725 through 40728, 41508, 41700, 42300, and 44300 through 44394 of the California Health and Safety Code; and

WHEREAS, the SCAQMD Governing Board, in amending these regulations, references the following statutes which the SCAQMD hereby implements, interprets or makes specific: California Health and Safety Code Sections 39666 (District New Source Review rules for toxics), 44300 et seq. (Air Toxics Hot Spots Act), 44380 (Fee Schedule), and Federal Clean Air Act Section 112 (Hazardous Air Pollutants); and

WHEREAS, the SCAQMD Governing Board has determined that PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program, as proposed to be amended, are 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 PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program, as proposed to be amended, do not impose the same requirements as any existing state or federal regulations, and the proposed amended rules are necessary and proper to execute the powers and duties granted to, and imposed upon, the SCAQMD; and

WHEREAS, the SCAQMD Governing Board specifies the Acting Assistant Deputy Executive Officer of PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of this proposed project is based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California; 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 Governing Board has determined that the Socioeconomic Impact Assessment of PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program is consistent with the March 17, 1989 and October 14, 1994 Governing Board Socioeconomic Resolutions for rule adoption; and

WHEREAS, the SCAQMD Governing Board has determined that the Socioeconomic Impact Assessment of PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program is consistent with the provisions of California Health and Safety Code Sections 40440.8 and 40728.5, and that Section 40920.6 is not applicable to rules regulating toxic air contaminants; and

WHEREAS, the SCAQMD Governing Board has determined that PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program will result in increased costs, yet are considered to be reasonable, with a total annualized cost as specified in the Socioeconomic Impact Assessment; and

WHEREAS, SCAQMD staff has received a comment from the Southern California Alliance of Publicly Owner Treatment Works (SCAP) requesting that the Public Notification Procedures be reviewed and vetted by interested parties in public workshops, as well as be subject to Board approval; and

NOW, THEREFORE BE IT RESOLVED, that the Governing Board directs staff that when OEHHA revises risk values for new and existing toxic air contaminants, SCAQMD staff will continue to analyze impacts on permitting and AB 2588 and incorporate this information in the SCAQMD AB 2588 Annual Report and report this information to the Stationary Source Committee annually; and

BE IT FURTHER RESOLVED, that the Governing Board directs staff to report to the Stationary Source Committee if OEHHA revises risk values for new or existing toxic air contaminants that are expected to have a substantial impact on permitting or AB 2588; and

BE IT FURTHER RESOLVED, that the Governing Board directs staff to report to the Stationary Source Committee and to notify AB 2588 Core Facilities if OEHHA changes their health risk assessment procedures where the estimated health risk increases and more facilities are expected to be affected by implementation of Rule 1402; and

BE IT FURTHER RESOLVED, the Governing Board directs staff to continue to go through a public process, which includes a minimum of one public meeting, and Governing Board approval when revising "SCAQMD Public Notification Procedures for Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588) and Rule 1402" and "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program"; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby certify the Final EA for PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program

including responses to comments was completed in compliance with CEQA and SCAQMD Rule 110 provisions and finds that the Final EA was presented to the SCAQMD Governing Board, whose members reviewed, considered, and approved the information therein prior to acting on PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby determine, pursuant to the authority granted by law, that PAR 307.1 is exempt from CEQA pursuant to CEQA Guidelines Section 15002 (k) – General Concepts, Section 15061 (b)(3) – Activities Covered By the General Rule, and Section 15273 - Rates, Tolls, Fares and Charges. This information was presented to the SCAQMD Governing Board, whose members reviewed, considered, and approved the information therein prior to acting on PAR 307.1; and

BE IT FURTHER RESOLVED, that because no significant adverse environmental impacts were identified as a result of implementing PAR 307.1, PAR 1401, PAR 1402, SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402, and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program, 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 amend, pursuant to the authority granted by law, PARs 307.1, 1401, and 1402 as set forth in the attached, and incorporated herein by reference; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby approve the following support documents to implement PAR 307.1, PAR 1401, and PAR 1402: 1) SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402 and 2) SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program; and

DATE: _____ _____

CLERK OF THE BOARDS

ATTACHMENT F-1

(Adopted May 10, 1996)(Amended May 14, 1999)(Amended May 19, 2000)
(Amended May 11, 2001)(Amended May 3, 2002) (Amended June 6, 2003)
(Amended July 9, 2004)(Amended June 3, 2005)(Amended June 9, 2006)
(Amended May 4, 2007)(Amended May 2, 2008)(Amended June 5, 2009)
(Amended May 7, 2010)(Updated July 1, 2011)(Updated July 1, 2012)
(Updated July 1, 2013)(Amended June 6, 2014)(Amended May 1, 2015)
(Updated July 1, 2016)
PAR 307.1 09-06-16

~~**Changes to the fees are effective July 1, 2016**~~

RULE 307.1 ALTERNATIVE FEES FOR AIR TOXICS EMISSIONS INVENTORY

(a) Purpose

California Health and Safety Code Section 44300 et seq. provides authority for the District to adopt a fee schedule to recover the cost of implementing and administering the Air Toxics "Hot Spots" Information and Assessment Act of 1987. The District will annually collect from the owner/operator of each facility meeting the criteria set forth in paragraph (b)(1), (b)(2), and (b)(3), and each owner/operator shall pay, fees which shall provide for the following:

(1) Recovery of anticipated costs to be incurred by the California Air Resources Board (CARB) and Office of Environmental Health Hazard Assessment (OEHHA) to implement and administer the Act, and any costs incurred by OEHHA or its independent contractor for review of facility risk assessments submitted to the State after March 31, 1995 under Health and Safety Code Section 44361(c).

(2) Recovery of anticipated costs to be incurred by the District to implement and administer the Act, including but not limited to the cost incurred to review emission inventory plans, emission inventory data, air toxics inventory reports, risk assessments, to verify plans and data, and to administer this rule, Rule 1402 – Control of Toxic Air Contaminants from Existing Sources, and the Air Toxics "Hot Spots" program.

(b) Applicability

Except for facilities exempted by Health and Safety Code Sections 44324, 44344.4(a), or 44380.1, this rule applies to any facility that operates in any portion of the fiscal year for which the fee is assessed and which:

(1) Manufactures, formulates, uses, or releases any of the substances listed by the State Board pursuant to Health and Safety Code Section 44321 and contained in Appendix A of the Guidelines Report, or any other substance which reacts to form a substance so listed, and releases ten (10) tons per year or greater of any criteria pollutant; ~~or~~

(2) Manufactures, formulates, uses or releases any listed substance or any other substance which reacts to form any listed substance, and which releases less than ten (10) tons per year of any criteria pollutant and falls in any class listed in Appendix E of the Guidelines Report; ~~or~~

(3) ~~i~~Is reinstated under Health and Safety Code Section 44344.7~~;~~. or

(4) Is subject to Rule 1402.

(c) Definitions

For the purpose of this rule, the following definitions shall apply:

(1) COMPLEX FACILITY means a facility that has more than five (5) processes as determined by six-digit Source Classification Codes (SCC).

(2) CRITERIA POLLUTANT means total organic gases, particulate matter, nitrogen oxides, or sulfur oxides.

(3) DIESEL ENGINE means an internal combustion engine with operating characteristics similar to the theoretical diesel combustion cycle. The regulation of power by controlling fuel supply in lieu of a throttle is indicative of a diesel (or compression ignition) engine.

(4) DIESEL ENGINE FACILITY means any facility which has a diesel engine and is not subject to any other Rule 307.1 fees.

(5) DIESEL-FUELED as defined in Rule 1470 – Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines (Rule 1470).

(6) Diesel Particulate Matter (PM~~m~~) ~~As~~ as Defined In Rule 1470.

(7) DISTRICT means South Coast Air Quality Management District.

(8) DISTRICT TRACKING FACILITY means a facility:

(A) ~~t~~That has been prioritized by the District in accordance with Health and Safety Code Section 44360(a) using procedures that have undergone public review and that are consistent with the procedures presented in the most current version of the ~~California Air Pollution Control Officers Association (CAPCOA) "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990"~~SCAQMD

"Facility Prioritization Procedures For AB 2588 Program", ~~which has been approved by the State Board and~~ which is incorporated by reference herein;~~, and~~

(B) ~~t~~That is required by the District to submit a quadrennial emissions inventory update pursuant to Health and Safety Code Section 44344 during the applicable fiscal year;~~,~~ and

(C) ~~w~~Whose prioritization scores for cancer and non-cancer health effects are both greater than 1.0 and equal to or less than 10.0.

(9) FACILITY has the same meaning as defined in Section 44304 of the Health and Safety Code.

(10) FACILITY PROGRAM CATEGORY means a grouping of facilities, meeting the definitions in subparagraphs (c)(1), (c)(4), ~~(c)(6),~~ (c)(8), (c)(12), (c)(13), (c)(14), ~~(c)(15),~~ (c)(18), (c)(19), (c)(20), (c)(21), (c)(22), ~~or (c)(28)~~ (c)(27), (c)(30), or (c)(31) of this rule.

~~(11) FLAT FEE means the fee charged to a facility classified as an Emergency Standby "Diesel Engine-Only" Facility.~~

(11~~2~~) GUIDELINES REPORT (Air Toxics Hot Spots Emission Inventory Criteria and Guidelines Report) is the report incorporated by reference under Section 93300.5 of this title that contains regulatory requirements for the Air Toxics Hot Spots Emission Inventory Program.

(12~~3~~) HRA TRACKING FACILITY means a facility that has been prioritized by the District in accordance with Health and Safety Code Section 44360(a) using procedures that have undergone public review and that are consistent with the procedures presented in the most current version of the SCAQMD "Facility Prioritization Procedures For AB 2588 Program" ~~CAPCOA "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990"~~, ~~which has been approved by the State Board and~~ which is incorporated by reference herein, and the greater of the facility's prioritization scores for cancer and non-cancer health effects is greater than 10.0, and meets either one of the following criteria:

(A) T~~t~~he facility has had its health risk assessment approved by the District in accordance with Health and Safety Code Section 44362 and the risk assessment results show a total potential cancer risk, summed across all pathways of exposure and all compounds, of equal to or greater than 1.0 and less than ten (10) cases per million

persons and a total hazard index for each toxicological endpoint, both acute and chronic, of less than or equal to 1.0; or

(B) ~~t~~The facility has had its health risk assessment approved by the District in accordance with Health and Safety Code Section 44362 and the risk assessment results show a total hazard index for each toxicological endpoint, either acute or chronic, of greater than or equal to 0.1, but less than or equal to 1.0, and a total potential cancer risk, summed across all pathways of exposure and all compounds, of less than ten (10) cases per million persons.

(~~14~~13) INDUSTRY-WIDE FACILITY means a facility that qualifies to be included in an industry-wide emission inventory prepared by the District pursuant to Health and Safety Code Section 44232, or an individual facility which emits less than ten (10) tons per year of each criteria pollutant, falls within a class composed of primarily small businesses, and whose emissions inventory report was prepared by the District.

(~~15~~14) MEDIUM FACILITY means a facility that has three (3) to five (5) processes as determined by six-digit ~~Source Classification Codes (~~SCCs~~)~~.

(15) NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) CODE is the standard used to classify business establishments developed under the auspices of the United States Office of Management and Budget, which is herein incorporated by reference.

(16) OEHHA means the Office of Environmental Health Hazard Assessment, California Environmental Protection Agency.

(17) OPERATOR means the person who owns or operates a facility or part of a facility.

(18) PRIORITIZATION SCORE GREATER THAN TEN (10.0) FACILITY means a facility that does not have an approved health risk assessment and has been prioritized by the District in accordance with Health and Safety Code Section 44360(a) using procedures that have undergone public review and that are consistent with the procedures presented in the most current version of the SCAQMD "Facility Prioritization Procedures For AB 2588 Program"~~CAPCOA "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990"~~, which ~~has been approved by the CARB and~~ is incorporated by reference herein, and the greater of the facility's prioritization scores for cancer and non-cancer effects is greater than 10.0.

(19) RISK OF 10.0 TO LESS THAN 50.0 PER MILLION FACILITY means a facility that has had its health risk assessment approved by the District in accordance with Health and Safety Code Section 44362 and whose risk assessment results meet either of the following criteria:

(A) Aa total potential cancer risk, summed across all pathways of exposure and all compounds, of greater than or equal to 10.0, but less than 50.0 cases per million persons; or,

(B) aA total hazard index for each toxicological endpoint, either acute or chronic, of greater than 1.0 and a total potential cancer risk, summed across all pathways of exposure and all compounds, of less than 50.0.

(20) RISK OF 50.0 TO LESS THAN 100.0 PER MILLION FACILITY means a facility that has had its health risk assessment approved by the District in accordance with Health and Safety Code Section 44362 and whose risk assessment results show a total potential cancer risk, summed across all pathways of exposure and all compounds, of greater than or equal to 50.0, but less than 100.0 cases per million persons.

(21) RISK OF 100.0 PER MILLION OR GREATER FACILITY means a facility that has had its health risk assessment approved by the District in accordance with Health and Safety Code Section 44362 and whose risk assessment results show a total potential cancer risk, summed across all pathways of exposure and all compounds, of greater than or equal to 100.0 cases per million persons.

(22) SIMPLE FACILITY means a facility that has one (1) or two (2) processes as determined by six-digit Source Classification Codes (SCC).

(23) SMALL BUSINESS for the purpose of this rule, means a facility which is independently owned and operated and has met all of the following criteria in the preceding year:

(A) The facility has ten (10) or fewer (annual full-time equivalence) employees;

(B) The facility's total annual gross receipts are less than $1,000,000; and

(C) The total annual gross receipts of the facility's California operations are less than $5,000,000.

(24) SOURCE CLASSIFICATION CODES (SCC) means number codes created by the United States Environmental Protection Agency used to identify

processes associated with point sources that contribute emissions to the atmosphere.

(25) SPECIAL RISK ASSESSMENT FEE means the fee charged to facilities to cover the cost of the qualified District personnel or a qualified consultant, as determined by the Executive Officer (EO), engaged by the District under contract, in the event that the EO determines that an existing health risk assessment ~~Health Risk Assessment (HRA)~~ should be revised and the owner/operator ~~can not~~cannot perform this task without errors or delays.

~~(26) STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE means the Standard Industrial Classification Code which classifies establishments by the type of business activity in which they are engaged, as defined by the Standard Industrial Classification Manual, 1987, published by the Executive Office of the President, Office of Management and Budget, 1987, which is herein incorporated by reference.~~

(~~27~~26) STATE COSTS means the reasonable anticipated cost which will be incurred by the CARB and OEHHA to implement and administer the Act, as shown in the District staff report.

(~~28~~27) STATE INDUSTRY-WIDE FACILITY means a facility that (1) qualifies to be included in an industry-wide emission inventory prepared by the District pursuant to Health and Safety Code Section 44323, (2) releases, or has the potential to release, less than ten tons per year of each criteria pollutant, and (3) is either of the following:

(A) ~~a~~A facility in one of the following four classes of facilities: autobody shops, as described by ~~SIC~~ NAICS Codes 441110~~5511-5521~~ or 811121~~7532~~; gasoline stations, as described by ~~SIC~~ NAICS Codes 447110 and 447190~~5541~~; dry cleaners, as described by NAICS ~~SIC~~ Code 812320~~7216~~; and printing and publishing, as described by NAICS ~~SIC~~ Codes 323111 through 323117 ~~2711-2771~~ or 511110 through 511199~~2782~~; or

(B) ~~a~~A facility that has not prepared an Individual Plan and Report in accordance with sections 44340, 44341, and 44344 of the Health and Safety Code and for which the District submits documentation for approval by the Executive Officer of the CARB, verifying that the facility meets the requirements of Health and Safety Code Section 44323(a)-(d).

(2928) SUPPLEMENTAL FEE means the fee charged, pursuant to Section 44380.5 of the Health and Safety Code, to cover the costs of the District to review a health risk assessment containing supplemental information which was prepared in accordance with the provisions of Section 44360(b)(3) of the Health and Safety Code.

(2930) TOTAL ORGANIC GASES (TOG) means all gases containing carbon, except carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, and ammonium carbonate.

(310) UNPRIORITIZED FACILITY means a facility that has not been prioritized by the District in accordance with Health and Safety Code Section 44360(a) using procedures that have undergone public review and that are consistent with the procedures presented in the most current version of the SCAQMD "Facility Prioritization Procedures For AB 2588 Program"~~CAPCOA "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990"~~, which ~~has been approved by the State Board and~~ is incorporated by reference herein.

(31) VOLUNTARY RISK REDUCTION FACILITY means a facility that elected to participate in the Voluntary Risk Reduction Program pursuant to Rule 1402.

(d) Fees

All sources subject to this rule shall be assessed an annual fee pursuant to Table I of this rule.

(1) Calculation of Fees

(A) The District will establish the fee applicable to each facility for the recovery of State and District costs. The District will use State costs and District costs to calculate fees, and will take into account and allow for the unanticipated closing of businesses, nonpayment of fees, and other circumstances which would result in a shortfall in anticipated revenue; and

(B) The District will calculate fees on the basis of the Facility Program Category as set forth by July 1 of the applicable fiscal year, except for facilities excluded under subparagraph (d)(~~6~~7) of this rule.

(2) Flat Fees

(A) A facility in the State Industry-~~w~~Wide Facility Program Category, as defined in this rule, shall be assessed the fee specified in Table I.

(B) A facility in the District Tracking Program Category, as defined in this rule, will be assessed the annual fee specified in Table I to cover the cost to the District to review the facility's quadrennial emission inventory update.

(C) A facility in the ~~Emergency Standby "~~Diesel Engine~~ Only"~~ Facility Program Category, as defined in this rule, shall be assessed the annual Flat Fee specified in Table I.

(D) The maximum fee that a small business as defined in this rule shall pay is $368.02.

(E) The supplemental fee as defined in this rule, which may be assessed upon the operator of a facility, shall be no higher than $2,931.23.

(3) Special ~~Health~~ Risk Assessment Fees

When a facility's health risk assessment ~~Health Risk Assessment (HRA)~~ was prepared or revised by District personnel or a contractor engaged by the District, the owner/operator of the facility for which a health risk assessment~~Health Risk Assessment~~ is performed shall pay the fees equal to the total actual and reasonable time incurred by District, including actual contractor costs and District staff time, assessed at the hourly rate of $128.11 per person per hour or prorated portion thereof. When the health risk assessment~~Health Risk Assessment~~ is conducted or is evaluated and verified by a consultant engaged by the District or District personnel, the fees charged will be in addition to all other fees required.

(4) Voluntary Risk Reduction Facility Fees

A Voluntary Risk Reduction Facility, as defined in this rule, shall be assessed the fee specified in Table I until approval of the Final Implementation Report under Rule 1402 paragraph (j)(2). Once the Final Implementation Report is approved by the Executive Officer, the Voluntary Risk Reduction Fee shall be assessed the HRA Tracking Facility Program Category specified in Table I.

(5) Public Notifications and Meetings

When public notification is required pursuant to Rule 1402 subdivision (q), the facility owner/operator shall either directly pay or reimburse the District for costs of Public Meetings, including venue rental, audio visual rental equipment and personnel, mailing, translation services, parking, security, and equipment rental.

(6~~4~~) Fee Payment and Collection; Effect of Failure to Pay

(A) The District will notify and assess the operator of each facility subject to this rule in writing of the fee due. The operator shall remit the fee to the District within sixty (60) days after the receipt of the fee assessment notice or the fee will be considered past due. For the purpose of this rule, the fee payment will be considered received by the District if it is postmarked by the United States Postal Service on or before the due date stated on the billing notice. If the due date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or state holiday with the same effect as if it had been postmarked on the due date.

(B) If an operator fails to pay the fee within sixty (60) days of this notice pursuant to subparagraph (d)(5~~6~~)(A) of this rule, the District may assess a surcharge of not more than one hundred percent (100%) of the assessed fee, but in an amount sufficient, in the District's determination, to pay the District's additional expenses incurred by the operator's non-compliance. If an operator fails to pay the fee within 120 days after receipt of this notice, the District may initiate permit revocation proceedings. If any permit is revoked it shall be reinstated only upon full payment of the overdue fees plus any surcharge as specified in this subparagraph.

(5~~7~~) Payment to the State

The District will collect the fees assessed by or required to be assessed by this rule. After deducting the costs to the District to implement and administer the program, the District will transmit to the State Board the amount the District is required to collect for recovery of state costs as specified in Table I.

(6~~8~~) Exemptions

A facility shall be exempt from paying fees if, by July 1 of the applicable Fiscal Year, any one or more of the following criteria are met:

(A) The facility has been prioritized by the District in accordance with Health and Safety Code Section 44360(a) using procedures that have undergone public review, and the facility's prioritization score is less than or equal to 1.0 for both cancer and non-cancer health effects. The procedure for estimating priority of facilities were

developed based on the most current approved version of SCAQMD "Facility Prioritization Procedures For AB 2588 Program" ~~California Air Pollution Control Officers' Association (CAPCOA) "Air Toxics "Hot Spots" Program Facility Prioritization Guidelines, July 1990"~~, which is incorporated by reference herein~~and was adopted by the District Board on September 24, 1990~~.

(B) The facility had its health risk assessment approved by the District in accordance with Health and Safety Code Section 44362 and the risk assessment results show a total potential cancer risk, summed across all pathways of exposure and all compounds, of less than one case per one million persons and a total hazard index for each toxicological endpoint, both acute and chronic, of less than 0.1. Some appropriate procedures for determining potential cancer risk and total hazard index are presented in the ~~CAPCOA "Air Toxics "Hot Spots" Program Revised 1992 Risk Assessment Guidelines, October 1993",~~ most current approved version of the OEHHA "Air Toxics Hot Spots Program Guidance Manual for Preparation of Health Risk Assessments" and SCAQMD "Supplemental Guidelines for Preparation of Health Risk Assessments for the Air Toxics "Hot Spots" Information and Assessment Act", which ~~is~~ are incorporated by reference herein.

(C) The facility primarily performs printing as described by ~~SIC~~ NAICS Codes ~~2711 through 2771 or 2782~~ 323111 through 323117 or 511110 through 511199, and the facility uses an annualized average of two (2) gallons per day or less [or seventeen (17) pounds per day or less] of all graphic arts materials (deducting the amount of any water or acetone) unless the District required a health risk assessment and results show the facility would not qualify under subparagraph (d)(8~~6~~)(A) of this rule.

(D) The facility is a wastewater treatment plant as described by ~~SIC~~ NACIS Code 221320~~4952~~, the facility does not have a sludge incinerator and the maximum throughput at the facility does not exceed 10,000,000 gallons per day of effluent unless the District required a health risk assessment and results show the facility would not qualify under subparagraph (d)(~~6~~8)(A) of this rule.

(E) The facility is a crematorium for humans, animals, or pets as described by ~~SIC~~ NAICS Codes 812210, 812220, ~~7261~~ or any ~~SIC~~ NAICS Code that describes a facility using an incinerator to burn biomedical waste (animal), the facility uses propane or natural gas as fuel, and the facility annually cremates no more than 300 cases (human) or 43,200 pounds (human or animal) unless the District required a health risk assessment and results show the facility would not qualify under subparagraph (d)(~~6~~8)(A) of this rule. Facilities using incinerators that burn biomedical waste other than cremating animals do not qualify for this exemption.

(F) The facility is primarily a boat building and repair facility or primarily a ship building and repair facility as described by NAICS ~~SIC~~ Codes 336611, 336622, 488390 or 811490~~3731 or 3732~~, and the facility uses twenty (20) gallons per year or less of coatings or is a coating operation using hand held non-refillable aerosol cans only unless the District required a health risk assessment and results show the facility would not qualify under subparagraph (d)(~~6~~8)(A) of this rule.

(G) The facility is a hospital or veterinary clinic building that is in compliance with the control requirements specified in the Ethylene Oxide Control Measure for Sterilizes and Aerators, section 93108 of this title and has an annual usage of ethylene oxide of less than 100 pounds per year if it is housed in a single story building, or has an annual usage of ethylene oxide of less than 600 pounds per year if it is housed in a multi-story building unless the District required a health risk assessment and results show the facility would not qualify under subparagraph (d)(8~~6~~)(A) of this rule.

(H) The facility was not required to conduct a risk assessment under Health and Safety Code Section 44360(b), and the District, or the facility with the concurrence of the District, has conducted a worst-case, health conservative risk assessment using screening air dispersion modeling criteria set forth in Appendix F of the Guidelines Report and has demonstrated to the satisfaction of the District that the facility's screening risk levels meet the criteria set forth in subparagraph (d)(8~~6~~)(A) of this rule.

TABLE I
FACILITY FEES BY PROGRAM CATEGORY

FACILITY PROGRAM CATEGORY	COMPLEXITY	DISTRICT FEE	STATE FEE	TOTAL FACILITY FEE
HRA Tracking*	Simple Facility	$416.25	$67	$483.25
	Medium Facility	$601.30	$100	$701.30
	Complex Facility	$786.35	$134	$920.35
Unprioritized	Simple Facility	$618.63	$402	$1,020.63
	Medium Facility	$3,390.07	$603	$3,993.07
	Complex Facility	$4,504.91	$804	$5,308.91
PS>10, No HRA	Simple Facility	$5,249.21	$1,674	$6.923.21
	Medium Facility	$5,622.20	$2,009	$7,631.20
	Complex Facility	$5,992.31	$2,344	$8,336.31
Risk ≥10 <50 in a million or HI>1	Simple Facility	$6,365.28	$3,014	$9,379.28
	Medium Facility	$6,736.81	$3,349	$10,085.81
	Complex Facility	$7,108.38	$3,684	$10,792.38
Risk ≥50 <100 in a million	Simple Facility	$7,481.36	$4,353	$11,834.36
	Medium Facility	$7,851.45	$4,688	$12,539.45
	Complex Facility	$8,224.42	$5,023	$13,247.42
Risk ≥ 100 in a million	Simple Facility	$8,597.44	$5,693	$14,290.44
	Medium Facility	$8,967.53	$6,028	$14,995.53
	Complex Facility	$9,344.19	$6,363	$15,707.19
Voluntary Risk Reduction	Simple Facility	$5,249.21	$1,674	$6.923.21
	Medium Facility	$5,622.20	$2,009	$7,631.20
	Complex Facility	$5,992.31	$2,344	$8,336.31
District Tracking*		$230.11		$230.11
State Industry-wide		$167.57	$35	$202.57
Diesel Engine Facility	-	$125.47	-	$125.47

*HRA Tracking --- (PS>10 with HRA) Risk≥1, <10 in a million, or HI≥0.1, ≤1
**District Tracking --- Priority Score greater than 1, and equal to or less than 10
HRA --- Health Risk Assessment
HI --- Hazard Index, Acute or Chronic

ATTACHMENT F-2

(Adopted June 1, 1990)(Amended December 7, 1990)(Amended July 10, 1998)
(Amended January 8, 1999)(Amended March 12, 1999)(Amended August 13, 1999)
(Amended March 17, 2000)(Amended August 18, 2000)(Amended June 15, 2001)
(Amended May 3, 2002)(Amended February 7, 2003)(Amended May 2, 2003)
(Amended March 4, 2005)(Amended March 7, 2008)(Amended June 5, 2009)
(Amended September 10, 2010)(Amended June 5, 2015)
PAR 1401 07-19-16

RULE 1401. NEW SOURCE REVIEW OF TOXIC AIR CONTAMINANTS

(a) Purpose

This rule specifies limits for maximum individual cancer risk (MICR), cancer burden, and noncancer acute and chronic hazard index (HI) from new permit units, relocations, or modifications to existing permit units which emit toxic air contaminants listed in Table I. The rule establishes allowable risks for permit units requiring new permits pursuant to Rules 201 or 203.

(b) Applicability

(1) Applications for new, relocated, and modified permit units which were received by the District on or after June 1, 1990 shall be subject to Rule 1401. Applications shall be subject to the version of Rule 1401 that is in effect at the time the application is deemed complete. Permit units installed without a required permit to construct shall be subject to this rule, if the application for a permit to operate such equipment was submitted after June 1, 1990.

(2) This rule shall apply to new, relocated, and modified equipment identified in Rule 219 as not requiring a written permit if the risk from the equipment will be greater than identified in subparagraph (d)(1)(A), or paragraphs (d)(2) or (d)(3) in Rule 1401.

(c) Definitions

(1) ACCEPTABLE STACK HEIGHT for a permit unit is defined as a stack height that does not exceed two and one half times the height of the permit unit or two and one half times the height of the building housing the permit unit, and shall not be greater than 65 meters (213 feet), unless the applicant demonstrates to the satisfaction of the Executive Officer that a greater height is necessary.

(2) BEST AVAILABLE CONTROL TECHNOLOGY FOR TOXICS (T-BACT) means the most stringent emissions limitation or control technique which:

(A) has been achieved in practice for such permit unit category or class of source; or

(B) is any other emissions limitation or control technique, including process and equipment changes of basic and control equipment, found by the Executive Officer to be technologically feasible for such class or category of sources, or for a specific source.

(3) CANCER BURDEN means the estimated increase in the occurrence of cancer cases in a population subject to a MICR of greater than or equal to one in one million (1.0×10^{-6}) resulting from exposure to toxic air contaminants.

(4) CONTEMPORANEOUS RISK REDUCTION means any reduction in risk resulting from a decrease in emissions of toxic air contaminants at the facility that is permanent, real, quantifiable and enforceable through District permit conditions. Permit applications associated with the increase and decrease in risk must be submitted together and the reduction of risk must occur before the start of operation of the permit unit that will have an increased risk. A contemporaneous risk reduction shall be calculated based on the actual average annual emissions, as determined by facility records, and annual emissions declarations pursuant to Rule 301 as appropriate, or other data approved by the Executive Officer, whichever is less, which have occurred during the two-year period immediately preceding the date of application.

(5) FACILITY means any permit unit or grouping of permit units or other air contaminant-emitting activities which are located on one or more contiguous properties within the District, in actual physical contact or separated solely by a public roadway or other public right-of-way, and are owned or operated by the same person (or by persons under common control), or an outer continental shelf (OCS) source as determined in 40 CFR Section 55.2. Such above-described groupings, if noncontiguous, but connected only by land carrying a pipeline, shall not be considered one facility. Notwithstanding the above, sources or installations involved in crude oil and gas production in Southern California Coastal or OCS Waters and transport of such crude oil and gas in Southern California Coastal or

OCS Waters shall be included in the same facility which is under the same ownership or use entitlement as the crude oil and gas production facility on-shore.

(6) INDIVIDUAL SUBSTANCE ACUTE HAZARD INDEX (HI) is the ratio of the estimated maximum one-hour concentration of a toxic air contaminant for a potential maximally exposed individual to its acute reference exposure level.

(7) INDIVIDUAL SUBSTANCE CHRONIC HAZARD INDEX (HI) is the ratio of the estimated long-term level of exposure to a toxic air contaminant for a potential maximally exposed individual to its chronic reference exposure level. The chronic hazard index calculations shall include multipathway consideration, if applicable.

(8) MAXIMUM INDIVIDUAL CANCER RISK (MICR) is the estimated probability of a potential maximally exposed individual contracting cancer as a result of exposure to toxic air contaminants for residential receptor locations calculated pursuant to the Risk Assessment Procedures referenced in subdivision (e). The MICR for worker receptor locations shall be calculated pursuant to the Risk Assessment Procedures referenced in subdivision (e). The MICR calculations shall include multipathway consideration, if applicable.

(9) MODIFICATION means any physical change in, change in method of operation, or addition to an existing permit unit that requires an application for a permit to construct and/or operate. Routine maintenance and/or repair shall not be considered a physical change. A change in the method of operation of equipment, unless previously limited by an enforceable permit condition, shall not include:

(A) an increase in the production rate, unless such increase will cause the maximum design capacity of the equipment to be exceeded; or

(B) an increase in the hours of operation; or

(C) a change in ownership of a source; or

(D) a change in formulation of the materials processed which will not result in a net increase of the MICR, cancer burden, or chronic or acute HI from the associated permit unit.

For facilities that have been issued a facility permit pursuant to Regulation XX or a Title V permit pursuant to Regulation XXX, modification means any physical change in, change in method of operation of, or addition to an

existing individual article, machine, equipment or other contrivance which would have required an application for a permit to construct and/or operate, were the unit not covered under a facility permit or Title V permit.

(10) PERMIT UNIT means any article, machine, equipment, or other contrivance, or combination thereof, which may cause or control the issuance of air contaminants, and which requires a written permit pursuant to Rules 201 and/or 203. For facilities that have been issued a facility permit or Title V permit, a permit unit for the purpose of this rule means any individual article, machine, equipment or other contrivance which may cause or control the issuance of air contaminants and which would require a written permit pursuant to Rules 201 and/or 203 if it was not covered under a facility permit or Title V permit. For publicly-owned sewage treatment operations, each process within multi-process permit units at the facility shall be considered a separate permit unit for purposes of this rule.

(11) RECEPTOR LOCATION means

(A) for the purpose of calculating acute HI, any location outside the boundaries of the facility at which a person could experience acute exposure; and

(B) for the purpose of calculating chronic HI and MICR, any location outside the boundaries of the facility at which a person could experience chronic exposure.

The Executive Officer shall consider the potential for exposure in determining whether the location will be considered a receptor location.

(12) RELOCATION means the removal of an existing permit unit from one parcel of land in the District and installation at another parcel of land where two parcels are not in actual physical contact and are not separated solely by a public roadway or other public right-of-way. The removal of a permit unit from one location within a facility and installation at another location within the facility is a relocation only if an increase in maximum individual cancer risk in excess of one in one million (1.0×10^{-6}) or a Hazard Index of 1.0 occurs at any receptor location.

(13) TOTAL ACUTE HAZARD INDEX (HI) is the sum of the individual substance acute HIs for all toxic air contaminants affecting the same target organ system.

(14) TOTAL CHRONIC HAZARD INDEX (HI) is the sum of the individual substance chronic HIs for all toxic air contaminants affecting the same target organ system.

(15) TOXIC AIR CONTAMINANT is an air pollutant which may cause or contribute to an increase in mortality or serious illness, or which may pose a present or potential hazard to human health. For the purpose of this rule, toxic air contaminants are those listed in Table I.

(d) Requirements

The Executive Officer shall deny the permit to construct a new, relocated or modified permit unit if emissions of any toxic air contaminant listed in Table I may occur, unless the applicant has substantiated to the satisfaction of the Executive Officer all of the following:

(1) MICR and Cancer Burden

The cumulative increase in MICR which is the sum of the calculated MICR values for all toxic air contaminants emitted from the new, relocated or modified permit unit will not result in any of the following:

(A) an increased MICR greater than one in one million (1.0×10^{-6}) at any receptor location, if the permit unit is constructed without T-BACT;

(B) an increased MICR greater than ten in one million ($1~~.~~0 \times 10^{-5~~6~~}$) at any receptor location, if the permit unit is constructed with T-BACT;

(C) a cancer burden greater than 0.5.

(2) Chronic Hazard Index

The cumulative increase in total chronic HI for any target organ system due to total emissions from the new, relocated or modified permit unit owned or operated by the applicant for which applications were deemed complete on or after the date when the risk value for the compound is finalized by the state Office of Environmental Health Hazard Assessment (OEHHA)~~, unless paragraph (e)(3) applies,~~ will not exceed 1.0 at any receptor location.

(3) Acute Hazard Index

The cumulative increase in total acute HI for any target organ system due to total emissions from the new, relocated or modified permit unit owned or operated by the applicant for which applications were deemed complete on or after the date when the risk value for the compound is finalized by

OEHHA~~, unless paragraph (e)(3) applies,~~ will not exceed 1.0 at any receptor location.

(4) If a permit contains operating conditions imposed pursuant to Rule 1401, which prohibit or limit the use or emission of toxic air contaminants, those conditions shall apply only to those toxic air contaminants listed in the version of Rule 1401 applicable at the time the permit conditions were imposed.

(5) Federal New Source Review for Toxics

Pursuant to Section 112(g) of the federal Clean Air Act (CAA), no person shall begin construction or reconstruction of a major stationary source emitting hazardous air pollutants listed in Section 112 (b) of the CAA, unless the source is constructed with Best Available Control Technology for Toxics (T-BACT) and complies with all other applicable requirements, including definitions and public noticing, referenced in 40 CFR 63.40 through 63.44. The requirements of this paragraph shall not apply to:

(A) any source that is subject to an existing National Emission Standard for Hazardous Air Pollutants (NESHAP) pursuant to sections 112(d), 112(h), or 112(j) of the federal CAA;

(B) any source that is exempted from regulations under a NESHAP issued pursuant to sections 112(d), 112(h), or 112(j) of the federal CAA;

(C) any source that has received all necessary air quality permits for such construction or reconstruction before June 29, 1998;

(D) electric utility steam generating units, unless and until such time as these units are added to the source category list pursuant to the requirements of section 112(c)(5) of the federal CAA;

(E) any sources that are within a source category that has been deleted from the source category list pursuant to section 112(c)(9) of the federal CAA; or

(F) research and development activities.

Compliance with this paragraph does not relieve any owner or operator of a major stationary source from complying with all other applicable District rules and regulations, including this rule, any applicable state airborne toxic control measure, or other applicable state and federal laws. Exemptions under subdivision (g) of this rule do not apply to this paragraph. This paragraph shall take effect retroactively from June 29, 1998.

(e) Risk Assessment Procedures

(1) The Executive Officer shall periodically publish procedures for determining health risks under this rule, except as provided in paragraph (e)(~~5~~3). To the extent possible, the procedures will be consistent with the most recently adopted policies and procedures of the state OEHHA.

~~(2) Within 150 days of risk values for compounds not in Table I being finalized by OEHHA, staff will bring proposed amendments to this rule to reflect changes to Table I.~~

~~(3) Within 150 days of risk values for compounds in Table I being updated by OEHHA, staff will:~~

~~(A) publish a Notice of Intent to change risk values;~~

~~(B) perform an impact assessment, including socioeconomic effects; and~~

~~(C) submit a report to the District Governing Board with recommendations for changing the risk values in the procedures for determining risk assessment published pursuant to paragraph (e)(1).~~

(~~4~~2) To calculate the cumulative increase in MICR pursuant to paragraph (d)(1), the increase from each permit unit shall be based on the emissions of toxic air contaminants, the risk values, and risk assessment procedures applicable at the time when each complete application was deemed complete by the District.

(~~5~~3) The following equipment or industry source categories shall be allowed to use SCAQMD Risk Assessment Procedures for Rules 1401 and 212 (Version 7.0, July 1, 2005) in order to calculate the cumulative increase in MICR pursuant to paragraph (d)(1):

(A) spray booths, until the Executive Officer, as quickly as practicable, can make a recommendation regarding a regulation and/or procedures, and the Board approves regulations and/or procedures specific to this source category; and

(B) retail gasoline transfer and dispensing facilities as defined in District Rule 461, until the Executive Officer, as quickly as practicable, can provide an analysis of emissions data from gasoline dispensing activities to the Governing Board, and the Board approves regulations and/or procedures, if needed, specific to this industry.

(f) Emissions Calculations

(1) For the purpose of determining MICR and cancer burden due to a new or relocated permit unit pursuant to this rule, the total Toxic Air Contaminant emissions from the new or relocated permit unit shall be calculated on an annual basis from permit conditions which directly limit the emissions or, when no such conditions are imposed, from:

(A) the maximum rated capacity;

(B) the maximum possible annual hours of operation;

(C) the maximum annual emissions; and

(D) the physical characteristics of the materials processed.

(2) For the purpose of determining chronic HI due to a new or relocated permit unit pursuant to this rule, the total emissions from a permit unit shall be calculated on an annual average basis from permit conditions which directly limit the emissions or, when no such conditions are imposed, from:

(A) the maximum rated capacity;

(B) the annual average hours of operation;

(C) the annual average emissions; and

(D) the physical characteristics of the materials processed.

(3) For the purpose of determining MICR, cancer burden and chronic HI due to a modified permit unit pursuant to this rule, the increase in emissions from the modified permit unit shall be calculated based on the difference between the total permitted emissions after the modification, calculated pursuant to the criteria established in subparagraphs (f)(1)(A), (B), (C), and (D), and:

(A) the total permitted emissions prior to the modification as stated in the permit conditions; or

(B) if there are no existing permit conditions that limit emissions, the average annual emissions which have occurred during the two-year period immediately preceding the date of the complete permit application for modification or other appropriate period determined by the Executive Officer to be representative of a permit unit's operation; or

(C) for modification of any source installed prior to October 8, 1976, resulting from the addition of air pollution controls installed solely to reduce the issuance of air contaminants, emission shall be

calculated from permit conditions which directly limit the emissions or, when no such conditions are imposed, from:

(i) the maximum rated capacity; and

(ii) the maximum proposed daily hours of operation; and

(iii) the physical characteristics of the materials processed.

(4) For the purpose of determining acute HI due to a new, relocated or modified permit unit pursuant to this rule, the total emissions from a permit unit shall be calculated on a maximum hourly basis from permit conditions which directly limit the emissions or, when no such conditions exist, from:

(A) the maximum rated capacity;

(B) the maximum hourly emissions; and

(C) the physical characteristics of the materials processed.

(5) De Minimus Values

Any permit unit with values at or below the screening levels as specified in the procedures for determining health risks under this rule, published pursuant to paragraph (e)(1), shall be deemed in compliance with the requirements of subdivision (d).

(g) Exemptions

(1) The requirements of subdivision (d) shall not apply to:

(A) Permit Renewal or Change of Ownership

Any permit unit which is in continuous operation, without modification or change in operating conditions, for which a new permit to operate is required solely because of permit renewal or change of ownership.

(B) Modification with No Increase in Risk

A modification of a permit unit that causes a reduction or no increase in the cancer burden, MICR or acute or chronic HI at any receptor location.

(C) Functionally Identical Replacement

A permit unit replacing a functionally identical permit unit, provided there is no increase in maximum rating or increase in emissions of any toxic air contaminants. For replacement of dry cleaning permit units only, provided there is no increase in any toxic air contaminants.

(D) Equipment Previously Exempt Under Rule 219

Equipment which previously did not require a written permit pursuant to Rule 219 that is no longer exempt, provided that the equipment was installed prior to the Rule 219 amendment eliminating the exemption and a complete application for the permit is received within one (1) year after the Rule 219 amendment removing the exemption.

(E) Modifications to Terminate Research Projects

Modifications restoring the previous permit conditions of a permit unit, provided that: the applicant demonstrates that the previous permit conditions were modified solely for the purpose of installing innovative control equipment as part of a demonstration or investigation designed to advance the state of the art with regard to controlling emissions of toxic air contaminants; the emission reductions achieved by the demonstration project are not used for permitting any equipment with emission increases under the contemporaneous emission reduction exemption as specified in paragraph (g)(2); the demonstration project is completed within two (2) years; and a complete application is submitted no later than two (2) years after the date of issuance of the permit which modified the conditions of the previous permit for the purpose of the demonstration or investigation.

(F) Emergency Internal Combustion Engines

Emergency internal combustion engines that are exempted under Rule 1304.

(G) Wood Product Stripping

Wood product stripping permit units, provided that the risk increases due to emissions from the permit unit owned or operated by the applicant for which complete applications were submitted on or after July 10, 1998 will not exceed a MICR of 100 in one million ($1.0\underline{0} \times 10^{-4\underline{6}}$) or a total acute or chronic hazard index of five (5) at any receptor location. This exemption shall not apply to permit applications received after January 10, 2000, or sooner if the Executive Officer makes a determination that T-BACT is available to enable compliance with the requirements of paragraphs (d)(1), (d)(2) and (d)(3).

(H) Gasoline Transfer and Dispensing Facilities

For gasoline transfer and dispensing facilities, as defined in Rule 461 – Gasoline Transfer and Dispensing, the Executive Officer shall not, for the purposes of paragraphs (d)(1) through (d)(5~~4~~), consider the risk contribution of methyl tert-butyl ether for any gasoline transfer and dispensing permit applications deemed complete on or before December 31, 2003. If the state of California extends the phase-out requirement for methyl tert-butyl ether as an oxygenate in gasoline, the limited time exemption shall be extended to that expiration date or December 31, 2004, whichever is sooner.

(2) Contemporaneous Risk Reduction

(A) Paragraph (d)(1) shall not apply if the applicant demonstrates that a contemporaneous risk reduction resulting in a decrease in emissions will occur such that both of the following conditions are met:

(i) no receptor location will experience a total increase in MICR of greater than one in one million (1.0×10^{-6}) due to the cumulative impact of both the permit unit and the contemporaneous risk reduction; and

(ii) the contemporaneous risk reduction occurs within 100 meters of the permit unit.

T-BACT shall be used on permit units exempted under this subparagraph if the MICR from the permit unit exceeds one in one million (1.0×10^{-6}).

(B) The requirements of paragraphs (d)(2) and (d)(3) shall not apply if the applicant substantiates to the satisfaction of the Executive Officer that a contemporaneous risk reduction will occur such that any increase in individual substance acute or chronic HI from the permit unit exceeding 1.0 is mitigated with an equal or greater decrease in the same individual substance acute or chronic HI, respectively, from the contemporaneous risk reduction such that both of the following conditions are met:

(i) no receptor location will experience an increase in total acute or chronic HI of more than 1.0 due to the cumulative impact of both the permit unit and the contemporaneous risk reduction; and

(ii) the contemporaneous risk reduction occurs within 100 meters of the permit unit.

(3) Alternate Hazard Index Levels

The requirements of paragraphs (d)(2) and (d)(3) shall not apply if the applicant substantiates to the satisfaction of the Executive Officer that at all receptor locations and for every target organ system, the total chronic and acute HI level resulting from emissions from the new, modified or relocated permit unit owned or operated by the applicant for which applications were submitted on or after July 10, 1998 shall not exceed alternate HI levels which are determined by the Executive Officer in consultation with the Office of Environmental Health Hazard Assessment to be protective against adverse health effects. No alternate HI level shall exceed 10.

TABLE I
TOXIC AIR CONTAMINANTS

CAS #	SUBSTANCE	EFFECTIVE DATE CANCER	EFFECTIVE DATE CHRONIC	EFFECTIVE DATE ACUTE
75-07-0	acetaldehyde	December 7, 1990	September 8, 1998	September 10, 2010
60-35-5	acetamide	January 8, 1999		
107-02-8	acrolein		June 15, 2001	August 13, 1999
79-06-1	acrylamide (or propenamide)	December 7, 1990	**	
79-10-7	acrylic acid		*	August 13, 1999
107-13-1	acrylonitrile (or vinyl cyanide)	December 7, 1990	May 3, 2002	
107-05-1	allyl chloride	January 8, 1999		
117-79-3	aminoanthraquinone, 2-	January 8, 1999		
7664-41-7	ammonia		August 18, 2000	August 13, 1999
62-53-3	aniline	January 8, 1999		
7440-38-2	**arsenic and arsenic compounds (inorganic)** including, but not limited to: arsenic compounds (inorganic)	December 7, 1990	June 15, 2001	August 13, 1999
7784-42-1	arsine		September 10, 2010	August 13, 1999
1332-21-4	asbestos	June 1, 1990		
71-43-2	benzene (including benzene from gasoline)	June 1, 1990	August 18, 2000	August 13, 1999
92-87-5	benzidine (and its salts)	December 7, 1990	**	
100-44-7	benzyl chloride	September 8, 1998	**	August 13, 1999
7440-41-7	beryllium and beryllium compounds	December 7, 1990	May 3, 2002	
111-44-4	bis(2-chloroethyl)ether (DCEE)	December 7, 1990		
117-81-7	bis(2-ethylhexyl)phthalate (DEHP)	September 8, 1998	**	

TABLE I
TOXIC AIR CONTAMINANTS

CAS #	SUBSTANCE	EFFECTIVE DATE CANCER	EFFECTIVE DATE CHRONIC	EFFECTIVE DATE ACUTE
542-88-1	bis(chloromethyl)ether	December 7, 1990		
7789-30-2	bromine pentafluoride		*	
106-99-0	butadiene, 1,3-	December 7, 1990	June 15, 2001	
7440-43-9	cadmium and cadmium compounds	June 1, 1990	June 15, 2001	
75-15-0	carbon disulfide		May 3, 2002	August 13, 1999
56-23-5	carbon tetrachloride (or tetrachloromethane)	June 1, 1990	June 15, 2001	August 13, 1999
7782-50-5	chlorine		August 18, 2000	August 13, 1999
10049-04-4	chlorine dioxide		June 15, 2001	
95-83-0	chloro-o-phenylenediamine, 4-	January 8, 1999		
95-69-2	chloro-o-toluidine, p-	January 8, 1999		
108-90-7	chlorobenzene		June 15, 2001	
	chlorofluorocarbons			
75-43-4	dichlorodifluoromethane (CFC-12)		*	
75-69-4	trichlorofluoromethane (CFC-11)		*	
76-13-1	trichlorotrifluoroethane (CFC-113)		*	
67-66-3	chloroform (trichloromethane)	December 7, 1990	August 18, 2000	August 13, 1999
	Chlorophenols			
95-57-8	chlorophenol, 2-		*	
88-06-2	trichlorophenol, 2,4,6-	December 7, 1990		
	tetrachlorophenols (TECPH)		*	
87-86-5	pentachlorophenol	September 8, 1998	**	

TABLE I TOXIC AIR CONTAMINANTS				
CAS #	**SUBSTANCE**	**EFFECTIVE DATE CANCER**	**EFFECTIVE DATE CHRONIC**	**EFFECTIVE DATE ACUTE**
76-06-2	chloropicrin		May 3, 2002	August 13, 1999
126-99-8	chloroprene		**	
18540-29-9	**chromium (hexavalent) and chromium compounds**	June 1, 1990	June 15, 2001	
	including, but not limited to:			
7758-97-6	lead chromate	September 8, 1998	**	
1333-82-0	chromic trioxide		June 15, 2001	
7440-50-8	copper and copper compounds		*	August 13, 1999
120-71-8	cresidine, p-	January 8, 1999		
1319-77-3	**cresols/cresylic acid (all isomers and mixture)**		June 15, 2001	
108-39-4	cresol, m-		June 15, 2001	
95-48-7	cresol, o-		June 15, 2001	
106-44-5	cresol, p-		June 15, 2001	
135-20-6	cupferron	January 8, 1999		
	dialkylnitrosamines			
924-16-3	nitrosodi-n-butylamine, n-	December 7, 1990		
621-64-7	nitrosodi-n-propylamine, n-	September 8, 1998		
55-18-5	nitrosodiethylamine, n-	December 7, 1990		
62-75-9	nitrosodimethylamine, n-	December 7, 1990		
10595-95-6	nitrosomethylethylamine, n-	September 8, 1998		

TABLE I

TOXIC AIR CONTAMINANTS

CAS #	SUBSTANCE	EFFECTIVE DATE CANCER	EFFECTIVE DATE CHRONIC	EFFECTIVE DATE ACUTE
615-05-4	diaminoanisole, 2,4- (sulfate)	January 8, 1999		
95-80-7	diaminotoluene, 2,4-	January 8, 1999		
	dibenzo-p-dioxins (chlorinated)			
1746-01-6	tetrachlorodibenzo-p-dioxin, 2,3,7,8-	June 1, 1990	August 18, 2000	
40321-76-4	pentachlorodibenzo-p-dioxin, 1,2,3,7,8-	June 1, 1990	August 18, 2000	
39227-28-6	hexachlorodibenzo-p-dioxin, 1,2,3,4,7,8-	June 1, 1990	August 18, 2000	
57653-85-7	hexachlorodibenzo-p-dioxin, 1,2,3,6,7,8-	June 1, 1990	August 18, 2000	
19408-74-3	hexachlorodibenzo-p-dioxin, 1,2,3,7,8,9-	June 1, 1990	August 18, 2000	
35822-46-9	heptachlorodibenzo-p-dioxin,	June 1, 1990	August 18, 2000	
3268-87-9	1,2,3,4,6,7,8-	June 1, 1990	August 18, 2000	
	octachlorodibenzo-p-dioxin,			
41903-57-5	1,2,3,4,5,6,7,8-	June 1, 1990	August 18, 2000	
36088-22-9	total tetrachlorodibenzo-p-dioxin	June 1, 1990	August 18, 2000	
34465-46-8	total pentachlorodibenzo-p-dioxin	June 1, 1990	August 18, 2000	
37871-00-4	total hexachlorodibenzo-p-dioxin	June 1, 1990	August 18, 2000	
	total heptachlorodibenzo-p-dioxin			
	total dioxins, with individual isomers reported	June 1, 1990	August 18, 2000	
	total dioxins, without individual isomers reported	June 1, 1990	August 18, 2000	
	dibenzofurans (chlorinated)			
51207-31-9	tetrachlorodibenzofuran, 2,3,7,8-	June 1, 1990	August 18, 2000	

TABLE I TOXIC AIR CONTAMINANTS				
CAS #	**SUBSTANCE**	**EFFECTIVE DATE CANCER**	**EFFECTIVE DATE CHRONIC**	**EFFECTIVE DATE ACUTE**
57117-41-6	pentachlorodibenzofuran, 1,2,3,7,8-	June 1, 1990	August 18, 2000	
57117-31-4	pentachlorodibenzofuran, 2,3,4,7,8-	June 1, 1990	August 18, 2000	
70648-26-9	hexachlorodibenzofuran, 1,2,3,4,7,8-	June 1, 1990	August 18, 2000	
57117-44-9	hexachlorodibenzofuran, 1,2,3,6,7,8-	June 1, 1990	August 18, 2000	
72918-21-9	hexachlorodibenzofuran, 1,2,3,7,8,9-	June 1, 1990	August 18, 2000	
60851-34-5	hexachlorodibenzofuran, 2,3,4,6,7,8-	June 1, 1990	August 18, 2000	
67562-39-4	heptachlorodibenzofuran, 1,2,3,4,6,7,8-	June 1, 1990	August 18, 2000	
55673-89-7	heptachlorodibenzofuran, 1,2,3,4,7,8,9-	June 1, 1990	August 18, 2000	
39001-02-0	octachlorodibenzofuran, 1,2,3,4,5,6,7,8	June 1, 1990	August 18, 2000	
55722-27-5	total tetrachlorodibenzofuran	June 1, 1990	August 18, 2000	
30402-15-4	total pentachlorodibenzofuran	June 1, 1990	August 18, 2000	
55684-94-1	total hexachlorodibenzofuran	June 1, 1990	August 18, 2000	
38998-75-3	total heptachlorodibenzofuran	June 1, 1990	August 18, 2000	
96-12-8	dibromo-3-chloropropane, 1,2- (DBCP)	September 8, 1998	**	
106-46-7	dichlorobenzene, 1,4- (or p-dichlorobenzene)	September 8, 1998	June 15, 2001	
91-94-1	dichlorobenzidine, 3,3	December 7, 1990		
75-34-3	dichloroethane, 1,1-	January 8, 1999		
75-35-4	dichloroethylene, 1,1-		June 15, 2001	
9901 (emittant ID)	diesel PM – diesel particulate matter from diesel-fueled internal combustion engine exhaust	March 7, 2008	March 7, 2008	

TABLE I
TOXIC AIR CONTAMINANTS

CAS #	SUBSTANCE	EFFECTIVE DATE CANCER	EFFECTIVE DATE CHRONIC	EFFECTIVE DATE ACUTE
111-42-2	diethanolamine		May 3, 2002	
60-11-7	dimethylaminoazobenzene, p-	January 8, 1999		
68-12-2	dimethylformamide (N,N-)		June 15, 2001	
121-14-2	dinitrotoluene, 2,4-	December 7, 1990		
123-91-1	dioxane, 1,4- (or 1,4-diethylene dioxide)	December 7, 1990	August 18, 2000	August 13, 1999
106-89-8	epichlorohydrin (or 1-chloro-2,3-epoxypropane)	December 7, 1990	June 15, 2001	August 13, 1999
106-88-7	epoxybutane,1,2-		June 15, 2001	
140-88-5	ethyl acrylate		*	
100-41-4	ethyl benzene	June 5, 2009	August 18, 2000	
75-00-3	ethyl chloride (or chloroethane)		August 18, 2000	
106-93-4	ethylene dibromide (or 1,2-dibromoethane)	June 1, 1990	May 3, 2002	
107-06-2	ethylene dichloride (or 1,2-dichloroethane)	June 1, 1990	June 15, 2001	
75-21-8	ethylene oxide (or 1,2-epoxyethane)	June 1, 1990	June 15, 2001	
96-45-7	ethylene thiourea	January 8, 1999		
1101	Fluorides (except hydrogen fluoride, listed separately below)		September 10, 2010	
50-00-0	formaldehyde	December 7, 1990	August 18, 2000	August 13, 1999
	gasoline vapors		*	
111-30-8	glutaraldehyde		June 15, 2001	
	glycol ethers (and their acetates)			

TABLE I
TOXIC AIR CONTAMINANTS

CAS #	SUBSTANCE	EFFECTIVE DATE CANCER	EFFECTIVE DATE CHRONIC	EFFECTIVE DATE ACUTE
107-21-1	ethylene glycol		August 18, 2000	
111-76-2	ethylene glycol butyl ether		*	August 13, 1999
110-80-5	ethylene glycol ethyl ether		August 18, 2000	February 10, 1999
111-15-9	ethylene glycol ethyl ether acetate		August 18, 2000	August 13, 1999
109-86-4	ethylene glycol methyl ether		August 18, 2000	August 13, 1999
110-49-6	ethylene glycol methyl ether acetate		August 18, 2000	
118-74-1	hexachlorobenzene	December 7, 1990	**	
608-73-1	**hexachlorocyclohexanes (mixed or technical grade)**	December 7, 1990	**	
58-89-9	hexachlorocyclohexane, gamma- (lindane)	September 8, 1998	**	
77-47-4	hexachlorocyclopentadiene		*	
110-54-3	hexane		August 18, 2000	
302-01-2	hydrazine	September 8, 1998	June 15, 2001	
122-66-7	hydrazobenzene (or 1,2-diphenylhydrazine)	December 7, 1990		
7647-01-0	hydrochloric acid (or hydrogen chloride)		August 18, 2000	August 13, 1999
7664-39-3	hydrofluoric acid (or hydrogen fluoride)		September 10, 2010	August 13, 1999
10035-10-6	hydrogen bromide (HBR)		*	
74-90-8	hydrogen cyanide		August 18, 2000	August 13, 1999
7783-06-4	hydrogen sulfide		August 18, 2000	February 10, 1999
7783-07-5	hydrogen selenide			August 13, 1999

TABLE I TOXIC AIR CONTAMINANTS				
CAS #	**SUBSTANCE**	**EFFECTIVE DATE CANCER**	**EFFECTIVE DATE CHRONIC**	**EFFECTIVE DATE ACUTE**
	isocyanates			
624-83-9	methyl isocyanate		May 3, 2002	
78-59-1	isophrone		May 3, 2002	
67-63-0	isopropyl alcohol		August 18, 2000	August 13, 1999
7439-92-1	**lead and lead compounds (inorganic, including elemental lead)** including, but not limited to:	September 8, 1998	**	
	lead compounds (inorganic)	September 8, 1998	**	
301-04-2	lead acetate	September 8, 1998	**	
7758-97-6	lead chromate	September 8, 1998	**	
7446-27-7	lead phosphate	September 8, 1998	**	
1335-32-6	lead subacetate	September 8, 1998	**	
	lead compounds (other than inorganic)	September 8, 1998	**	
108-31-6	maleic anhydride		May 3, 2002	
7439-96-5	manganese and manganese compounds		August 18, 2000	
7439-97-6	**mercury and mercury compounds (inorganic)** including, but not limited to:		August 18, 2000	August 13, 1999
7487-94-7	mercuric chloride		August 18, 2000	
593-74-8	methyl mercury		August 18, 2000	

TABLE I
TOXIC AIR CONTAMINANTS

CAS #	SUBSTANCE	EFFECTIVE DATE CANCER	EFFECTIVE DATE CHRONIC	EFFECTIVE DATE ACUTE
67-56-1	methanol (methyl alcohol)		August 18, 2000	August 13, 1999
74-83-9	methyl bromide (or bromomethane)		August 18, 2000	August 13, 1999
71-55-6	methyl chloroform (or 1,1,1-trichloroethane)		August 18, 2000	August 13, 1999
78-93-3	methyl ethyl ketone		*	August 13, 1999
80-62-6	methyl methacrylate		*	
1634-04-4	methyl tert-butyl ether	May 2, 2003	August 18, 2000	
101-14-4	methylene bis(2-chloroaniline), 4,4- (MOCA)	January 8, 1999		
75-09-2	methylene chloride (or dichloromethane)	June 1, 1990	August 18, 2000	August 13, 1999
101-77-9	methylene dianiline, 4,4'- (and its dichloride)	September 8, 1998	May 3, 2002	
101-68-8	methylene phenyl diisocyanate		June 15, 2001	
1135	mineral fibers (other than man-made)		*	
90-94-8	michler's ketone	January 8, 1999		
7440-02-0	**nickel and nickel compounds:**	March 12, 1999	August 18, 2000	August 13, 1999
	including, but not limited to:			
373-02-4	nickel acetate	March 12, 1999	August 18, 2000	August 13, 1999
3333-67-3	nickel carbonate	March 12, 1999	August 18, 2000	August 13, 1999
13463-39-3	nickel carbonyl	March 12, 1999	August 18, 2000	August 13, 1999
12054-48-7	nickel hydroxide	March 12, 1999	August 18, 2000	August 13, 1999
1313-99-1	nickel oxide	March 12, 1999	August 18, 2000	August 13, 1999
12035-72-2	nickel subsulfide	December 7, 1990	August 18, 2000	August 13, 1999
1271-28-9	nickelocene	March 12, 1999	August 18, 2000	August 13, 1999

TABLE I
TOXIC AIR CONTAMINANTS

CAS #	SUBSTANCE	EFFECTIVE DATE CANCER	EFFECTIVE DATE CHRONIC	EFFECTIVE DATE ACUTE
	refinery dust from the pyrometallurgical process	December 7, 1990	August 18, 2000	August 13, 1999
7697-37-2	nitric acid		*	August 13, 1999
98-95-3	nitrobenzene		*	
79-46-9	nitropropane, 2-		*	
759-73-9	nitroso-n-ethylurea, n-	December 7, 1990		
684-93-5	nitroso-n-methylurea, n-	December 7, 1990		
86-30-6	nitrosodiphenylamine, n-	December 7, 1990		
156-10-5	nitrosodiphenylamine, p-	September 8, 1998		
59-89-2	nitrosomorpholine, n-	January 8, 1999		
100-75-4	nitrosopiperidine, n-	January 8, 1999		
930-55-2	nitrosopyrrolidine, n-	December 7, 1990		
108171-26-2	paraffins, chlorinated (average chain length, c12; approx. 60% cl by weight)	January 8, 1999		
127-18-4	perchloroethylene (or tetrachloroethylene)	September 8, 1998	September 8, 1998	August 13, 1999
108-95-2	phenol		August 18, 2000	August 13, 1999
75-44-5	phosgene		*	August 13, 1999
7723-14-0 7803-51-2	**phosphorus and phosphorus compounds** phosphine		* February 7, 2003	
7664-38-2	phosphoric acid		August 18, 2000	
85-44-9	phthalic anhydride		June 15, 2001	

TABLE I TOXIC AIR CONTAMINANTS				
CAS #	**SUBSTANCE**	**EFFECTIVE DATE CANCER**	**EFFECTIVE DATE CHRONIC**	**EFFECTIVE DATE ACUTE**
1336-36-3	**polychlorinated biphenyls (PCBs)**	December 7, 1990	**	
	3,3',4,4' Tetrachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	3,4,4',5 Tetrachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	2,3,3',4,4' Pentachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	2,3,4,4',5 Pentachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	2,3',4,4',5 Pentachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	2',3,4,4',5 Pentachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	3,3',4,4',5 Pentachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	2,3,3',4,4',5 Hexachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	2,3,3',4,4',5' Hexachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	2,3',4,4',5.5' Hexachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	3,3',4,4',5,5' Hexachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	2,3,3'4,4',5,5' Heptachlorobiphenyl	March 4, 2005***	March 4, 2005***	
	polycyclic aromatic hydrocarbons (PAHs)			
56-55-3	benz[a]anthracene	December 7, 1990		
50-32-8	benzo[a]pyrene	December 7, 1990		
205-99-2	benzo[b]fluoranthene	December 7, 1990		
205-82-3	benzo[j]fluoranthene	January 8, 1999		
207-08-9	benzo[k]fluoranthene	December 7, 1990		
218-01-9	chrysene	December 7, 1990		
226-36-8	dibenz[a,h]acridine	January 8, 1999		

TABLE I
TOXIC AIR CONTAMINANTS

CAS #	SUBSTANCE	EFFECTIVE DATE CANCER	EFFECTIVE DATE CHRONIC	EFFECTIVE DATE ACUTE
224-42-0	dibenz[a,j]acridine	January 8, 1999		
53-70-3	dibenz[a,h]anthracene	December 7, 1990		
192-65-4	dibenzo[a,e]pyrene	January 8, 1999		
189-64-0	dibenzo[a,h]pyrene	January 8, 1999		
189-55-9	dibenzo[a,i]pyrene	January 8, 1999		
191-30-0	dibenzo[a,l]pyrene	January 8, 1999		
194-59-2	dibenzo[c,g]carbazole, 7h-	January 8, 1999		
57-97-6	dimethylbenz[a]anthracene, 7,12-	January 8, 1999		
42397-64-8	dinitropyrene, 1,6-	January 8, 1999		
42397-65-9	dinitropyrene, 1,8-	January 8, 1999		
193-39-5	indeno[1,2,3-cd]pyrene	December 7, 1990		
56-49-5	methylcholanthrene, 3-	January 8, 1999		
3697-24-3	methylchrysene, 5-	January 8, 1999		
91-20-3	naphthalene	March 4, 2005***	August 18, 2000	
602-87-9	nitroacenaphthene, 5-	January 8, 1999		
7496-02-8	nitrochrysene, 6-	January 8, 1999		
607-57-8	nitrofluorene, 2-	January 8, 1999		
5522-43-0	nitropyrene, 1-	January 8, 1999		
57835-92-4	nitropyrene, 4-	January 8, 1999		
	polycyclic aromatic hydrocarbons (PAHs), total	September 8, 1998		

TABLE I
TOXIC AIR CONTAMINANTS

CAS #	SUBSTANCE	EFFECTIVE DATE CANCER	EFFECTIVE DATE CHRONIC	EFFECTIVE DATE ACUTE
7758-01-2	potassium bromate	January 8, 1999		
1120-71-4	propane sultone, 1,3-	January 8, 1999		
115-07-1	propylene		August 18, 2000	
107-98-2	propylene glycol methyl ether		August 18, 2000	
75-56-9	propylene oxide (or 1,2-epoxy propane)	September 8, 1998	February 23, 2000	August 13, 1999
7782-49-2	**selenium and selenium compounds** other than hydrogen selenide		May 3, 2002	
1310-73-2	sodium hydroxide		*	August 13, 1999
100-42-5	styrene (or vinyl benzene)		August 18, 2000	August 13, 1999
7664-93-9	sulfuric acid (and oleum)		May 3, 2002	August 13, 1999
79-34-5	tetrachloroethane, 1,1,2,2-	January 8, 1999		
62-55-5	thioacetamide	January 8, 1999		
108-88-3	toluene (or methyl benzene)		August 18, 2000	August 13, 1999
	toluene diisocyanates			
584-84-9	toluene-2,4-diisocyanate	September 8, 1998	June 15, 2001	
91-08-7	toluene-2,6-diisocyanate	September 8, 1998	June 15, 2001	
79-00-5	trichloroethane, 1,1,2-	January 8, 1999		
79-01-6	trichloroethylene	December 7, 1990	August 18, 2000	
121-44-8	triethylamine		February 7, 2003	August 13, 1999
51-79-6	urethane (or ethyl carbamate)	September 8, 1998		
1314-62-1	vanadium pentoxide			August 13, 1999

TABLE I
TOXIC AIR CONTAMINANTS

CAS #	SUBSTANCE	EFFECTIVE DATE CANCER	EFFECTIVE DATE CHRONIC	EFFECTIVE DATE ACUTE
108-05-4	vinyl acetate		May 3, 2002	
75-01-4	vinyl chloride (or chloroethylene)	December 7, 1990	**	August 13, 1999
75-35-4	vinylidene chloride		*	
1330-20-7	**xylenes (isomers and mixture)**		August 18, 2000	August 13, 1999
108-38-3	xylene, m-		August 18, 2000	August 13, 1999
95-47-6	xylene, o-		August 18, 2000	August 13, 1999
106-42-3	xylene, p-		August 18, 2000	August 13, 1999
7440-66-6	**zinc and zinc compounds**		*	
	including, but not limited to:			
1314-13-2	zinc oxide		*	

* Compounds not classified as carcinogenic, but have chronic risk values proposed by OEHHA that have not yet been finalized. The effective date is the date the Scientific Review Panel approves the chronic risk value~~, unless paragraph (e)(3) applies~~. ~~Paragraph (e)(3) applies when the finalized chronic risk value differs from the value in the latest version of the Risk Assessment Procedures published pursuant to paragraph (e)(1).~~

** Compounds are classified as carcinogenic, but have chronic risk values proposed by OEHHA that have not yet been finalized. The effective date for use of chronic risk values is the date the Scientific Review Panel approves the chronic risk value~~, unless paragraph (e)(3) applies~~.

*** Effective date for these risk values will be March 4, 2005 or the date of implementation of the applicable most recent version of Risk Assessment Procedures for Rules 1401, 1401.1 and 212~~ (Version 7.0)~~, whichever is later.

TABLE II

TOXIC AIR CONTAMINANTS WITH PROPOSED RISK VALUES

CAS #	SUBSTANCE
79-10-7	acrylic acid
107-05-1	allyl chloride
7783-20-2	ammonium sulfate
62-53-3	Aniline
1309-64-4	antimony trioxide
	arsenic compounds (other than inorganic)
532-27-4	chloroacetophenone, 2-
75-45-6	chlorodifluoromethane (HCFC-22)
7440-48-4	cobalt and cobalt compounds
74-85-1	Ethylene
96-45-7	ethylene thiourea
	fluorides and fluoride compounds
87-68-3	hexachlorobutadiene
67-72-1	hexachloroethane
822-06-0	hexamethylene-1,6-diisocyanate
78-93-3	methyl ethyl ketone (or 2-butanone)
7697-37-2	nitric acid
156-10-5	nitrosodiphenylamine, p-
7440-22-4	silver and silver compounds
96-09-3	styrene oxide
79-00-5	trichloroethane, 1,1,2-
593-60-2	vinyl bromide

ATTACHMENT F-3

(Adopted April 8, 1994)(Amended March 17, 2000)(Amended March 4, 2005) (Amended June 5, 2015)
PAR 1402 09-06-16

RULE 1402. CONTROL OF TOXIC AIR CONTAMINANTS FROM EXISTING SOURCES

(a) Purpose

The purpose of this rule is to reduce the health risk associated with emissions of toxic air contaminants from existing sources by specifying limits for maximum individual cancer risk (MICR), cancer burden, and non-cancer acute and chronic hazard index (HI) applicable to total facility emissions and by requiring facilities to implement ~~risk reduction plans~~ Risk Reduction Plans to achieve specified risk limits, as required by the Hot Spots Act and this rule. The rule also specifies Air Toxics Inventory Report, Health Risk Assessment, public notification, and specified industry-wide emissions inventory requirements.

(b) Applicability

This rule shall apply to any facility which has been notified by the Executive Officer to prepare an Air Toxics Inventory Report, Health Risk Assessment, or Risk Reduction Plan or is subject to the Hot Spots Act. This rule shall also apply ~~and~~ to any facility for which the impact of total facility emissions has the potential to be greater than or equal to the ~~exceeds any significant or action risk level~~ Notification Risk Level as indicated in ~~one of the following:~~

~~(1) A health risk assessment~~ a Health Risk Assessment approved or prepared by the District ~~or~~ for the purpose of this rule for a facility or category of facilities, including but not limited to facilities for which the District has prepared an industrywide emissions inventory pursuant to the Hot Spots Act or this rule.~~; or~~

~~(2) A health risk assessment pursuant to paragraph (b)(2), the risk reduction requirements of this rule shall not apply to facilities which have not been notified by the District to prepare a health risk assessment pursuant to this rule or the Hot Spots Act.~~

(c) Definitions

(1) ACCEPTABLE STACK HEIGHT for a permit unit is ~~defined as~~ a stack height that does not exceed two and one half (2.5) times the height of the permit unit or two and one half (2.5) times the height of the building housing the permit unit, and shall

not be greater than 65 meters (213 feet), unless the owner or operator demonstrates to the satisfaction of the Executive Officer that a greater height is necessary.

(2) ACTION RISK LEVEL for purpose of this rule is a MICR of twenty-five in one million (25×10^{-6}), cancer burden of one half (0.5), ~~or~~ a total acute or chronic HI of three (3.0) for any target organ system at any receptor location, or the National Ambient Air Quality Standard (NAAQS) for lead.

(3) AIR TOXICS INVENTORY REPORT is a detailed facility toxics emissions inventory listed by device or process along with source parameter and location information as outlined in SCAQMD "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act".

(~~3~~4) CANCER BURDEN means the estimated increase in the occurrence of cancer cases in a population subject to a MICR of greater than or equal to one in one million (1×10^{-6}) resulting from exposure to toxic air contaminants.

(~~4~~5) FACILITY means any permit unit, ~~or~~ grouping of permit units, or other air contaminant-emitting activities which are located in one or more contiguous properties within the District, in actual physical contact or separately solely by a public roadway or other public right-of-way, and are owned or operated by the same person (or persons under common control). Such above-described groupings, if remotely located and connected only by land carrying a pipeline, shall not be considered one facility.

(6) HEALTH RISK ASSESSMENT is a technical study identifying toxic air contaminant emissions released from a facility, exposure assessment, dose-response assessment and risk characterization as outlined by the Office of Environmental Health Hazard Assessment (OEHHA) "Air Toxics Hot Spots Program Guidance Manual for the Preparation of Health Risk Assessments" and the SCAQMD "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act".

(~~5~~7) HOT SPOTS ACT means the Air Toxics "Hot Spots" Information and Assessment Act of 1987, incorporated ~~at~~ in Health and Safety Code, Part 6, Division 26 ~~of the Health and Safety Code~~, and amendments to this act.

(~~6~~8) INDIVIDUAL SUBSTANCE ACUTE HAZARD INDEX (HI) is the ratio of the estimated maximum one-hour, or other time period as specified by the Executive Officer, concentration of a toxic air contaminant at a receptor location to its acute reference exposure level.

(~~7~~9) INDIVIDUAL SUBSTANCE CHRONIC HAZARD INDEX (HI) is the ratio of the long-term level of exposure to a toxic air contaminant for a potential maximally exposed individual to the chronic reference exposure level for the toxic air contaminant.

~~(8) INITIAL PLAN SUBMITTAL DATE is the date that the initial risk reduction plan is submitted to the District, but no later than 180 days following notification by the Executive Officer that a risk reduction plan is required.~~

(~~9~~10) MAXIMUM INDIVIDUAL CANCER RISK (MICR) is the estimated probability of a potential maximally exposed individual contracting cancer as a result of exposure to toxic air contaminants calculated pursuant to the Risk Assessment Procedures referenced in subdivision (~~j~~l) for residential receptor locations. The MICR for worker receptor locations shall be calculated pursuant to the Risk Assessment Procedures referenced in subdivision (~~j~~l). The MICR calculations shall include multi-pathway consideration, if applicable.

(11) NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) CODE is the standard used to classify business establishments developed under the auspices of the United States Office of Management and Budget.

(12) NOTIFICATION RISK LEVEL is a MICR of ten in one million (10×10^{-6}), a total acute or chronic HI of one (1.0) for any target organ system at any receptor location, or the more stringent of either the NAAQS for lead or ambient lead concentration limit in an applicable SCAQMD rule.

(~~10~~13) OWNER OR OPERATOR means the person who owns or operates a facility or part of a facility.

~~(11) PHASE I FACILITY is any facility that either emitted more than 25 tons per year of any criteria pollutant or was listed in a toxics emitters list, and was required to submit emissions inventory reports pursuant to the Hot Spots Act for the calendar year 1989.~~

(14) POTENTIALLY HIGH RISK LEVEL FACILITY is a facility for which the Executive Officer has determined that emissions data, ambient data, or data from previously approved Health Risk Assessments indicate that the facility has a likely potential to either exceed or has exceeded the Significant Risk Level pursuant to paragraph (g)(1).

(~~12~~15) RECEPTOR LOCATION means:

(A) ~~for~~ For the purpose of calculating acute HI, any location outside the boundaries of the facility at which a person could experience acute exposure; and

(B) ~~for~~ For the purpose of calculating chronic HI, MICR, or cancer burden, any location outside the boundaries of the facility at which a person could experience chronic exposure.

The Executive Officer shall consider the possibility of potential exposure at a location in determining whether the location will be considered a receptor location.

(16) REFERENCE EXPOSURE LEVEL (REL) is the concentration level at or below which no adverse non-cancer health effects are anticipated for the specified exposure duration.

(17) REFERENCE SOURCE is the basis of deriving an emission factor; such as a source test, AP-42, mass balance analysis, or other published source.

(~~13~~18) RISK REDUCTION MEASURE is a control measure which will reduce or eliminate the health risk associated with emissions of toxic air contaminants that, is real, permanent, quantifiable, and enforceable through District permit conditions, if applicable, and meets the requirements of the Hot Spots Act. Risk reduction measures may include, but are not limited to: feedstock modification; product reformulations; production system modifications; system enclosure, emissions control, capture or conversion; operational standards or practices modifications; emissions collection and exhaust; source control; or alternative technologies.

(~~14~~19) SIGNIFICANT RISK LEVEL for purpose of this rule is a MICR of one hundred in one million (1.0×10^{-4}~~)~~, or a total acute or chronic HI of five (5.0) for any target organ system at any receptor location.

(20) STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODE means the Standard Industrial Classification Code which classifies establishments by the type of business activity in which they are engaged, as defined by the Standard Industrial Classification Manual, 1987, published by the Executive Office of the President, Office of Management and Budget, 1987.

(~~15~~21) TOTAL ACUTE HAZARD INDEX (HI) is the sum of the individual substance acute HIs for all toxic air contaminants identified in the risk assessment guidelines as affecting the same target organ system.

(~~16~~22) TOTAL CHRONIC HAZARD INDEX (HI) is the sum of the individual substance chronic HIs for all toxic air contaminants identified in the risk assessment guidelines as affecting the same target organ system.

(~~17~~23) TOXIC AIR CONTAMINANT (TAC) is an air pollutant which may cause or contribute to an increase in mortality or serious illness, or which may pose a present or potential hazard to human health as listed by OEHHA.

(24) VOLUNTARY RISK THRESHOLD is a MICR of ten in one million (10×10^{-6}), a total acute or chronic HI of one (1.0) for any target organ system at any receptor location, or the more stringent of either the NAAQS for lead or ambient lead concentration limit in an applicable SCAQMD rule.

(d) Air Toxics Inventory Report Requirements

~~Notwithstanding the requirements of subdivision (n), within 150 days of the date of notification by the Executive Officer, an operator shall submit to the District a health risk assessment for total facility emissions.~~ The Executive Officer may require ~~a health risk assessment or~~ an Air Toxics Inventory Report ~~emissions inventory~~ from a facility when, based upon investigation, the Executive Officer determines that emission levels from the facility could potentially cause exceedance of the ~~action risk levels~~Notification Risk Level.

(1) Submittal of Initial Information for Air Toxics Inventory Reports

Within 30 days of the date of notification by the Executive Officer to prepare an Air Toxics Inventory Report or notification by the Executive Officer that the facility is a Potentially High Risk Level Facility, an owner or operator shall submit:

(A) A list identifying each device and/or process that will be included in the Air Toxics Inventory Report following the procedures in the most current version of SCAQMD "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act"; and

(B) The toxic air contaminants and Reference Source of each emission factor for each device and/or process that will be included in the Air Toxics Inventory Report.

(2) Submittal of Air Toxics Inventory Reports

(A) Unless otherwise specified in subparagraph (d)(2)(B), within 150 days of the date of notification by the Executive Officer to prepare an Air Toxics Inventory Report, an owner or operator shall submit an Air Toxics Inventory Report following the procedures in the most current version of SCAQMD "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act".

(B) The additional time allowed under subparagraph (d)(3) applies only to the submittal time of the portion of the Air Toxics Inventory Report for the

specific device or process where a source test is required. The owner or operator shall submit the Air Toxics Inventory Report for the remainder of the devices and/or processes that do not require source testing within 150 days of notification by the Executive Officer to prepare an Air Toxics Inventory Report.

(3) Source Test Requirements

(A) The Executive Officer will require the owner or operator to conduct a source test to quantify toxic air contaminant emissions if a Reference Source identified in subparagraph (d)(1)(B):

(i) Does not quantify applicable toxic air contaminants;

(ii) Is not consistent with the purpose, type and/or size of the device or process;

(iii) Is not in accordance with the most current version of CARB's "Emission Inventory Criteria and Guidelines for the Air Toxics 'Hot Spots' Program"; or

(iv) Is not in accordance with California Health and Safety Code Section 44342.

(B) An owner or operator may submit a request to the Executive Officer to conduct a source test to quantify toxic air contaminant emissions if a Reference Source identified in subparagraph (d)(1)(B) meets any of the criteria specified in clauses (d)(3)(A)(i) through (d)(3)(A)(iv).

(C) When the Executive Officer determines a source test is required under subparagraph (d)(3)(A) or grants a request to conduct a source test under subparagraph (d)(3)(B), the Executive Officer will notify the owner or operator that a source test is required or granted and the appropriate source test method for the applicable device or process.

(D) Within 30 days of the notification date to conduct a source test in subparagraph (d)(3)(C), the owner or operator shall submit a source test protocol to the Executive Officer for approval.

(E) Within 120 days of source test protocol approval, the owner or operator shall submit to the Executive Officer a source test report for the device or process for approval.

(F) Within 30 days of the notification by the Executive Officer that the source test report is approved, the owner or operator shall submit the portion of the

Air Toxics Inventory Report for the specific device or process for which a source test was required or requested.

(4) Approval of Air Toxics Inventory Reports

(A) Within 30 days of receipt of the Air Toxics Inventory Report, the Executive Officer will confirm receipt in writing and conduct an initial review of the Air Toxics Inventory Report.

(B) The Executive Officer will approve or reject the Air Toxics Inventory Report and notify the owner or operator. Approval or rejection will be based on whether:

(i) The Air Toxics Inventory Report was prepared consistent with the most current version of SCAQMD "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act"; and

(ii) The information provided was complete and accurate.

(C) Within 30 days of the date of notification by the Executive Officer of Air Toxic Inventory Report rejection, an owner or operator shall revise and resubmit an Air Toxics Inventory Report that corrects all identified deficiencies.

(D) The Executive Officer will either approve the revised and resubmitted Air Toxics Inventory Report or modify the Air Toxics Inventory Report and approve it as modified.

(e) Health Risk Assessment Requirements

The Executive Officer shall require a Health Risk Assessment from a facility when the Air Toxics Inventory Report or the Executive Officer determines that emission levels from the facility could potentially cause exceedance of the Notification Risk Level.

(1) Submittal of Health Risk Assessments

Notwithstanding paragraph (g)(3), within 90 days of the date of notification by the Executive Officer to prepare a Health Risk Assessment, an owner or operator shall submit a Health Risk Assessment for approval following the procedures in the most current version of SCAQMD "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act".

(2) Approval of Health Risk Assessments

(A) Within 30 days of receipt of the Health Risk Assessment, the Executive Officer will confirm receipt in writing and conduct an initial review of the Health Risk Assessment.

(B) The Executive Officer will approve or reject the Health Risk Assessment and notify the owner or operator in writing. Approval or rejection will be based on whether:

(i) The Health Risk Assessment was prepared consistent with the most current version of SCAQMD "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act"; and

(ii) The information provided was complete and accurate.

(C) Within 60 days of the date of notification of rejection, an owner or operator shall revise and resubmit a Health Risk Assessment that corrects all identified deficiencies.

(D) The Executive Officer will either approve the revised and resubmitted Health Risk Assessment or modify the Health Risk Assessment and approve it as modified.

~~(e) Risk Reduction Requirements~~

~~The following requirements shall apply to the operator of any facility whose emissions cause an exceedance of any significant or action risk level as indicated in a health risk assessment approved or prepared by the District:~~

~~(1) Any operator whose facility-wide risk is greater than or equal to the action risk level shall implement the risk reduction measures specified in a risk reduction plan approved by the Executive Officer to reduce the impact of total facility emissions below the action risk level as quickly as feasible but by no later than three (3) years from the initial plan submittal date.~~

~~(2) For any operator whose facility-wide risk is less than the significant risk level, the Executive Officer may approve time extensions to comply with paragraph (e)(1) in increments of up to two (2) additional years to implement risk reduction measures and achieve required risk reductions, provided the operator demonstrates one or more of the following criteria:~~

~~(A) there is no known technology or risk reduction measure that is commercially available or can achieve required risk reductions within the required time period; or~~

~~(B) the only known technology or risk reduction measure that can be implemented within the facility that will meet the facility-wide risk reduction requirements within the required time period will result in a cost impact that exceeds both of the following:~~

~~(i) $4,000,000 per cancer case avoided; and~~

~~(ii) $18,000 per ton of pollutant reduced if the TAC is also a criteria pollutant.~~

~~(C) Any extension beyond the first two year extension for each facility must be approved by the Governing Board in a public hearing before going into effect.~~

~~(3) The operator shall implement risk reduction measures in an approved plan by the dates specified in the plan for each risk reduction measure.~~

(f) ~~Submittal of~~ Risk Reduction Plan~~s~~ Requirements

~~(1) The Executive Officer will publish procedures for preparing risk reduction plans under this rule. The procedures will include self-conducted audits and checklists which may be used by certain categories of facilities in lieu of preparing a risk reduction plan.~~

(~~2~~1) Submittal of Risk Reduction Plans

An owner or operator of a facility shall submit a Risk Reduction Plan ~~a risk reduction plan~~ to the Executive Officer to reduce the impact of total facility emissions below the Action Risk Level within 120 days from the date of Health Risk Assessment approval or Health Risk Assessment preparation by the SCAQMD, if the approved or District-prepared Health Risk Assessment shows a risk greater than or equal to the Action Risk Level.

~~as specified in Table A.~~

~~Table A~~
~~Risk Reduction Plan Submittal Dates~~

~~Applicability~~	~~Health Risk Assessment (HRA) Approval Date~~	~~Plan Submittal Date~~
~~Any Facility ≥ Action Risk Level~~	~~Before March 17, 2000~~	~~180 Days After March 17, 2000~~
	~~On and After March 17, 2000~~	~~180 Days After HRA Approval Date~~
~~Notification by Executive Officer~~	~~Not Applicable~~	~~180 Days from date of notification from Executive Officer~~

~~(3) The operator shall submit to the Executive Officer for approval a risk reduction plan which includes at a minimum all of the following:~~

(2) Requirements for Risk Reduction Plans

The Risk Reduction Plan shall include:

(A) The name, address, and SCAQMD facility identification number, and SIC and NAICS codes of the facility;

(B) A facility risk characterization which includes an updated ~~air toxics emission inventory~~ Air Toxics Inventory Report and ~~health risk assessment~~ Health Risk Assessment, if the risk due to total facility emissions has increased above or decreased below the levels indicated in the previously approved ~~health risk assessment~~ Health Risk Assessment;

(C) Identification of each source from which risk needs to be reduced in order to achieve a risk below the ~~action risk level~~ Action Risk Level~~.~~;

(D) For each source identified in subparagraph (f)~~(3)(C)~~(2)(C), an evaluation of the risk reduction measures available to the owner or operator, including emission and risk reduction potential, ~~estimated costs,~~ and time necessary for implementation;

(E) Specification of the risk reduction measures that shall be implemented by the owner or operator to comply with the requirements of subdivision ~~(e)~~(i) to achieve the ~~action risk level~~ Action Risk Level or the lowest achievable level;

(F) A schedule for implementing the specified risk reduction measures as quickly as feasible. The schedule shall include the submittal of all necessary applications for permits to construct or modify within 180 days of approval of the ~~plan~~ Risk Reduction Plan, or in accordance with another schedule subject to approval of the Executive Officer, and specify the dates for other increments of progress associated with implementation of the risk reduction measures;

(G) If requesting a time extension, provide the information specified under paragraph (l)(3). Time extensions shall be approved as specified under paragraph (l)(4); ~~required to demonstrate that the request meets the required criteria specified under paragraph (e)(2) and the length of time up to two years requested~~;

(H) An estimation of the residual health risk after implementation of the specified risk reduction measures; and

(I) Proof of certification of the Risk Reduction Plan ~~risk reduction plan~~ as meeting all requirements by an individual who is officially responsible for the processes and operations of the facility.

~~(g~~3) Approval of Risk Reduction Plans

(~~1~~A) The Executive Officer shall approve or reject the ~~plan~~ Risk Reduction Plan within three (3) months of submittal. The Executive Officer may approve

the Risk Reduction Plan in parts or in its entirety. Approval or rejection will be based on whether:

(i) The Risk Reduction Plan was prepared consistent with paragraph (f)(2);

(ii) The information provided was the complete and accurate; information contained in paragraph (f)(3). and

(ii) The ability of the Risk Reduction Plan to reduce the impact of total facility emissions below the Action Risk Level as quickly as feasible, but by no later than two and half years from Risk Reduction Plan approval.

(B) The owner or operator may appeal the rejection of a plan parts or the entire Risk Reduction Plan or the failure of the Executive Officer to act on a plan submittal to the Hearing Board under Rule 216 – Appeals. If the Hearing Board denies the appeal, plans Risk Reduction Plans shall be revised and resubmitted within 90 30 days after the decision. The revised plan Risk Reduction Plan shall correct all deficiencies identified by the Executive Officer. The approved planrevised Risk Reduction Plan shall be subject to Rule 221 – Plans.

(2C) If the risk reduction plan Risk Reduction Plan contains a facility risk characterization demonstrating to the satisfaction of the Executive Officer that the facility does not exceed the action risk levelAction Risk Level, the plan Risk Reduction Plan may be approved without the inclusion of the plan Risk Reduction Plan components specified in subparagraphs (f)(3)(2)(C) through (H).

(3) Measures to achieve risk reductions required by the approved plan shall be incorporated by the Executive Officer through enforceable permit conditions or compliance plans.

(g) Potentially High Risk Level Facilities

(1) Determination of Potentially High Risk Level Facilities

(A) Prior to determining if a facility is a Potentially High Risk Level facility, the Executive Officer will notify the owner or operator that the facility may be designated as a Potentially High Risk Level Facility and meet with the owner or operator to obtain any additional information.

(B) Upon designating the facility as a Potentially High Risk Level Facility, the Executive Officer will notify the owner or operator in writing and will provide the following information to substantiate the designation:

(i) Findings from the evaluation of data that includes, but is not limited to: ambient air quality data, source test data, compliance data, and emissions data;

(ii) Findings from facility site visits; and

(iii) Findings from the investigation of surrounding sources.

(2) Early Action Reduction Plans for Potentially High Risk Level Facilities

(A) Within 90 days of the date of notification by the Executive Officer that the facility is a Potentially High Risk Level Facility, an owner or operator shall submit an Early Action Reduction Plan that identifies a list of measures that can be implemented immediately to reduce the facility-wide health risk. The Early Action Reduction Plan shall include:

(i) The name, address, and SCAQMD facility identification number;

(ii) Identification of device(s) or process(es) that are the key health risk driver(s);

(iii) Risk reduction measure(s) that can be implemented by the owner or operator that includes but are not limited to procedural changes, process changes, physical modifications, and curtailments; and

(iv) A schedule for implementing the specified risk reduction measures.

(B) Approval of Early Action Reduction Plans

(i) Within 30 days of receipt of the Early Action Reduction Plan, the Executive Officer will conduct an initial review of the Early Action Reduction Plan and confirm receipt.

(ii) The Executive Officer will approve or reject the Early Action Reduction Plan and notify the owner or operator in writing. Approval or rejection will be based on whether adequate risk reduction measures have been identified that reduce appropriate key health risk drivers as quickly as feasible.

(iii) The owner or operator may appeal the rejection of the Early Action Reduction Plan to the Hearing Board under Rule 216. If the Hearing Board denies the appeal, the Early Action Reduction Plan shall be revised and resubmitted within 14 days of the decision. The revised

Early Action Reduction Plan shall correct all deficiencies identified by the Executive Officer.

(iv) The approved Early Action Reduction Plan shall be subject to Rule 221 – Plans.

(C) Implementation of Early Action Reduction Plans

The owner or operator shall implement risk reduction measures in an approved Early Action Reduction Plan by the dates specified in the Early Action Reduction Plan for each risk reduction measure.

(3) Health Risk Assessments for Potentially High Risk Level Facilities

(A) Within 180 days of the date of notification by the Executive Officer that the facility is a Potentially High Risk Level Facility, an owner or operator shall submit a Health Risk Assessment for approval following the procedures in the most current version of SCAQMD "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act".

(B) The Executive Officer will approve the Health Risk Assessment pursuant to paragraph (e)(2).

(4) Risk Reduction Plans for Potentially High Risk Facilities

(A) Within 180 days from the date of notification by the Executive Officer that the facility is a Potentially High Risk Level Facility, an owner or operator shall submit a Risk Reduction Plan to the Executive Officer pursuant to paragraph (f)(2) to reduce the impact of total facility emissions below the Action Risk Level.

(B) The Executive Officer will approve the Risk Reduction Plan pursuant to paragraph (f)(3).

(h) Voluntary Risk Reduction Requirements

(1) Participation in Voluntary Risk Reduction Program

(A) The Executive Officer will notify an owner or operator of eligibility to participate in the Voluntary Risk Reduction Program based on the following criteria:

(i) The facility has a Health Risk Assessment approved or prepared by the District for the purpose of the Hot Spots Act or this rule that, as approved or prepared, is below Action Risk Level; and

(ii) The Executive Officer has determined that the facility is not a Potentially High Risk Level Facility.

(B) After notification from the Executive Officer of eligibility, the owner or operator of the eligible facility may participate in the Voluntary Risk Reduction Program by:

(i) Submitting a written acceptance to participate in the Voluntary Risk Reduction Program within 30 days of the date of the notification of eligibility; and

(ii) Complying with all requirements in this subdivision.

(iii) Compliance with this subdivision shall be in lieu of the requirements in subdivisions (d), (e), and (f).

(2) Voluntary Risk Reduction Plan

(A) Within 150 days of notification of eligibility, an owner or operator shall submit for approval a Voluntary Risk Reduction Plan to reduce the impact of total facility emissions to below the Voluntary Risk Threshold.

(B) The Voluntary Risk Reduction Plan shall follow the procedures in the most current version of "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program".

(3) Approval of Voluntary Risk Reduction Plans

(A) Within 30 days of receipt, the Executive Officer will conduct an initial review of the Voluntary Risk Reduction Plan and confirm receipt.

(B) The Executive Officer will approve or reject the Voluntary Risk Reduction Plan based on whether:

(i) The Voluntary Risk Reduction Plan was prepared consistent with the most current version of "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program";

(ii) The information provided was complete and accurate; and

(iii) The Voluntary Risk Reduction Plan has risk reduction measures that will reduce the impact of total facility emissions below the Voluntary Risk Threshold as quickly as feasible, but by no later than two and half years from Voluntary Risk Reduction Plan approval.

(C) Within 30 days of the date of rejection, the owner or operator shall correct all deficiencies identified by the Executive Officer and resubmit the Voluntary Risk Reduction Plan.

(D) If the revised Voluntary Risk Reduction Plan pursuant to subparagraph (h)(3)(C) is denied, the owner or operator shall correct all deficiencies

identified by the Executive Officer and resubmit the Voluntary Risk Reduction Plan within 30 days of the date of rejection.

(E) If the second revised Voluntary Risk Reduction Plan pursuant to subparagraph (h)(3)(D) is denied, this denial acts as a notification to prepare an Air Toxics Inventory Report and Health Risk Assessment within 90 days and the owner or operator shall comply with all subsequent requirements following such notification.

(i) The Air Toxics Inventory Report shall follow the procedures in the most current version of SCAQMD "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act". The Executive Officer will approve the Air Toxics Inventory Report pursuant to paragraph (d)(4).

(ii) The Health Risk Assessment shall follow the procedures in the most current version of SCAQMD "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act". The Executive Officer will approve the Health Risk Assessment pursuant to paragraph (e)(2).

(F) Any approved Voluntary Risk Reduction Plan shall be subject to Rule 221 – Plans.

(~~h~~i) Implementation of Risk Reduction Plans

(1) The owner or operator shall implement the risk reduction measures specified in the Risk Reduction or Voluntary Risk Reduction Plan approved by the Executive Officer, including approved updated and modified plans, as quickly as feasible but no later than two and a half (2.5) years from the date of the approval of the plans.

(2) The owner or operator shall implement risk reduction measures in an approved plan by the dates specified for each risk reduction measure.

(3) Measures to achieve risk reductions required by the approved plan shall also be incorporated by the Executive Officer through enforceable permit conditions or compliance plans.

(j) ~~Progress~~ Reports

(1) Progress Reports

The owner or operator shall submit to the Executive Officer for review annual progress report(s), ~~starting no later than~~ 12 months after approval of the ~~plan~~ Risk

Reduction or Voluntary Risk Reduction Plan which shall include, at a minimum, all of the following:

(~~1~~A) The increments of progress achieved in implementing the risk reduction measures specified in the ~~plan~~Risk Reduction or Voluntary Risk Reduction Plan;

(B) Submittal dates of all applicable permit application(s), the status of the applications, and the permit numbers, if applicable;

(~~2~~C) A schedule indicating dates for future increments of progress;

(~~3~~D) Identification of any increments of progress that have been or will be achieved later than specified in the plan and the reason for achieving the increments late; and

(~~4~~E) A description of any increases or decreases in emissions of toxic air contaminants that have occurred at the facility, including a description of any associated permits that were subject to Rule 1401, since approval of the plan.

(2) Final Implementation Report for Voluntary Risk Reduction Plans

(A) The owner or operator shall submit to the Executive Officer for approval a Final Implementation Report by the voluntary risk reduction deadline as specified in paragraph (i)(1) following the procedures in the most current version of "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program".

(B) The Executive Officer will approve the Final Implementation Report provided the measures identified in the approved Voluntary Risk Reduction Plan have been implemented.

(~~i~~k) Updating and Modification of Risk Reduction and Voluntary Risk Reduction Plans

(1) If information becomes known to the Executive Officer after the last submitted plan that would substantially impact risks to exposed persons, implementation, or effectiveness of the ~~risk reduction~~ plan, the Executive Officer may require the plan to be updated and resubmitted.

(2) The owner or operator may request ~~Prior to a~~ changes ~~in the risk reduction measures or schedule specified in~~to the ~~currently~~ approved plan~~, the operator shall~~ by submitting to the Executive Officer for approval ~~an application for~~ a modified plan~~modification~~. The ~~application~~ owner or operator shall include a demonstration that ~~the~~ any change in the risk reduction measures ~~is necessary and~~ will still result in expeditious compliance ~~with this rule~~ to achieve below the Action Risk Level

for the Risk Reduction Plan or below the Voluntary Risk Threshold for the Voluntary Risk Reduction Plan ~~risk level as specified in the approved plan~~. The last approved plan is valid until the modified plan is approved. Any requests for a time extensions must be submitted pursuant to subdivision (l). ~~Any request for a time extension shall be made at least 180 days before the end of the applicable deadline to achieve the required facility-wide risk level that is specified in the approved risk reduction plan.~~

(~~j~~l) Risk Reduction Time Extensions

(1) An owner or operator may submit a request to the Executive Officer for a one-time extension for up to two and a half years to complete implementation of a plan provided the facility-wide health risk is below the Significant Health Risk Level at the time of the request for the time extension.

(2) An owner or operator that elects to submit a request for a time extension shall submit the request:

(A) At the time the plan is submitted; or

(B) At least 180 days before the end of the risk reduction deadline specified in the approved plan.

(3) An owner or operator that submits a request for a time extension request shall provide the following information to the Executive Officer:

(A) A description of the risk reduction measure(s) for which a time extension is needed;

(B) The reason(s) a time extension is needed;

(C) Progress in implementing risk reduction measures in the plan;

(D) For Risk Reduction Plans, estimated health risk level at the time of the time extension request and at the end of the risk reduction period; and

(E) The length of time requested.

(4) Approval of Time Extensions

The Executive Officer will review the request for the time extension and will approve or reject the time extension based on the following criteria:

(A) The facility-wide health risk is below the Significant Risk Level at the time of submittal of the time extension request;

(B) The owner or operator provides sufficient details identifying the reason(s) a time extension is needed that demonstrates to the Executive Officer that there are specific circumstances beyond the control of the owner or operator that necessitate additional time to complete implementation of the plan.

Such a demonstration may include, but is not limited to, providing detailed schedules, engineering designs, construction plans, permit applications, purchase orders, economic burden, and technical infeasibility; and

(C) The time extension will not result in an unreasonable risk to public health.

(j~~m~~) Risk Assessment Procedures

(1) The Executive Officer shall periodically publish or designate procedures for determining health risks under this rule. To the extent possible, the procedures shall be consistent with the policies and procedures of the ~~Office of Environmental Health Hazard Assessment (~~OEHHA~~)~~. Such procedures shall specify:

(A) Acute and chronic reference exposure levels and upper bound estimates of carcinogenic potency that shall be used in evaluating risks;

(B) Compounds that must be subject to a multiple pathway risk assessment. A compound is subject to multiple pathway analysis if the Executive Officer determines that it may reasonably be expected to cause health risk through ingestion exposure, if it is expected to deposit and persist in the environment after emission, and if a quantitative oral cancer potency estimate or reference exposure level has been derived for the compound;

(C) Health protective assumptions that shall be used in evaluating exposure to compounds from inhalation and other routes of exposure;~~.~~

(D) Risk for the potential maximally exposed individual in residential areas and health protective estimates of exposure duration in nonresidential areas; and

(E) Estimates of pollutant dispersion and risk from a source shall not be based upon stack height in excess of acceptable stack height as defined in (c)(1).

(2) Within 120 days of publication of risk assessment guidelines required to be published by the OEHHA pursuant to the Air Toxics "Hot Spots" Information and Assessment Act of 1987, the Executive Officer shall report to the District Governing Board if there are any material differences between the OEHHA guidelines and the criteria specified in this rule and recommend for Board approval whether to proceed with amendments to this rule in order to make the rule consistent with the OEHHA guidelines before their designation as the risk assessment guidelines under this rule.

~~(3) Promptly after OEHHA finalizes the identification of a new TAC or revises a risk value for an existing TAC, staff will provide notice to the Governing Board and affected industries. Use of any new TAC or a more stringent risk value in health risk assessments for this rule shall be 12 months after the Governing Board receives~~

~~and files the report containing such notification, unless the Governing Board approves another implementation schedule through an official Board action.~~

~~(4) Also, within 150 days of new chemicals being identified or changes in risk values being finalized by OEHHA, staff will report to the District's Governing Board regarding preliminary estimates of Rule 1402 program impacts that are associated with the new values.~~

(~~5~~3) The Executive Officer will publish procedures for determining the emissions estimates to be used in risk assessments in cases in which a compound has not been detected in analyses which have been conducted according to District-approved methods, including procedures for excluding such compounds from risk assessments. The procedures shall provide methods for estimating the most likely emission levels of non-detected compounds based on consideration of the likelihood of presence and the method detection limits of compounds.

(~~k~~n) Alternate Hazard Index Levels

An alternate ~~hazard index~~HI level may be used as the Action Risk Level ~~action risk level~~ for a particular total acute or chronic HI if the Executive Officer, in consultation with the ~~Office of Environmental Health Hazard Assessment~~OEHHA, determines that such alternate ~~hazard index~~HI level is protective against adverse health effects. The alternate HI level shall not in any case exceed 10. The facility owner or operator shall attain the alternate HI level for the action risk level.

(~~l~~o) Disclaimer

Compliance with this rule does not authorize the emission of a toxic air contaminant in violation of any federal, state, local or District law or regulation or exempt the owner or operator from any law or regulation.

~~(m) Risk reduction measures implemented in order to comply with other regulatory requirements are acceptable risk reduction measures for the purposes of this rule, provided they are consistent with the requirements of this rule.~~

(~~n~~p) Emissions Inventory Requirements

(1) These emission inventory requirements are applicable to the operator of any facility that has not yet submitted a total facility toxic emissions inventory under the Hot Spots ~~Program~~Act, where:

(A) ~~t~~The facility emits one or more toxic air contaminants on Table I and its annual emissions exceed one or more of the threshold(s) identified in Table I; or

(B) ~~the~~ The primary business operation of the facility is listed in Table II and its annual emissions exceed one or more of the threshold(s) identified in Table II.

(2) The operator of any facility subject to subparagraph (~~n~~p)(1)(A) shall submit an emissions inventory within 60 days of notification from the Executive Officer.

(3) The operator of any facility subject to subparagraph (~~n~~p)(1)(B) shall submit an inventory within 60 days of notification from the Executive Officer, unless the AQMD Governing Board adopts a source-specific rule prior to three years after March 17, 2000 that specifically exempts the industry, of which the facility is a member, from the inventory provisions of this rule.

(4) The operator of any facility that is required to submit an emissions inventory pursuant to subparagraph (~~n~~p)(1)(A) shall submit an inventory that includes the toxic air contaminant(s) identified in Table I applicable to the facility. The operator of any facility that is required to submit an emissions inventory pursuant to subparagraph (~~n~~p)(1)(B) shall submit an inventory that includes: (1) the toxic air contaminant(s) listed in Table II within the industry category that is applicable to the facility; and (2) the toxic air contaminants listed in Table I applicable to the facility, if applicable. The emissions inventory shall be prepared consistent with the emissions inventory methodology specified by the most current version of CARB "~~ARB's~~ Emissions Inventory Criteria and Guidelines for the Air Toxics 'Hot Spots' Program" ~~(July 1997)~~ and/or any subset of these Guidelines as specified by the Executive Officer.

~~(o) Phase I Facility Health Risk Assessment Revision Requirements~~

~~(1) Any operator of a Phase I facility that was required to submit a Hot Spots health risk assessment and has not received District approval on the health risk assessment, due to a request by the operator to update the inventory, shall submit to the District by July 1, 2000 or earlier, as requested by the Executive Officer, a revised total facility inventory for the year 1995 or later which meets the requirements of the Hot Spots Act.~~

~~(2) Phase I facilities requested to provide a revised facility inventory pursuant to paragraph (o)(1), that fail to do so, shall be subject to public notification requirements on the most recent inventory data and OEHHA reviewed risk~~

~~assessment that is subject to District approval that the facility submitted to the District pursuant to the Hot Spots Act.~~

(~~p~~q) Public Notification Requirements

(1) Health Risk Assessment

The owner or operator of any facility for which total facility risk, as determined through a District approved or prepared Health Risk Assessment, is greater than or equal to the Notification Risk Level shall follow the procedures in the most current version of "SCAQMD Public Notification Procedures for Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588) and Rule 1402" and:

(A) Distribute the approved or prepared Health Risk Assessment;

(B) Distribute Public Notification Materials; and

(C) Participate in a District-approved Public Meeting.

(2) Progress Reports

Following the procedures in the most current version of "SCAQMD Public Notification Procedures for Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588) and Rule 1402":

(A) The owner or operator of any facility for which total facility risk, as determined through a progress report pursuant to requirements in subdivision (~~i~~j)(1), is greater than or equal to the Action Risk Level shall distribute Public Notification Materials 12 months after the Executive Officer approves the Risk Reduction Plan and every 12 months thereafter, until the total facility risk is below the Action Risk Level; and

(B) Notwithstanding subparagraph (q)(2)(A), the owner or operator of any facility for which total facility risk, as determined through a progress report pursuant to requirements in subdivision (~~i~~j), is greater than or equal to the Significant Risk Level shall participate in a District-approved Public Meeting.

(3) Voluntary Risk Reduction Program

Public notification will be provided by SCAQMD following the procedures in the most current version of "SCAQMD Public Notification Procedures for Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588) and Rule 1402".

~~(1) The operator of any facility for which total facility risk, as determined through a District approved HRA or progress report, exceeds the action risk level shall~~

~~provide the following public notification 12 months after the Executive Officer approves the risk reduction plan and every 12 months thereafter, until the total facility risk is below the action risk level:~~

~~(A) written public notification to report the progress of risk reductions pursuant to the most recent Board approved "Public Notification Procedures for Phase I and II Facilities Under the Air Toxics Hot Spots Information and Assessment Act" Section III.C.2. Public Notice Materials, which requires notice materials written in both English and Spanish, and additional languages as deemed appropriate by the Executive Officer; Section III.C.3. Area of Distribution (Area of Impact); Section III.C.4. Method of Distribution; and Section III.C.5. Verification of Distribution.; and~~

~~(B) public meetings if the total facility risk, as determined through a District approved HRA or the progress report, exceeds a MICR of one hundred in one million (100×10^{-6}), pursuant to the "Public Notification Procedures for Phase I and II Facilities Under the Air Toxics Hot Spots Information and Assessment Act" Section III.D. Public Meetings.~~

~~(2) Any operator with a facility-wide risk that exceeds an MICR of 10 in one million or a Hazard Index of 1.0 (0.5 for lead) as determined through a District approved HRA, shall notice the public in accordance with California Health and Safety Code Section 44362 and the most recently District approved "Public Notification Procedures for Phase I and II Facilities Under the Air Toxics Hot Spots Information and Assessment Act".~~

TABLE I
EMISSIONS REPORTING THRESHOLDS FOR SPECIFIC TACs

TAC	CAS NUMBER	THRESHOLD
1,3 Butadiene	106-99-0	2 lb/yr
Benzene	71-43-2	14 lb/yr
Cadmium	7440-43-9	0.09 lb/yr
Formaldehyde	50-00-0	67 lb/yr
Hexavalent Chromium	18540-29-9	0.002 lb/yr
Methylene Chloride	75-09-2	400 lb/yr
Nickel	7440-02-0	1.5 lb/yr
Perchloroethylene	127-18-4	67 lb/yr

TABLE II
EMISSIONS REPORTING THRESHOLDS FOR SPECIFIC INDUSTRIES

INDUSTRY	TAC	CAS NUMBER	THRESHOLD
Biomedical Sterilizing Operations	Ethylene Oxide	75-21-8	4.5 lb/yr
Dry Cleaning	Perchloroethylene	127-18-4	67 lb/yr
	Methylene Chloride	75-09-2	400 lb/yr
Gasoline Stations	Benzene in Gasoline	71-43-2	14 lb/yr
Metal Finishing	Hexavalent Chromium	18540-29-9	0.002 lb/yr
	Cadmium	7440-43-9	0.09 lb/yr
	Nickel	7440-02-0	1.5 lb/yr
	Copper	7440-50-8	500 lb/yr
Motion Picture Film Processing	Perchloroethylene	127-18-4	67 lb/yr
Rubber	Chlorinated Dibenzofurans,		1,000 lb of rubber
	Benzene,	71-43-2	product cured/
	Xylenes,	1330-20-7	processed per year
	Toluene,	108-88-3	
	Phenol, ~~and~~	108-95-2	
	Methylene Chloride	75-09-2	
Wood Stripping/Refinishing,	Methylene Chloride	75-09-2	400 lb/yr
	DEHP	117-81-7	32 lb/yr
	Glycol ethers and their acetates,		500 lb/yr
	Ethylene Glycol (Mono)Methyl Ether, ~~and~~	109-86-4	
	Ethylene Glycol (Mono)Ethyl Ether Acetate	111-15-9	
	Ethylene Glycol (Mono)Butyl Ether ~~and~~	111-76-2	2,000 lb/yr
	Ethylene Glycol (Mono)Ethyl Ether	110-80-5	
	Ethylene Glycol (Mono)Methyl Ether Acetate ~~and Ethylene Glycol (Mono)Methyl Ether~~	110-49-6	1,000 lb/yr

ATTACHMENT G

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Staff Report
Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory;
Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants;
Proposed Amended Rule 1402 – Control of Toxic Air Contaminants from Existing Sources;
"SCAQMD Public Notification Procedures for Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588) and Rule 1402"; and
"SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program"

October 2016

Acting Executive Officer
Wayne Nastri

Deputy Executive Officer
Planning, Rule Development, and Area Sources
Philip M. Fine, Ph.D.

Acting Assistant Deputy Executive Officer
Planning, Rule Development, and Area Sources
Susan Nakamura

Author:	Uyen-Uyen Vo – Air Quality Specialist
Contributors:	Amir Dejbakhsh – Assistant Deputy Executive Officer Cher Snyder – Assistant Deputy Executive Officer Shah Dabirian – Program Supervisor Victoria Moaveni – Program Supervisor Jason Aspell – Senior Air Quality Engineer Hoshik Yoo – Air Quality Engineer II James Koizumi – Air Quality Engineer II Cynthia Carter – Air Quality Specialist Pierre Sycip – Air Quality Specialist Sam Wang – Air Quality Specialist
Reviewed by:	Mike Morris – Program Supervisor William Wong – Principal Deputy District Counsel Ian MacMillian – Planning and Rule Manager Jillian Wong – Planning and Rule Manager

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD

Chairman: WILLIAM A. BURKE, Ed.D.
Speaker of the Assembly Appointee

Vice Chairman: BEN BENOIT
Councilmember, Wildomar
Cities of Riverside County

MEMBERS:

MICHAEL D. ANTONOVICH
Supervisor, Fifth District
County of Los Angeles

JOHN J. BENOIT
Supervisor, Fourth District
County of Riverside

JOE BUSCAINO
Councilmember, 15th District
City of Los Angeles Representative

MICHAEL A. CACCIOTTI
Mayor Pro Tem, South Pasadena
Cities of Los Angeles County/Eastern Region

JOSEPH K. LYOU, Ph.D.
Governor's Appointee

LARRY MCCALLON
Mayor, Highland
Cities of San Bernardino County

JUDY MITCHELL
Councilmember, Rolling Hills Estates
Cities of Los Angeles County/Western Region

SHAWN NELSON
Supervisor, Fourth District
County of Orange

DR. CLARK E. PARKER, SR.
Senate Rules Committee Appointee

DWIGHT ROBINSON
Councilmember, Lake Forest
Cities of Orange County

JANICE RUTHERFORD
Supervisor, Second District
County of San Bernardino

ACTING EXECUTIVE OFFICER:

WAYNE NASTRI

TABLE OF CONTENTS

TABLE OF CONTENTS

BACKGROUND	1
REGULATORY BACKGROUND	1
INTRODUCTION	2
PUBLIC PROCESS AND OUTREACH EFFORTS	3
PROPOSED AMENDED RULE 307.1	3
PROPOSED AMENDED RULE 1401	4
PROPOSED AMENDED RULE 1402	4
NOTIFICATION PROCEDURES	14
VOLUNTARY RISK REDUCTION GUIDELINES	15
AFFECTED INDUSTRIES	15
COMMENTS AND RESPONSES	21
SOCIOECONOMIC ASSESSMENT	23
CALIFORNIA ENVIRONMENTAL QUALITY ACT	24
DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 40727	24
COMPARATIVE ANALYSIS	26
REFERENCES	R-1

BACKGROUND

On March 6, 2015, the California Office of Environmental Health Hazard Assessment (OEHHA) approved revisions to their Risk Assessment Guidelines (Revised OEHHA Guidelines). The Revised OEHHA Guidelines were triggered by the passage of the Children's Health Protection Act of 1999 (SB 25, Escutia) requiring OEHHA to ensure infants and children are explicitly addressed in assessing risk. Over the past decade, advances in science have shown that early-life exposures to air toxics contribute to an increased estimated lifetime risk of developing cancer or other adverse health effects, compared to exposures that occur in adulthood. The new risk assessment methodology addresses this greater sensitivity and incorporates the most recent data on infants, children and adult exposure to air toxics. The Revised OEHHA Guidelines incorporate age sensitivity factors and other changes which have increased estimated cancer risk to residential and sensitive receptors, based on the change in methodology, by approximately 3 times, and more than 3 times in some cases depending on whether the toxic air contaminant (TAC) has multiple pathways of exposure in addition to inhalation. Health risks for off-site worker receptors are similar between the existing and revised methodology because the methodology for adulthood exposures remains relatively unchanged. The Revised OEHHA Guidelines do not change the toxic emission reductions already achieved by facilities in the Basin. The Revised OEHHA Guidelines represent a change to the methodologies and calculations used to estimate health risk based on the most recent scientific data on exposure, childhood sensitivity, and breathing rates. Even though there may be no increase in toxic emissions at a facility, the estimated cancer risk using the Revised OEHHA Guidelines is expected to increase, resulting in some facilities that previously were below the Notification Risk Level and Action Risk Level now having to provide public notification and risk reduction, respectively. At the June 2015 Board Hearing, the SCAQMD Governing Board adopted amendments to Rule 1402 – Control of Toxic Air Contaminants from Existing Sources (Rule 1402) incorporating the Revised OEHHA Guidelines. During the 2015 rulemaking process, some industry stakeholders had commented that even though a facility's emissions remained the same or were reduced, with the Revised OEHHA Guidance, their estimated health risk may require the facility to conduct public notification. As a result, the Governing Board directed staff to work with stakeholders to incentivize early risk reductions beyond those required under Rule 1402, to assess public notification procedures, and explore alternatives for such facilities. In addition, the Governing Board also directed staff to streamline implementation of Rule 1402, if necessary.

REGULATORY BACKGROUND

The SCAQMD has a robust and comprehensive air toxics regulatory program that consists of rules to address new and modified toxic sources (Rules 1401 and 1401.1 for sources near schools), existing toxic sources (Rule 1402), and source-specific toxic rules. Rules 1401, 1401.1, and 1402 are referred to as the toxics "umbrella" rules. Over the past few decades, implementation of these programs by the SCAQMD has resulted in significant reductions in toxic emissions by businesses throughout the Basin from a variety of sources. Estimated cancer risks have been significantly reduced between 75 to 86 percent, depending on the location within the Basin.

SCAQMD Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory (Rule 307.1) is a Regulation III – Fees rule that establishes annual fees to recover the cost of implementing and administering the Air Toxics "Hot Spots" Information and Assessment Act of 1987 (AB

2588). Rule 307.1 applies to any facility that is subject to the Hot Spots Act or Rule 1402 and operates in any portion of the fiscal year for which the fee is assessed. Rule 307.1 was adopted in 1996, has been amended 18 times, and was last amended July 1, 2016.

SCAQMD Rule 1401 – New Source Review of Toxic Air Contaminants (Rule 1401) is a Regulation XIV – Toxics and Other Non-Criteria Pollutants (Regulation XIV) rule that specifies requirements for new and modified permitted toxic sources. Rule 1401 applies to any application for new, relocated and modified permit units. Rule 1401 was adopted in 1990, has been amended 16 times, and was last amended June 5, 2015.

SCAQMD Rule 1402 is a Regulation XIV rule. Rule 1402 establishes facility-wide risk requirements for existing facilities that emit TACs and implements the state AB 2588 Air Toxics "Hot Spots" program. It contains requirements for toxic emissions inventories, health risk assessments, public notification and risk reduction. A maximum individual cancer risk exceeding 10 in one million, as demonstrated by an approved Health Risk Assessment (HRA), triggers the need for public notice. A maximum individual cancer risk of 25 in one million, as demonstrated by an approved HRA, triggers the need for the facility to reduce their facility-wide risk. Any facility whose facility-wide emission of TACs exceed the significant risk level of 100 in one million are required to achieve risk reductions within three years from initial risk reduction plan submittal. Rule 1402 was adopted in 1994, has been amended 3 times, and was last amended June 5, 2015.

INTRODUCTION

Proposed Amended Rule (PAR) 1402 will be amended to streamline implementation to achieve risk reductions sooner and to provide a modified notification approach for certain facilities that elect to participate in a voluntary program that will achieve risk reductions that go beyond the Action Risk Level threshold in Rule 1402. PAR 1402 also includes additional requirements for facilities that are designated as Potentially High Risk Level Facilities and includes other amendments to improve clarity.

In addition to PAR 1402, amendments to Rule 307.1 and Rule 1401 are being proposed. PAR 307.1 proposes adding fee categories for the new provisions established in PAR 1402. PAR 307.1 includes a fee category for Voluntary Risk Reduction facilities, consistent with fees that these facilities would incur under implementation of Rule 1402 and a provision that requires the facility to either directly pay or reimburse the SCAQMD for costs associated with Rule 1402 public meeting requirements. The proposed changes to Rule 307.1 will not result in any additional fees; facilities participating the Voluntary Risk Reduction Program would otherwise incur fees under existing Rule 1402 and public meetings were previously conducted and paid for by the facility. PAR 307.1 also references North American Industry Classification System (NAICS) codes instead of Standard Industrial Classification (SIC) codes and replaces references to California Air Pollution Control Officers Association (CAPCOA) "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990" with the most current version of SCAQMD "Facility Prioritization Procedures For AB 2588 Program". Additional amendments are made to PAR 307.1 to improve clarity. Amendments to Rule 1401 are being proposed in order to remain consistent with Rule 1402. PARs 1401 and 1402 remove provisions that require staff to report to the

Governing Board OEHHA changes to risk values to allow staff to consolidate reporting of these changes annually in the SCAQMD's AB 2588 Annual Report.

"Public Notification Procedures for Phase I and II Facilities Under Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)" (Notification Procedures) is being revised to clarify Rule 1402 notification requirements. "Draft SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" (Voluntary Risk Reduction Guidelines) is being developed to establish Rule 1402 Voluntary Risk Reduction procedures.

PUBLIC PROCESS AND OUTREACH EFFORTS

Development of PARs 307.1, 1401, and 1402 was conducted through a public process. SCAQMD has held four working group meetings to date: September 9, 2015, March 2, 2016, May 26, 2016, and July 27, 2016. The Working Group is composed of representatives from businesses, environmental groups, public agencies, and consultants. The purpose of the Working Group meetings is to work with stakeholders to discuss proposed concepts and to work through details of staff's proposal. Working Group meetings are open to the public. A Public Workshop was held on August 10, 2016. SCAQMD staff also provided monthly briefings to environmental groups regarding the proposed amendments and associated documents, and were also discussed at the October 16, 2015 and July 22, 2016 Stationary Source Committee meetings. The four Working Group meetings and Public Workshop were all held at the SCAQMD Headquarters in Diamond Bar.

PROPOSED AMENDED RULE 307.1

PAR 307.1 includes provisions to add a fee category for owner or operators that elect to participate in in the Voluntary Risk Reduction Program, require facilities to directly pay or reimburse the SCAQMD for costs associated with public meetings required by Rule 1402, replace references to SIC codes with NAICS codes and references to CAPCOA "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990" with the most current version of SCAQMD "Facility Prioritization Procedures For AB 2588 Program", and provide clarifications.

Purpose (Subdivision (a))

PAR 307.1 clarifies potential costs that may be recovered by SCAQMD to implement and administer the Air Toxics "Hot Spots" Information and Assessment Act also includes costs incurred to review air toxics inventory reports and administer Rule 1402.

Applicability (Subdivision (b))

PAR 307.1 clarifies that Rule 307.1 is also applicable to facilities subject to Rule 1402.

Definitions (Subdivision (c))

PAR 307.1 modifies, removes, and adds definitions to improve the overall clarity of the proposed amended rule. "Facility Program Category" is modified to reference the correct subparagraphs. The definitions for "Flat Fee" and "Standard Industrial Classification (SIC) Code" are removed. Definitions for "North American Industry Classification System (NAICS)" and "Voluntary Risk Reduction Facility" are added; please refer to PAR 307.1 for definitions.

Fees (Subdivision (d))

In PAR 307.1 subparagraph (d)(2)(C), the provision is changed to refer to "Diesel Engine Facility" instead of a "Emergency Standby Diesel Engine Only Facility". The rule does not have an

"Emergency Standby Diesel Engine Only Facility" Program Category, only a "Diesel Engine Facility" Program Category.

PAR 307.1 adds a fee category for "Voluntary Risk Reduction Facilities". The fee is based on the fee for the Facility Program Category "PS>10, No HRA." If these facilities did not elect to participate in the Voluntary Risk Reduction Program, they would pay a similar, and in some cases higher fee if the facility is over the Rule 1402 Risk Reduction Level. The facility will pay the appropriate Voluntary Risk Reduction fee in Table I until the facility completes risk reduction, then the facility will be assessed the HRA Tracking Facility Program Category in Table I.

PAR 307.1 adds a provision, Public Notifications and Meetings, which requires the facility owner or operator to either directly pay or reimburse SCAQMD for the costs of public meetings. The costs would include, venue rental, audio visual rental equipment and personnel, mailing, translation services, parking, security, and equipment rental. The costs would not include staff hours. Previously, under Rule 1402 and "Public Notification Procedures for Phase I and II Facilities under the Air Toxics 'Hot Spots' Information and Assessment Act of 1987", if a public meeting was required, it was responsibility of the facility to plan, conduct and pay for the public meeting. Now, PAR 1402 and Notification Procedures have SCAQMD staff plan and conduct the public meeting. Therefore, this provision was added to allow SCAQMD to be reimbursed for the costs of conducting the public meetings or for the facility to pay these costs directly. The costs for public meetings are not expected to change. If the facility does not directly pay vendors, SCAQMD will send the facility an invoice which must be paid within 60 days.

Throughout PAR 307.1, all references to SIC codes are changed to NAICS codes and the codes are converted. This change follows the national standard of switching from SIC codes to NAICS codes. References to CAPCOA "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990" are replaced with the most current version of SCAQMD "Facility Prioritization Procedures For AB 2588 Program".

PROPOSED AMENDED RULE 1401

Rule 1401 includes provisions for analyzing potential impacts and reporting to the Governing Board when OEHHA revises risk values for new and existing TACs. To remain consistent with PAR 1402 and streamline implementation, PAR 1401 will remove paragraphs (e)(2) and (e)(3) and include this information in the AB 2588 annual report. Staff will implement the changes in risk values for new or revised TACs, report to the Stationary Source Committee, and continue to analyze impacts of new or revised TACs and report these changes in the SCAQMD AB 2588 Annual Report.

PROPOSED AMENDED RULE 1402

PAR 1402 does not change risk thresholds, but does include provisions to streamline implementation and improve clarity, provisions for the Voluntary Risk Reduction Program and Potentially High Risk Facilities, and provisions to better clarify the submittal and approval processes of Air Toxic Inventory Reports, Health Risk Assessments, and Risk Reduction Plans. Amendments to Rule 1402 result in traditional risk reduction occurring 8 months faster than the current process while risk reduction through the voluntary program and for potentially high risk

level facilities occur 2 years and 1.4 years faster, respectively, than the current process. Figure 1 summarizes the three proposed overall timelines compared to the current Rule 1402 timeline.

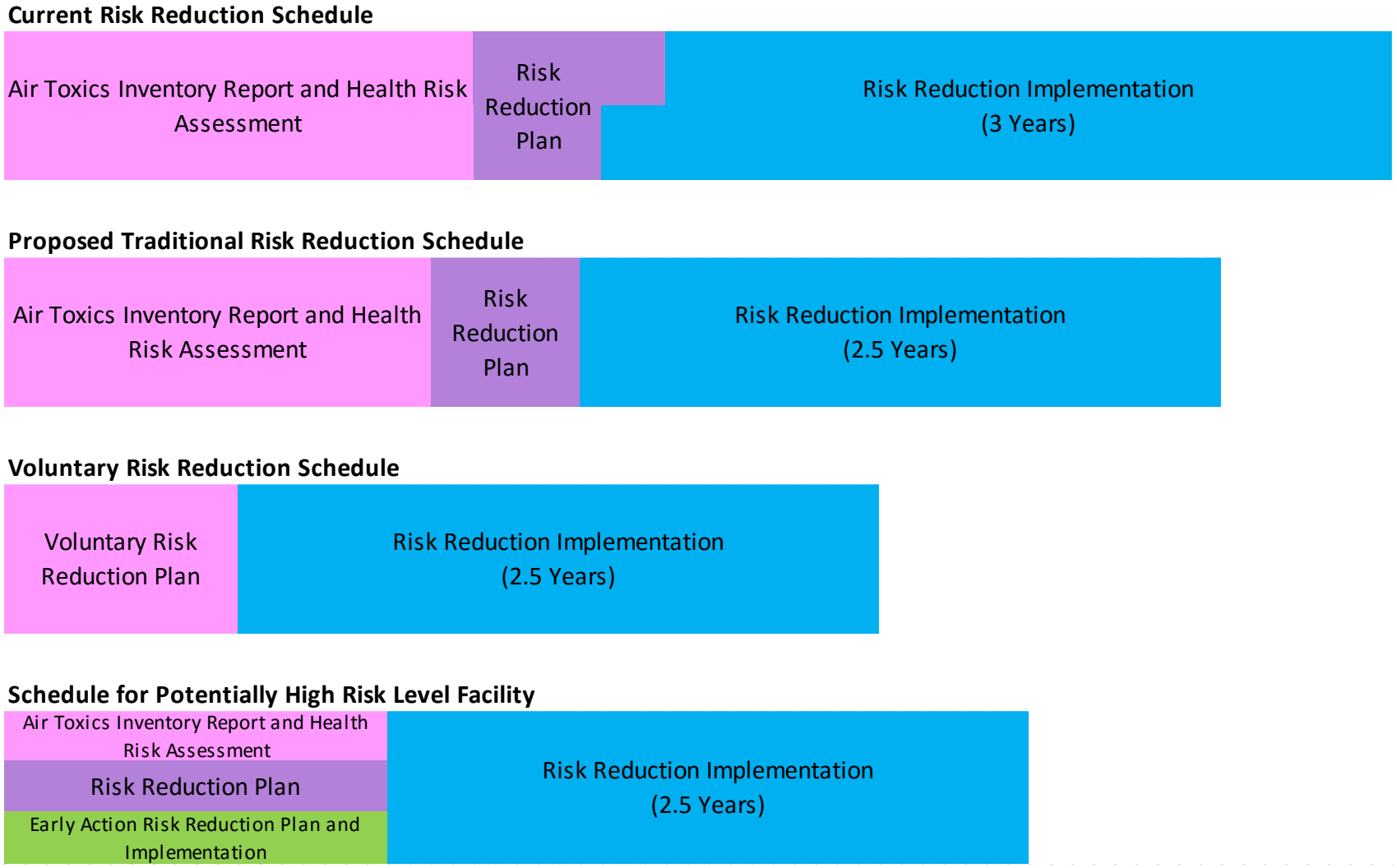
Purpose (Subdivision (a))
Amendments are proposed to clarify that Rule 1402 includes "Air Toxic Inventory Report, Health Risk Assessment, public notification, and specified industry-wide emissions inventory requirements." As currently implemented, Air Toxics Inventory Reports (ATIRs) are a requirement within HRAs. PAR 1402 separates the submittal of the ATIR from the HRA.

Applicability (Subdivision (b))
PAR 1402 clarifies the applicability stating that the rule applies to any facility for which the impact of total facility emissions has the potential to be greater than or equal to the "Notification Risk Level." Currently, Rule 1402 references the "significant or action risk level", but includes provisions for facilities with the potential to be greater than or equal to the Notification Risk Level. Paragraph (b)(2) was deleted as this provision is redundant with the opening paragraph under subdivision (b).

Definitions (Subdivision (c))
PAR 1402 adds and modifies definitions to clarify and explain key concepts and removes obsolete definitions. Please refer to PAR 1402 for each definition.

Proposed Added Definitions:	Air Toxics Inventory Report Health Risk Assessment North American Industry Classification System (NAICS) Code Notification Risk Level Potentially High Risk Level Facility Reference Exposure Level Reference Source Standard Industrial Classification (SIC) Code Voluntary Risk Threshold
Proposed Modified Definition:	Action Risk Level
Proposed Deleted Definitions:	Initial Plan Submittal Date Phase I Facility

Figure 1: Summary of PAR 1402 Timelines



Air Toxics Inventory Report (ATIR) Requirements (Subdivision (d))

Provisions for the submittal and approval of the ATIR are added to PAR 1402 to create separate processes for the ATIR and HRA. Under Rule 1402, affected facilities are required to submit an ATIR as part of the HRA. The ATIR is the foundation for the HRA as it contains specific information about each device and process, stack parameters, emission rate, hours of operation, and other information that is used to estimate the health risk. By separating the submittal of the ATIR and HRA, SCAQMD staff can evaluate the ATIR to determine if a HRA is needed. Upon submittal of the ATIR, the SCAQMD staff will review and run California Air Resources Board's (CARB's) Hotspots Analysis Reporting Program (HARP) to estimate the health risk. Only facilities where the results from HARP indicate that the health risk is greater than or equal to the Notification Risk Level will be required to submit a HRA, which will streamline the process by eliminating the need for facilities to submit a HRA if the estimated health risk is below the Notification Risk Level.

Submittal of the Air Toxics Inventory Reports

The Executive Officer may require an ATIR from a facility when, based on investigation, the Executive Officer determines that emission levels could potentially be greater than or equal to the Notification Risk Level. There are two elements for the ATIR: 1) Submittal of Initial Information for the ATIR; and 2) Submittal of the ATIR.

The Initial Information for the ATIR must be submitted within 30 days of notification by the Executive Officer to prepare an ATIR or notification that the facility is a Potentially High Risk Level Facility. The Initial Information for the ATIR includes: a list of each device and/or process that will be included in the ATIR; and for each device and/or process included in the ATIR, the TAC emissions and the Reference Source of each emission factor. The Reference Source is the basis of deriving an emission factor; such as source test, AP-42, mass balance analysis, or other published source.

The ATIR must be submitted within 150 days of notification to prepare an ATIR. The ATIR must be prepared following the procedures in the most current version of "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act". If the Executive Officer requires a source test to obtain appropriate emission factors, additional time would be provided for submittal of the ATIR, but only the portion of the ATIR that is for that device or process where a source test is required. The portions of the ATIR where the devices and/or processes did not require a source test pursuant to PAR 1402, must be submitted within 150 days of notification to prepare an ATIR.

Source Test Requirements

PAR 1402 includes a provision that will require a facility to conduct a source test if a Reference Source: does not quantify applicable TACs; is not consistent with the purpose, type, and/or size of the device or process; is not in accordance with the most current version of CARB's "Emission Inventory Criteria and Guidelines for the Air Toxics 'Hot Spots' Program"; or is not in accordance with California Health and Safety Code Section 44342. PAR 1402 also includes a provision that allows the owner or operator to request to conduct a source test to quantify TAC emissions if the same criteria above are met. These source test provisions will ensure that TACs are appropriately quantified.

The Executive Officer will notify the owner or operator that a source test is required or granted and the appropriate source test method for the applicable device or process. Source test protocols must be submitted within 30 days of the date of notification to conduct a source test and the source test report is due within 120 days of the date of source test protocol approval. Within 30 days of source test report approval, the owner or operator must submit the remaining portion of the ATIR for the specific device or process for which a source test was required or requested.

An example of when a source test will be required is if the process or equipment has metal particulate emissions and the existing Reference Source only quantifies a subset of potential toxic metal particulates or quantifies total particulate with no speciation of any toxic metals. Evidence of metal particulate emissions from this type of example can be determined through evaluation of feedstock materials, deposition plates at that facility or a facility with a similar operation, and/or analysis of materials from the catch of a baghouse. In this example, the Executive Officer will require that the facility conduct a source test to quantify toxic metals emissions. Another example in which a source test will be required is if the facility has a reference source from a source test of a comparable process, where all parameters are equivalent except for the feedstock. The Executive Officer will require that the facility conduct a source test with the appropriate feedstock.

Approval of Air Toxics Inventory Reports

PAR 1402 includes an ATIR approval process and identifies the criteria used to approve or reject an ATIR and the ATIR resubmission process. The Executive Officer will conduct an initial review of the ATIR and confirm receipt within 30 days. Then the Executive Officer will approve or reject the ATIR based on whether the ATIR meets the requirements as outlined in "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act" and whether the information is complete and accurate. The owner or operator will have 30 days from the date of notification of ATIR rejection to correct all identified deficiencies and resubmit a revised ATIR. The Executive Officer will either approve the revised and resubmitted ATIR or modify the ATIR and approve it as modified.

Health Risk Assessment Requirements (Subdivision (e))

Under PAR 1402, this subdivision clarifies the HRA submittal and approval process. Similar to revisions to the Purpose and Applicability, the Executive Officer will require a HRA from a facility when the ATIR or the Executive Officer determines that emission levels from the facility could potentially cause an exceedance of the "Notification Risk Level". The current Rule 1402 threshold for a HRA is the Notification Risk Level, the proposed language now incorporates the correct threshold.

Submittal of Health Risk Assessment

Facilities will be required to submit a HRA if their ATIR, based on HARP, indicates that their health risk is greater than or equal to the Notification Risk Level or the Executive Officer determines that the facility could potentially cause exceedance of the Notification Risk Level. The owner or operator shall submit a HRA within 90 days of the date of notification by the Executive Officer to prepare a HRA. Facilities that have been determined to be Potentially Significant Risk Level facilities have separate HRA submittal requirements as specified in subdivision (g) of PAR 1402. Procedures for preparing the HRA are located in the most current version of the "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots'

Information and Assessment Act". Staff believes that 90 days is sufficient time to prepare a HRA because the more detailed inventory requirements will have been completed with the ATIR. Additionally, separating the submittals of the ATIR and HRA will reduce costs and minimize the need to unnecessarily prepare a HRA for those facilities where the health risk is less than the Notification Risk Level.

Approval of Health Risk Assessments

PAR 1402 includes a HRA approval process which clarifies current practice and is consistent with the requirements from the Health and Safety Code. The Executive Officer will conduct an initial review of the HRA and confirm receipt. Next, the Executive Officer will approve or reject the HRA based on whether the HRA meets the requirements of "Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act" and whether the information is complete and accurate. The owner or operator will have 60 days from the date of notification of HRA rejection to correct all identified deficiencies and resubmit a revised HRA. The Executive Officer will then either approve the revised and resubmitted HRA or will modify the HRA and approve it as modified.

Risk Reduction Plan Requirements (Subdivision (f))

Subdivision (f) of PAR 1402 consolidates the submittal, requirements, and approval of Risk Reduction Plans into one subdivision. Implementation of Risk Reduction Plans has been moved to subdivision (i). Provisions for time extensions for implementing Risk Reduction Plans are addressed in subdivision (l).

Submittal of Risk Reduction Plans

Facilities with an approved or SCAQMD-prepared HRA greater than or equal to the Action Risk Level are required to submit a Risk Reduction Plan within 120 days from the date of HRA approval or preparation by the SCAQMD. PAR 1402 changes the risk reduction submittal date from 180 to 120 days. Staff believes that reducing the submittal timeframe will help streamline the entire process and is sufficient time to submit a Risk Reduction Plan. Once facilities complete their HRAs, the facility will know the health risk drivers and can begin planning to identify the appropriate risk reduction measures for their Risk Reduction Plan as they are waiting for their HRAs to be approved.

Requirements for Risk Reduction Plans

In addition to SIC codes, PAR 1402 will require facilities to list their NAICS code as part of the Risk Reduction Plan. There are no additional substantive changes proposed for this paragraph.

Approval of Risk Reduction Plans

PAR 1402 adds provisions for the Executive Officer to conditionally approve elements of the Risk Reduction Plan or the entire Plan and also adds approval criteria. This allows facilities to begin specific approved risk reduction measures immediately while the SCAQMD and the facility finalize other portions of the Risk Reduction Plan. PAR 1402 adds criteria for the approval or rejection of the Risk Reduction Plan. The Risk Reduction Plan must meet the requirements in paragraph (f)(2), be complete and accurate, and be capable of reducing the impact of total facility emissions below the Action Risk Level by no later than two and a half years from Risk Reduction Plan approval. Under PAR 1402, the appeal process is the same except the time to revise and

resubmit a Risk Reduction Plan once the Hearing Board denies an appeal is reduced from 90 to 30 days after the Hearing Board's decision.

Potentially High Risk Level Facilities (Subdivision (g))

PAR 1402 adds requirements for Potentially High Risk Level Facilities. Under PAR 1402, a Potentially High Risk Level facility is defined as a facility which the Executive Officer has determined that emissions data, ambient data, or data from previously approved HRAs indicate that the facility has a likely potential to either exceed or has exceeded the Significant Risk Level. PAR 1402 incorporates the current practice of requiring high risk level facilities to take actions to immediately address toxic emissions and health risk to the community. Requiring an Early Action Reduction Plan and its implementation will result in immediate health risk reductions. The risk reduction measures in the Early Action Risk Reduction Plan will be incorporated into the overall Risk Reduction Plan.

Determination of a Potentially High Risk Level Facility

Based on input from the Working Group, PAR 1402 includes a process for the determination of a Potentially High Risk Level Facility. First, the Executive Officer will notify the owner or operator that the facility may be designated as a Potentially High Risk Level Facility. The Executive Officer will then schedule a meeting and collect any additional information from the owner or operator. This process will allow facilities the opportunity to review the evidence and provide feedback prior to being designated as a Potentially High Risk Level Facility. If the Executive Officer concludes that the facility should be designated as a Potentially High Risk Level Facility, the Executive Officer will notify the owner or operator and provide findings from the evaluation of data, facility site visits, and investigation of surrounding sources.

Early Action Reduction Plans for Potentially High Risk Level Facilities

PAR 1402 requires facilities that have been designated as Potentially High Risk Level Facilities to submit an Early Action Reduction Plan within 90 days of notification of designation. The purpose of the Early Action Reduction Plan is to expedite risk reduction to mitigate the elevated health risk to protect public health. In the Early Action Reduction Plan, the facility will be required to identify the facility's key health risk driver(s), corresponding risk reduction measures, and an implementation schedule.

Upon Early Action Reduction Plan submittal, the Executive Officer will conduct an initial review and confirm receipt. Next, the Executive Officer will approve or reject the Early Action Reduction Plan based on proper identification of key health risk drivers, corresponding risk reduction measures, implementation schedule, and overall health risk reduction. The owner or operator may appeal the rejection of the Early Action Reduction Plan to the Hearing Board under Rule 216. If the Hearing Board denies the appeal, the owner or operator will have 14 days from the date of the decision to correct all deficiencies identified and resubmit a revised Early Action Risk Reduction Plan. The Early Action Reduction Plan is subject to Rule 221 – Plans. Additionally, risk reduction measures in an approved Early Action Reduction Plan shall be implemented according to the dates specified in the Early Action Reduction Plan. These provisions are consistent with those for Risk Reduction Plans.

Health Risk Assessments for Potentially High Risk Level Facilities

Under PAR 1402, Potentially High Risk Level Facilities must submit an ATIR and HRA within 180 days of the *date of notification that the facility is a Potentially High Risk Level Facility*. This will accelerate the entire ATIR and HRA process to more quickly initiate the risk reduction process. The ATIR and HRA approval processes will be the same as for non-Potentially High Risk Level Facilities.

Risk Reduction Plans for Potentially High Risk Level Facilities

Under PAR 1402, Potentially High Risk Level Facilities must submit the Risk Reduction Plan within 180 days from the date of notification that the facility is a Potentially High Risk Level Facility. The timeframe for submittal of Risk Reduction Plans for Potentially High Risk Level Facilities starts once the facility is notified that they are a Potentially High Risk Level Facility, instead of starting after the HRA has been approved. Potentially High Risk Level Facilities will be preparing their ATIR, HRA, and risk reduction plan concurrently, as is current practice, which accelerates the entire risk analysis and reduction process and will also result in risk reduction starting earlier than the traditional risk reduction process. Rule 1402 currently includes a provision where the Executive Officer can require concurrent submittal of the HRA (which includes the ATIR) and risk reduction plan. PAR 1402 adds more specificity by defining these facilities as "Potentially High Risk Level Facilities". All other facilities will be preparing their documents sequentially to decrease costs and minimize the need to unnecessarily prepare additional reports. The Risk Reduction Plan approval process will be the same as for non-Potentially High Risk Level Facilities.

Voluntary Risk Reduction Requirements (Subdivision (h))

Under PAR 1402, this new subdivision includes requirements for facilities participating in the Voluntary Risk Reduction Program. The goal of the program is to allow facilities to make process changes, material substitutions, equipment upgrades, or generate additional data to result in a sufficient decrease in potential risk to ensure that the facility is below the Voluntary Risk Threshold. Facilities participating in the Voluntary Risk Reduction Program will achieve up to 60% more risk reductions beyond current Rule 1402 requirements (25 in a million compared to 10 in a million) and these reductions will occur approximately 16 months earlier than the traditional pathway. Although participating facilities are not subject to the traditional ATIR, HRA, and risk reduction requirements in Rule 1402, the Voluntary Risk Reduction Plan is based on an ATIR that accounts for risk reduction measures that are similar to a Risk Reduction Plan. Additionally, the SCAQMD will provide modified public notification for participating facilities as discussed below.

Participating in the Voluntary Risk Reduction Program

The Executive Officer will determine whether or not a facility is eligible to participate in the Voluntary Risk Reduction Program. In order to be eligible for the Voluntary Risk Reduction Program, facilities must have a previously approved or SCAQMD-prepared HRA below Action Risk Level and must not be a Potentially High Risk Level Facility. The Voluntary Risk Reduction Program relies on an established understanding of the emission sources, risk drivers, meteorology, and receptor locations, therefore, only facilities with a previously approved HRA are eligible to participate. Facilities without an approved HRA would lack necessary data to accurately determine and demonstrate that their actions would result in a sufficient decrease in potential risk.

The previously approved HRA must be below Action Risk Level in order to ensure that facilities are capable of completing the Voluntary Risk Reduction Program.

Once notified by the Executive Officer that a facility is eligible to participate in the Voluntary Risk Reduction Program, facilities must submit a written acceptance within 30 days. Facilities that are eligible, but decline participation will be required to follow the standard risk assessment pathway and submit an ATIR and possibly HRA and Risk Reduction Plan.

Voluntary Risk Reduction Plan

Participating facilities must submit a Voluntary Risk Reduction Plan within 150 days of notification of eligibility. The submittal time for the Voluntary Risk Reduction Plan is the same as the submittal time for the ATIR. Requirements for the Voluntary Risk Reduction Plan are outlined in the Voluntary Risk Reduction Guidelines. The Voluntary Risk Reduction Plan includes an ATIR that must incorporate risk reduction measures to demonstrate how the facility will reduce the total facility emissions below the Voluntary Risk Threshold. Under PAR 1402, the Voluntary Risk Threshold is the estimated health risk level after accounting for implementation of voluntary risk reduction measures that will result in a MICR of ten in one million (10×10^{-6}), a total acute or chronic HI of one (1.0) for any target organ system at any receptor location, or the more stringent of either the NAAQS for lead or applicable ambient lead concentration in a SCAQMD rule. The Voluntary Risk Reduction Plan is based on the concept of the ATIR and the facility will submit information similar to information required in an ATIR. The Voluntary Risk Reduction Plan must include: facility information, current facility risk characterization with associated files, proposed facility risk characterization which includes risk reduction measures with the estimated emission reductions, point source and fugitive source information, additional information. SCAQMD staff will then run the information through HARP and compare the result to the Voluntary Risk Threshold pursuant to Rule 1402 paragraph (c)(24).

Approval of Voluntary Risk Reduction Plans

After submittal of the Voluntary Risk Reduction Plan, the Executive Officer will conduct an initial review and confirm receipt. Next, the Executive Officer will approve or reject the Voluntary Risk Reduction Plan based on whether the Voluntary Risk Reduction Plan meets the requirements as outlined in Voluntary Risk Reduction Guidelines; the information contained is complete and accurate; and its ability to reduce the total facility emissions below the Voluntary Risk Threshold by no later than two and a half years from the date of Voluntary Risk Reduction Plan approval. If the Voluntary Risk Reduction Plan is rejected, the facility has 30 days to correct all deficiencies identified by the Executive Officer and resubmit a revised Voluntary Risk Reduction Plan. Based on input from the Working Group (stakeholders and industry groups), a third submittal of the Voluntary Risk Reduction Plan is allowed. If the revised and resubmitted Voluntary Risk Reduction Plan is rejected, then the facility has 30 days to correct all deficiencies and resubmit a Voluntary Risk Reduction Plan. If the third revision of the Voluntary Risk Reduction Plan is rejected, the facility must submit an ATIR and HRA within 90 days of the final denial notification. Like the Risk Reduction Plan and Early Action Risk Reduction Plan, the Voluntary Risk Reduction Plan will be subject to Rule 221 and shall be enforceable by permit condition or compliance plan.

Implementation of Risk Reduction Plans (Subdivision (i))

Under PAR 1402, this subdivision reorganizes existing rule language to clarify implementation of approved Risk Reduction Plans and includes the same requirements for Voluntary Risk Reduction

Plans. The timeframe to implement the Risk Reduction Plan has been reduced from three years to two and a half years, but the risk reduction implementation clock now starts from the time when the Risk Reduction Plan is *approved* versus when the Risk Reduction Plan is *submitted*. Although there is a reduction of six months for risk reduction implementation, the start date of risk reduction adds three months to implementation time for a net reduction of three months for risk reduction implementation.

Currently under Rule 1402, the owner or operator is allowed three years from the date of initial Risk Reduction Plan submittal to implement the Plan. Under PAR 1402, implementation of both the Voluntary Risk Reduction Plan and Risk Reduction Plan is two and one half years from the date the Plan is approved. Based on implementation of previous Risk Reduction Plans, approximately 90% of facilities have implemented Risk Reduction Plans in about two years. For the facilities where two years and one half years is infeasible, PAR 1402 allows for these facilities to apply for a one time extension of up to two and one half years, resulting in a maximum implementation time of five years from the Risk Reduction Plan approval date.

As part of the approval process for the Voluntary Risk Reduction Plan, the Executive Officer will not approve a Voluntary Risk Reduction Plan that will require more than two and a half years to reduce the total facility emissions below the Voluntary Risk Threshold. For the facilities where unforeseen circumstances arise, the rule allows for these facilities to apply for a one time extension of up to two and one half additional years.

Reports (Subdivision (j))

Progress Reports

PAR 1402 sets the progress report deadline to "12 months after the approval of the Risk Reduction Plan", instead of "starting no later than 12 months after the approval of the Risk Reduction Plan". This change gives a finite deadline instead of a range for progress report submittal. Under PAR 1402, the approved plan and applicable application and permit numbers must also be added into the progress report. This will provide a more complete progress report for the Executive Officer to review.

Under PAR 1402, facilities participating in the Voluntary Risk Reduction Program will also be required to submit a progress report. Since Voluntary Risk Reduction Plans are enforceable, facilities participating in the Voluntary Risk Reduction Program will need to provide progress updates to the Executive Officer to ensure that the facility is following their Voluntary Risk Reduction Plan.

Final Implementation Report for Voluntary Risk Reduction Plans

Complete implementation of the Voluntary Risk Reduction Plan is reported in a final implementation report. Requirements for the final implementation report are outlined in Voluntary Risk Reduction Guidelines. The final implementation report provides documentation that the risk reduction measures in the approved Voluntary Risk Reduction Plan have been completed and therefore demonstrates that the facility emissions are below the Voluntary Risk Threshold in Rule 1402 and no further action is necessary. The final implementation report should verify that the measures in the approved Voluntary Risk Reduction Plan have been implemented.

Updating and Modification of Risk Reduction and Voluntary Risk Reduction Plans (Subdivision (k))

Under PAR 1402, provisions in this subdivision are also applicable to Voluntary Risk Reduction Plans. These proposed provisions provide a pathway for Voluntary Risk Reduction Plans to be updated and modified, if needed.

Provisions to PAR 1402 are added to clarify the process for modification of Risk Reduction or Voluntary Risk Reduction Plans. The owner or operator may request a modification to their Plan. In order to do so, the owner or operator must submit a new Plan to the Executive Officer for approval and demonstrate that the changes will still result in compliance with Rule 1402. The last approved Plan is valid until the modified Plan is approved.

PAR 1402 moves the provision for the time extensions to implement Risk Reduction or Voluntary Risk Reduction Plans to the following subdivision.

Risk Reduction Time Extensions (Subdivision (l))

Under PAR 1402, facilities will be allowed a one-time time extension of up to two and a half years to implement either a Voluntary Risk Reduction or Risk Reduction Plan. Staff believes that this is sufficient for time extensions based on reviewing previous implementation times needed to complete risk reduction for AB 2588 facilities. Only one facility that was implementing a Risk Reduction Plan has requested a time extension. If a facility is granted a two and a half year time extension, the total risk reduction time would be five years. Health and Safety Code Section 44391 requires any risk reduction implementation beyond a total of five years for those required by state law to implement Risk Reduction Plans, to demonstrate an unreasonable economic burden on the facility operator or measures in the risk reduction plan are not technically feasible. By limiting the risk reduction time period with an extension to five years, this additional demonstration is not needed.

Similar to Rule 1402, requests for time extensions in PAR 1402 shall be either as part of the Risk Reduction or Voluntary Risk Reduction Plan or at least 180 days before the end of the risk reduction deadline. Under PAR 1402, facilities that are requesting a time extension will need to: identify the risk reduction measure that requires a time extension; the reason for the time extension; progress of risk reduction implementation; estimated health risk level at the time of the time extension request and at the end of the risk reduction period; and length of time requested. These changes will allow facilities to request extensions on a case by case basis for unforeseen circumstances.

Approval of Time Extensions

PAR 1402 includes approval criteria for time extensions to assist facilities when requesting a time extension. To be eligible for a time extension the facility must: be below Significant Risk Level at the time of the request; prove that the reason for a time extension was due to circumstances beyond the control of the owner or operator; and not result in an unreasonable risk to public health. Proof that a time extension is needed may include, but is not limited to, providing detailed schedules, engineering designs, construction plans, permit applications, purchase orders, economic burden, and technical infeasibility.

Risk Assessment Procedures (Subdivision (m))
PAR 1402 removes the two provisions that require staff to report to the Governing Board regarding OEHHA identifying new TACs or changing risk values. The adopting Resolutions includes the commitment to report any of these changes in the AB 2588 Annual Report. The report will include: identification of new TACs or revised risk values for existing TACs and industries affected and preliminary estimates of Rule 1402 program impacts due to new chemicals being identified or changes in risk values.

Alternate Hazard Index Levels and Disclaimer (Subdivisions (n) and (o))
No substantive changes to subdivisions n and o.

Risk Reduction Measures that are Rule Requirements (Previously Subdivision (m))
Currently Rule 1402 includes a provision that acknowledges the use of risk reduction measures that are implemented as part of another rule requirement. This provision is being removed from the rule, but is still allowed. If an owner or operator includes risk reduction measures that are implemented in order to comply with other regulatory requirements, these risk reduction measures will continue to be acceptable risk reduction measures in a Risk Reduction Plan for the purposes of Rule 1402, provided they are consistent with the requirements of this rule.

Emissions Inventory Requirements (Subdivision (p))
Chemical Abstracts Service (CAS) Numbers have been added to Tables I and II, but no changes to the list of Toxic Air Contaminants or the Thresholds. There are no additional substantial changes to subdivision (p).

Phase I Facility Health Risk Assessment Revision Requirements (Previously Subdivision (o))
PAR 1402 removes this obsolete subdivision.

Public Notification Requirements (Subdivision q)
The public notification threshold levels have not changed and are still in PAR 1402, but the public notification procedures have moved into Notification Procedures. Facilities with a health risk greater than or equal to the Notification Risk Level shall distribute HRA and Public Notification Materials and participate in a Public Meeting. For Progress Reports, facilities with a health risk greater than or equal to Action Risk Level must distribute Public Notification Material annually, additionally, facilities greater than or equal to the Significant Risk Level shall participate in a Public Meeting. SCAQMD will provide Modified Public Notification for facilities participating in the Voluntary Risk Reduction Program.

NOTIFICATION PROCEDURES

As part of the rule amendment process, "Public Notification Procedures for Phase I and II Facilities Under Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)" has been updated and renamed "SCAQMD Public Notification Procedures for Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588) and Rule 1402".

The primary change to the public notification procedures is the SCAQMD staff will schedule the public meeting, reserve the venue, arrange for audio visual rental equipment and personnel, translation services (if needed), arrangements for parking, and scheduling any other logistics. The owner or operator would be responsible for either directly paying or reimbursing the SCAQMD for costs of the public meeting with the exception of SCAQMD staff time.

The Notification Procedures include Modified Public Notification procedures for facilities participating in the Voluntary Risk Reduction. Modified Public Notification consists of notification on the SCAQMD AB 2588 website and annual report. Additional changes include updating Appendices B, C, and E (now D), and incorporating Appendix D into the document.

VOLUNTARY RISK REDUCTION GUIDELINES

"SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" establishes Rule 1402 Voluntary Risk Reduction procedures. The Voluntary Risk Reduction Guidelines includes requirements for the Voluntary Risk Reduction Plan, Risk Reduction Implementation, and Final Implementation Report and describes the Approval of the Voluntary Risk Reduction Plan and the Voluntary Risk Threshold.

AFFECTED INDUSTRIES

As a part of the 2015 Rule 1402 amendment process, SCAQMD staff conducted an analysis to better understand the potential number of facilities under the AB 2588 Hot Spots Act that could be affected by the Revised OEHHA Guidelines. A discussion of the assumptions and basis for the number of facilities that could potentially require additional pollution controls is discussed in the June 2015 Staff Report. It is anticipated that the same facilities analyzed previously will be eligible to participate in the Voluntary Risk Reduction program. The impacts analyzed below should be viewed with the understanding that all additional costs are voluntary. Facilities that do not wish to participate may follow the standard risk assessment and reduction pathway for which all costs were already analyzed in the previous report.

Impact Analysis Approach

From the 2015 Staff Report, the SCAQMD staff estimated that 22 facilities could potentially have a cancer risk greater than the Action Risk Level and 42 facilities that could potentially have a cancer risk greater than Public Notification Risk Level when using the Revised OEHHA Guidelines. All 64 facilities have a previously approved HRA below the Action Risk Level and are not likely to be a Potentially High Risk Level Facility, based on current information, making them eligible to participate in Voluntary Risk Reduction. Under PAR 1402, facilities participating in Voluntary Risk Reduction are required to implement risk reduction measures specified in a Voluntary Risk Reduction Plan to reduce the impact of total facility emissions below the Voluntary Risk Threshold by no later than two and a half years. Therefore, participating Voluntary Risk Reduction facilities may be required to add additional pollution controls beyond Rule 1402 requirements.

SCAQMD staff evaluated the primary and secondary toxic drivers for the AB 2588 facilities that could potentially participate in Voluntary Risk Reduction. As a conservative assumption, SCAQMD staff analyzed all facilities that have a previously approved HRA that are expected to have a cancer risk above the Public Notification Risk Level in this analysis. Based on this evaluation, SCAQMD staff estimated the types of pollution controls that could potentially reduce the impact of total facility emissions below the Voluntary Risk Threshold. Rule 1402 establishes a "facility-wide" risk threshold, so there are a variety of options which can be implemented such as process changes, fuel changes, material substitutions, additional air pollution controls, and reduced throughput. The type of control device(s) necessary for implementing risk reduction

measures will vary by the pollutant(s) creating the risk. As it is not possible to predict exactly which type of air pollution control device will be selected by the facility to reduce risks, staff is conservatively assuming that several air pollution control devices will be installed at each of the impacted facilities. The assumed control devices are carbon adsorbers, enclosures, high efficiency particulate arrestors (HEPA), oxidation catalysts, scrubbers, and thermal oxidizers.

For the 22 facilities that could potentially be greater than Action Risk Level, the June 2015 Staff Report estimated the types of controls that would bring the impact of total facility emissions below Action Risk Level (June 2015 Staff Report Table 3-2). Upon further analysis, two facilities were removed because their current Priority Scores are estimated to be less than ten and nine facilities were removed because the facilities are currently in risk reduction implementation, subject to a different rule that will result in risk reduction, or have installed pollution controls (Table 1). For eight of the facilities, staff estimated that the controls that were reported in the June 2015 Staff Report would be sufficient to reduce the impact of total facility emissions below the Voluntary Risk Threshold. Staff estimated that the remaining three facilities would require additional controls to reduce the impact of total facility emissions below the Voluntary Risk Threshold and their associated costs (Table 2). The additional annualized cost for these three facilities would be approximately $388,600.

Forty-two facilities were identified in the June 2015 Staff Report that could potentially have a cancer risk between the Public Notification Risk Level and Action Risk Level when using the Revised OEHHA Guidelines. Upon further analysis, staff identified three additional facilities that could potentially be impacted by the Revised OEHHA Guidelines. Twenty facilities were removed because the facilities are in the process of shutting down, currently in risk reduction implementation, subject to a different rule that will result in risk reduction, have installed pollution controls, or Priority Scores were estimated to be less than ten (Table 3). For the remaining 25 facilities, staff estimated the types of pollution controls that could potentially reduce the impact of total facility emissions below the Voluntary Risk Threshold and their associated costs (Table 4). Staff assumed that four of the facilities would not participate in Voluntary Risk Reduction due to their annualized cost being greater than $450,000 to bring facility emissions below the Voluntary Risk Threshold. The total annualized cost for the remaining 21 facilities is approximately $962,900 or approximately $45,900 annually per facility.

Staff conservatively estimates that 24 facilities will opt to participate in the Voluntary Risk Reduction Program at an approximate total annual cost of $1.35 million. The cost impacts analyzed above should be viewed with a qualification that all additional costs are voluntary. Facilities that do not wish to participate may follow the traditional risk assessment and reduction pathway for which all costs were already analyzed in the June 2015 rule amendments.

Table 1
Facilities Identified in June 2015 Staff Report That Are Not Expected to Participate in the Voluntary Risk Reduction Program

Facility Type	Key Toxic Driver(s)	Air Pollution Control Device(s) (APCDs)	Reason Removed
Aerospace	Lead	HEPA/Scrubber	Due to Rule 1420.2
Aerospace	Hexavalent chromium	HEPA/Scrubber	Installed APCD
Aerospace	Hexavalent chromium and cadmium	HEPA/Scrubber	Installed APCD
Aerospace	Tetrachloroethylene and hexavalent chromium	Carbon Adsorber	Installed APCD
Aerospace	Hexavalent chromium	HEPA/Scrubber	PS <10
Metal Melting	Arsenic and cadmium	Scrubber	Due to Rule 1420.1
Metal Melting	Cadmium and lead	HEPA/Scrubber	Currently in Risk Reduction
Metal Plating and Finishing	Hexavalent chromium, nickel and cadmium	HEPA/Scrubber	Currently in Risk Reduction
Metal Plating and Finishing	Hexavalent chromium	HEPA/Scrubber	Due to Rule 1469
Metal Plating and Finishing	Hexavalent chromium	HEPA/Scrubber	HRA Complete
Refinery	Benzene and PAHs	Oxidation catalyst	PS <10

Table 2
Additional Air Pollution Control Device(s)
For Facilities Identified in the June 2015 Staff Report that are Potentially Needed to Achieve the Voluntary Risk Threshold

Facility Type	Key Toxic Driver(s)	APCD(s)	Annualized Cost	Additional APCD(s)	Additional Annualized Cost	Total Annualized Cost
Hospital	Formaldehyde and PAHs	Oxidation catalyst	$89,200	Oxidation Catalyst	$89,200	$178,400
Metal Melting	Nickel	HEPA/ Scrubber	$40,300	HEPA/ Scrubber	$40,300	$80,600
Waste Management	Formaldehyde	Carbon Adsorber	$40,400	Oxidation Catalyst	$89,200	$129,600

Table 3
Facilities Removed from Potential Public Notification List

Facility Type	Key Toxic Driver(s)	Reason Removed
Aerospace	Tetrachloroethylene	PS < 10
Aerospace	Hexavalent chromium	HRA Completed
Aerospace	Hexavalent chromium and nickel	PS < 10
Aerospace	Hexavalent chromium	Due to Rule 1469
Aerospace	Hexavalent chromium	Due to Rule 1469
Aerospace	Benzene	PS < 10
Aerospace	Hexavalent chromium	Facility Shutdown
Chemical Plant	Ethylene oxide and propylene oxide	Installed APCD
Crude Oil	PAHs	PS < 10
Gasoline Pipeline	Benzene	PS < 10
Gasoline Pipeline	Benzene	Installed APCD
Hospital	Diesel particulate matter and acrolein	PS < 10
Metal Manufacturing	Hexavalent chromium and acrolein	Installed APCD
Metal Melting	Nickel	PS < 10
Metal Melting	Lead	PS < 10
Metal Plating	Nickel	Installed APCD
Military Base	Hexavalent chromium and acrolein	Installed APCD
Refinery	Gasoline vapor	PS < 10
Refinery	Benzene and PAHs	PS < 10
Rubber Manufacturer	Acrylonitrile and acrolein	Installed APCD

Table 4
Potential Air Pollution Control Device(s)
For Use to Reduce Cancer Risk by Voluntary Risk Reduction Facilities
(Notification Risk Level to Voluntary Risk Threshold)

Facility Type	Key Toxic Driver(s)	Air Pollution Control Device(s)	Annualized Cost	Additional Air Pollution Control Device(s)	Additional Annualized Cost	Total Annualized Cost
Aerospace	Hexavalent chromium	HEPA/ Scrubber	$40,300	--	--	$40,300
Aerospace	Hexavalent chromium	Scrubber	$12,200	--	--	$12,200
Electricity	PAHs	Oxidation catalyst	$89,200	--	--	$89,200
Gasoline Pipeline	Gasoline vapor	Small thermal oxidizer	$35,000	--	--	$35,000
Gasoline Pipeline	Benzene and gasoline vapor	Small thermal oxidizer	$35,000	--	--	$35,000
Glass Manufacturer[a]	Nickel	HEPA Filters	$28,000	--	--	$28,000
Hospital	Ethylene oxide and formaldehyde	Scrubber	$12,200	--	--	$12,200
Metal Melting	Hexavalent chromium, PAHs, and benzene	Scrubber	$12,200	Oxidation catalyst	$89,200	$101,400
Metal Plating[a]	Hexavalent chromium	HEPA Filters	$28,000	--	--	$28,000
Refinery	Carbon tetrachloride and nickel	Carbon Adsorber	$40,400	--	--	$40,400
Refinery	Hexavalent chromium	Scrubber	$12,200	--	--	$12,200
Refinery[b]	Benzene and toluene	Thermal Oxidizer	$472,000	--	--	$472,000
Refinery	Benzene	Oxidation catalyst	$89,200	--	--	$89,200
Refinery[b]	Benzene and formaldehyde	Thermal Oxidizer	$472,000	--	--	$472,000
Refinery	Benzene and acrolein	Small thermal oxidizer	$35,000	--	--	$35,000
Refinery[b]	Benzene and lead	Thermal Oxidizer	$472,000	--	--	$472,000

Facility Type	Key Toxic Driver(s)	Air Pollution Control Device(s)	Annualized Cost	Additional Air Pollution Control Device(s)	Additional Annualized Cost	Total Annualized Cost
Refinery[a,b]	Benzene, PAHs and hexavalent chromium	Thermal Oxidizer	$472,000	Oxidation catalyst	$89,200	$561,200
Roofing Supplies	Hydrogen sulfide	Scrubber	$12,200	--	--	$12,200
Ski Facility	Acrolein	Oxidation catalyst	$89,200	--	--	$89,200
University	PAHs and acrolein	Oxidation catalyst	$89,200	--	--	$89,200
Waste Management	Tetra-chloroethylene	Carbon Adsorber	$40,400	--	--	$40,400
Waste Management	Formaldehyde	Carbon Adsorber	$40,400	--	--	$40,400
Waste Management	Hexavalent chromium, benzene and PAHs	HEPA Filters	$28,000	--	--	$28,000
Waste Management	Vinyl chloride and hydrochloric acid	Scrubber/ Carbon Adsorber	$52,700	--	--	$52,700
Waste Management	Chloroform	Scrubber/ Carbon Adsorber	$52,700	--	--	$52,700

a – Additional facility not identified in June 2015 Staff Report.

b – Assumed cost too high for facility to voluntarily participate in Voluntary Risk Reduction.

COMMENTS AND RESPONSES

Comment Letter 1:

SCAP
SOUTHERN CALIFORNIA ALLIANCE OF PUBLICLY OWNED TREATMENT WORKS

August 5, 2016

Ms. Susan Nakamura, Acting Assistant Deputy Executive Officer
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765

Dear Ms. Nakamura:

Re: Comments on the SCAQMD Proposed Amended Rule 1402

The Southern California Alliance of Publicly Owned Treatment Works (SCAP) appreciates this opportunity to provide comments on Proposed Amended Rule 1402. SCAP represents 83 public agencies that provide essential water supply and wastewater treatment to nearly 19 million people in Los Angeles, Orange, San Diego, Santa Barbara, Riverside, San Bernardino and Ventura counties. SCAP's wastewater members provide environmentally sound, cost-effective management of more than two billion gallons of wastewater each day and, in the process, convert wastes into resources such as recycled water and biogas.

SCAP greatly appreciates SCAQMD's support for the voluntary risk reduction option contained in the proposed amended rule. As described below, we have some minor comments intended to maintain existing source test flexibility and to encourage facilities to participate in the voluntary risk reduction program.

Source Test Requirements:
Historically, wastewater treatment plants have been allowed to pool emissions data and to rely on modeling to develop emission factors. For example, SCAQMD Rule 1179 provides for joint emissions testing, and in accordance with California Health and Safety Code (H&SC) Section 44342 wastewater treatment plants have used models, such as TOXCHEM, to estimate volatile organic compounds air emissions from wastewater treatment processes. To maintain this flexibility, CARB's entire Emission Inventory Criteria and Guidelines for the Air Toxics 'Hot Spots' Program and H&SC Section 44342 should be referenced. We request the following revisions to PAR 1402(d)(3)(A), which will ensure existing flexibility is maintained:

(A) The Executive Officer will require the owner or operator to conduct a source test to quantify toxic air contaminant emissions if a Reference Source identified in subparagraph (d)(1)(B):
  (i) Does not quantify applicable toxic air contaminants;

Comment 1-1

P.O. Box 231565
Encinitas, CA 92024-1565
Fax: 760-479-4881 Tel: 760-479-4880 Website: www.scap1.org Email: info@scap1.org

Ms. Susan Nakamura August 5, 2016

(ii) Is not consistent with the purpose, type and/or size of the device or process; ~~or~~
(iii) Is not in accordance with the most current version of ~~Appendix D of~~ CARB's "Emission Inventory Criteria and Guidelines for the Air Toxics 'Hot Spots' Program"; or
(iv) Is not in accordance with California Health and Safety Code Section 44342.

Comment 1-1 (Continued)

Voluntary Risk Reduction Requirements:

As discussed at the July 27th Working Group meeting, we respectfully request that facilities be encouraged to participate in the voluntary risk reduction program. As drafted, only facilities with existing health risk assessments that have been notified by the Executive Officer may participate. We believe that such language may inadvertently exclude facilities that should be encouraged to accelerate emission reductions. For example, OEHHA routinely updates cancer potency factors, which could cause facilities without an existing health risk assessment to become subject to Rule 1402. Such facilities should be allowed to qualify for voluntary risk reduction. We understand that the SCAQMD staff are concerned that some facilities not previously subject to Hot Spots/Rule 1402 may lack "necessary data" (draft Staff Report, page 9), so we have proposed a new provision, (h)(1)(A)(iii), that allows these types of facilities to be eligible for the voluntary risk reduction program, but specifies that in order to qualify a facility must have an approved Toxics Inventory Report. Completing of the Toxics Inventory Report should provide enough data to access potential risk. Similarly, we believe that any facility willing to accelerate emission reductions, not just those notified by the SCAQMD, should be able to opt into this program rather than limiting participation to facilities notified of eligibility. SCAQMD staff expressed concerns over manpower if the ability to opt into the voluntary program is broadened; however, we believe that opening up eligibility requirements in this manner will not create an additional burden.

Comment 1-2

We request the following revisions to PAR 1402(h)(1)(A) to address these concerns:

(h) Voluntary Risk Reduction Requirements
(1) Participation in Voluntary Risk Reduction Program
(A) The Executive Officer will notify an owner or operator of eligibility or a facility may request to participate in the Voluntary Risk Reduction Program based on the following criteria:
(i) The facility has a Health Risk Assessment approved or prepared by the District for the purpose of the Hot Spots Act or this rule that, as approved or prepared, is below Action Risk Level; and
(ii) The Executive Officer has determined that the facility is not a Potentially High Risk Level Facility; or
(iii) The facility, in accordance with Section (d)(4), has an approved Air Toxics Inventory Report, but has not yet been required to perform a Health Risk Assessment by the District for the purpose of the Hot Spot Act or this rule.

Ms. Susan Nakamura August 5, 2016

Public Notification Requirements:
SCAP requests that it be made clear in the Staff Report that future revisions to "SCAQMD Public Notification Procedures for Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588 and Rule 1402)" be reviewed and vetted by interested parties in public workshops, as well as be subject to Board approval. SCAP greatly appreciates this commitment as discussed at the July 27th Working Group meeting.

Comment 1-3

Thank you for the opportunity to comment Proposed Amended Rule 1402. Please do not hesitate to contact Mr. David Rothbart of the Los Angeles County Sanitation Districts, SCAP Air Quality Committee Chair, should you have any questions regarding this transmittal at (562) 908-4288, extension 2412.

Sincerely,

John Pastore, Executive Director

cc:
Dr. Philip Fine, SCAQMD

Response to Comment 1-1: The recommended language has been incorporated into the proposed rule.

Response to Comment 1-2: SCAQMD staff discussed with a representative from SCAP their comment to allow a facility without an approved HRA to participate in the Voluntary Risk Reduction Program. SCAP is not aware of any facilities that do not have a previously approved HRA that may be interested in participating in the Voluntary Risk Reduction Program. The general thought was that if there is another major change in the risk estimation methodology, similar to the 2015 Revised OEHHA Guidelines for estimating risk, that facilities are notified so they can make reductions before their quadrennial reports, if needed. To address SCAPs comment, the adoption resolution will include a commitment to notify stakeholders in advance of future revisions to the risk estimation methodology.

Response to Comment 1-3: These two documents are to be approved by the Governing Board. The adopting Resolution includes a commitment that changes to the Public Notification Procedures and Voluntary Risk Reduction Guidelines are to go through a public process and be approved by the Board.

SOCIOECONOMIC ASSESSMENT

A socioeconomic assessment for PARs 307.1, 1401, and 1402, Draft Notification Procedures, and Draft Voluntary Risk Reduction Guidelines was conducted and was made available to the public at least 30 days prior to the SCAQMD Governing Board Meeting anticipated for October 7, 2016.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Pursuant to the California Environmental Quality Act (CEQA) Guidelines §15252 and §15070 and the SCAQMD's Certified Regulatory Program (Rule 110 and CEQA Guidelines §15251(l)), the SCAQMD, acting as Lead Agency, has prepared a Draft Environmental Assessment (EA) for the following proposed project:

- Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory;
- Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants;
- Proposed Amended Rule 1402 – Control of Toxic Air Contaminants from Existing Sources;
- SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment and Rule 1402; and,
- SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program.

The environmental analysis in the Draft EA concluded that the proposed project would result in less than significant environmental impacts. The Draft EA was circulated for a 30-day public review and comment period from August 23, 2016 to September 22, 2016. If any comments are received from the public regarding the Draft EA, the comment letters and responses to the comments will be included in the Final EA.

In addition, SCAQMD staff has reviewed the proposed amendments to Rule 307.1 and because these amendments are strictly administrative in nature, it can be seen with certainty that there is no possibility that the adoption of the proposed amendments to Rule 307.1 may have a significant adverse effect on the environment [General Rule Exemption - CEQA Guidelines §15061 (b)(3)]. Additionally, PAR 307.1 is statutorily exempt from CEQA requirements, pursuant to CEQA Guidelines §15273 – Rates, Tolls, Fares, and Charges, because the proposed amendments to Rule 307.1 involve charges by public agencies for the purpose of meeting operating expenses and financial reserve requirements. A Notice of Exemption has been prepared for PAR 307.1 pursuant to CEQA Guidelines §15062 - Notice of Exemption. If PAR 307.1 is approved, a Notice of Exemption will be filed with the county clerks immediately following adoption of PAR 307.1.

DRAFT FINDINGS UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 40727

Requirements to Make Findings

California 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 public hearing, and in the staff report, the Draft Notification Procedures and Draft Voluntary Risk Reduction Guidelines for the Voluntary Risk Reduction Program.

Necessity

PARs 307.1, 1401, and 1402 are needed to clarify rule language, requirements and deadlines relating to risk reductions and to include a voluntary risk reduction pathway. The Draft

Notification Procedures and Draft Voluntary Risk Reduction Guidelines are needed to further implement PAR 1402.

Authority
The AQMD Governing Board has authority to adopt amendments to Rules 307.1, 1401, and 1402, Notification Procedures, and Voluntary Risk Reduction Guidelines pursuant to the California Health and Safety Code Sections 39002, 39650 et. seq., 40000, 40001, 40440, 40441, 40702, 40725 through 40728, 41508, 41700, 41706, 44300 through 44394.

Clarity
PARs 307.1, 1401, and 1402, Draft Notification Procedures, and Draft Voluntary Risk Reduction Guidelines are written or displayed so that their meaning can be easily understood by the persons directly affected by them.

Consistency
PARs 307.1, 1401, and 1402, Draft Notification Procedures, and Draft Voluntary Risk Reduction Guidelines are in harmony with and not in conflict with or contradictory to, existing statutes, court decisions or state or federal regulations.

Non-Duplication
PARs 307.1, 1401, 1402, Draft Notification Procedures, and Draft Voluntary Risk Reduction Guidelines will not impose the same requirements as any existing state or federal regulations. The proposed amended rules are necessary and proper to execute the powers and duties granted to, and imposed upon, the SCAQMD.

Reference
By adopting PARs 307.1, 1401, and 1402, Draft Notification Procedures, and Draft Voluntary Risk Reduction Guidelines, the SCAQMD Governing Board will be implementing, interpreting or making specific the provisions of the California Health and Safety Code Sections 39666 (District new source review rules for toxics), 41700 (prohibited discharges), and 44300 through 44394 (Air Toxics "Hots Spots" Information And Assessment).

Rule Adoption Relative to Cost-Effectiveness
On October 14, 1994, the Governing Board adopted a resolution that requires staff to address whether rules being proposed for adoption are considered in the order of cost-effectiveness. The 2012 Air Quality Management Plan (AQMP) ranked, in the order of cost-effectiveness, all of the control measures for which costs were quantified. It is generally recommended that the most cost-effective actions be taken first. PARs 307.1, 1401, and 1402 are not control measures in the 2012 AQMP and, thus, was not ranked by cost-effectiveness relative to other AQMP control measures in the 2012 AQMP. In addition, cost-effectiveness defined as cost per ton of emission reductions is not meaningful for toxic risk since risk depends on several factors in addition to emission numbers such as geography, meteorology, and location of receptors.

Incremental Cost-Effectiveness

Health and Safety Code Section 40920.6 requires an incremental cost effectiveness analysis for Best Available Retrofit Control Technology (BARCT) rules or emission reduction strategies when there is more than one control option which would achieve the emission reduction objective of the proposed amendments, relative to ozone, CO, SOx, NOx, and their precursors. Since the proposed amended rules apply to TACs, the incremental cost effectiveness analysis requirement does not apply.

COMPARATIVE ANALYSIS

Health and Safety Code section 40727.2 requires a comparative analysis of ~~the~~ any proposed amended source-specific rule with any Federal or SCAQMD rules and regulations applicable to the same source. There are no comparable Federal rules or regulations to PARs 307.1, 1401, and 1402. Rules 1401 and 1402 apply to any permitted source and potentially non-permitted sources; different sources are subject to a wide variety of SCAQMD rules. The proposed amended rules are generally applicable and not source-specific, therefore section 40727.2 is not applicable. ~~Therefore, it is not possible to list all such rules.~~ See Table 5 below.

Table 5
Comparative Analysis of PAR 307.1, 1401, and 1402 with Federal Regulations

Rule Element	PAR 307.1	PAR 1401	PAR 1402	Equivalent Federal Regulation
Applicability	Facilities subject to Health and Safety Code Sections 44321 and 44344.7 and Rule 1402	New, relocated or modified permit unit	Existing facilities subject to Air Toxics "Hot Spots" Information and Assessment Act of 1987 and facilities with total facility emissions exceeding any significant or action risk level	None
Requirements	Pays fees associated with AB 2588 and Rule 1402	Limits maximum individual cancer risk, cancer burden and chronic and acute hazards	Submittal of health risk assessment for total facility emissions when notified. Implement risk reduction measures if	None

Rule Element	PAR 307.1	PAR 1401	PAR 1402	Equivalent Federal Regulation
			facility-wide risk is greater than or equal to action risk level	
Reporting	None	None	Progress reports and updates to risk reduction plans	None
Monitoring	None	None	None	None
Recordkeeping	None	None	None	None

REFERENCES

"Air Toxics Hot Spots Program, Risk Assessment Guidelines, Guidance Manual for Preparation of Health Risk Assessments", Office of Environmental Health Hazard Assessment, February 2015.

"Draft SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program", South Coast Air Quality Management District, July 2016

"Draft SCAQMD Public Notification Procedures for Facilities under the Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588) and Rule 1402", South Coast Air Quality Management District, July 2016

"Emission Inventory Criteria and Guidelines for the Air Toxics 'Hot Spots' Program", State of California Air Resources Board, August 2007

"Prioritization of Toxic Air Contaminants – Children's Environmental Health Protection Act", Office of Environmental Health Hazard Assessment, October 2001

"Public Notification Procedures for Phase I and II Facilities under the Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)", South Coast Air Quality Management District, July 1994

"Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics 'Hot Spots' Information and Assessment Act", South Coast Air Quality Management District, June 2015

ATTACHMENT H

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Socioeconomic Report
Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory;
Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants;
Proposed Amended Rule 1402 – Control of Toxic Air Contaminants from Existing Sources;
SCAQMD Public Notification Procedures for Facilities under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402; and SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program

October 2016

Acting Executive Officer
Wayne Nastri

Deputy Executive Officer
Planning, Rule Development, and Area Sources
Philip M. Fine, Ph.D.

Acting Assistant Deputy Executive Officer
Planning, Rule Development, and Area Sources
Susan Nakamura

Author: Shah Dabirian, Ph.D., Program Supervisor

Technical Assistance: Michael Morris, Program Supervisor
Uyen-Uyen Vo, Air Quality Specialist

Reviewed By: Elaine Shen, Ph.D., Program Supervisor
Jillian Wong, Ph.D., Planning & Rules Manager
William Wong, Principal Deputy District Counsel

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD

Chairman: WILLIAM A. BURKE, Ed.D.
Speaker of the Assembly Appointee

Vice Chairman: BEN BENOIT
Councilmember, Wildomar
Cities of Riverside County

MEMBERS:

MICHAEL D. ANTONOVICH
Supervisor, Fifth District
County of Los Angeles

JOHN J. BENOIT
Supervisor, Fourth District
County of Riverside

JOE BUSCAINO
Councilmember, 15th District
City of Los Angeles Representative

MICHAEL A. CACCIOTTI
Mayor Pro Tem, South Pasadena
Cities of Los Angeles County/Eastern Region

JOSEPH K. LYOU, Ph.D.
Governor's Appointee

LARRY MCCALLON
Mayor, Highland
Cities of San Bernardino County

JUDY MITCHELL
Councilmember, Rolling Hills Estates
Cities of Los Angeles County/Western Region

SHAWN NELSON
Supervisor, Fourth District
County of Orange

DR. CLARK E. PARKER, SR.
Senate Rules Committee Appointee

DWIGHT ROBINSON
Councilmember, Lake Forest
Cities of Orange County

JANICE RUTHERFORD
Supervisor, Second District
County of San Bernardino

ACTING EXECUTIVE OFFICER:

WAYNE NASTRI

EXECUTIVE SUMMARY

A socioeconomic analysis was conducted to assess the impacts of the Proposed Amended Rules (PARs) 1401, 307.1, 1402, and associated PAR 1402 Guidance Documents. A summary of the analysis and findings is presented below.

Elements of Proposed Amendments	At its June 2015 meeting, the SCAQMD Governing Board adopted amendments to Rule 1402 – Control of Toxic Air Contaminants from Existing Sources (Rule 1402) incorporating the Revised OEHHA Guidelines. The Governing Board directed staff to work with stakeholders to incentivize early risk reductions beyond those required under Rule 1402, to assess public notification procedures, and explore alternatives for such facilities. In addition, the Governing Board also directed staff to streamline implementation of Rule 1402, if necessary. Amendments to Rule 1402 are being proposed to streamline implementation and include a voluntary program to allow facilities to implement early risk reduction measures that go beyond the Action Risk level threshold in Rule 1402 with an alternative public notification approach. SCAQMD's "Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" establishes procedures for the Rule 1402 Voluntary Risk Reduction program. SCAQMD's "Public Notification Procedures for Facilities Under Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588) and Rule 1402" clarifies Rule 1402 notification requirements. Amendments to Rule 307.1 are being proposed to add a fee category for facilities that elect to participate in the voluntary risk reduction program, which is an alternative to the traditional Rule 1402 provisions. PAR 307.1 also includes a provision to require facility owners or operators to either directly pay the vendors or reimburse the SCAQMD for costs associated with public meetings. PARs 1401 and 1402 remove the staff requirement to report OEHHA changes to risk values to the Governing Board and will instead consolidate reporting changes and their potential impacts in the SCAQMD AB 2588 Annual Report.
Affected Facilities and Industries	Under PAR 1402, it is estimated that 32 facilities would likely participate in the Voluntary Risk Reduction Program and 24 would potentially need to install additional controls beyond those controls identified in the June 2015 rule amendments. These identified facilities belong to various sectors of the economy, including manufacturing (NAICS 31-33) such as aerospace, glass manufacturing, metal melting, metal plating and finishing, petroleum refining and non-manufacturing sectors such as hospitals (NAICS 622), support activities for transportation (NAICS 488),

	colleges and universities (NAICS 611), and sewage treatment (NAICS 221). Out the 24 affected facilities, 15 are located in Los Angeles County, six in Orange County, and three in San Bernardino County.
Major Assumptions and Limitation of Analysis	The analysis herein was performed for a 13 year period (2017-2030). For example, the typical pollution controls that would likely be utilized under PAR 1402 are High Efficiency Particulate Arrestors (HEPA) filters for nickel plating tanks, small thermal oxidizers, oxidation catalysts for control of acrolein and benzene, scrubbers for metal particulates, carbon adsorbers for vinyl chloride and hydrochloric acid in sewage treatment and refineries. These controls are assumed to have an equipment life of six to ten years, depending on the particular type of control. All the costs discussed in this section are expressed in 2016 dollars. For the purpose of projecting compliance costs in the near future, it is assumed that these costs would remain the same within the analysis time frame and may increase only with inflation. The capital costs include installation and permitting fees. The analysis for risk determination would not increase SCAQMD staff time and result in additional costs as long as all currently requested information is provided with the application. Moreover, in order to compile the annual compliance costs for the additional controls assumed to be needed, it is assumed that facilities would finance the capital costs of control equipment at a real interest rate of four percent over its equipment life; as a sensitivity test, a real interest rate of one percent was also applied which is closer to the prevailing real interest rate.
Compliance Costs	The proposed amendments to Rule 1401 are intended to provide additional clarity and are administrative in nature, and therefore, will not have any adverse socioeconomic impacts. The proposed amendments to Rule 307.1, which add a fee category for the Voluntary Risk Reduction Program are not an additional cost. If facilities elect not to participate in this proposed program, they would be required to participate in the traditional pathway which would require submittal of an Air Toxics Inventory Report, and possibly a Health Risk Assessment and Risk Reduction Plan where the fees are higher than those proposed under PAR 307.1 for the Voluntary Risk Reduction Program. In addition, PAR 307.1 specifies that facilities that are required to conduct public meetings will be required to either pay the vendors directly or reimburse the SCAQMD for the meeting venue, audio visual equipment and personnel, security, parking, and any other logistics for holding the public notification meeting. Public notification meetings are not a new requirement. Revisions to the Public Notification Guidelines establish that the SCAQMD staff will be scheduling the logistics for

Compliance Costs (cont.)	these public notification meetings instead of the affected facility. The cost for these public notification meetings are not expected to change, because the affected facilities would otherwise set up the meetings and incur the costs. As a result, these amendments will not have any additional cost impacts. The associated cost of PAR 1402 is estimated based on the types of pollution controls that could potentially reduce the impact of total facility risk below the Voluntary Risk Threshold. The cost impacts presented herein should be viewed with the caveat that all additional costs are voluntary. Facilities that do not wish to participate may follow the traditional risk assessment and reduction pathway for which all costs were already analyzed in the June 2015 rule amendments. The associated total annual compliance cost of PAR 1402 is estimated to range from $1.07 million to $1.17 million, depending on the real interest rate assumed (1%-4%). The total cost mainly consists of the cost of installing and operating control equipment. The compliance costs estimated in the analysis are associated with additional pollution control equipment costs only and do not take into account other potential costs, such as some permitting and administrative costs, as these cost would have occurred independent of the proposed amendments. There are no expected cost impacts from PAR 1402 associated guidance documents because these guidance documents are administrative in nature and do not impose any additional costs to the affected facilities.
Regional Job Impacts	The proposed amendments are expected to result in approximately 10 annual jobs forgone between 2017 and 2030 when it is assumed that facilities would finance capital costs of control equipment at a 4-percent real interest rate and that all equipment and services would be purchased from businesses located within the region. When a 1-percent real interest rate is assumed instead, the job impact would be less, with approximately 8 annual jobs forgone over the same period. However, if all equipment and services would be imported from outside the region, the number of jobs foregone would increase to approximately 15 annual jobs forgone between 2017 and 2030. In any of the scenarios analyzed above, the projected job impacts represent less than 0.001 percent of the total employment in the four-county region.

INTRODUCTION

The California Office of Environmental Health Hazard Assessment (OEHHA) establishes guidance for performing risk assessments for toxic air contaminants (TACs). On March 6, 2015, OEHHA adopted the Air Toxics Hot Spots Program Guidance Manual for Preparation of Risk Assessments (Revised OEHHA Guidelines), based on new scientific information that early-life exposures to air toxics contribute to an increased lifetime risk of developing cancer and other adverse health effects, compared to exposures that occur in adulthood. At its June 2015 meeting, the SCAQMD Governing Board adopted amendments to Rule 1402 – Control of Toxic Air Contaminants from Existing Sources incorporating the Revised OEHHA Guidelines. The Governing Board directed staff to work with stakeholders to incentivize early risk reductions beyond those required under Rule 1402, to assess public notification procedures, and explore alternatives for such facilities. In addition, the Governing Board also directed staff to streamline implementation of Rule 1402, if necessary.

As a follow up to the 2015 Rule 1402 amendment process, Proposed Amended Rule 1402 is designed to streamline implementation and to incorporate a Voluntary Risk Reduction Program. Staff has conducted an analysis to evaluate the potential number of facilities that could be eligible to participate in the Voluntary Risk Reduction Program. It was found that 32 facilities will be eligible to participate in the Voluntary Risk Reduction program.

Amendments to the following rules are being proposed to incorporate requirements for Voluntary Risk Reduction Program.

- *Rule 307.1 – Alternative Fees for Air Toxic Emission Inventory*, which establishes fees to recover the cost of implementing and administering the Air Toxics "Hot Spots" Information and Assessment Act.
- *Rule 1401 – New Source Review of Toxic Air Contaminants*, which establishes cancer and non-cancer health risk requirements for new, relocated, or modified permitted sources of toxic air pollutants.
- *Rule 1402 – Control of Toxic Air Contaminants from Existing Sources*, which establishes facility-wide risk requirements for existing facilities that emit TACs and implements the state AB2588 Air Toxics "Hot Spots" program.

Amendments to Rule 307.1 are being proposed to add a fee category for the new provisions established in Rule 1402 and other amendments to improve clarity. PAR 307.1 will be amended to include a fee category for Voluntary Risk Reduction facilities and a provision to require facility owner or operators to either directly pay or reimburse the SCAQMD for costs associated with public meetings. The fee for Voluntary Risk Reduction facilities is identical to the fee that the facilities would have had to pay with traditional risk reduction requirements under Rule 1402. This would specifically apply to the category of facilities with Priority Scores of more than ten which have not prepared Health Risk Assessments. This is not a new fee, and facilities that do not elect to participate in the Voluntary Risk Reduction Program would be required to pay a similar fee or possibly higher if a Health Risk Assessment and/or Risk Reduction Plan is required. The fee for public meetings is identical to the cost of the facility conducting their own public meeting. Therefore, the

proposed requirements for Rule 307.1 are intended to provide additional clarity and are administrative and informational in nature, and will not have any additional costs or adverse socioeconomic impacts.

Proposed amendments to Rule 1401 will remove the requirement that staff report to the Governing Board regarding OEHHA changes to risk values and will instead report these changes and their potential impacts in the SCAQMD AB 2588 Annual Report. The proposed amendments for Rule 1401 are administrative in nature, and therefore, will not have any adverse socioeconomic impacts.

Amendments to Rule 1402 are being proposed to include a voluntary program to allow facilities to implement early risk reduction measures that go beyond the Action Risk Level threshold in Rule 1402 with an alternative public notification approach. "Draft SCAQMD Public Notification Procedures for Facilities Under Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588) and Rule 1402" (Notification Procedures) is being revised to clarify Rule 1402 notification requirements. "Draft SCAQMD Guidelines for Participating in the PAR 1402 Voluntary Risk Reduction Program" (Voluntary Risk Reduction Guidelines) is being developed to establish PAR 1402 Voluntary Risk Reduction procedures. In addition, PAR 1402 includes additional requirements for facilities that are designated as a Potentially High Risk Level Facility, streamlines implementation, and includes other amendments to improve clarity. This report focuses on the PAR 1402 socioeconomic impacts.

There are no expected cost impacts from PAR 1402 associated guidance documents because changes to the guidance documents are administrative in nature and do not impose any additional costs to the affected facilities.

LEGISLATIVE MANDATES

The socioeconomic assessments at the SCAQMD have evolved over time to reflect the benefits and costs of regulations. The legal mandates directly related to the assessment of the proposed amendments include the SCAQMD Governing Board resolutions and various sections of the California Health & Safety Code (H&SC).

SCAQMD Governing Board Resolutions

On March 17, 1989 the SCAQMD Governing Board adopted a resolution that calls for an economic analysis of regulatory impacts that includes the following elements:

- Affected industries
- Range of control costs
- Cost effectiveness
- Public health benefits

On October 14, 1994, the Board passed a resolution which directed staff to address whether the rules or amendments brought to the Board for adoption are in the order of cost effectiveness as defined in the AQMP. The intent was to bring forth those rules that are most cost effective first.

Health & Safety Code Requirements

The state legislature adopted legislation that reinforces and expands the Governing Board resolutions for socioeconomic assessments. H&SC Sections 40440.8(a) and (b), which became effective on January 1, 1991, require that a socioeconomic analysis be prepared for any proposed rule or rule amendment that "will significantly affect air quality or emissions limitations." While the present amendments do not have such effects, they will have costs, thus staff prepared this socioeconomic impact assessment. Specifically, the scope of the analysis should include:

- Type of affected industries
- Impact on employment and the economy of the district
- Range of probable costs, including those to industries
- Emission reduction potential
- Necessity of adopting, amending or repealing the rule in order to attain state and federal ambient air quality standards
- Availability and cost effectiveness of alternatives to the rule

Additionally, the SCAQMD is required to actively consider the socioeconomic impacts of regulations and make a good faith effort to minimize adverse socioeconomic impacts. H&SC Section 40728.5, which became effective on January 1, 1992, requires the SCAQMD to:

- Examine the type of industries affected, including small businesses; and
- Consider socioeconomic impacts in rule adoption

Finally, H&SC Section 40920.6, which became effective on January 1, 1996, requires that incremental cost effectiveness be performed for a proposed rule or amendment that imposes Best Available Retrofit Control Technology or "all feasible measures" requirements relating to ozone, carbon monoxide (CO), oxides of sulfur (SOx), oxides of nitrogen (NOx), and their precursors. This statute does not apply to the proposed rules; moreover, cost effectiveness in terms of dollars per ton is not meaningful for risk-based regulations, since many other factors besides the amount of pollution affect the risk such as the cancer potency and the location of receptors.

AFFECTED FACILITIES

From the Staff Report for the June 2015 amendments to Rule 1402 (June 2015 Staff Report), the SCAQMD staff estimated that 22 facilities could potentially have a cancer risk greater than the Action Risk Level and 42 facilities could potentially have a cancer risk greater than the Public Notification Risk Level when using the Revised OEHHA Guidelines. Of these 64 facilities, staff identified 32 facilities that have a previously approved HRA below the Action Risk Level and are not likely to be a Potentially High Risk Level Facility, and thus will be eligible to participate in the Voluntary Risk Reduction Program. Under PAR 1402, facilities participating in the Voluntary Risk Reduction Program are required to implement risk reduction measures specified in a Voluntary Risk Reduction Plan to reduce the impact of total facility emissions below the Voluntary Risk Threshold by no later than two and a half years. Participating Voluntary Risk Reduction facilities will be required to make facility-wide risk reductions beyond Rule 1402

requirements. There are a variety of options that can be implemented such as process changes, material changes, additional air pollution control, or reduced throughput.

For the 22 facilities that could potentially be greater than the Action Risk Level, the June 2015 Staff Report estimated the types of controls that would bring the impact of total facility emissions below the Action Risk Level. Upon further analysis, two facilities were removed because their Priority Scores were estimated to be less than ten, and nine facilities were removed because the facilities are currently either in risk reduction implementation, subject to a different rule that will result in risk reduction, or have installed pollution controls. For the remaining 11 facilities, staff estimated that for eight facilities, the controls that SCAQMD staff identified in the June 2015 Staff Report would be sufficient to reduce the impact of total facility emissions below the Voluntary Risk Threshold and three facilities would require additional controls than those assumed in the June 2015 Staff Report in order to reduce the impact of total facility emissions below the Voluntary Risk Threshold.

According to the June 2015 amendments to Rule 1402, 42 facilities were identified to potentially have a cancer risk between the Public Notification Risk Level and Action Risk Level when using the Revised OEHHA Guidelines. Since then, staff has identified three additional facilities for this category, bringing the total to 45 facilities. Of these 45 facilities, 20 facilities are in the process of shutting down, currently in risk reduction implementation, subject to a different rule that will result in risk reduction, have installed pollution controls, or Priority Scores were estimated to be less than ten. It is expected that the remaining 25 facilities could potentially reduce the risk from total facility emissions below the Voluntary Risk Threshold by implementing risk reduction measures. Staff is conservatively anticipating that facilities will install pollution control equipment as their risk reduction measures. Due to the cost of the pollution control required to bring facility emissions below Voluntary Risk Threshold, staff assumed that four of these 25 facilities would not participate in Voluntary Risk Reduction.

Therefore, under PAR 1402, it is estimated that 32 existing facilities would likely participate in the Voluntary Risk Reduction Program and 24 facilities would potentially need to install additional controls (Table 1) beyond those controls identified in the June 2015 rule amendments. These 24 identified facilities belong to various sectors of the economy, including manufacturing such as aerospace, glass manufacturing, metal melting, metal plating and finishing, petroleum refining and non-manufacturing sectors such as hospitals, support activities for transportation, colleges and universities, and waste management. Out of the 24 affected facilities that are expected to install additional controls, 15 are located in Los Angeles County, six in Orange County, and three in San Bernardino County.

Table 1 presents the potentially affected facilities, their industry types and sizes of the affected businesses. A detailed discussion of the assumptions and basis for the number of facilities that could potentially require additional pollution controls can be found in the Staff Report for the proposed amended rules. For the purpose of this analysis, the SCAQMD staff is assuming that the selected compliance path will be installation of pollution controls. There are other options available that many facilities may select including product replacement such as using materials with less or no toxic emissions, use

of different fuels that are less toxic such as natural gas instead of diesel, locating the equipment at a distance to create a larger buffer between the equipment and the residential and sensitive receptors, and reduction of throughput. The availability of these alternative options depends on the specific situation at each facility.

Table 1
Facilities that Potentially Would Need
Additional Pollution Controls by the Proposed Voluntary Risk Reduction Program

Type of Facility	Key Toxic Driver (s)	Typical Control Device	Industry Classification (6-Digit NAICS Code)	Number of Affected Facilities
Hospital	Ethylene oxide, PAHs and formaldehyde	Scrubber, Oxidation catalyst	General Medical and Surgical Hospitals (622110)	2
University	PAHs and acrolein	Oxidation catalyst	Colleges and Universities (611310)	1
Roofing Supplies	Hydrogen sulfide	Scrubber	Asphalt Shingle and Coating Materials Manufacturing (324122)	1
Gasoline Pipeline	Benzene and gasoline vapor	Small thermal oxidizer	All other Support Activities for Transportation (488999)	2
Utilities (Electricity)	PAHs	Oxidation catalyst	Electric Power Generation (221122)	1
Ski Facility	Acrolein	Oxidation catalyst	Skiing Facilities (713920)	1
Waste Management	Formaldehyde, tetrachloroethylene, hexavalent chromium, benzene, PAHs, chloroform, vinyl chloride and hydrochloric acid	HEPA, Carbon Adsorber and Scrubber	Sanitation Sewage Treatment Facilities (221320)	6
Aerospace	Hexavalent chromium	HEPA and Scrubber	Aircraft Manufacturing (336411)	2
Metal Plating	Hexavalent chromium	HEPA	Electroplating, Plating, Polishing, Anodizing, and Coloring (332813)	1
Metal Melting	Hexavalent chromium, PAHs, benzene, and nickel	HEPA and Scrubber	Industrial Valve Manufacturing (332911), and Steel Foundries (331513)	2
Glass Manufacturer	Nickel	HEPA	Flat Glass Manufacturing (327211)	1
Petroleum Refining	Benzene, acrolein, hexavalent chromium and carbon tetrachloride, nickel	Scrubber, Small Thermal Oxidizer, Oxidation catalyst, Carbon Adsorber	Petroleum Refineries (324110)	4
Total				**24**

Small Businesses

The SCAQMD defines a "small business" in Rule 102 for purposes of fees as one which employs 10 or fewer persons and which earns less than $500,000 in gross annual receipts. The SCAQMD also defines “small business” for the purpose of qualifying for access to services from the SCAQMD’s Small Business Assistance Office (SBAO) as a business with an annual receipt of $5 million or less, or with 100 or fewer employees. In addition to the SCAQMD's definition of a small business, the federal Clean Air Act Amendments (CAAA) of 1990 and the federal Small Business Administration (SBA) also provide definitions of a small business.

The CAAA classifies a business as a "small business stationary source" if it: (1) employs 100 or fewer employees, (2) does not emit more than 10 tons per year of either VOC or NOx, and (3) is a small business as defined by SBA. The SBA definitions of small businesses vary by six-digit North American Industrial Classification System (NAICS) codes. In general terms, a small businesses must have no more than 500 employees for most manufacturing and mining industries, and no more than $7 million in average annual receipts for most nonmanufacturing industries.[1]

According to the Dun and Bradstreet database acquired in January 2016, three out of the 24 existing AB2588 facilities that could potentially need additional controls would be classified as small businesses under the SBA definition. They are a metal plating facility, an asphalt shingle and coating facility, and a small aerospace facility with an estimated total annual compliance cost of under $30,000 (see next section for detailed discussion of compliance costs). Based on SCAQMD permit data, however, none of the 24 facilities were reported as a small business as defined under Rule 102.

COMPLIANCE COSTS

PAR 307.1

Amendments to Rule 307.1 are being proposed to add fees for the new provisions established in PAR 1402 and other amendments to improved clarity. PAR 307.1 will be amended to include a fee for Voluntary Risk Reduction facilities and a provision to either directly pay the vendors or reimburse the SCAQMD for costs associated with public meetings. The fee for Voluntary Risk Reduction facilities is identical to the fee the facilities would have had to pay with traditional risk reduction, and in some cases less if the facility is required to submit a Health Risk Assessment and/or Risk Reduction Plan. The fee for public meetings is identical to the cost of the facility conducting its own public meeting. The proposed requirements for Rule 307.1 are intended to provide additional clarity and are administrative and informational in nature, and will not have any adverse socioeconomic impacts.

[1] See the SBA website (http://www.sba.gov/community/blogs/community-blogs/small-business-matters/what-small-business-what-you-need-know-and-wh).The latest SBA definition of small businesses by industry can be found at http://www.sba.gov/content/table-small-business-size-standards.

PAR 1401

Amendments to Rule 1401 removes the staff requirement to report separately OEHHA changes to risk values to the Governing Board and instead will report these changes and their potential impacts in the SCAQMD AB 2588 Annual Report. The proposed amendments for Rule 1401 are administrative in nature, and therefore, will not have any adverse socioeconomic impacts.

PAR 1402

The cost impacts analyzed herein should be viewed with the caveat that all additional costs are voluntary. Facilities that do not wish to participate may follow the traditional risk assessment and reduction pathway for which all costs were already analyzed in the June 2015 amendments to Rule 1402. In addition, this analysis does not take into account the cost savings associated with the modified public notification that a facility participating in the Voluntary Risk Reduction Program would experience. Facilities that elect to participate in the Voluntary Risk Reduction Program will not be required to conduct written public notification or a public meeting.

Under PAR 1402, facilities participating in Voluntary Risk Reduction are required to implement risk reduction measures specified in a Voluntary Risk Reduction Plan to reduce the impact of total facility risk below the Voluntary Risk Threshold by no later than two and a half years. Therefore, participating Voluntary Risk Reduction facilities are conservatively anticipated to add additional pollution controls beyond Rule 1402 requirements. SCAQMD staff evaluated the primary and secondary toxic drivers for the AB 2588 facilities that could potentially participate in Voluntary Risk Reduction. Based on this evaluation, SCAQMD staff estimated the types of pollution controls that could potentially reduce the impact of total facility risk below the Voluntary Risk Threshold.

While the analysis below focuses on the costs to install and operate add-on air pollution control equipment, other options are available to facilities to decrease risk. Where applicable, facilities may decide to use different materials that have less or no toxic emissions, use different fuels, move their equipment to create a larger distance between sensitive populations, or possibly limit throughput. Modifying operations to decrease or eliminate the emissions of air toxics is often a more cost-effective option. For example, the use of clean burning fuels, reformulated coatings, alternative solvents or trivalent chromium plating, where applicable, may reduce risks, allow increased throughput and lower operating costs. When determining which option to implement, facilities will ultimately choose the most cost-effective option for their particular situation. In many cases, the option chosen will not be to install add-on air pollution control equipment. However, to conservatively estimate the cost impacts of the proposed rule, this analysis will assume that impacted facilities will utilize add-on control equipment.

While the types and sizes of control equipment will vary as determined by the applicant, staff is analyzing the annual costs based on previous control strategies utilized in similar situations.

- Metal Melting – Based on current information in the AB 2588 program, it is expected that two metal melting shops may choose to install controls. One shop is expected to

install a high efficiency particulate arrestors (HEPA) and a scrubber to control nickel emissions. The capital cost of a HEPA system is estimated at $134,700 with a projected equipment life of ten years. On an annual basis, the electricity cost is $22,515 and the filter replacement cost is $1,185. The scrubber has an estimated cost of $54,700 with a projected equipment life of ten years. On an annual basis, the electricity cost is estimated at $5,500. The other metal melting shop is expected to install a scrubber and one an oxidation catalyst to control hexavalent chromium, PAHs, and benzene emissions. The scrubber has an estimated cost of $54,700 with a projected equipment life of ten years. The oxidation catalyst has an estimated one-time cost of $467,600 with a projected equipment life of 6 years with no additional operating and maintenance. On an annual basis, the electricity cost is estimated at $5,500.

- Metal Plating – It is expected that one metal plating shop may choose to install HEPA to control hexavalent chromium emissions. The capital cost of a HEPA system is $80,000 with a projected equipment life of ten years. On an annual basis, the electricity cost is $17,290 and the filter replacement cost is $910.
- Aerospace – It is expected that two aerospace facilities may choose to install controls. One facility could install HEPA and a scrubber to control hexavalent chromium emissions. The capital cost of a HEPA system is at $134,700 with a projected equipment life of ten years. On an annual basis, the electricity cost is $22,515 and the filter replacement cost is $1,185. The scrubber has an estimated cost of $54,700 with a projected equipment life of ten years. On an annual basis, the electricity cost is estimated at $5,500. The other facility could install a scrubber to control hexavalent chromium emissions. The scrubber has an estimated cost of $54,700 with a projected equipment life of ten years. On an annual basis, the electricity cost is estimated at $5,500.
- Waste Treatment Facilities – It is expected that six sewage treatment facilities may choose to install controls. Three out of six facilities could install a carbon adsorber to control formaldehyde or tetrachloroethylene emissions. The estimated cost of a carbon adsorber is $176,000 each with a projected equipment life of ten years. On an annual basis, the electricity cost is estimated at $13,160 and the filter replacement cost is $5,640 for each unit, respectively. Two facilities could install scrubbers and carbon adsorbers to control vinyl chloride, hydrochloric acid, and/or chloroform emissions. Scrubbers have an estimated cost of $230,700 each with a projected equipment life of ten years. On an annual basis, the electricity cost is estimated at $24,300 for each unit, respectively. The estimated cost of a carbon adsorber is $176,000 each with a projected equipment life of ten years. On an annual basis, the electricity cost is estimated at $13,160 and the filter replacement cost is $5,640 for each unit, respectively. One facility could install HEPA to control hexavalent chromium, benzene, and PAHs. The HEPA system has an estimated cost of $80,000 with a projected equipment life of ten years. On an annual basis, the electricity cost is $17,290 and the filter replacement cost is $910.
- Hospitals – It is expected that two medical care facilities may choose to install controls. One facility may install a scrubber to control ethylene oxide and formaldehyde emissions. The estimated cost is $54,700 with a projected equipment life of ten years. On an annual basis, the electricity cost is estimated at $5,500. The other facility may install an oxidation catalyst to control formaldehyde and PAH emissions. The

oxidation catalyst has an estimated one-time cost of $467,600 with a projected equipment life of 6 years with no additional operating and maintenance.

- University – It is expected that one university may choose to install an oxidation catalyst to control PAH and acrolein emissions. The oxidation catalyst has an estimated one-time cost of $467,600 with a projected equipment life of 6 years with no additional operating and maintenance.
- Roofing Supplies – It is expected that one roofing supply facility may choose to install a scrubber to control hydrogen sulfide emissions. A scrubber has an estimated cost of $54,700 each with a projected equipment life of ten years. On an annual basis, the electricity cost is estimated at $5,500.
- Skiing Facility – It is expected that one facility may choose to install an oxidation catalyst to control acrolein emissions at an estimated one-time cost of $467,600 with a projected equipment life of 6 years with no additional operating and maintenance.
- Glass Manufacturing – It is expected one facility may choose to install HEPA to control nickel emissions. The capital cost of a HEPA system is $80,000 with a projected equipment life of ten years. On an annual basis, the electricity cost is $17,290 and the filter replacement cost is $910.
- Refineries – It is expected that four refineries may choose to install controls. One out of four facilities could install a carbon adsorber to control for carbon tetrachloride and nickel emissions. The estimated cost for a carbon adsorber is $176,000 with a projected equipment life of ten years. On an annual basis, the electricity cost is estimated at $13,160 and the filter replacement cost is estimated at $5,640. One facility could install an oxidation catalyst to control for benzene emissions. The estimated one-time cost for an oxidation catalyst is $467,600 with a projected equipment life of 6 years. No operating and maintenance cost associated with the oxidation catalyst. One facility could install a scrubber to control for hexavalent chromium emissions which has an estimated cost of $54,700 with a projected equipment life of ten years. On an annual basis, the electricity cost is estimated at $5,500. The fourth facility could install a small thermal oxidizer to control for benzene and acrolein emissions. The estimated cost of a small thermal oxidizer is $106,000 with a projected equipment life of ten years. On an annual basis, the additional cost of electricity and natural gas is estimated at $11,250, respectively.
- Gasoline Pipeline – It is expected that two facilities may choose to install controls. Both facilities could install a small thermal oxidizer to control gasoline vapor and/or benzene. The estimated cost of a small thermal oxidizer is $106,000 with a projected equipment life of ten years. On an annual basis, the additional cost of electricity and natural gas is estimated at $11,250, respectively.
- Electricity (Utilities) – It is expected that one facility may choose to install an oxidation catalyst to control PAHs. The oxidation catalyst has an estimated one-time cost of $467,600 with a projected equipment life of 6 years with no additional operating and maintenance.

Table 2 reports the projected compliance costs due to the potential additional controls for the expected 24 facilities. Each year, the compliance costs due to the PAR 1402 Voluntary Risk Reduction Program are estimated to increase by an amount ranging from $1.07 to $1.17 million, depending on the real interest rate assumed (1%-4%). The sewage treatment facilities (NAICS 221320) would bear the largest share of compliance costs (26%)

followed by petroleum refineries (NAICS 324110, 14 %) when compared to other potentially affected industries. Other affected sectors would account for one to 12 percent of the projected annual compliance costs. All the costs discussed in this section are expressed in 2016 dollars. For the purpose of projecting future compliance costs in the near future, it is assumed that these costs would remain the same within the analysis time frame and may increase only with inflation. The capital costs include installation and permitting fees. The analysis for risk determination would not increase SCAQMD staff time and result in additional costs as long as all currently requested information is provided with the application.

Table 2
Projected Compliance Costs by Industry Due to Additional Pollution Controls
(2016 Dollars)

Industry Classification (6-Digit NAICS Code)	**Projected Increase in Compliance Costs Per Year of Installing Additional Controls***		
	4% Real Interest Rate	1% Real Interest Rate	Percent Distribution
General Medical and Surgical Hospitals (622110)	$101,444.28	$91,958.96	9%
Colleges and Universities (611310)	$89,200.27	$80,683.62	8%
Asphalt Shingle and Materials Coating Manufacturing (324122)	$12,244.01	$11,275.34	1%
All other Support Activities for Transportation (488999)	$70,137.68	$66,383.40	6%
Electric Power Generation (221122)	$89,200.27	$80,683.62	8%
Skiing Facilities (713920)	$89,200.27	$80,683.62	8%
Sanitation Sewage Treatment Facilities (221320)	$303,748.40	$279,410.64	26%
Aircraft Manufacturing (336411)	$52,551.30	$49,197.25	4%
Electroplating, Plating, Polishing, Anodizing, and Coloring (332813)	$28,063.28	$26,646.57	2%
Industrial Valve Manufacturing (332911), and Steel Foundries (331513)	$141,751.57	$129,880.86	12%
Flat Glass Manufacturing (327211)	$28,063.28	$26,646.57	2%
Petroleum Refineries (324110)	$164,768.31	$151,257.76	14%
All Industries	**$1,170,3731**	**$1,074,708**	100%

* Numbers may not sum up due to rounding.

Moreover, in order to compile the annual compliance costs for the additional controls assumed, it is assumed that facilities would finance the capital costs of control equipment at a real interest rate of four percent over its equipment life; as a sensitivity test, real interest rate of one percent was also applied which is closer to the prevailing real interest rate.[2]

The cost impacts analyzed above should be viewed with a qualification that all additional costs are voluntary. Facilities that do not wish to participate may follow the traditional risk assessment and reduction pathway for which all costs were already analyzed in the June 2015 rule amendments.

There are no expected cost impacts from PAR 1402 associated guidance documents because changes to the guidance documents are administrative in nature and do not impose any additional costs to the affected facilities.

MACROECONOMIC IMPACTS ON REGIONAL ECONOMY

The REMI model (PI+ v1.7.2, 2016) was used to assess the total socioeconomic impacts of a policy change (i.e., the proposed amendments). The model links the economic activities in the counties of Los Angeles, Orange, Riverside, and San Bernardino, and for each county, it is comprised of five interrelated blocks: (1) output and demand, (2) labor and capital, (3) population and labor force, (4) wages, prices and costs, and (5) market shares.[3]

The assessment herein is performed relative to a baseline ("business as usual") where the proposed amendments would not be implemented. The proposed amendments would create a policy scenario that can be summarized as such:

- Under PAR 1402, 24 existing AB2588 facilities would incur an annual compliance costs totaling $1.07 million to $1.17 million to install and operate additional control equipment. Consistent with the existing AB2588 program implementation schedule, the annual compliance costs are assumed to start in 2017.

Direct effects of the proposed amendments have to be estimated and used as inputs to the REMI model in order for the model to assess secondary and induced impacts for all the actors in the four-county economy on an annual basis and across a user-defined horizon

[2] The SCAQMD has since 1987 adopted a real interest rate of four percent for the purpose of cost-effectiveness analysis. In comparison, the federal Office of Management and Budget annually updates the discount rates that are to be used for cost-effectiveness analysis of federal programs and policies. These discount rates are based on Treasury borrowing rates on marketable securities of comparable maturity to the period of analysis. For calendar year 2015, the real interest rate is 0.9 percent for a ten-year project. See https://www.federalregister.gov/articles/2015/01/29/2015-01616/discount-rates-for-cost-effectiveness-analysis-of-federal-programs (accessed March 28, 2015).

[3] Within each county, producers are made up of 66 private non-farm industries, three government sectors, and a farm sector. Trade flows are captured between sectors as well as across the four counties and the rest of U.S. Market shares of industries are dependent upon their product prices, access to production inputs, and local infrastructure. The demographic/migration component has 160 ages/gender/race/ethnicity cohorts and captures population changes in births, deaths, and migration. (For details, please refer to REMI online documentation at http://www.remi.com/products/pi.)

(2017 to 2030). Direct effects of the proposed amendments include additional costs to the affected entities and additional sales, by local vendors, of equipment, devices, or services that would meet the proposed requirements.[4] Whereas all the compliance expenditures that are incurred by the affected facilities will increase their cost of doing business, the purchase of additional pollution control equipment will increase the sales of various sectors. Moreover, installation and maintenance of the control equipment would result in an increase in sales of many sectors as well. For example, the utility sector (NAICS 22) will benefit from the sales of additional electricity for the operation for most of the controls.

Table 3 lists the industry sectors modeled in REMI that would either incur or benefit from the compliance expenditures.[5] It should be noted that, although staff was able to make assumptions about the geographical location of directly affected facilities based on the review of SCAQMD permits, the same could not be assumed for the businesses from whom the affected facilities would purchase control equipment and services. As a result, staff adopted the ad-hoc assumption that the affected facilities would purchase controls and other services from providers within the same county.

[4] To compile the REMI inputs, all amounts expressed in 2016 dollars are converted to 2009 dollars using CoreLogic's Marshall & Swift Equipment Indexes: 2016 dollar amount x (2009 annual index ÷ 2016Q2 index).

[5] It is worth mentioning that improved public health due to reduced air pollution emissions may also assert a positive effect on worker productivity and other economic factors; however, public health benefit assessment requires the modeling of air quality improvements. Therefore, it is conducted for Air Quality Management Plans and not for individual rules or rule amendments.

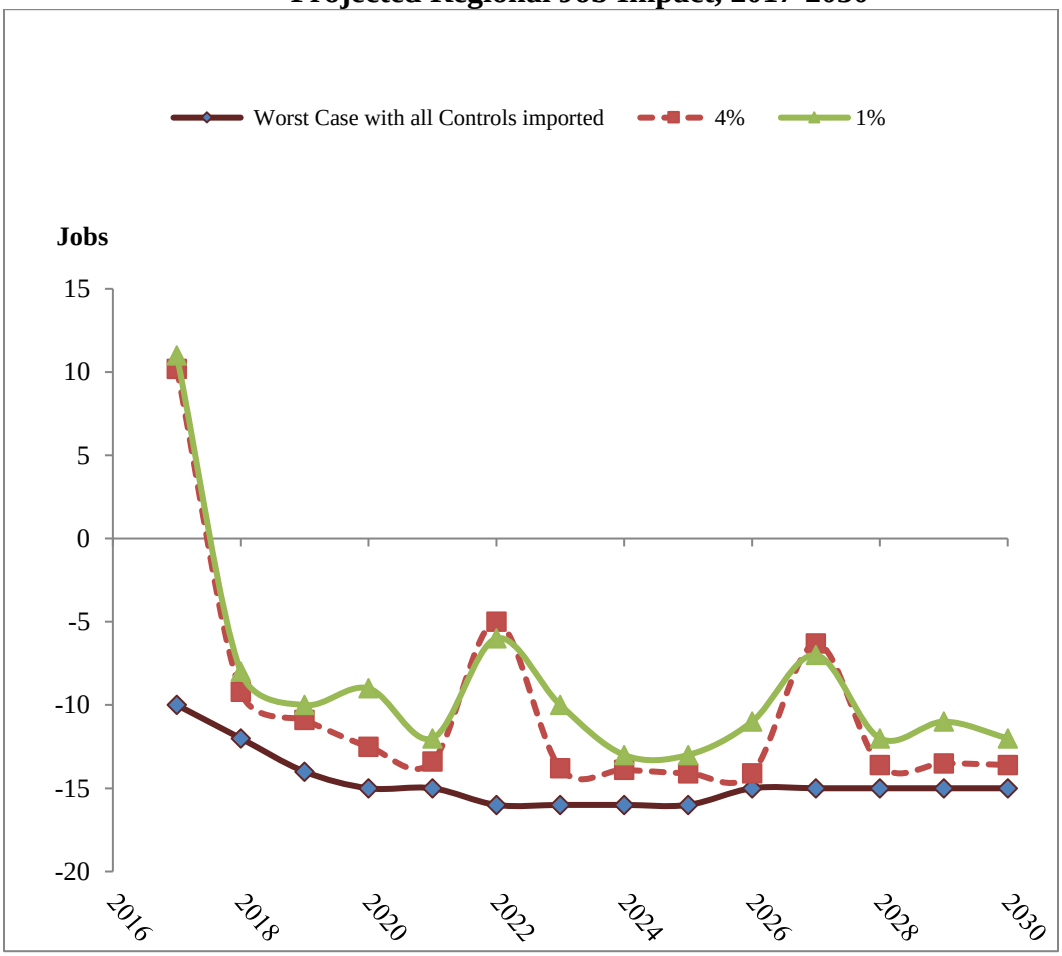
Table 3
Industries Incurring *vs.* Benefitting from Compliance Costs/Spending

Source of Compliance Costs	REMI Industries Incurring Compliance Costs (NAICS)	REMI Industries Benefitting from Compliance Spending (NAICS)
HEPA Filters	Electroplating, Plating, Polishing, Anodizing, and Coloring (332813); Flat Glass Manufacturing (327211); Sanitation Sewage Treatment Facilities (221320)	*Capital:* Machinery manufacturing (333)
		O&M: Utilities (22); Textile mills & textile product mills (313-314)
Oxidation Catalysts	Petroleum and coal products manufacturing (324); Skiing Facilities (713920); Colleges and Universities (611); Hospitals (622)	*Capital:* Machinery manufacturing (333)
Carbon Absorbers	Petroleum and coal products manufacturing (324); Sanitation Sewage Treatment Facilities (221320)	*Capital:* Machinery manufacturing (333)
		O&M: Utilities (22); Chemical manufacturing (325)
Scrubbers	Petroleum and coal products manufacturing (324); Hospitals (622110), Asphalt Shingle and Materials Coating Manufacturing (324122); Sanitation Sewage Treatment Facilities (221320); Industrial Valve Manufacturing (332911), and Steel Foundries (331513)	*Capital:* Machinery manufacturing (333)
		O&M: Utilities (22)
Small Thermal Oxidizers	Petroleum and coal products manufacturing (324); All other Support Activities for Transportation (488999)	*Capital:* Machinery manufacturing (333)
		O&M: Utilities (22)

The proposed amendments to Rule 1402 are expected to result in approximately 10 jobs forgone between 2017 and 2030 when a 4-percent real interest rate is assumed (approximately 8 jobs with a 1-percent real interest rate). The projected job impacts represent about 0.001 percent of the total employment in the four-county region.

Figure 1 presents a trend of job gain and losses over the 2017-2030 time period. In addition, staff has analyzed an alternative scenario (worst case) where the affected facilities would not purchase any controls or services from providers within the Basin. At a 4-percent interest rate, the job impact becomes more negative. The number of jobs foregone increases to approximately 15 annual jobs foregone between 2017 and 2030.

Figure 1
Projected Regional Job Impact, 2017-2030



In earlier years, positive job impacts from the expenditures made by the affected facilities would more than offset the jobs forgone from the additional cost of doing business. In 2017, 10 additional jobs could be created in the overall economy. Positive job impacts in the sector of manufacturing (NAICS 31-33) are due to purchase of various types of control equipment by the affected facilities (as presented in Table 3). The manufacturing sector (NAICS 31-33), which is projected to bear the majority of estimated total compliance costs, would not lose more jobs than the other industry sectors. This is because other businesses in the manufacturing sector, specifically in the machinery manufacturing industry, are expected to benefit from the increased sale of various types of control equipment, thus offsetting the direct effect of compliance costs incurred by other manufacturing facilities.

EMISSION REDUCTION POTENTIAL

The proposed amendments are expected to result in additional TAC emission reductions by establishing a Voluntary Risk Reduction Threshold that goes beyond the Action Risk Level, an additional 60 percent reduction based on the cancer risk. In addition, emission reductions are expected to occur more quickly as the time to comply with risk reduction

requirements has been reduced from five to three years. The proposed amendments may encourage additional voluntary emission reductions due to the proposed modified public notification.

PAR 1402 will reduce localized toxic emissions near facilities. Reductions from individual facilities that are required to implement risk reduction plans are not expected to result in significant regional emission reductions.

NECESSITY OF RULE ADOPTION

Please refer to the Staff Report.

RULE ADOPTION RELATIVE TO COST-EFFECTIVENESS

Please refer to the Staff Report.

INCREMENTAL COST-EFFECTIVENESS

Please refer to the Staff Report.

REFERENCES

Dun & Bradstreet Enterprise Database. 2016.

Regional Economic Modeling Inc. (REMI). Policy Insight® for the South Coast Area (70 sector model). Version (PI+ v1.7.2, 2016).

South Coast Air Quality Management District. Final Staff Report Proposed Amended Rule 307.1 – Alternative Fees for Air Toxic Emission Inventories, Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants; Proposed Amended Rule 1402 Control of Toxic Substances from Existing Sources; Draft "SCAQMD Public Notification Procedures for Facilities Under the Air Toxics 'Hot Spots' Information and Assessment Act (AB 2588) and Rule 1402"; and Draft "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program", October 2016.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Environmental Assessment for:

Proposed Amended Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory;
Proposed Amended Rule 1401 – New Source Review of Toxic Air Contaminants;
Proposed Amended Rule 1402 – Control of Toxic Air Contaminants from Existing Sources;
SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402; and,
SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program

September 2016

SCAQMD No. 160817CC
SCH No. 2016081057

Acting Executive Officer
Wayne Nastri

Deputy Executive Officer
Planning, Rule Development and Area Sources
Philip M. Fine, Ph.D.

Acting Assistant Deputy Executive Officer
Planning, Rule Development and Area Sources
Susan Nakamura

Author:	Cynthia A. Carter	Air Quality Specialist
Technical Assistance:	Michael Morris	Program Supervisor
	Uyen-Uyen Vo	Air Quality Specialist
	Jeff Inabinet	Air Quality Specialist
Reviewed By:	Jillian Wong	Planning and Rules Manager
	Barbara Radlein	Program Supervisor, CEQA
	Ian MacMillan	Planning and Rules Manager
	William Wong	Principal Deputy District Counsel

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD

Chairman: DR. WILLIAM A. BURKE
Speaker of the Assembly Appointee

Vice Chairman: BEN BENOIT
Councilmember, Wildomar
Cities of Riverside County

MEMBERS:

MICHAEL D. ANTONOVICH
Supervisor, Fifth District
County of Los Angeles

JOHN J. BENOIT
Supervisor, Fourth District
County of Riverside

JOE BUSCAINO
Councilmember, 15th District
City of Los Angeles Representative

MICHAEL A. CACCIOTTI
Mayor Pro Tem, South Pasadena
Cities of Los Angeles County/Eastern Region

JOSEPH K. LYOU, Ph. D.
Governor's Appointee

LARRY MCCALLON
Mayor, Highland
Cities of San Bernardino County

JUDITH MITCHELL
Councilmember, Rolling Hills Estates
Cities of Los Angeles County/Western Region

SHAWN NELSON
Supervisor, Fourth District
County of Orange

DR. CLARK E. PARKER, SR.
Senate Rules Committee Appointee

DWIGHT ROBINSON
Councilmember, Lake Forest
Cities of Orange County

JANICE RUTHERFORD
Supervisor, Second District
County of San Bernardino

ACTING EXECUTIVE OFFICER:
WAYNE NASTRI

TABLE OF CONTENTS

CHAPTER 1 **I**

Background 1-1
Proposed Amended Rules 307.1, 1401, and 1402 And Associated Rule 1402 Guidance Documents 1-1
Affected Facilities 1-2
Legislative Authority 1-4
California Environmental Quality Act 1-4
Project Location 1-6
Project Background 1-8
Summary of SCAQMD Rules 307.1, 1401, 1402 and Associated Rule 1402 Guidance Documents 1-8
Project Description 1-9
Emissions Control Technologies for Toxics 1-10

CHAPTER 2 **II**

Introduction 2-1
General Information 2-1
Environmental Factors Potentially Affected 2-3
Determination 2-4
Discussion and Evaluation of Environmental Impacts 2-5
Environmental Checklist and Discussion 2-10

I. AESTHETICS. 2-10
II. AGRICULTURE AND FORESTRY RESOURCES. 2-12
III. AIR QUALITY AND GREENHOUSE GAS EMISSIONS 2-14
IV. BIOLOGICAL RESOURCES. 2-26
V. CULTURAL RESOURCES. 2-28
VI. ENERGY. 2-30
VII. GEOLOGY AND SOILS. 2-33
VIII. HAZARDS AND HAZARDOUS MATERIALS. 2-36
IX. HYDROLOGY AND WATER QUALITY. 2-43
X. LAND USE AND PLANNING. 2-48
XI. MINERAL RESOURCES. 2-49
XII. NOISE. 2-50
XIII. POPULATION AND HOUSING. 2-52
XIV. PUBLIC SERVICES. 2-53
XV. RECREATION. 2-55
XVI. SOLID/HAZARDOUS WASTE. 2-56
XVII. TRANSPORTATION/TRAFFIC. 2-59
XVIII. MANDATORY FINDINGS OF SIGNIFICANCE. 2-62

APPENDICES **2-64**

APPENDIX A – Proposed Amended Rules ..... A
APPENDIX B – Assumptions and Calculations ..... B
APPENDIX C – Associated Rule 1402 Gudiance Documents C
APPENDIX D – Comment Letter received on the Draft EA and Response to the Comment Letter ..... D

List of Tables

Table 1-1 Filtration Controls for T-PM and T-Aerosols 1-12
Table 1-2 Controls for T-VOC and T-HOC 1-14
Table 1-3 Thermal and Catalytic Controls for T-VOC 1-15
Table 2-1 PAR 1402 Potential APCDs to Reduce Health Risks 2-7
Table 2-2 Summary of Types of APCD's to be Installed at Estimated Affected Facilities and Analyzed for Impacts 2-9
Table 2-3 SCAQMD Air Quality Significance Thresholds 2-15
Table 2-4 PARs Daily Peak Construction Emissions in SCAQMD for Three Facilities 2-18
Table 2-5 Estimated Operational Emissions from Three Thermal Oxidizers 2-20
Table 2-6 Estimated Operational Emissions from Regenerating Spent Carbon 2-21
Table 2-7 SCAQMD Operational Criteria Pollutant Emissions 2-21
Table 2-8 Total Projected Fuel Usage for Construction Activities 2-31
Table 2-9 Total Projected Natural Gas Usage for Thermal Oxidizer Operations 2-32
Table 2-10 PARs Additional Electricity Consumption 2-32
Table 2-11 Wastewater Discharge Volumes/Freshwater Demand From Carbon Adsorption and Wet Scrubbing 2-46
Table 2-12 Total Solid Waste Generation 2-57
Table 2-13 Estimation of Maximum Daily Vehicle Trips 2-61

List of Figures

Figure 1-1 Boundaries of the South Coast Air Quality Management District 1-7

PREFACE

This document constitutes the Final Environmental Assessment (EA) for Proposed Amended Rule 307.1 - Alternative Fees for Air Toxics Emissions Inventory; Proposed Amended Rule 1401 - New Source Review of Toxic Air Contaminants; Proposed Amended Rule 1402 - Control of Toxic Air Contaminants from Existing Sources; SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402; and, SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program. The Draft EA was released for a 30-day public review and comment period from August 23, 2016 to September 22, 2016. The environmental analysis in the Draft EA concluded that the proposed project would not generate any significant adverse environmental impacts. One comment letter was received relative to the Draft EA. The comment letter and the response to comments are included in Appendix D.

In addition, subsequent to release of the Draft EA, minor modifications were made to the proposed project. To facilitate identification, modifications to the document are included as underlined text and text removed from the document is indicated by ~~strikethrough~~. To avoid confusion, minor formatting changes are not shown in underline or strikethrough mode.

Staff has reviewed the modifications to the proposed project 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. As a result, these revisions do not require recirculation of the document pursuant to CEQA Guidelines §15073.5 and §15088.5. Therefore, this document now constitutes the Final EA for the proposed project.

CHAPTER 1

PROJECT DESCRIPTION

Introduction

Proposed Amended Rules 307.1, 1401, & 1402 and Associated Rule 1402 Guidance Documents

Affected Facilities

Legislative Authority

California Environmental Quality Act

Project Location

Project Background

Summary of SCAQMD Rules 307.1, 1401, & 1402 and Associated Rule 1402 Guidance Documents

Project Description

Emission Control Technologies for Toxics

BACKGROUND

On March 6, 2015, the California Office of Environmental Health Hazard Assessment (OEHHA) approved revisions to their Risk Assessment Guidelines (Revised OEHHA Guidelines). The Revised OEHHA Guidelines were triggered by the passage of the Children's Health Protection Act of 1999 (SB 25, Escutia) requiring OEHHA to ensure infants and children are explicitly addressed when assessing risk. Over the past decade, advances in science have shown that early-life exposures to air toxics contribute to an increased estimated lifetime risk of developing cancer, or other adverse health effects, compared to exposures that occur in adulthood. The new risk assessment methodology addresses this greater sensitivity and incorporates the most recent data on infants and childhood and adult exposure to air toxics. The Revised OEHHA Guidelines incorporate age sensitivity factors and other changes which will increase estimated cancer risk to residential and sensitive receptors, based on the change in methodology, by approximately 3 times, and more than 3 times in some cases depending on whether the toxic air contaminant has multiple pathways of exposure in addition to inhalation. Health risks for off-site worker receptors are similar between the existing and revised methodology because the methodology for adulthood exposures remains relatively unchanged. The Revised OEHHA Guidelines do not reflect the significant toxic emission reductions already achieved by facilities in the Basin over the past decades. Instead, the Revised OEHHA Guidelines represents a change to the methodologies and calculations used to estimate health risk based on the most recent scientific data on exposure, childhood sensitivity, and breathing rates. Even though there may be no increase in toxic emissions at a facility, the estimated cancer risk using the Revised OEHHA Guidelines is expected to increase resulting in some facilities that previously were below public notification thresholds now having to provide public notification.

At the June 2015 Governing Board Meeting, the SCAQMD Governing Board adopted amendments to Rule 1402 – Control of Toxic Air Contaminants ~~Substances~~ from Existing Sources (Rule 1402) incorporating the Revised OEHHA Guidelines. During the 2015 rulemaking process, some industry stakeholders had commented that even though a facility's emissions remained the same or reduced emissions, with the Revised OEHHA Guidelines their estimated health risk may require the facility to conduct a public notification. As a result, the Governing Board directed staff to work with stakeholders to incentivize early risk reductions beyond those required under Rule 1402, to assess public notification procedures, and explore alternatives for such facilities. In addition, the Governing Board also directed staff to streamline implementation of Rule 1402, if necessary.

PROPOSED AMENDED RULES 307.1, 1401, AND 1402 AND ASSOCIATED RULE 1402 GUIDANCE DOCUMENTS

Proposed Amended Rule (PAR) 1402 will be amended to streamline implementation to achieve risk reductions sooner and to allow facilities to use an alternative public notification approach if they implement early measures that reduce facility health risks at least 60% below Rule 1402 Action Risk Levels. Facilities that do not use this voluntary program would still be subject to the traditional regulatory approach to reduce risks and notify the public if risks exceed Rule 1402 thresholds. In addition, PAR 1402 includes additional requirements for facilities that are designated as Potentially High Risk Level Facilities, and includes other amendments to improve clarity.

In addition to proposed amendments to Rule 1402, amendments to Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory and Rule 1401 – New Source Review of Toxic Air

Contaminants are being proposed. PAR 307.1 will be amended to include a fee for Voluntary Risk Reduction facilities and a provision to either directly pay or reimburse the SCAQMD for costs associated with public meetings required by Rule 1402 when a facility is required to provide public notification. PAR 307.1 has been updated to reference North American Industry Classification System (NAICS) codes instead of Standard Industrial Classification (SIC) codes and replaces references to California Air Pollution Control Officers Association (CAPCOA) Air Toxics "Hot Spots" Program Facility Prioritization Guidelines, July 1990 with the most current version of SCAQMD "Facility Prioritization Procedures For The AB 2588 Program". Additional amendments have been made to PAR 307.1 to improve clarity. As discussed later, SCAQMD staff has reviewed PAR 307.1 and determined that it is exempt from CEQA and a Notice of Exemption will be filed.

Amendments to Rule 1401 and 1402 will remove provisions that require staff to report to the Governing Board regarding changes from OEHHA regarding new or revised toxic air contaminant health values but instead discuss these changes and the potential impacts to permitting and AB 2588 in the AB 2588 Annual Report. Two supporting documents will also be presented to the Governing Board with PAR 1402 for the Governing Board's approval. The SCAQMD AB 2588 Public Notification Procedures document "Public Notification Procedures for Phase I and II Facilities Under Air Toxics "Hot Spots" Information and Assessment Act of 1987 (AB 2588)" is being revised to clarify PAR 1402 notification requirements that are specified in PAR 1402. This document is also being renamed as "SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402". ~~and a~~ New "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" ~~has~~ have been developed to establish and implement PAR 1402 Voluntary Risk Reduction procedures. Collectively, these two documents are referred to herein as "associated Rule 1402 guidance documents."

There are no expected environmental impacts from PAR 1401 and the associated ~~PA~~Rule 1402 ~~associated~~ guidance documents because changes to these rules and guidance documents are administrative in nature and do not require or cause any physical damage to the environment. PAR 1402 may cause environmental impacts, and this Final~~Draft~~ EA is a comprehensive environmental document that analyzes potential adverse environmental impacts from the currently proposed amendments to Rule 1402.

AFFECTED FACILITIES

To date, there have been 1,640 facilities in the AB 2588 Air Toxics Hot Spots program. Because of inactivity (out of business, shutdown, etc.), low Priority Scores or low risk, 1,301 facilities are exempt. Of the 339 core facilities, the previous rule development process incorporating the Revised OEHHA Guidelines estimated that 22 facilities could potentially have a cancer risk greater than the Action Risk Level, 42 facilities could potentially have a cancer risk greater than the Public Notification Risk Level, and 28 facilities would likely need to submit a Health Risk Assessment (HRA) because of the Revised OEHHA Guidelines. All 64 facilities with a cancer risk greater than the Public Notification Risk Level or the Action Risk Level have a previously approved HRA below the Action Risk Level and are not likely to be a Potentially High Risk Level Facility making them eligible to participate in Voluntary Risk Reduction. Under PAR 1402, facilities participating in Voluntary Risk Reduction are required to implement risk reduction measures specified in a Voluntary Risk Reduction Plan to reduce the impact of total facility emissions below the Voluntary Risk Threshold by no later than two and a half years. Therefore, participating Voluntary Risk

Reduction facilities may be required to add additional pollution controls beyond Rule 1402 requirements.

Implementation of PARs 307.1, 1401, 1402 and the associated PAR 1402 guidance documents affects many industry categories. SCAQMD staff evaluated the primary and secondary toxic drivers for the AB 2588 facilities that could potentially participate in Voluntary Risk Reduction. Based on this evaluation, SCAQMD staff estimated the types of pollution controls that could be potentially used to reduce the impact of total facility risk below the Voluntary Risk Threshold. Rule 1402 establishes a "facility-wide" risk threshold, so there are a variety of options which can be implemented such as process changes, additional air pollution controls, and reduced throughput. The affected facilities are in the AB 2588 Air Toxics Hot Spots program and must submit toxic reports on a quadrennial cycle.

For the 22 facilities that could potentially be greater than Action Risk Level, the March 2015 Staff Report estimated the types of controls that would bring the impact of total facility emissions below Action Risk Level (March 2015 Staff Report Table 3-2). Upon further analysis, two facilities were removed because their current Priority Scores were estimated to be less than ten and nine facilities were removed because the facilities are currently in risk reduction implementation, subject to a different rule that will result in risk reduction, or have installed air pollution controls. For eight of the facilities, staff estimated that the controls that SCAQMD staff reported in the March 2015 Staff Report would be sufficient to reduce facility risk below the Voluntary Risk Threshold. Therefore, of the 22 facilities potentially greater than Action Risk Level, three facilities would require additional controls to reduce their risk below the Voluntary Risk Threshold.

For the 42 facilities identified as potentially having a cancer risk between the Public Notification Risk Level and Action Risk Level when using the Revised OEHHA Guidelines, staff conducted a similar analysis. Twenty facilities were removed because the facilities are in the process of shutting down, currently in risk reduction implementation, subject to a different rule that will result in risk reduction, have installed pollution controls, or their current Priority Scores were estimated to be less than ten. Staff also identified three additional facilities now with a current Priority Score greater than ten. For these remaining 25 facilities, staff estimated the types of pollution controls that could be added to potentially reduce their risk below the Voluntary Risk Threshold. Subsequently, staff assumed that four of the facilities would not participate in Voluntary Risk Reduction due to the high cost of the air pollution control required to bring their facility risk below Voluntary Risk Threshold. Therefore, of the 42 facilities potentially greater than Public Notification Risk Level, it is estimated that 21 facilities would require additional controls.

Therefore, it is estimated that 24 facilities would require additional controls (three Action Risk Level facilities and 21 Public Notice Risk Level facilities). Table 2-1 shows the different categories of affected facilities.

Based on comments from PAR 1402 working group stakeholders, staff is considering an additional provision to allow facilities that do not have an approved HRA to participate in the Voluntary Risk Reduction Program. For those facilities, it is assumed that these facilities will only be required to complete emissions calculations, risk characterizations, and/or a Risk Reduction Measure (i.e. source test, process change, curtailment, etc.) to satisfy Rule 1402 requirements. If they would be allowed to participate in the Voluntary Risk Reduction Program, it is assumed that they would not require any additional controls to reduce risk.

LEGISLATIVE AUTHORITY

The California Legislature created the SCAQMD in 1977 (Lewis-Presley Air Quality Management Act, California Health and Safety Code §§ 40400 et seq.) as the agency responsible for developing and enforcing air pollution control rules and regulations in the Basin and portions of the Salton Sea Air Basin and Mojave Desert Air Basin. By statute, SCAQMD is required to adopt an air quality management plan (AQMP) demonstrating compliance with all state and federal ambient air quality standards for the District [California Health and Safety Code §40460(a)]. Furthermore, SCAQMD must adopt rules and regulations that carry out the AQMP [California Health and Safety Code, §40440(a)].

In addition to regulating criteria pollutants, state law specifies that air districts may regulate toxic air contaminants (TACs). Specifically, Health and Safety Code §39656, through the California legislature has delegated the air districts, including the SCAQMD, to establish and implement a program to regulate TACs. Similarly, SCAQMD implements the Air Toxics Hot Spots Act (Health and Safety Code §44300-44394) through Rule 1402.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The adoption of PARs 307.1, 1401, and 1402 (which affect new and modified permitted equipment at existing facilities), and the associated Rule 1402 guidance documents, are discretionary actions which have the potential to result in direct or indirect changes to the environment; 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 Final~~Draft~~ EA pursuant to its Certified Regulatory Program (CEQA Guidelines § 15251).

SCAQMD staff has reviewed PAR 307.1, pursuant to CEQA Guidelines §15002(k)(1) – Three Step Process, and CEQA Guidelines §15061 – Review for Exemption, and has determined that PAR 307.1 is exempt from CEQA for the following reasons. The proposed amendments to Rule 307.1 are strictly administrative in nature, consisting of including a fee for Voluntary Risk Reduction facilities and a provision to either directly pay or reimburse the SCAQMD for costs associated with public meetings required by Rule 1402 when a facility is required to provide public notification. PAR 307.1 has been updated to reference North American Industry Classification System (NAICS) codes instead of Standard Industrial Classification (SIC) codes and the most current version of associated documents. Because these amendments are strictly administrative in nature, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Additionally, PAR 307.1 is statutorily exempt from CEQA requirements pursuant to ~~State~~ CEQA Guidelines §15273 – Rates, Tolls, Fares, and Charges. A Notice of Exemption ~~will be~~ has been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. The Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties immediately following the adoption of the proposed project.

The current version of Rule 1401 includes provisions for analyzing potential permitting impacts and reporting to the Governing Board when OEHHA revises health values for new and existing toxic air contaminants. ~~Consistent with~~ Both PAR 1402~~,~~ and PAR 1401 will remove these provisions and instead, include this analysis in the AB 2588 annual report to streamline implementation. PAR 1401 will remove~~s~~ paragraphs (e)(2) and (e)(3) which require~~s~~ staff to report to the Governing Board regarding OEHHA changes to risk values.

Hence, there are no expected environmental impacts from PAR 1401 and the associated ~~PA~~Rule 1402 guidance documents because changes to these rules and guidance documents are administrative in nature and do not require or cause any physical damage to the environment.

As a result, this ~~Draft~~Final EA is a comprehensive environmental document that analyzes and focuses on potential adverse environmental impacts from the currently proposed amendments to Rule 1402. 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 that feasible methods to reduce or avoid significant adverse environmental impacts of these projects be identified. To fulfill the purpose and intent of CEQA, this Final~~Draft~~ EA addresses the potential adverse environmental impacts associated with implementing PAR 1402 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 Final~~Draft~~ 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 PAR 1402; and, (b) identify possible ways to minimize the significant effects.

SCAQMD's review shows that PAR 1402 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 are not found to be significant, thus, no mitigation measures or alternatives to the project are included in the Final~~Draft~~ 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 effect on the environment, "no alternatives or mitigation measures are proposed to avoid or reduce any 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 August 23, 2016 to September 22, 2016. One comment letter was received on the Draft EA during the comment period. The comment letter, along with the response to the comments, are included in Appendix D of this document. Subsequent to release of the Draft EA, modifications were made to the proposed project. Staff has reviewed the modifications to the proposed project and concluded that none of the modifications 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. As a result, these revisions do not require recirculation of the document pursuant to CEQA Guidelines §15073.5 and §15088.5.

Prior to making a decision on the proposed project, the SCAQMD Governing Board must review and certify that the Final EA complies with CEQA as providing adequate information on the potential adverse environmental impacts of the proposed project. None of the comments in the letter alter any conclusions reached in the Draft EA, nor provide new information of substantial importance relative to the draft document.

PROJECT LOCATION

The proposed project would apply to equipment and processes operated at toxic emitting facilities located throughout the entire SCAQMD jurisdiction. 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. The federal nonattainment area (known as the Coachella Valley Planning Area) is a subregion of both Riverside County and the SSAB and is bounded by the San Jacinto Mountains to the west and the eastern boundary of the Coachella Valley to the east (see Figure 1-1).



Figure 1-1 Boundaries of the South Coast Air Quality Management District

PROJECT BACKGROUND

SCAQMD has a robust and comprehensive air toxics regulatory program that consists of rules to address new and modified toxic sources, AB 2588 facilities (existing toxic sources), and source-specific toxic rules. Rules 1401 and 1402 are referred to as the "umbrella" rules that specify requirements for all new and modified permitted sources (Rule 1401) and requirements for the existing sources under the Air Toxics Hot Spots program (Rule 1402). In addition to these umbrella toxics rules, SCAQMD's regulatory program includes over fifteen source-specific toxic rules regulating specific equipment or industry categories such as chrome plating, asbestos remediation, lead emission reductions, perchloroethylene dry cleaners, diesel internal combustion engines to name a few. Implementation of these programs has resulted in significant reductions in toxic emissions. Since the development of SCAQMD's Air Toxics Program in 1990, non-diesel cancer risks have been reduced between 75 to 87 percent, depending on the location within the Basin.

SUMMARY OF SCAQMD RULES 307.1, 1401, 1402 AND ASSOCIATED RULE 1402 GUIDANCE DOCUMENTS

RULE 307.1

Rule 307.1 – Alternative Fees for Air Toxics Emissions Inventory was initially adopted on May 10, 1996. The rule establishes a fee schedule to recover the cost of implementing and administering the Air Toxics "Hot Spots" Information and Assessment Act of 1987.

RULE 1401

Rule 1401 – New Source Review for Toxic Air Contaminants was adopted by the SCAQMD Governing Board in June 1990. The rule establishes cancer and non-cancer health risk requirements for new, relocated, or modified permitted sources of toxic air pollutants. Under Rule 1401, new and modified permitted sources cannot exceed a Maximum Individual Cancer Risk (MICR) of 1 in one million or a non-cancer hazard index of 1.0, if the source is not equipped with Best Available Control Technology for toxics (T-BACT). If T-BACT is installed, the MICR cannot exceed 10 in one million. The MICR is the estimated probability of a potential maximally exposed individual contracting cancer as a result of exposure to toxic air contaminants. A hazard index below 1.0 indicates that adverse non-cancer health effects are not expected. Rule 1401 also has requirements for cancer burden which represents the estimated increase in the occurrence of cancer cases in a given population due to exposure to TACs. The rule also includes non-cancer chronic and acute hazard thresholds. Rule 1401 has been amended several times to add or modify new compounds or risk values to the list of TACs as they are identified and risk values are finalized or amended by the state.

RULE 1402

Rule 1402 – Control of Toxic Air Contaminants from Existing Sources was adopted in April 1994. Rule 1402 establishes facility-wide risk requirements for existing facilities that emit TACs and implements the state AB 2588 Air Toxics "Hot Spots" program. It contains requirements for toxic emissions inventories, health risk assessments, public notification and risk reduction. A maximum individual cancer risk exceeding 10 in one million or a non-cancer hazard index greater than 1.0, as demonstrated by an approved HRA, requires a facility to conduct public notification. A maximum individual cancer risk of 25 in one million or a non-cancer hazard index greater than 3.0, as demonstrated by an approved HRA, requires a facility to reduce their facility-wide risk within three years of

submitting a Risk Reduction Plan, with an option to request time extensions. Any facility whose facility-wide emissions of TACs exceed the significant risk level of 100 in one million or a non-cancer hazard index of 5.0 is not allowed to ask for a time extension.

ASSOCIATED RULE 1402 GUIDANCE DOCUMENTS

The SCAQMD AB 2588 Public Notification Procedures document "Public Notification Procedures for Phase I and II Facilities Under Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)" are guidelines on how to properly mail notices, hold public meetings, and notify via the web.

A "Draft SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" has been developed to instruct operators on how to properly submit a PAR 1402 Voluntary Risk Reduction Plan.

PROJECT DESCRIPTION

A description of PARs 307.1, 1401, 1402 and the associated ~~PA~~Rule 1402 guidance documents are provided below.

Proposed Amendments to Rule 307.1

PAR 307.1 includes a new category of billing for facilities in the voluntary risk reduction program, a provision to reimburse the SCAQMD for logistics costs associated with public meetings required by Rule 1402, updates to reference NAICS codes instead of SIC codes, replaces references to California Air Pollution Control Officers Association (CAPCOA) "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990" with the most current version of SCAQMD "Facility Prioritization Procedures For AB 2588 Program," and minor clarifications.

Proposed Amendments to Rule 1401

Rule 1401 includes provisions for analyzing potential permitting impacts and reporting to the Governing Board when OEHHA revises health values for new and existing toxic air contaminants. Consistent with PAR 1402, PAR 1401 will remove these provisions and instead include this analysis in the AB 2588 annual report to streamline implementation. PAR 1401 only removes the staff requirement to report to the Governing Board regarding OEHHA changes to risk values. Staff will continue to analyze impacts on permitting when TACs are added or revised and report these changes in the SCAQMD AB 2588 Annual Report. The AB 2588 Annual Report will include an impact assessment for changing the risk values.

Proposed Amendments to Rule 1402

PAR 1402 includes provisions for the Voluntary Risk Reduction Program, Potentially High Risk Facilities, and provisions to better clarify submittal and approval of Air Toxic Inventory Reports, Health Risk Assessments, and Risk Reduction Plans. Other proposed amendments are designed to streamline implementation and improve clarity.

Proposed Guidance Documents to Rule 1402

Two supporting documents will also be presented to the Governing Board with Proposed Amended Rule 1402. The SCAQMD AB 2588 Public Notification Procedures document "Public Notification Procedures for Phase I and II Facilities Under Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)" is being revised to clarify PAR 1402 notification requirements that are specified in PAR 1402. This document is also being renamed as "SCAQMD

Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402." ~~and a~~ A "Draft SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" has been developed to establish PAR 1402 Voluntary Risk Reduction procedures.

EMISSIONS CONTROL TECHNOLOGIES FOR TOXICS

To comply with the risk limits, certain existing sources, which have been identified as potentially exceeding the significant and public notice risk levels in Rule 1402, may need to implement risk reduction measures that include the following:

- Product reformulation and substitution
- Production system modifications, operational standards or practices modifications
- System enclosure and emission capture, exhaust, control or conversion
- Alternative technologies

Several of these risk reduction measures are facility specific (i.e., operational standards and reduction in operating hours).

The use of the most appropriate control technologies is dependent on:

- the physical characteristics and chemical properties of the regulated substances;
- the concentration of the regulated substance;
- design parameters such as the exhaust flow rate, temperature, and pressure of the air to be controlled; and
- the removal and destruction efficiency of the collection and control equipment needed to comply with the requirements of the appropriate rule.

In order to determine which control technology will be used to control a specific TAC, the regulated TACs were categorized by physical and/or chemical properties. Generally, the TACs comprise the following general categories and sub-categories.

- Toxic inorganic aerosols and particulate matter (T-PM)
    - Metal particles
    - Mineral/fiber particles
    - Inorganic acid aerosols
- Toxic volatile organic compounds (T-VOC)
    - High boiling point (>150^{o}C)
    - Medium boiling point (100 - 150^{o}C)
    - Low boiling point (<100^{o}C)
    - Polar organic compounds

- Nonpolar organic compounds
- Aromatic compounds
- Carbonyls

- Toxic halogenated organic compounds (T-HOC)

  - Fluorinated compounds
  - Chlorinated compounds
  - Brominated compounds
  - Dioxins and furans

Control technologies that can be applied to control TACs generally are categorized into the following groups:

- Filtration for T-PM
- Wet scrubbing for inorganic compounds
- Thermal and catalytic oxidation
- Refrigerated condensation
- Carbon adsorption and combined adsorption-oxidation systems
- Chemical absorption for T-VOC
- Special combination systems for the control of T-HOC.

A description of available control technologies expected to be used by affected facilities to comply with PAR 1402 is provided in the following section.

Control Technology for Toxic Aerosols and Particulate Matter (T-PM)

Table 1-1 identifies typical filtration control equipment for T-PM. Filtration control techniques are characterized by high removal efficiency and moderate- to high-energy requirements in most applications. In order to achieve high removal efficiencies, dry filters must be made of extremely low porosity materials which impose a high resistance to the flow of gas, or pressure drop (expressed in inches of water column where one inch of water column equals 0.43 pounds per square inch absolute) through the filter media. The higher the pressure drop across a control device, the higher the electrical energy requirement to operate larger fan motors needed to overcome the flow resistance. Therefore, high-efficiency controls are also high-energy controls with correspondingly high operating costs.

Table 1-1 Filtration Controls for T-PM and T-Aerosols

CONTROL TECHNOLOGY	SUBSTANCE GROUP	CONTROL EFFICIENCY
PTFE membrane baghouse	Dry particulate	99-99.9 %
HEPA filter and prefilter	Dry particulate	99.9-99.99 %
Wet packed scrubber	Aerosols	90-98 %

Polytetrafluoroethylene Membrane Baghouse

Baghouses remove particulate matter from gas streams in the same manner as a household vacuum cleaner bag, using the principle of aerodynamic capture by fibers. In lieu of conventional natural or synthetic bag fabrics such as cotton or Nomex, polytetrafluoroethylene (PTFE, trade name Gore-Tex) fabric consists of a very thin laminate of microporous Teflon on a suitable substrate. PTFE bags are capable of a particulate collection efficiency of 99 to 99.9 percent for particle sizes down to 1.0 micron (μm) when properly operated and maintained. Because of the microporous nature of PTFE, air-to-cloth ratios for these applications are lower than with conventional fabrics, requiring more collector area for a given volume flow rate of gas at a higher relative pressure drop. PTFE can tolerate moderately high temperatures (400^{o}F) at the expense of shortened bag life. The current trend in bag cleaning is the pulsejet technology, where tubular bags are supported from the inside by metal wire frames. Gas flows across the fabric from the outside inward, exiting at the top of the bags. Periodically, a blast of compressed air from a fixed nozzle located inside the wire frame causes the bag to inflate outward, thus knocking the accumulated toxics-bearing dust off the bag exterior and into the baghouse hopper, ready for collection and disposal as dry potentially hazardous solid waste.

High-efficiency Particulate Arrestors (HEPA) Filters

Used in conjunction with a baghouse or cartridge filter as a prefilter, high-efficiency particulate arrestors (HEPA) filters can trap toxic particles as small as 0.1 μm at an efficiency of 99.99 percent or greater. Like cartridge filters, HEPA filter elements are of pleated construction. Air-to-cloth ratios for HEPA filters are low due to high media density, low porosity, and resulting high-pressure drop. HEPA filters are generally limited to ambient temperature (100^{o}F), though special applications for higher temperatures are available. Unlike bags or cartridge filters, HEPA filters are not automatically cleaned. When a HEPA filter element becomes loaded with particulate matter, the element is changed out and disposed of as dry solid waste (possibly hazardous).

Wet Packed Scrubber

The standard air pollution control system for electroplating and anodizing, these devices consist of a vertical column made of fiberglass or other non-corrosive material loosely filled with specially shaped plastic packing material which maximizes gas-to-liquid contact and minimizes pressure drop across the column. Exhaust air from a plating or anodizing tank line enters at the bottom of the scrubber and exits at the top. The scrubbing solution is pumped from a reservoir at the base of the scrubber and sprayed down into the packing from the top. This flow scheme is called counter-current scrubbing and is the dominant method in use today due to its high pollutant removal efficiency, ranging from 90 to 98 percent, depending on residence (contact) time and solution freshness.

Wet packed scrubbers typically use a caustic solution (dilute sodium hydroxide) for absorbing acid mists. For absorbing caustic mists, acid solutions (dilute sulfuric acid) are typically employed. Scrubber solutions are maintained at the proper pH by automatic addition of concentrated sodium hydroxide or sulfuric acid solutions to scrubber make-up water, whichever is applicable. Usually, just slightly acidic or basic conditions are maintained with pH in the 5 to 6 range for acid solutions or 8 to 9 range for caustic solutions. As the scrubber solution becomes loaded with absorbed air contaminants, including trace metals and salts resulting from neutralization reactions, scrubber efficiency is diminished and the risk of clogging the packing increases. Therefore, scrubber solutions must be refreshed by either continuously draining off a small flow of solution and replacing it with fresh water and reagent (the engineering term for this is "blowdown") or by periodically replacing the entire contents of the scrubber solution reservoir. In either case, a liquid/sludge waste stream containing metals and salts is generated. With continuous blowdown, the liquid effluent may need on-site pretreatment prior to discharge into municipal sewers to remove heavy metals. With periodic change out, the spent solutions may need to be disposed of as liquid hazardous waste.

Control Technology for Toxic T-VOC and Combined Controls for T-HOC

Table 1-2 summarizes feasible air pollution control technologies for T-VOC and T-HOC. These control techniques are characterized by moderate to high-energy requirements in most applications. Pressure drops can range from very low (afterburners) to very high (carbon adsorption), with corresponding energy requirements. In general, high destruction removal efficiency (DRE) controls are also high-energy controls with correspondingly high operating costs.

Table 1-2 Controls for T-VOC and T-HOC

CONTROL TECHNOLOGY	SUBSTANCE GROUP	CONTROL EFFICIENCY
Combined Controls:		
Regenerative thermal oxidizer with dry scrubber and PTFE membrane baghouse	Halogenated T-VOC (high concentration)	99.9 - 99.99 %
Moving bed carbon adsorption concentrator with regenerative thermal oxidizer, dry scrubber and PTFE membrane baghouse	Halogenated T-VOC (high concentration)	90 - 99 %
Carbon Absorption Controls:		
Fixed bed with regenerative solvent reclaimer	T-VOC Halogenated T-VOC	50-99 %
Moving bed with regenerative solvent reclaimer	T-VOC Halogenated T-VOC	50-99 %
Moving bed with regenerative thermal oxidizer	T-VOC	50-99 %
Fluidized bed with regenerative thermal oxidizer	T-VOC	50-99 %
Fixed bed disposable	T-VOC Halogenated T-VOC	50-99 %
Chemical Adsorption Controls:		
Acid solution Packed column Plate column	Ethylene oxide (EtO) Caustics	90-98 %
Caustic solution Packed column Plate column	Acid Gases	90-98 %
Water solution Packed column Plate column	Polar/soluble/miscible	90-98 %
Solvent solution Packed column Plate column	Soluble T-VOC	90-98 %
Condensation Controls:		
Refrigerated surface condenser	T-VOC	50-95 %

Oxidation

Oxidation is the process of converting VOC gases to carbon dioxide and water through combustion. Of the various types of oxidizers available, the two basic types of equipment used most often are thermal oxidizers and catalytic oxidizers (Table 1-3). Thermal oxidizers rely on direct contact between toxic gases and high-temperature flames to disassociate and destroy toxic substances. Catalytic oxidizers rely on an active catalyst bed at moderate temperatures to break intramolecular bonds, also causing disassociation and destruction of toxic substances.

Table 1-3 Thermal and Catalytic Controls for T-VOC

CONTROL TECHNOLOGY	SUBSTANCE GROUP	CONTROL EFFICIENCY
Direct flame afterburner 1,200 - 1,400 ^{O}F, t> 0.3 sec*	T-VOC EtO	95-98 %
Recuperative heat exchanger oxidizer 1,400 - 1,600 ^{O}F, t > 0.5 sec	T-VOC	98-99 %
Regenerative heat exchanger oxidizer 1,800 - 2,000 ^{O}F, t > 0.8 sec	T-VOC	99-99.9 %
Catalytic oxidizer 700 - 800 ^{O}F, t > 0.1 sec	T-VOC EtO	90-95 %

Thermal Oxidizers

There are three main categories of thermal oxidizers that could be used to control T-VOCs: afterburners with no heat recovery, thermal oxidizers with recuperative heat recovery and highly efficient regenerative heat recovery oxidizers. When thermal oxidizers are used to destroy halogenated organic compounds, special materials or construction are often required, such as fiber-reinforced plastic (FRP) or stainless steel. In addition, a downstream scrubber is frequently needed to minimize releases of halogenated acid gases. The extent and type of these additional items depend upon the level of the halogenated compounds in the inlet stream and applicable regulatory requirements. The following paragraphs briefly describe the three types of thermal oxidizers.

Afterburners: Afterburners are most commonly used to control intermittent and emergency releases of T-VOCs. Due to factors such as noise and the lack of heat recovery, (which results in high energy consumption and high NO_X, CO, and CO_2 emissions) their use for steady-state control of VOCs is not widespread. They are most often used for controlling intermittent releases of ethylene oxide from medical or food product sterilizers. Afterburners operate in the 1,200 ^{O}F to 1,400 ^{O}F range with a residence time of at least 0.3 seconds and destruction removal efficiency of 95 to 98 percent.

Both recuperative and/or regenerative thermal oxidation systems generally consist of a refractory-lined chamber, one or more burners, a temperature-control system and heat-recovery equipment. Contaminated gases are collected by an industrial ventilation system and delivered to the preheater inlet, where they are heated by indirect contact with the hot oxidizer exhaust. Gases are then mixed thoroughly with the burner flame in the upstream portion of

the unit, and then pass through the combustion zone where the combustion process is completed. The T-VOC concentrations in most industrial process vent-streams are too low for self-sustaining combustion. Therefore, a supplemental fuel (natural gas) is required. Depending on the heat recovery efficiency, this supplemental fuel requirement may or may not translate into significant annual operating costs.

Recuperative thermal oxidizers: Recuperative thermal oxidizers recover 60 to 80 percent of the system's energy demands with a shell and tube type heat exchanger. Recuperative units operate in the 1,400^{o}F to 1,600^{o}F range with a residence time of at least 0.5 seconds and DREs of 98 to 99 percent. Thermal oxidizers with recuperative heat exchangers can recover 80 to 95 percent of the energy requirement. These recuperative thermal oxidizers use a ceramic medium for heat transfer, which is stored in three or more dedicated beds that feed a central combustion chamber. Valves control which bed is being preheated by exhaust gases and which bed is transferring its heat to incoming T-VOC contaminated air.

Regenerative thermal oxidizers: Regenerative units operate in the 1,800 ^{o}F to 2,000 ^{o}F range with a residence time of at least 0.8 seconds and DREs of 99 to 99.9 percent. Regenerative oxidizers cost more than recuperative designs of equal capacity. However, their life-cycle costs are less because annual fuel costs are less than for recuperative units.

Catalytic oxidizers

Catalytic oxidation is similar to thermal oxidation in that heat is used to convert the T-VOC contaminants to carbon dioxide and water. However, a catalyst is used to lower the oxidation activation energy, allowing combustion to occur at 600^{o}F to 800^{o}F, significantly lower temperatures than those of thermal units. In catalytic oxidation, the preheated gas stream is passed through a catalyst bed, where the catalyst initiates and promotes the oxidation of the T-VOC without being permanently altered itself. Catalyst units have a residence time of at least 0.1 seconds and DREs of 90 to 95 percent. The primary advantage of catalytic oxidation over thermal oxidation is lower fuel cost, depending on the efficiency of the air preheater. Disadvantages include higher capital costs, periodic catalyst replacement, and the inability to handle halogenated organics.

The most common catalyst configuration is the plate-and-frame arrangement, in which blocks of catalyst material are held in place within the oxidizer body by a metal frame. The catalyst consists of a reactive material (such as platinum, platinum alloys, copper chromite, copper oxide, chromium, manganese or nickel) on an inert substrate (such as honeycomb-shaped ceramic). For the catalyst to be effective, the reactive sites upon which the T-VOC gas molecules react must be accessible. The build-up of polymerized material or reaction with certain metal particulates will prevent contact between reactive sites and the exhaust gas. A catalyst can be reactivated by removing such a coating. Cleaning methods vary with the type of catalyst and include air blowing, steam blowing and operating at elevated temperatures (100^{o}F above the operating temperature) in a clean air stream. As with other catalytic processes, oxidation catalyst material can be lost by erosion, attrition, and vaporization at high temperatures.

Carbon Adsorption

Adsorption is a process by which T-VOCs are retained on the surface of granular solids. The solid adsorbent particles are highly porous and have very large surface-to-volume ratios. Gas molecules penetrate the pores of the adsorbent and contact the large surface area available for adsorption.

Materials such as activated carbon, silica gel, or alumina may be used as adsorbents. Activated carbon is the most common adsorbent for T-VOC removal. Carbon may also be used to remove other compounds such as sulfur-bearing or odorous materials. Advantages of carbon adsorption include the recovery of a relatively pure product for recycle and reuse and a high removal efficiency with low inlet concentrations. In addition, if a process stream is already available onsite, additional fuel costs are low, the main energy requirement being electrical power to run fan motors. Disadvantages are the potential generation of a hazardous organic waste if the recovered product cannot be reused, the generation of potentially contaminated wastewater that must be treated (when regeneration is by steam), and potentially higher operating and maintenance costs for the disposal of these two waste streams.

Fixed, moving, or fluidized-bed regenerative carbon adsorption systems operate in two modes, adsorption and desorption. Adsorption is rapid and removes from 50 to 99 percent of T-VOCs in the air stream, depending on their composition, concentration, temperature, and bed characteristics. Well-designed and operated systems, however, can usually achieve removal efficiencies in the 90 to 99 percent range. Eventually, the adsorbent becomes saturated with the vapors and system efficiency drops. At this point (called "breakthrough," since the contaminants "break through" the saturated bed), the T-VOC contaminated stream is directed to another bed containing regenerated adsorbent, and the saturated bed is then regenerated. Although it is possible to operate a nonregenerative adsorption system (i.e., the saturated carbon is disposed of and fresh carbon is placed into the bed), most applications, especially those with high VOC loadings, are regenerative.

The adsorption/regeneration cycle can last from a few hours to many days, depending on the inlet T-VOC concentration, the variability of T-VOC loading and the design parameters of the carbon bed (e.g., the amount of carbon and the bed's depth). Saturated carbon beds can be regenerated with steam, hot air, or a combination of vacuum and hot gas. Although the bed can be regenerated, complete desorption is not possible, and a small amount of T-VOC (called a "heel") will remain on the bed after each regeneration. After time, the bed can no longer be used and must be replenished with fresh carbon. Carbon life of five years is typical. The concentrated T-VOCs in the regeneration stream must be reclaimed (decanted or distilled), destroyed (oxidized), or otherwise disposed of in an environmentally sound manner.

An important consideration in the design of a carbon adsorption system is the temperature of the gas stream. Adsorption capacity of the carbon, and thus the performance of the adsorber, are directly related to this temperature -- adsorption capacity decreases with increasing temperature. Operating temperature must be less than 100^{o}F. Otherwise, the gas will have to be cooled in a heat exchanger prior to being passed through the absorber. Also, the relative humidity of the gas stream can affect the operating capacity of the carbon, and should not exceed 50 percent. Entrained liquid and particulate matter can also cause operating problems, such as plugging, and should be removed by mist eliminators or a packed filter upstream of the absorber. In addition, T-VOCs with boiling points above 300^{o}F (such as phenol) will be

collected by the carbon, but will not be removed during regeneration of the bed. These compounds should be removed upstream of the absorber inlet or captured on a sacrificial bed in the absorber.

Equipment has been developed that combines moving-bed activated carbon adsorption with thermal or catalytic oxidation. T-VOCs are collected by rotating-wheel carbon beds and subsequently desorbed with hot air. The concentrated exhaust stream is then sent to a thermal or catalytic oxidizer, where the T-VOC is combusted. The benefit of this configuration is that the volume of the desorption air stream is as much as fifteen times less than the original T-VOC stream, which translates into a smaller and less expensive oxidizer. Fuel costs are also lower than for a full-sized oxidizer for the same application. This approach is particularly useful for T-VOC streams with low concentrations and high volumes [concentrations less than 100 ppm and flow rates over 10,000 cubic feet per meter (CFM)], such as paint spray booths. Combination systems provide the inherent advantages of the individual techniques - the high destruction efficiency and no generation of liquid or solid waste of oxidation, and the low fuel consumption and good control efficiency of adsorption - without many of the disadvantages of each system. The ability of combination units to concentrate the T-VOC emission stream and thus lower the flow rate requiring oxidation not only minimizes the capital costs associated with the oxidizer, but also maximizes the energy input derived by combusting the T-VOC. In addition, by eliminating the steam for regeneration (and the subsequent condensate), the system does not generate contaminated wastewater.

Chemical Absorption or Wet Scrubbing

Absorption is the mass transfer of selected components from a gas stream into a nonvolatile liquid. Such systems are typically classified by the absorbent used (water or organic liquid, such as mineral oil or low-volatility hydrocarbon solvent). The choice of absorbent depends on the solubility of the gaseous T-VOC compounds and the cost of the absorbent. Absorption will occur when the concentration of the organic species in the liquid phase is less than the equilibrium concentration of the gaseous component. The gradient between the actual and the equilibrium concentrations is the driving force. Absorption is a function of both the physical properties of the system and the operating parameters of the absorber. The best absorption systems are characterized by low operating temperatures, large contacting surface areas, high liquid-to-gas (L/G) ratios and high T-VOC concentrations in the gas stream. Removal efficiencies in the 90 to 98 percent range may be achieved for well-designed and operated systems. Absorption is also efficient for dilute streams provided the T-VOC is highly soluble in the absorbent. Packed columns and plate columns are commonly used for high-efficiency pollution control applications.

The efficiency of absorption as a VOC control technique depends on several factors: the solubility of the T-VOC in the solvent; the concentration of the T-VOC in the gas stream; temperature; the L/G ratio; and the contact surface area. Higher gas solubilities and inlet concentrations provide a larger driving force for more efficient absorption. Since lower temperatures correspond to higher gas solubilities, absorption is also enhanced at reduced temperatures. The solvent flow rate is determined from the minimum L/G ratio, which can be found from material balances and equilibrium data. Generally, the most economical absorption factor is 1.25 to 2 times the minimum L/G. Absorption efficiency increases with contact surface area. Increasing the surface area, however, also raises the pressure drop through the packed bed. Thus, while a larger contact surface area may increase the overall removal efficiency, the higher energy consumption (fan power) may make it uneconomical.

Two modes of operation are typical for absorption systems: simple absorption and complex absorption. Simple absorption uses a single liquid pass system, where the T-VOC contaminated liquid is disposed of directly after exiting the absorber. In complex absorption, the T-VOC contaminant is recovered via stripping or other desorption techniques and the cleaned absorbent is recycled to the absorber. This option is generally feasible for organic-based systems employing expensive absorbents. In either case, waste streams are generated. In simple absorption systems where the absorbent is water, dilute acids, or dilute caustics, the spent solution, called "blowdown," is continuously bled off and replenished with fresh reagent. Typical blowdown rates are one to 10 percent of the solution recirculation rate, depending on the concentration of T-VOC air contaminants being absorbed. In complex absorption systems, a concentrated T-VOC stream is generated and must be reclaimed, destroyed, or otherwise disposed of in an environmentally sound manner.

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 Rules 307.1, 1401, and 1402 and Associated ~~PAR~~Rule 1402 Guidance Documents
Lead Agency Name:	South Coast Air Quality Management District
Lead Agency Address:	21865 Copley Drive, Diamond Bar, CA 91765
Rule Contact Person:	Uyen-Uyen Vo, (909) 396-2238
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:	PAR 1402 includes a voluntary program to allow facilities to use an alternative public notification approach if they implement early measures that reduce facility health risks at least 60% below Rule 1402 Action Risk Levels. Facilities that do not use this voluntary program would still be subject to the traditional regulatory approach to reduce risks and notify the public if health risks exceed Rule 1402 thresholds. In addition, PAR 1402 streamlines implementation, includes provisions for potentially high risk facilities, and includes other amendments to improve clarity of the rule. PAR 307.1 includes a fee category for Voluntary Risk Reduction facilities, a provision that requires the facility owner or operator to directly pay or reimburse SCAQMD for costs associated with public meetings, and other administrative changes. Additionally, PARs 1401 and 1402 will revise reporting requirements regarding new or revised toxic air contaminant health values and the potential impacts to permitting and AB 2588, which will be included in the AB 2588 Annual Report. Lastly, one existing procedural guidelines document is being revised and a new procedural guidelines document is being developed. The SCAQMD AB2588 Public Notification Procedures document "Public Notification Procedures for Phase I and II Facilities Under Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)" is being revised to clarify PAR 1402 notification requirements and a "Draft SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" is being developed to establish PAR 1402

	Voluntary Risk Reduction procedures. The analysis concluded that the environmental impacts would be less than significant. PAR 1402 could affect eleven facilities that are on lists of California Department of Toxics Substances Control hazardous waste facilities per Government Code §65962.5 (http://www.envirostor.dtsc.ca.gov/public).~~Not applicable~~
Surrounding Land Uses and Setting:	Not applicable
Other Public Agencies Whose Approval is Required:	Not applicable

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 "✓" 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
☐	Agriculture and Forestry Resources	☑	Hazards and Hazardous Materials	☑	Public Services
☑	Air Quality and Greenhouse Gas Emissions	☑	Hydrology and Water Quality	☐	Recreation
☐	Biological Resources	☐	Land Use and Planning	☑	Solid/Hazardous Waste
☐	Cultural Resources	☐	Mineral Resources	☑	Transportation/Traffic
☑	Energy	☑	Noise	☑	Mandatory Findings

DETERMINATION

On the basis of this initial evaluation:

☑ I find PARs 1401, 1402 and the associated PAR 1402 guidance documents, 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. Pursuant to CEQA Guidelines §15002(k)(1), 15061, and 15273, PAR 307.1 is determined to be exempt from CEQA requirements.

☐ I find that although PARs 1401, 1402 and the associated PAR 1402 guidance documents 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 PARs 1401, 1402 and the associated PAR 1402 guidance documents MAY have a significant effect(s) on the environment, and an ENVIRONMENTAL ASSESSMENT will be prepared.

☐ I find that PARs 1401, 1402 and the associated PAR 1402 guidance documents 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 PARs 1401, 1402 and the associated PAR 1402 guidance documents 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: August 17, 2016 **Signature:** Jillian Wong

Jillian Wong, Ph.D.
Planning and Rules Manager
Planning, Rules, and Area Sources

DISCUSSION AND EVALUATION OF ENVIRONMENTAL IMPACTS

This Final~~Draft~~ EA evaluated potential adverse environmental impacts that could potentially occur from additional air pollution control equipment needed as a result of implementing PAR 1402 and the Voluntary Risk Reduction program for facilities under the AB 2588 Hot Spots program. There are no expected environmental impacts resulting from amendments to Rule 1401 and the associated PAR 1402 guidance documents because the changes are administrative in nature and do not require or cause a physical change to the environment. This analysis assumes that there would be 33 new or modified permit applications and about 24 AB 2588 facilities that could potentially be affected and may require additional pollution control equipment. Potential adverse environmental impacts can occur from the construction and operation of air pollution control equipment. The environmental impact analysis for each environmental topic incorporates a "worst-case" approach. A discussion of the assumptions and basis for the number of facilities that could potentially require additional APCDs is discussed below.

PAR 307.1 Analysis

SCAQMD staff has reviewed PAR 307.1, pursuant to CEQA Guidelines §15002(k)(1) – Three Step Process, and CEQA Guidelines §15061 – Review for Exemption, and has determined that PAR 307.1 is exempt from CEQA for the following reasons. The proposed amendments to Rule 307.1 are strictly administrative in nature, consisting of including a fee for Voluntary Risk Reduction facilities and a provision to either directly pay or reimburse the SCAQMD for costs associated with public meetings required by Rule 1402 when a facility is required to provide public notification. PAR 307.1 has been updated to reference North American Industry Classification System (NAICS) codes instead of Standard Industrial Classification (SIC) codes and the most current version of associated documents. Because these amendments are strictly administrative in nature, it can be seen with certainty that there is no possibility that the proposed project may have a significant adverse effect on the environment. Additionally, PAR 307.1 is statutorily exempt from CEQA requirements pursuant to ~~State~~ CEQA Guidelines §15273 – Rates, Tolls, Fares, and Charges. Therefore, PAR 307.1 will not be discussed any further in this analysis.

PAR 1401 Analysis

Currently, Rule 1401 includes provisions for analyzing and reporting potential permitting impacts to the Governing Board when OEHHA revises health values for new and existing toxic air contaminants. Consistent with PAR 1402, PAR 1401 will remove these provisions and include this analysis in the AB 2588 annual report to streamline implementation. PAR 1401 removes the requirement for staff to report to the Governing Board regarding OEHHA changes to risk values. Staff will continue to analyze impacts to permitting and AB 2588 when TACs are added or revised and report these changes in the SCAQMD AB 2588 Annual Report. The AB 2588 Annual Report will include an impact assessment that evaluates the change in risk values. The proposed amendments for Rule 1401 align state timelines with District timelines for implementing updated toxicity factors and are administrative in nature, and therefore, will not have any direct or indirect physical environmental impact and will not be discussed any further in this analysis.

PAR 1402 Analysis

AB 2588 is the state-required Air Toxics Hot Spots Program required by Health and Safety Code §44360(b)(2) which is implemented in the SCAQMD through Rule 1402. Under the AB 2588 program, facilities are divided into four implementation groups (Phase 1A, 1B, 2, and 3). During the "quadrennial" review, AB 2588 facilities are required to submit a more detailed emissions inventory for 177 toxic air contaminants. During the three years between the quadrennial review

AB 2588 facilities submit a toxics inventory for 23 toxic air contaminants under the existing SCAQMD Annual Emissions Reporting fee program. Based on the quadrennial toxics emissions inventory, SCAQMD staff prioritizes facilities and sends a letter to those facilities with a Priority Score in the highest category to submit an even more detailed air toxics emissions inventory and HRA. Implementing the AB 2588 program using the quadrennial review approach provides a more even workflow and reduces the impact on affected facilities to provide a detailed emissions inventory. Consistent with the quadrennial cycle in AB 2588, SCAQMD staff is estimating permitting impacts over a four year period. Construction of new facilities beyond the four years scope is considered speculative according to CEQA Guidelines §15145 and will not be evaluated further in this analysis.

PAR 1402 Guidance Documents Analysis

Two supporting documents will also be presented to the Governing Board with PAR 1402 for the Governing Board's approval. The SCAQMD AB 2588 Public Notification Procedures document "Public Notification Procedures for Phase I and II Facilities Under Air Toxics 'Hot Spots' Information and Assessment Act of 1987 (AB 2588)"~~)~~" is being revised to clarify PAR 1402 notification requirements that are specified in PAR 1402. This document is also being renamed to "SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402". ~~and a~~ New "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" has been developed to establish and implement PAR 1402 Voluntary Risk Reduction procedures.

There are no expected environmental impacts from PAR 1401 and the associated PAR 1402 guidance documents because changes to these rules and guidance documents are administrative in nature and do not require or cause any physical damage to the environment

PAR 1402 Voluntary Risk Reduction Program

With the proposed Voluntary Risk Reduction program, a total of 24 facilities have been identified as eligible facilities to participate in the program. A detailed discussion of these facilities and the impact analysis approach is as follows:

> To qualify for the Voluntary Risk Reduction Program, facilities must have a Priority Score greater than 10 and a cancer risk greater than 10 in a million or a non-cancer hazard index greater than 1.0, or an offsite lead concentration greater than the National Ambient Air Quality Standard (NAAQS) or applicable lead limit in an SCAQMD rule (e.g., Rule 1420.1). The facilities that could utilize this program would be Action Risk Level Facilities (e.g., cancer risk ≥ 25 in a million) and Public Notice Risk Level (e.g., cancer risk ≥10) Facilities.
>
> Based on previously approved HRAs, SCAQMD staff estimates that approximately 11 facilities have the potential to have a cancer risk greater than the Action Risk Level when using the Revised OEHHA Guidelines and would be eligible to participate in the Voluntary Risk Reduction Program. However, only 3 of the 11 facilities will require additional control equipment beyond that identified in the March 2015 Staff Report. Additionally, there are 21 other facilities that are in the AB 2588 program that have a cancer risk greater than the Public Notification Risk Level and may volunteer to do a Risk Reduction Plan when using the Revised OEHHA Guidelines. Hence, these two groups of facilities could

consider participating in the Voluntary Risk Reduction program to implement controls to reduce health risks to below 10 in a million cancer risk.

There is a different group of 28 facilities that are categorized as Intermediate Priority and cancer risks may be less than 10 in a million. These facilities may be impacted when their quadrennial reports are due[1]. Some of these facilities are requesting to be allowed to participate in the Voluntary Risk Reduction program and staff is considering to allow these facilities in the program. It is anticipated that when these facilities submit their Voluntary Risk Reduction Plan, the facilities may pass the screening level through calculations, risk characterizations and/or risk reduction measures (i.e. source testing, process change, curtailment, etc.) and no further action will be needed. No environmental impacts are anticipated from these 28 facilities.

SCAQMD staff evaluated these facilities' primary and secondary toxic risk drivers. Since Rule 1402 establishes a "facility-wide" risk threshold, there are a variety of options which can be implemented, such as process changes, material changes, additional air pollution controls, and reduced throughput.

Table 2-1 summarizes the types of facilities, key toxic air contaminants that are contributing to the cancer risk, and the type of air pollution controls that could be implemented to reduce the cancer risk.

Table 2-1 PAR 1402 Potential APCDs to Reduce Health Risks

Facility Type	Key Toxic Driver	APCDs
Aerospace	Hexavalent chromium	HEPA/Scrubber
Aerospace	Hexavalent chromium	Scrubber
Electricity Generation	PAHs	Oxidation catalyst
Gasoline Pipeline	Gasoline vapor	Small thermal oxidizer
Gasoline Pipeline	Benzene and gasoline vapor	Small thermal oxidizer
Glass Manufacturer	Nickel	HEPA Filters
Hospital	Formaldehyde and PAHs	Two Oxidation Catalysts
Hospital	Ethylene oxide and formaldehyde	Scrubber
Metal Melting	Nickel	Two HEPAs/Scrubbers
Metal Melting	Hexavalent chromium and PAHs	Scrubber/Oxidation Catalyst
Metal Plating	Hexavalent chromium	HEPA Filters
Refinery	Hexavalent chromium	Scrubber

[1] Since the implementation of the Revised OEHHA Guidelines (June 2015), facilities are not prioritized until they report their quadrennial emissions.

Facility Type	Key Toxic Driver	APCDs
Refinery	Benzene	Oxidation catalyst
Refinery	Benzene and acrolein	Small thermal oxidizer
Refinery	Carbon tetrachloride and nickel	Carbon Adsorber
Roofing Supplies	Hydrogen sulfide	Scrubber
Ski Facility	Acrolein	Oxidation catalyst
University	PAHs and acrolein	Diesel particulate filters
Waste Management	Formaldehyde	Carbon Adsorber/ Oxidation Catalyst
Waste Management	Tetrachloroethylene	Carbon Adsorber
Waste Management	Formaldehyde	Carbon Adsorber
Waste Management	Hexavalent chromium and Benzene	HEPA Filters
Waste Management	Vinyl chloride and hydrochloric acid	Scrubber/Carbon Adsorber
Waste Management	chloroform	Scrubber/Carbon Adsorber

It is assumed that 24 facilities may elect to install additional air pollution controls due to the Voluntary Risk Reduction program. This is based on review of previously approved HRAs that have been received through implementation of the AB 2588 program. This is likely a conservative estimate (meaning there will not be more facilities) based on previously approved HRAs.

The review and approval process for the AB 2588 program is staggered, even for facilities within the same quadrennial review cycle. SCAQMD staff is estimating that of the 24 identified AB 2588 facilities (among the entire 4-year cycle), a conservative estimate would be to assume a maximum of three facilities would be installing equipment on a given day.

The 24 affected facilities could potentially be installing and operating 33 pieces of control equipment. A summary of the types of pollution controls from Rule 1402 are provided in Table 2-2 below.

Table 2-2 Summary of Types of APCD's to be Installed at Estimated Affected Facilities and Analyzed for Impacts

	HEPA Filters	Oxidation Catalysts	Carbon Adsorber	Wet Scrubbers	Thermal Oxidizers	Total
PAR 1402 Impacts (# of APCDs)	6	8	6	10	3	33
Environmental Topics to be Analyzed	• Aesthetics • AQ • Solid waste	• Aesthetics • AQ • Solid waste	• Aesthetics • AQ • Energy	• Aesthetics • AQ • Energy • Hydrology • Solid/ Hazardous waste	• Aesthetics • AQ • Energy	

ENVIRONMENTAL CHECKLIST AND DISCUSSION

I. AESTHETICS.

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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?	☐	☐	☐	☑
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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated ~~PA~~Rule 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

I. a), b), d) No Impact. In general, the proposed amended rules have no potential to affect scenic vistas because installation of APCDs (i.e. HEPA filters, Thermal Oxidizers, Oxidation Catalysts, Wet Scrubbers, and Carbon Adsorbers) will occur at existing commercial, industrial, or institutional facilities. Likewise, additional light or glare would not be created since no additional light generating equipment would be required for implementation of PAR 1402. Equipment used to control TAC emissions is typically located inside buildings which are located in industrial/commercial areas.

I. c) Less than Significant Impact. There will be additional pieces of industrial APCDs (i.e. HEPA filters, Thermal Oxidizers, Oxidation Catalysts, Wet Scrubbers, and Carbon Adsorbers), but the facilities will be installing in an existing commercial, industrial setting with commercial,

industrial and institutional equipment so not likely to change the usual character or quality of the site and its surroundings. Therefore, impacts are considered less than significant.

Based upon these considerations, significant aesthetic impacts are not expected from implementing PAR 1402. Since no significant aesthetic impacts were identified for any of the issues, no mitigation measures are necessary or required.

II. AGRICULTURE AND FORESTRY RESOURCES.

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	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?	☐	☐	☐	☑
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	☐	☐	☐	☑
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 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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated PAR 1402 guidance documents, since

they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

II. a), b), c), & d) No Impact. Land use, including agriculture- and forest-related uses, and other planning considerations are determined by local governments. While implementation of PAR 1402 may cause APCDs to be installed and operated on existing equipment to control toxic emissions, these activities will occur at established toxic emitting facilities which are located on previously developed land in primarily industrial areas and are not located on agricultural or forest areas.

Further, no new construction of buildings or other structures is expected that would require conversion of farmland to non-agricultural use or conflict with zoning for agricultural uses or a Williamson Act contract. Further, because PAR 1402 does not require construction or operation activities within an area designated as forest land, implementation of PAR 1402 is not expected to conflict with any forest land zoning codes or convert forest land to non-forest uses. Similarly, there is nothing in PAR 1402 that would affect or conflict with existing land use plans, policies, or regulations or require conversion of farmland to non-agricultural uses or forest land to non-forest uses. Thus, no agricultural land use or planning requirements will be altered by PAR 1402.

Finally, the installation of toxic emission control equipment will ensure that projected toxic emission reductions will occur and that air quality in the region will improve. Thus, assuring that these air quality improvements occur could provide benefits to agricultural and forest land resources by reducing the adverse oxidation impacts of ozone on plants and animals located in the Basin.

Based upon these considerations, significant agricultural and forest resources impacts are not expected from implementing PAR 1402. Since no significant agriculture and forest resources impacts were identified for any of the issues, no mitigation measures are necessary or required.

III. AIR QUALITY AND GREENHOUSE GAS EMISSIONS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
a) Conflict with or obstruct implementation of the applicable air quality plan?	☐	☐	☐	☑
b) Violate any air quality standard or contribute to an existing or projected air quality violation?	☐	☐	☑	☐
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 reducing the emissions of greenhouse gases?	☐	☐	☑	☐

Significance Criteria

To determine whether or not air quality impacts from the proposed project may be significant, impacts will be evaluated and compared to the criteria in Table 2-3.

Table 2-3 SCAQMD Air Quality Significance Thresholds

Mass Daily Thresholds [a]		
Pollutant	**Construction** [b]	***Operation*** [c]
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
CO	550 lbs/day	550 lbs/day
Lead	3 lbs/day	3 lbs/day
Toxic Air Contaminants (TACs), Odor, and GHG Thresholds		
TACs (including carcinogens and non-carcinogens)	Maximum Incremental Cancer Risk ≥ 10 in 1 million Cancer Burden > 0.5 excess cancer cases (in areas ≥ 1 in 1 million) Chronic & Acute Hazard Index ≥ 1.0 (project increment)	
Odor	Project creates an odor nuisance pursuant to SCAQMD Rule 402	
GHG	10,000 MT/yr CO2eq for industrial facilities	
Ambient Air Quality Standards for Criteria Pollutants [d]		
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 μg/m^3 (construction)[e] & 2.5 μg/m^3 (operation) 1.0 μg/m^3	
PM2.5 24-hour average	10.4 μg/m^3 (construction)[e] & 2.5 μg/m^3 (operation)	
SO2 1-hour average 24-hour average	0.25 ppm (state) & 0.075 ppm (federal – 99th percentile) 0.04 ppm (state)	
Sulfate 24-hour average	25 μg/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 standards: 20 ppm (state) and 35 ppm (federal) 9.0 ppm (state/federal)	
Lead 30-day Average Rolling 3-month average	1.5 μg/m^3 (state) 0.15 μg/m^3 (federal)	

[a] Source: SCAQMD CEQA Handbook (SCAQMD, 1993)
[b] Construction thresholds apply to both the South Coast Air Basin and Coachella Valley (Salton Sea and Mojave Desert Air Basins).
[c] For Coachella Valley, the mass daily thresholds for operation are the same as the construction thresholds.
[d] Ambient air quality thresholds for criteria pollutants based on SCAQMD Rule 1303, Table A-2 unless otherwise stated.
[e] Ambient air quality threshold based on SCAQMD Rule 403.

KEY: lbs/day = pounds per day ppm = parts per million μg/m^3 = microgram per cubic meter ≥ = greater than or equal to
MT/yr CO2eq = metric tons per year of CO2 equivalents > = greater than

DISCUSSION

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated ~~PA~~Rule 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below. A summary of the type of pollution controls to be installed is provided in Table 2-2.

III. a) No impact. 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 SCAQMD's air quality goals. The AQMP's air pollution reduction strategies 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, SCAQMD is required to attain the state and federal ambient air quality standards for all criteria pollutants.

PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents are administrative in nature and have no impact on AQMP strategies. PAR 1402 is for facilities choosing to install APCDs for Voluntary Risk Reduction Program. This does not conflict with the AQMP because there are no control measures associated with these proposed amendments and controlling lead (a toxic) is considered an AQMP strategy. Therefore, these proposed amendments are consistent with the AQMP.

Toxic Air Contaminants: General Identification and Control Measures (AB 2728)

AB 2728 was enacted in 1992 and amends the Tanner process (AB 1807) to reflect the shift of certain duties from the Department of Health Services (DHS) to the California Environmental Protection Agency (Cal/EPA) Office of Environmental Health Hazard Assessments (OEHHA). This law requires the ARB to identify all 188 hazardous air pollutants (HAPs) listed under Title III of the 1990 CAA Amendments as TACs under the AB 1807 process. It encourages local air districts to adopt TAC programs to enable local enforcement of Title III - Air Toxics of the federal CAA. AB 2728 further provides that districts may adopt more stringent requirements than those provided under AB 1807. Health & Safety Code 44300 et. Seq. sets forth the state's Air Toxics "Hot Spots" Program (AB 2588), which requires districts to use OEHHA for risk assessment. H&S 44360(b)(2). PAR 1402 will be more stringent than what is required in the H&S Code.

PAR 1402 would reduce toxic emissions and therefore, be consistent with the goals of the AQMP, Additionally, the emissions associated with rule compliance for both construction and operation do not exceed the SCAQMD's CEQA significance thresholds (see analysis in III.b and f). Therefore, implementing the proposed rule amendments do not conflict or obstruct implementation of the AQMP or federal CAA.

III. b) and f) Less than significant impacts.
Criteria Pollutants – Construction Impacts
Affected Facilities

In order to estimate the number of future facilities affected by PAR 1402, as previously discussed at the beginning of this Chapter, SCAQMD staff evaluated AB 2588 facilities to determine which facilities may participate in the Voluntary Risk Reduction Program. The number of affected facilities and corresponding impacts to those facilities or operational activity of new or existing facilities were used as a surrogate to analyze possible impacts. Consistent with the quadrennial cycle in AB 2588, SCAQMD staff is estimating permitting impacts over a four year period. Construction of new facilities beyond the four years scope is considered speculative according to CEQA Guidelines §15145 and will not be evaluated further in this analysis.

Construction emissions were estimated for the various construction phases for the installation of APCDs. The phases are: grading/site preparation, paving, and equipment installation[2]. In addition, criteria pollutant emissions were calculated for all on-road vehicles transporting workers, vendors, and material removal and delivery. Since all phases must be entirely completed before the next phase can commence, there would be no overlap of construction phases for the construction of the new APCDs.

Any process substitutions or product reformulations are not expected to require installation of new equipment. Activities during construction that could potentially adversely affect air quality are those activities associated with the installation of APCDs.

The primary source of construction air quality impacts would be from those facilities installing larger size add-on controls (thermal oxidizers or scrubbers). The type of construction-related activities attributable to existing facilities that would be installing control equipment would consist predominantly of cutting, welding, etc. These construction activities would involve minor grading, slab pouring, or paving activities for the APCDs footprint. For the purposes of this analysis, construction activities undertaken at affected facilities are anticipated to entail the use of portable equipment (e.g., cranes, backhoes, etc.) and hand held equipment by small construction crews to weld, cut, and grind metal structures. Hence, all of PAR 1402 elements were considered in the daily construction emissions.

To analyze the "worst-case" emissions from construction activities associated with the implementation of the proposed amendments, SCAQMD staff assumed that three facilities would be installing APCDs at any given time at affected facilities to comply with the risk thresholds.

SCAQMD staff assumed that the maximum daily emissions from construction-related activities for each phase would all occur on the same day. Table 2-4 presents the results of the SCAQMD's construction air quality analysis. Appendix B contains the spreadsheets with the results and assumptions used for this analysis.

It should be noted that the analysis of construction air quality impacts was a "worst-case" analysis because it assumes that the peak construction would occur from the facilities that had the largest APCDs to install in regards to footprint size (i.e. thermal oxidizer or scrubber). There are a number

[2] *In general, no or limited construction emissions from grading are anticipated because modifications or installation of new equipment would occur at existing industrial/commercial facilities and, therefore, would not be expected to require earthmoving, grading, etc.*

of factors that would preclude concurrent construction activities including: engineering time necessary to plan and design the control equipment, permitting constraints, and type and size of control equipment to be constructed, etc. Furthermore, as a "worst-case," the SCAQMD's air quality impacts analysis assumes that peak construction activities could take up to two months to complete. Depending on the type and size of the control equipment to be constructed, actual construction time could be substantially less than two months. Further, some affected facilities could reduce emissions through methods other than installing control equipment, thus, eliminating construction impacts at those facilities. Construction emissions at any three facilities would not exceed any of the significance thresholds identified in Table 2-4. Finally, once construction is complete, construction air quality impacts would cease.

The peak daily emissions vary for each pollutant depending on the construction phase, which do not overlap in time (i.e. a site would need to be graded before paving and paved before installing). As mentioned before, this analysis assumes three facilities will be constructing at the same time for a worst case scenario. The significance determination for the construction is based on the peak daily emissions during any construction phase. Therefore, all of the construction impacts from the project are not significant for criteria pollutant emissions.

Table 2-4 PARs Daily Peak Construction Emissions in SCAQMD for Three Facilities

Construction Phase	CO, lb/day	NOx, lb/day	PM10, lb/day	PM2.5, lb/day	VOC, lb/day	SOx, lb/day
Grading/Site Preparation	34.3	75.7	**11.6**	**4.7**	8.2	0.1
Paving	22.6	35.9	2.2	2.0	0.7	0.0
Equipment Installation	**44.8**	**88.9**	4.3	3.9	**10.3**	**0.1**
Significance Threshold, lb/day	550	100	150	55	75	150
Exceed Significance?	No	No	No	No	No	No

Criteria Pollutants – Operation Impacts

Five different types of add-on control equipment were identified to reduce toxic risk at the affected facilities. Two of the control devices, thermal oxidizers and carbon adsorbers, have the potential to generate adverse secondary air quality impacts during operation. (All other APCDs will reduce toxic emissions, but will not increase criteria pollutants.)

To analyze maximum air quality impacts, it was assumed that for each operation needing to incinerate, the add-on control equipment would be a thermal oxidizer because they generate the highest emissions compared to other types of oxidizers. Thermal oxidizers destroy T-VOC emissions, but the process produces secondary criteria pollutant emissions such as CO, NO_x, VOC, SO_X, and PM10. Carbon adsorbers possess a carbon bed that requires regeneration for reuse. Emissions are produced when the spent carbon is regenerated.

The operation of the control equipment will reduce toxic exposure and will assist in meeting the risk threshold. The direct and indirect criteria emissions for each control equipment are totaled, in Table 2-7 and are less than the SCAQMD's mass daily operational significance thresholds; therefore, the proposed amendments are not expected to result in significant adverse operational criteria pollutant emission impacts.

Air Quality Assumptions

1. Affected facilities were assumed to operate the control equipment for twenty-four hours per day, seven days per week, and 52 weeks per year. These parameters represent a "worst-case" scenario, especially for the thermal oxidizer users because it overestimates the typical hours of high-fired load operation. For example, during some hours of operation incinerators operate on low-fired load when T-VOC emissions are not being vented to the combustion chamber, which results in lower combustion emissions from the thermal oxidizer. Additionally, not taken into consideration is the fact that hybrid technology has emerged that allows more efficient use of thermal oxidizers.

2. Affected facilities are medium- to large-sized, therefore, the exhaust emission flowrate (in cubic feet per minute, cfm) was estimated to be at 10,000 cubic feet per minute (cfm) for all APCDs.

Thermal Oxidizers

To estimate criteria pollutant emissions from thermal oxidizers, general default emission factors were used. Currently, SCAQMD permitting staff requires thermal oxidizers less than two million British thermal units (MMbtu) per hour to comply with a NOx concentration of 30 parts per million as BACT. This translates to an emission factor of 36 pounds per million cubic feet (MMcf) of natural gas used as the combustion fuel. The actual emission factors were derived from the Annual Emissions Reporting (AER) default emission factor of 130 pounds per MMcf[3]. For CO, T-VOC, PM10, and SOx, SCAQMD permitting staff uses the general AER default emission factors for all sizes of thermal oxidizers.

As shown in Table 2-2, three thermal oxidizers were identified as likely to be needed for reducing risks. To calculate the daily emissions, the number of devices is multiplied by the assumed operating schedule and the amount of natural gas consumed, and then divided by the heating value of natural gas. The result is multiplied by the criteria pollutant emission factor to determine the pounds per day of emissions. At 10,000 cfm, the amount of natural gas consumed by a thermal oxidizer is 0.488 MMBTU per hour. The heating value of natural gas is 1,050 MMBTU/MMcf.

(3 Thermal Oxidizers x 24 hrs/day x 0.488 MMBTU/hr)/(1050 MMBTU/MMcf) = 0.03 MMcf/day

Table 2-5 shows total criteria pollutant emissions generated by the facilities anticipated to install thermal oxidizers to reduce TAC emissions.

[3] SCAQMD AER Help and Support Manual, Criteria Pollutant Factors: http://www3.aqmd.gov/webappl/help/newaer/index.html

Table 2-5 Estimated Operational Emissions from Three Thermal Oxidizers

Criteria Pollutant	Emission Factor (lb/MMcf)	MMcf/day	Total Emissions (lb/day)
NO_x	130	0.03	3.90
VOC	7	0.03	0.21
CO	35	0.03	1.05
PM10	7.5	0.03	0.23
SOx	0.83	0.03	0.02

Carbon Adsorbers

As set forth in Table 2-2, approximately six carbon adsorbers were identified as needed to comply with PAR 1402. For these facilities, thermal oxidizers were not considered to be applicable as a method of controlling TAC emissions. As described in Chapter 1, the initial control efficiency of carbon adsorption equipment is extremely high. As the activated carbon becomes saturated with organic material over time, control efficiency drops until breakthrough occurs. When breakthrough occurs, the saturated carbon must be removed and either disposed of or regenerated and the solvent recovered, or removed and destroyed.

Typically, the carbon is regenerated by raising the temperature of the carbon, evacuating the bed, or both. A regenerant, either steam or a noncondensible gas, is heated and injected into the carbon bed to desorb the organic materials. This procedure can be performed daily, but may be done more or less frequently, depending on the capacity of the control unit and the concentration of the VOC being collected. The resulting heated organic mixture is vented to a condenser where the organic material is separated from the regenerant by gravity or distillation, and recycled or disposed of properly.

Regenerating carbon typically requires a combustion source using natural gas as the combustion fuel for boilers or steam generators used to heat the regenerant and/or to heat the carbon beds. Only 15 percent of the carbon bed volume collects toxic VOC emissions and a typical carbon bed is sized to reduce 55 pounds of VOC per day. Based on these two characteristics, a typical carbon bed size is approximately 400 pounds (55/0.15 = 400). According to the Standard Handbook of Environmental Engineering (Corbitt, 1990), the projected natural gas fuel use is 5.5 scf per pound of carbon. For a worst case scenario, the carbon bed is assumed to be regenerated four times per day. From the calculation below, the amount of natural gas required per day is 0.053 MMcf.

(400 lbs C) x (5.5 scf/lb C per regen) x (4 regen/day) x (6 Carbon Adsorbers) = 0.053 MMcf/day

Using emission factors from the SCAQMD's AER Program, the projected criteria pollutant emissions from the combustion equipment used to regenerate spent carbon are listed in Table 2-6.

Table 2-6 Estimated Operational Emissions from Regenerating Spent Carbon

Criteria Pollutant	AER Emission Factor (lb/MMcf)	Amount of Natural Gas Consumed (MMcf/day)	Total Emissions (lb/day)
NO_x	130	0.053	6.9
VOC	7.0	0.053	0.4
CO	35	0.053	1.9

Operation-related Mobile Source Emissions

Some types of control equipment generate waste products that will need to be disposed of properly. The wastes and controls include: spent carbon generated from the carbon adsorption process; solids and sludge from wet scrubbers; and dry solids from filtration controls. Although thermal oxidizers produce little or no waste products, this part of the air quality analysis assumed that catalytic oxidizers could be used instead of thermal oxidizers. The catalysts in catalytic oxidizers need to be replaced every few years so this potential waste product was considered to contribute to the waste transport impacts.

Any wastes generated will require delivery and transport to disposal or recycling facilities. It is assumed here that enough waste could be generated as a result of proposed project to require a "worst-case" scenario of 2 truck trips per day of the 24 affected facilities[4] installing APCDs to comply with PAR 1402. To calculate transport truck trip emissions, it is assumed that medium-duty trucks (5,000-8,500 pounds) would be used to transport waste, with two start-ups and the trucks would travel 20 miles each way.

TOTAL OPERATIONAL EMISSIONS

Total operational emissions from both stationary sources (control equipment) and mobile sources (waste disposal trucks) are shown in Table 2-7. As indicated in Table 2-7, operational emissions anticipated from implementing PAR 1402 do not exceed any significance threshold and therefore, are considered less than significant.

Table 2-7 SCAQMD Operational Criteria Pollutant Emissions

Description	CO	NOx	PM10	PM2.5	VOC	SOx
	(lb/day)					
Emissions from Thermal Oxidizers	1.05	3.90	0.23	--	0.21	0.02
Emissions from Regenerating Spent Carbon	1.86	6.89	--	--	0.37	--
Emissions from Mobile Sources[5]	0.3	1.4	0	0	0.1	0
Total Operational Emissions	3.21	12.19	0.23	0	0.68	0.02
Significance Threshold	550	55	150	55	75	150
Exceed Significance?	No	No	No	No	No	No

[4] *See Section XVII for a further discussion.*

[5] *No new permanent employees are expected for operation of the control equipment as a result of PAR 1402; therefore no worker vehicles' emissions are calculated. However, delivery and disposal of new carbon or removal of spent catalysts is expected to generate mobile source emissions.*

Indirect Criteria Pollutant Emissions from Electricity Consumption

Indirect criteria pollutant and GHG emissions are expected from the generation of electricity to operate new equipment that occurs off-site at electricity generating facilities (EGFs). Emissions from electricity generating facilities are already evaluated in the CEQA documents for those projects when they are built or modified. The analysis in Section VI. Energy b), c) and d)) demonstrates that there is sufficient capacity from power providers for the increased electricity consumption from PAR 1402 and impacts are less than significant.

III. c) Less than significant impacts.

Cumulatively Considerable Impacts

As Lead Agency, the SCAQMD uses the same significance thresholds for project specific and cumulative impacts for all environmental topics analyzed in an Environmental Assessment. 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[6].

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 SDAPCD'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, "Although 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, when using accurate and appropriate data and assumptions, that 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 lead agency'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 PAR 1402 would not exceed air quality significance thresholds; therefore, potential adverse impacts from PAR 1402 would not be "cumulatively considerable" as defined by CEQA Guidelines §15064(h)(1) for air quality impacts. Per CEQA Guidelines §15064(h)(4), the mere existing of significant cumulative impacts caused by other projects alone shall not constitute substantial evidence that PAR 1402's incremental effects are cumulative considerable. Furthermore, in Section III.a), PAR 1402 was found not to conflict with the 2012 AQMP, which is the currently adopted regional air quality plan

[6] 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

for the Basin. Therefore, the cumulative impacts from PAR 1402 are considered less than significant.

III. d) No impacts.

Toxic Air Contaminants (TAC) – Construction

Localized Significance Thresholds

The localized significance threshold (LST) methodology was developed to assist lead agencies to analyze localized impacts associated with proposed projects. Since PAR 1402 affects facilities located across the region and it is unknown where future construction would be located, a LST analysis is not possible.

Diesel exhaust particulate is considered a carcinogenic and chronic TAC. Construction TAC emissions (diesel particulate matter [DPM]) may be generated from diesel exhaust emissions (i.e. heavy-duty trucks and construction equipment) at each facility and is a localized impact. Since construction is expected to last less than two months for each facility and carcinogenic health risk is estimated over a 25 year exposure period for off-site occupational receptors and a 30 year exposure period for sensitive receptors, diesel exhaust particulate from construction is not expected to generate significant adverse health risk impacts.

SCAQMD currently does not have guidance on construction Health Risk Assessments and only applies the revised OEHHA Guidelines for operational impacts.

Therefore, PAR 1402 is not expected to generate significant adverse TAC impacts from construction.

Toxic Air Contaminants (TAC) – Operation

Direct Health Risk Reductions from PAR 1402

PAR 1402 would be expected to reduce overall TAC emissions. Therefore, PAR 1402 is expected to have the benefit of reducing adverse health risk impacts from the facilities to nearby sensitive receptors.

Secondary Health Risk Impacts from PAR 1402

The operation of non-combustion APCDs, that may be needed to comply with PAR 1402, are not expected to generate any TAC emissions. These APCDs are expected to be powered by electricity and there's availability currently to meet the demand, so no new combustion emissions would be generated.

The thermal oxidizers would generate TAC emissions (i.e. benzene, formaldehyde, and polycyclic aromatic hydrocarbons**)** from the combustion of natural gas. These thermal oxidizers will be subject to SCAQMD Air Permits and toxic rules. This is a voluntary risk reduction program and any toxics from APCDs will be evaluated as part of a Risk Reduction Plan for each facility to ensure that the total facility cancer risks stay below 10 per million.

Based on the above discussion, PAR 1402 is not expected to expose sensitive receptors to substantial concentrations.

III. e) No impact.

Odor Impacts

The operation of new APCDs are not expected to generate any new odors as APCDs are not typically odor generating equipment. The new APCDs would be designed to reduce TAC emissions from facilities, which may potentially further reduce odors.

Therefore, PAR 1402 is not expected to generate significant adverse odor impacts.

III. g) and h) Less than significant impacts.

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 emissions are carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), sulfur hexafluoride (SF6), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs). The GHG emissions 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 CO2 equivalent emissions (CO2e). CO2e is the amount of CO2 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 greenhouse gas. CO2e is estimated by the summation of mass of each GHG multiplied by its global warming potential (global warming potentials: CO2 = 1, CH4 = 21, N2O = 310, etc.).[7]

Construction

Based on the same assumptions made for the criteria pollutant estimates, approximately 346 metric tons of CO2e per facility would be generated from all construction activity including: grading, site preparation, paving, equipment installation, and construction and worker vehicles. Thus, since there are 24 facilities, there will be approximately 10,378 CO2e generated from construction due to PAR 1402. Amortized over 30 years as prescribed by the SCAQMD Interim CEQA GHG Significance Threshold for Stationary Sources, Rules and Plans adopted by the SCAQMD Governing Board in December 2008, approximately 346 metric tons of CO2e emissions per year (see Appendix B for calculations) would be generated from construction activities over the life of the project.

[7] California Air Resource Board Conversion Table: http://www.arb.ca.gov/cc/facts/conversiontable.pdf

Operation
The operation of the HEPA filters, oxidation catalysts, and wet scrubbers are not expected to generate greenhouse gases. However, the operation of thermal oxidizers, carbon adsorbers, and delivery/disposal trucks are equal to 4,538.56 metric tons of CO2e per year.

Total GHG Emissions
PAR 1402 may result in the generation of 346 CO2e amortized metric tons of CO2e construction emissions per year and 4,538.56 metric tons of CO2e operational emissions per year. The addition of 4,884.56 metric tons of CO2e emissions is less than the SCAQMD significance threshold of 10,000 metric tons per year for CO2e from industrial projects.

Based upon these considerations, PAR 1402 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:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect, either directly or through habitat 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?	☐	☐	☐	☑

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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

IV. a), b), c), & d) No Impact. All of the affected units operating at existing facilities are located primarily in developed industrial areas, which have already been greatly disturbed and paved. These areas currently do not support riparian habitat, federally protected wetlands, or migratory corridors. Additionally, special status plants, animals, or natural communities are not expected to be found within close proximity to the affected facilities. Therefore, PAR 1402 would 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. While some of the APCDs may be located at new facilities, the rule amendment does not cause the new facilities to be built. Construction of the required APCDs in itself would not have any impact on plants or animals beyond the impact of construction and operating a new source itself. The current and expected future land use development to accommodate population growth is primarily due to economic considerations or local government planning decisions. A conclusion in the Final Program EIR for the 2012 AQMP was that population growth in the region would have greater adverse effects on plant species and wildlife dispersal or migration corridors in the basin than SCAQMD regulatory activities, (e.g., air quality control measures or regulations). In addition, by reducing air pollutants, biological resources will benefit. Therefore, no impacts are anticipated.

IV. e) & f) No Impact. PAR 1402 is not envisioned to conflict with local policies or ordinances protecting biological resources or local, regional, or state conservation plans. Land use and other planning considerations are determined by local governments and no land use or planning requirements will be altered by PAR 1402. Additionally, PAR 1402 will 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 1402 will occur at existing industrial facilities. Therefore, no impacts are anticipated.

Based upon these considerations, significant biological resources impacts are not expected from implementing PAR 1402. Since no significant biological resources impacts were identified for any of the issues, no mitigation measures are necessary or required.

V. CULTURAL RESOURCES.

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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?	☐	☐	☐	☑

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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

V. a) No Impact. Since construction-related activities associated with the implementation of PAR 1402 are expected to be confined within the existing footprint of the affected facilities that either have been fully developed and paved, or will be developed regardless of whether the project is approved, no impacts to historical resources are expected to occur as a result of implementing PAR 1402. Therefore, no impacts are anticipated.

V. b), c), & d) No Impact. Installing or modifying add-on controls and other associated equipment to comply with PAR 1402 may require disturbance of previously disturbed areas at the affected existing industrial facilities. However, since construction-related activities are expected to be confined within the existing footprint of the affected facilities that have been fully developed and

paved, or will be regardless of whether the project is approved, PAR 1402 is not expected to require physical changes to the environment, which may disturb paleontological or archaeological resources. Furthermore, it is envisioned that these areas are already either devoid of significant cultural resources or whose cultural resources have been previously disturbed. As noted in Section IV, the project does not cause new source construction, regardless, this will occur whether or not the project is approved. Therefore, PAR 1402 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. PAR 1402 is, 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. Therefore, no impacts are anticipated.

Based upon these considerations, significant cultural resources impacts are not expected from implementing PAR 1402. Since no significant cultural resources impacts were identified for any of the issues, no mitigation measures are necessary or required.

VI. ENERGY.

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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?	☐	☐	☐	☑

Significance Criteria

Impacts to energy 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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

VI. a) & e) No impact. PAR 1402 does not require any action which would result in any conflict with an adopted energy conservation plan or violation of any energy conservation standard. PAR 1402 is not expected to conflict with adopted energy conservation plans because existing facilities would be expected to continue implementing any existing energy conservation plans.

PAR 1402 is not expected to cause new development. The local jurisdiction or energy utility sets standards (including energy conservation) and zoning guidelines regarding new development and will approve or deny applications for building new equipment at the affected facility. During the local land use permit process, the project proponent may be required by the local jurisdiction or energy utility to undertake a site-specific CEQA analysis to determine the impacts, if any, associated with the siting and construction of new development.

As a result, PAR 1402 would not conflict with energy conservation plans, use non-renewable resources in a wasteful manner, or result in the need for new or substantially altered power or natural gas systems.

VI. b), c) & d. **Less than Significant Impact.** In the event a facility may partake in this program, increased energy use would be expected (i.e. natural gas, diesel, electricity, etc.) depending on the chosen APCD. There may be an increase in electricity consumption associated with the new APCD. Diesel fuel would be consumed by construction equipment. Gasoline fuel would be consumed by the construction workers vehicles. Natural gas fuel would be consumed by the new thermal oxidizers. The following sections evaluate the various forms of energy sources affected by PAR 1402.

Construction-Related Impacts

During the construction phases, diesel and gasoline fuel will be consumed in construction equipment (e.g., cranes, backhoes, etc.) and by construction workers' vehicles traveling to and from construction sites. To estimate "worst-case" energy impacts associated with the construction phases of PAR 1402, it is assumed that the portable equipment would be operated up to 960 hours in a year (up to 8 hours per day for 120 days).

To estimate construction workers' fuel usage per round trip, it is assumed that workers' vehicles would get 20 miles to the gallon and would travel 40 miles round trip to and from the construction site in one day. Table 2-8 lists the projected energy impacts associated with the construction and installation at the three affected facilities at any given time. Please refer to Appendix B for the assumptions used to estimate fuel usage associated with the implementation of PAR 1402.

Table 2-8 Total Projected Fuel Usage for Construction Activities

Fuel Type	Year 2012 Projected Basin Fuel Demand[a] (mmgal/yr)	Fuel Usage[b] (mmgal/yr)	Total % Above Baseline	Exceed Significance?
Diesel	524	0.0014	3.0E-10	No
Gasoline	5,589	0.012	2.1E-12	No

[a] Figures taken from Table 3.3-3 of the 2012 AQMP Final EIR

[b] Estimated peak fuel usage from the implementation of the proposed amendments. Diesel usage estimates are based on portable construction equipment operation. Gasoline usage estimates are derived from workers' vehicle daily trips to and from work.

Operational Energy Impacts

Any operational natural gas impacts associated with implementing PAR 1402 are attributable to fuel consumed in thermal oxidizers used by affected facilities to reduce toxic risk. According to Table 2-2, approximately three thermal oxidizers could use some type of oxidation device to comply with the risk reduction requirements in PAR 1402. To estimate natural gas fuel usage from thermal oxidizer operation, it is assumed that the three units (one unit per facility) would operate twenty-four hours per day, seven days per week, 52 weeks per year and fire natural gas only. At an exhaust emission flow rate of 10,000 cfm, the amount of natural gas consumed is 0.488 MMBTU/hr and 28 kW of instantaneous power.

(3 Thermal Oxidizers x 24 hrs/day x 7 days/wk x 52 wks/yr x 0.488 MMBTU/hr)/(1050 MMBTU/MMcf) = 12.18 MMcf per year or 0.03 MMcf/day

Table 2-9 lists the projected natural gas impacts associated with the operational phase of the proposed amendments. The natural gas usage from PAR 1402 is negligible compared to the demand of natural gas available in the district.

Table 2-9 Total Projected Natural Gas Usage for Thermal Oxidizer Operations

Year	Projected Regional Natural Gas Demand[a] (mmcf/day)	Project Total Natural Gas Usage[b] (mmcf/day)	Total Impact % of Capacity	Significant?
2010	493	0.03	0.006	No

[a] Figures taken from Table 3.3-6 of the 2012 AQMP Final EIR-Commercial Sector
[b] Estimated natural gas usage from the implementation of PAR 1402.

Electricity Impacts

There will be additional electricity usage for the new APCDs. Electrical energy impacts associated with ancillary equipment (e.g., fans, motors, etc.) used in conjunction with the three thermal oxidizers, six HEPA filters, six carbon adsorbers, and ten wet scrubbers will need 25 blowers. As shown in Table 2-10, the additional electricity consumption is less than significant.

Table 2-10 PARs Additional Electricity Consumption

Energy	Consumption (GW-h)
25 Blowers (100 bhp@ 0.001788 GW-h) x 25	0.045
SCAQMD District Electrical Demand[1]	113,109
Total Impact % of Capacity	**3.0E-5**
Significant?	**No**

[1]AQMP 2012 TABLE 3.3-1 2011 Electricity Use GWh (Aggregated, includes self generation and renewables)

Therefore, operational activities associated with the implementation of PAR 1402 will not result in the need for new or substantially altered power systems, will not result in substantial depletion of existing energy resource supplies; nor will significant amounts of electricity or fuel be needed when compared to existing supplies. Therefore, impacts are less than significant.

Based upon these considerations, significant adverse energy impacts are not anticipated. Therefore, no further analysis or mitigation measures are required or necessary.

VII. GEOLOGY AND SOILS.

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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

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.

- 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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated RulePAR 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

VII. a) No Impact. Since PAR 1402 would result in construction activities at existing facilities located in developed industrial settings to install or modify control equipment, little site preparation is anticipated that could adversely affect geophysical conditions in the jurisdiction of the SCAQMD. While some APCDs may be installed at new facilities, the project does not cause the new facility construction. Southern California is an area of known seismic activity. Accordingly, the installation of add-on controls at existing or new affected facilities to comply with PAR 1402 is expected to conform to the Uniform Building Code and all other applicable state and local building codes. As part of the issuance of building permits, local jurisdictions are responsible for assuring that the Uniform Building Code is adhered to and can conduct inspections to ensure compliance. The Uniform Building Code is considered to be a standard safeguard against major structural failures and loss of life. The basic formulas used for the Uniform Building Code seismic design require determination of the seismic zone and site coefficient, which represents the foundation condition at the site. The Uniform Building Code requirements also consider liquefaction potential and establish stringent requirements for building foundations in areas potentially subject to liquefaction. Thus, PAR 1402 would not alter the exposure of people or property to geological hazards such as earthquakes, landslides, mudslides, ground failure, or other natural hazards. As a result, substantial exposure of people or structures to the risk of loss, injury, or death involving the rupture of an earthquake fault, seismic ground shaking, ground failure or landslides is not anticipated.

VII. b) Less than Significant Impact. Since add-on controls will be installed at existing developed facilities, during construction of PAR 1402, a less than significant impact exists for temporary erosion resulting from grading activities, if required (controls included as part of new facilities are not expected to cause erosion or excavating beyond that otherwise resulting from constructing the new facility). These activities are expected to be minor since the existing facilities are generally flat and have previously been graded and paved. Further, wind erosion is not expected to occur to any appreciable extent, because operators at dust generating sites would be required to comply with the best available control measure (BACM) requirements of SCAQMD Rule 403 – Fugitive Dust. In general, operators must control fugitive dust through a number of soil stabilizing measures such as watering the site, using chemical soil stabilizers, revegetating inactive sites, etc. PAR 1402 involves the installation or modification of add-on control equipment at existing facilities, so that grading could be required to provide stable foundations. Potential air quality impacts related to grading are addressed elsewhere in this EA (as part of construction air quality impacts). No unstable earth conditions or changes in geologic substructures are expected to result from implementing PAR 1402. Therefore, impacts are less than significant.

VII. c) No Impact. Since PAR 1402 will affect existing facilities, it is expected that the soil types present at the affected facilities will not be made further susceptible to expansion or liquefaction. Furthermore, subsidence is not anticipated to be a problem since only minor excavation, grading, or filling activities are expected occur at affected facilities. Additionally, the affected areas are not envisioned to be prone to new landslide impacts or have unique geologic features since the affected equipment units are located at existing facilities in industrial areas. Controls installed at new facilities would not increase these risks beyond those resulting from the new facility itself. Therefore, no impacts are anticipated.

VII. d) & e) No Impact. Since PAR 1402 will affect equipment units at existing facilities located in industrial zones, it is expected that people or property will not be exposed to new impacts related to expansive soils or soils incapable of supporting water disposal. Further, typically each affected facility has some degree of existing wastewater treatment systems that will continue to be used and are expected to be unaffected by PAR 1402. Sewer systems are available to handle wastewater produced and treated by each affected facility. Each existing facility affected by PAR 1402 does not require installation of septic tanks or alternative wastewater disposal systems. As a result, PAR 1402 will not require facility operators to utilize septic systems or alternative wastewater disposal systems. Thus, implementation of PAR 1402 will not adversely affect soils associated with a septic system or alternative wastewater disposal system. Therefore, no impacts are anticipated.

Based upon these considerations, significant geology and soils impacts are not expected from the implementation of PAR 1402. Since no significant geology and soils impacts were identified for any of the issues, no mitigation measures are necessary or required.

VIII. HAZARDS AND HAZARDOUS MATERIALS.

Would the project:		Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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?	☐	☐	☑	☐

Significance Criteria

- 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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

VIII. a) & b) Less Than Significant Impact. The facilities affected by PAR 1402 are currently located in urbanized industrial or commercial areas. PAR 1402 will increase the amount of captured toxic emissions through the use of additional air pollution control equipment. Thus, the capture of these emissions would reduce toxic exposure to the public and the environment.

Oxidation systems can be susceptible to compressor failure and flame flashbacks, particularly during startup and shutdown. As a result, oxidation systems could pose potential hazard risks primarily to workers or to a lesser extent the public in the event of explosions or fires. Oxidation systems historically have a good safety record when operated properly according to the manufacturers' instruction. Proper tune-up and maintenance is also important and necessary to avoid failures or explosions. When installed, operated, and maintained properly, oxidation systems are not expected to create fire or explosion hazards to workers or the public in general.

Operation of a carbon adsorption control system has potential hazard risks, primarily during the desorption cycle when there is a slight risk of explosion or release of T-VOC into the atmosphere. Carbon adsorption systems may also represent a fire risk during operation when carbon particles are saturated with solvent. Although most halogenated hydrocarbons have low flammability potential, use of such solvents is expected to decrease due to implementation of regulations to prevent global warming and stratospheric ozone depletion. Therefore, fire risks associated with carbon adsorption systems could differ depending upon the solvents used in place of halogenated compounds. Further, hazard risks would depend on the flammability of the material, concentration of T-VOC adsorbed into the activated carbon, ambient oxygen levels, characteristics of the specific system, and the operating conditions. Additionally, use of carbon adsorption units may concentrate hazardous organic compounds into the spent carbon, requiring recycling or disposal. This practice may generate environmental hazards during handling and disposal.

The engineering specifications for a carbon adsorption unit are typically designed to guard against risks by including an energy balance, which is an acceptable range of temperatures for the carbon bed. Good engineering practice means this range of temperatures should not exceed the lower explosive limit (LEL) of the compound(s) being adsorbed. There is little risk of fire if the LEL is not exceeded.

In addition to following good engineering practice for both thermal oxidizers and carbon adsorption systems, 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:

    1. The safe handling of hazardous materials used by the business;

    2. Methods of working with the local public emergency response agencies;

    3. The use of emergency response resources under control of the handler;

    4. 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.

Further, all hazardous materials are expected to be used in compliance with established OSHA or Cal/OSHA regulations and procedures, including providing adequate ventilation, using recommended personal protective equipment and clothing, posting appropriate signs and warnings, and providing adequate worker health and safety training.

When taken together, the above regulations provide comprehensive measures to reduce hazards of explosive or otherwise hazardous materials. Compliance with these and other federal, state and local regulations and proper operation and maintenance of equipment should ensure the potential for explosions or accidental releases of hazardous materials is less than significant.

Each facility is already equipped with at least one APCD. Hazardous material is already properly transported for treatment offsite and/or out of the Basin. The additional hazardous material captured by the new air pollution control systems would be hauled off to a hazardous landfill, which is what the facilities are currently doing. Hence, no new significant hazards are expected to the public or environment through its routine transport, use and disposal.

Therefore, PAR 1402 is not expected to create a significant hazard to the public or environment through reasonably foreseeable upset conditions involving the release of hazardous materials into the environment and the impact is considered less than significant.

VIII. c) Less Than Significant Impact. There are six affected facilities located within a quarter mile of any school. However, it is expected that these facilities near schools are taking the appropriate and required actions to ensure proper handling of hazardous or acutely hazardous materials, substances or wastes within one-quarter mile of an existing or proposed school.

Each facility is already equipped with at least one APCD. Hazardous material should be already properly handled to comply with all of the appropriate rules and regulations (i.e. DOT, DTSC, EPA, etc.) for treatment offsite and/or out of the Basin. PAR 1402 does not change non-conformance with any applicable hazardous regulations.

In addition to complying with hazardous regulations, SCAQMD has public notification procedures (Rule 212- Standards for Approving Permits and Issuing Public Notice) prior to granting facilities a Permit to Construct or permit modification for facilities near a school. Rule 212 informs and makes the students of affected schools aware of any proposed air pollution emitting equipment. Therefore, impacts are less than significant.

VIII. d) Less Than Significant Impact. Government Code §65962.5 refers to the "Hazardous Waste and Substances Site List," which is a list of facilities that may be subject to the Resource Conservation and Recovery Act (RCRA) corrective action program. There are eleven affected facilities that are included on the list prepared by the Department of Toxic Substances Control (DTSC) pursuant to Government Code §65962.5, some of the facilities are included on a list of RCRA-permitted sites that require corrective action as identified by DTSC. Furthermore, some of the affected facilities may be subject to corrective action under the Spill Cleanup Program (SCP) formerly "Spills, Leaks, Investigation & Cleanup (SLIC) Program" administered by the Regional Water Quality Control Board (RWQCB) pursuant to California Water Code §13304.

In the event that the installation of new or modification of existing air pollution control equipment would involve soil disturbing activities such as grading and excavation during construction of the proposed project, there is the potential for uncovering some contaminated soil. Contaminated soil is defined in SCAQMD Rule 1166 - Volatile Organic Compound Emissions From Decontamination of Soil, as soil with the potential to meet or exceed a VOC concentration of 50 ppmv. Rule 1166 includes requirements for SCAQMD notification at least 24 hours prior to the start of excavation activities, monitoring (at least once every 15 minutes, within three inches of the excavated soil surface), as well as implementation of a mitigation plan when VOC-contaminated soil is detected. To ensure compliance with SCAQMD Rule 1166, the affected facility or a construction contractor will need to obtain a pre-approved SCAQMD Rule 1166 VOC-Contaminated Soil Mitigation Plan (Plan) in order to assure that fugitive emissions will be controlled prior to the start of excavation activities. In general, a SCAQMD Rule 1166 Plan will

require the contaminated soil pile to be covered with heavy plastic sheeting and will include watering requirements to assure the soil remains moist and will require removal of the VOC-contaminated soils from the disturbed site within 30 days from the time of excavation.
Soil remediation activities are also under the jurisdiction of the RWQCB and are implemented via a Soil Management Plan for the management of small quantities of contaminated soil. Following SCAQMD approval of a Rule 1166 Plan, a Soil Management Plan will need to be submitted to the RWQCB for approval. The RWQCB, when considering the Soil Management Plan, relies on the analysis in this CEQA document and the SCAQMD Rule 1166 Plan.

In the event that any excavated soils contain concentrations of certain substances, such as heavy metals and hydrocarbons, the handling, processing, transportation and disposal of the contaminated soil would also be subject to applicable hazardous waste regulations (i.e., Title 22 of the California Code of Regulations and other local and federal rules). Title 22, Division 4.5 - Environmental Health Standards for the Management of Hazardous Waste has multiple requirements for hazardous waste characterization, handling, transport, and disposal, such as requirements to use approved disposal and treatment facilities, to use certified hazardous waste transporters, and to have manifests for tracking the hazardous materials. If discovered, contaminated excavated soil would be properly characterized to determine an appropriate offsite processing method(s). These methods may include recycling of the soil if it is considered a non-hazardous waste, off-site treatment to reduce the contaminant concentrations to non-hazardous levels so that the treated soil could be used as landfill cover, or disposal as a hazardous waste at a permitted hazardous waste facility.

In addition, there are other regulatory requirements that address the discovery and remediation of contaminated sites, including the discovery of such sites during construction activities. Further, health and safety plans, worker training, and various other activities which serve to protect workers from exposure to contamination are also required. The following federal and state regulatory requirements are specific to worker protection and contaminated soil discovery:

- Hazardous Waste Operations and Emergency Response Standard (HAZWOPER, Fed-OSHA, 29 CFR 1910.120 and Cal-OSHA HAZWOPER, 8 CCR 5192) including the requirements for health and safety plans, worker training, evaluation of the potential for chemical exposure, and physical hazards at the site.

- Resource Conservation and Recovery Act and Associated Hazardous and Solid Waste Amendments (40 CFR 260) are the federal laws and regulations that govern the generation, transportation, treatment, and disposal of hazardous waste.

- Hazardous Waste Control Law (California Health and Safety Code, Chapter 6.5) governs the generation, transportation, treatment, and disposal of hazardous waste.

- Cal-OSHA Construction Worker Safety Orders in Title 8 CCR including Permissible Exposure Levels (8 CCR 5155), injury and illness prevention plans, and workplace safety.

Hazardous wastes from the existing affected facilities are required to be managed in accordance with applicable federal, state, and local rules and regulations. Thus, while the types of additional waste that may be generated from implementing the proposed project could potentially change from the existing setting, the affected facilities would still be required to comply with all of the

aforementioned regulations. For example, if the use of a new or increased use of an existing catalyst is needed to operate the installed or modified air pollution control equipment, for those affected facilities which already use catalyst for other operational activities on-site, the additional collected spent catalyst will continue to be handled in the same manner as currently handled such that it will be disposed and/or recycled at approved facilities. Further, if any of other affected facilities are new to handling catalyst waste, the same disposal/recycling procedures are expected to be followed.

For any affected facility that is designated pursuant to Government Code §65962.5 as a large quantity generator of hazardous waste, complying with the proposed project will not alter in any way how each facility would manage their hazardous wastes and each affected facility would be expected to continue to be managed in accordance with all applicable federal, state, and local rules and regulations. Similarly, for any affected facility that is not designated pursuant to Government Code §65962.5 as a large quantity generator, implementing the proposed project would not change a facility's status regarding hazardous waste generation. Thus, implementing the proposed project would not be expected to interfere with site cleanup activities or create additional site contamination. Thus, for the aforementioned reasons, less than significant hazards impacts from the soil disturbing activities as well as the disposal and/or recycling of hazardous materials are expected from implementing the proposed project. Therefore, impacts are less than significant.

VIII. e) No Impact. Federal Aviation Administration, 14 CFR Part 77 – Safe, Efficient Use and Preservation of the Navigable Airspace[8], provides information regarding the types of projects that may affect navigable airspace. Projects may adversely affect navigable airspace if they involve construction or alteration of structures greater than 200 feet above ground level within a specified distance from the nearest runway or objects within 20,000 feet of an airport or seaplane base with at least one runway more than 3,200 feet in length and the object would exceed a slope of 100:1 horizontally (100 feet horizontally for each one foot vertically from the nearest point of the runway).

Construction activities from implementing the proposed project are expected to occur within the existing confines of the affected facilities. However, some of these facilities may be located within two miles of an airport (either public or private) and are located within an airport land use plan. Nonetheless, the installation of the toxic control devices is expected to be constructed according to the all appropriate building, land use and fire codes and operated at a low enough height relative to existing flight patterns so that the structure would not interfere with plane flight paths consistent with Federal Aviation Regulation, Part 77. Such codes are designed to protect the public from hazards associated with normal operation. Therefore, the proposed project is not expected to result in a safety hazard for people residing or working in the area of the affected facilities even if construction would occur within the vicinity of an airport. Further, since no significant impacts were identified for this issue, no mitigation measures are necessary or required.

VIII. f) No Impact. Emergency response plans are typically prepared in coordination with the local city or county emergency plans to ensure the safety of the public (surrounding local communities), and the facility employees as well. PAR 1402 would not impair implementation

[8] Department of Transportation. Federal Aviation Administration, 14 CFR Part 77 [Docket No. FAA–2006–25002; Amendment No. 77–13] RIN 2120–AH31. *Safe, Efficient Use and Preservation of the Navigable Airspace*. 42296 Federal Register / Vol. 75, No. 139 / Wednesday, July 21, 2010 / Rules and Regulations. http://www.gpo.gov/fdsys/pkg/FR-2010-07-21/pdf/2010-17767.pdf.

of, or physically interfere with any adopted emergency response plan or emergency evacuation plan. It is expected that the existing affected facilities already have an emergency response plan in place, where required. The addition of air pollution control equipment is not expected to require modification of the existing emergency response plan at the affected facilities. Thus, PAR 1402 is not expected to impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan and no impacts are anticipated.

VIII. g) No Impact. It is not known if the affected facilities are adjacent to wildlands. However, PAR 1402 does not result in any new or relocated facilities adjacent to wildland areas. Therefore, no impacts are anticipated.

PAR 1402 would also not increase the existing risk of fire hazards in areas with flammable brush, grass, or trees. No substantial or native vegetation typically exists on or near the affected facilities. So PAR 1402 is not expected to expose people or structures to wild fires. Therefore, no significant increase in fire hazards is expected at the affected facilities associated with PAR 1402.

VIII. h) Less Than Significant Impact. The three thermal oxidizers may have a risk of flammability because of the open burner. However, operators must comply with the Uniform Fire Code and Uniform Building Code. These codes 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. Further, businesses are required to report increases in the storage or use of flammable and otherwise hazardous materials to local fire departments. Local fire departments ensure that adequate permit conditions are in place to protect against potential risk of upset. PAR 1402 would not change the existing requirements and permit conditions. Therefore, PAR 1402 is not expected to create a significant hazard to the public or environment through reasonably foreseeable upset conditions involving the release of hazardous materials into the environment and impacts are less than significant.

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:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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?	☐	☐	☐	☑

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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?	☐	☐	☑	☐
h) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	☐	☐	☑	☐
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 commitments?	☐	☐	☑	☐

Significance Criteria

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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

IX. a) & g) Less Than Significant Impact. PAR 1402 is not expected to alter any existing wastewater treatment requirements or otherwise substantially degrade water quality that the requirements are meant to protect because the small volume expected through the APCDs should not warrant a modification to their existing permit.

The potential increase in wastewater volume generated by the proposed amendments is well within the existing and projected overall capacity of POTWs in the district. If PAR 1402 does exceed a facilities' wastewater discharge limit, the POTW may deem that a secondary peak permit could be required to allow the discharge during non-peak hours. Significance thresholds for industrial wastewater discharge are determined by its impact to the affected sewer system. Therefore, wastewater impacts associated with the disposal of waterborne clean-up waste material generated from implementing the proposed amendments are less than significant.

IX. b) & h) Less Than Significant Impact. As identified in Table 2-2, the two groups of controls that have the potential to increase water demand from PAR 1402 are carbon adsorption and wet scrubbers. The removal of organic material from spent carbon from carbon adsorbers may involve the use of a steam stripping application. The steam/organic mixture is vented to a condenser where the mixture is cooled. The mixture can either be disposed of or the water can be separated from the organic mixture by decanting or distillation.

The absorption process involves the transfer of components from a gas stream into a liquid form. The choice of absorbent is dependent on the physical properties of the pollutants to be controlled. Water can be used as an absorbent media for soluble gases. There are typically two modes of operation for an absorption process: simple and reclaiming/recycling. The simple process uses a single-liquid-pass system, where the water containing the toxic emission is disposed of directly after exiting the absorber. The water absorbent would need to be replaced periodically. In the complex process, the toxic component is removed or stripped from the water, and the water is recirculated into the system. In order for an absorption process to function efficiently, a certain volume of the water/toxic solution must be removed at a steady rate. The portion that is removed, which is termed the wet scrubber blowdown, constitutes the wastewater component of the process. The water that is removed must also be replaced.

According to Table 2-2, 16 new wet scrubbers and carbon adsorption systems will be needed to comply with PAR 1402. For the purposes of this analysis, an average emission exhaust flowrates was evaluated to estimate potential water demand generated by the proposed amendments. The flowrate evaluated are 10,000 CFM (Table 2-11).

If all of the 16 APCDs are assumed to be in full twenty-four hours operation, it is assumed that the control equipment will be able to handle a flowrate of 10,000 CFM, as much as 165,000 gallons per day [0.17 million gallons per day (MMgal/day)] may be utilized. This incremental daily increase in water demand anticipated for PAR 1402 is negligible (5.22E-7%) compared to the total SCAQMD supply of 9.8 million acre-feet (MAF) or 3,193,344 million gallons for 2012. Further, this incremental increase in water demand does not exceed the SCAQMD's significance threshold

of potable water of 262,820 gallons per day and total water of 5,000,000 gallons per day and, therefore, is not considered to be significant.

Table 2-11 Wastewater Discharge Volumes/Freshwater Demand From Carbon Adsorption and Wet Scrubbing

	AVERAGE SYSTEM FLOWRATE
WASTEWATER STREAM TYPE	**10,000 CFM**
Wet Scrubber blowdown (MMgal/day)[a]	0.039 - 0.214
Wet Scrubber sludge dewatering (MMgal/day)[b]	0.005
Carbon Adsorption stream stripping condense (MMgal/day)[c]	0.0004 – 0.0006
Total Wastewater discharge (MMgal/day)[d]	0.044 – 0.220

a Assumes 0.75 - 3.7 gal min per 1,000 CFM recirculation rate, 10 percent blowdown, fourteen units.

b Assumes wet scrubber dewatered sludge 20 percent solids, 90-98 percent control efficiency.

c Assumes 3/8 - 1/2 gal water per pound VOC collected, eight units

d Equal to additional freshwater demand.

PAR 1402 would not require the use of groundwater. The facilities use potable water that is treated in their respective on-site wastewater treatment, reused, and then directed to the sanitary sewer.

Therefore, it would not substantially deplete groundwater supplies, or interfere substantially with groundwater recharge, or the additional water usage from the affected facilities would be negligible. Therefore, impacts are less than significant.

IX. c) & d) Less Than Significant Impact. PAR 1402 will result in additional APCDs installed on equipment at existing commercial or industrial facilities. Since PAR 1402 will only affect existing facilities, it is not expected to have significant adverse effects on any existing drainage patterns, or cause an increase rate or amount of surface runoff water that would exceed the capacity of the facilities' existing or planned storm water drainage systems.

IX. e) & f) No Impact. PAR 1402 will result in additional APCDs installed on equipment at existing commercial or industrial facilities. PAR 1402 does not include or require any new or relocated facilities to build structures that could be located in 100-year flood hazard areas or in an area where people or structures would be exposed to flooding as a result of levee or dam failure or inundation by seiche, tsunami or mudflow. Therefore, no impacts are anticipated.

IX. i) Less Than Significant Impact. Staff estimates the additional water discharge from the wet scrubbers and carbon adsorbers are expected to be 0.17 MMgal/day are from facilities that are capable of handling the waste water from these activities.

If PAR 1402 does exceed a facilities' wastewater discharge limit, the POTW may deem that a secondary peak permit could be required to allow the discharge during non-peak hours. Significance thresholds for industrial wastewater discharge are determined by its impact to the affected sewer system. Therefore, based on the above analysis, there would be adequate capacity

to serve the PAR 1402 projected demand addition to the provider's existing commitments and less than significant impacts are anticipated.

Based upon these considerations, significant adverse hydrology and water quality impacts are not anticipated from PAR 1402. Further, since no significant impacts were identified for any of these issues, no mitigation measures are necessary or required.

X. LAND USE AND PLANNING.

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
a) Physically divide an established community?	☐	☐	☐	☑
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
As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

X. a) No Impact. PAR 1402 does not require the construction of new facilities, and any physical effects that will result from PAR 1402, will occur at existing facilities located in commercial/industrial areas and would not be expected to go beyond existing boundaries. Therefore, no impacts are anticipated.

X. b) No Impact. There are no provisions in PAR 1402 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 PAR 1402. All proposed construction activities are expected to occur within the confines of the existing facilities and 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. Further, no new development or alterations to existing land designations will occur as a result of the implementation of PAR 1402. Therefore, present or planned land uses in the region will not be affected as a result of implementing PAR 1402.

Based upon these considerations, significant land use planning impacts are not expected from the implementation of PAR 1402. Further, since no significant impacts were identified for any of these issues, no mitigation measures are necessary or required.

XI. MINERAL RESOURCES.

Would 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?	☐	☐	☐	☑
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?	☐	☐	☐	☑

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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated PAR 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

XI. a) & b) No Impact. PAR 1402 does not result in new or relocated facilities, the proposed amendments are only adding APCDs to existing facilities. There are no provisions in PAR 1402 that would result in the loss of availability of a known mineral resource of value to the region and the residents of the state such as aggregate, coal, clay, shale, et cetera, or of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan.

Based upon these considerations, significant mineral resource impacts are not expected from the implementation of PAR 1402. Since no significant mineral resource impacts were identified for any of these issues, no mitigation measures are necessary or required.

XII. NOISE.

Would the project result in:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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?	☐	☐	☑	☐

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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

XII. a), b), & c) Less Than Significant Impact. The existing noise environment at each of the affected facilities is typically dominated by noise from existing equipment onsite, vehicular traffic around the facilities, and trucks entering and exiting facility premises. Construction activities associated with implementing PAR 1402 may generate some noise associated with the use of construction equipment and construction-related traffic temporarily. Operators must comply with

their local noise ordinances for construction. However, noise from the implementation of PAR 1402 is not expected to produce noise in excess of current operations at each of the existing facilities. The operation of APCDs may add new sources of noise to each affected facility. However, control devices are not typically equipment that generate substantial amounts of noise. Nonetheless, for any noise that may be generated by the control devices, it is expected that each facility affected will comply with all existing noise control laws or ordinances. Further, Occupational Safety and Health Administration (OSHA) and California-OSHA (Cal/OSHA) have established noise standards to protect worker health. These potential noise increases are expected within the allowable noise levels established by the local noise ordinances for industrial areas, and thus are expected to be less than significant. Therefore, less than significant noise impacts are expected to result from the operation of PAR 1402.

XII. d) Less Than Significant Impact. PAR 1402 does not result in new or relocated facilities, the proposed amendments are only adding APCDs at existing facilities. However, the addition of new or modification of existing toxic control equipment would not expose people residing or working in the project area to the same degree of excessive noise levels associated with airplanes because APCDs are not typically noise generating equipment. All noise producing equipment must comply with local noise ordinances and applicable OSHA or Cal/OSHA workplace noise reduction requirements. Therefore, less than significant noise impacts are expected to occur at sites located within an airport land use plan, or within two miles of a public airport.

Based upon these considerations, significant noise impacts are not expected from the implementation of PAR 1402. Further, since no significant impacts were identified for any of these issues, no mitigation measures are necessary or required.

XIII. POPULATION AND HOUSING.

Would the project:		Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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?	☐	☐	☐	☑

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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

XIII. a) and b) No Impact. PAR 1402 is not expected to involve the relocation of individuals, require new housing or commercial facilities, or change the distribution of the population. The operators of affected facilities who need to perform any construction activities to comply with PAR 1402 can draw from the large existing labor pool in the local southern California area. Further, it is not expected that the installation of new or the modification of existing toxic control equipment will require new employees during operation of the equipment. Human population within the jurisdiction of the SCAQMD is anticipated to grow regardless of implementing PAR 1402. As a result, no impacts either direct or indirect, on population growth or displacement of people is anticipated.

Based upon these considerations, no impacts on population and housing are expected from the implementation of PAR 1402. Since no significant population and housing impacts were identified for any of these issues, no mitigation measures are necessary or required.

XIV. PUBLIC SERVICES.

Would the proposal result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, 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 times or other performance objectives for any of the following public services:	**Potentially Significant Impact**	**Less Than Significant With Mitigation**	**Less Than Significant Impact**	**No Impact**
a) Fire protection?	☐	☐	☑	☐
b) Police protection?	☐	☐	☑	☐
c) Schools?	☐	☐	☐	☑
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
As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

XIV. a) & b) Less Than Significant Impact. PAR 1402 does not result in new or relocated facilities, the proposed amendments are only adding APCDs at existing facilities. Implementation of PAR 1402 is expected to cause facility operators to install new or modify existing toxic emissions control devices, all the while continuing current operations at existing affected facilities. PAR 1402 may result in a greater demand for catalyst, scrubbing agents and other chemicals, which will need to be transported to the affected facilities to support the function of toxic emissions control equipment and stored onsite prior to use. As first responders to emergency situations, police and fire departments may assist local hazmat teams with containing hazardous materials, putting out fires, and controlling crowds to reduce public exposure to releases of hazardous materials. In addition, emergency or rescue vehicles operated by local, state, and federal law enforcement agencies, police and sheriff departments, fire departments, hospitals, medical or paramedic facilities, that are used for responding to situations where potential threats to life or property exist, including, but not limited to fire, ambulance calls, or life-saving calls, may be needed in the event of an accidental release or other emergency. While the specific nature or degree of such impacts is currently unknown, the affected facilities have existing emergency

response plans so any changes to those plans would not be expected to dramatically alter how emergency personnel would respond to an accidental release or other emergency. In addition, due the low probability and unpredictable nature of accidental releases, PAR 1402 is not expected to increase the need or demand for additional public services (e.g., fire and police departments and related emergency services, et cetera) above current levels.

No new or physically altered governmental facilities would be needed, since PAR 1402 does not result in any new or relocated facilities. Therefore, less than significant impacts are anticipated.

XIV. c) No Impact. As noted in the previous "Population and Housing" discussion, PAR 1402 is not expected to induce population growth in any way because the local labor pool (e.g., workforce) is expected to be sufficient to accommodate any construction activities that may be necessary at affected facilities and operation of new or modified toxic emissions control equipment is not expected to require additional employees. Therefore, there will be no increase in local population and thus no impacts are expected to local schools or parks.

XIV. d) No Impact. PAR 1402 is expected to result in the use of new or modified add-on control equipment for toxic control. Besides permitting the equipment or altering permit conditions by the SCAQMD, there is no need for other types of government services. PAR 1402 would not result in the need for new or physically altered government facilities in order to maintain acceptable service ratios, response times, or other performance objectives. There will be no increase in population and, therefore, no need for physically altered government facilities.

Based upon these considerations, significant public services impacts are not expected from the implementation of PAR 1402. Since no significant public services impacts were identified for any of these issues, no mitigation measures are necessary or required.

XV. RECREATION.

		Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
a)	Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	☐	☐	☐	☑
b)	Does the project include recreational facilities or require the construction or expansion of recreational facilities that 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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

XV. a) & b) No Impact. As discussed earlier under the topic of "Population and Housing," there are no provisions in PAR 1402 that would affect or increase the demand for or use of existing neighborhood and regional parks or other recreational facilities or require the construction of new or the expansion of existing recreational facilities that might have an adverse physical effects on the environment because PAR 1402 will not directly or indirectly increase or redistribute population. Based upon these considerations, including the conclusion of "no impact" for the topic of "Population and Housing," significant recreation impacts are not expected from implementing PAR 1402. Since no significant recreation impacts were identified, no mitigation measures are necessary or 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?	☐	☐	☑	☐
b) Comply with federal, state, and local statutes and regulations related to solid and hazardous waste?	☐	☐	☑	☐

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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated RulePAR 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

XVI. a) Less Than Significant Impact. Landfills are permitted by the local enforcement agencies with concurrence from the California Department of Resources Recycling and Recovery (CalRecycle). Local agencies establish the maximum amount of solid waste which can be received by a landfill each day and the operational life of a landfill. PAR 1402 would generate minimal waste from the disposal of contaminated concrete and soils that is discussed in further detail in the following paragraphs.

Affected facilities may install control equipment or implement process changes that could increase the waste products in the form of liquid or solids, and operation of control equipment such as filters, carbon adsorption, and wet scrubbers could have solid waste impacts.

Assumptions Used in the Solid Waste Analysis

This analysis of solid waste impacts assumes that safety and disposal procedures required by various agencies in the state of California will provide reasonable precautions against the improper disposal of hazardous wastes in a municipal waste landfill. Because of state and federal requirements, some facilities are attempting to reduce or minimize the generation of solid and hazardous wastes by incorporating source reduction technologies to reduce the volume or toxicity of wastes generated, including improving operating procedures, using less hazardous or nonhazardous substitute materials, and upgrading or replacing inefficient processes.

Carbon Adsorption

The amount of solid waste that may be generated by the carbon adsorption process would depend on the number of carbon adsorbers installed, the operating characteristics, and frequency of carbon replacement. Disposal of spent carbon could adversely affect solid waste disposal facilities because increased quantities of waste may be generated. In addition, spent carbon may be considered hazardous waste depending on the constituents present and their concentrations, which may require disposal in a Class I landfill.

Only six carbon adsorbers may be installed to comply with PAR 1402. The estimated spent carbon waste is 852 tons/yr[9] from those facilities installing carbon adsorbers to comply PAR 1402. It should be noted that the amounts of solid waste generated substantially overestimates solid waste impacts because most carbon is regenerated in a rotary kiln and reused. The rotary kiln typically consumes five percent of the carbon in the process, which has to be replaced.

Wet Scrubbing

It is estimated that ten wet scrubbers may be installed as a control option to comply with the proposed amendments. Assuming a 98 percent control efficiency, wet scrubbing of all metal compounds would be expected to generate a maximum volume of 92 tons per year (9.2 tons per year per wet scrubber x 10 facilities) of hazardous solids and dewatered sludge. Based on the types of facilities that would install wet scrubbers, it is likely that this waste would be concentrated with metals and would most likely need to be disposed of as a hazardous waste in a Class I landfill.

Filtration

Filtration includes usage of HEPA filters. All mixed metal compounds could be generated with the use of filtration controls at a 99.9 percent control rate. It is likely that the majority of the approximately 11.4 tons per year of minerals and silica (6 filtration systems x 1.9 tons per year per filter) that could potentially be generated by filtration devices would be used as land cover at a solid waste, Class II landfill. Otherwise, if traces of asbestos, etc. are found, the filter would need to be disposed in a Class I landfill.

Depending upon what type of control equipment is used, the total quantity of waste requiring disposal in a Class I landfill that may be generated from the disposal of spent carbon, minerals and metal compounds is 2.6 tons per day (or 955.4 tons per year) as shown in Table 2-12.

Table 2-12 Total Solid Waste Generation

Control Type	Potential # APCDs	Annual Waste per Control Device (tons/year)	Total Waste Generated (tons/year)
Carbon adsorption	6	142	852
Wet Scrubbing	10	9.2	92
Filtration	6	1.9	11.4
TOTAL WASTE GENERATED FROM PROPOSED PROJECT			**955.4 tons/yr or 2.6 tons/day**

Currently, there are three Class I landfills in California: Laidlaw Environmental in Westmoreland, Imperial County; Chemical Waste Management Corporation in Kettleman Hills, Kings County;

[9] Based on total emissions of 71 ton/yr for low and medium boiling point VOC and carbon replacement rate 2-lb carbon/lb VOC per year, assuming 5-year bed life, six permit units.

and Laidlaw Environmental, in Buttonwillow, Kern County. According to SCAQMD's 2012 AQMP, the total available capacity of each of these landfills ranges from 83,425 cubic yards (or 116,796 tons per day). With an annual disposal of 955.4 tons of carbon beds, filters, etc., the total solid/hazardous waste impact from PAR 1402 is about 0.0022 percent of the available Class I landfill capacity. The amount of hazardous waste generated by PAR 1402 will not require new Class I landfills and is not considered to be a substantial impact to existing landfill capacity. Therefore, potential hazardous waste impacts are considered less than significant.

XVI.b) Less Than Significant Impact. It is assumed that facility operators at the affected facilities comply with all applicable local, state, or federal waste disposal regulations. Implementing PAR 1402 is not expected to interfere with any affected facility's ability to comply with applicable local, state, or federal waste disposal regulations. Therefore, impacts are less than significant.

Based upon these considerations, significant adverse solid/hazardous waste impacts are not anticipated. Therefore, no further analysis or mitigation measures are required or necessary.

XVII. TRANSPORTATION/TRAFFIC.

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
a) Conflict with an applicable plan, ordinance or policy establishing 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?	☐	☐	☐	☑

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

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

XVII. a) & b) Less than Significant Impact

Construction

PAR 1402 is expected to require construction activities for control equipment. It has been estimated to need 9 delivery and/or disposal trucks and 12 construction worker trips on a peak construction day (during the fill phases) for the three facilities constructing at the same time. Construction is not expected to affect on-site traffic or parking. The additional 21 construction trips are less than the significance threshold of 350 round trips, therefore construction activities are not expected to cause a significance adverse impact to traffic or transportation.

Operation

Waste products may be generated from the use of several types of control technologies. Wastes could include: spent carbon generated from the carbon adsorption process; spent metal catalysts from the catalytic oxidation process; solids and sludge from wet scrubbers; and dry solids from filtration controls. The majority of wastes will likely need to be transported to disposal or recycling facilities. The catalysts in catalytic oxidizers need to be replaced every few years so this potential waste product was considered to contribute to the waste transport impacts.

For a "worst case" analysis, it is assumed that for the 24 facilities that choose to install a control device to comply with PAR 1402, these facilities at any given day would generate an additional 3 truck trips per day in the entire district additional for delivery and disposal. These potential truck trips are not expected to significantly adversely affect circulation patterns on local roadways or the level of service at intersections near affected facilities. In addition, this volume of additional daily

truck traffic is negligible over the entire area of the district. Finally, the number waste disposal transport trips substantially overestimates the number of anticipated trips because owners/operators at affected facilities may use other types of add-on control equipment that do not generate wastes and the actual volume of wastes is expected to much less than estimated here, resulting in fewer truck trips per day.

Table 2-13 Estimation of Maximum Daily Vehicle Trips

Phase	Worker Vehicles	Delivery/Disposal Trucks
Construction	12/day	9 per day[a]
Operation	N/A	3 per day[b]

[a] A maximum of 12 worker vehicles and 9 delivery/disposal trucks per day were estimated from three affected facilities peak construction

[b] A maximum of 3 delivery/disposal trucks will travel in the District for the 24 Affected Facilities

XVII. c) No Impact. Compliance with PAR 1402 will not require operators of existing facilities to construct buildings or other structures that could interfere with flight patterns so the height and appearance of the existing structures are not expected to change. Therefore, implementation of PAR 1402 is not expected to adversely affect air traffic patterns. Further, PAR 1402 will not affect in any way air traffic in the region because it will not require transport of any materials by air.

XVII. d) & e) No Impact. PAR 1402 does not involve construction of any roadways or other transportation design features, so there would be no change to current roadway designs that could increase traffic hazards. Thus, PAR 1402 is not expected to substantially increase traffic hazards or create incompatible uses at or adjacent to the affected facilities. Emergency access at the affected facilities is not expected to be impacted by PAR 1402. Further, each affected facility is expected to continue to maintain their existing emergency access. Since PAR 1402 involves short-term construction activities and operational of control equipment is not expected to increase vehicle trips, PAR 1402 is not expected to alter the existing long-term circulation patterns. PAR 1402 is not expected to require a modification to circulation, thus, no long-term impacts on the traffic circulation system are expected to occur.

XVII. f) No Impact. The affected facilities would still be expected to comply with, and not interfere with adopted policies, plans, or programs supporting alternative transportation (e.g. bicycles or buses). Since all of PAR 1402 compliance activities would occur on-site, PAR 1402 would not hinder compliance with any applicable alternative transportation plans or policies.

Based upon these considerations, significant adverse transportation/traffic impacts are not anticipated. Therefore, no further analysis or mitigation measures are required or necessary.

XVIII. MANDATORY FINDINGS OF SIGNIFICANCE.

		Potentially Significant Impact	Less Than Significant With Mitigation	Less Than Significant Impact	No Impact
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 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 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?	☐	☐	☑	☐

DISCUSSION

As discussed earlier under the "Environmental Checklist and Discussion", there are no expected environmental impacts from PAR 1401 and the associated Rule~~PAR~~ 1402 guidance documents, since they are administrative in nature and do not require or cause any physical damage to the environment. A discussion of impacts from PAR 1402 are discussed below.

XVIII. a) Less than Significant Impact. As discussed in the "Biological Resources" section, PAR 1402 are not expected to significantly adversely affect plant or animal species or the habitat on which they rely because any construction and operational activities associated with affected sources are expected to occur entirely within the boundaries of existing developed facilities in areas that have been greatly disturbed and that currently do not support any species of concern or the habitat on which they rely. PAR 1402 are not expected to reduce or eliminate any plant or animal species or destroy prehistoric records of the past.

XVIII. b) Less than Significant Impact. Based on the foregoing analyses, PAR 1402 would not result in significant adverse project-specific environmental impacts. Potential adverse impacts

from implementing PAR 1402 would not be "cumulatively considerable" as defined by CEQA Guidelines §15064(h)(1) for any environmental topic because there are no, or only minor incremental project-specific impacts that were concluded to be less than significant. Per CEQA Guidelines §15064(h)(4), the mere existing of significant cumulative impacts caused by other projects alone shall not constitute substantial evidence that PAR 1402's incremental effects are cumulative considerable. SCAQMD cumulative significant thresholds are the same as project-specific significance thresholds.

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 South Coast Air Quality Management District'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, "Although 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, when using accurate and appropriate data and assumptions, that the project will not exceed the established South Coast Air Quality Management District 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 South Coast Air Quality Management District'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.

Therefore, there is no potential for significant adverse cumulative or cumulatively considerable impacts to be generated by PAR 1402 for any environmental topic.

XVIII. c) Less than Significant Impact. Based on the foregoing analyses, PAR 1402 is not expected to cause adverse effects on human beings for any environmental topic because the air quality impacts were determined to be less than the significance thresholds (See Section III-AQ), the energy demand, water demand and solid waste disposal can be met utilizing existing services (See Section VI-Energy, Section IX-Hydrology and Section XVI-Solid/Hazardous Waste) and the aesthetics, noise, hazards and public services will not be significantly impacted (See Section I-Aesthetics, Section VII-Hazards, Section XII-Noise, and Section XIV-Public Services).

As previously discussed in environmental topics I through XVIII, PAR 1402 has no potential to cause significant adverse environmental effects. Therefore, no further analysis or mitigation measures are required or necessary.

APPENDICES

APPENDIX A

PROPOSED AMENDED RULES

In order to save space and avoid repetition, please refer to the latest version of the PARs 307.1, 1401, and 1402 located elsewhere in the October 7, 2016 Governing Board Package. The version of PARs 307.1, 1401, and 1402 that were circulated with the Draft EA during the 30-day public review and comment period from August 23, 2016 to September 22, 2016 were identified in Appendix A of the Draft EA as follows:
PAR 307.1 (07-19-2016)
PAR 1401 (07-19-2016)
PAR 1402 (07-19-2016)

Original hard copies of the Draft EA, which include the draft versions of PARs 307.1, 1401, and 1402 listed above, can be obtained through the SCAQMD Public Information Center at the Diamond Bar headquarters or by calling (909) 396-2039. In addition, the draft versions of PARs 307.1, 1401, and 1402 can be found in Appendix A of the Draft EA which can be accessed on the SCAQMD's website at: http://www.aqmd.gov/docs/default-source/ceqa/documents/aqmd-projects/2016/PAR307-1_1401_1402DEA.pdf?sfvrsn=4.

APPENDIX B

ASSUMPTIONS AND CALCULATIONS

Table B-1 Summary

Total On-Site for Three Facilities ("worst-case")

	CO, lb/day	NOx, lb/day	PM10, lb/day	PM2.5, lb/day	VOC, lb/day	SOx, lb/day	CO2e, ton/year	Total GHG Amortized over 30 years for 24 facilities (CO2e/yr)
Grading/Site Preparation	34	76	**10.6**	**4.4**	8.2	0.1	47	
Paving	23	36	2.2	2.0	0.7	0.02	7	
Equipment Installation	**45**	**89**	4.3	3.9	**10.3**	**0.1**	**1243**	
								346
Significance Threshold	550	100	150	55	75	150	10,000	
Exceed Significance?	NO	NO	NO	NO	NO	NO	NO	

Table B-2 Grade/Site Summary

Grading/Site Preparation -	for Three Facilities								
Construction Schedule	**10 days**[a]								
Equipment Type[a,b]	**No. of Equipment**	**hr/day**	**Crew Size per facility**						
Rubber Tired Dozers	3	7.0	4						
Tractors/Loaders/Backhoes	3	7.0							
Construction Equipment Emission Factors									
	CO	**NOx**	**PM10**	**PM2.5**	**VOC**	**SOx**	**CO2**	**CH4**	**NO2**
Equipment Type[c]	lb/hr	lb/hr	lb/hr	lb/hr	lb/hr	lb/hr	lb/hr	lb/hr	lb/hr
Rubber Tired Dozers	1.101	2.381	0.099	0.091	0.284	0.002	238	0.026	0.099
Tractors/Loaders/Backhoes	0.374	0.498	0.034	0.031	0.073	0.001	67	0.007	0.021
Fugitive Dust Bulldozer Parameters									
Vehicle Speed (mph)[d]	**Vehicle Miles Traveled**[e]								
3	63								
Fugitive Dust Material Handling									
Aerodynamic Particle Size Multiplier[f]	**Mean Wind Speed**[g]	**Moisture Content**[h]	**Dirt Handled**[i]					**Dirt Handled**[j]	
	mph		cy					lb/day	
0.35	10	7.9	2,730		136513			6,825,625	
Construction Vehicle (Mobile Source) Emission Factors[k]									
	CO	**NOx**	**PM10**	**PM2.5**	**VOC**	**SOx**	**CO2**	**CH4**	**NO2**
	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile
Automobile	4.12E-03	3.41E-04	1.04E-04	4.41E-05	4.50E-04	8.22E-06	0.73	2.01E-05	4.83E-06
Medium-Duty Truck	3.98E-03	1.81E-02	5.40E-04	3.85E-04	7.84E-04	3.64E-05	3.76	3.64E-05	2.56E-04
Number of Trips and Trip Length									
Vehicle	**No. of One-Way Trips/Day**	**One-Way Trip Length (miles)**							
Automobile	12	20							
Medium-duty Truck[l]	9	20							

Table B-2 Grade/Site Summary (continued)

Incremental Increase in Combustion Emissions from Construction Equipment

Equation: Emission Factor (lb/hr) x No. of Equipment x Work Day (hr/day) = Construction Emissions (lb/day)

	CO	NOx	PM10	PM2.5	VOC	SOx	CO2	CH4	NO2
Equipment Type	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day
Rubber Tired Dozers	23.12	50.00	2.08	1.91	5.96	0.05	4,994	0.54	2.08
Tractors/Loaders/Backhoes	7.86	10.45	0.71	0.66	1.53	0.02	1,402	0.14	0.43
Total	**31.0**	**60.5**	**2.8**	**2.6**	**7.5**	**0.1**	**6,396**	**0.7**	**2.5**

Incremental Increase in Fugitive Dust Emissions from Construction Operations

Equations:

Grading[m]: PM10 Emissions (lb/day) = 0.60 x 0.051 x mean vehicle speed$^{2.0}$ x VMTx (1 - control efficiency)

Material Handling[n] PM10 Emissions (lb/day) = (0.0032 x aerodynamic particle size multiplier x (wind speed (mph)/5)$^{1.3}$/(moisture content/2)$^{1.4}$ x dirt handled (lb/day)/2,000 (lb/ton)
(1 - control efficiency)

	Control Efficiency	Unmitigated PM10	Unmitigated PM2.5[o]
Description	%	lb/day	lb/day
Earthmoving	61	6.8	1.422
Material Handling	61	0.54	0.113
Total		**7.3**	**1.535**

Incremental Increase in Combustion Emissions from Onroad Mobile Vehicles

Equation: Emission Factor (lb/mile) x No. of One-Way Trips/Day x 2 x Trip length (mile) = Mobile Emissions (lb/day)

	CO	NOx	PM10	PM2.5	VOC	SOx	CO2	CH4	NO2
Vehicle	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day
Automobiles	1.9114	8.6912	0.2594	0.1846	0.3764	0.0175	1,803	0.0175	0.1231
Medium Duty Trucks	1.4336	6.5184	0.1945	0.1385	0.2823	0.0131	1,352	0.0131	0.0923
	3.345	**15.210**	**0.454**	**0.323**	**0.659**	**0.031**	**3,154**	**0.031**	**0.215**

Table B-2 Grade/Site Summary (continued)

Total Incremental Emissions from Construction Activities							
	CO	**NOx**	**PM10**	**PM2.5**	**VOC**	**SOx**	**CO2**
Sources	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	metric ton/year
Emissions	**34**	**76**	**10.6**	**4.4**	**8.2**	**0.098**	**47**
Significance Threshold[p]	***550***	***100***	***150***	***55***	***75***	***150***	
Exceed Significance?	**NO**	**NO**	**NO**	**NO**	**NO**	**NO**	

Notes:

Project specific data may be entered into shaded cells. Changing the values in the shaded cells will not affect the integrity of the worksheets. Verify that units of values entered match units for cell.

Adding lines or entering values with units different than those associated with the shaded cells may alter the integrity of the sheets or produce incorrect results.

a) Based on assumption that each bulldozer can move 35 cubic yards of soil per hour and one acre of area with a depth of 20 feet.

b) Estimated construction equipment assumed to operate one eight-hour shift per day.

c) Emission factors estimated using OFFROAD2011

d) Caterpillar Performance Handbook, Edition 33, October 2003 Operating Speeds, p 2-3.

e) Two bulldozers traveling three miles per hour for seven hours per day.

f) USEPA, AP-42, Jan 1995, Section 13.2.4 Aggregate Handling and Storage Piles, p 13.2.4-3 Aerodynamic particle size multiplier for < 10 μm

g) Mean wind speed - maximum of daily average wind speeds reported in 1981 meteorological data.

i) Assuming 2730.25 cubic yards of dirt handled (4840 ft2 x 20 ft) x yd3/27 ft3)/ days)

j) Dirt handled, lb/day = (2730.25 yd3 x 2,500 lb/yd3)

k) Emission factors estimated using EMFAC2011 for the 2014 fleet year.

l) Assumed 30 cubic yd truck capacity for 2730.25 cy of dirt [(2730.25 cy x truck/30 cy) = 9 one-way truck trips/day].

m) USEPA, AP-42, July 1998, Table 11.9-1, Equation for Site Grading ≤ 10 μm

n) USEPA, Fugitive Dust Background Document and Technical Information Document for Best Available Control Measures, Sept 1992, EPA-450/2-92-004, Equation 2-12

o) Includes watering at least three times a day per Rule 403 (61% control efficiency)

p) SCAQMD CEQA significance thresholds

Table B-3 Paving Summary

Asphalt Paving of Foundation	**for Three Facilities**							
Construction Schedule	**8**	**days**[a]						
Equipment Type[a]	**No. of Equipment**	**hr/day**	**Crew Size per facility**					
Pavers	3	7.0	4					
Cement and Mortar Mixers	3	6.0						
Rollers	3	7.0						
Construction Equipment Combustion Emission Factors								
	CO	**NOx**	**PM10**	**PM2.5**	**VOC**	**SOx**	**CO2**	**CH4**
Equipment Type[b]	lb/hr	lb/hr	lb/hr		lb/hr	lb/hr	lb/hr	lb/hr
Pavers	0.526	0.810	0.056	0.052	0.143	0.001	78	0.013
Cement and Mortar Mixers	0.042	0.055	0.002	0.002	0.009	0.000	7	0.001
Rollers	0.401	0.616	0.042	0.039	0.091	0.001	67	0.008
Construction Vehicle (Mobile Source) Emission Factors[c]								
	CO	**NOx**	**PM10**	**PM2.5**	**VOC**	**SOx**	**CO2**	**CH4**
	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile
Automobile	4.12E-03	3.41E-04	1.04E-04	4.41E-05	4.50E-04	8.22E-06	0.73	2.01E-05
Medium-Duty Truck	3.98E-03	1.81E-02	5.40E-04	3.85E-04	7.84E-04	3.64E-05	3.76	3.64E-05
Number of Trips and Trip Length								
Vehicle	**No. of One-Way Trips/Day**	**One-Way Trip Length (miles)**						
Worker	12	20						
Delivery/Disposal Truck[d]	9	20						

Table B-3 Paving Summary (continued)

Incremental Increase in Combustion Emissions from Construction Equipment

Equation: Emission Factor (lb/hr) x No. of Equipment x Work Day (hr/day) = Construction Emissions (lb/day)

	CO	NOx	PM10	PM2.5	VOC	SOx	CO2	CH4
Equipment Type	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day
Pavers	11.05	17.00	1.18	1.09	0.2	0.00	152	0.02
Cement and Mortar Mixers	7.23	11.09	0.75	0.69	0.0	0.00	0	0.00
Rollers	0.88	1.16	0.05	0.05	0.0	0.00	0	0.00
Total	**19**	**29**	**1.99**	**1.83**	**0.19**	**0.00**	**152**	**0.02**

Incremental Increase in Combustion Emissions from Onroad Mobile Vehicles

Equation: Emission Factor (lb/mile) x No. of One-Way Trips/Day x 2 x Trip length (mile) = Mobile Emissions (lb/day)

	CO	NOx	PM10	PM2.5	VOC	SOx	CO2	CH4
Vehicle	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day
Worker	1.978	0.164	0.0498	0.0212	0.2161	0.0039	349.6105	0.0096
Delivery	1.434	6.518	0.1945	0.1385	0.2823	0.0131	1351.9159	0.0131
Total	**3.412**	**6.682**	**0.2443**	**0.1596**	**0.4984**	**0.0170**	**1701.5264**	**0.0227**

Total Incremental Combustion Emissions from Construction Activities

	CO	NOx	PM10	PM2.5	VOC	SOx	CO2eq
Sources	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	metric ton/year
Emissions	**23**	**36**	**2.2**	**2.0**	**0.7**	**0.0**	**6.8**
Significance Threshold[e]	***550***	***100***	***150***	***55***	***75***	***150***	
Exceed Significance?	**NO**	**NO**	**NO**	**NO**	**NO**	**NO**	

Notes:

Project specific data may be entered into shaded cells. Changing the values in the shaded cells will not affect the integrity of the worksheets. Verify that units of values entered match units for cell. Adding lines or entering values with units different than those associated with the shaded cells may alter the integrity of the sheets or produce incorrect results.

a) Estimated construction equipment assumed to operate one eight-hour shift per day.

b) Emission factors estimated using OFFROAD2011

c) Emission factors estimated using EMFAC2011 for the 2014 fleet year.

d) Assumed three deliver truck trips per day.

e) SCAQMD CEQA significance thresholds

Table B-4 Installation Summary

APCD Installation	**for Three Facilities**								
Construction Schedule	30 days								
Equipment Type[a]	**No. of Equipment**	**hr/day**	**Crew Size per facility**						
Cranes	9	4.0	4						
Forklifts	6	6.0							
Tractors/Loaders/Backhoes	6	8.0							
Construction Equipment Combustion Emission Factors									
	CO	**NOx**	**PM10**	**PM2.5**	**VOC**	**SOx**	**CO2**	**CH4**	**NO2**
Equipment Type[b]	lb/hr	lb/hr	lb/hr		lb/hr	lb/hr	lb/hr	lb/hr	lb/hr
Cranes	0.431	1.028	0.044	0.041	0.120	0.001	121	0.011	0.043
Forklifts	0.221	0.355	0.018	0.016	0.050	0.001	54	0.004	0.015
Tractors/Loaders/Backhoes	0.374	0.498	0.034	0.031	0.073	0.001	67	0.007	0.021
Construction Vehicle (Mobile Source) Emission Factors[c]									
	CO	**NOx**	**PM10**	**PM2.5**	**VOC**	**SOx**	**CO2**	**CH4**	**NO2**
	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile
Automobile	4.12E-03	3.41E-04	1.04E-04	4.41E-05	4.50E-04	8.22E-06	0.73	2.01E-05	4.83E-06
Medium-Duty Truck	3.98E-03	1.81E-02	5.40E-04	3.85E-04	7.84E-04	3.64E-05	3.76	3.64E-05	2.56E-04
Number of Trips and Trip Length									
Vehicle	**No. of One-Way Trips/Day**	**One-Way Trip Length (miles)**							
Worker	12	20							
Medium-duty Truck[d]	9	20							

Table B-4 Installation Summary (continued)

Incremental Increase in Combustion Emissions from Construction (Off Road) Equipment

Equation: Emission Factor (lb/hr) x No. of Equipment x Work Day (hr/day) = Construction Emissions (lb/day)

	CO	NOx	PM10	PM2.5	VOC	SOx	CO2	CH4	NO2
Equipment Type	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day
Cranes	15.5	37.0	1.60	1.47	4.3	0.05	4,353	0.39	1.54
Forklifts	8.0	12.8	0.64	0.59	1.79	0.02	1,957	0.16	0.53
Tractors/Loaders/Backhoes	18.0	23.9	1.63	1.50	3.50	0.04	3,204	0.31	0.99
Total	**41.5**	**73.7**	**3.9**	**3.6**	**9.6**	**0.11**	**9,514**	**0.87**	**3.06**

Incremental Increase in Combustion Emissions from Onroad Mobile Vehicles

Equation: Emission Factor (lb/mile) x No. of One-Way Trips/Day x 2 x Trip length (mile) = Mobile Emissions (lb/day)

	CO	NOx	PM10	PM2.5	VOC	SOx	CO2	CH4	NO2
Vehicle	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day
Worker	1.91	8.7	0.259	0.185	0.376	1.75E-02	1,803	0.0175	0.1231
Medium-Duty Truck	1.43	6.5	0.20	0.138	0.28	1.30E-02	1,352	0.013	0.092
Total	**3.3**	**15.2**	**0.45**	**0.32**	**0.66**	**3.05E-02**	**3,154**	**0.031**	**0.215**

Total Incremental Combustion Emissions from Construction Activities

	CO	NOx	PM10	PM2.5	VOC	SOx	CO2eq
Sources	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	metric ton/year
Emissions	**45**	**89**	**4.3**	**3.9**	**10.3**	**0.1**	**1,243**
Significance Threshold[e]	***550***	***100***	***150***	***55***	***75***	***150***	
Exceed Significance?	**NO**	**NO**	**NO**	**NO**	**NO**	**NO**	

Notes:

Project specific data may be entered into shaded cells. Changing the values in the shaded cells will not affect the integrity of the worksheets. Verify that units of values entered match units for cell. Adding lines or entering values with units different than those associated with the shaded cells may alter the integrity of the sheets or produce incorrect results.

a) Estimated construction equipment assumed to operate one eight-hour shift per day.

b) Emission factors estimated using OFFROAD2011

c) Emission factors estimated using EMFAC2011 for the 2014 fleet year.

d) Assumed three deliver truck trips per day.

e) SCAQMD CEQA significance thresholds

Table B-5 Operation Summary

Operational	for Three Facilities								
	CO	**NOx**	**PM10**	**PM2.5**	**VOC**	**SOx**	**CO2**	**CH4**	**NO2**
	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile	lb/mile
Automobile	4.12E-03	3.41E-04	1.04E-04	4.41E-05	4.50E-04	8.22E-06	0.73	2.01E-05	4.83E-06
Medium-Duty Truck[a]	3.98E-03	1.81E-02	5.40E-04	3.85E-04	7.84E-04	3.64E-05	3.76	3.64E-05	2.56E-04

Number of Trips and Trip Length									
Vehicle	**No. of One-Way Trips/Day[i]**	**One-Way Trip Length[j] (miles)**							
Worker	0	20							
Medium-Duty Truck	3	20							

Incremental Increase in Combustion Emissions from Onroad Mobile Vehicles									
Equation: Emission Factor (lb/mile) x No. of One-Way Trips/Day x 2 x Trip length (mile) = Mobile Emissions (lb/day)									
	CO	**NOx**	**PM10**	**PM2.5**	**VOC**	**SOx**	**CO2**	**CH4**	**NO2**
Vehicle	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day
Automobile	0.00	0.000	0.0000	0.0000	0.000	0.00000	0	0.0000	4.83E-06
Medium-Duty Truck	0.5	2.2	0.065	0.046	0.09	0.0044	451	0.0044	0.031

Total Incremental Emissions from Operational Activities									
	CO	**NOx**	**PM10**	**PM2.5**	**VOC**	**SOx**	**CO2**		
Sources	lb/day	lb/day	lb/day	lb/day	lb/day	lb/day	metric ton/year		
Emissions	**0.5**	**2.2**	**0.1**	**0.0**	**0.1**	**0.00**	**0.21**		
Significance Threshold[b]	***550***	***55***	***150***	***55***	***75***	***150***	***10,000***		
Exceed Significance?	**NO**	**NO**	**NO**	**NO**	**NO**	**NO**	**NO**		

Notes:

a) Emission factors estimated using EMFAC2011 for the 2016 fleet year.

b) SCAQMD significance thresholds

Table B-6 Thermal Oxidizer Summary

Annual Emission Reporting Default Emission Factors for External Combustion Equipment

Fuel Type (fuel unit)	Organic Gases, lb/mmscf	Rule 1147 Nitrogen Oxides, lb/mmbtu	Sulfur Oxides, lb/mmscf	Carbon Monoxide, lb/mmscf	Particulate Matter, lb/mmscf	CO2, lb/mmscf	N2O, lb/mmscf	CH4, lb/mmscf
Natural Gas/ Other Equipment	7	0.073	0.6	35	7.5	120,000	0.64000	2.3

Annual Emission Reporting (AER) defaulting emission factors from B1 external combustion equipment for all criteria pollutants exempt NOx.
BACT= Rule 1147 NOx emissions limit was used.
CO2, N2O and CH4 emission factors from AP-42 Table 1.4-2, July 1998

Thermal Oxidizer Criteria Pollutant Emissions

Natural Gas Rating, mmbtu/hr	Conversion, btu/scf	Natural Gas Usage, mmscf/hr	Op Time, hr/day	ROG, lb/day	NOx, lb/day	SOx, lb/day	CO, lb/day	PM, lb/day
2.44	1,050	0.00232	8	0.1	1.4	0.01	0.7	0.1

Natural gas rating based on engineering estimate.

Thermal Oxidizer Greenhouse Gas Emisisons

Natural Gas Usage, mmscf/yr	CO2, metric ton/year	N2O, metric ton/year	CH4, metric ton/year	CO2e, metric ton/year
20.3	1,105	0.01	0.02	1,107

Table B-7
Construction Equipment Fuel Use (Off Road)

Grading/Site Preparation

Equipment Type	No. of Equipment	Op Time, hr/day	Fuel Economy, gal/hr	Fuel Used, gal/day
Rubber Tired Dozers	3	7.0	5.2	109.2
Tractors/Loaders/Backhoes	3	7.0	1.9	39.9
			Total:	**149.1**

Paving

Equipment Type	No. of Equipment	Op Time, hr/day	Fuel Economy, gal/hr	Fuel Used, gal/day
Pavers	1	7.0	2.8	19.6
Cement and Mortar Mixers	4	6.0	3.8	91.2
Rollers	1	7.0	1.6	11.2
Tractors/Loaders/Backhoes	1	7.0	1.9	13.3
			Total:	**135.3**

Equipment Installation

Equipment Type	No. of Equipment	Op Time, hr/day	Fuel Economy, gal/hr	Fuel Used, gal/day
Cranes	3	4.0	3.52	42.24
Forklifts	2	6.0	0.96	11.52
Tractors/Loaders/Backhoes	2	8.0	1.9	30.4
			Total:	**84.16**

Table B-8
Vehicle Fuel Use (On Road)
Construction and Operation

Grading/Site Preparation

Vehicle	No. of One-Way, Trips/Day	One-Way Trip Length, miles	Fuel Economy, mpg	Fuel Used, gal/day
Automobile	12	20	10	48
Medium-duty Truck	9	20	40	9

Paving

Vehicle	No. of One-Way, Trips/Day	One-Way Trip Length, miles	Fuel Economy, mpg	Fuel Used, gal/day
Automobile	12	20	10	48
Medium-duty Truck	9	20	40	9

Equipment Installation

Vehicle	No. of One-Way, Trips/Day	One-Way Trip Length, miles	Fuel Economy, mpg	Fuel Used, gal/day
Automobile	12	20	10	48
Medium-duty Truck	9	20	40	9

Operational

Vehicle	No. of One-Way, Trips/Day	One-Way Trip Length, miles	Fuel Economy, mpg	Fuel Used, gal/day
Medium-duty Truck	3	20	40	3

APPENDIX C

ASSOCIATED RULE 1402 GUIDANCE DOCUMENTS

In order to save space and avoid repetition, please refer to the latest version of the associated Rule 1402 guidance documents located elsewhere in the October 7, 2016 Governing Board Package. The versions of the associated Rule 1402 guidance documents that were circulated with the Draft EA during the 30-day public review and comment period from August 23, 2016 to September 22, 2016 were identified in Appendix C of the Draft EA as Draft SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402 – Updated July 2015, and Draft SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program. Original hard copies of the Draft EA, which include the draft versions of the associated Rule 1402 guidance documents listed above, can be obtained through the SCAQMD Public Information Center at the Diamond Bar headquarters or by calling (909) 396-2039. In addition, the associated Rule 1402 guidance documents along with the Draft EA can be accessed on the SCAQMD's website at: http://www.aqmd.gov/docs/default-source/ceqa/documents/aqmd-projects/2016/PAR307-1_1401_1402DEA.pdf?sfvrsn=4.

APPENDIX D

COMMENT LETTER AND RESPONSE TO THE COMMENT LETTER

INTRODUCTION

A Draft EA was released for a 30-day public review and comment period from August 23, 2016 to September 22, 2016. The environmental analysis in the Draft EA concluded that the proposed project would not generate any significant adverse environmental impacts. The SCAQMD received one comment letter relative to the Draft EA during the public comment period.

The comment letter has been bracketed and numbered. Following the comment letter is SCAQMD staff's response.

Comment Letter #1

PALA ENVIRONMENTAL DEPARTMENT
PALA BAND OF MISSION INDIANS
PMB 50, 35008 Pala Temecula Road | Pala, CA 92059
Phone 760-891-3510 | Fax 760-742-3189

RECEIVED
AUG 26 2016

August 24, 2016

South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765-4178
Attention: Jillian Wong, Ph.D.

Re: Notice of Completion of Draft Environmental Assessment – Proposed Amended Rule Changes

Dear Mrs. Wong,

Thank you for the notice referenced above. This letter constitutes our response on behalf of Robert Smith, Chairman of the Pala Band of Mission Indians.

At this time, the Pala Band has no objection to the action outlined in the notice as proposed. We reserve the right to comment in the future should there be modifications or if new information becomes available. 1-1

If you have any questions or comments, please contact Darold Wallick, Air Technician for the Pala Environmental Department, at dwallick@palatribe.com or 760-891-3540.

Sincerely,

Shasta C. Gaughen, PhD
Environmental Director

THINK GLOBALLY | ACT TRIBALLY

Response to Comment Letter #1

Response to Comment 1-1:
Thank you for your comment. No changes to the Final EA and no further response to the comment are necessary.

ATTACHMENT J

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

SUBJECT: **NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

PROJECT TITLE: **PROPOSED AMENDED RULE (PAR) 307.1 – ALTERNATIVE FEES FOR AIR TOXICS EMISSIONS INVENTORY**

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.

PAR 307.1 will: 1) include a new category of billing for facilities in the Voluntary Risk Reduction Program; 2) include a provision to reimburse the SCAQMD for costs associated with public meetings required by Rule 1402; 3) replace the Standard Industrial Classification (SIC) codes with references to the North American Industry Classification System (NAICS) codes instead; 4) replace references to the California Air Pollution Control Officers Association (CAPCOA) "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990" with the most current version of SCAQMD's "Facility Prioritization Procedures For AB 2588 Program;" and, 5) improve clarity.

SCAQMD staff has reviewed the proposed project pursuant to CEQA Guidelines §15002 (k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA per CEQA Guidelines §15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA. Since these amendments are strictly administrative in nature, it can be seen with certainty that there is no possibility that the adoption of PAR 307.1 may have a significant adverse effect on the environment. Thus, the project is considered to be exempt from CEQA pursuant to CEQA Guidelines §15061 (b)(3) – Activities Covered by General Rule. Additionally, PAR 307.1 is statutorily exempt from CEQA requirements, pursuant to CEQA Guidelines §15273 – Rates, Tolls, Fares, and Charges, because the proposed amendments to Rule 307.1 involve charges by public agencies for the purpose of meeting operating expenses and financial reserve requirements.

A Notice of Exemption has been prepared pursuant to CEQA Guidelines § 15062 - Notice of Exemption. 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.

Any questions regarding this Notice of Exemption should be sent to Cynthia Carter (c/o Planning, Rule Development and Area Sources) at the above address. Ms. Carter can also be reached at (909) 396-2431.

Date: September 6, 2016 **Signature:** Jillian Wong

Jillian Wong, Ph.D.
Planning and Rules Manager
Planning, Rule Development & Area Sources

Reference: California Code of Regulations, Title 14

NOTICE OF EXEMPTION

To:	County Clerks of Los Angeles, Orange, Riverside, San Bernardino	**From:**	South Coast Air Quality Management District 21865 Copley Drive Diamond Bar, CA 91765

Project Title:

Proposed Amended Rule (PAR) 307.1 – Alternative Fees for Air Toxics Emissions Inventory

Project Location:

PAR 307.1 will affect facilities located within the SCAQMD's boundary. The SCAQMD has jurisdiction over all of Orange County, the urban portions of Los Angeles and San Bernardino counties southwest of the San Bernardino and San Gabriel mountains, and nearly all of Riverside county, with the exception of communities near the state border.

Description of Nature, Purpose, and Beneficiaries of Project:

PAR 307.1 will: 1) include a new category of billing for facilities in the Voluntary Risk Reduction Program; 2) include a provision to reimburse the SCAQMD for costs associated with public meetings required by Rule 1402; 3) replace the Standard Industrial Classification (SIC) codes with references to the North American Industry Classification System (NAICS) codes instead; 4) replace references to the California Air Pollution Control Officers Association (CAPCOA) "Air Toxics 'Hot Spots' Program Facility Prioritization Guidelines, July 1990" with the most current version of SCAQMD's "Facility Prioritization Procedures For AB 2588 Program;" and, 5) improve clarity.

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) - General Concepts (Three Step Process)
CEQA Guidelines §15061 (b)(3) – Activities Covered by General Rule
CEQA Guidelines §15273 (a) - Rates, Tolls, Fares, and Charges

Reasons why project is exempt:

SCAQMD staff has reviewed PAR 307.1 and because these amendments are strictly administrative in nature, it can be seen with certainty that there is no possibility that the adoption of PAR 307.1 may have a significant adverse effect on the environment. Thus, the project is considered to be exempt from CEQA pursuant to CEQA Guidelines §15061 (b)(3) – Activities Covered by General Rule. Additionally, PAR 307.1 is statutorily exempt from CEQA requirements, pursuant to CEQA Guidelines §15273 – Rates, Tolls, Fares, and Charges, because the proposed amendments to Rule 307.1 involve charges by public agencies for the purpose of meeting operating expenses and financial reserve requirements. A Notice of Exemption has been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. 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.

Date When Project Will Be Considered for Approval (subject to change):

SCAQMD Governing Board Hearing: October 7, 2016, 9:00 a.m.; SCAQMD Headquarters

CEQA Contact Person:	**Phone Number:**	**Fax Number:**	**Email:**
Ms. Cynthia Carter	(909) 396-2431	(909) 396-3324	ccarter@aqmd.gov
Rule Contact Person:	**Phone Number:**	**Fax Number:**	**Email:**
Ms. Uyen-Uyen Vo	(909) 396-2238	(909) 396-3324	uvo@aqmd.gov

Date Received for Filing: _____ **Signature:** *(To be signed upon project approval)*

Jillian Wong, Ph.D.
Planning and Rules Manager
Planning, Rule Development & Area Sources

ATTACHMENT K

South Coast Air Quality Management District

DRAFT

SCAQMD Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB 2588) and Rule 1402

Updated October 2016

TABLE OF CONTENTS

I. Introduction 1

II. Background 1

III. Health Risk Thresholds for Public Notification 2

Public Notification for an Approved Health Risk Assessment that is Greater than or Equal to the Rule 1402 Notification Risk Level 2

Public Notification for a Progress Report that is Greater than or Equal to the Action Risk Level 2

IV. Procedures to Distribute Health Risk Assessments 3

V. Procedures to Distribute Public Notification Materials 4

Optional Facility Public Notice Letter 4

Area of Impact 5

Distribution List 5

Schedule and Method of Distribution 5

Verification of Distribution 6

VI. Procedures for Public Meetings 6

VII. Public Notification Procedures for Facilities Participating in the Voluntary Risk Reduction Program 8

VIII. Additional Suggestions on Risk Communication 8

IX. Additional Resources 8

Appendix A: Verification Form for Distribution of Public Notices and Health Risk Assessments

Appendix B: Sample SCAQMD Public Notification Materials

Appendix C: Sample SCAQMD Cover Letter for Libraries

Appendix D: Sample SCAQMD Modified Public Notification

I. Introduction

The Air Toxics "Hot Spots" Information and Assessment Act of 1987 (AB 2588) and its subsequent amendments established a statewide program to inventory air toxics emissions from individual facilities as well as requirements for risk assessment, public notification of potential health risks, and risk reduction. South Coast Air Quality Management District (SCAQMD) Rule 1402 – Control of Toxic Air Contaminants from Existing Sources establishes facility-wide requirements for existing facilities that emit toxic air contaminants (TACs) and implements AB 2588. This document specifies the SCAQMD's public notification procedures that a facility must follow if the facility has an approved Health Risk Assessment that shows a cancer risk greater than or equal to the Rule 1402 Notification Risk Level of ten in one million (10×10^{-6}), a total acute or chronic Hazard Index (HI) of one (1.0) for any target organ system at any receptor location, or if the facility exceeds the more stringent of either the National Ambient Air Quality Standard (NAAQS) for lead or applicable ambient lead limit in an SCAQMD rule. This document also provides the public notification procedures for a facility that is participating in the Voluntary Risk Reduction Program under Rule 1402. The public notification procedures in this document apply to all AB 2588 and Rule 1402 facilities except for facilities in the industrywide inventory program[1]. Compliance with AB 2588 and Rule 1402 Public Notification requirements does not replace Proposition 65 and its Public Notification requirements or any other regulatory requirements. For questions regarding the public notification procedures, please contact the AB 2588 Section at 909-396-3616 or AB2588@aqmd.gov.

II. Background

Facility owners or operators subject to AB 2588 must submit a comprehensive air toxics emissions inventory every four years (referred to as a "quadrennial update"). Based on this quadrennial update, along with other parameters such as receptor distance, potency, and multi-pathway exposures, the SCAQMD staff prioritizes the facility and calculates a Total Facility Score[2]. Upon initial prioritization of facilities, the SCAQMD staff conducts further auditing to verify the Total Facility Score. If the Total Facility Score is greater than 10, the SCAQMD staff notifies the facility that they are subject to Rule 1402 and they will be required to prepare an Air Toxics Inventory Report and Health Risk Assessment. If the health risk reported in the approved Health Risk Assessment is greater than or equal to the Rule 1402 Notification Risk Level, then the facility owner or operator must provide public notification. Public notification is also required for facilities that elect to participate in the Rule 1402 Voluntary Risk Reduction Program. Public notification informs the public of their exposure to toxic air contaminants from facilities and the potential health risks associated with those exposures.

Under Health and Safety Code Section 44362(b), the operator of a facility must provide notice to all exposed persons if, in the judgment of the local air district, the facility's AB 2588 Health Risk Assessment indicates there is a significant health risk associated with air toxic emissions from the facility. The notice is to be made in accordance with procedures specified by the district. The

[1] Separate notification procedures were approved by the SCAQMD Governing Board in January 2007 for three industry-wide categories, including gas stations, dry cleaners using perchloroethylene, and emergency diesel engines. (Available here: http://www3.aqmd.gov/hb/2007/January/070128a.html)

[2] Total Facility Scores are calculated using SCAQMD's "Facility Prioritization Procedures for AB 2588".

SCAQMD Governing Board adopted the Rule 1402 Notification Risk Level which represents the "significant health risk" levels requiring public notification under AB 2588. Health and Safety Code Section 44362(b) specifies that the notification threshold and notification procedures be determined by each local air district.

III. Health Risk Thresholds for Public Notification

Rule 1402 establishes the health risk thresholds and specific conditions in which public notification is required. This document establishes the public notification procedures an owner or operator of a facility that is subject to public notification requirements under Rule 1402 subdivision (q) must follow. Facility owners or operators required to conduct public notification will receive a notice to perform public notification from the Executive Officer by certified mail. Pursuant to Rule 1402, there are two scenarios when public notification is required (Table 1):

- Approved Health Risk Assessment that is greater than or equal to the Rule 1402 Notification Risk Level (Rule 1402, paragraph (q)(1)); or
- Total facility risk as determined through a Risk Reduction Plan Progress Report is greater than or equal to the Action Risk Level (Rule 1402, paragraph (q)(2)).

The following provides more details regarding the public notification procedures for these two scenarios.

Public Notification for an Approved Health Risk Assessment that is Greater than or Equal to the Rule 1402 Notification Risk Level

Pursuant to paragraph (q)(1) of Rule 1402, an owner or operator of any facility is required to provide public notification if the total facility risk, as determined through a District approved or prepared Health Risk Assessment, is greater than or equal to the Notification Risk Level. The Rule 1402 Notification Risk Level is:

- A Maximum Individual Cancer Risk (MICR) of ten in one million (10×10^{-6});
- A total acute or chronic HI of one (1.0) for any target organ system at any receptor location; or
- The more stringent of either the NAAQS for lead or the applicable ambient lead concentration in a SCAQMD rule.

There are three public notification components that the owner or operator must provide: Distribute Health Risk Assessment (Section IV), Distribute Public Notification Materials (Section V), and Public Meetings (Section VI).

Public Notification for a Progress Report that is Greater than or Equal to the Action Risk Level

Under Rule 1402, a facility that is implementing a Risk Reduction Plan is required to submit for review annual progress reports. Pursuant to paragraph (q)(2) of Rule 1402, an owner or operator of any facility for which total facility risk, as determined through a Progress Report is greater than or equal to the Action Risk Level shall provide written public notification 12 months after the Executive Officer approves the Risk Reduction Plan and every 12 months thereafter, until the total facility risk is below the Action Risk Level. The Rule 1402 Action Risk Level is:

- A MICR of twenty-five in one million (25×10^{-6});
- A cancer burden of one half (0.5);

- A total acute or chronic HI of three (3.0) for any target organ system at any receptor location; or
- The NAAQS for lead.

For Progress Reports where the health risk is greater than the Action Risk Level, there is one public notification component: Distribute Public Notification Materials (Section V).

In addition to Health Risk Assessment distribution, Rule 1402 requires that an owner or operator of any facility for which total facility risk, as determined through a Progress Report, is greater than or equal to the Significant Risk Level shall have public meetings conducted by SCAQMD. Under Rule 1402, the Significant Risk Level is:

- A MICR of one hundred in one million (100×10^{-6}); or
- A total acute or chronic HI of five (5.0) for any target organ system at any receptor location.

For Progress Reports where the health risk is greater than or equal to the Significant Risk Level, there are two public notification components: Distribute Public Notification Materials (Section V) and Public Meetings (Section VI).

Table 1
Summary of Threshold Requirements for Public Notifications

Thresholds and Requirements for Public Notifications	Health Risk Assessment Distribution	Distribution of Public Notification Materials	Public Meetings
Approved Health Risk Assessment ≥ Notification Risk Threshold	Yes	Yes	Yes
Progress Report ≥ Action Risk Threshold	No	Yes	No
Progress Report ≥ Significant Risk Threshold	No	Yes	Yes

IV. Procedures to Distribute Health Risk Assessments

This section discusses the procedures for Health Risk Assessment Distribution (summarized in Table 2). Health Risk Assessment Distribution is required after the approved Health Risk Assessment determines the health risk is greater than or equal the Notification Risk Level. Within 30 days of the date of notice to perform public notification, the owner or operator must distribute a copy of the facility's approved Health Risk Assessment, with a cover letter provided by the SCAQMD (sample provided in Appendix D) to all school libraries and schools[3] in the area of impact and the public library closest to the facility. Proof of Health Risk Assessment distribution will be submitted along with proof of Public Notification Materials distribution. The facility owner or operator must verify distribution of Health Risk Assessment and Public Notification Materials using the verification form provided in Appendix A within 15 days of the date of Public Notification Materials distribution.

[3] For the purpose of these public notification procedures, the definition of "school" under Health and Safety Code Section 42301.9 shall be used. Under this definition, "school" means any public or private school used for purposes of the education of more than 12 children in kindergarten or any of grade 1 to 12, but does not include, any school in which education is primarily conducted in private homes.

In addition, within 15 days of the date of Health Risk Assessment approval, SCAQMD staff will post the approved Health Risk Assessment (or an approved version with Business Confidential Information redacted, if appropriate) and the Health Risk Assessment approval letter on the SCAQMD website.

Table 2
Procedures to Distribute Health Risk Assessment

Procedure	Schedule	Responsibility
Distribute copy of facility's approved Health Risk Assessment to all school libraries and schools in the area of impact and public library closest to the facility	Within 30 days of the date of notice to perform public notification	Owner or operator of facility
Submit to SCAQMD proof of Health Risk Assessment distribution	Within 15 days of the date of Public Notification Materials distribution	Owner or operator of facility
Post approved Health Risk Assessment and Health Risk Assessment approval letter on SCAQMD website	Within 15 days of the date of Health Risk Assessment approval	SCAQMD staff

V. Procedures to Distribute Public Notification Materials

This section discusses the procedures for distributing Public Notification Materials (Table 3). Distributing Public Notification Materials is required after the approved Health Risk Assessment determines the health risk is greater than or equal to the Notification Risk Level or the health risk of a Risk Reduction Plan Progress Report is greater than or equal to the Action Risk Level. The Public Notification Materials must include a notification letter developed by the SCAQMD (sample provided in Appendix B). The notification letter will include information about the facility such as facility address and type of business. The notification letter will also include information about the specific toxic air contaminants that are contributing substantially to the health risk, the particular health risk notification levels that are exceeded, and the estimated health risk. If a public meeting is required, the notice letter will include information about the time, date, location, and purpose of the public meeting. The Executive Officer will determine if other languages, in addition to English, should be used. In the past, District staff has required translation for all languages spoken by $\geq$10% of a census tract in a public notification area. Translation can be arranged by the SCAQMD and the cost charged to the facility.

The facility has the option of including a letter of its own authorship which has been reviewed and approved by the Executive Officer. If a facility operator chooses to include their own letter as part of the Public Notification Materials, a draft of the facility letter must be submitted to the SCAQMD within 15 days of the date of notice to perform public notification.

Optional Facility Public Notice Letter

The facility operator may choose to prepare a brief letter that simply refers to the enclosed SCAQMD materials, or a longer letter communicating additional information. In either case, the letter should consist of brief paragraphs in non-technical language. Some acceptable information includes:

- A description of the facility and its products or services;
- An explanation of why the facility emits toxic air contaminants;
- Steps the facility has taken or will take to reduce emissions;
- An invitation to the public meeting;
- Identification of the facility contact person with a phone number; and
- Other information relating to facility emissions or the Health Risk Assessment.

Certain content will not be accepted in the facility letter. Statements that undermine the risk assessment process or trivialize the risk associated with air toxics are not considered appropriate to include in the facility letter and will be disapproved by the SCAQMD. For example, the facility letter should not discredit the risk assessment methodology used in the AB 2588 program or imply that it is overly conservative. The facility letter must be translated to other languages as determined by the Executive Officer. Translation can be arranged by the SCAQMD and the cost charged to the facility.

Area of Impact

For cancer risk, the area of impact is the geographic area encompassed by the ten in one million (10×10^{-6}) MICR isopleth. For non-cancer health risk, the area of impact is the geographic area encompassed by the 1.0 HI isopleth or the isopleth corresponding to the lead threshold that triggered notification.

Distribution List

Within 15 days of the date of notice to perform public notification, the facility owner or operator is responsible for submitting to the Executive Officer for approval, a list of all addresses (individual residences and workplaces) subject to notification. Within 25 days of notice to perform public notification, the facility owner or operator must provide the Executive Officer the exact method of distribution to parents of children attending schools in the area of impact.[4] For children attending schools in the notification area, school administrators typically determine how they wish for the notification to occur (e.g., school administrators may provide a mailing list, or they may ask for Public Notification Materials in pre-stuffed envelopes for distribution by the school, or they may choose other methods).

In addition, the SCAQMD staff typically provides the notice materials to local government representatives with jurisdiction in the area receiving public notice.

Schedule and Method of Distribution

Public Notification Materials must be distributed within 30 days of the date of notice to perform public notification. The facility owner or operator is responsible for reproducing and distributing copies of the Public Notification Materials. All Public Notification Materials are to be enclosed in envelopes with SCAQMD return address labels. These envelopes may be obtained from the SCAQMD and the cost charged to the facility. Distribution of the Public Notification Materials must be conducted by a third party which specializes in mail or delivery services, such as the U.S. Postal Service or other mailing or distribution services. Door-to-door hand delivery is not

[4] Extra time is given for providing the method of distribution to students' families due to extra time needed for school administrators to approve and coordinate this notification. Even though there is more time provided for this incremental step, given the extra coordination needed, this process should typically begin first.

acceptable, in part because U.S. Postal Service regulations prohibit the use of individual's mail boxes by unauthorized persons.

Verification of Distribution

Within 15 days of the date of distribution of Public Notification Materials, the facility operator must verify distribution of the Health Risk Assessment and Public Notification Materials using the verification form provided in Appendix A. Proof of distribution must be included with the verification and may be in the form of receipts from delivery or mail service agencies or the post office which describe the boundaries of notification and/or the addresses included in the mailing.

Table 3
Procedures to Distribute Public Notification Materials

Procedure	Schedule	Responsibility
Prepare SCAQMD notification materials that includes information about the facility, specific toxic air contaminants and estimated health risk.	After Health Risk Assessment is approved	SCAQMD staff
Determine if Public Notification Materials need to be translated into other languages.	After notification letter is completed and area of impact is determined	SCAQMD staff
Prepare a letter from the responsible facility – (Optional).	Within 15 days of the date of notice to perform public notification	Owner or operator of facility
Provide a list of all addresses (individual residences and workplaces).	Within 15 days of the date of notice to perform public notification	Owner or operator of facility
Provide the exact method of distribution to the parents of children in schools within the area of impact.	Within 25 days of the date of notice to perform public notification	Owner or operator of facility
Reproduce and distribute Public Notification Materials to individual residences, workplaces, and parents of children attending school in the area of impact.	Within 30 days of the date of notice to perform public notification	Owner or operator of facility
Verification of distribution; such as receipts from delivery or mail service.	Within 15 days of the date of distribution of Public Notification Materials	Owner or operator of facility

VI. Procedures for Public Meetings

This section establishes the procedures for scheduling and other logistics for public meetings (Table 4). Public meetings are required after the approval of a Health Risk Assessment where the health risk is greater than or equal to the Notification Risk Level or the health risk of a Risk Reduction Plan Progress Report is greater than or equal to the Significant Risk Level. Public meetings offer the public an opportunity to learn more about the results of the Health Risk Assessment and how toxic risk is determined and mitigated, and to directly ask questions of the SCAQMD staff and facility representatives. As a result, the facility owner or operator or representative that can respond on behalf of the facility must be present at the public meeting. The SCAQMD staff will work with the facility owner or operator to schedule a date for the public

meeting that is typically within 30 days of distribution of Public Notification Materials. The date, time, and location of a public meeting must be provided within the Public Notification Materials. The SCAQMD staff will schedule the meeting on a weekday evening or weekend and at a location that is ADA compliant and convenient for community members. The SCAQMD staff will reserve a venue for the public meeting, arrange for audio and visual equipment and personnel, and language translation, if necessary. Pursuant to Rule 307.1, the facility owner or operator shall either directly pay or reimburse the SCAQMD for the public meeting costs, including, but not limited to renting of the venue, audio visual equipment and personnel, translation, and any other costs (e.g., parking, etc.).

Facility operators are encouraged to work closely with the SCAQMD staff regarding the meeting agenda. The recommended agenda includes a presentation followed by a question and answer period. It is recommended that the following topics be included in the presentation:

- Purpose of the meeting;
- Overview of the AB 2588 program;
- Description of the facility: type of operation, processes involved, and materials used or produced at the facility;
- Description of the health risk assessment process;
- Description of facility emissions and results of the Health Risk Assessment;
- Description of facility's recent compliance history with SCAQMD;
- Facility's projects or plans to reduce toxic emissions or risk; and
- Applicable current or future regulatory programs to reduce risks from air toxics.

A pre-meeting should be arranged between the SCAQMD and facility staff to finalize meeting plans, including the appropriate persons to attend and assist in the presentation. The SCAQMD staff will be prepared to modify the meeting agenda in response to reasonable needs of the attendees. These sessions provide the public with an opportunity to ask questions directly to experts, learn more generally about toxic risk and provide feedback to the SCAQMD and facility. Informational materials should also be made available at the sessions.

Table 4
Procedures for Public Meetings

Procedure	Schedule	Responsibility
Coordination meeting to identify the appropriate date for public meeting	Before distribution of Public Notification materials	SCAQMD staff and owner or operator of facility
Arrange for venue, audio visual equipment and personnel, translation (if necessary), parking, security, and any other meeting logistics.	Within 30 days of distribution of Public Notification Materials	SCAQMD staff
Pay for venue, audio visual equipment and personnel, translation, and any other costs	Within 60 days of facility's receipt of invoice	Owner or operator of facility
Participate in public meeting.	Public notification meeting	SCAQMD staff and owner or operator of facility

VII. Public Notification Procedures for Facilities Participating in the Voluntary Risk Reduction Program

This section provides the public notification procedures for facilities participating in the Rule 1402 Voluntary Risk Reduction Program. Pursuant to paragraph (q)(3) of Rule 1402, the SCAQMD staff will conduct public notification for facilities that are eligible and that elect to participate in the Rule 1402 Voluntary Risk Reduction Program. Under Rule 1402, facilities that elect to participate in the Voluntary Risk Reduction Program commit to implementing risk reduction measures that will reduce their total facility risk below the Rule 1402 Voluntary Risk Threshold which is a Maximum Individual Cancer Risk of ten in one million (10×10^{-6}), a total acute or chronic HI of one (1.0) for any target organ system at any receptor location, or the more stringent of either the NAAQS for lead or applicable ambient lead concentration limit in a SCAQMD rule. The public notification for facilities participating in the Rule 1402 Voluntary Risk Reduction Program will be placed on the SCAQMD's website and will be included in the AB 2588 annual report. The public notification will include the following information:

- Background information about the 2015 update to the Office of Environmental Health Hazard Assessment (OEHHA) Air Toxics Hot Spots Program Guidance Manual for the Preparation of Health Risk Assessments that includes:
    - A description of how the updated OEHHA Guidance results in a higher estimated health risk from the facility compared to the previous Guidance;
    - Explanation that a facility's estimated health risk will increase using OEHHA's updated Guidance compared to estimates using the previous OEHHA Guidance even if emissions at the facility stay the same and potentially even if emissions decrease.
- Background information about the Voluntary Risk Reduction Program and that facilities that are participating are committing to risk reductions that:
    - Account for changes in risk estimates based on the Revised OEHHA Guidance; and
    - Risk reductions go beyond what is required through regulatory requirements.
- A list of participating facilities – Facility Name, Facility ID, and Street Address

VIII. Additional Suggestions on Risk Communication

Facility operators may choose to continue their dialogue with the community after they have completed their notification requirements. This dialogue could take the form of newsletters, facility tours, or additional public meetings. The SCAQMD encourages these efforts and requests that facilities keep the SCAQMD informed about their communication activities.

IX. Additional Resources

CARB AB 2588 Air Toxics "Hot Spots" Program

OEHHA Air Toxics Hot Spots Program Guidance Manual for the Preparation of Risk Assessments

SCAQMD Air Toxics "Hot Spots" Program (AB 2588)

SCAQMD Facility Prioritization Procedures for AB 2588 Program

SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program

SCAQMD Rules 307.1, 1401, and 1402 Staff Report

SCAQMD Rule 307.1 - Alternative Fees for Air Toxics Emissions Inventory

SCAQMD Rule 1402 – Control of Toxic Substance from Existing Sources

SCAQMD Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics "Hot Spots" Information and Assessment Act

APPENDIX A

Verification Form for Distribution of Public Notices and Health Risk Assessments

South Coast Air Quality Management District

Form R1402

Verification Form for Distribution of Public Notices and Health Risk Assessments

Mail To:
SCAQMD – AB 2588
21865 Copley Dr.
Diamond Bar, CA 91765

Tel: (909)-396-2000
www.aqmd.gov

Section A - Facility Information	
1. Facility Name (Business Name of Operator):	**2. Valid AQMD Facility ID:**
3. Facility Location Address: Street Address City CA, Zip Code	**4. Facility Mailing Address:** Check here if same as facility location address Street Address City CA, Zip Code
5. Facility Contact: Name Title Phone Number E-Mail	

Section B - Verification of Public Notification Requirements		
Date of distribution:		
1.		Distribution of public notice materials to all addresses in the area of impact.
2.		Distribution of public notice materials to all parents of children attending school in the area of impact.
3.		Distribution of a copy of the approved health risk assessment prepared for this facility to the public library closest to the facility and all school libraries in the area of impact.

Section C - List of Attachments			
	Yes	No	The following documents have been attached:
1.			Proof of distribution of the notice materials to all addresses required.
2.			List of schools for which notices were distributed to parents of attending children.
3.			List of school libraries in which a copy of the health risk assessment has been deposited.
4.			Name and address of the public library in which a copy of the health risk assessment has been deposited.

Section D – Authorization/Signature *I hereby certify that all the information contained herein are true and correct.*	
1. Signature of Responsible Official:	2. Title of Responsible Official:
3. Print Name of Responsible Official:	4. Date Signed:
5. Phone Number of Responsible Official:	6. E-Mail of Responsible Official:

APPENDIX B

Sample SCAQMD Public Notification Materials

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

NOTICE OF PUBLIC MEETING TO DISCUSS AIR TOXIC RISK FROM A FACILITY IN YOUR NEIGHBORHOOD

State law ensures your right to know about possible health risks from toxic air pollutants emitted by facilities in your neighborhood. The law requires the following facility to notify you:

Facility Name:
Address:
Type of Business: [Oil refinery, chemical manufacturing, etc.]

Even though this facility may be complying with all current air pollution control regulations, some toxic chemicals escape to the air during its normal operations. State law requires the facility to notify all of the people in the area where there is a potential health risk above established thresholds.

Summary of Health Risks Above SCAQMD Thresholds

Toxic air pollutants (primarily [CHEMICAL NAME]) from [FACILITY NAME] may increase the health risks above SCAQMD thresholds for people who live or work in the area shown on the attached "Public Notification Area Map". The potential health risks from [FACILITY NAME] are highest for those living or working closest to the facility.

- **If the facility's [YEAR] emissions persisted for 30 years, people who live closest to the facility could have an increased risk of getting cancer up to [RISK] chances in one million.**
- **If the facility's [YEAR] emissions persisted for 25 years, people who work closest to the facility may experience long-term non-cancer health risks that are up to [##]% higher than SCAQMD thresholds.**

As the air pollution control agency for this area, the South Coast Air Quality Management District (SCAQMD) has prepared the enclosed "Information Sheet." Officials from SCAQMD will conduct a public meeting in the community near [FACILITY NAME] to answer questions about the toxic chemicals, the potential health risks, and what is being done to address toxic emissions [if risk reduction is required]. Officials from [FACILITY NAME] will also attend the meeting to present information about their operations and to help answer your questions.

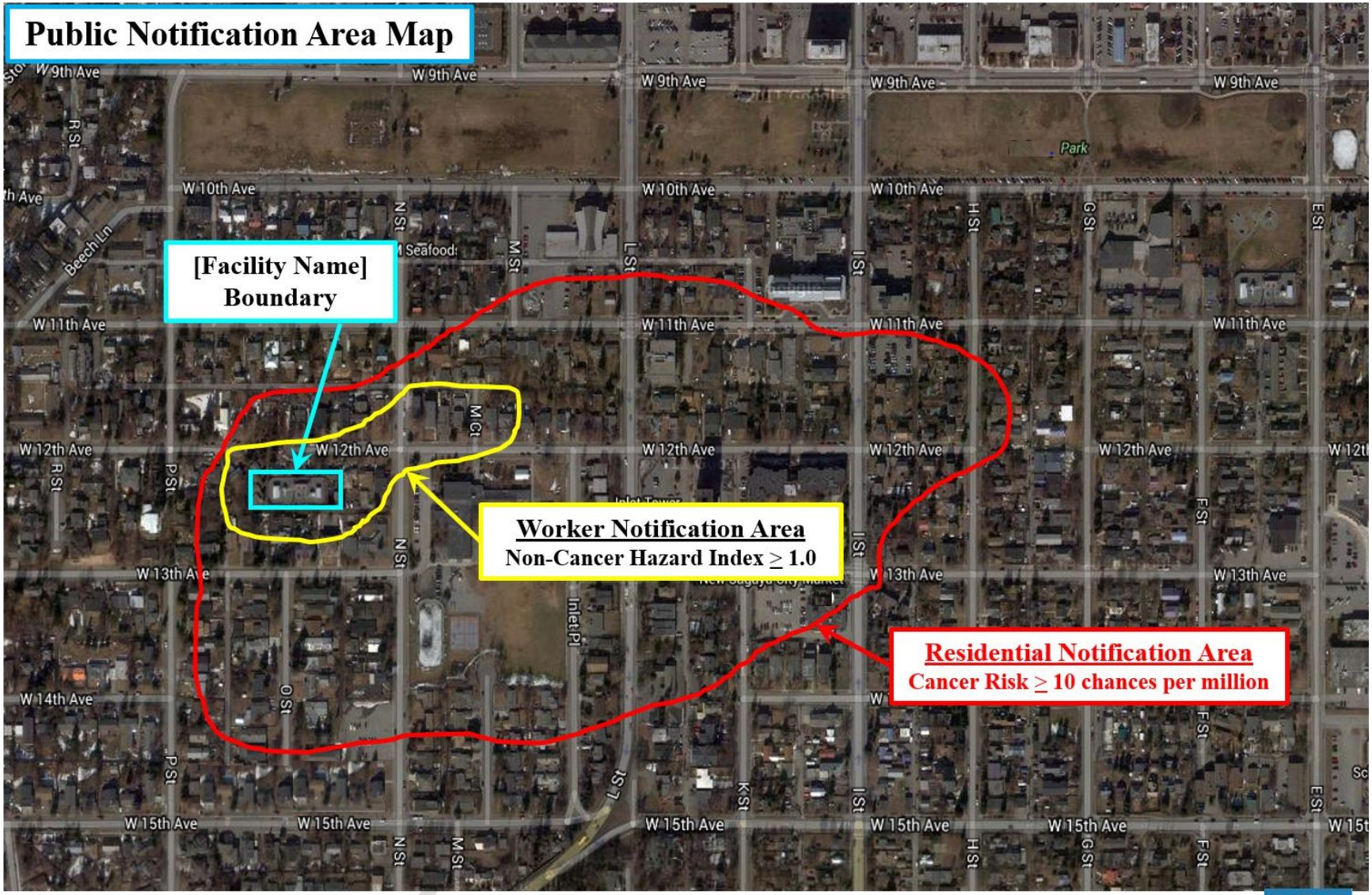
PUBLIC MEETING	*Date and Time:* *Location:*

For more information about SCAQMD programs to control toxic air pollution or the public meeting, contact [AB 2588 MANAGER] at SCAQMD at (909) 396-[####] or e-mail [HIM/HER] at [AB 2588 MANAGER EMAIL]. For more information about the facility, please contact [FACILITY CONTACT NAME] with [FACILITY NAME] at [FACILITY CONTACT NUMBER] or email [HIM/HER] at [FACILITY CONTACT EMAIL].

Businesses receiving this notice should post it where it is most likely to be read by employees
This notice is also available in [LANGUAGE] at www.aqmd.gov/home/regulations/compliance/toxic-hot-spots-ab-2588/[FACILITY]

Sample

Public Notification Area Map



Public Notification Required by SCAQMD if:

- Cancer Risk is higher than 10 chances per million, or
- Non-Cancer Risk 'Hazard Index' is greater than 1.0.
  A 'Hazard Index' less than 1.0 indicates that adverse non-cancer health effects are not expected.

South Coast AQMD

INFORMATION SHEET

What are toxic air pollutants?
Chemicals that cause cancer or other non-cancer health effects are known as toxic substances. When these toxic substances are released in the air, they are called toxic air pollutants.

Where do toxic air pollutants come from?
Toxic air pollutants come from a variety of sources. These sources include chemical plants and large manufacturers as well as cars and trucks and smaller businesses. Many products used at home, such as cleaners and paint thinners also contain toxic air pollutants.

What toxic air pollutants does this facility emit?
Under normal operation, this facility emits many toxic air pollutants including [CHEMICAL 1, CHEMICAL 2, etc.]. These pollutants could present potential cancer and non-cancer health risks to those in close proximity to [FACILITY NAME] if they were exposed to the facility's [YEAR] emissions levels for many years.

What is the cancer risk from this facility?
For chemicals that could cause potential carcinogenic health effects, a calculation called a "Health Risk Assessment" was done. This is the best method officials currently have for estimating the chance that breathing or otherwise being exposed to small amounts of a chemical over a long period of time will cause health effects. The odds are generally small, therefore risks are described as the "number of chances in one million" of getting cancer.

Based on the Health Risk Assessment, people who live in the Residential Impact Area shown on the attached Public Notification Map would have their chance of getting cancer increased up to [RISK] chances in one million because of toxic air pollutant emissions from this facility. People exposed at work in the Worker Impact Area would have their chance of getting cancer increased up to [RISK] chances in one million.

The health risk estimate conservatively assumes that a resident is continually exposed for 30 years at a single location to the toxic air pollutant emissions that came from [FACILITY NAME] in [YEAR]. Most people do not experience this prolonged exposure, so their actual risk from this facility is likely to be lower.

How does the cancer risk from this facility compare to other risks?
The cancer risk from this facility is relatively small compared to the average overall cancer risk from all causes for people living in the United States. Currently, according to the American Cancer Society, about four out of ten people will get cancer sometime during their lifetime. In other words, the odds of getting cancer at some time in your life are about 400,000 per million.

What is the cancer risk from toxic air pollution in general?
SCAQMD's Multiple Air Toxics Exposure Study IV (MATES IV) presents estimates of cancer risk throughout SCAQMD's four county jurisdiction. The average cancer risk from all pollutants emitted from all sources (cars, trucks, factories, power plants, etc.) is about [AVERAGE RISK] per million.

What are the non-cancer health risks from this facility?
Long-term exposure to some toxic air pollutants emitted from [FACILITY NAME] can have harmful effects on the [TARGET ORGAN SYSTEMS]. The non-cancer health risks from toxic air pollutants are described using a 'Hazard Index'. A Hazard Index less than 1.0 indicates that adverse health effects are not expected. The factors used in a Hazard Index calculation are designed to protect public health in order to avoid underestimation, therefore, exceeding a Hazard Index of

Sample

1.0 does not automatically indicate that an adverse health impact would occur. However, increasing levels above 1.0 indicate higher likelihood that adverse health impacts could occur.

Assuming [FACILITY NAME]'s [YEAR] emission levels persisted for many years, people who work in the area shown on the Facility Risk Map would experience a Hazard Index up to [HI]. The attached Facility Risk Map shows how far the Hazard Index of 1.0 extends into the community.

How was the health risk from this facility determined?
The health risk assessment relied on data collected from emissions tests directly from [FACILITY NAME]'S air pollution control stacks as inputs into a computer model that predicts air pollutant concentrations throughout the community. Guidance from the state Office of Environmental Health Hazard Assessment was used to determine how the predicted levels of air pollutants in the community may impact people's health. This guidance was updated in March 2015 to specifically address recent scientific advancements in the understanding of how toxic air pollutants have a greater influence on children than they do on adults.

What is being done to address the health risks from this facility?
The state law requiring issuance of this public notice is one step in getting facilities throughout the state to reduce toxic emissions resulting from their operations. The SCAQMD and other agencies have also developed other programs designed to prevent pollution and reduce exposure to toxic air pollution. For example, SCAQMD's Rule 1402 – Control of Toxic Air Contaminants from Existing Sources applies to facilities that exceed specific risk thresholds (e.g., cancer risk greater than 25 in one million) and requires [FACILITY NAME] to submit a Risk Reduction Plan detailing how it will reduce its risk below this threshold as quickly as feasible and no later than two and a half years after the Risk Reduction Plan is approved. [ADDITIONAL FACILITY or SCAQMD ACTIONS].

How can I get more information?
A copy of the [FACILTY NAME] Health Risk Assessment report is available for your review at the following libraries. The Health Risk Assessment and other information about SCAQMD activities related to [FACILITY NAME] can be found on our website at:
www.aqmd.gov/home/regulations/compliance/toxic-hot-spots-ab-2588/[FACILITY]

[CLOSEST LIBRARY]
[LIBRARY ADDRESS]

[LIBRARY PHONE NUMBER]
[LIBRARY HOURS]

SCAQMD Library
21865 Copley Drive
Diamond Bar, CA 91765
(909) 396-2600
Tue - Fri: 8am – 5pm
Sat, Sun, Mon: Closed

Sample

APPENDIX C

Sample SCAQMD Cover Letter for Libraries

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

[DATE]

[LIBRARY NAME]
[LIBRARIAN'S NAME]
[LIBRARY ADDRESS]

Dear [LIBRARIAN'S NAME]:

Enclose is a copy of [Facility Name]'s Health Risk Assessment report to be made available to the public in your library for six months.

Under the state law known as the Air Toxics "Hot Spots" Information and Assessment Act, certain facilities are required to inform their neighbors about potential health risks due to pollutants that they routinely emit into the air in the course of doing business. The South Coast Air Quality Management District (SCAQMD) has required [FACILITY NAME], a company in your neighborhood, to provide a copy of this report to your library pursuant to this law. The SCAQMD is the agency that monitors facilities to ensure that they comply with the requirements of air pollution laws.
The enclosed Health Risk Assessment report evaluates the air toxic emissions from the facility and the potential health risks associated with these emissions.

If you have any questions concerning this report, please call the SCAQMD at 909-396-[####].

Very Truly Yours,

[AB 2588 MANAGER]
Planning and Rules Manager

Sample

APPENDIX D

Sample SCAQMD Modified Public Notification

Sample Notification of Facilities Participating in the Rule 1402 Voluntary Risk Reduction Program

Updated (DATE)

SCAQMD's Rule 1402 – Control of Toxic Air Contaminants from Existing Sources includes a Voluntary Risk Reduction Program. Facilities that participate in the Voluntary Risk Reduction Program reduce their health risks sooner and below thresholds required under Rule 1402. Facilities that are participating in this program have already had a Health Risk Assessment (HRA) approved by SCAQMD that shows the facility's risks were below risk reduction thresholds at the time of HRA approval. An HRA is a study that estimates how a facility's emissions affect people's health risks in the surrounding community.

On March 6, 2015, the California Office of Environmental Health Hazard Assessment (OEHHA) approved revisions to its guidelines (Revised OEHHA Guidelines) that are used by all air districts throughout the state to prepare HRAs. These Revised OEHHA Guidelines take into account recent science that shows children have a greater risk from exposures to cancer causing compounds than previously considered. Cancer risk estimates using the Revised OEHHA Guidelines result in an approximately three-fold increase for residential and sensitive receptors and more for certain toxic air contaminants with multi-pathway health effects (exposure routes beyond inhalation such as ingestion or skin exposure), even with no increase in toxic emissions at a facility. The Voluntary Risk Reduction Program provides an opportunity for facilities that elect to participate to address the increase in their estimated cancer risk due to the Revised OEHHA Guidelines.

The SCAQMD is providing this Notification to inform the public of facilities that have elected to participate in the Voluntary Risk Reduction Program. Facilities that elect to participate in this program are committing to reduce their health risk 60 percent below the current regulatory health risk reduction threshold. In addition these facilities will complete their risk reductions sooner than under the current regulatory program. Facilities that have elected to participate in this Voluntary Risk Reduction Program are listed in Table 1 below.

Questions about the SCAQMD's Voluntary Risk Reduction Program or this Notification can be directed to AB 2588 staff at 909 396-3616 or AB2588@aqmd.gov.

Table 1
List of Facilities Participating in Voluntary Risk Reduction Program

SCAQMD Facility ID	Facility Name	Address

Sample

ATTACHMENT L

South Coast Air Quality Management District

DRAFT

SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program

October 2016

TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS ……...…….. 1

QUICK REFERENCE OF TERMS ……...…….. 1

INTRODUCTION……. 2

PREPARING A VOLUNTARY RISK REDUCTION PLAN ……. 2

APPROVAL OF THE VOLUNTARY RISK REDUCTION PLAN…… 5

VOLUNTARY RISK THRESHOLD…… 5

VOLUNTARY RISK REDUCTION PLAN IMPLEMENTATION …… 5

FINAL IMPLEMENTATION REPORT ……..… 6

REFERENCES…….……..…… 7

ACRONYMS AND ABBREVIATIONS

AB 2588	Air Toxics "Hot Spots" Information and Assessment Act of 1987
ATIR	Air Toxics Inventory Report
HI	Hazard Index
HRA	Health Risk Assessment
MICR	Maximum Individual Cancer Risk
OEHHA	California Office of Environmental Health Hazard Assessment
RRP	Risk Reduction Plan
Rule 1402	SCAQMD Rule 1402 – Control of Toxic Air Contaminants from Existing Sources
SCAQMD	South Coast Air Quality Management District
TAC	Toxic Air Contaminant

QUICK REFERENCE OF TERMS

Action Risk Level	MICR of twenty-five in one million (25×10^{-6}), cancer burden of one half (0.5), a total acute or chronic HI of three (3.0) for any target organ system at any receptor location, or the National Ambient Air Quality Standard (NAAQS) for lead.
Notification Risk Level	MICR of ten in one million (10×10^{-6}), a total acute or chronic HI of one (1.0) for any target organ system at any receptor location, or the more stringent of either the NAAQS for lead or applicable ambient lead concentration limit in a SCAQMD rule.
Significant Risk Level	MICR of one hundred in one million (100×10^{-6}) or a total acute or chronic HI of five (5.0) for any target organ system at any receptor location.
Voluntary Risk Threshold	MICR of ten in one million (10×10^{-6}), a total acute or chronic HI of one (1.0) for any target organ system at any receptor location, or the more stringent of either the NAAQS for lead or applicable ambient lead concentration limit in a SCAQMD rule.

INTRODUCTION

The Air Toxics "Hot Spots" Information and Assessment Act of 1987 (AB 2588) established a statewide program to inventory air toxics emissions from individual facilities as well as requirements for risk assessment, public notification of potential health risks, and risk reduction. South Coast Air Quality Management District (SCAQMD) Rule 1402 – Control of Toxic Air Contaminants from Existing Sources (Rule 1402) implements various aspects of AB 2588 and includes public notification and risk reduction requirements for facilities that are above set thresholds.

Rule 1402 includes a provision to allow facilities to participate in the Voluntary Risk Reduction Program. The Voluntary Risk Reduction Program was developed based on comments from some industry representatives that wanted the opportunity to voluntarily reduce their health risk beyond the Action Risk Level to below the Notification Risk Level in lieu of the standard process. The Voluntary Risk Reduction Program is an alternative to complying with the traditional AB 2588 and Rule 1402 approach that provides qualifying facilities an opportunity to reduce health risks below the Notification Risk Level with a Modified Public Notification approach that does not require distribution of individual letters and public meetings. The Modified Public Notification will be placed on the SCAQMD's website in the AB 2588 Annual Report in lieu of traditional Public Notification (Please refer to the SCAQMD's "Public Notification Procedures for Facilities Under the Air Toxics "Hot Spots" Information and Assessment Act (AB2588) and Rule 1402"). Compliance with AB 2588 and Rule 1402 Public Notification requirements does not replace Proposition 65 and its Public Notification requirements or any other regulatory requirements. This Program will achieve risk reductions both sooner and beyond what is required in the traditional Rule 1402 process as it focuses on implementation of risk reduction measures immediately.

Under Rule 1402, facilities that meet the eligibility requirements and elect to participate in the Voluntary Risk Reduction Program must submit a Voluntary Risk Reduction Plan. The Voluntary Risk Reduction Plan identifies the risk reduction measures that a facility will implement to achieve risk reductions below the Voluntary Risk Threshold. The "SCAQMD Guidelines for Participating in the Rule 1402 Voluntary Risk Reduction Program" (Guidelines) specify the procedures for preparing, approving, and demonstrating implementation of the Voluntary Risk Reduction Plan. As discussed in more detail below, the purpose of these Guidelines are to specify:

1. The procedures an owner or operator must follow in preparing a Voluntary Risk Reduction Plan pursuant to paragraph (h)(2) of Rule 1402;
2. The information that the Executive Officer will use when approving or rejecting the Voluntary Risk Reduction Plan pursuant to (h)(3) of Rule 1402; and
3. The procedures an owner or operator must following in preparing a Final Implementation Report for the Voluntary Risk Reduction Plan pursuant to (j)(2) of Rule 1402.

PREPARING A VOLUNTARY RISK REDUCTION PLAN

The owner or operator is responsible for preparing a Voluntary Risk Reduction Plan that identifies the risk reduction measures that shall be implemented in order to reduce the impact of the total facility emissions below the Voluntary Risk Threshold. Rule 1402 defines the Voluntary Risk Threshold as a MICR of ten in one million (10×10^{-6}), a total acute or chronic HI of one (1.0) for any target organ system at any receptor location, and the more stringent of either the NAAQS for

lead or applicable ambient lead concentration limit in a SCAQMD rule. Only those risk reduction measures that are needed to reduce facility risks below the Voluntary Risk Threshold need to be identified in the Voluntary Risk Reduction Plan.

The Voluntary Risk Reduction Plan shall include:

1. Facility Information
   - Facility Name
   - SCAQMD Facility Identification Number (FID)
   - Facility Location (i.e., address and UTM coordinates in WGS84)Facility Contact
     - Name
     - Title
     - Phone Number
     - Address
     - E-mail address
   - Facility plot plan
     - Property boundaries (in UTM coordinates in WGS84)
     - Distance scale
     - Building dimensions (in UTM coordinates in WGS84)
     - Building heights (for building downwash calculations)
     - Source locations including elevations (in UTM coordinates in WGS84)
   - Surrounding land use map (e.g., the local city's zoning map)
     - 0.5 mile radius from property boundary
     - Distance scale
     - Identification of closest Sensitive Receptor (e.g., residence, school, etc.)
     - Identification of closest Worker Receptor
2. Current Facility Risk Characterization
   - Facility emissions from the base year identified by District staff (typically the facility's most recent quadrennial reporting year) in the letter providing a facility the option to participate in the Voluntary Risk Reduction program. All toxic air contaminant (TAC) emissions must be reported with CAS number, for each device and process
   - Files listed in Table 1 for Current Facility Risk Characterization
3. Proposed Facility Risk Characterization
   - A description of the verifiable risk reduction measure(s) and estimated emission reductions or efficiency that includes
     - A description of how the risk reduction measures(s) will be enforced, such as through a new or modified SCAQMD permit or compliance plan
     - A description of how the estimated emission reductions or efficiency will be demonstrated and maintained, such as through a source test, manufacturers' data, etc.
   - Permit number(s) associated with source(s) or process(es) to be reduced, if applicable
   - Schedule for implementing the specified risk reduction measures
     - The schedule shall include dates for increments of progress, including submittal dates for application for permits, purchase of equipment, source tests and commissioning of equipment

- Anticipated increases or decreases in facility emissions, by TAC with CAS number, for each device and process with verifiable risk reduction measure(s)

4. Point Source Information (stacks, vents, etc.) for Proposed Final Configuration
   - Number of operating hours per day, days per week, and weeks per year
   - Maximum and average hourly emission rates for each TAC (in pounds per hour)
   - Annual emission rates for each TAC (in pounds per year)
   - Stack location (in UTM coordinates in WGS84) on plot plan including elevation
   - Stack gas exit velocity
   - Stack gas exit temperature
   - Stack and building dimensions, heights, and location including elevation (in UTM coordinates in WGS84)
   - Stack release (vertical, horizontal, or rain cap)
     - Actual and virtual stack parameters for rain cap stacks, if the AERMOD rain cap stack option was not used
5. Fugitive Source Information (area and volume sources) for Proposed Final Configuration
   - Operating hours
   - Maximum and average hourly emission rates for each TAC (in pounds per hour)
   - Annual emission rates for each TAC (in pounds per year)
   - Source location (in UTM coordinates in WGS84) on plot plan including elevations
   - Source dimensions, heights, and location, including elevations (in UTM coordinates in WGS84) Release height
   - Area or volume dimensions, heights, and location including elevations (in UTM coordinates in WGS84)
   - Calculations for initial air dispersion factors (e.g., σ_y and σ_z), if applicable

The Voluntary Risk Reduction Plan may include supplemental or optional information as additional proof that the risk reduction measures identified will reduce the impact of the total facility emissions below the Voluntary Risk Threshold. Supplemental information may include:

- Pre-approved meteorological file, if SCAQMD default meteorological file is not used; and
- United States Geological Survey Digital Elevation Model Data.

Table 1: Files for Facility Risk Characterizations

File Type	Notes
Emission Inventory Input	All files in CARB's Emissions Inventory Module format
Emission Inventory Output	
Emission Calculations and/or Dispersion Modeling (if applicable)	Provided in electronic format (e.g., Excel) and reference sources
Source Tests	Source tests can only be used if approved by SCAQMD
Air Monitoring Data	Any monitoring data used in the Facility Risk Characterization shall be provided

APPROVAL OF THE VOLUNTARY RISK REDUCTION PLAN

Within 30 days of receipt, the Executive Officer will conduct an initial review of the Voluntary Risk Reduction Plan and confirm receipt. The Executive Officer will approve or reject the Voluntary Risk Reduction Plan based on whether it meets the requirements outlined above, the information provided is complete and accurate, and the ability of the proposed Voluntary Risk Reduction Plan to verifiably reduce the impact of total facility risk below the Voluntary Risk Threshold as quickly as feasible, but by no later than two and half years from Voluntary Risk Reduction Plan approval. If the Voluntary Risk Reduction Plan is rejected, the facility has 30 days to correct all identified deficiencies and resubmit. If the revised plan is rejected, the facility has one more opportunity to fix the identified deficiencies. If the second revised plan is rejected, then the facility will not be allowed to participate in the Voluntary Risk Reduction program and the facility will be subject to the standard AB 2588 pathway. The denial will act as a notification to prepare an Air Toxics Inventory Report (ATIR) and Health Risk Assessment (HRA) within 90 days.

Emission reductions or control efficiencies must be verifiable to be considered as a risk reduction measure in a Voluntary Risk Reduction Plan. Verifiable emission reductions or control efficiencies are those which are permanent, can be sustained, and must be enforceable through permit conditions or compliance plans. Emission reductions or control efficiencies must be demonstrable through a source test, manufacturers' data, or other mechanism. Each risk reduction measure shall be implemented by the date specified in the approved Voluntary Risk Reduction Plan. Rule 1402 includes provisions for modifying Voluntary Risk Reduction Plans and extending implementation dates, if needed.

VOLUNTARY RISK THRESHOLD

The Voluntary Risk Threshold is based on the concept of the ATIR. The facility will submit information required in Voluntary Risk Reduction Plan. SCAQMD staff will then run the information through the latest approved version of California Air Resources Board's Hotspots Analysis and Reporting Program (HARP) or equivalent and compare the result to the Voluntary Risk Threshold pursuant to Rule 1402 paragraph (c)(24).

VOLUNTARY RISK REDUCTION PLAN IMPLEMENTATION

Risk reduction measures identified in the Voluntary Risk Reduction Plan must be completed within the designated schedule and be verifiable and enforceable by permit condition or compliance plan. With Executive Officer approval, facilities may modify or request an extension to the Voluntary Risk Reduction Plan pursuant to (k)(2) and (l) of Rule 1402, respectively. Facilities failing to implement their Voluntary Risk Reduction Plan are in violation of Rule 1402 and subject to daily penalties. Facilities that cannot achieve compliance immediately may seek a variance from the SCAQMD Hearing Board, which may issue one depending on whether statutorily required findings can be made. See, e.g., Rule 515 – Findings and Decision.

FINAL IMPLEMENTATION REPORT

The owner or operator shall submit a final implementation report pursuant to Rule 1402 paragraph (j)(2). The final implementation report demonstrates that the measures in the Voluntary Risk Reduction Plan have been completed, risk reduction measures have been verified, and therefore, the facility is below the Voluntary Risk Threshold. Approval of the final implementation report by the Executive Officer acknowledges compliance with Rule 1402 requirements and that no further action is necessary.

The final implementation report shall include, at a minimum, all of the following:

- The name, address, and SCAQMD facility identification number;
- The approved Voluntary Risk Reduction Plan; and
- Proof and verification the operator implemented the risk reduction measures in the approved Voluntary Risk Reduction Plan.

Proof would include enforceable permit conditions or compliance plans. Verification of emission reductions include, but are not limited to, specifications in the SCAQMD permit issued to the facility, a surrender of the existing SCAQMD permit(s), or reductions as required by SCAQMD rule(s). Letters of intent or internal memos mandating new company policy are not considered verifiable emission reductions. Verification of pollution control equipment which have been installed and are now in operation, includes but is not limited to, the source test protocol, final report, and all documents relating to the results.

REFERENCES

CAPCOA, 2016. **Air Toxics "Hot Spots" Program - Facility Prioritization Guidelines**. Prepared by the AB 2588 Risk Assessment Committee of the California Air Pollution Control Officers Association, 2016.

OEHHA, 2015. **Air Toxics Hot Spots Program Guidance Manual for Preparation of Health Risk Assessment.** Prepared by the Office of Environmental Health Hazard Assessment OEHHA, February 2015.

SCAQMD, 2015. **Facility Prioritization Procedures for AB 2588 Program**. Prepared by the South Coast Air Quality Management District, June 2015.

SCAQMD, 2015. **Supplemental Guidelines for Preparing Risk Assessments for the Air Toxics "Hot Spots" Information and Assessment Act**. Prepared by the South Coast Air Quality Management District

SCAQMD, 2016. **(Proposed Amended) Rule 1402 – Control of Toxic Air Contaminants from Existing Sources.** Prepared by the South Coast Air Quality Management District.

ATTACHMENT M

Proposed Amended Rules 1402, 1401, and 307.1

Governing Board Meeting

October 7, 2016

Background

- Rule 1402 was adopted in 1994 and was designed to implement the AB 2588 Toxics Hot Spots Program
- Rule 1402 is an “umbrella” rule for air toxics
  - Establishes facility-wide cancer and non-cancer health risk thresholds for existing sources
  - Continuous evaluation of facilities every four years
- ~300 facilities have prepared Health Risk Assessments

2015 Governing Board Direction

- June 2015 – Rule 1402 was amended to incorporate the Revised OEHHA Risk Guidelines
  - Estimated cancer risk would increase about 3 times
  - Incorporated childhood sensitivity factors
- During rule adoption, Board directed staff to:
  - Work with stakeholders to incentivize early risk reduction beyond those required under Rule 1402
  - Assess and explore alternatives for public notification procedures



Overall Strengthening of Rule 1402



Innovative

- Includes a Voluntary Risk Reduction Program with Greater Risk Reductions Than Traditional Program



Health Protective

- Maintains Health Risk Thresholds
- Adds Provisions for Potentially High Risk Level Facilities



Streamline

- Reduces Submittal Times
- Reduces Risk Reduction Timeframes and Extensions



Transparency

- Incorporates Current Practices
- Improves Overall Clarity

Voluntary Risk Reduction Program Incorporates an Aggressive Risk Reduction Approach

60% Greater Risk Reduction

(Cancer Threshold of 10 Instead of 25 in-one-million)

14 months Faster

Achieves Risk Reductions Sooner than Traditional Program

Same Risk Quantification Tool

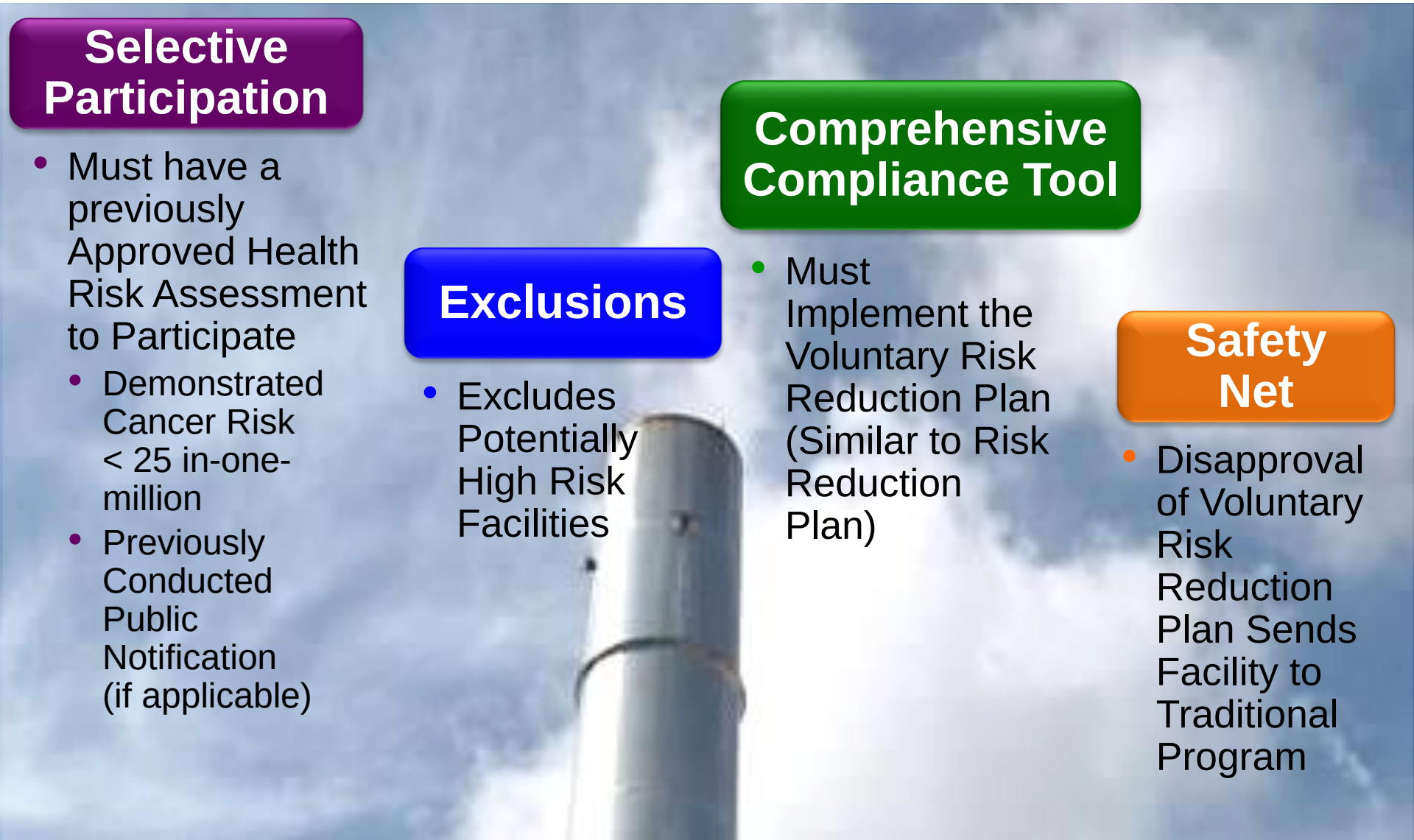
Relies on CARB's Health Assessment Reporting Program (HARP) to Estimate Health Risk (Same as traditional program)



Voluntary Risk Reduction Program

- Modified Public Notification approach to incentivize additional risk reduction
- Modified Public Notification:
  - Post on SCAQMD website and include in AB 2588 Annual Report
  - Identifies each participating facility and its address
  - Describes Voluntary Risk Reduction Program
  - Information regarding Revised OEHHA Guidelines
- No public meetings or letters

Voluntary Risk Reduction Program Safeguards



Selective Participation

- Must have a previously Approved Health Risk Assessment to Participate
  - Demonstrated Cancer Risk < 25 in-one-million
  - Previously Conducted Public Notification (if applicable)

Exclusions

- Excludes Potentially High Risk Facilities

Comprehensive Compliance Tool

- Must Implement the Voluntary Risk Reduction Plan (Similar to Risk Reduction Plan)

Safety Net

- Disapproval of Voluntary Risk Reduction Plan Sends Facility to Traditional Program



Potentially High Risk Facilities

- Facilities that are expected to or have exceeded the Significant Risk Level (Cancer Risk > 100 in-a-million)
- Determination based on emissions data, source test, or ambient monitoring data

Provisions for Potentially High Risk Level Facilities Provide **Greater Public Health Protection**



Addresses High Health Risks Earlier

- Requires Early Action Risk Reduction Plan

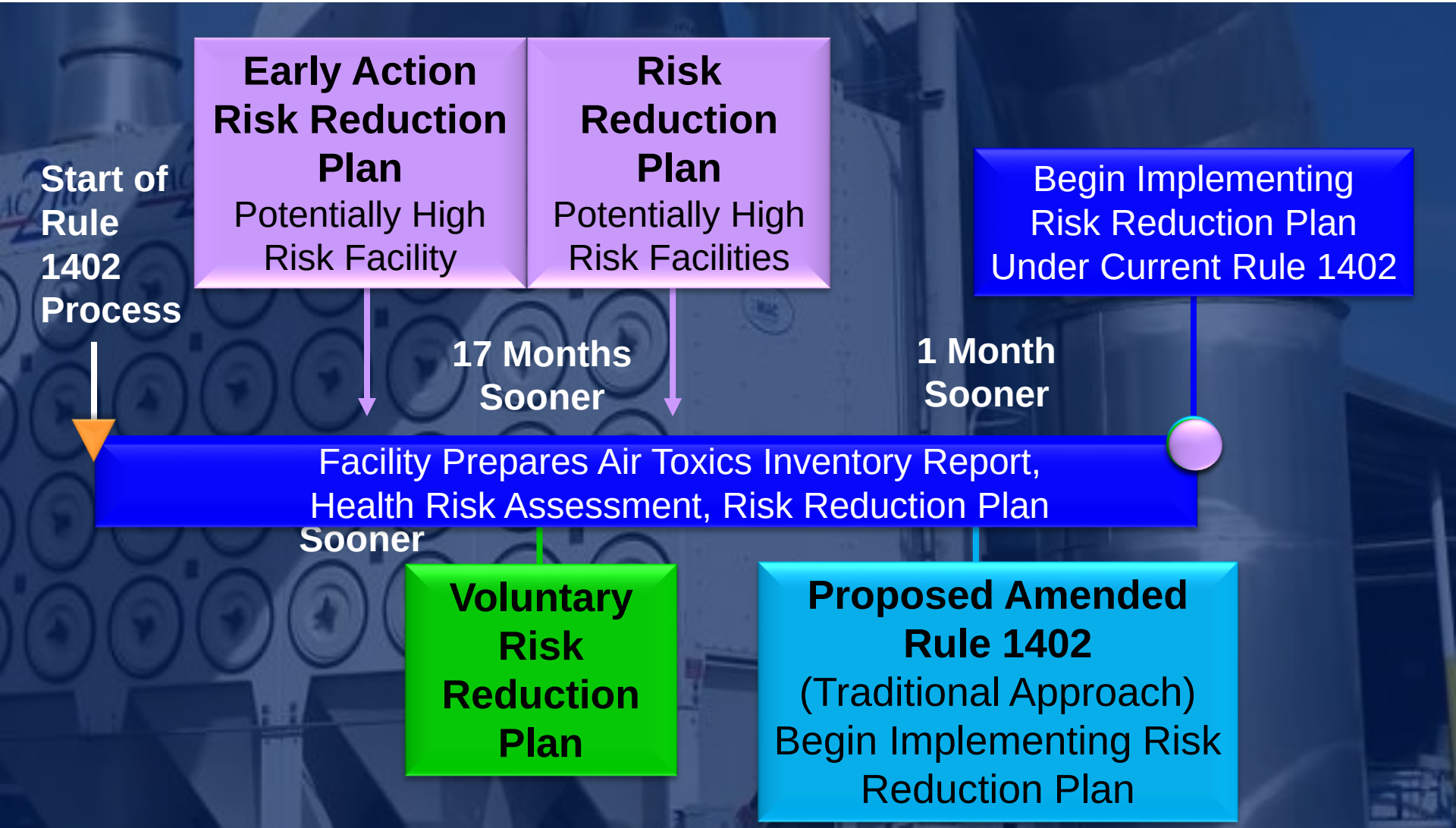
Expedites Implementation of Main Risk Reduction Plan

- Concurrent Submittal of:
  - Air Toxics Inventory Report,
  - Health Risk Assessment and
  - Risk Reduction Plan

Better Overall Public Health Sooner

- Completes Overall Risk Reduction Sooner than Traditional Program

Risk Reduction Begins Sooner than Current Rule





Other Enhancements

- **Reduced submittal times** for Health Risk Assessments and Risk Reduction Plans
- **Reduced risk reduction time period to 2½ years** from approval of Risk Reduction Plan instead of 3 years from submittal
- Allow a **one-time 2½ year time extension** instead of multiple extensions
- **Increased transparency** by specifying submittal and approval requirements for all program elements



PAR 307.1 and 1401, and Notification Procedures and Voluntary Guidelines

- PAR 307.1 includes fee category for Voluntary Risk Reduction Program that is the same as traditional program
- Consolidated reporting of new and revised toxic air contaminants to annually instead of after each OEHHA revision
- Updated AB 2588 Public Notification Procedures
  - SCAQMD schedules logistics for Public Meetings
  - Added Modified Public Notification for Voluntary Risk Reduction Program
- Developed Guidelines for Voluntary Risk Reduction Program

Recommended Actions

- Adopt the Resolution:
  - Certifying the Final Environmental Assessment
  - Determining PAR 307.1 is Exempt from CEQA
  - Amending Rules 307.1, 1401, and 1402
- Approve SCAQMD's Public Notification Procedures for Facilities Under AB 2588 and Rule 1402
- Approve Guidelines for the Voluntary Risk Reduction Program



Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 36

PROPOSAL: Amend Regulation IX – Standards of Performance for New Stationary Sources

SYNOPSIS: Amendments to Regulations IX and X are periodically made to incorporate by reference new or amended federal performance standards that have been enacted by U.S. EPA for stationary sources. These standards are currently in effect and enforceable by SCAQMD pursuant to the federal Clean Air Act, regardless of whether SCAQMD incorporates them by reference. The Board has historically adopted NSPS (40 CFR 60) and NESHAPS (40 CFR 61), by reference, into Regulations IX and X, providing stationary sources with a single point of reference for determining which federal and local requirements apply to their specific operations. NSPS actions by U.S. EPA from January 1, 2015 to June 15, 2016 are proposed for incorporation into Regulation IX. Actions by U.S. EPA include promulgation of new performance standards for: (1) additional oil and natural gas source categories, (2) new residential hydronic heaters and forced-air furnaces; and (3) electric utility steam generating units and stationary combustion turbines. The actions also include amendments to existing provisions of five NSPS. Regulation X is not amended as there were no delegable NESHAP actions adopted by the U.S. EPA for the same time period.

COMMITTEE: Stationary Source, July 22, 2016, Reviewed

RECOMMENDED ACTIONS:
Adopt the attached resolution:

1) Determining that the proposed amendments to Regulation IX are exempt from the requirements of the California Environmental Quality Act; and,
2) Amending Regulation IX – Standards of Performance for New Stationary Sources.

Wayne Nastri
Acting Executive Officer

PF:CG:KH:LP

Background
U.S. EPA periodically promulgates new or amends existing NSPS and NESHAP federal standards and requirements. NSPS govern the operations of all new, modified, or reconstructed sources of air pollution identified in the Code of Federal Regulations (CFR), Title 40, Chapter I, Subchapter C, Part 60 (40 CFR Part 60). NESHAP govern the operations of new and existing sources specifically identified in the CFR, Title 40, Chapter I, Subchapter C, Part 61 (40 CFR Part 61).

Direct implementation of NSPS and NESHAP requirements at the local level are authorized by U.S. EPA pursuant to §301 in conjunction with §§ 110, 111(c)(1), and 112(d)(1) of the federal Clean Air Act (CAA). As such, SCAQMD's Board initially adopted by reference, various NSPS into Regulation IX and various NESHAP into Regulation X on December 3, 1976. The adoption of NSPS and NESHAP by reference into Regulations IX and X, respectively, provides stationary sources with a single source of information for determining appropriate federal and local requirements for their specific operations. Since sources of air pollution are required to comply with the most stringent federal, state, and local standards, criteria, and requirements set forth in Regulations IX and X as well as other applicable SCAQMD rules, the NSPS and NESHAP standards are in effect and enforceable by the SCAQMD regardless of whether the SCAQMD incorporates them into Regulations IX and X. The Board has periodically amended Regulations IX and X to incorporate new or amended standards as necessary. Regulations IX and IX were last amended on April 3, 2015.

In 1997, the U.S. EPA delegated and/or re-delegated its authority to SCAQMD for specific sections of 40 CFR Parts 60 and 61, as listed in the April 23, 1997 Federal Register (FR), Volume 62, No. 78, 19679 – 19682. In 2006, 2007, 2009, 2010, 2011, and 2012, the SCAQMD requested U.S. EPA delegation and/or re-delegation of authority for specific sections of 40 CFR Part 60 and/or Part 61 following amendments to Regulations IX and X. The SCAQMD will seek U.S. EPA delegation and re-delegation of such authority for specific sections of 40 CFR Part 60 and/or 40 CFR Part 61 that were not previously requested.

In addition, the U.S. EPA has established maximum achievable control technology (MACT) standards for new and existing major sources of hazardous air pollutants. The MACT standards are published in CFR, Title 40, Chapter 1, Subchapter C, Part 63 - National Emission Standards for Hazardous Air Pollutants For Source Categories (40 CFR Part 63). The U.S. EPA delegated the authority for the implementation and enforcement of 40 CFR Part 63 to the SCAQMD on February 27, 1997. However, the SCAQMD has not established a separate regulation to incorporate the MACT standards by reference. Instead, the MACT standards are directly implemented through the SCAQMD's Title V program as adopted and implemented via SCAQMD Regulation XXX – Title V Permits, in accordance with U.S. EPA's federal Title V program

requirements in CFR, Title 40, Chapter 1, Subchapter C, Part 70 – State Operating Permit Programs Categories (40 CFR Part 70).

Regulation IX Proposal

The updates included in this proposal reflect federal actions, primarily between January 1, 2015 and June 15, 2016. One new NSPS for GHG (methane emission limitations) and VOC emissions was promulgated in 2016 by U.S. EPA for various oil and natural gas sources, which include: 1) GHG and VOC requirements for current unregulated equipment/processes; 2) current regulated sources for VOC, but not for GHGs; and, 3) GHG and VOC requirements for subset of currently regulated equipment.

A new NSPS for PM emissions for new hydronic heaters and forced-air furnaces, as well as a new NSPS for GHGs as CO_2 for new, modified, and reconstructed fossil fuel-fired EGUs and stationary combustion turbines were also promulgated by U.S. EPA in 2015. The CO_2 standards are not included in the controversial "Clean Power Plan" for existing sources which has been stayed by the United States Supreme Court (40 CFR Part 60 Subpart UUUU (111d, existing plants)). Although not being adopted by reference per SCAQMD Rule 1714 – Prevention of Significant Deterioration for Greenhouse Gases, the new NSPS for GHGs from EGUs and stationary combustion turbines have been incorporated into SCAQMD's permit conditions that are under review by the U.S. EPA under the Title V Program for power plants located in the South Coast Air Basin (SCAB).

In addition, the following five delegable NSPS actions were amended by the U.S. EPA during the time period between January 1, 2015 and June 15, 2016 which: 1) updated emission limits, eliminated a broad exemption, and strengthened test methods for new residential wood heaters; 2) revised procedures for daily average PM compliance calculations for utility generating units using continuous emission monitoring systems (CEMS); 3) added a temperature parameter to start up and shut down requirements, and provided scaling alternative for sources with wet scrubber, tray tower, or dry scrubber at Portland cement plants; 4) revised NSPS for process heaters and flares at petroleum refineries; and, 5) revised provisions for low pressure gas well and storage vessels to lower the potential to emit (PTE) of individual storage vessels from crude oil and natural gas production. The new residential wood heater provision updated by U.S. EPA will not trigger amendments to SCAQMD Rule 445 – Wood Burning Devices. The rule provisions currently include performance and emissions standards adopted by the U.S. EPA on or after February 28, 1988.

In addition, the U.S. EPA also included minor revisions and clarifications to various subparts of 40 CFR Part 60. Since the U.S. EPA does not delegate emission guidelines to the SCAQMD, the subparts related to emission guidelines are not listed for inclusion in the proposed amendments to Regulation IX. The U.S. EPA also amended various subparts of 40 CFR Part 60 related to its revised test methods.

Table 1 lists the NSPS currently proposed for incorporation by reference into SCAQMD Regulation IX. For a description of the actions, please see Attachment A.

Public Workshops

The U.S. EPA held public workshops with public comment periods as part of its rule development process. Since the proposed amendments incorporate existing federal requirements by reference and do not significantly affect air quality or emissions limitations, no additional public workshops were required or held by the SCAQMD.

California Environmental Quality Act (CEQA)

The SCAQMD has reviewed the proposed project pursuant to CEQA Guidelines §15002 (k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA per CEQA Guidelines §15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA.

Because the SCAQMD is proposing to incorporate federal NSPS requirements by reference into Regulation IX, the SCAQMD has determined that it can be seen with certainty 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 (b)(3) – Activities Covered By General Rule. A Notice of Exemption has been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. If the proposed project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Socioeconomic Impacts

The proposed amendments to incorporate NSPS requirements by reference into Regulation IX do not impose new requirements beyond existing and enforceable federal regulations, and thus, do not significantly affect air quality or emissions limitations beyond U.S. EPA's analysis. As such, there will be no socioeconomic impacts beyond what was identified for the federal NSPS standards and requirements.

Table 1 - NSPS Proposed for Incorporation into Regulation IX

40 CFR Part 60	Title	U.S. EPA Action (date)	Reference*	New Promulgation, Amendment, and Affected Provision
Subpart Da	NSPS for Electric Utility Steam Generating Units	Final Rule (April 6, 2016)	81 FR 20171, Vol. 81, No. 66	Daily average PM compliance calculation for utility generating units using continuous emission monitoring systems (CEMS)
Subpart F	NSPS for Portland Cement Plants	Final Amendment (July 27, 2015)	80 FR 44771, Vol. 80, No. 143	Temperature parameter for startup and shut down requirements, and scaling alternative for sources with wet scrubbers, tray towers, or dry scrubbers at Portland cement plants
Subparts J and Ja	NSPS for Petroleum Refineries	Final Rule (December 1, 2015)	80 FR 75177, Vol. 80, No. 230	Revised NSPS for process heaters and flares at petroleum refineries
Subpart AAA	NSPS for New Residential Wood Heaters	Final Rule (March 16, 2015)	80 FR 13671, Vol. 80, No. 50	Updated emission limits, eliminated a broad exemption, and strengthened test methods for new residential wood heaters
Subpart OOOO	NSPS for Crude Oil and Natural Gas Production	Final Rule (August 12, 2015)	80 FR 48262, Vol. 80, No. 155	Lowered potential to emit (PTE) of individual storage vessels from crude oil & natural gas production
Subpart OOOOa	NSPS for Crude Oil and Natural Gas Facilities for which Construction, Modification, or Reconstruction Commenced After September 18, 2015	Final Rule (June 3, 2016)	81 FR 35823, Vol. 81, No. 107	New NSPS for GHG (methane emission limitations) and VOC emissions for various oil and natural gas sources: 1) GHGs and VOC for current unregulated sources; 2) current regulated sources for VOC, but not for GHGs; and, 3) GHGs and VOC for a subset of current regulated equipment

Table 1 - NSPS Proposed for Incorporation into Regulation IX (cont.)

40 CFR Part 60	Title	U.S. EPA Action (date)	Reference*	New Promulgation, Amendment, and Affected Provision
Subpart QQQQ	NSPS for New Residential Wood Heaters, New Residential Hydronic Heaters and Forced-Air Furnaces	Final Rule (March 16, 2015)	80 FR 13671, Vol. 80, No. 50	New PM standards for new residential hydronic heaters and forced-air furnaces
Subpart TTTT	NSPS for Greenhouse Gas Emissions From New, Modified, and Reconstructed Stationary Sources: Electric Utility Generating Units	Final Rule (October 23, 2015)	80 FR 64509, Vol. 80, No. 205	New NSPS for GHGs (CO_2) from fossil fuel-fired electric utility steam generating units (EGUs) and stationary combustion turbines

* Due to the bulk of these materials, the complete text of the Federal Register documents can be accessed online through the hyperlinks that are displayed for each subpart.

Air Quality Management Plan and Legal Mandates

The NSPS are federal requirements which are not included in the Draft 2016 Air Quality Management Plan (AQMP). The U.S. EPA is authorized to delegate authority to implement and enforce standards and related compliance periods for new, modified, or reconstructed sources of air pollution set forth in 40 CFR Part 60 to local air districts pursuant to §§110, 111 (c)(1), and 301 of the CAA. Adoption of new and amended NSPS into Regulation IX by reference, formally recognizes SCAQMD's authority to assist in the implementation and enforcement of these federal regulations at the local level.

Implementation Plan

The proposed amendments will not be submitted into the SIP. Rather, as in the past, a request for delegation of new standard and re-delegation of amended standards will be made under the authority of U.S. EPA. In addition, the proposed amendments do not materially affect the structure or function of existing programs associated with the implementation of Regulation IX and/or any other SCAQMD rules. Staff is available to assist facilities covered by the proposed amendments.

Resource Impacts

Current SCAQMD resources are sufficient to implement and enforce the proposed amendments to Regulation IX.

Attachments

A. Summary of Proposed Amendments to Regulation IX
B. Resolution
C. Proposed Amended Regulation IX
D. Final Staff Report
E. Notice of Exemption
F. Board Meeting Presentation

ATTACHMENT A

SUMMARY OF PROPOSED AMENDMENTS TO REGULATION IX

REGULATION	PROPOSED AMENDMENTS
NSPS – (40 CFR Part 60) Promulgation of 3 New Standards	• New NSPS for GHGs (methane) and VOC emissions for various oil and natural gas sources: 1) GHGs and VOC for current unregulated sources; 2) current regulated sources for VOC, but not for GHGs; and 3) GHGs and VOC for a subset of current regulated equipment (Subpart OOOOa). • New PM standards for new residential hydronic heaters and forced-air furnaces (Subpart QQQQ). • New NSPS for GHGs (CO_2) from fossil fuel-fired electric utility steam generating units (EGUs) and stationary combustion turbines (Subpart TTTT).
NSPS – (40 CFR Part 60) Five Actions to Amend Existing Standards	• Revised daily average PM compliance calculation for utility generating units using continuous emission monitoring systems (CEMS) (Subpart Da). • Added temperature parameter to startup and shut down requirements, and provided scaling alternative for sources with wet scrubber, tray tower, or dry scrubber at Portland cement plants (Subpart F). • Revised NSPS for process heaters and flares at petroleum refineries (Subparts J and Ja). • Updated emission limits, eliminated a broad exemption, and strengthened test methods for new residential wood heaters (Subpart AAA). • Lowered potential to emit (PTE) of individual storage vessels from crude oil & natural gas production (Subpart OOOO).

ATTACHMENT B

RESOLUTION NO. 16-_____

A Resolution of the South Coast Air Quality Management District (SCAQMD) Governing Board determining that the proposed amendments to Regulation IX – Standards of Performance for New Stationary Sources are exempt from the requirements of the California Environmental Quality Act (CEQA).

A Resolution of the SCAQMD Governing Board amending Regulation IX – Standards of Performance for New Stationary Sources.

WHEREAS, the SCAQMD has had its regulatory program certified pursuant to Public Resources Code §21080.5 and has conducted CEQA review and analysis of the proposed amendments to Regulation IX pursuant to such program (SCAQMD Rule 110); and

WHEREAS, the SCAQMD Governing Board finds and determines that the proposed amendments to Regulation IX are considered a "project" pursuant to CEQA per CEQA Guidelines §15002 (k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA; and

WHEREAS, the SCAQMD Governing Board finds and determines that after conducting a review of the proposed amendments to Regulation IX in accordance with CEQA Guidelines §15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA, the proposed amendments to Regulation IX are determined to be exempt from CEQA; and

WHEREAS, the SCAQMD Governing Board finds and determines 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 from CEQA pursuant to CEQA Guidelines §15061 (b)(3) – Activities Covered By General Rule; and

WHEREAS, SCAQMD staff has prepared a Notice of Exemption for the proposed project, that is completed in compliance with CEQA Guidelines §15062 – Notice of Exemption; and

WHEREAS, the Notice of Exemption, the October 7, 2016 SCAQMD Governing Board letter, and other supporting documentation were presented to the SCAQMD Governing Board and the SCAQMD Governing Board has reviewed and considered the entirety of this information prior to approving the project; and

WHEREAS, the SCAQMD proposes to incorporate by reference federal New Source Performance Standards (NSPS) requirements into Regulation IX; and

WHEREAS, the SCAQMD Governing Board has determined that a need exists to amend Regulation IX to provide a mechanism for local enforcement and provide information to affected facilities of these federal standards; and

WHEREAS, the SCAQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from §§ 39002, 40000, 40001, 40440, 40441, 40702, and 40725 through 40728 of the Health and Safety Code; and

WHEREAS, the SCAQMD Governing Board has determined that the proposed amendments to Regulation IX are written or displayed so that their meanings can be easily understood by the persons directly affected by them; and

WHEREAS, the SCAQMD Governing Board has determined that the proposed amendments to Regulation IX are in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, Health and Safety Code §40727.2 requires the SCAQMD to prepare a written analysis of existing federal air pollution control requirements whenever it adopts or amends a rule or regulation. However, if the rule or regulation is a verbatim adoption or incorporation by reference of federal NSPS requirements, the SCAQMD may comply with this requirement by making a finding that the proposed amendments fall within Health and Safety Code §40727.2 (g). Therefore, the SCAQMD finds that the proposed amendments to Regulation IX represent an adoption by reference of federal NSPS requirements, and that the proposed amendments to Regulation IX fall within the criteria and requirements in Health and Safety Code §40727.2(g); and

WHEREAS, a public hearing has been properly noticed in accordance with the provisions of Health and Safety Code §40725; and

WHEREAS, the SCAQMD Governing Board has held a public hearing in accordance with all provisions of law; and

WHEREAS, the SCAQMD Governing Board, in adopting amendments to Regulation IX, references the following statutes which the SCAQMD hereby implements, interprets, or makes specific: Title 42 U.S.C. Section 7411 (performance standards for new stationary sources), Health and Safety Code §§ 40001(a) (air quality standards), 40001 (b) (air pollution episodes), 40440 (a) (rules to carry out plan), 40702 (adopt regulations to execute duties), and 42301 (permit system); and

WHEREAS, federal Clean Air Act §§ 110, 111 (c)(1), and 301 authorize the United States Environmental Protection Agency (U.S. EPA) to delegate authority to local air districts to administer and enforce federal NSPS requirements; and

WHEREAS, the SCAQMD Governing Board finds that the proposed amendments to Regulation IX are proposed to implement and enforce federally adopted regulations, which protect the environment; and

WHEREAS, the SCAQMD Governing Board has determined that the U.S. EPA has already amended NSPS requirements, so that these federal regulations are currently in effect and that the adoption of the proposed amendments to Regulation IX would merely update SCAQMD regulations to reflect current U.S. EPA standards; and

WHEREAS, the SCAQMD Governing Board has determined that there is a problem that, by providing a single source of information for determining applicable federal and local requirements, Regulation IX will alleviate possible confusion by affected industries, thereby enhance compliance with NSPS requirements; and

WHEREAS, the SCAQMD Governing Board has determined that the proposed amendments to Regulation IX will impose the same requirements as the existing federal regulations and are necessary and proper to execute the power and duties granted to, and imposed upon, the SCAQMD; and

WHEREAS, the SCAQMD Governing Board specifies the Manager for the proposed amendments to Regulation IX as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of these proposed amendments are based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California; and

NOW, THEREFORE, BE IT RESOLVED that the SCAQMD Governing Board does hereby determine, pursuant to the authority granted by law, that the proposed amendments to Regulation IX are exempt from CEQA pursuant to CEQA Guidelines §15002 (k) – General Concepts, and §15061 (b)(3) – Activities Covered By The

General Rule. This information was presented to the SCAQMD Governing Board, whose members reviewed, considered, and approved the information therein prior to acting on the proposed amendments to Regulation IX; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board finds that the proposed amendments to Regulation IX incorporate by reference federal NSPS requirements for the following industries and operations or sources: oil and natural gas production, hydronic heaters, forced-air furnaces, fossil fuel-fired electric utility steam generating unit, stationary combustion turbines, Portland cement plants, petroleum refineries, residential wood heaters, and utility generating units; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby adopt the proposed amendments to Regulation IX, pursuant to the authority granted by law as set forth in the attached and incorporated herein by reference.

BE IT FURTHER RESOLVED, that the proposed amendments to Regulation IX will not be submitted for inclusion into the State Implementation plan.

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board hereby directs staff to submit a request for delegation for the new and re-delegation for the amended standards incorporated herein by this reference.

DATE: September 13, 2016

CLERK OF THE BOARDS

ATTACHMENT C

(Adopted December 3, 1976)(Amended June 7, 1985)(Amended November 1, 1985)
(Amended October 3, 1986)(Amended April 3, 1987)(Amended May 5, 1989)
(Amended September 7, 1990)(Amended October 4, 1991)(Amended April 3, 1992)
(Amended April 9, 1993)(Amended April 8, 1994)(Amended January 9, 1998)
(Amended August 13, 1999)(Amended April 21, 2000)
(Amended May 11, 2001)(Amended April 5, 2002)(Amended May 7, 2004)
(Amended December 2, 2005)(Amended September 8, 2006)
(Amended April 6, 2007)(Amended April 4, 2008)(Amended April 3, 2009)
(Amended March 5, 2010)(Amended March 4, 2011)
(Amended April 6, 2012) (Amended April 3, 2015)
(PAReg IX, October 7, 2016)

REGULATION IX

STANDARDS OF PERFORMANCE FOR NEW STATIONARY SOURCES

The provisions of Part 60, Chapter I, Title 40, of the Code of Federal Regulations (CFR), in effect July 1, 1984, applicable to the subparts listed in this Regulation were adopted by the South Coast Air Quality Management District on the date shown and were made part of the Rules and Regulations of the South Coast Air Quality Management District.

All new sources of air pollution and all modified or reconstructed sources of air pollution shall comply with the more stringent of the standards, criteria, and requirements set forth herein or in applicable District rules. For the purpose of this Regulation, the word "Administrator" as used in Part 60, Chapter I, Title 40, of the CFR shall mean the Executive Officer of the South Coast Air Quality Management District, except that the Executive Officer shall not be empowered to approve alternate test methods or alternate opacity limits. Other deviations from these federal standards, as presented in the CFR and which were ordered by the South Coast Air Quality Management District Board to suit the needs of the South Coast Air Quality Management District, are noted in the affected subpart.

SUBPART A GENERAL PROVISIONS

(40FR53346, Nov. 17, 1975)	(Adopted Dec. 3, 1976)
	(Amended Oct. 5, 1984)
(52FR17555, May 11, 1987)	(Amended May 5, 1989)
(55FR26912, June 29, 1990)	(Amended Oct. 4, 1991)
(55FR26931, June 29, 1990)	(Amended Oct. 4, 1991)
(55FR37674, Sept. 12, 1990)	(Amended Oct. 4, 1991)
(55FR40171, Oct. 2, 1990)	(Amended Oct. 4, 1991)
(55FR51378, Dec. 13, 1990)	(Amended Oct. 4, 1991)
(57FR32314, July 21, 1992)	(Amended April 9, 1993)
(59FR12408, March 16, 1994)	(Amended August 13, 1999)
(60FR65387, Dec. 19, 1995)	(Amended August 13, 1999)
(62FR8314, Feb. 24, 1997)	(Amended August 13, 1999)
(62FR52384, Oct. 7, 1997)	(Amended August 13, 1999)
(63FR24436, May 4, 1998)	(Amended August 13, 1999)
(65FR48914, August 10, 2000)	(Amended May 11, 2001)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(65FR76378, Dec. 6, 2000)	(Amended May 11, 2001)
(66FR44978, August 27, 2001)	(Amended April 5, 2002
(67FR43550, June 28, 2002)	(Amended May 7, 2004)
(69FR41346, July 8, 2004)	(Amended Dec. 2, 2005)
(70FR74870, Dec. 16, 2005)	(Amended April 6, 2007)
(71FR38482, July 6, 2006)	(Amended April 6, 2007)
(71FR39154, July 11, 2006)	(Amended April 6, 2007)
(72FR27437, May 16, 2007)	(Amended April 4, 2008)
(72FR32710, June 13, 2007)	(Amended April 4, 2008)
(73FR3568, January 18, 2008)	(Amended April 3, 2009)
(73FR35838, June 24, 2008)	(Amended April 3, 2009)
(74FR5072, January 28, 2009)	(Amended March 5, 2010)
(74FR51950, October 8, 2009)	(Amended March 5, 2010)
(75FR54970, Sept. 9, 2010)	(Amended March 4, 2011)
(76FR2832, January 18, 2011)	(Amended April 6, 2012)
(76FR15372, March 21, 2011)	(Amended April 6, 2012)
(76FR15704 March 21, 2011)	(Amended April 6, 2012)
(79FR11228, February 27, 2014)	(Amended April 3, 2015)

SUBPART D STANDARDS OF PERFORMANCE FOR FOSSIL-FUEL-FIRED STEAM GENERATORS FOR WHICH CONSTRUCTION IS COMMENCED AFTER AUGUST 17, 1971

(39FR20792, June 14, 1974)	(Adopted Dec. 3, 1976)
(51FR42839, Nov. 26, 1986)	(Amended April 3, 1987)
(52FR28946, Aug. 4, 1987)	(Amended May 5, 1989)
(55FR5211, Feb. 14, 1990)	(Amended Oct. 4, 1991)
(55FR51378, Dec. 13, 1990)	(Amended Oct. 4, 1991)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(72FR32710, June 13, 2007)	(Amended April 4, 2008)
(74FR5072, January 28, 2009)	(Amended March 5, 2010)
(76FR3517, January 20, 2011)	(Amended April 6, 2012)

SUBPART Da **STANDARDS OF PERFORMANCE FOR ELECTRIC UTILITY STEAM GENERATING UNITS FOR WHICH CONSTRUCTION IS COMMENCED AFTER SEPT. 18, 1978**

(44FR33613, June 11, 1979)	(Adopted Oct. 5, 1984)
(51FR42839, Nov. 26, 1986)	(Amended April 3, 1987)
(55FR5211, Feb. 14, 1990)	(Amended Oct. 4, 1991)
(63FR49442, Sept. 16, 1998)	(Amended August 13, 1999)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(66FR18546, April 10, 2001)	(Amended April 5, 2002)
(66FR31177, June 11, 2001)	(Amended April 5, 2002)
(66FR42608, August 14, 2001)	(Amended April 5, 2002)
(70FR28606, May 18, 2005)	(Amended Sept. 8, 2006)
(70FR51266, August 30, 2005)	(Amended Sept. 8, 2006)
(71FR9866, February 27, 2006)	(Amended April 6, 2007)
(71FR33388, June 9, 2006)	(Amended April 6, 2007)
(72FR32710, June 13, 2007)	(Amended April 4, 2008)
(74FR5072, January 28, 2009)	(Amended March 5, 2010)
(76FR3517, January 20, 2011)	(Amended April 6, 2012)
(79FR68777, November 19, 2014)	(Amended April 3, 2015)
(81FR20171, April 6, 2016)	(Amended Date of Adoption)

Note: The 30-day emissions averaging periods specified in the federal standard are deleted and replaced with 24-hour maximum emissions averaging periods for affected facilities in the SCAQMD.

SUBPART Db **STANDARDS OF PERFORMANCE FOR INDUSTRIAL-COMMERCIAL-INSTITUTIONAL STEAM GENERATING UNITS**

(51FR42768, Nov. 25, 1986)	(Adopted April 3, 1987)
(51FR42839, Nov. 26, 1986)	
(52FR47826, Dec. 16, 1987)	(Amended May 5, 1989)
(54FR51820, Dec. 18, 1989)	(Amended, Sept. 7, 1990)
(63FR4992, Sept. 16, 1998)	(Amended August 13, 1999)
(65FR13242, March 13, 2000)	(Amended May 11, 2001)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(66FR18546, April 10, 2001)	(Amended April 5, 2002)
(66FR31177, June 11, 2001)	(Amended April 5, 2002)
(66FR42608, August 14, 2001)	(Amended April 5, 2002)
(66FR49830, October 1, 2001)	(Amended April 5, 2002)
(71FR9866, February 27, 2006)	(Amended April 6, 2007)
(71FR33388, June 9, 2006)	(Amended April 6, 2007)
(72FR32710, June 13, 2007)	(Amended April 4, 2008)
(74FR5072, January 28, 2009)	(Amended March 5, 2010)
(76FR3517, January 20, 2011)	(Amended April 6, 2012)
(79FR11228, February 27, 2014)	(Amended April 3, 2015)

SUBPART Dc **STANDARDS OF PERFORMANCE FOR SMALL INDUSTRIAL COMMERCIAL-INSTITUTIONAL STEAM GENERATING UNITS**

(55FR37674, Sept. 12, 1990)	(Adopted Oct. 4, 1991)
(61FR20734, May 8, 1996)	(Amended August 13, 1999)
(64FR24049, May 5, 1999)	(Amended April 21, 2000)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(70FR74679, Dec. 16, 2005)	(Amended Sept. 8, 2006)
(71FR9866, February 27, 2006)	(Amended April 6, 2007)
(72FR32710, June 13, 2007	(Amended April 4, 2008)
(74FR5072, January 28, 2009)	(Amended March 5, 2010)
(76FR3517, January 20, 2011)	(Amended April 6, 2012)

SUBPART E **STANDARDS OF PERFORMANCE FOR INCINERATORS**

(36FR24877, Dec. 23, 1971)	(Adopted Dec. 3, 1976)
(55FR5211, Feb. 14, 1990)	(Amended Oct. 4, 1991)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(71FR27324, May 10, 2006)	(Amended April 6, 2007)

SUBPART Ea **STANDARDS OF PERFORMANCE FOR MUNICIPAL WASTE COMBUSTORS**

(56FR5488, Feb. 11, 1991)	(Adopted April 3, 1992)
(60FR65381, Dec. 19, 1995)	(Adopted Dec. 12, 1997)
(65FR61743, Oct. 17, 2000)	(Amended May 11, 2001)

SUBPART Eb **STANDARDS OF PERFORMANCE AND EMISSION GUIDELINES FOR MUNICIPAL WASTE COMBUSTORS**

(60FR65387, Dec. 19, 1995)	(Adopted Dec. 12, 1997)
(62FR45116, Aug. 25, 1997)	(Amended Dec. 12, 1997)
(62FR45124, Aug. 25, 1997)	(Amended Dec. 12, 1997)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(66FR36473, July 12, 2001)	(Amended April 5, 2002)
(66FR57824, Nov. 16, 2001)	(Amended April 5, 2002)
(71FR27324, May 10, 2006)	(Amended April 6, 2007)

SUBPART Ec **STANDARDS OF PERFORMANCE FOR HOSPITAL/ MEDICAL INFECTIOUS WASTE INCINERATORS**

(62FR48348, Sept. 15, 1997)	(Adopted Dec. 12, 1997)
(65FR61743, Oct. 17, 2000)	(Amended May 11, 2001)
(68FR61759, Oct. 30, 2003)	(Amended May 7, 2004)
(76FR18407, April 4, 2011)	(Amended April 6, 2012)
(78FR28052, May 13, 2013)`	(Amended April 3, 2015)

SUBPART F **STANDARDS OF PERFORMANCE FOR PORTLAND CEMENT PLANTS**

(36FR24877, Dec. 23, 1971)	(Adopted Dec. 3, 1976)
(53FR50354 Dec. 14, 1988)	(Amended May 5, 1989)
(61FR14637, April 3, 1996)	(Amended August 13, 1999)
(65FR61743, Oct. 17, 2000)	(Amended May 11, 2001)
(75FR54970, Sept. 9, 2010)	(Amended March 4, 2011)
(78FR10006, February 12, 2013)	(Amended April 3, 2015)
(80FR44771, July 27, 2015)	(Amended Date of Adoption)

SUBPART G **STANDARDS OF PERFORMANCE FOR NITRIC ACID PLANTS**

(39FR20794, June 14, 1974)	(Adopted Dec. 3, 1976)

SUBPART H **STANDARDS OF PERFORMANCE FOR SULFURIC ACID PLANTS**

(39FR20794, June 14, 1974)	(Adopted Dec. 3, 1976)
(65FR61743, Oct. 17, 2000)	(Amended May 11, 2001)
(79FR11228, February 27, 2014)	(Amended April 3, 2015)

SUBPART I **STANDARDS OF PERFORMANCE FOR ASPHALTIC CONCRETE PLANTS**

(39FR9314, March 8, 1974)	(Adopted Dec. 3, 1976)
(51FR12324, April 10, 1986)	(Amended April 3, 1987)

SUBPART J **STANDARDS OF PERFORMANCE FOR PETROLEUM REFINERIES**

(39FR9315, March 8, 1974)	(Adopted Dec. 3, 1976)
(51FR42839, Nov. 26, 1986)	(Amended Feb. 13, 1981) (Amended April 3, 1987)
(54FR34008, Aug. 17, 1989)	(Amended Sept. 7, 1990)
(55FR40171, Oct. 2, 1990)	(Amended Oct. 4, 1991)
(65FR61743, Oct. 17, 2000)	(Amended May 11, 2001)
(73FR35838, June 24, 2008)	(Amended April 3, 2009)
(80FR75177, December 1, 2015)	(Amended Date of Adoption)

SUBPART Ja **STANDARDS OF PERFORMANCE FOR PETROLEUM REFINERIES FOR WHICH CONSTRUCTION, RECONSTRUCTION, OR MODIFICATION COMMENCED AFTER May 14, 2007**

(73FR35838, June 24, 2008)	(Adopted April 3, 2009)
(73FR55751, Sept. 26, 2008)	(Amended April 3, 2009)

(73FR78546, Dec. 22, 2008)	(Amended April 3, 2009)
(73FR78549, Dec. 22, 2008)	(Amended April 3, 2009)
(76FR10524, Feb.25, 2011)	(Amended April 6, 2012)
(77FR56422, September 12, 2012)	(Amended April 3, 2015)
(80FR75177, December 1, 2015)	(Amended Date of Adoption)

SUBPART K STANDARDS OF PERFORMANCE FOR STORAGE VESSELS FOR PETROLEUM LIQUIDS CONSTRUCTED AFTER JUNE 11, 1973, AND PRIOR TO MAY 19, 1978

(39FR9317, March 8, 1974)	(Adopted Dec. 3, 1976) (Amended Feb. 13, 1981)
(52FR11420, April 8, 1987) and (52FR22779, June 16, 1987)	(Amended May 5, 1989)

SUBPART Ka STANDARDS OF PERFORMANCE FOR STORAGE VESSELS FOR PETROLEUM LIQUIDS CONSTRUCTED AFTER MAY 18, 1978

(45FR23379, Apr. 4, 1980)	(Adopted Dec. 3, 1976) (Amended Feb. 13, 1981)
(52FR11420, April 18, 1987) and (52FR22779, June 16, 1987)	(Amended May 5, 1989)
(65FR2336, January 14, 2000)	(Amended May 11, 2001)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART Kb STANDARDS OF PERFORMANCE FOR STORAGE VESSELS FOR PETROLEUM LIQUIDS FOR WHICH CONSTRUCTION, RECONSTRUCTION, OR MODIFICATION COMMENCED AFTER JULY 23, 1983

(52FR11420, April 8, 1987) and (52FR22779, June 16, 1987)	(Adopted May 5, 1989)
(54FR32972, August 11, 1989)	(Amended Sept. 7, 1990)
(65FR2336, January 14, 2000)	(Amended May 11, 2001)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART L STANDARDS OF PERFORMANCE FOR SECONDARY LEAD SMELTERS

(39FR9317, March 8, 1974)	(Adopted Dec. 3, 1976)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART M **STANDARDS OF PERFORMANCE FOR SECONDARY BRASS AND BRONZE PRODUCTION PLANTS**

(39FR9318, March 8, 1974)	(Adopted Dec. 3, 1976)
(49FR21864, Mar. 23, 1984)	(Amended Oct. 5, 1984)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART N **STANDARDS OF PERFORMANCE FOR IRON AND STEEL PLANTS**

(39FR9318, March 8, 1974)	(Adopted Dec. 3, 1976)
(51FR150, Jan. 2, 1986)	(Amended June 5, 1981) (Amended April 3, 1987)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART Na **STANDARDS OF PERFORMANCE FOR BASIC OXYGEN PROCESS FURNACES**

(51FR150, Jan. 2, 1986)	(Adopted April 3, 1987)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART O **STANDARDS OF PERFORMANCE FOR SEWAGE TREATMENT PLANTS**

(39FR9319, March 8, 1974)	(Adopted Dec. 3, 1976)
(51FR13432, April 18, 1986)	(Amended Oct. 3, 1986)
(54FR27015, June 27, 1989)	(Amended Sept. 7, 1990)
(59FR5107, February 3, 1994)	(Amended Dec. 12, 1997)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(79FR11228, February 27, 2014)	(Amended April 3, 2015)

SUBPART P **STANDARDS OF PERFORMANCE FOR PRIMARY COPPER SMELTERS**

(41FR2338, Jan. 15, 1976)	(Adopted Nov. 1, 1985)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART Q **STANDARDS OF PERFORMANCE FOR PRIMARY ZINC SMELTERS**

(41FR2340, Jan. 15, 1976)	(Adopted Nov. 1, 1985)

SUBPART R **STANDARDS OF PERFORMANCE FOR PRIMARY LEAD SMELTERS**

(41FR2340, Jan. 15, 1976)	(Adopted Nov. 1, 1985)

SUBPART S **STANDARDS OF PERFORMANCE FOR PRIMARY ALUMINUM REDUCTION PLANTS**

(45FR44207, June 30, 1980) (Adopted Nov. 1, 1985)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART T **STANDARDS OF PERFORMANCE FOR THE PHOSPHATE FERTILIZER INDUSTRY: WET-PROCESS PHOSPHORIC ACID PLANTS**

(40FR33154, August 6, 1975) (Adopted Dec. 3, 1976)
(Amended August 5, 1983)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART U **STANDARDS OF PERFORMANCE FOR THE PHOSPHATE FERTILIZER INDUSTRY: SUPERPHOSPHORIC ACID PLANTS**

(40FR33155, August 6, 1975) (Adopted Dec. 3, 1976)
(Amended Aug. 5, 1983)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART V **STANDARDS OF PERFORMANCE FOR THE PHOSPHATE FERTILIZER INDUSTRY: DIAMMONIUM PHOSPHATE PLANTS**

(40FR33155, August 6, 1975) (Adopted Dec. 3, 1976)
(Amended Aug. 5, 1983)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART W **STANDARDS OF PERFORMANCE FOR THE PHOSPHATE FERTILIZER INDUSTRY: TRIPLE SUPERPHOSPHATE PLANTS**

(40FR33156, August 6, 1975) (Adopted Dec. 3, 1976)
(Amended Aug. 5, 1983)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART X **STANDARDS OF PERFORMANCE FOR THE PHOSPHATE FERTILIZER INDUSTRY: GRANULAR TRIPLE SUPERPHOSPHATE STORAGE FACILITIES**

(40FR33156, August 6, 1975) (Adopted Dec. 3, 1976)
(Amended August 5, 1983)
(62FR18277, April 15, 1997) (Amended August 13, 1999)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART Y **STANDARDS OF PERFORMANCE FOR COAL PREPARATION PLANTS**

(41FR2234, Jan. 15, 1976) (Adopted Dec. 3, 1976)
(63FR53288, Oct. 5, 1998) (Amended Aug. 13, 1999)
(65FR61743, October 17, 2000) (Amended May 11, 2001)
(74FR51950, October 8, 2009) (Amended March 5, 2010)

SUBPART Z **STANDARDS OF PERFORMANCE FOR FERRO-ALLOY PRODUCTION FACILITIES**

(41FR18501, May 4, 1976) (Adopted Nov. 1, 1985)
(55FR5211, Feb. 14, 1990) (Amended Oct. 4, 1991)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART AA **STANDARDS OF PERFORMANCE FOR STEEL PLANTS: ELECTRIC ARC FURNACES CONSTRUCTED AFTER OCT. 21, 1974, AND ON OR BEFORE AUG. 17, 1983**

(40FR43852, Sept. 23, 1975) (Adopted Dec. 3, 1976)
(40FR43838, Oct. 31, 1984) (Amended June 7, 1985)
(64FR10105, March 2, 1999) (Amended April 21, 2000)
(65FR61743, October 17, 2000) (Amended May 11, 2001)
(70FR8523, February 22, 2005) (Amended Sept. 8, 2006)

SUBPART AAa **STANDARDS OF PERFORMANCE FOR STEEL PLANTS: ELECTRIC ARC FURNACES AND ARGON-OXYGEN DECARBURIZATION VESSELS CONSTRUCTED AFTER AUGUST 17, 1983**

(49FR43838, Oct. 3, 1984) (Adopted June 7, 1985)
(64FR10105, March 2, 1999) (Amended April 21, 2000)
(65FR61743, October 17, 2000) (Amended May 11, 2001)
(70FR8523, February 22, 2005) (Amended Sept. 8, 2006)

SUBPART BB **STANDARDS OF PERFORMANCE FOR KRAFT PULP MILLS**

(43FR7572, Feb. 23, 1978) (Adopted Nov. 1, 1985)
(51FR18538, May 20, 1986) (Amended Oct. 3, 1986)
(55FR5211, Feb. 14, 1990) (Amended Oct. 4, 1991)
(65FR61743, October 17, 2000) (Amended May 11, 2001)
(79FR18952, April 4, 2014) (Amended April 3, 2015)

SUBPART BBa **STANDARDS OF PERFORMANCE FOR KRAFT PULP MILL AFFECTED SOURCES FOR WHICH CONSTRUCTION, RECONSTRUCTION, OR MODIFICATION COMMENCED AFTER MAY 23, 2013**

(79FR18952, April 4, 2014) (Amended April 3, 2015)

SUBPART CC **STANDARDS OF PERFORMANCE FOR GLASS MANUFACTURING PLANTS**

(45FR66751, Oct. 7, 1980) (Adopted June 7, 1985)
(49FR41030, Oct. 19, 1984)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART DD **STANDARDS OF PERFORMANCE FOR GRAIN ELEVATORS**

(43FR34347, Aug. 3, 1978) (Adopted March 6, 1981)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART EE **STANDARDS OF PERFORMANCE FOR SURFACE COATING OF METAL FURNITURE**

(47FR49287, Oct. 29, 1982) (Adopted Oct. 5, 1984)
(49FR40542, Oct. 16, 1984) (Amended Nov. 1, 1985)
(55FR51378, Dec.13, 1990) (Amended Oct. 4, 1991)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

Note: The 30-day emissions averaging periods specified in the federal standard are deleted and replaced with 24-hour maximum emissions averaging periods for affected facilities in the SCAQMD.

SUBPART GG **STANDARDS OF PERFORMANCE FOR STATIONARY GAS TURBINES**

(44FR52798, Sept. 10, 1979) (Adopted March 6, 1981)
(65FR61743, October 17, 2000) (Amended May 11, 2001)
(69FR41346, July 8, 2004) (Amended Dec. 2, 2005)
(71FR9453, February 24, 2006) (Amended April 6, 2007)
(79FR11228, February 27, 2014) (Amended April 3, 2015)

SUBPART HH **STANDARDS OF PERFORMANCE FOR LIME MANUFACTURING PLANTS**

(43FR9453, March 7, 1978) (Adopted April 3, 1981)
(49FR18076, Apr. 26, 1984) (Amended Oct. 5, 1984)
(52FR4773, Feb. 17, 1987) (Amended May 5, 1989)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART KK **STANDARDS OF PERFORMANCE FOR LEAD-ACID BATTERY MANUFACTURING PLANTS**

(47FR16573, Apr. 16, 1982) (Adopted August 5, 1983)
(65FR61743, October 17, 2000) (Amended May 11, 2001)
(79FR11228, February 27, 2014) (Amended April 3, 2015)

SUBPART LL **STANDARDS OF PERFORMANCE FOR METALLIC MINERAL PROCESSING PLANTS**

(49FR6464, Feb. 21, 1984) (Adopted Nov. 1, 1985)
(65FR61743, October 17, 2000) (Amended May 11, 2001)
(79FR11228, February 27, 2014) (Amended April 3, 2015)

SUBPART MM **STANDARDS OF PERFORMANCE FOR AUTOMOBILE AND LIGHT-DUTY TRUCK SURFACE COATING OPERATIONS**

(45FR85415, Dec. 24, 1980) (Adopted Oct. 5, 1984)
(55FR51378, Dec. 13, 1990) (Amended Oct. 4, 1991)
(59FR51383, Oct. 11, 1994) (Amended Aug. 13, 1999)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

Note: The 30-day emissions averaging periods specified in the federal standard are deleted and replaced with 24-hour maximum emissions averaging periods for affected facilities in the SCAQMD.

SUBPART NN **STANDARDS OF PERFORMANCE FOR PHOSPHATE ROCK PLANTS**

(47FR16589, April 16, 1982) (Adopted Nov. 1, 1985)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART PP **STANDARDS OF PERFORMANCE FOR AMMONIUM SULFATE MANUFACTURE**

(45FR74850, Nov. 12, 1980) (Adopted Feb. 13, 1981)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

SUBPART QQ STANDARDS OF PERFORMANCE FOR THE GRAPHIC ARTS INDUSTRY: PUBLICATION ROTOGRAVURE PRINTING

(47FR50649, Nov. 8, 1982) (Adopted July 6, 1984)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

Note: The 30-day emissions averaging periods specified in the federal standard are deleted and replaced with 24-hour maximum emissions averaging periods for affected facilities in the SCAQMD.

SUBPART RR STANDARDS OF PERFORMANCE FOR PRESSURE SENSITIVE TAPE AND LABEL SURFACE COATING OPERATIONS

(48FR48368, Oct. 18, 1983) (Adopted May 4, 1984)
(55FR51378, Dec 13, 1990) (Amended Oct. 4, 1991)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

Note: The 30-day emissions averaging periods specified in the federal standard are deleted and replaced with 24-hour maximum emissions averaging periods for affected facilities in the SCAQMD.

SUBPART SS STANDARDS OF PERFORMANCE FOR INDUSTRIAL SURFACE COATING: LARGE APPLIANCES

(47FR47785, Oct. 27, 1982) (Adopted Oct. 5, 1984)
(55FR51378, Dec 13, 1990) (Amended Oct. 4, 1991)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

Note: The 30-day emission averaging periods specified in the federal standard are deleted and replaced with 24-hour maximum emissions averaging periods for affected facilities in the SCAQMD.

SUBPART TT STANDARDS OF PERFORMANCE FOR METAL COIL SURFACE COATING

(47FR49612, Nov. 1, 1982) (Adopted Oct. 5, 1984)
(51FR22938, June 24, 1986) (Amended Oct. 3, 1986)
(55FR51378, Dec 13, 1990) (Amended Oct. 4, 1991)
(65FR61743, October 17, 2000) (Amended May 11, 2001)

Note: The 30-day emissions averaging periods specified in the federal standard are deleted and replaced with 24-hour maximum emissions averaging periods for affected facilities in the SCAQMD.

SUBPART UU **STANDARDS OF PERFORMANCE FOR ASPHALT PROCESSING AND ASPHALT ROOFING MANUFACTURE**

(45FR34143, Aug. 6, 1982)	(Adopted Aug. 5, 1983)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(79FR11228, February 27, 2014)	(Amended April 3, 2015)

SUBPART VV **STANDARDS OF PERFORMANCE FOR EQUIPMENT LEAKS OF VOC IN THE SYNTHETIC ORGANIC CHEMICALS MANUFACTURING INDUSTRY**

(48FR48355, Oct. 18, 1983)	(Adopted Oct. 5, 1984)
(51FR2699, Jan. 21, 1986)	(Amended April 3, 1987)
(61FR29875, June 12, 1996)	(Amended Aug. 13, 1999)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(72FR64860, Nov. 16, 2007)	(Amended April 4, 2008)
(73FR31372, June 2, 2008)	(Amended April 3, 2009)
(73FR31376, June 2, 2008)	(Amended April 3, 2009)

SUBPART VVa **STANDARDS OF PEFORMANCE FOR EQUIPMENT LEAKS OF VOC IN THE SYNTHETIC ORGANIC CHEMICALS MANUFACTURING INDUSTRY FOR WHICH CONSTRUCTION, RECONSTRUCTION, OR MODIFICATION COMMENCED AFTER NOVEMBER 7, 2006**

72FR64860, Nov. 16, 2007	(Adopted April 4, 2008)
(73FR31372, June 2, 2008)	(Amended April 3, 2009)
(73FR31376, June 2, 2008)	(Amended April 3, 2009)

SUBPART WW **STANDARDS OF PERFORMANCE FOR THE BEVERAGE CAN SURFACE COATING INDUSTRY**

(48FR38737, Aug. 25, 1983)	(Adopted Oct. 5, 1984)
(55FR51378, Dec 13, 1990)	(Amended Oct. 4, 1991)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

Note: The 30-day emissions averaging periods specified in the federal standard are deleted and replaced with 24-hour maximum emissions averaging periods for affected facilities in the SCAQMD.

SUBPART AAA **STANDARDS OF PERFORMANCE FOR NEW RESIDENTIAL WOOD HEATERS**

(52FR5860, Feb. 26, 1988) and	
(53FR12009, April 12, 1988)	(Adopted May 5, 1989)
(63FR64869, Nov. 24, 1998)	(Amended Aug. 13, 1999)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(80FR13671, March 16, 2015)	(Amended Date of Adoption)

SUBPART BBB **STANDARDS OF PERFORMANCE FOR THE RUBBER TIRE MANUFACTURING INDUSTRY**

(52FR34868, Sept. 15, 1987) and	
(52FR37874, Oct. 9, 1987)	(Adopted May 5, 1989)
(54FR38634, Sept. 19, 1989)	(Amended Sept. 7, 1990)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART DDD **STANDARDS OF PERFORMANCE FOR VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS FROM THE POLYMER MANUFACTURING INDUSTRY**

(55FR51010, Dec. 11, 1990)	(Adopted Oct. 4, 1991)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART FFF **STANDARDS OF PERFORMANCE FOR FLEXIBLE VINYL AND URETHANE COATING AND PRINTING**

(49FR26892, June 29, 1984) (Adopted June 7, 1985)

Note: The 30-day emissions averaging periods specified in the federal standard are deleted and replaced with 24-hour maximum emissions averaging periods for affected facilities in the SCAQMD
.

SUBPART GGG **STANDARDS OF PERFORMANCE FOR EQUIPMENT LEAKS OF VOC IN PETROLEUM REFINERIES FOR WHICH CONSTRUCTION, RECONSTRUCTION, OR MODIFICATION COMMENCED AFTER JANUARY 4, 1983, AND ON OR BEFORE NOVEMBER 7, 2006**

(49FR22606, May 30, 1984)	(Adopted June 7, 1985)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(72FR64860, Nov. 16, 2007)	(Amended April 4, 2008)
(73FR31372, June 2, 2008)	(Amended April 3, 2009)
(73FR31376, June 2, 2008)	(Amended April 3, 2009)

SUBPART GGGa **STANDARDS OF PERFORMANCE FOR EQUIPMENT LEAKS OF VOC IN PETROLEUM REFINERIES FOR WHICH CONSTRUCTION, RECONSTRUCTION, OR MODIFICATION COMMENCED AFTER NOVEMBER 7, 2006**

(72FR64896, Nov. 16, 2007)	(Adopted April 3, 2009)
73FR31372, June 2, 2008	(Amended April 3, 2009)
73FR31376, June 2, 2008	(Amended April 3, 2009)

SUBPART HHH **STANDARDS OF PERFORMANCE FOR SYNTHETIC FIBER PRODUCTION FACILITIES**

(49FR13651, April 5, 1984)	(Adopted Nov. 1, 1985)
(55FR51378, Dec 13, 1990)	(Amended Oct. 4, 1991)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART III **STANDARDS OF PERFORMANCE FOR VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS FROM THE SYNTHETIC ORGANIC CHEMICAL MANUFACTURING INDUSTRY (SOCMI) AIR OXIDATION UNIT PROCESSES**

(55FR26912, June 29, 1990)	(Amended Oct. 4, 1991)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART JJJ **STANDARDS OF PERFORMANCE FOR PETROLEUM DRY CLEANERS**

(49FR37332, Sept. 21, 1984)	(Adopted June 7, 1985)
(50FR49026, Nov. 27, 1985)	(Amended Oct. 3, 1986)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)

SUBPART KKK **STANDARDS OF PERFORMANCE FOR EQUIPMENT LEAKS OF VOC FROM ONSHORE NATURAL GAS PROCESSING PLANTS**

(50FR26122, June 24, 1985)	(Adopted Nov. 1, 1985)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(77FR49490, August 16, 2012)	(Amended April 3, 2015)

SUBPART LLL **STANDARDS OF PERFORMANCE FOR ONSHORE NATURAL GAS PROCESSING: SO_2 EMISSIONS**

(50FR40518, Oct. 1, 1985)	(Adopted Oct. 3, 1986)
(65FR61743, October 17, 2000)	(Amended May 11, 2001)
(77FR49490, August 16, 2012)	(Amended April 3, 2015)

SUBPART NNN	**STANDARDS OF PERFORMANCE FOR VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS FROM SYNTHETIC ORGANIC CHEMICAL MANUFACTURING INDUSTRY (SOCMI) DISTILLATION OPERATIONS**	
	(55FR26931, June 29, 1990)	(Adopted Oct. 4, 1991)
	(65FR61743, October 17, 2000)	(Amended May 11, 2001)
	(79FR11228, February 27, 2014)	(Amended April 3, 2015)
SUBPART OOO	**STANDARDS OF PERFORMANCE FOR NONMETALLIC MINERAL PROCESSING PLANTS**	
	(50FR31328, Aug. 1, 1985)	(Adopted Nov. 1, 1985)
	(62FR31351, June 9, 1997)	(Amended Dec. 12, 1997)
	(62FR62953, Nov. 26, 1997)	(Amended August 13, 1999)
	(65FR61743, October 17, 2000)	(Amended May 11, 2001)
SUBPART PPP	**STANDARDS OF PERFORMANCE FOR WOOL FIBERGLASS INSULATION MANUFACTURING PLANTS**	
	(50FR7694, Feb. 25, 1985)	(Adopted Nov. 1, 1985)
	(65FR61743, October 17, 2000)	(Amended May 11, 2001)
SUBPART QQQ	**STANDARDS OF PERFORMANCE FOR VOC EMISSIONS FROM PETROLEUM REFINERY WASTEWATER SYSTEMS**	
	(53FR47616, Nov. 23, 1988)	(Adopted May 5, 1989)
	(60FR43244, Aug. 18, 1995)	(Amended August 13, 1999)
	(65FR61743, October 17, 2000)	(Amended May 11, 2001)
SUBPART RRR	**STANDARDS OF PERFORMANCE FOR VOLATILE ORGANIC COMOPOUND (VOC) EMISSIONS FROM THE SYNTHETIC ORGANIC CHEMICAL MANUFACTURING INDUSTRY (SOCMI) REACTOR PROCESSES**	
	(58FR45948, Aug. 31, 1993)	(Adopted April 8, 1994)
	(65FR61743, October 17, 2000)	(Amended May 11, 2001)
SUBPART SSS	**STANDARDS OF PERFORMANCE FOR THE MAGNETIC TAPE MANUFACTURING INDUSTRY**	
	(53FR38892, Oct. 3, 1988) and (53FR47955, Nov. 29, 1988)	(Adopted May 5, 1989)

SUBPART TTT	**STANDARDS OF PERFORMANCE FOR INDUSTRIAL SURFACE COATING PLASTIC PARTS FOR BUSINESS MACHINES**	
	(53FR2672, Jan. 29, 1988) and (53FR19300, May 27, 1988)	(Adopted May 5, 1989)
	(54FR25458, June 15, 1989)	(Amended Sept. 7, 1990)
	(65FR61743, October 17, 2000)	(Amended May 11, 2001)
SUBPART UUU	**STANDARDS OF PERFORMANCE FOR CALCINERS AND DRYERS IN MINERAL INDUSTRIES**	
	(57FR44496, Sept. 28, 1992)	(Adopted April 9, 1993)
	(58FR40591, July 29, 1993)	(Amended April 8, 1994)
SUBPART VVV	**STANDARDS OF PERFORMANCE FOR POLYMERIC COATING OF SUPPORTING SUBSTRATES**	
	(54FR37534, Sept. 11, 1989)	(Adopted Sept. 7, 1990)
	(65FR61743, October 17, 2000)	(Amended May 11, 2001)
SUBPART WWW	**STANDARDS OF PERFORMANCE FOR MUNICIPAL SOLID WASTE LANDFILLS**	
	(61FR9905, March 12, 1996)	(Adopted Dec. 12, 1997)
	(63FR32743, June 16, 1998)	(Amended Aug. 13, 1999)
	(64FR9258, February 24, 1999)	(Amended April 21, 2000)
	(65FR18906, April 10, 2000)	(Amended May 11, 2001)
	(65FR61743, October 17, 2000)	(Amended May 11, 2001)
SUBPART AAAA	**STANDARDS OF PERFORMANCE FOR NEW SMALL MUNICIPAL WASTE COMBUSTION UNITS**	
	(65FR76350, December 6, 2000)	(Amended May 11, 2001)
SUBPART CCCC	**STANDARDS OF PERFORMANCE FOR COMMERCIAL AND INDUSTRIAL SOLID WASTE INCINERATION UNITS**	
	(65FR75338, December 1, 2000)	(Amended May 11, 2001)
	(66FR16605, March 27, 2001)	(Amended April 5, 2002)
	(70FR55568, Sept. 22, 2005)	(Amended Sept. 8, 2006)
	(76FR15704, March 21, 2011)	(Amended April 6, 2012)
	(78FR9111, February 7, 2013)	(Amended April 3, 2015)

SUBPART EEEE	**STANDARDS OF PERFORMANCE FOR OTHER SOLID WASTE INCINERATION UNITS**	
	(70FR74870, December 16, 2005)	(Amended April 6, 2007)
	(71FR67802, Nov. 24, 2006)	(Amended April 6, 2007)
SUBPART IIII	**STANDARDS OF PERFORMANCE FOR STATIONARY COMPRESSION IGNITION INTERNAL COMBUSTION ENGINES**	
	(71FR39154, July, 11, 2006)	(Amended April 6, 2007)
	(76FR37954, June 28, 2011)	(Amended April 6, 2012)
	(78FR6674, January 30, 2013)	(Amended April 3, 2015)
SUBPART JJJJ	**STANDARDS OF PERFORMANCE FOR STATIONARY SPARK IGNITION INTERNAL COMBUSTION ENGINES**	
	(73FR3568, January 18, 2008)	(Amended April 3, 2009)
	(76FR37954, June 28, 2011)	(Amended April 6, 2012)
	(78FR6674, January 30, 2013)	(Amended April 3, 2015)
SUBPART KKKK	**STANDARDS OF PERFORMANCE FOR STATIONARY COMBUSTION TURBINES**	
	(71FR38482, July 6, 2006)	(Amended April 6, 2007)
	(74FR11858, March 20, 2009)	(Amended March 5, 2010)
SUBPART LLLL	**STANDARDS OF PERFORMANCE FOR SLUDGE INCINERATION UNITS**	
	(76FR15372, March 21, 2011)	(Amended April 6, 2012)
SUBPART OOOO	**STANDARDS OF PERFORMANCE FOR CRUDE OIL AND NATURAL GAS PRODUCTION, TRANSMISSION, AND DISTRIBUTION**	
	(77FR49490, August 16, 2012)	(Amended April 3, 2015)
	(79FR79018, December 31, 2014)	(Amended April 3, 2015)
	(80FR48262, August 12, 2015)	(Amended Date of Adoption)
SUBPART OOOOa	**STANDARDS OF PERFORMANCE FOR CRUDE OIL AND NATURAL GAS FACILITIES FOR WHICH CONSTRUCTION, MODIFICATION, OR RECONSTRUCTION COMMENCED AFTER SEPTEMBER 18, 2015**	

(81FR35823, June 3, 2016) (Amended Date of Adoption)

SUBPART QQQQ	**STANDARDS OF PERFORMANCE FOR NEW RESIDENTIAL WOOD HEATERS, NEW RESIDENTIAL HYDRONIC HEATERS AND FORCED-AIR FURNACES**

(80FR13671, March 16, 2015) (Amended Date of Adoption)

SUBPART TTTT	**STANDARDS OF PERFORMANCE FOR GREENHOUSE GAS EMISSIONS FROM NEW, MODIFIED, AND RECONSTRUCTED STATIONARY SOURCES: ELECTRIC UTILITY GENERATING UNITS**

(80FR64509, October 23, 2015) (Amended Date of Adoption)

APPENDIX A-1 TEST METHODS 1 THROUGH 2F

(79FR11228, February 27, 2014) (Amended April 3, 2015)

APPENDIX A-2 TEST METHODS 2G THROUGH 3C

(79FR11228, February 27, 2014) (Amended April 3, 2015)

APPENDIX A-3 TEST METHODS 4 THROUGH 5I

(79FR11228, February 27, 2014) (Amended April 3, 2015)

APPENDIX A-4 TEST METHODS 6 THROUGH 10B

(79FR11228, February 27, 2014) (Amended April 3, 2015)

APPENDIX A-5 TEST METHODS 11 THROUGH 15 A

(79FR11228, February 27, 2014) (Amended April 3, 2015)

APPENDIX A-6 TEST METHODS 16 THROUGH 18

(79FR11228, February 27, 2014) (Amended April 3, 2015)

APPENDIX A-7 TEST METHODS 19 THROUGH 25E

(79FR11228, February 27, 2014) (Amended April 3, 2015)

APPENDIX A-8 TEST METHODS 26 THROUGH 30B

(79FR11228, February 27, 2014) (Amended April 3, 2015)

APPENDIX B PERFORMANCE SPECIFICATIONS

(79FR11228, February 27, 2014) (Amended April 3, 2015)

APPENDIX F QUALITY ASSURANCE PROCEDURES

(79FR11228, February 27, 2014) (Amended April 3, 2015)

ATTACHMENT D

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Staff Report

Proposed Amended Regulation IX - Standards of Performance for New Stationary Sources

October 2016

Deputy Executive Officer
Planning, Rule Development and Area Sources
Philip M. Fine, Ph.D.

Acting Assistant Deputy Executive Officer
Planning, Rule Development and Area Sources
Susan Nakamura

Planning and Rules Manager
Planning, Rule Development and Area Sources
Carol Gomez

Author: Tuyet-Le Pham - Air Quality Specialist

Contributors: Barbara Radlein - Program Supervisor
Elaine Shen - Program supervisor
Sam Wang - Air Quality Specialist

Reviewed By: Barbara Baird - Chief Deputy Counsel
Kathryn Higgins - Program Supervisor
William Wong - Principal Deputy District Counsel

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD

Chairman: DR. WILLIAM A. BURKE
Speaker of the Assembly Appointee

Vice Chairman: BEN BENOIT
Councilmember, Wildomar
Cities of Riverside County

MEMBERS:

MICHAEL D. ANTONOVICH
Supervisor, Fifth District
County of Los Angeles

JOHN J. BENOIT
Supervisor, Fourth District
County of Riverside

JOE BUSCAINO
Councilmember, 15th District
City of Los Angeles

MICHAEL A. CACCIOTTI
Mayor Pro Tem, South Pasadena
Cities of Los Angeles County/Eastern Region

JOSEPH K. LYOU, Ph.D.
Governor's Appointee

LARRY MCCALLON
Mayor, Highland
Cities of San Bernardino County

JUDITH MITCHELL
Councilmember, Rolling Hills Estates
Cities of Los Angeles County/Western Region

SHAWN NELSON
Supervisor, Fourth District
County of Orange

DR. CLARK E. PARKER, SR.
Senate Rules Committee Appointee

DWIGHT ROBINSON
Councilmember, Lake Forest
Cities of Orange County

JANICE RUTHERFORD
Supervisor, Second District
County of San Bernardino

ACTING EXECUTIVE OFFICER

WAYNE NASTRI

TABLE OF CONTENTS

I.	**EXECUTIVE SUMMARY**	**1**
II.	**BACKGROUND**	**2**
III.	**LEGAL AUTHORITY**	**2**
IV.	**PROPOSED AMENDMENTS**	**2**
V.	**SOCIOECONOMIC ASSESSMENT**	**5**
VI.	**CEQA ANALYSIS**	**5**
VII.	**FINDINGS UNDER THE HEALTH AND SAFETY CODE**	**6**
VIII.	**CONCLUSIONS AND RECOMMENDATIONS**	**7**

I. EXECUTIVE SUMMARY

U.S. EPA periodically promulgates new or amends existing Standards of Performance for New Stationary Sources and National Emission Standards for Hazardous Air Pollutants (NESHAP). New Source Performance Standards (NSPS) govern the operations of all new, modified, or reconstructed sources of air pollution identified in the Code of Federal Regulations (CFR), Title 40, Chapter I, Subchapter C, Part 60 (40 CFR Part 60). NESHAP govern the operations of new and existing sources identified in the CFR, Title 40, Chapter I, Subchapter C, Part 61 (40 CFR Part 61) that emit substances designated as hazardous air pollutants pursuant to §112 of the Clean Air Act (CAA) Amendments.

To directly implement NSPS and NESHAP requirements at the local level as authorized by U.S. EPA pursuant to §301 and §§ 110, 111(c)(1), and 112(d)(1) of the CAA, SCAQMD's Board initially adopted various NSPS by reference as Regulation IX and various NESHAP as Regulation X on December 3, 1976. The adoption of NSPS and NESHAP by reference into Regulations IX and X, respectively, provides stationary sources with a single source of information for determining appropriate federal and local requirements for their specific operations. The NSPS and NESHAP standards are in effect and enforceable by SCAQMD regardless of whether SCAQMD incorporates them into Regulations IX and X. The Board has ~~since~~ periodically amended Regulations IX and X to incorporate new or amended standards as necessary. Regulation IX and Regulation X were last amended April 3, 2015. Since then, the U.S. EPA has adopted various NSPS standards, and so Regulation IX is proposed to be amended. However, Regulation X is not proposed to be amended this time as there were no delegable NESHAP actions adopted by the U.S. EPA between January 1, 2015 and June 15, 2016.

In 1997, U.S. EPA delegated and/or re-delegated its authority to SCAQMD for specific sections of 40 CFR Parts 60 and 61. In 2006, 2007, 2009, 2010, 2011, and 2012, SCAQMD requested and received U.S. EPA delegation and re-delegation of authority for specific sections of 40 CFR Part 60 and/or Part 61 following Regulation IX and/or X amendments. SCAQMD will seek U.S. EPA delegation and re-delegation of such authority for specific sections of Part 60 and/or Part 61 that were not previously requested.

Pursuant to the 1990 Amendments to the federal CAA, U.S. EPA has established maximum achievable control technology (MACT) standards for new and existing major sources of hazardous air pollutants. The MACT standards are published in CFR, Title 40, Chapter I, Subchapter C, Part 63 (40 CFR Part 63). U.S. EPA delegated the authority for the implementation and enforcement of 40 CFR Part 63 to SCAQMD on February 27, 1997. However, SCAQMD has not established a separate regulation to incorporate the MACT standards by reference. Instead, the MACT standards are directly implemented through SCAQMD's Regulation XXX – Title V Permits, in accordance with U.S. EPA's federal Title V program

requirements in CFR, Title 40, Chapter 1, Subchapter C, Part 70 – State Operating Permit Programs Categories (40 CFR Part 70).

II. BACKGROUND

On December 3, 1976, SCAQMD's Board initially adopted various NSPS by reference as Regulation IX and various NESHAP as Regulation X. The adoption of NSPS and NESHAP by reference into Regulations IX and X, respectively, provides stationary sources with a single source of information for determining appropriate federal and local requirements for their specific operations. Since sources of air pollution are required to comply with the most stringent federal, state, and local standards, criteria, and requirements set forth in Regulations IX and X and other applicable SCAQMD rules, the NSPS and NESHAP standards are in effect and enforceable by SCAQMD regardless of whether SCAQMD incorporates them into Regulations IX and X. The Governing Board has since periodically amended Regulations IX and X to incorporate new or amended standards as necessary. Regulation IX and Regulation X were last amended April 3, 2015.

In 1997, U.S. EPA delegated and/or re-delegated its authority to SCAQMD for specific sections of 40 CFR Parts 60 and 61, as listed in the April 23, 1997 Federal Register, Volume 62, No. 78, 19679 – 19682. In 2006, 2007, 2009, 2010, 2011, and 2012, SCAQMD subsequently requested and received U.S. EPA delegation and/or re-delegation of authority for specific sections of 40 CFR Part 60 and/or Part 61 following Regulation IX and/or X amendments. SCAQMD will seek U.S. EPA delegation and re-delegation of such authority for specific sections of Part 60 and/or Part 61 that were not previously requested.

III. LEGAL AUTHORITY

Pursuant to §301 and §§110, and 111(c)(1) of the CAA, U.S. EPA is authorized to delegate authority to implement and enforce standards and related compliance periods for new, modified, or reconstructed sources of air pollution set forth in 40 CFR Part 60, to local air districts.

Adoption of new and amended NSPS into SCAQMD Regulation IX, by reference, formally recognizes SCAQMD's authority to assist in the implementation and enforcement of these federal regulations at the local level.

The SCAQMD also has its authority to adopt, amend, or repeal rules and regulations for criteria pollutants from Health and Safety Code §§39002, 40000, 40001, 40440, 40441, 40702, and 40725 through 40728.

IV. PROPOSED AMENDMENTS

The updates included in this proposal reflect federal actions primarily between January 1, 2015 and June 15, 2016. One new NSPS for GHGs (in particular, methane emission limitations) and VOC emissions was promulgated in 2016 by

U.S. EPA for various oil and natural gas sources, which include: (1) GHG and VOC requirements for current unregulated sources (e.g., oil well completions, pneumatic pumps, well sites and compressor stations); (2) current regulated sources for VOC, but not for GHGs (e.g., gas well completions and equipment leaks at natural gas processing plants); and (3) GHG and VOC requirements for a subset of current regulated ~~subset of~~ equipment (e.g., pneumatic controllers, and centrifugal and reciprocal compressors, except for those at well sites.)

In 2015, a new NSPS for PM emissions for new hydronic heaters and forced-air furnaces, and a new NSPS for GHGs manifested as carbon dioxide CO_2 from new, modified, and reconstructed fossil fuel-fired electric utility steam generating units (EGUs) and stationary combustion turbines were also promulgated by U.S. EPA. The CO_2 standards are for new, modified, and reconstructed sources, and are not included in the controversial "Clean Power Plan" for existing sources which has been stayed by U.S. Supreme Court (40 CFR Part 60 Subpart UUUU (111d, existing plants)). Although not being adopted by reference per SCAQMD Rule 1714 – Prevention of Significant Deterioration for Greenhouse Gases, the new NSPS for GHGs from EGUs and stationary combustion turbines have been incorporated into SCAQMD's permit conditions that are under review by the U.S. EPA under the Title V Program for~~to~~ power plants in the SCAB.

In addition, five delegable NSPS actions were amended by U.S. EPA during the time period between January 1, 2015 and June 15, 2016. They are: (1) Updated emission limits, eliminated a broad exemption, and strengthened test methods for new residential wood heaters; (2) Revised procedures for daily average PM compliance calculation for utility generating units using continuous emission monitoring systems (CEMS); (3) Added temperature parameter to start up and shut down requirements, and provide scaling alternative for sources with wet scrubber, tray tower, or dry scrubber at Portland cement plants; (4) Revised NSPS for process heaters and flares at petroleum refineries; and (5) Revised provisions for~~of~~ low pressure gas well and storage vessels to lower the potential to emit (PTE) of individual storage vessels from crude oil & natural gas production. The U.S. EPA updated provisions for new residential wood heaters will not trigger amendments to SCAQMD Rule 445 – Wood Burning Devices. The rule provisions currently include performance and emissions standards adopted by U.S. EPA on or after February 28, 1988.

In addition, U.S. EPA also included minor revisions and clarifications to various subparts of 40 CFR Part 60. Since U.S. EPA does not delegate emission guidelines to the SCAQMD, the subparts related to emission guidelines are not listed for inclusion in the proposed amendments.

Table 1 lists the NSPS currently proposed for incorporation by reference into SCAQMD Regulation IX.

Table 1 - NSPS Proposed for Incorporation into Regulation IX

40 CFR Part 60	Title	U.S. EPA Action (date)	Reference	New Promulgation, Amendment, and Affected Provision
Subpart Da	NSPS for Electric Utility Steam Generating Units	Final Rule (April 6, 2016)	81 FR 20171, Vol. 81, No. 66	Daily average PM compliance calculation for utility generating units using continuous emission monitoring systems (CEMS)
Subpart F	NSPS for Portland Cement Plants	Final Amendment, (July 27, 2015)	80 FR 44771, Vol. 80, No. 143	Temperature parameter for startup and shut down requirements, and scaling alternative for sources with wet scrubber, tray tower, or dry scrubber at Portland cement plants
Subparts J and Ja	NSPS for Petroleum Refineries	Final Rule (December 1, 2015)	80 FR 75177, Vol. 80, No. 230	Revised NSPS for process heaters and flares at petroleum refineries
Subpart AAA	NSPS for New Residential Wood Heaters	Final Rule (March 16, 2015)	80 FR 13671, Vol. 80, No. 50	Updated emission limits, eliminated broad exemption, and strengthened test methods for new residential wood heaters
Subpart OOOO	NSPS for Crude Oil and Natural Gas Production	Final Rule (August 12, 2015)	80 FR 48262, Vol. 80, No. 155	Lowered potential to emit (PTE) of individual storage vessels from crude oil & natural gas production
Subpart OOOOa	NSPS for Crude Oil and Natural Gas Facilities for which Construction, Modification, or Reconstruction Commenced After September 18, 2015	Final Rule (June 3, 2016)	81 FR 35823, Vol. 81, No. 107	**New NSPS for GHGs** (methane emission limitations) **and VOC** emissions for various oil and natural gas sources: (1) GHGs and VOC for current unregulated sources ~~stations~~; (2) current regulated sources for VOC, but not for GHGs; and (3) GHGs and VOC for a subset of current regulated ~~subset of~~ equipment

Table 1 - NSPS Proposed for Incorporation into Regulation IX (cont.)

40 CFR Part 60	Title	U.S. EPA Action (date)	Reference	New Promulgation, Amendment, and Affected Provision
Subpart QQQQ	NSPS for New Residential Wood Heaters, New Residential Hydronic Heaters and Forced-Air Furnaces	Final Rule (March 16, 2015)	80 FR 13671, Vol. 80, No. 50	**New PM standards** for new residential hydronic heaters and forced-air furnaces
Subpart TTTT	NSPS for Greenhouse Gas Emissions From New, Modified, and Reconstructed Stationary Sources: Electric Utility Generating Units	Final Rule (October 23, 2015)	80 FR 64509, Vol. 80, No. 205	**New NSPS for GHGs** (CO_2) from fossil fuel-fired electric utility steam generating units (EGUs) and stationary combustion turbines

V. SOCIOECONOMIC ASSESSMENT

The proposed ~~NSPS~~ amendments to incorporate NSPS requirements by reference into ~~of~~ Regulation IX doe~~s~~ not impose new requirements beyond existing and enforceable federal regulations, and thus, do not significantly affect air quality or emissions limitations beyond U.S. EPA's analysis. As such, there will be no socioeconomic impacts beyond what was identified for the federal NSPS standards and requirements.

VI. CEQA ANALYSIS

The SCAQMD has reviewed the proposed ~~amendments to Regulation IX~~ project 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~~ per CEQA Guidelines §15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA.

~~Since~~Because the SCAQMD is proposing to incorporate federal NSPS requirements ~~which are already applicable to the affected sources~~ by reference into Regulation IX, ~~it~~ the SCAQMD had determined that it can be seen with certainty ~~that the proposed project~~ there is ~~has~~ no ~~potential~~ possibility that the proposed project may have any significant effects ~~to adversely impact air quality or~~ on the ~~any other~~ environmental ~~topic area~~ and is therefore,~~. As such, the proposed project is~~ exempt ~~from CEQA~~ pursuant to CEQA Guidelines §15061(b)(3) – Activities Covered By General Rule. A Notice of Exemption has

been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. 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.

VII. FINDINGS UNDER THE HEALTH AND SAFETY CODE

Health and Safety Code Section 40727 requires the SCAQMD to adopt written findings of necessity, authority, clarity, consistency, non-duplication and reference.

Necessity

The SCAQMD Governing Board has determined that a need exists to amend Regulation IX to provide a mechanism for local enforcement and provide information to affected facilities of these federal standards.

Authority

The SCAQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from §§ 39002, . 40000, 40001, 40440, 40441, 40702, and 40725 through 40728 of the Health and Safety Code.

Clarity

The SCAQMD Governing Board has determined that the proposed amendments to Regulation IX are written or displayed so that their meanings can be easily understood by the persons directly affected by them.

Consistency

The SCAQMD Governing Board has determined that the proposed amendments to Regulation IX are in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.

Non-Duplication

The SCAQMD finds that the proposed amendments to Regulation IX represent an adoption by reference of federal NSPS requirements, and thus are necessary and proper to execute the duties imposed on the SCAQMD by allowing local enforcement of these federal requirements, and that the proposed amendments to Regulation IX fall within the criteria and requirements in Health and Safety Code §40727.2(g), such that a comparative analysis is not required.

Reference

The SCAQMD Governing Board, in adopting amendments to Regulation IX, references the following statutes which the SCAQMD hereby implements, interprets, or makes specific: Title 42 U.S.C. Section 7411 (performance standards for new stationary sources), Health and Safety Code §§ 40001(a) (air quality standards), 40001 (b) (air pollution episodes), 40440 (a) (rules to carry out plan), 40702 (adopt regulations to execute duties), and 42301 (permit system).

As the proposed amendments reference existing 40 CFR Part 60 standards, an analysis of alternatives, comparative analysis or incremental cost analysis is not necessary.

VIII. CONCLUSION AND RECOMMENDATION

Proposed amendments to Regulation IX adopt by reference existing 40 CFR Part 60 standards. Such actions in the past have provided stationary facilities with a single source of information for determining which federal, as well as local, requirements apply to their specific operations. The proposed amendments will continue this practice. The proposed amendments will not be submitted into the SIP, rather staff will request delegation for the new and re-delegation for the amended federal standards, if necessary.

ATTACHMENT E

South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

SUBJECT: **NOTICE OF EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

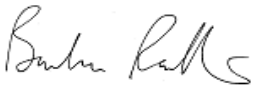
PROJECT TITLE: **PROPOSED AMENDED REGULATION IX - STANDARDS OF PERFORMANCE FOR NEW STATIONARY SOURCES**

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.

The proposed project is amending Regulation IX – Standards of Performance for New Stationary Sources (NSPS), to conform with federal requirements. SCAQMD staff has reviewed the proposed project pursuant to CEQA Guidelines §15002 (k) – General Concepts, the three-step process for deciding which document to prepare for a project subject to CEQA per CEQA Guidelines §15061 – Review for Exemption, procedures for determining if a project is exempt from CEQA.

Because the SCAQMD is proposing to incorporate federal NSPS requirements by reference into Regulation IX, without exercising discretion with regard to the proposed amendments, the project is considered to be exempt from CEQA pursuant to CEQA Guidelines §15061 (b)(3) – Activities Covered by General Rule. A Notice of Exemption has been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. If the proposed project is approved, the Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties.

Any questions regarding this Notice of Exemption should be sent to Sam Wang (c/o Planning, Rule Development and Area Sources) at the above address. Mr. Wang can also be reached at (909) 396-2649. Ms. Tuyet-le Pham is also available at (909) 396-3299 to answer any questions regarding the proposed amendments.

Date: August 17, 2016 **Signature:** 

Barbara Radlein
Program Supervisor, CEQA Section
Planning, Rules, and Area Sources

Reference: California Code of Regulations, Title 14

NOTICE OF EXEMPTION

To:	County Clerks 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:
Proposed Amended Regulation IX – Standards of Performance for New Stationary Sources

Project Location:
The SCAQMD has jurisdiction over the four-county South Coast Air Basin (all of 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 (SSAB) and Mojave Desert Air Basin (MDAB). The SCAQMD's jurisdiction includes the federal nonattainment area known as the Coachella Valley Planning Area, which is a sub-region of Riverside County and the SSAB.

Description of Nature, Purpose, and Beneficiaries of Project:
The purpose of the proposed amendments is to incorporate by reference federal New Source Performance Standards (NSPS) into Regulation IX. The incorporation by reference of NSPS requirements into Regulation IX recognizes the SCAQMD's authority to implement and enforce the federal regulations at the local level.

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) - General Concepts (Three Step Process)
CEQA Guidelines §15061 (b)(3) – Activities Covered by General Rule
CEQA Guidelines §15062 - Notice of Exemption

Reasons why project is exempt:
The SCAQMD has reviewed the proposed amendments to Regulation IX 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. Since the SCAQMD is proposing to incorporate federal NSPS requirements by reference into Regulation IX, it can be seen with certainty that the proposed project has no potential to adversely impact air quality or any other environmental topic area. As such, the proposed project is exempt from CEQA pursuant to CEQA Guidelines §15061 (b)(3). A Notice of Exemption has been prepared pursuant to CEQA Guidelines §15062 - Notice of Exemption. 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.

Date When Project Will Be Considered for Approval (subject to change):
SCAQMD Governing Board Hearing: October 7, 2016; SCAQMD Headquarters

CEQA Contact Person:	**Phone Number:**	**Fax Number:**	**Email:**
Mr. Sam Wang	(909) 396-2649	(909) 396-3324	swang1@aqmd.gov
Regulations Contact Person:	**Phone Number:**	**Fax Number:**	**Email:**
Ms. Tuyet-le Pham	(909) 396-3299	(909) 396-3324	tpham@aqmd.gov

Date Received for Filing: _____ **Signature:** *(Signed Upon Project Approval)*

Barbara Radlein
Program Supervisor, CEQA Section
Planning, Rule Development & Area Sources

ATTACHMENT F

Proposed Amended Regulation IX

SCAQMD Governing Board Meeting
October 7, 2016

Background

- Periodically updated to reflect recent EPA actions
- Incorporated by reference, standards already in effect
- Delegated by U.S. EPA to SCAQMD for enforcement
- Provide assistance to businesses with applicable requirements

Regulation IX – New Source Performance Standards (NSPS)

- Code of Federal Regulation (CFR) 40 Part 60
- NSPS – new, modified, or reconstructed source of air pollution
- Promulgation of three new standards (including those for GHGs)
- Five actions to amend existing standards

NSPS

- Three New Standards
  - Subpart OOOOa
    - ✓ New GHG (methane emission limitations) and VOC standards for current unregulated sources
    - ✓ New GHG and VOC standards for subset of current regulated equipment
    - ✓ New GHG standards for current regulated VOC sources
  - Subpart QQQQ
    - ✓ New PM standards for new residential hydronic heaters and forced-air furnaces
  - Subpart TTTT
    - ✓ New GHG (CO_2) standards for electric utility steam generating units (EGUs) and stationary combustion turbines

NSPS

- Amendments to Existing Standards
  - Electric utility steam generating units (Subpart Da)
  - Portland cement plants (Subpart F)
  - Petroleum refineries (Subparts J and Ja)
  - New residential wood heaters (Subpart AAA)
  - Crude oil & natural gas production (Subpart OOOO)

Recommended Actions

- Adopt the resolution:
  - Amending Regulation IX
  - Determining that proposed amendments to Regulation IX are exempt from the California Environmental Quality Act (CEQA)

Back to Agenda

BOARD MEETING DATE: October 7, 2016 AGENDA NO. 37

PROPOSAL: Amend Regulation XX – Regional Clean Air Incentives Market (RECLAIM)

SYNOPSIS: At the December 4, 2015 meeting, the Board directed staff to further analyze shutdown credits and bring a proposal for the Board's consideration. The proposed amendments to NOx RECLAIM help to prevent facility shutdown RECLAIM Trading Credits (RTCs) from entering the market and delaying the installation of pollution controls at other NOx RECLAIM facilities. Specifically, the proposed amendments establish criteria for determining a facility shutdown, and the methodology to calculate the amount of RTCs that a facility's future holdings will be adjusted upon shutdown. The proposed amendments also include exclusions from these provisions to allow facilities under the same ownership to use shutdown RTCs under certain conditions, as well as provisions that allow for planned non-operation for up to five years for facilities that meet specific criteria.

COMMITTEE: Stationary Source Committee, July 22, and September 16, 2016, Reviewed

RECOMMENDED ACTIONS:
Adopt the attached resolution:
1. Certifying the Addendum to the December 2015 Final Program Environmental Assessment; and
2. Amending Rule 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx).

Wayne Nastri
Acting Executive Officer

PMF:SN:TG:GQ:KO

Background
The South Coast Air Quality Management District (SCAQMD) Board adopted the Regional Clean Air Incentives Market (RECLAIM) program in October 1993. The purpose of RECLAIM is to reduce NOx and SOx emissions through a market-based

approach. Regulation XX was most recently amended on December 4, 2015 to achieve programmatic NOx RECLAIM Trading Credit (RTC) reductions from compliance years 2016 through 2022. Among the proposed amendments considered was a provision to address RECLAIM Trading Credits from shutdown facilities. The Board's adopting motion did not include the shutdown provisions and directed staff to return to the Board, after further analysis and discussion with the RECLAIM working group, with a proposal that would allow a closer alignment of shutdown credits in the RECLAIM program and command and control programs, short of full forfeiture of RTC holdings.

SCAQMD staff is proposing amendments to Rule 2002 - Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx), which is one rule within Regulation XX – RECLAIM, to address the treatment of RTCs upon NOx RECLAIM facility shutdowns. The objective is to prevent NOx RTCs associated with a shutdown facility from the largest RECLAIM facilities from entering the market and potentially delaying the installation of pollution controls at other RECLAIM facilities. Specifically, the proposed amendments establish the criteria for determining a facility shutdown and the methodology to calculate the amount of NOx RTCs by which that facility's future holdings will be reduced. The proposed amendments include exclusions from these provisions for facilities under the same ownership and for facilities with approved Planned Non-Operational status for up to five years. A facility may request Planned Non-Operational status if it experiences a temporary substantial drop in its NOx emissions and meets specific criteria.

Public Process

The current rulemaking process for developing shutdown provisions in Proposed Amended Rule 2002 (PAR 2002) began in the first quarter of 2016. SCAQMD staff met with the NOx RECLAIM working group five times: January 21, February 25, June 8, August 8, and August 30, 2016. The NOx RECLAIM working group is comprised of representatives from business, environmental groups, RTC brokers, and other agencies. The SCAQMD staff also provided monthly briefings to environmental and community groups regarding the proposed amendments. The public workshop for this amendment was held on Thursday, August 11, 2016. Staff also provided briefings to the Stationary Source Committee on July 22 and September 16, 2016

SCAQMD staff has received eleven comment letters from stakeholders, and has also met with individual RECLAIM facility operators regarding the shutdown provisions of the proposed amendments. Various issues raised by stakeholders have been addressed and incorporated in the proposed rule amendments, where appropriate and where changes were not incorporated, staff conducted additional analysis to better support the proposed amendments and provided this information to stakeholders.

Affected Facilities

There were 275 facilities in the NOx RECLAIM program during the recent amendments that were adopted by the Board on December 4, 2015. These facilities either elected to enter the program or had NOx emissions greater than or equal to four tons per year in 1990 or any subsequent year. The proposed shutdown provisions would apply to facilities listed in Table 7 and Table 8 of Rule 2002 that have an initial allocation and that shut down entirely. Table 7 and Table 8 facilities in the RECLAIM program are those among the top 90% of RTC holders that are subject to the RTC holding reductions adopted for the December 4, 2015 amendments to Regulation XX- NOx RECLAIM.

Proposed Amendments

The proposed shutdown provisions would apply only to NOx RECLAIM facilities, and their successors, that are listed in Table 7 and Table 8 of Rule 2002 that shut down entirely, with exceptions and requirements for facilities that experience temporary emission reductions, or are granted a Planned Non-Operational shutdown status. Any Table 7 or Table 8 facility in the NOx RECLAIM program that received no initial NOx allocations would not be subject to the provisions pertaining to shutdowns.

The proposed amendments would become effective at the time of adoption and establish the criteria for determining a facility shutdown, and the methodology to calculate the amount of NOx RTCs by which that facility's future holdings will be reduced. Upon shutdown the RTC holdings would be reduced to the equivalent to the average emissions of the highest 2 years from the previous 5 years of operation, less the emissions that would have occurred if the most stringent BARCT were applied. In addition:

- The deduction of holdings only applies to equipment operating at an emission level greater than BARCT.
- The maximum amount of RTC holdings that will be deducted will never exceed the facility's adjusted initial allocation as provided by the District.
- If the adjustment amount exceeds a facility's future holdings, it would have to procure and retire RTCs to make up the difference.
- Any Rule 1304 offsets, if received, would be reduced as well.

The proposed amendments also establish a procedure for identifying facility shutdowns, incorporating an opportunity for a facility to provide additional information to demonstrate that reductions are due to permanent emission reduction strategies or temporary reductions and that the facility is not permanently shutting down.

The proposed amended rule also allows facilities to sell discrete year RTCs within the current compliance years during the Executive Officer determination of a facility shutdown and during RTC adjustment determinations, as well as during a temporary shutdown period.

The proposed amendments also include provisions to allow facilities under the same ownership as of September 22, 2015 to transfer RTCs amongst each other with no

adjustment. These RTCs would become non-tradable and the affected facilities must notify the Executive Officer that they were under the same ownership as of September 22, 2015 within 30 days of adoption.

Analysis of NOx RECLAIM Market Impacts

Staff analyzed the potential RTCs that can enter the open market from a facility shutdown based on NOx RTC holdings as of the freeze date of September 22, 2015. The Table 7 and Table 8 facilities account for about 90% of the holdings in the NOx RECLAIM universe. Staff also considered whether there would be any significant impacts if a facility that is not in Table 7 or 8 would shut down. Many of these facilities are very low-emitting facilities with a small amount of holdings (less than 5 tons per year on average). There are only 10 non-Table 7 and 8 facilities that have emissions greater than 20 tons per year. It was shown that the holdings for these facilities are much lower than their emissions (70% lower on average), indicating they likely buy additional RTCs on a year-to-year basis to meet compliance obligations. Any non-Table 7 and 8 facility shutdowns are not expected to delay the installation of BARCT at larger RECLAIM facilities.

Staff also analyzed those non-Table 7 and 8 facilities whose holdings fall just underneath the 90% RTC holdings cutoff point and those facilities whose holdings are much higher than their emissions. In the unlikely scenario that all of these facilities, in aggregate, shut down and sell all of their RTCs, the total RTCs entering the market would be less than 3 percent of the total holdings of all Table 7 and 8 facilities.

Additionally, staff analyzed the total demand from refineries in compliance year 2022 assuming the emissions remain at the same level as today. The total demand for NOx RTCs in 2022 is approximately 3.7 million pounds (over 1,800 tons per year) from refineries, assuming no additional pollution controls are installed. If facilities outside of Table 7 and 8 shut down, the average RTCs would be less than 5 tons per year, on average. Facilities that shut down outside of Tables 7 and 8 would do very little to allow a refinery to avoid installation of pollution controls post 2022. In addition, the holding amounts from the largest RTC holders outside of Table 7 and 8 facilities are ten times smaller than the average RTC demand at the refineries if they were to maintain the present level of emissions in compliance year 2022.

PAR 2002 does not require full forfeiture of RTCs at shutdown. Staff also analyzed the potential remaining holdings after a Table 7 or Table 8 facility shutdown. The analysis excluded refineries and services such as utilities and natural gas providers because they are less likely to shut down. Staff identified 6 facilities that if they were to shut down would have remaining holdings that would be available for sale after the RTC adjustment. However, this total represents about 5.5 percent of the total RTCs needed by refineries in compliance year 2022 and would not significantly affect the compliance options that are required to meet BARCT.

Thus, with the treatment of facility shutdowns as proposed, NOx RECLAIM should continue to programmatically operate as anticipated with further assurance that programmatic equivalency with command and control is maintained. The proposed shutdown provisions will prevent large sell-offs of infinite year block RTCs from shutdown facilities that would delay the installation of BARCT controls at other RECLAIM facilities.

Key Issues and Comments

There were a number of key issues regarding the proposed amendments that have been raised and discussed during the rulemaking process. Staff also received comments after the Public Workshop and many of the comments have been addressed in the proposed rule language and staff's analysis. A key issue raised by the stakeholders is the necessity of the proposed rule. The objective of the proposed rule amendment is to reduce the generation of RECLAIM Trading Credits from a facility shutdown that could be used to avoid installation of BARCT controls at other NOx RECLAIM facilities.

California Environmental Quality Act Analysis

The currently proposed amendments to Regulation XX, Rule 2002 are considered to be modifications to the previously approved project (the December 4, 2015 amendments to Regulation XX) and are a "project" as defined by the California Environmental Quality Act (CEQA). CEQA requires that the potential adverse environmental impacts of proposed projects be evaluated and that feasible methods to reduce or avoid identified significant adverse environmental impacts of these projects be identified.

CEQA Guidelines Section 15164(a) allows a lead agency to prepare an Addendum to a previously certified CEQA document if some changes or additions are necessary but none of the following conditions as described in CEQA Guidelines Section 15162 have occurred:

- Substantial changes which will require major revisions of the previous CEQA document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- Substantial changes, with respect to the circumstances under which the project is undertaken, which will require major revisions of the previous CEQA document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or,
- New information of substantial importance which was not known and could not have been known with the exercise of reasonable diligence at the time the previous CEQA document was certified as complete, such as:
    - The project will have one or more significant effects not discussed in the previous CEQA document;

- Significant effects previously examined will be substantially more severe than shown in the previous CEQA document;
- Identification of mitigation measures or alternatives previously found not to be feasible, but would in fact be feasible, and would substantially reduce one or more significant effects, but the project proponent declines to adopt the mitigation measures or alternatives; or,
- Identification of mitigation measures or alternatives which are considerably different from those analyzed in the previous CEQA document would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

The environmental impacts from installing BARCT equipment in response to implementation of the December 2015 amendments were fully analyzed in the Final Program Environmental Assessment (PEA) for Proposed Amended Regulation XX - Regional Clean Air Incentives Market (RECLAIM) that was certified by the SCAQMD Board on December 4, 2015 (referred to herein as the December 2015 Final PEA)[1]. In addition, even though the SCAQMD Board elected to not adopt the December 4, 2015 version of subdivision (i) of Proposed Amended Rule 2002, the December 2015 Final PEA included an analysis of the potential environmental effects of implementing the portion of the December 2015 proposal relative to the handling of shutdown RTCs.

SCAQMD staff's review of the currently proposed project (amending Rule 2002 (i)) shows that while the criteria has been revised from the original proposal in December 2015 relative to the handling of shutdown RTCs, the potential impacts from implementing the currently proposed project are concluded to be the same as what was previously analyzed in the December 2015 Final PEA. Thus, the current proposal for handling shutdown RTCs would not be expected to trigger any conditions identified in CEQA Guidelines Section 15162. Therefore, an Addendum is the appropriate CEQA document for the currently proposed project.

In conclusion, the SCAQMD, as lead agency, has prepared an Addendum to the December 2015 Final PEA. While an Addendum need not be circulated for public review [CEQA Guidelines § 15164(c)], the Addendum to the December 2015 Final PEA, as well as the proposed amendments to Regulation XX, Rule 2002, have been made available on September 6, 2016 to the public (30 days prior to Public Hearing to be held on October 7, 2016). The December 2015 Final PEA and supporting documentation for the December 2015 amendments was made available to the public on December 1, 2015 and the PEA was certified on December 4, 2015. All the above documentation, including the record of approval of the December 2015 amendments, are available upon request by calling the SCAQMD Public Information Center at (909) 396-2039 or by visiting SCAQMD's website at www.aqmd.gov. The direct link to the December 2015 Final PEA

[1] References: State Clearinghouse No. 2014121018 / SCAQMD No. 12052014BAR

can be found at http://www.aqmd.gov/home/library/documents-support-material/lead-agency-scaqmd-projects/scaqmd-projects---year-2015.

Socioeconomic Analysis

The proposed amendments would not be expected to create new socioeconomic impacts resulting in new or more severe significant effects beyond those analyzed in the previous Final Socioeconomic Report for the December 4, 2015 amendments to Regulation XX. Specifically, staff acknowledged in the previous report that the provision of surrendering and retiring NOx RTCs from the market could potentially affect the credit market and prices, and that the magnitude of the potential impact would depend heavily on the usual market behavior of each facility before it decides to shut down. In the same report, a market analysis was included which analyzed the potential incremental compliance cost for the affected facilities under various credit price scenarios, from no effects on the current market price to the worst-case scenario where the discrete NOx RTC price reaches the threshold of $22,500 per ton and thus would trigger the price stabilizing mechanism set forth in Rule 2002.

Resource Impacts

Software upgrades may be required to handle non-tradable credit designations under the shutdown provision because these credits are different than the non-tradable credits that result from the NOx shave.

Attachments

A. Summary of Proposal
B. Rule Development Process
C. Key Contacts List
D. Resolution
E. Proposed Amended Rule
F. Final Staff Report
G. Addendum to December 2015 Final Program Environmental Assessment for Amendments to Regulation XX
H. Reference Materials (on CD): December 2015 Final Program Environmental Assessment for Amendments to Regulation XX; and, Attachment 1 to the Resolution (December 2015) – Findings, Statement of Overriding Considerations, and Mitigation Monitoring Plan*
I. Final Socioeconomic Report for the December 4, 2015 amendments to Regulation XX
J. Board Meeting Presentation

* Due to the bulk of these materials, this attachment can also be found on the SCAQMD website at: http://www.aqmd.gov/home/library/documents-support-material/lead-agency-scaqmd-projects/scaqmd-projects---year-2015

ATTACHMENT A

SUMMARY OF PROPOSAL

Proposed Amended Rule 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx)

NOx RECLAIM Facility Shutdowns – Rule 2002 subdivision (i)

The proposed amendments that would become effective at the time of adoption establish the criteria for determining a facility shutdown and the methodology to calculate the amount of NOx RTCs by which that facility's future holdings will be reduced. The proposed amendments also establish a procedure for identifying facility shutdowns. A summary of the proposed amendments is listed below.

- The shutdown provisions are effective at the time of adoption and apply to facilities listed in Tables 7 and 8 of Rule 2002 that had an initial allocation issued.
- A facility that shuts down or surrenders all operating permits for the facility must notify the Executive Officer within 30 days.
- A facility that has shut down or is deemed shut down will have its NOx RTC holdings reduced to the equivalent to the average emissions from equipment that is operated at a level greater than the most stringent applicable BARCT emission factors of the highest 2 years from the previous 5 years of operation less the emissions that would have occurred if the most stringent BARCT emission factors were applied.
- Any Rule 1304 offsets, if received, would be reduced as well.
- The RTC adjustment will never exceed the facility's adjusted initial allocation as provided by the District.
- If the adjustment amount exceeds a facility's future holdings, it would have to procure and retire RTCs to make up the difference.

The proposed amendments also establish a procedure for identifying facility shutdowns, incorporating an opportunity for a facility to provide additional information to demonstrate that reductions are due to permanent emission reduction strategies or temporary reductions and that the facility is not shutting down.

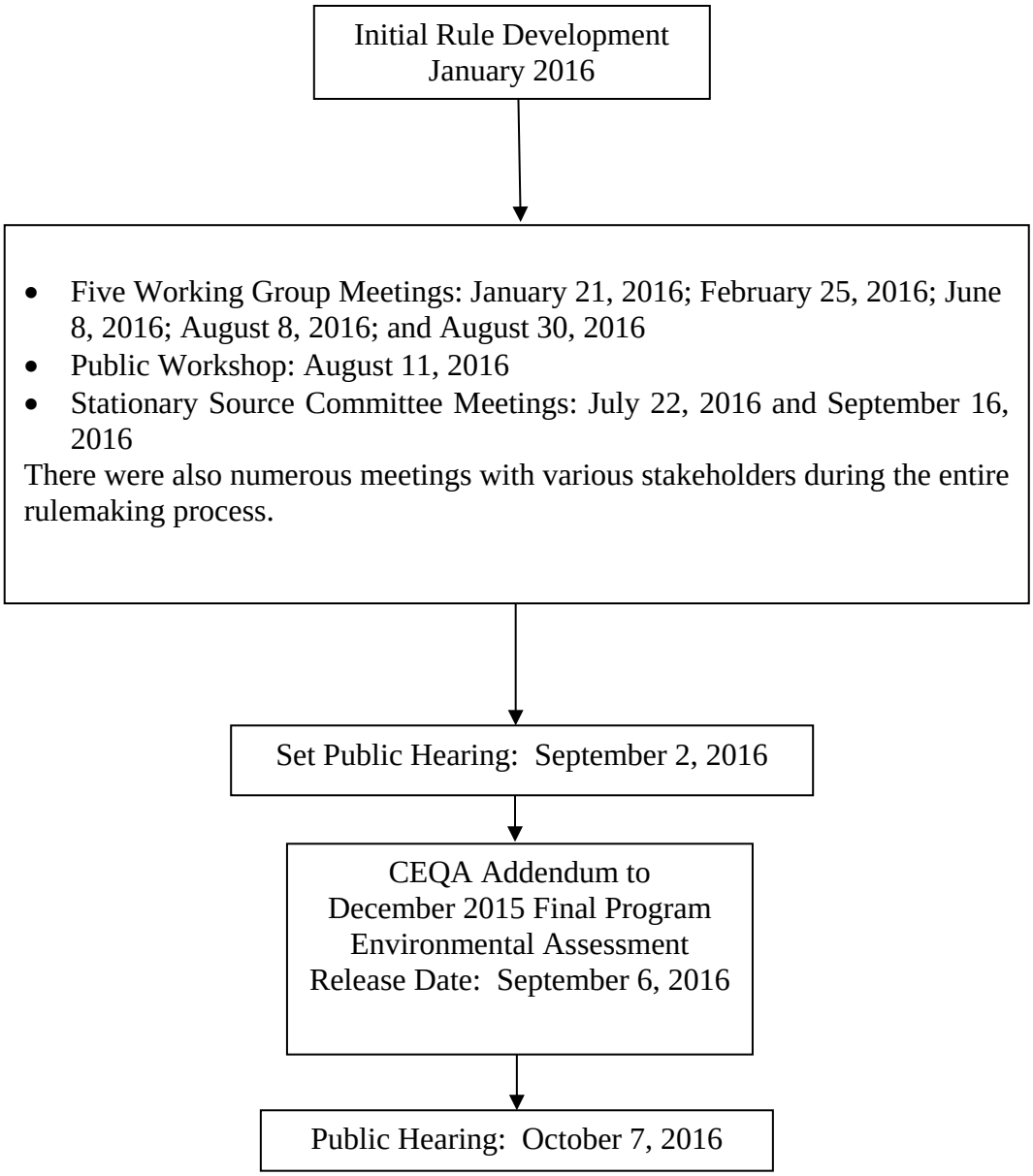
The proposed amended rule also allows facilities to sell discrete year RTCs within the current compliance years during the Executive Officer determination of a facility shutdown and RTC adjustment calculations, as well as during a temporary shutdown period.

The proposed amendments also include provisions to allow facilities under the same ownership as of September 22, 2015 to transfer RTCs amongst each other with no adjustment. These RTCs would become non-tradable and the affected facilities must provide the Executive Officer with a list of other facilities that were under the same ownership as of September 22, 2015.

ATTACHMENT B

RULE DEVELOPMENT PROCESS

Proposed Amended Regulation XX – Regional Clean Air Incentives Market (RECLAIM)



Nine (9) months spent in rule development.

ATTACHMENT C
KEY CONTACTS LIST

Amerex Brokers, LLC
California Air Resources Board
California Construction and Industrial Materials Association (CalCIMA)
California Council for Environmental and Economic Balance (CCEEB)
California Portland Cement Company
Chevron
Earthjustice
Element Markets, LLC
ES Engineering
Evolution Markets
ExxonMobil
Industry Coalition
National Resources Defense Council
NRG Energy, Inc.
Paramount Petroleum
Phillips 66
Regulatory Flexibility Group (RegFlex)
Southern California Air Quality Alliance (SCAQA)
Southern California Gas Company
Tesoro Corporation
U.S. Environmental Protection Agency
Ultramar
Western States Petroleum Association (WSPA)
Other facilities

ATTACHMENT D

RESOLUTION NO. 16-____

A Resolution of the Governing Board of the South Coast Air Quality Management District (SCAQMD) certifying the Addendum to the December 2015 Final Program Environmental Assessment (PEA) for Proposed Amended Regulation XX – Regional Clean Air Incentives Market (RECLAIM).

A Resolution of the SCAQMD Governing Board amending Regulation XX – Regional Clean Air Incentives Market (RECLAIM), Rule 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx).

WHEREAS, the SCAQMD has had its regulatory program certified pursuant to Public Resources Code §21080.5 and has conducted a CEQA review pursuant to such program (SCAQMD Rule 110); and

WHEREAS, the SCAQMD Governing Board finds and determines that the proposed amendments to Regulation XX, Rule 2002 are considered a "project" pursuant to the California Environmental Quality Act (CEQA); and

WHEREAS, SCAQMD staff has prepared an Addendum to the Final Program Environmental Assessment (PEA) pursuant to its certified regulatory program and CEQA Guidelines Section 15164, setting forth the potential environmental consequences of the proposed amendments to Rule 2002; and

WHEREAS, the SCAQMD Governing Board has determined that the requirements for a subsequent environmental assessment have not been triggered pursuant to CEQA Guidelines Section 15162 and that an Addendum to the previously certified December 2015 Final PEA is appropriate; and

WHEREAS, pursuant to CEQA Guidelines Section 15164(c), an Addendum need not be circulated for public review; however, the Addendum to the December 2015 Final PEA, as well as the proposed amendments to Regulation XX, Rule 2002, and other supporting documentation, was made available to the public on September 6, 2016, 30 days prior to the Public Hearing to be held on October 7, 2016. Furthermore, the December 2015 Final PEA and supporting documentation for the December 2015 amendments was made available to the public on December 1, 2015 and the PEA was certified on December 4, 2015; and

WHEREAS, Findings pursuant to Public Resources Code Section 21081.6 and CEQA Guidelines Section 15091 and a Statement of Overriding Considerations pursuant to CEQA Guidelines Section 15093 were not prepared because the analysis of the proposed project shows that the proposed amendments to Regulation XX, Rule 2002 would not have a significant adverse effect on the environment, and thus, are not required; and

WHEREAS, it is necessary that the adequacy of the Addendum to the December 2015 Final PEA be determined by the SCAQMD Governing Board prior to its certification; and

WHEREAS, pursuant to CEQA Guidelines Section 15252 (a)(2)(B), since no significant adverse impacts were identified, no alternatives or mitigation measures are required and thus, a Mitigation Monitoring Plan pursuant to Public Resources Code Section 21081.6 and CEQA Guidelines Section 15097, has not been prepared; and

WHEREAS, the Board package includes the Addendum to the December 2015 Final PEA, as well as the December 2015 Final PEA (certified at the December 4, 2015 SCAQMD Governing Board meeting), and other supporting documentation, and this information was presented to the SCAQMD Governing Board and that the Board has reviewed and considered the entirety of this information before approving the staff recommendations; and

WHEREAS, the SCAQMD Governing Board voting to adopt the proposed amendments to Regulation XX, Rule 2002 has reviewed and considered the information contained in the Addendum to the December 2015 Final PEA as well as the December 2015 Final PEA and other supporting documentation, and has determined that the document has been completed in compliance with CEQA; and

WHEREAS, the SCAQMD Governing Board has determined that Proposed Amended Regulation XX, Rule 2002 would not be expected to create new socioeconomic impacts resulting in new or more severe significant effects beyond those analyzed in the previous Final Socioeconomic Report for the December 4, 2015 amendments to Regulation XX; and

WHEREAS, the SCAQMD Governing Board has actively considered the Final Socioeconomic Report for the December 4, 2015 amendments to Regulation XX and has made a good faith effort to minimize such impacts; and

WHEREAS, the SCAQMD Governing Board obtains its authority to adopt, amend or repeal rules and regulations from §§ 39002, 39650 et. seq., 40000, 40001, 40440, 40441, 40702, 40725 through 40728, 41508, 41700, and 44390 through 44394 of the Health and Safety Code; and

WHEREAS, 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

WHEREAS, the SCAQMD Governing Board has determined that a need exists to amend Regulation XX, Rule 2002 to establish NOx RECLAIM facility shutdown provisions in response to Governing Board direction and to align the program more closely with otherwise applicable command and control regulations; and

WHEREAS, the SCAQMD Governing Board has determined that Proposed Amended Regulation XX, Rule 2002 is written or displayed so that the meaning can be easily understood by the persons directly affected by it; and

WHEREAS, the SCAQMD Governing Board has determined that Proposed Amended Regulation XX, Rule 2002 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 Proposed Amended Regulation XX, Rule 2002 will not impose the same requirements as any existing state or federal regulations. The amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, SCAQMD; and

WHEREAS, a comparative analysis, as required by Health and Safety Code §40727.2, is applicable when an amended rule or regulation imposes, or has the potential to impose, a new emissions limit, or other air pollution control requirements, and the proposed amendment does not impose new emission limits or control requirements, and thus a comparative analysis is not required; and

WHEREAS, the California Health and Safety Code § 40920.6 requires an incremental cost effectiveness analysis for BARCT rules or emission reduction strategies when there is more than one control option which would achieve the emission reduction objective of the proposed amendments and the proposed amendment does not include new BARCT requirements; therefore this provision does not apply to the proposed amendment; and

WHEREAS, the SCAQMD Governing Board has determined that by adopting Proposed Amended Regulation XX, the SCAQMD Governing Board will be implementing, interpreting and making specific the provisions of the Health and Safety Code §§ 39002, 40000, 40001, 40440 (a), 40440.1, 40702, and 40725 through 40728.5; and Title 42 U.S.C. §§ 7410 and 7511a; and

WHEREAS, the SCAQMD Governing Board has determined that there is a problem, that the proposed amendments to Regulation XX, Rule 2002 will alleviate (Health and Safety Code § 40001(c)). Specifically, NOx RECLAIM Trading Credit (RTC) holdings from larger shutdown facilities would be adjusted to BARCT levels and prevent larger sell-offs to other NOx RECLAIM facilities to delay the installation of BARCT controls, as required by section 40440, and these proposed amendments will reduce excess NOx credits from facility shutdowns in the RECLAIM market; and

WHEREAS, the Governing Board finds that Health and Safety Code section 39616 does not apply to the proposed amendments to RECLAIM. The Governing Board further finds that in the absence of the § 39616 findings being made, the Board could and would nonetheless adopt these proposed amendments. Nonetheless, the SCAQMD Governing Board makes the following findings when considering the NOx RECLAIM program on an aggregate basis, that:

pursuant to Health and Safety Code §39616(c)(l), the proposed amendments to RECLAIM achieve the emissions levels projected to result from implementation of the rules and control measures subsumed by RECLAIM and current BARCT at equal or less cost, as set forth and explained in the Final Socioeconomic Report for the December 4, 2015 amendments to Regulation XX; and

pursuant to Health and Safety Code §39616(c)(2), the proposed amendments to RECLAIM do not change the previous findings that RECLAIM provides a level of enforcement and monitoring comparable to or more stringent than command and control air quality measures by requiring more frequent and more accurate monitoring, more frequent and more complete emissions reports, electronic emissions reporting, maintenance of on-site records of emissions reports and underlying data for three years, annual or more frequent facility inspections, and annual emissions audits; and

pursuant to Health and Safety Code §39616(c)(4), the proposed amendment to RECLAIM will not result in a greater loss of jobs or more significant shifts from higher to lower skilled jobs, on an overall District-wide basis, than would exist under command and control air quality measures, as set forth and explained in the Final Socioeconomic Report for the December 4, 2015 amendments to Regulation XX; and

pursuant to Health and Safety Code §39616(c)(5), the proposed amendments to RECLAIM do not affect the findings previously made by the Governing Board with respect to this subdivision; and

pursuant to Health and Safety Code §39616(c)(6), the proposed amendments to RECLAIM will not in any manner delay, postpone, or otherwise hinder District compliance with District plans to attain state Ambient Air Quality Standards because the amendments implement BARCT as required by Health and Safety Code §40919(a)(3) ; and

pursuant to Health and Safety Code §39616(c)(7), the proposed amendment to RECLAIM will not result in disproportionate impacts, measured on an aggregate basis, on those stationary sources included in the program compared to other permitted stationary sources in the SCAQMD's plan for attainment because the sources included in the amendments are subject to BARCT requirements; and

WHEREAS, the SCAQMD specifies the Manager of Regulation XX as the custodian of the documents or other materials which constitute the record of proceedings upon which the adoption of these proposed amendments is based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California; and

WHEREAS, the SCAQMD Governing Board has determined that proposed amendments to Regulation XX, Rule 2002 should be adopted for the reasons contained in the staff report, including establishing NOx RECLAIM facility shutdown provisions to ensure continued programmatic equivalency with command and control regulations; and

WHEREAS, the SCAQMD Governing Board finds that pursuant to Health and Safety Code Section 40920.6(a)(5) the reason that it is adopting the proposed amendments to RECLAIM is because the amendments will establish NOx RECLAIM facility shutdown provisions and achieve programmatic BARCT-equivalent level emissions from NOx RECLAIM sources in an equitable manner; and

WHEREAS, a public hearing has been properly noticed in accordance with the provisions of Health and Safety Code § 40725; and

WHEREAS, the SCAQMD Governing Board has held a public hearing in accordance with all provisions of law; 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 adopted which have been made to Regulation XX, Rule 2002 since the notice of public hearing was published do not significantly change the meaning of the proposed amended rule within the meaning of Health and Safety Code Section 40726 and would not constitute new information pursuant to CEQA; and

NOW, THEREFORE, BE IT RESOLVED, that the SCAQMD Governing Board does hereby certify the Addendum to the December 2015 Final PEA for Proposed Amended Regulation XX – Regional Clean Air Incentives Market (RECLAIM) and other supporting documentation was completed in compliance with CEQA; and finds that the Addendum to the December 2015 Final PEA and the December 2015 Final PEA was presented to the Governing Board, whose members reviewed, considered and approved the information therein prior to acting on Proposed Amended Regulation XX, Rule 2002; and

BE IT FURTHER RESOLVED, that because no significant adverse environmental impacts were identified as a result of implementing the proposed amendments to Regulation XX, Rule 2002, findings pursuant to Public Resources Code Section 21081.6 and CEQA Guidelines Section 15091, a Statement of Overriding Considerations pursuant to CEQA Guidelines Section 15093, and a Mitigation Monitoring Plan pursuant to Public Resources Code Section 21081.6 and CEQA Guidelines Section 15097 are not required; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby amend, pursuant to the authority granted by law, Regulation XX, Rule 2002, as set forth in the attached, and incorporated herein by reference; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby direct staff to re-evaluate programmatic BARCT and command and control equivalency as part of future AQMP revisions, and propose AQMP control measures to further reduce emissions as necessary in accordance with such evaluation; and

BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby direct staff to submit into the State Implementation Plan the provisions for NOx RECLAIM facility shutdowns, to further ensure that the reduction commitments in the December 2015 amendments to Regulation XX comply with state law.

DATE: _____ _____

CLERK OF THE BOARDS

ATTACHMENT E

(Adopted October 15, 1993)(Amended March 10, 1995)(Amended December 7, 1995)
(Amended July 12, 1996)(Amended February 14, 1997)(Amended May 11, 2001)
(Amended January 7, 2005)(Amended November 5, 2010)(Amended December 4, 2015)
(Amended October 7, 2016)

PROPOSED AMENDED RULE 2002. ALLOCATIONS FOR OXIDES OF NITROGEN (NO_x) AND OXIDES OF SULFUR (SOx)

(a) Purpose

The purpose of this rule is to establish the methodology for calculating facility Allocations and adjustments to RTC holdings for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx).

(b) RECLAIM Allocations

(1) RECLAIM Allocations will begin in 1994.

(2) An annual Allocation will be assigned to each facility for each compliance year starting from 1994.

(3) Allocations and RTC holdings for each year after 2011 are equal to the 2011 Allocation and RTC holdings, as determined pursuant to subdivision (f) unless, as part of the AQMP process, and pursuant to Rule 2015 (b)(1), (b)(3), (b)(4), or (c), the District Governing Board determines that additional reductions are necessary to meet air quality standards, taking into consideration the current and projected state of technology available and cost-effectiveness to achieve further emission reductions.

(4) The Facility Permit or relevant sections thereof shall be re-issued at the beginning of each compliance year to include allocations determined pursuant to subdivisions (c), (d), (e), and (f) and any RECLAIM Trading Credits (RTC) obtained pursuant to Rule 2007 - Trading Requirements for the next fifteen years thereafter and any other modifications approved or required by the Executive Officer.

(5) Annual emission reports submitted pursuant to Rule 301 more than five years after the original due date shall not be considered by the Executive Officer in determining facility Allocations.

(c) Establishment of Starting Allocations

(1) The starting Allocation for RECLAIM NO_X and SO_X facilities initially permitted by the District prior to October 15, 1993, shall be determined by the Executive Officer utilizing the following methodology:

Starting Allocation=Σ[A X B_1]+ERCs+External Offsets

Where

A = the throughput for each NO_X and SO_X source or process unit in the facility for the maximum throughput year from 1989 to 1992 inclusive; and

B_1 = the applicable starting emission factor for the subject source or process unit as specified in Table 1 or Table 2

(2) (A) Use of 1992 data is subject to verification and revision by the Executive Officer or designee to assure validity and accuracy.

(B) The maximum throughput year will be determined by the Executive Officer or designee from throughput data reported through annual emissions reports submitted pursuant to Rule 301 - Permit Fees, or may be designated by the permit holder prior to issuance of the Facility Permit.

(C) To determine the applicable starting emission factor in Table 1 or Table 2, the Executive Officer or designee will categorize the equipment at each facility based on information relative to hours of operation, equipment size, heating capacity, and permit information submitted pursuant to Rule 201 - Permit to Construct, and other relevant parameters as determined by the Executive Officer or designee. No information used for purposes of this subparagraph may be inconsistent with any information or statement previously submitted on behalf of the facility to the District, including but not limited to information and statements previously submitted pursuant to Rule 301 - Permit Fees, unless the facility can demonstrate, by clear and convincing documentation, that such information or statement was inaccurate.

(D) Throughput associated with each piece of equipment or NOx or SOx source will be multiplied by the starting emission factors specified in Table 1 or Table 2. If a lower emission factor was utilized for a given piece of equipment or NOx or SOx source pursuant to Rule 301 - Permit Fees, than the factor in Table 1 or

Table 2, the lower factor will be used for determining that portion of the Allocation.

(E) Fuel heating values may be used to convert throughput records into the appropriate units for determining Allocations based on the emission factors in Table 1 or Table 2. If a different unit basis than set forth in Tables 1 and 2 is needed for emissions calculations, the Executive Officer shall use a default heating value to determine source emissions, unless the Facility Permit holder can demonstrate with substantial evidence to the Executive Officer that a different value should be used to determine emissions from that source.

(3) All NO_X and SO_X ERCs generated at the facility and held by a RECLAIM Facility Permit holder shall be reissued as RTCs. RECLAIM facilities will have these RTCs added to their starting Allocations. RTCs generated from the conversion of ERCs shall have a zero rate of reduction for the year 1994 through the year 2000. Such RTCs shall have a cumulative rate of reduction for the years 2001, 2002, and 2003, equal to the percentage inventory adjustment factor applied to 2003 Allocations pursuant to paragraph (e)(1) of this rule and shall have a rate of reduction for compliance year 2004 and subsequent years determined pursuant to paragraph (f)(1) of this rule.

(4) Non-RECLAIM facilities may elect to have their ERCs converted to RTCs and listed on the RTC Listing maintained by the Executive Officer or designee pursuant to Rule 2007 - Trading Requirements, so long as the written request is filed before July 1, 1994. Such RTCs will be assigned to the trading zone in which the generating facility is located. RTCs generated from the conversion of ERCs shall have a zero rate of reduction for the year 1994 through the year 2000. Such RTCs shall have a cumulative rate of reduction for the years, 2001, 2002, and 2003, equal to the percentage inventory adjustment factor applied to 2003 Allocations pursuant to paragraph (e)(1) of this rule.

(5) External offsets provided pursuant to Regulation XIII - New Source Review, not including any offsets in excess of a 1 to 1 ratio, will be added to the starting Allocation pursuant to paragraph (c)(1) provided:

(A) The offsets were not received from either the Community Bank or the Priority Reserve.

(B) External offsets will only be added to the starting Allocation to the extent that the Facility Permit holder demonstrates that they have not already been included in the starting Allocation or as an ERC.

RTCs issued for external offsets shall not include any offsets in excess of a 1 to 1 ratio required under Regulation XIII - New Source Review.

(C) RTCs generated from the conversion of external offsets shall have a zero rate of reduction for the year 1994 through the year 2000. These RTCs shall have a cumulative rate of reduction for the years 2001, 2002, and 2003, equal to the percentage inventory adjustment factor applied to 2003 Allocations pursuant to paragraph (e)(1) of this rule, and for compliance year 2004 and subsequent years allocations shall be determined pursuant to paragraph (f)(1) of this rule. The rate of reduction for the year 2001 through year 2003 shall not be applied to new facilities initially totally permitted on or after January 7, 2005.

(D) Existing facilities with units that have Permits to Construct issued pursuant to Regulation II - Permits, dated on or after January 1, 1992, or existing facilities which have, between January 1, 1992 and October 15, 1993, installed air pollution control equipment that was exempt from offset requirements pursuant to Rule 1304 (a)(5), shall have their starting Allocations increased by the total external offsets provided, or the amount that would have been offset if the exemption had not applied.

(E) Existing facilities with units whose reported emissions are below capacity due to phased construction, and/or where the Permit to Operate issued pursuant to Regulation II - Permits, was issued after January 1, 1992, shall have their starting Allocations increased by the total external offsets provided.

(6) If a Facility Permit holder can demonstrate that its 1994 Allocation is less than the 1992 emissions reported pursuant to Rule 301 - Permit Fees, and that the facility was, in 1992, operating in compliance with all applicable District rules in effect as of December 31, 1993, the facility's starting Allocation will be equal to the 1992 reported emissions.

(7) For new facilities initially totally permitted on or after January 1, 1993 but prior to October 15, 1993, the starting Allocation shall be equal to the external offsets provided by the facility to offset emission increases at the facility pursuant to Regulation XIII - New Source Review, not including any offsets in excess of a 1 to 1 ratio.

(8) The Allocation for new facilities initially totally permitted on and after October 15, 1993, shall be equal to the total RTCs provided by the facility to offset emission increases at the facility pursuant to Rule 2005- New Source Review for RECLAIM.

(9) The starting Allocation for existing facilities which enter the RECLAIM program pursuant to Rule 2001 - Applicability, shall be determined by the methodology in paragraph (c)(1) of this rule. The most recent two years reported emission fee data filed pursuant to Rule 301 - Permit Fees, may be used if 1989 through 1992 emission fee data is not available. For facilities lacking reported emission fee data, the Allocation shall be equal to the external offsets provided pursuant to Regulation XIII - New Source Review, not including any offsets in excess of a 1 to 1 ratio. The Allocation shall not include any emission offsets received from either the Community Bank or the Priority Reserve.

(10) A facility may not receive more than one set of Allocations.

(11) A facility that is no longer holding a valid District permit on January 1, 1994 will not receive an Allocation, but may, if authorized by Regulation XIII, apply for ERCs.

(12) Clean Fuel Adjustment to Starting Allocation

Any refiner who is required to make modifications to comply with CARB Phase II reformulated gasoline production (California Code of Regulations, Title 13, Sections 2250, 2251.5, 2252, 2260, 2261, 2262, 2262.2, 2262.3, 2262.4, 2262.5, 2262.6, 2262.7, 2263, 2264, 2266, 2267, 2268, 2269, 2270, and 2271) or federal requirements (Federal Clean Air Act, Title II, Part A, Section 211; 42 U.S.C. Section 7545) may receive (an) increase(s) in his Allocations except to the extent that there is an increase in maximum rating of the new or modified equipment. Each facility requesting an increase to Allocations shall submit an application for permit amendment specifying the necessary modifications and tentative schedule for completion. The Facility Permit holder shall establish the amount of emission increases resulting from the reformulated gasoline modifications for each year in which the increase in Allocations is requested. The increase to its Allocations will be issued contemporaneously with the modification according to a schedule approved by the Executive Officer or designee (i.e., 1994 through 1997 depending on the refinery). Each increase to the Allocations shall be equal to the increased emissions resulting from the modifications solely to comply with the state or federal reformulated gasoline requirements at the refinery or facility

producing hydrogen for reformulated gasoline production, and shall be established according to present and future compliance limits in current District rules or permits. Allocation increases for each refiner pursuant to this paragraph, shall not exceed 5 percent of the refiner's total starting Allocation, unless any refiner emits less than 0.0135 tons of NO_X per thousand barrels of crude processed, in which case the Allocation increases for such refiner shall not exceed 20 percent of that refiner's starting Allocation. The emissions per amount of crude processed will be determined on the basis of information reported to the District pursuant to Rule 301 - Permit Fees, for the same calendar year as the facility's peak activity year for their NO_X starting Allocation.

(d) Establishment of Year 2000 Allocations

(1) (A) The year 2000 Allocations for RECLAIM NO_X and SO_X facilities will be determined by the Executive Officer or designee utilizing the following methodology:

$$\text{Year 2000 Allocation} = \Sigma [A \times B_2] + \text{RTCs created from ERCs} + \text{External Offsets},$$

Where

A = the throughput for each NO_X or SO_X source or process unit in the facility for the maximum throughput year from 1987 to 1992, inclusive, as reported pursuant to Rule 301 - Permit Fees; and

B_2 = the applicable Tier I year Allocation emission factor for the subject source or process unit, as specified in Table 1 or Table 2.

(B) The maximum throughput year will be determined by the Executive Officer or designee from throughput data reported through annual emissions reports pursuant to Rule 301 - Permit Fees, or may be designated by the permit holder prior to issuance of the Facility Permit.

(C) To determine the applicable emission factor in Table 1 or Table 2, the Executive Officer or designee will categorize the equipment at each facility based on information on hours of operation, equipment size, heating capacity, and permit information submitted pursuant to Rule 201 - Permit to Construct, and other parameters as determined by the Executive Officer or designee. No information used for purposes of this subparagraph may be inconsistent with any information or statement previously submitted on behalf of the

facility to the District including but not limited to information and statements previously submitted pursuant to Rule 301 - Permit Fees, unless the facility can demonstrate, by clear and convincing documentation, that such information or statement was inaccurate.

(D) Throughput associated with each piece of equipment or NO_X or SO_X source will be multiplied by the Tier I emission factor specified in Table 1 or Table 2. If a factor lower than the factor in Table 1 or Table 2 was utilized for a given piece of equipment or NO_X or SO_X source pursuant to Rule 301, the lower factor will be used for determining that portion of the Allocation.

(E) The fuel heating value may be considered in determining Allocations and will be set to 1.0 unless the Facility Permit holder demonstrates that it should receive a different value.

(F) The year 2000 Allocation is the sum of the resulting products for each piece of equipment or NO_X or SO_X source multiplied by any inventory adjustment pursuant to paragraph (d)(4) of this rule.

(2) For facilities existing prior to October 15, 1993 which enter RECLAIM after October 15, 1993, the year 2000 Allocation will be determined according to paragraph (d)(1). The most recent two years reported emission fee data filed pursuant to Rule 301 - Permit Fees, may be used if 1989 through 1992 emission fee data is not available. For facilities lacking reported emission fee data, the Allocation shall be equal to their external offsets provided pursuant to Regulation XIII - New Source Review, not including any offsets in excess of a 1 to 1 ratio.

(3) No facility shall have a year 2000 Allocation [calculated pursuant to subdivision (d)] greater than the starting Allocation [calculated pursuant to subdivision (c)].

(4) If the sum of all RECLAIM facilities' year 2000 Allocations differs from the year 2000 projected inventory for these sources under the 1991 AQMP, the Executive Officer or designee will establish a percentage inventory adjustment factor that will be applied to adjust each facility's year 2000 Allocation. The inventory adjustment will not apply to RTCs generated from ERCs or external offsets.

(e) Allocations for the Year 2003

(1) The 2003 Allocations will be determined by the Executive Officer or designee applying a percentage inventory adjustment to reduce each facility's

unadjusted year 2000 Allocation so that the sum of all RECLAIM facilities' 2003 Allocations will equal the 1991 AQMP projected inventory for RECLAIM sources for the year 2003, corrected based on actual facility data reviewed for purposes of issuing Facility Permits and to reflect the highest year of actual Basin-wide economic activity for RECLAIM sources considered as a whole during the years 1987 through 1992.

(2) No facility shall have a 2003 Allocation (calculated pursuant this subdivision) greater than the year 2000 Allocation [calculated pursuant to subdivision (d)].

(f) Annual Allocations for NO_X and SOx and Adjustments to RTC Holdings

(1) Allocations for the years between 1994 and 2000, for RECLAIM NO_X and SO_X facilities shall be determined by a straight line rate of reduction between the starting Allocation and the year 2000 Allocation. For the years 2001 and 2002, the Allocations shall be determined by a straight line rate of reduction between the year 2000 and year 2003 Allocations. NOx Allocations for 2004, 2005, and 2006 and SOx Allocations for 2004 through 2012 are equal to the facility's 2003 Allocation, as determined pursuant to subdivision (e). NOx RTC Allocations and holdings subsequent to the year 2006 and SOx Allocations and holdings subsequent to the year 2012 shall be adjusted to the nearest pound as follows:

(A) The Executive Officer will adjust NOx RTC holdings, as of January 7, 2005 for compliance years 2007 and thereafter by multiplying the amount of RTC holdings by the following adjustment factors for the relevant compliance year, to obtain tradable/usable and non-tradable/non-usable holdings:

Compliance Year	Tradable/Usable NOx RTC Adjustment Factor
2007	0.883
2008	0.856
2009	0.829
2010	0.802
2011 and after	0.775

(B) The Executive Officer shall adjust NOx RTCs held as of September 22, 2015 by the RTC holders identified in Table 7 and their successors using the following adjustment factors to obtain Tradable/Usable and Non-Tradable/Non-Usable RTC Holdings:

Compliance Year	Tradable/Usable NOx RTC Adjustment Factor	Non-tradable/ Non-usable NOx RTC Adjustment Factor
2015	1.0	0
2016	0.906	0.094
2017	0.906	0
2018	0.859	0.047
2019	0.812	0.047
2020	0.719	0.093
2021	0.625	0.094
2022	0.437	0.188
2023 and after	0.437	0

RTC holdings traded from RTC holders in Table 7 on and after September 22, 2015 and held by other RTC holders not listed in Table 7 shall be subjected to the above adjustment factors. The adjustment factor(s) for any RTC sold by an RTC holder that both purchased and sold RTCs between September 22, 2015 and December 4, 2015 shall be based on a last in/first out basis.

(C) The Executive Officer shall adjust NOx RTCs held as of September 22, 2015 by the RTC holders identified in Table 8 and their successors using the following adjustment factors to obtain Tradable/Usable and Non-Tradable/Non-Usable RTC holdings:

Compliance Year	Tradable/Usable NOx RTC Adjustment Factor	Non-tradable/ Non-usable NOx RTC Adjustment Factor
2015	1.0	0
2016	0.931	0.069
2017	0.931	0
2018	0.896	0.035
2019	0.861	0.035
2020	0.792	0.069
2021	0.722	0.070
2022	0.583	0.139
2023 and after	0.583	0

RTC holdings traded from RTC holders in Table 8 on and after September 22, 2015 and held by other RTC holders not listed in Table 8 shall be subjected to the above adjustment factors. The adjustment factor(s) for any RTC sold by an RTC holder that both purchased and sold RTCs between September 22, 2015 and December 4, 2015 shall be based on a last in/first out basis.

(D) RTCs designated as non-tradable/non-usable pursuant to subparagraphs (f)(1)(B) and (f)(1)(C) shall be held, but shall not be traded or used for reconciling emissions pursuant to Rule 2004.

(E) Commencing on January 1, 2008 with NOx RTC prices averaged from January 1, 2007 through December 31, 2007, the Executive Officer will calculate the 12-month rolling average RTC price for all trades for the current compliance year. Commencing on May 1, 2016 with NOx RTC prices averaged from January 1, 2016 through March 31, 2016, the Executive Officer will calculate the 3-month rolling average NOx RTC price for all trades for the current compliance year NOx RTCs and the 12-month rolling average NOx RTC price for all trades for infinite year block NOx RTC as defined in subparagraph (f)(1)(I). The Executive Officer will update the 3-month and 12-month rolling average once per month. The computation of the rolling average prices will not include RTC transactions reported at no price or RTC swap transactions.

(F) The Executive Officer shall transfer to a Regional NSR Holding account the amount of NOx RTCs holdings listed in Table 9 of this Rule from the corresponding facilities identified in the same table.

(G) For purposes of meeting the NSR holding requirement as specified in subdivision (f) of Rule 2005, the facilities identified in Table 9 may use a combination of their Tradable/Usable and Non-tradable/Non-usable RTCs specified in subparagraph (f)(1)(C) and the amount listed for each facility in Table 9, which represents the RTCs in the Regional NSR Holding account.

(H) In the event that the NOx RTC prices exceed $22,500 per ton (current compliance year credits) based on the 12-month rolling average, or exceed $35,000 per ton (current compliance year credits) based on the 3-month rolling average calculated pursuant to subparagraph (f)(1)(E), the Executive Officer will report the determination to the Governing Board. If the Governing Board finds that the 12-month rolling average RTC price exceeds $22,500 per ton or the 3-month rolling average RTC price exceeds $35,000 per ton, then the Non-tradable/Non-usable NOx RTCs, as specified in subparagraphs (f)(1)(B) and (f)(1)(C) valid for the period in which the RTC price is found to have exceeded the applicable

threshold, shall be converted to Tradable/Usable NOx RTCs upon Governing Board concurrence.

(I) In the event that the infinite year block NOx RTC prices fall below $200,000 per ton based on the 12-month rolling average, calculated pursuant to subparagraph (f)(1)(E) beginning in 2019 for the compliance year in which Cycle 1 facilities are operating, the Executive Officer will report the determination to the Governing Board.

For the purpose of this rule, infinite year block refers to trades involving blocks of RTCs with a specified start year and continuing into the future for ten or more years.

(J) Pursuant to subparagraphs (f)(1)(H) and (f)(1)(I) the Executive Officer's report to the Board will also include a commitment and schedule to conduct a more rigorous control technology implementation, emission reduction, cost-effectiveness, market analysis, and socioeconomic impact assessment of the RECLAIM program. The Executive Officer's report to the Board will be made at a public hearing at the earliest possible regularly scheduled Board Meeting, but no more than 90 days from Executive Officer determination.

(K) The NOx emission reductions associated with the RTC adjustment factors for compliance years 2016, and 2018 through 2022 shall not be submitted for inclusion into the State Implementation Plan until the adjustments have been in effect for one full compliance year. However, the amount of NOx RTCs adjustments specified in sub-paragraph (f)(1)(F) shall not be submitted for inclusion in the State Implementation Plan.

(L) NOx Allocations for existing facilities that enter RECLAIM after December 4, 2015 for Compliance Year 2016 and all subsequent years shall be the amount determined pursuant to subparagraph (d)(1)(A) except the variable B2 shall be the lowest of:

(i) The applicable 2000 (Tier I) Ending Emission Factor for the subject source(s) or process unit(s), as specified in Table 1 multiplied by the percentage inventory adjustment pursuant to subdivision (e) (0.72);

(ii) The BARCT Emission factor for the subject source as specified in Table 3; and

(iii) The BARCT Emission factor for the subject source, as specified in Table 6.

(M) SOx RTC Holdings as of November 5, 2010, for compliance years 2013 and after shall be adjusted to achieve an overall reduction in the following amounts:

Compliance Year	Minimum emission reductions (lbs.)
2013	2,190,000
2014	2,920,000
2015	2,920,000
2016	2,920,000
2017	3,650,000
2018	3,650,000
2019 and after	4,161,000

(N) The Executive Officer shall determine Tradable/usable SOx RTC Adjustment Factor for each compliance year after 2012 as follows:

$$F_{\text{compliance year i}} = 1 - [Xi / (Ai + Bi + Ci)]$$

Where:

$F_{\text{compliance year i}}$ = Tradable/usable SOx RTC Adjustment Factor for compliance year i starting with 2013

Ai = Total SOx RTCs for compliance year i held as of November 5, 2010, by all RTC holders, except those listed in Table 5

Bi = Total SOx RTCs for compliance year i credited to any facilities listed in Table 5 between August 29, 2009 and November 5, 2010, and not included in Ci

Ci = Total SOx RTCs held as of November 5, 2010 by facilities listed in Table 5 for compliance year i in excess of allocations as determined pursuant to subdivision (e).

Xi = Amount to be reduced for compliance year i starting with 2013 as listed in subparagraph (f)(1)(M).

(O) The Executive Officer shall determine Non-tradable/Non-usable SOx RTC Adjustment Factors for compliance years 2017 through 2019 as follows:

$$N_{\text{compliance year j}} = F_{\text{compliance year 2016}} - F_{\text{compliance year j}}$$

Where:

$N_{\text{compliance year j}}$ = Non-tradable/Non-usable SOx RTC Adjustment Factor for compliance year j

$F_{compliance\ year\ j}$ = Tradable/Usable SOx RTC Adjustment Factor for compliance year j as determined pursuant to subparagraph (f)(1)(N)

j = 2017 through 2019

$F_{compliance\ year\ 2016}$ = Tradable/usable SOx RTC Adjustment Factor for compliance year 2016 as determined pursuant to subparagraph (f)(1)(N)

Non-tradable/Non-usable SOx RTC Adjustment Factors for compliance years 2013, 2014, 2020, and all years after 2020 shall be 0.0.

(P) The Executive Officer shall adjust the SOx RTC holdings as of November 5, 2010, for compliance years 2013 and after as follows:

(i) Apply the Tradable/Usable SOx RTC Adjustment Factor ($F_{compliance\ year\ i}$) and Non-tradable/Non-usable SOx RTC Adjustment Factor ($N_{compliance\ year\ j}$) for the corresponding compliance year as published under subparagraph (f)(1)(Q) to SOx RTC holdings held by any RTC holder except those listed in Table 5;

(ii) Apply no adjustment to SOx RTC holdings that are held as of August 29, 2009 by a facility listed in Table 5, and that are less than or equal to the facility's allocations as determined pursuant to subdivision (e), and that were not credited between August 29, 2009 and November 5, 2010;

(iii) Apply the Tradable/Usable SOx RTC Adjustment Factor ($F_{compliance\ year\ i}$) and Non-tradable/Non-usable SOx RTC Adjustment Factor ($N_{compliance\ year\ j}$) for the corresponding compliance year as published under subparagraph (f)(1)(Q) to any SOx RTC holding as of November 5, 2010, that is held by a facility that is listed in Table 5, and that is over the facility's allocations as determined pursuant to subdivision (e); and

(iv) Apply the Tradable/Usable SOx RTC Adjustment Factor ($F_{compliance\ year\ i}$) and Non-tradable/non-usable SOx RTC Adjustment Factor ($N_{compliance\ year\ j}$) for the corresponding compliance year as published under subparagraph (f)(1)(Q) to any SOx RTC holding that was acquired between August 29, 2009 and November 5, 2010, by a facility that is listed in Table 5.

No SOx RTC holding shall be subject to the SOx RTC adjustments as published under subparagraph (f)(1)(Q) more than once.

(Q) The Executive Officer shall publish the SOx RTC Adjustment Factors determined according to subparagraphs (f)(1)(N) and (f)(1)(O) within 30 days after November 5, 2010.

(R) Commencing on January 1, 2017 and ending on February 1, 2020, the Executive Officer will calculate the 12-month rolling average SOx RTC price for all trades during the preceding 12 months for the current compliance year. The Executive Officer will update the 12-month rolling average once per month. The computation of the rolling average prices will not include RTC transactions reported at no price or RTC swap transactions.

(S) In the event that the SOx RTC prices exceed $50,000 per ton based on the 12-month rolling average calculated pursuant to subparagraph (f)(1)(R), the Executive Officer will report to the Governing Board at a duly noticed public hearing to be held no more than 60 days from Executive Officer determination. The Executive Officer will announce that determination on the SCAQMD website. At the public hearing, the Governing Board will decide whether or not to convert any portion of the Non-tradable/Non-usable RTCs, as determined pursuant to subparagraphs (f)(1)(O) and (f)(1)(P), and how much to convert if any, to Tradable/Usable RTCs. The portion of Non-tradable/Non-usable RTCs available for conversion to Tradable/Usable RTCs shall not include any portion of Non-tradable/Non-usable RTCs that are designated for previous compliance years and has not already been converted by the Governing Board, or that has been otherwise included in the State Implementation Plan pursuant to subparagraph (f)(1)(T).

(T) The Executive Officer will not submit the emission reductions obtained through subparagraph (f)(1)(M) for compliance years 2017 through 2019 for inclusion into the State Implementation Plan until the adjustments for the RTC Holdings have been in effect for one full compliance year.

(U) SOx Allocations for compliance years 2013 and after, for facilities that enter RECLAIM after November 5, 2010, and for basic equipment listed in Table 4 shall be determined according to the BARCT level listed in Table 4 or the permitted emission limits, whichever is lower.

(V) By no later than July 1, 2012, SOx emissions at the exhaust of a Fluidized Catalytic Cracking Unit, as measured at the final stack venting gases originating from the facility's FCC Regenerator, including after the CO Boiler or any additional controls in the system following the regenerator (the final stack shall constitute the only exhaust gas compliance point within the FCCU facility), shall not exceed a concentration of 25 ppm dry @ 0% oxygen on a 365-day rolling average. The numeric concentration-based limit does not apply during time periods in which SOx data are determined to be incorrect due to analyzer calibration or malfunction. For the purpose of demonstrating compliance with this limit, the operator of a FCCU shall commence the use of SOx reducing additives in the FCCU no later than July 1, 2011, unless the operator has an existing wet gas scrubber in operation at BARCT levels prior to November 5, 2010 or can demonstrate to the Executive Officer that the FCCU will achieve this limit by using other control methods.

(2) New facilities initially totally permitted, on and after October 15, 1993, but prior to January 7, 2005, and entering the RECLAIM program after January 7, 2005 shall not have a rate of reduction until 2001. Reductions from 2001 to 2003, inclusive, shall be implemented pursuant to subdivision (e). New facilities initially totally permitted on or after January 7, 2005 using external offsets shall have a rate of reduction for such offsets pursuant to subparagraph (c)(5)(C). New facilities initially totally permitted on or after January 7, 2005 using RTCs shall have no rate of reduction for such RTCs, provided that RTCs obtained have been adjusted according to paragraph (f)(1), as applicable. The Facility Permit for such facilities will require the Facility Permit holder to, at the commencement of each compliance year,

hold RTCs equal to the amount of RTCs provided as offsets pursuant to Rule 2005.

(3) Increases to Allocations for permits issued for Clean Fuel adjustments pursuant to paragraph (c)(12), shall be added to each year's Allocation.

(4) During a State of Emergency declared by the Governor related to electricity demand or power grid stability within the SCAQMD jurisdictional boundaries, the current compliance year Non-tradable/Non-usable NOx RTCs held by electricity generating facilities as defined in Rule 2001(g)(1) that generate and distribute electricity to the grid system(s) affected by the State of Emergency may be used to offset their emissions after completely exhausting their own Tradable/Usable NOx RTCs.

If such a facility has completely exhausted their Non-tradable/Non-usable NOx RTCs, the owner or operator of the facility may apply for the use of the NOx RTCs in the Regional NSR Holding Account. The use of such RTCs in this Account shall be based on availability at the end of each quarter. The owner or operator of each electricity generating facility requesting NOx RTCs from the Regional NSR Holding Account shall submit a written request to the Executive Officer specifying the amount of RTCs needed and the basis for requesting the required amount.

The Executive Officer will determine the amount and distribution of the NOx RTCs from the Regional NSR Holding Account based on the requesting facility meeting the following criteria:

(i) The State of Emergency related to electricity demand or power grid stability within the SCAQMD jurisdictional boundaries, as declared by the Governor, was the direct cause of the excess emissions;

(ii) The facility has been ordered to generate electricity in an increased amount and/or frequency due to the State of Emergency;

(iii) The facility has adequately demonstrated their need for the specific amount of RTCs from the Regional NSR Holding Account; and

(iv) The facility owner or operator has not sold any part of their RTC holdings for the subject compliance year.

If the total RTCs requested exceed the supply of RTCs in this Account, the RTCs will be distributed proportionately according to the offset needs of the

facilities on a quarterly basis. These RTCs will be non-tradable, but usable to offset emissions.

(5) The Executive Officer will report to the Governing Board within 60 days of the end of the quarter in which a State of Emergency was declared by the Governor related to electricity demand or power grid stability within the SCAQMD jurisdictional boundaries. Included in this report will be, as applicable:

(i) the quantity of RTCs from the Regional NSR Holding Account that were distributed for compliance with the requirement to reconcile quarterly and annual emissions;

(ii) any adverse impacts that the State of Emergency is having on the RECLAIM program; and

(iii) any potential changes to the RECLAIM program that will be needed to help correct these impacts.

(g) High Employment/Low Emissions (HILO) Facility

The Executive Officer or designee will establish a HILO bank funded with the following maximum total annual emission Allocations:

(1) 91 tons per year of NO_X

(2) 91 tons per year of ~~So~~SO_X

(3) After January 1, 1997, new facilities may apply to the HILO bank in order to obtain non-tradable RTCs. Requests will be processed on a first-come, first-served basis, pending qualification.

(4) When credits are available, annual Allocations will be granted for the year of application and all subsequent years.

(5) HILO facilities receiving such Allocations from the HILO bank must verify their HILO status on an annual basis through their APEP report.

(6) Failure to qualify will result in all subsequent years' credits being returned to the HILO bank.

(7) Facilities failing to qualify for the HILO bank Allocations may reapply at any time during the next or subsequent compliance year when credits are available.

(h) Non-Tradable Allocation Credits

(1) Any existing RECLAIM facility with reported emissions pursuant to Rule 301 - Permit Fees, in either 1987, 1988, or 1993, greater than its starting Allocation, shall be assigned non-tradable credits for the first three years of

the program which shall be determined according to the following methodology:

Non-tradable credit for NO_X and SO_X:

Year 1 = $(\Sigma [A \times B_1])$ - 1994 Allocation;

Where:

A	=	the throughput for each NO_X or SO_X source or process unit in the facility from the single maximum throughput year from 1987, 1988, or 1993; and
B_1	=	the applicable starting emission factor, as specified in Table 1 or Table 2.
Year 2	=	Year 1 non-tradable credits X 0.667
Year 3	=	Year 1 non-tradable credits X 0.333
Year 4 and subsequent years	=	Zero non-tradable credit.

(2) The use of non-tradable credits shall be subject to the following requirements:

(A) Non-tradable credits may only be used for an increase in throughput over that used to determine the facility's starting Allocation. Non-tradable credits may not be used for emissions increases associated with equipment modifications, change in feedstock or raw materials, or any other changes except increases in throughput. The Executive Officer or designee may impose Facility Permit conditions necessary to ensure compliance with this subparagraph.

(B) The use of activated non-tradable credits shall be subject to a non-tradable RTC mitigation fee, as specified in Rule 301 subdivision (n).

(C) In order to utilize non-tradable credits, the Facility Permit holder shall submit a request to the Executive Officer or designee in writing, including a demonstration that the use of the non-tradable credits complies with all requirements of this paragraph, pay any fees required pursuant to Rule 301 - Fees, and have received written approval from the Executive Officer or designee for their use. The Executive Officer or designee shall deny the request unless the Facility Permit holder demonstrates compliance with all requirements of this paragraph. The Executive Officer or designee shall, in writing, approve or deny the request within three business days of submittal of a complete request and notify the Facility Permit holder of the decision. If the request is denied, the Executive Officer or designee will refund the mitigation fee.

(D) In the event that a facility transfers any RTCs for the year in which non-tradable credits have been issued, the non-tradable credit Allocation shall be invalid, and is no longer available to the facility.

(i) NOx RECLAIM Facility Shutdowns

(1) The requirements specified in this subdivision shall be effective [*date of adoption*] and only apply to the NOx RECLAIM facilities listed in Tables 7 and 8 of this rule that had a RECLAIM Allocation as issued pursuant to subdivision (b).

(2) An owner or operator of a NOx RECLAIM facility that permanently shuts down or surrenders all operating permits for the entire facility shall notify the Executive Officer in writing of this shutdown within 30 days.

(3) An owner or operator of a NOx RECLAIM facility that shuts down pursuant to paragraphs (i)(2), (i)(8), or (i)(9) shall have its NOx RTC holdings reduced from all future compliance years by an amount equivalent to the difference between:

(A) The average of actual NOx emissions from equipment that is operated at a level greater than the most stringent applicable BARCT emission factors specified in subparagraph (f)(1)(L) during the highest 2 of the past 5 compliance years for the facility; and

(B) The average NOx emissions from the same equipment that would have occurred in those same 2 years identified in subparagraph (i)(3)(A) if the equipment was operated at the most stringent applicable BARCT emission factors specified in subparagraph(f)(1)(L).

(4) Any offsets provided by the SCAQMD pursuant to Rule 1304 that remain as part of the adjusted initial NOx allocation shall also be subtracted for each future compliance year.

(5) If the reduction of NOx RTCs calculated pursuant to paragraph (i)(3) and (i)(4) exceeds the adjusted initial NOx allocation as specified in paragraph (f)(1) for any future compliance year, the facility shall have its NOx holdings reduced by an amount equivalent to the adjusted initial NOx allocation for that compliance year.

(6) If the reduction of NOx RTCs calculated pursuant to paragraphs (i)(3) through (i)(5) exceeds the NOx RTC holdings, within 180 days of notification by the Executive Officer pursuant to paragraph (i)(11), the owner or operator of the NOx RECLAIM facility shall purchase and surrender to

the Executive Officer sufficient RTCs to fulfill the entire reduction requirement.

(7) In addition to a self-reported facility shutdown, the Executive Officer will notify the owner or operator of a NOx RECLAIM facility that the facility is under review as potentially shutdown if NOx emissions from an APEP report show a substantial decrease in facility-wide emissions compared to the maximum emissions during the last five years. Within 60 days of the notification date, the owner or operator shall notify the Executive Officer that the facility is shutdown or submit information to substantiate that the facility is not shutdown based on one the following:

(A) Permanent emission reductions have been implemented at the facility and can be attributed to implementation of an emissions control strategy such as, but not limited to: implementation of pollution control strategies, efficiency improvements, process changes, material substitution, or fuel changes; or

(B) NOx emission reductions are temporary where temporary NOx emission reductions include, but are not limited to: cyclic operations, economic fluctuations, temporary shutdown of equipment due to equipment maintenance, repair, replacement, permitting, compliance, or availability of feedstocks or fuels; or

(C) The owner or operator of a NOx RECLAIM facility has an approved Planned Non-Operational Plan pursuant to paragraph (i)(9).

(8) The Executive Officer will review information submitted under paragraph (i)(7) and notify the owner or operator within 60 days with a determination that the facility has or has not been deemed as shutdown.

(A) If the Executive Officer determines that the NOx RECLAIM facility is deemed shutdown, the owner or operator of the NOx RECLAIM facility shall be subject to the requirements specified in paragraphs (i)(3) through (i)(6).

(B) The Executive Officer will not consider information submitted pursuant to paragraph (i)(7) beyond 60 days of the notification issue date unless such information is subsequently requested by the Executive Officer.

(C) The owner or operator of the NOx RECLAIM facility may file an appeal to the Hearing Board ~~*for the determination*~~ pursuant to paragraph (i)(11).

(9) The owner or operator of the NOx RECLAIM facility may submit a Planned Non-Operational (PNO) Plan, and fees pursuant to Rule 306, to request status for a non-operational time period beyond 2 years, but no longer than 5 years for equipment within the facility. The Executive Officer will:

(A) Consider the criteria in subparagraph (i)(7)(B) for approving the plan. All of the referenced criteria shall require company records to support the claim that a PNO status of no longer than 5 years is necessary.

(B) Approve or disapprove the PNO Plan within 180 days of receiving a complete PNO Plan.

(i) If the PNO Plan is approved, the owner or operator of the NOx RECLAIM facility may sell current compliance year RTCs for the duration of the approved PNO Plan. Future year NOx RTCs shall become non-tradable for the duration of the PNO status.

(ii) If the PNO Plan is disapproved and the facility is deemed shutdown by the Executive Officer, the owner or operator of the NOx RECLAIM facility shall be subject to the requirements specified in paragraphs (i)(3) through (i)(6).

(iii) The owner or operator of a NOx RECLAIM facility may appeal the denial of PNO Plan to the Hearing Board.

(10) If a NOx RECLAIM facility has been deemed shutdown pursuant to paragraphs (i)(2), (i)(8), or (i)(9), the RTC holdings shall be reduced pursuant to paragraphs (i)(3) through (i)(5).

(11) The Executive Officer will notify the owner or operator of the NOx RECLAIM facility of the amount of reduction in NOx RTC holdings that was determined pursuant to paragraphs (i)(3) through (i)(5). Reduction of NOx RTC holdings shall be applied to RTCs for all future compliance years following this notification. The Executive Officer shall re-issue the facility permit to reflect the reduction of NOx RTC holdings. The owner or operator may file an appeal to the Hearing Board for the shutdown determination and for the reduction in NOx RTC holdings.

(12) The owner or operator of a NOx RECLAIM facility that has notified the Executive Officer of a facility shutdown pursuant to paragraph (i)(2) or has received notification from the Executive Officer that it is under review as potentially shutdown pursuant to paragraph (i)(7), shall not sell any future compliance year RTCs and may only sell current compliance year RTCs ~~*(as*~~

~~*defined in clause (i)(9)(B)(i))*~~ until the Executive Officer notifies the owner or operator of the amount of the reduction of NOx RTCs pursuant to paragraph (i)(11).

(13) Any NOx RECLAIM facility under the same ownership as of September 22, 2015 shall submit a written declaration within 30 days after [*date of adoption*] identifying the facilities under the same ownership as of September 22, 2015 and a demonstration of how the facilities identified are under the same ownership. For the purposes of this rule, same ownership is generally defined as facilities and their subsidiaries or facilities that share the same Board of Directors or shares the same parent corporation.

(A) The Executive Officer shall maintain a listing of those facilities that are determined to be of same ownership as of September 22, 2015. The Executive Officer will only amend its same ownership listing to exclude those facilities that no longer qualify for same ownership through circumstances such as mergers, sales, or other dispositions.

(B) In the event of a facility reporting a shutdown or is deemed shutdown by the Executive Officer, NOx RTCs from that facility may be transferred to another facility under the same ownership as listed in the most current listing of same ownership without reductions as specified under paragraphs (i)(3) through (i)(6). Such transferred NOx RTCs shall be designated as non-tradable.

Table 1

RECLAIM NO_X Emission Factors

Nitrogen Oxides Basic Equipment	Fuel	"Throughput" Units	Starting Ems Factor *	2000 (Tier I) Ending Ems Factor *
Afterburner (Direct Flame and Catalytic)	Natural Gas	mmcf	130.000	39.000
Afterburner (Direct Flame and Catalytic)	LPG, Propane, Butane	1000 Gal	RV	3.840
Afterburner (Direct Flame and Catalytic)	Diesel	1000 Gal	RV	5.700
Agr Chem-Nitric Acid	Process-Absrbr Tailgas/Nw	tons pure acid produced	RV	1.440
Agricultural Chem - Ammonia	Process	tons produced	RV	1.650
Air Ground Turbines	Air Ground Turbines	(unknown process units)	RV	1.860
Ammonia Plant	Neutralizer Fert, Ammon Nit	tons produced	RV	2.500
Asphalt Heater, Concrete	Natural Gas	mmcf	130.000	65.000
Asphalt Heater, Concrete	Fuel Oil	1000 gals	RV	9.500
Asphalt Heater, Concrete	LPG	1000 gals	RV	6.400
Boiler, Heater R1109 (Petr Refin)	Natural Gas	mmbtu	0.100	0.030
Boiler, Heater R1109 (Petr Refin)	Fuel Oil	mmbtu	0.100	0.030
Boiler, Heater R1146 (Petr Refin)	Natural Gas	mmbtu	0.045	0.045
Boiler, Heater R1146 (Petr Refin)	Fuel Oil	mmbtu	0.045	0.045
Boiler, Heater R1146 (Petr Refin)	Refinery Gas	mmbtu	0.045	0.045
Boilers, Heaters, Steam Gens Rule 1146 and 1146.1	Natural Gas	mmcf	49.180	47.570
Boilers, Heaters, Steam Gens Rule 1146 and 1146.1	LPG, Propane, Butane	1000 gals	4.400	4.260
Boilers, Heaters, Steam Gens Rule 1146 and 1146.1	Diesel Light Dist. (0.05% S)	1000 gals	6.420	6.210
Boilers, Heaters, Steam Gens Rule 1146 and 1146.1	Refinery Gas	mmcf	51.520	49.840
Boilers, Heaters, Steam Gens	Bituminous Coal	tons burned	RV	4.800
Boiler, Heater, Steam Gen (Rule 1146.1)	Natural Gas	mmcf	130.000	39.460
Boiler, Heater, Steam Gen (Rule 1146.1)	Refinery Gas	mmcf	RV	41.340

* RV = Reported Value

** Does not include ceramic, clay, cement or brick kilns or metal melting, heat treating or glass melting furnaces.

*** Applies retroactively to January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.

**** Newly installed or Modified after the year selected for maximum throughput for determining starting allocations pursuant to Rule 2002(c)(1), and meeting BACT limits in effect at the time of installation.

Nitrogen Oxides Basic Equipment	Fuel	"Throughput" Units	Starting Ems Factor *	2000 (Tier I) Ending Ems Factor *
Boiler, Heater, Steam Gen (Rule 1146.1)	LPG, Propane, Butane	1000 gallons	RV	3.530
Boiler, Heater, Steam Gen (Rule 1146.1)	Diesel Light Dist (0.05%)	1000 gallons	RV	5.150
Boiler, Heater, Steam Gen (Rule 1146)	Natural Gas	mmcf	47.750	47.750
Boiler, Heater, Steam Gen (Rule 1146)	Refinery Gas	mmcf	50.030	50.030
Boiler, Heater, Steam Gen (Rule 1146)	LPG, Propane, Butane	1000 gallons	4.280	4.280
Boiler, Heater, Steam Gen (Rule 1146)	Diesel Light Dist (0.05%)	1000 gallons	6.230	6.230
Boiler, Heater, Steam Gen (R1146, <90,000 Therms)	Natural Gas	mmcf	RV	47.750
Boiler, Heater, Steam Gen (R1146, <90,000 Therms)	Refinery Gas	mmcf	RV	50.030
Boiler, Heater, Steam Gen (R1146, <90,000 Therms)	LPG, Propane, Butane	1000 gallons	RV	4.280
Boiler, Heater, Steam Gen (R1146, <90,000 Therms)	Diesel Light Dist (0.05%)	1000 gallons	RV	6.230
Boiler, Heater, Steam Gen (R1146.1, <18,000 Therms)	Natural Gas	mmcf	RV	39.460
Boiler, Heater, Steam Gen (R1146.1, <18,000 Therms)	Refinery Gas	mmcf	RV	41.340
Boiler, Heater, Steam Gen (R1146.1, <18,000 Therms)	LPG, Propane, Butane	1000 gallons	RV	3.530
Boiler, Heater, Steam Gen (R1146.1, <18,000 Therms)	Diesel Light Dist (0.05%)	1000 gallons	RV	5.150
Boiler, Heater R1109 (Petr Refin)	Refinery Gas	mmbtu	0.100	0.030
Boilers, Heaters, Steam Gens, (Petr Refin)	Natural Gas	mmcf	105.000	31.500
Boilers, Heaters, Steam Gens, (Petr Refin)	Refinery Gas	mmcf	110.000	33.000
Boilers, Heaters, Steam Gens, Unpermitted	Natural Gas	mmcf	130.000	32.500
Boilers, Heaters, Steam Gens, Unpermitted	LPG, Propane, Butane	1000 gallons	RV	3.200
Boilers, Heaters, Steam Gens ****	Natural Gas	mmcf	38.460	38.460

* RV = Reported Value

** Does not include ceramic, clay, cement or brick kilns or metal melting, heat treating or glass melting furnaces.

*** Applies retroactively to January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.

**** Newly installed or Modified after the year selected for maximum throughput for determining starting allocations pursuant to Rule 2002(c)(1), and meeting BACT limits in effect at the time of installation.

Nitrogen Oxides Basic Equipment	Fuel	"Throughput" Units	Starting Ems Factor *	2000 (Tier I) Ending Ems Factor *
Boilers, Heaters, Steam Gens ****	Refinery Gas	mmbtu	0.035	0.035
Boilers, Heaters, Steam Gens ****	LPG, Propane, Butane	1000 gallons	3.55	3.55
Boilers, Heaters, Steam Gens ****	Diesel Light Dist (0.05%), Fuel Oil No. 2	mmbtu	0.03847	0.03847
Boilers, Heaters, Steam Gens, Unpermitted	Diesel Light Dist (0.05%)	1000 gallons	RV	4.750
Catalyst Manufacturing	Catalyst Mfg	tons of catalyst produced	RV	1.660
Catalyst Manufacturing	Catalyst Mfg	tons of catalyst produced	RV	2.090
Cement Kilns	Natural Gas	mmcf	130.000	19.500
Cement Kilns	Diesel Light Dist. (0.05% S)	1000 gals	RV	2.850
Cement Kilns	Kilns-Dry Process	tons cement produced	RV	0.750
Cement Kilns	Bituminous Coal	tons burned	RV	4.800
Cement Kilns	Tons Clinker	tons clinker	RV	2.73***
Ceramic and Brick Kilns (Preheated Combustion Air)	Natural Gas	mmcf	213.000	170.400
Ceramic and Brick Kilns (Preheated Combustion Air)	Diesel Light Distillate (.05%)	1000 gallons	RV	24.905
Ceramic and Brick Kilns (Preheated Combustion Air)	LPG	1000 gallons	RV	16.778
Ceramic Clay Mfg	Drying	tons input to process	RV	1.114
CO Boiler	Refinery Gas	mmbtu		0.030
Cogen, Industr	Coke	tons burned	RV	3.682
Electric Generation, Commercial Institutional Boiler	Distillate Oil	1000 gallons	6.420	6.210
Composite Internal Combustion	Waste Fuel Oil	1000 gals burned	RV	31.340
Curing and Drying Ovens	Natural Gas	mmcf	130.000	32.500

* RV = Reported Value

** Does not include ceramic, clay, cement or brick kilns or metal melting, heat treating or glass melting furnaces.

*** Applies retroactively to January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.

**** Newly installed or Modified after the year selected for maximum throughput for determining starting allocations pursuant to Rule 2002(c)(1), and meeting BACT limits in effect at the time of installation.

Nitrogen Oxides Basic Equipment	Fuel	"Throughput" Units	Starting Ems Factor *	2000 (Tier I) Ending Ems Factor *
Curing and Drying Ovens	LPG, Propane, Butane	1000 gals	RV	3.200
Delacquering Furnace	Natural Gas	mmcf	182.2***	182.2***
Fiberglass	Textile-Type Fibr	tons of material processed	RV	1.860
Fluid Catalytic Cracking Unit	Fresh Feed	1000 BBLS fresh feed	RV	RV*0.3 ***
Fluid Catalytic Cracking Unit with Urea Injection	Fresh Feed	1000 BBLS fresh feed	RV	(RV*0.3) / (1-control efficiency) ***
Fugitive Emission	Not Classified	tons product	RV	0.087
Furnace Process	Carbon Black	tons produced	RV	38.850
Furnace Suppressor	Furnace Suppressor	unknown	RV	0.800
Glass Fiber Furnace	Mineral Products	tons product produced	RV	4.000
Glass Melting Furnace	Flat Glass	tons of glass pulled	RV	4.000
Glass Melting Furnace	Tableware Glass	tons of glass pulled	RV	5.680
Glass Melting Furnaces	Container Glass	tons of glass produced	4.000	1.2***
ICEs****	All Fuels		Equivalent to permitted BACT limit	Equivalent to permitted BACT limit
ICEs, Permitted (Rule 1110.1 and 1110.2)	Natural Gas	mmcf	2192.450	217.360
ICEs Permitted (Rule 1110.2)	Natural Gas	mmcf	RV	217.360
ICEs, Permitted (Rule 1110.1 and 1110.2)	LPG, Propane, Butane	1000 gals	RV	19.460
ICEs, Permitted (Rule 1110.1 and 1110.2)	Gasoline	1000 gals	RV	20.130
ICEs, Permitted (Rule 1110.1 and 1110.2)	Diesel Oil	1000 gals	RV	31.340
ICEs, Exempted per Rule 1110.2	All Fuels		RV	RV
ICEs, Exempted per Rule 1110.2 and subject to Rule 1110.1	All Fuels		RV	RV
ICEs, Unpermitted	All Fuels		RV	RV
In Process Fuel	Coke	tons burned	RV	24.593
Incinerators	Natural Gas	mmcf	130.000	104.000
Industrial	Propane	1000 gallons	RV	20.890
Industrial	Gasoline	1000 gallons	RV	21.620

* RV = Reported Value

** Does not include ceramic, clay, cement or brick kilns or metal melting, heat treating or glass melting furnaces.

*** Applies retroactively to January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.

**** Newly installed or Modified after the year selected for maximum throughput for determining starting allocations pursuant to Rule 2002(c)(1), and meeting BACT limits in effect at the time of installation.

Nitrogen Oxides Basic Equipment	Fuel	"Throughput" Units	Starting Ems Factor*	2000 (Tier I) Ending Ems Factor *
Industrial	Dist.Oil/Diesel	1000 gallons	RV	33.650
Inorganic Chemicals, H2SO4 Chamber	General	tons pure acid produced	RV	0.266
Inorganic Chemicals, H2SO4 Contact	Absrbr 98.0% Conv	tons 100% H2S04	RV	0.376
Iron/Steel Foundry	Steel Foundry, Elec Arc Furn	tons metal processed	RV	0.045
Metal Heat Treating Furnace	Natural Gas	mmcf	130.000	104.000
Metal Heat Treating Furnace	Diesel Light Distillate (.05%)	1000 gallons	RV	15.200
Metal Heat Treating Furnace	LPG	1000 gallons	RV	10.240
Metal Forging Furnace (Preheated Combustion Air)	Natural Gas	mmcf	213.000	170.400
Metal Forging Furnace (Preheated Combustion Air)	Diesel Light Distillate (.05%)	1000 gallons	RV	24.905
Metal Forging Furnace (Preheated Combustion Air)	LPG	1000 gallons	RV	16.778
Metal Melting Furnaces	Natural Gas	mmcf	130.000	65.000
Metal Melting Furnaces	LPG, Propane, Butane	1000 gals	RV	6.400
Miscellaneous		bbls-processed	RV	1.240
Natural Gas Production	Not Classified	mmcf gas	RV	6.320
Nonmetallic Mineral	Sand/Gravel	tons product	RV	0.030
NSPS	Refinery Gas	mmbtu	RV	0.030
Other BACT Heater (24F-1)	Natural Gas	mmcf	RV	RV
Other Heater (24F-1)	Pressure Swing Absorber Gas	mmcf	RV	RV
Ovens, Kilns, Calciners, Dryers, Furnaces**	Natural Gas	mmcf	130.000	65.000
Ovens, Kilns, Calciners, Dryers, Furnaces**	Diesel Light Dist. (0.05% S)	1000 gals	RV	9.500
Paint Mfg, Solvent Loss	Mixing/Blending	tons solvent	RV	45.600
Petroleum Refining	Asphalt Blowing	tons of asphalt produced	RV	45.600
Petroleum Refining, Calciner	Petroleum Coke	Calcined Coke	RV	0.971***
Plastics Prodn	Polyester Resins	tons product	RV	106.500
Pot Furnace	Lead Battery	lbs Niter	0.077***	0.062***
Process Specific	ID# 012183	(unknown process units)	RV	240.000
Process Specific	SCC 30500311	tons produced	RV	0.140

* RV = Reported Value

** Does not include ceramic, clay, cement or brick kilns or metal melting, heat treating or glass melting furnaces.

*** Applies retroactively to January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.

**** Newly installed or Modified after the year selected for maximum throughput for determining starting allocations pursuant to Rule 2002(c)(1), and meeting BACT limits in effect at the time of installation.

Nitrogen Oxides Basic Equipment	Fuel	"Throughput" Units	Starting Ems Factor*	2000 (Tier I) Ending Ems Factor *
Process Specific	ID 14944	(unknown process units)	RV	0.512
SCC 39090003			RV	170.400
Sec. Aluminum	Sweating Furnace	tons produced	RV	0.300
Sec. Aluminum	Smelting Furnace	tons metal produced	RV	0.323
Sec. Aluminum	Annealing Furnace	mmcf	130.000	65.000
Sec. Aluminum	Boring Dryer	tons produced	RV	0.057
Sec. Lead	Smelting Furnace	tons metal charged	RV	0.110
Sec. Lead	Smelting Furnace	tons metal charged	RV	0.060
Sodium Silicate Furnace	Water Glass	Tons Glass Pulled	RV	6.400
Steel Hot Plate Furnace	Natural Gas	mmcf	213.000	106.500
Steel Hot Plate Furnace	Diesel Light Distillate (.05%)	1000 gallons	31.131	10.486
Steel Hot Plate Furnace	LPG, Propane, Butane	1000 gallons	20.970	10.486
Surface Coal Mine	Haul Road	tons coal	RV	62.140
Tail Gas Unit		hours of operation	RV	RV
Turbines	Butane	1000 Gallons	RV	5.700
Turbines	Diesel Oil	1000 gals	RV	8.814
Turbines	Refinery Gas	mmcf	RV	62.275
Turbines	Natural Gas	mmcf	RV	61.450
Turbines (micro-)	Natural Gas	mmcf	54.4	54.4
Turbines - Peaking Unit	Natural Gas	mmcf	RV	RV
Turbines - Peaking Unit	Dist. Oil/Diesel	1000 gallons	RV	RV
Utility Boiler	Digester/Landfill Gas	mmcf	52.350	10.080
Turbine	Natural Gas	mmcf	RV	61.450
Turbine	Fuel Oil	1000 gallons	RV	8.810
Turbine	Dist.Oil/Diesel	1000 gallons	RV	3.000
Utility Boiler Burbank	Natural Gas	mmcf	148.670	17.200
Utility Boiler Burbank	Residual Oil	1000 gallons	20.170	2.330
Utility Boiler, Glendale	Natural Gas	mmcf	140.430	16.000
Utility Boiler, Glendale	Residual Oil	1000 gallons	20.160	2.290
Utility Boiler, LADWP	Natural Gas	mmcf	86.560	15.830
Utility Boiler, LADWP	Residual Oil	1000 gallons	12.370	2.260
Utility Boiler, LADWP	Digester Gas	mmcf	52.350	10.080
Utility Boiler, LADWP	Landfill Gas	mmcf	37.760	6.910
Utility Boiler, Pasadena	Natural Gas	mmcf	195.640	18.500
Utility Boiler, Pasadena	Residual Oil	1000 gallons	28.290	2.670
Utility Boiler, SCE	Natural Gas	mmcf	74.860	15.600
Utility Boiler, SCE	Residual Oil	1000 gallons	10.750	2.240

* RV = Reported Value

** Does not include ceramic, clay, cement or brick kilns or metal melting, heat treating or glass melting furnaces.

*** Applies retroactively to January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.

**** Newly installed or Modified after the year selected for maximum throughput for determining starting allocations pursuant to Rule 2002(c)(1), and meeting BACT limits in effect at the time of installation.

Table 2

RECLAIM SO_x Emission Factors

Sulfur Oxides Basic Equipment	Fuel	"Throughput" Units	Starting Emission Factor *	Ending Emission Factor *
Air Blown Asphalt		hours of operation	RV	RV
Asphalt Concrete	Cold Ag Handling	tons produced	RV	0.032
Calciner	Petroleum Coke	Calcined Coke	RV	0.000
Catalyst Regeneration		hours of operation	RV	RV
Cement Kiln	Distillate Oil	1000 gallons	RV	RV
Cement Mfg	Kilns, Dry Process	tons produced	RV	RV
Claus Unit		pounds	RV	RV
Cogen	Coke	pounds per ton	RV	RV
Non Fuel Use		hours of operation	RV	RV
External Combustion Equipment / Incinerator	Natural Gas	mmcf	RV	0.830
External Combustion Equip/Incinerator	LPG, Propane, Butane	1000 gallons	RV	4.600
External Combustion Equip/Incinerator	Diesel Light Dist. (0.05% S)	1000 gallons	7.00	5.600
External Combustion Equip/Incinerator	Residual Oil	1000 gallons	8.00	6.400
External Combustion Equip/Incinerator	Refinery Gas	mmcf	RV	6.760
Fiberglass	Recuperative Furn, Textile-Type Fiber	tons produced	RV	2.145
Fluid Catalytic Cracking Units		1000 bbls refinery feed	RV	13.700
Glass Mfg, Forming/Fin	Container Glass		RV	RV
Grain Milling	Flour Mill	tons Grain Processed	RV	RV
ICEs	Natural Gas	mmcf	RV	0.600
ICEs	LPG, Propane, Butane	1000 gallons	RV	0.350
ICEs	Gasoline	1000 gallons	RV	4.240
ICEs	Diesel Oil	1000 gallons	6.24	4.990
Industrial	Cogeneration, Bituminous Coal	tons produced	RV	RV
Industrial (scc 10200804)	Cogeneration, Coke	tons produced	RV	RV
Inorganic Chemcals	General, H2SO4 Chamber	tons produced	RV	RV
Inorganic Chemcals	Absrbr 98.0% Conv, H2SO4 Contact	tons produced	RV	RV

* RV = Reported Value

*** Applies retroactively to January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.

Sulfur Oxides Basic Equipment	Fuel	"Throughput" Units	Starting Emission Factor *	Ending Emission Factor *
Inprocess Fuel	Cement Kiln/Dryer, Bituminous Coal	tons produced	RV	RV
Iron/Steel Foundry	Cupola, Gray Iron Foundry	tons produced	RV	0.720
Melting Furnace, Container Glass		tons produced	RV	RV
Mericher Alkyd Feed		hours of operation	RV	RV
Miscellaneous	Not Classified	tons produced	RV	0.080
Miscellaneous	Not Classified	tons produced	RV	0.399
Natural Gas Production	Not Classified	mmcf	RV	527.641
Organic Chemical (scc 30100601)		tons produced	RV	RV
Petroleum Refining (scc30600602)	Column Condenser		RV	1.557
Petroleum Refining (scc30600603)	Column Condenser		RV	1.176
Refinery Process Heaters	LPG fired	1000 gal	RV	2.259
Pot Furnace	Lead Battery	lbs Sulfur	0.133***	0.106***
Sec. Lead	Reverberatory, Smelting Furnace	tons produced	RV	RV
Sec. Lead	Smelting Furnace, Fugitiv	tons produced	RV	0.648
Sour Water Oxidizer		hours of operation	RV	RV
Sulfur Loading		1000 bbls	RV	RV
Sour Water Oxidizer		1000 bbls fresh feed	RV	RV
Sour Water Coker		1000 bbls fresh feed	RV	RV
Sodium Silicate Furnace		tons of glass pulled	RV	RV
Sulfur Plant		hours of operation	RV	RV
Tail gas unit		hours of operation	RV	RV
Turbines	Refinery Gas	mmcf	RV	6.760
Turbines	Natural Gas	mmcf	RV	0.600
Turbines	Diesel Oil	1000 gal	6.24	0.080
Turbines	Residual Oil	1000 gallons	8.00	0.090
Utility Boilers	Diesel Light Dist. (0.05% S)	1000 gallons	7.00	0.080
Utility Boilers	Residual Oil	1000 gallons	8.00	0.090
Other Heater (24F-1)	Pressure Swing Absorber Gas	mmcf	RV	RV

* RV = Reported Value

*** Applies retroactively to January 1, 1994 for Cycle 1 facilities and July 1, 1994 for Cycle 2 facilities.

Table 3

RECLAIM NO_X 2011 Ending Emission Factors

Nitrogen Oxides Basic Equipment	BARCT Emission Factor
Asphalt Heater, Concrete	0.036 lb/mmbtu (30 ppm)
Boiler, Heater R1109 (Petr Refin) >110 mmbtu/hr	0.006 lb/mmbtu (5 ppm)
Boilers, Heaters, Steam Gens, (Petr Refin) >110 mmbtu/hr	0.006 lb/mmbtu (5 ppm)
Boiler, Heater, Steam Gen (Rule 1146.1) 2-20 mmbtu/hr	0.015 lb/mmbtu (12 ppm)
Boiler, Heater, Steam Gen (Rule 1146) >20 mmbtu/hr	0.010 lb/mmbtu (9 ppm)
CO Boiler	85% Reduction
Delacquering Furnace	0.036 lb/mmbtu (30 ppm)
Fluid Catalytic Cracking Unit	85% Reduction
Iron/Steel Foundry	0.055 lb/mmbtu (45 ppm)
Metal Heat Treating Furnace	0.055 lb/mmbtu (45 ppm)
Metal Forging Furnace (Preheated Combustion Air)	0.055 lb/mmbtu (45 ppm)
Metal Melting Furnaces	0.055 lb/mmbtu (45 ppm)
Other Heater (24F-1)	0.036 lb/mmbtu (30 ppm)
Ovens, Kilns, Calciners, Dryers, Furnaces	0.036 lb/mmbtu (30 ppm)
Petroleum Refining, Calciner	0.036 lb/mmbtu (30 ppm)
Sec. Aluminum	0.055 lb/mmbtu (45 ppm)
Sec. Lead	0.055 lb/mmbtu (45 ppm)
Steel Hot Plate Furnace	0.055 lb/mmbtu (45 ppm)
Utility Boiler	0.008 lb/mmbtu (7 ppm)

Table 4
RECLAIM SOx Tier III Emission Standards

Basic Equipment	BARCT Emission Standard
Calciner, Petroleum Coke	10 ppmv (0.11 lbs/ton coke)
Cement Kiln	5 ppmv (0.04 lbs/ton clinker)
Coal-Fired Boiler	5 ppmv (95% reduction)
Container Glass Melting Furnace	5 ppmv (0.03 lbs/ton glass)
Diesel Combustion	15 ppm by weight as required under Rule 431.2
Fluid Catalytic Cracking Unit	5 ppmv (3.25 lbs/thousand barrels feed)
Refinery Boiler/Heater	40 ppmv (6.76 lbs/mmscf~~t~~)
Sulfur Recovery Units/Tail Gas	5 ppmv for combusted tail gas (5.28 lbs/hour)
Sulfuric Acid Manufacturing	10 ppmv (0.14 lbs/ton acid produced)

Table 5
List of SOx RECLAIM Facilities Referenced in Subparagraphs (f)(1)(M) and (f)(1)(O)

FACILITY PERMIT HOLDER	AQMD ID NO.
AES HUNTINGTON BEACH, LLC*	115389
AIR LIQUIDE LARGE INDUSTRIES U.S., LP	148236
ANHEUSER-BUSCH INC., (LA BREWERY)	16642
CALMAT CO	119104
CENCO REFINING CO	800373
EDGINGTON OIL COMPANY	800264
EQUILON ENTER. LLC, SHELL OIL PROD. US	800372
EXIDE TECHNOLOGIES	124838
INEOS POLYPROPYLENE LLC	124808
KIMBERLY-CLARK WORLDWIDE INC.-FULT. MILL	21887
LUNDAY-THAGARD COMPANY	800080
OWENS CORNING ROOFING AND ASPHALT, LLC	35302
PABCO BLDG PRODUCTS LLC,PABCO PAPER, DBA	45746
PARAMOUNT PETR CORP*	800183
QUEMETCO INC	8547
RIVERSIDE CEMENT CO	800182
TECHALLOY CO., INC.	14944
TESORO REFINING AND MARKETING CO*	151798
THE PQ CORP	11435
US GYPSUM CO	12185
WEST NEWPORT OIL CO	42775

* SOx RECLAIM facilities that have RTC Holdings larger than initial allocations as of August 29, 2009.

Table 6

RECLAIM NO_X 2022 Ending Emission Factors

Nitrogen Oxides Basic Equipment	BARCT Emission Factor
Boiler, Heater R1109 (Petr Refin) >40 mmbtu/hr	2 ppm
Cement Kilns	0.5 lbs per ton clinker
Fluid Catalytic Cracking Unit	2 ppm
Gas Turbines	2 ppm
Glass Melting Furnaces – Container Glass	80% reduction (0.24 lb/ton glass produced)
ICEs, Permitted (Rule 1110.2) (Non-OCS)	11 ppm @15%O_2 0.041 lb/MMBTU 43.05 lb/mmcf
Metal Heat Treating Furnace >150 mmbtu/hr	0.011 lb/mmbtu (9 ppm)
Petroleum Refining, Calciner	10 ppm
Sodium Silicate Furnace	80% reduction (1.28 lb/ton glass pulled)
SRU/Tail Gas Unit	95% reduction 2ppm

Table 7
List of NOx RECLAIM Facilities Referenced in Subparagraph (f)(1)(B)

FACILITY PERMIT HOLDER	AQMD ID NO.
CHEVRON PRODUCTS CO.	800030
EXXONMOBIL OIL CORPORATION	800089
PHILLIPS 66 CO/LA REFINERY WILMINGTON PL	171107
PHILLIPS 66 COMPANY/LOS ANGELES REFINERY	171109
TESORO REF & MKTG CO LLC,CALCINER	174591
TESORO REFINING & MARKETING CO, LLC	174655
TESORO REFINING AND MARKETING CO, LLC	151798
TESORO REFINING AND MARKETING CO, LLC	800436
ULTRAMAR INC	800026
NOx RTC holders not designated as Facility Permit Holders as of September 22, 2015, except any NOx RTC holders listed in Table 8	Multiple

Table 8
List of NOx RECLAIM Facilities Referenced in Subparagraph (f)(1)(C)

FACILITY PERMIT HOLDER	AQMD ID NO.
AES ALAMITOS, LLC	115394
AES HUNTINGTON BEACH, LLC	115389
AES REDONDO BEACH, LLC	115536
BERRY PETROLEUM COMPANY	119907
BETA OFFSHORE	166073
BICENT (CALIFORNIA) MALBURG LLC	155474
BORAL ROOFING LLC	1073
BURBANK CITY, BURBANK WATER & POWER	25638
BURBANK CITY,BURBANK WATER & POWER,SCPPA	128243
CALIFORNIA PORTLAND CEMENT CO	800181
CALIFORNIA STEEL INDUSTRIES INC	46268
CANYON POWER PLANT	153992
CPV SENTINEL LLC	152707
DISNEYLAND RESORT	800189
EDISON MISSION HUNTINGTON BEACH, LLC	167432
EL SEGUNDO POWER, LLC	115663
EXIDE TECHNOLOGIES	124838
GENERAL ELECTRIC COMPANY	700126
HARBOR COGENERATION CO, LLC	156741
INLAND EMPIRE ENERGY CENTER, LLC	129816
LA CITY, DWP HAYNES GENERATING STATION	800074
LA CITY, DWP SCATTERGOOD GENERATING STN	800075
LA CITY, DWP VALLEY GENERATING STATION	800193
LONG BEACH GENERATION, LLC	115314
NEW- INDY ONTARIO, LLC	172005
NRG CALIFORNIA SOUTH LP, ETIWANDA GEN ST	115315
OWENS-BROCKWAY GLASS CONTAINER INC	7427
OXY USA INC	169754
PACIFIC CLAY PRODUCTS INC	17953
PARAMOUNT PETR CORP	800183
PASADENA CITY, DWP	800168
PQ CORPORATION	11435
QUEMETCO INC	8547
SAN DIEGO GAS & ELECTRIC	4242
SNOW SUMMIT INC	43201
SO CAL EDISON CO	4477
SO CAL GAS CO	800128
SO CAL GAS CO	800127
SO CAL GAS CO	5973
SO CAL GAS CO/PLAYA DEL REY STORAGE FACI	8582
SOLVAY USA, INC.	114801

FACILITY PERMIT HOLDER	AQMD ID NO.
SOUTHERN CALIFORNIA EDISON	160437
TABC, INC	3968
TAMCO	18931
US GOVT, NAVY DEPT LB SHIPYARD	800153
WALNUT CREEK ENERGY, LLC	146536
WHEELABRATOR NORWALK ENERGY CO INC	51620
WILDFLOWER ENERGY LP/INDIGO GEN., LLC	127299

Table 9
List of NOx RECLAIM Facilities for the Regional NSR Holding Account with Balances (in lbs)

FACILITY PERMIT HOLDER	AQMD ID NO.	2016		2017		2018		2019		2020		2021		2022		2023+	
		Dec 2016	Jun 2017	Dec 2017	Jun 2018	Dec 2018	Jun 2019	Dec 2019	Jun 2020	Dec 2020	Jun 2021	Dec 2021	Jun 2022	Dec 2022	Jun 2023	Dec 2023+	Jun 2023+
BICENT (CALIFORNIA) MALBURG LLC	155474	0	0	1,854	1,854	1,854	1,854	2,794	2,794	3,735	3,734	5,588	5,588	7,469	7,469	11,204	11,203
BURBANK CITY, BURBANK WATER & POWER, SCPPA	128243	0	0	1,604	5,159	1,604	5,159	2,418	7,775	3,232	10,392	4,836	15,551	6,464	20,784	9,695	31,177
CANYON POWER PLANT	153992	0	0	3,248	2,548	3,248	2,548	4,896	3,840	6,543	5,133	9,792	7,680	13,087	10,265	19,630	15,398
CPV CENTINEL LLC	152707	0	0	9,645	6,981	9,645	6,981	14,538	10,522	19,430	14,063	29,075	21,044	38,860	28,127	58,290	42,190
GENERAL ELECTRIC COMPANY/INLAND EMPIRE ENERGY CENTER	700126/ 129816	0	0	9,065	6,573	9,065	6,573	13,664	9,907	18,262	13,241	27,327	19,815	36,524	26,484	54,785	39,725
LONG BEACH GENERATION, LLC	115314	0	0	0	5,962	0	5,962	0	8,986	0	12,010	0	17,971	0	24,019	0	36,029
SOUTHERN CALIFORNIA EDISON	160437	0	0	13,227	6,758	13,227	6,758	19,937	10,184	26,646	13,612	39,874	20,370	53,293	27,225	79,940	40,837
WALNUT CREEK ENERGY, LLC	146536	0	0	3,690	4,242	3,690	4,242	5,562	6,393	7,434	8,544	11,124	12,786	14,867	17,089	22,301	25,633
WILDFLOWER ENERGY LP/INDIGO GEN., LLC	127299	0	0	0	3,483	0	3,483	0	5,250	0	7,016	0	10,499	0	14,033	0	21,049

ATTACHMENT F

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Staff Report
Proposed Amendments to Regulation XX – Regional Clean Air Incentives Market
Proposed Amended Rule 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx)

October 7, 2016

Deputy Executive Officer
Planning, Rule Development, and Area Sources
Philip M. Fine, Ph.D.

Acting Assistant Deputy Executive Officer
Planning, Rule Development, and Area Sources
Susan Nakamura

Planning and Rules Manager
Planning, Rule Development, and Area Sources
Tracy A. Goss, P.E.

Author: Kevin Orellana – Air Quality Specialist

Reviewed by: Gary Quinn, P.E. – Program Supervisor
Danny Luong, P.E. – Senior Enforcement Manager
William Wong – Principal Deputy District Counsel

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD

Chairman: DR. WILLIAM A. BURKE
Speaker of the Assembly Appointee

Vice Chairman: BEN BENOIT
Councilmember, Wildomar
Cities of Riverside County

MEMBERS:

MICHAEL D. ANTONOVICH
Supervisor, Fifth District
County of Los Angeles

JOHN J. BENOIT
Supervisor, Fourth District
County of Riverside

JOE BUSCAINO
Councilmember, 15th District
City of Los Angeles Representative

MICHAEL A. CACCIOTTI
Mayor Pro Tem, South Pasadena
Cities of Los Angeles County/Eastern Region

JOSEPH K. LYOU, Ph. D.
Governor's Appointee

LARRY MCCALLON
Mayor, Highland
Cities of San Bernardino County

JUDITH MITCHELL
Councilmember, Rolling Hills Estates
Cities of Los Angeles County/Western Region

SHAWN NELSON
Supervisor, Fourth District
County of Orange

DR. CLARK E. PARKER, SR.
Senate Rules Committee Appointee

DWIGHT ROBINSON
Councilmember, Lake Forest
Cities of Orange County

JANICE RUTHERFORD
Supervisor, Second District
County of San Bernardino

ACTING EXECUTIVE OFFICER:

WAYNE NASTRI

Table of Contents

Table of Contents **1**

Executive Summary **1**

Background 1
Public Process 1

Chapter 1 – Background **3**

December 4, 2015 Governing Board Motion 3
Shutdown Credits in the RECLAIM Program 3
Shutdowns in Command and Control 6
Industry Comments for the Shutdown Provisions 7
Affected Facilities 8

Chapter 2 – Proposed Amendments to Regulation XX, Rule 2002 ..... **9**

Chapter 3 – Impact Assessment **14**

NOx RECLAIM Market Impacts 14
California Environmental Quality Act 20
Socioeconomic Analysis 22
Draft Findings Under California Health and Safety Code 22
Incremental Cost Effectiveness 23

References **24**

ATTACHMENT A: PAR 2002 PUBLIC COMMENTS AND RESPONSES **A-1**

ATTACHMENT B: SAMPLE PLOTS FOR TABLE 7 AND 8 FACILITIES **B-1**

ATTACHMENT C: LIST OF RULE 2002 TABLE 7 AND TABLE 8 FACILITIES **C-1**

Executive Summary

Background

The South Coast Air Quality Management District (SCAQMD) Governing Board adopted the Regional Clean Air Incentives Market (RECLAIM) program in October 1993. The purpose of RECLAIM is to reduce NOx and SOx emissions through a market-based approach. The program replaced a series of existing and future command-and-control rules and was designed to provide facilities with the flexibility to seek the most cost-effective solution to reduce their emissions. It also was designed to provide equivalent emission reductions, in the aggregate, for the facilities in the program compared to what would occur under a command-and-control approach. Regulation XX includes a series of rules that specify the applicability and procedures for determining NOx and SOx facility emissions allocations, program requirements, as well as monitoring, reporting, and recordkeeping requirements for sources located at RECLAIM facilities.

Regulation XX was amended on December 4, 2015 to achieve programmatic NOx RECLAIM trading credit (RTC) reductions from compliance years 2016 through 2022. Among the proposed amendments considered was a provision to address RTCs from shutdown facilities. The Governing Board motion that was approved did not include the shutdown provisions and directed staff to return to the Board, after further analysis and discussion with the RECLAIM working group, with a proposal that would allow a closer alignment of shutdown credits in the RECLAIM program and command and control programs, short of full forfeiture.

SCAQMD staff is proposing amendments to Rule 2002 - Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx), which is one rule within Regulation XX – RECLAIM, to address the treatment of RTCs upon NOx RECLAIM facility shutdowns. The objective is to prevent NOx RTCs associated with a shutdown facility from entering the market and potentially delaying the installation of pollution controls at other RECLAIM facilities. Specifically, the proposed amendments establish the criteria for determining a facility shutdown and the methodology to calculate the amount of NOx RTCs by which that facility's future holdings will be reduced. The proposed amendments include exclusions from these provisions for facilities under the same ownership and for facilities with approved planned non-operational status for up to five years.

Public Process

The current rulemaking process for developing shutdown provisions in Proposed Amended Rule 2002 (PAR 2002) began in the 1st quarter of 2016. SCAQMD staff met with the NOx RECLAIM working group five times, on January 21, February 25, June 8, August 8, and August 30, 2016. The NOx RECLAIM working group is comprised of representatives from business, environmental groups, RTC brokers, and other agencies. The SCAQMD staff also provides monthly briefings to environmental and community groups regarding the proposed amendments. The public workshop for this amendment was held on Thursday, August 11, 2016.

SCAQMD staff has received eleven comment letters from stakeholders, and has also met with individual RECLAIM facility operators regarding the shutdown provisions of the proposed amendments. Various issues raised by stakeholders have been addressed and incorporated, or otherwise addressed, in the proposed rule amendments.

Chapter 1 – Background

December 4, 2015 Governing Board Motion

Regulation XX was amended on December 4, 2015 to achieve programmatic NOx RECLAIM trading credit (RTC) reductions from compliance years 2016 through 2022. Among the proposed amendments considered was a provision to address RTCs from shutdown facilities. The Governing Board motion that was approved did not include the shutdown provisions and directed staff to return to the Board, after further analysis and discussion with the RECLAIM working group, with a proposal that would allow a closer alignment of shutdown credits in the RECLAIM program and command and control programs, short of full forfeiture. Paragraph 3 of the motion, which pertains to the shutdown provisions, reads as follows:

> *"Subparagraph (i) of Rule 2002 that was originally proposed by staff on November 4, 2015 and released in rewritten form on November 28, 2015 is NOT adopted at this time. Staff shall return it to the NOx RECLAIM Working Group for further discussion and analysis of that proposal's potential implications on the entire NOx RECLAIM Program and consideration of possible alternatives that would allow a closer alignment of the treatment of shutdown credits in RECLAIM and command-and-control programs short of full forfeiture. Following this process, staff may bring its original proposal or some other alternative back to the Governing Board for consideration for adoption."*

The proposal presented before the Governing Board on December 4, 2015 would have retired all NOx RTCs from complete facility closures or from equipment shutdowns that represent twenty-five percent or more of a facility's emissions for any quarter within the previous 2 compliance years. This would have applied to any facility listed in Tables 7 or 8 of Rule 2002 (i.e., the larger NOx emitting facilities). Permits associated with the equipment being shutdown would be surrendered, and the RTCs for future years would be retired from the RECLAIM program.

Shutdown Credits in the RECLAIM Program

Currently, available RTCs resulting from facilities that permanently shutdown can be sold and reintroduced back into the RECLAIM program for use by other facilities. Allowing the use of shutdown RTCs in a market where many facilities have not yet installed BARCT controls can further delay or eliminate the need for facilities to install equipment to reduce their NOx emissions.

The emission reductions as a result of the amendments to the NOx RECLAIM program in 2005 illustrate this condition. The NOx RTC shave target for the 2005 amendments was 7.7 tons per day from 2007 to 2011. The actual NOx emission reductions between the timeframe of 2006 and 2012 was 4 tons per day. Of these 4 tons per day, 2.6 tons per day (or 65%) originated from facility shutdowns, while 1.4 tons per day (or 35%) came from

either emission controls, process changes, or from a decrease in production levels due to the recession (Figure 1). Nevertheless, the 2005 shave met its remaining emissions target.

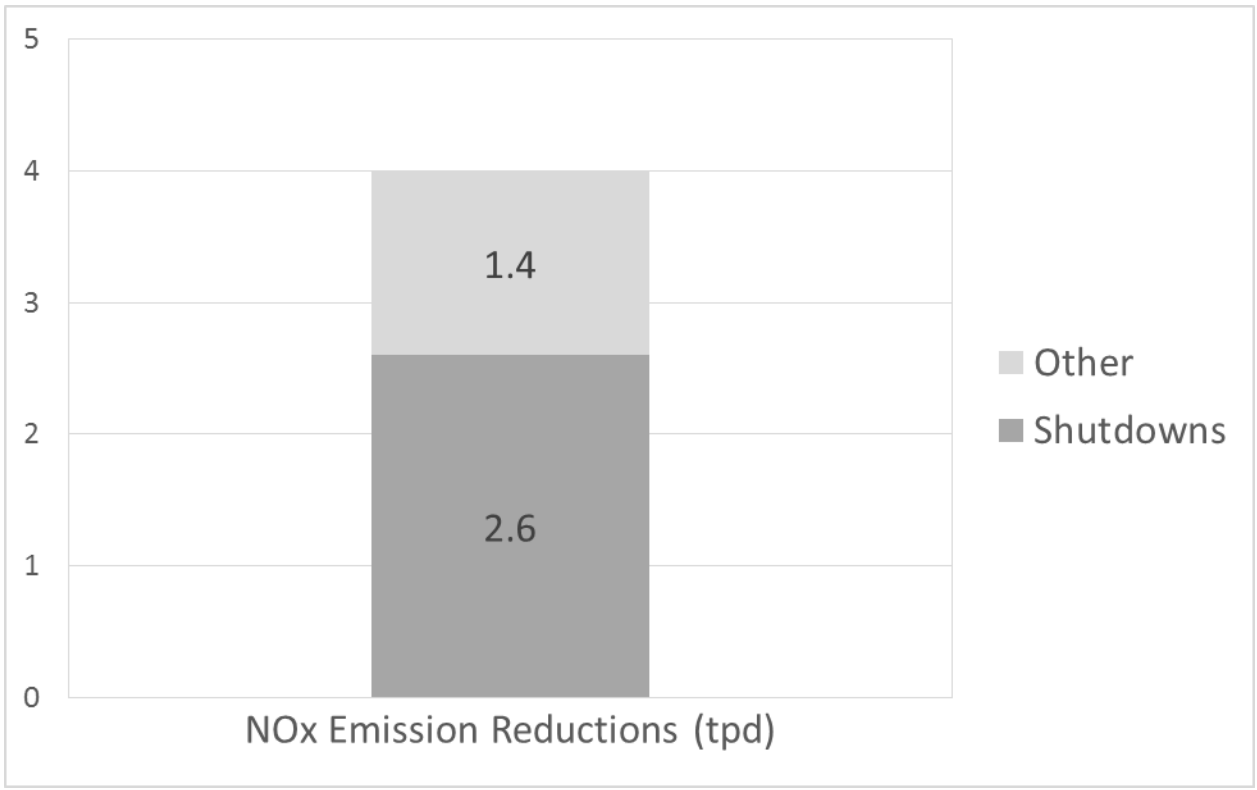


Figure 1. NOx Emission Reductions Between 2006-2012

Under a command and control regulatory program, facilities are required to meet equipment specific BARCT emission limits and emission reductions from a facility shutdown could not be used to delay installation of BARCT controls at another facility. Emission Reduction Credits (ERCs) generated from facility shutdowns may only be used to offset emissions increases from new or modified sources. However, under RECLAIM, RTCs belonging to shutdown facilities can be sold to other operating facilities in RECLAIM and can be used to delay or eliminate the need for installation of BARCT controls. Figure 2 illustrates the quantity and magnitude of the emissions from shutdown facilities in the RECLAIM program since its inception. The maximum annual emissions for each of these facilities was used, and although there are many smaller emitters that have shutdown, the larger emitting facilities had maximum annual emissions ranging from around 0.2 to over 2 tons per day per facility (~146,000 lbs per year to over 1,460,000 lbs per year). The cumulative maximum emissions for these shutdown facilities total about 5.9 tons per day since program inception (area under the curve in Figure 2).

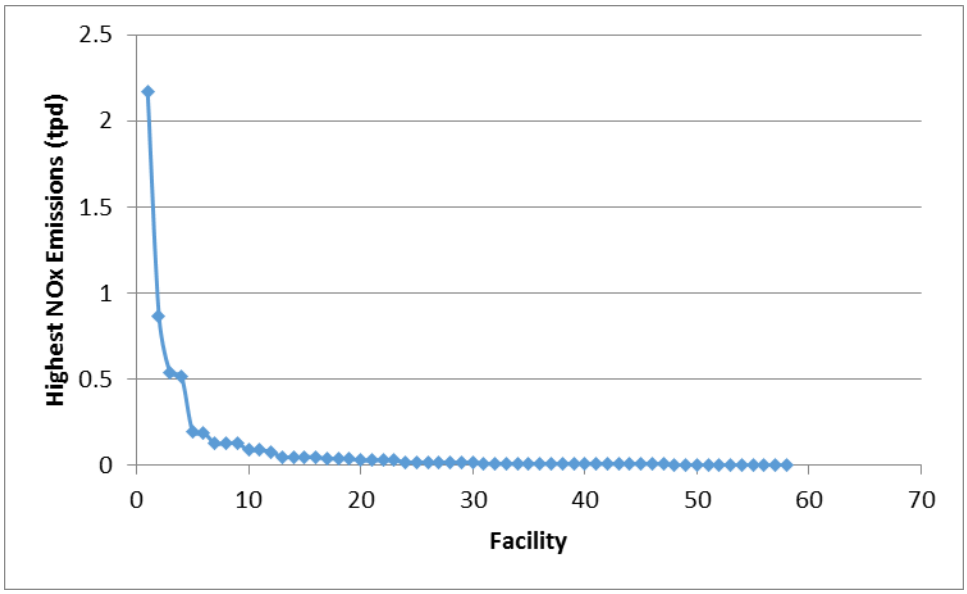


Figure 2. NOx RECLAIM Facility Maximum Emissions Prior to Shutdown (Ranked by Highest NOx Emissions)

The emissions from facility shutdowns and the corresponding RTCs can be substantial. To better highlight the magnitude, emissions associated with facility shutdowns were compared to the highest NOx emitting facilities in the current RECLAIM universe. In Figure 3, the blue bars to the right represent a sample of the range of emissions from the top 90% of NOx emitters in the RECLAIM program (i.e., the 56 facilities which are listed in Table 7 and Table 8 of Rule 2002) from which the RTC allocation shave for the December 4, 2015 amendments was based. A list of these facilities is included in Appendix C. Facility 5 was the top emitter while Facility 15 was the lowest emitter from this subset of the Table 7 and Table 8 facilities. The red bars to the left in Figure 3 represent the maximum emissions from the top four facilities that have shutdown from Figure 2 and illustrate that the magnitude of these emissions is on the same order as many of the top emitting facilities in operation today. The highest NOx emitter from these shutdown facilities was the California Portland Cement Company. This facility produced cement by operating two long, dry kilns and was at one time the top NOx emitting source in the NOx RECLAIM program. The very large quantity of NOx RTCs that became available upon shutdown were made available for sale and were subsequently purchased by other facilities to meet compliance obligations rather than installation of BARCT controls. The RTC sales from these shutdown credits belonging to California Portland Cement Company exceeded $100 million.

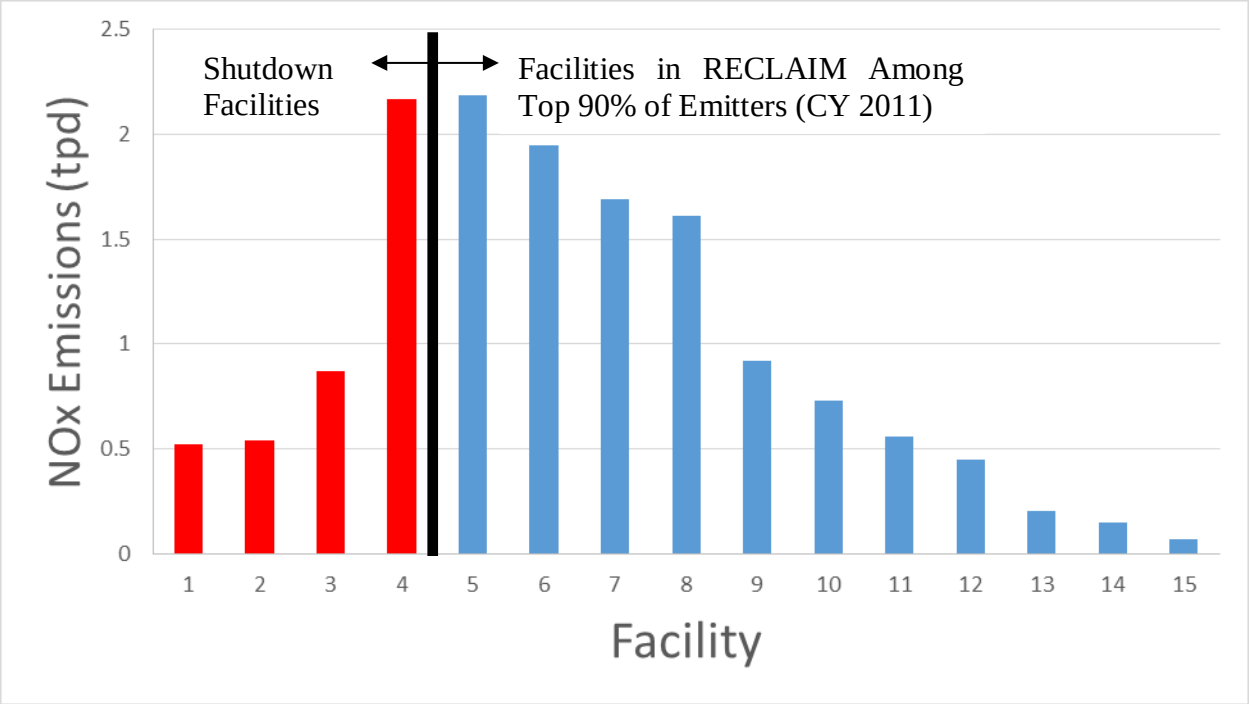


Figure 3. Shutdown Facility Maximum Emissions vs. Current Operating Facility Emissions

On this basis, staff is proposing to have specified amounts of NOx RTCs reduced from NOx emitting facilities that have shutdown. This change is proposed to further assure that RECLAIM maintains programmatic equivalency with BARCT emissions levels as specified by state law.

Shutdowns in Command and Control

The most significant difference between RTCs from facility shutdowns in RECLAIM and Emission Reduction Credits (ERCs) from shutdowns under command and control is that there is no discounting or adjustment of RTCs under RECLAIM once a facility shuts down. In command and control, Regulation XIII rules govern how emission reduction credits (ERCs) are generated. Here is brief summary of the ERC generation process:

1. In order to obtain an ERC, an application must be submitted as required by Rule 1309(b).
2. The application is only deemed complete if it satisfies the minimum requirements by the applicant providing supporting data and documents [Rule 1309(b)(1)].
3. Once deemed complete, the emission reductions must meet the eligibility requirements according to Rule 1309(b)(4) of being real, quantifiable, permanent, federally enforceable, and not greater than what would be achieved with current BACT. There is also no crediting of emissions if any equipment is beyond BACT.

4. If the emission reductions meet the eligibility requirements above and no further emission reductions are required per Rule 1309(b)(5) (i.e., required by a control measure or other District, State, or Federal rule), then the ERCs are calculated pursuant to Rule 1306. The emission decrease from a source that has shutdown shall be the actual emissions reduced to the amount which would be actual if current BACT were applied.
5. The ERCs are determined from the emission credits calculated minus any payback necessary, such as a payback from offsets provided by the District's internal bank [Rule 1306(e)(3)]. This is based on the actual emissions during the 2-year period preceding the date of application.
6. The final step prior to the issuance on an ERC is the requirement for a public notice [Rule 1309(f)(3)].

The multi-step approach outlined above does not apply to RECLAIM facilities for NOx. As mentioned above, there is currently no discounting or adjustment of RTCs upon a facility shutting down. A RECLAIM facility that shuts down can sell the entirety of the RTCs that it holds at the current market price. If the RTC price for infinite year block credits (IYBs) is favorable, a shutdown facility can significantly profit from the IYB credit sale. It should be noted that at the beginning of the RECLAIM program, allocations of RTCs were provided to facilities free of charge.

Industry Comments for the Shutdown Provisions

Comments were received as a result of the proposed shutdown provisions for the December 4, 2015 amendments. A summary of these comments is provided below:

- The requirements should not apply to shutdown equipment for which the equipment's operational capacity is replaced by new or existing equipment serving the same functional needs at the same facility or another facility under common control.
- The shutdown requirements should not apply to equipment that is used in a cyclical operation or for equipment that is out of service or repair.
- The shutdown requirements should not apply to equipment that is planned to be returned to service at a future date.
- The RECLAIM program is working because buying and selling of RTCs is a fundamental component of a market-based program.
- RTCs from shutdown facilities may be necessary to offset emissions from new or modified facilities, which do not receive RTC allocations to cover these emissions and must purchase RTCs.

Since the December 2015 hearing and during development of the current proposed amendments, additional comments have been received. A summary of these comments is provided below:

- General support for focusing on facility versus partial shutdowns or equipment shutdowns.
- A de minimis level of emissions should be established for applicability of the shutdown provisions.
- Use of the NAICS code to define same ownership is too restrictive.
- Requiring facilities with insufficient holdings to purchase and surrender RTCs should be limited.
- The calculation for determining the amount of RTCs to deduct from a shutdown facility's holdings should include a credit for going beyond BARCT.
- The proposed amendments should allow discrete year sales of RTCs during Planned Non-Operational (PNO) shutdown and during the process of calculating shutdown RTCs.
- The proposed amendments should include a process for the Executive Officer to notify a facility that is under review for potentially being considered shutdown.
- Incorporate criteria for determining what constitutes a temporary shutdown instead of a list of scenarios for temporary shutdowns.
- Conduct an analysis of the impact of shutdown provision on RECLAIM and comparisons with command and control.

Appendix A provides all the public comment letters received and staff's detailed responses.

Affected Facilities

There were 275 facilities in the NOx RECLAIM program during the recent amendments that were adopted by the Governing Board on December 4, 2015. These facilities either elected to enter the program or had NOx emissions greater than or equal to four tons per year in 1990 or any subsequent year. The proposed shutdown provisions would apply only to NOx RECLAIM facilities, and their successors, that are listed in Table 7 and Table 8 of Rule 2002 that shut down entirely, with exceptions and requirements for facilities that experience temporary emission reductions, or experience a Planned Non-Operational shutdown. Any Table 7 or Table 8 facility in the NOx RECLAIM program that received no initial NOx allocations would not be subject to the provisions pertaining to shutdowns.

Chapter 2 – Proposed Amendments to Regulation XX, Rule 2002

The proposed amendments regarding NOx RECLAIM facility shutdowns are addressed in subdivision (i) of Rule 2002, which establishes the methodology for calculating facility allocations and adjustments to RTC holdings for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx).

Paragraph (i)(1) states the applicability of the shutdown provisions. The proposed shutdown provisions will not be applied retroactively to facility shutdowns that occurred prior to the adoption of the proposed amended rule. The requirements in this subdivision will be effective the date of adoption of the proposed amendments by the SCAQMD Governing Board and will only apply to NOx RECLAIM facilities listed in Table 7 and Table 8 of Rule 2002 that had an initial NOx RECLAIM allocation. Table 7 and 8 facilities include the largest facilities in the market and represent over 85 percent of emissions and 90 percent of RTC holdings. There are some NOx RECLAIM facilities in Table 8 that had no initial NOx RECLAIM allocation since they entered into the program after the adoption of RECLAIM. The shutdown provisions would not apply to these facilities.

Paragraph (i)(2) states that if an owner or operator of a NOx RECLAIM facility shuts down or surrenders all operating permits for the facility, that owner or operator must notify the Executive Officer in writing of this shutdown within 30 days.

Paragraph (i)(3) contains the adjustment calculation once a facility self-reports that it is shutdown or is deemed shutdown by the Executive Officer. The NOx RTC holdings for a facility that shuts down will be reduced from all future compliance years by the amount equivalent to the difference between:

(A) The average of actual NOx emissions from equipment that is operated at a level greater than the most stringent applicable BARCT emission factors specified in subparagraph (f)(1)(L) during the highest 2 of the past 5 compliance years for the facility; and

(B) The average NOx emissions from the same equipment that would have occurred in those same 2 years identified in subparagraph (i)(3)(A) if the equipment was operated at the most stringent applicable BARCT emission factors specified in subparagraph (f)(1)(L).

If equipment was operating at or beyond BARCT, there will be no adjustment to the NOx holdings based on emissions from that equipment.

PAR 2002(i)(4) states that:

> "Any offsets provided by the SCAQMD pursuant to Rule 1304 that remain as part of the adjusted initial NOx allocation shall also be subtracted for each future compliance year."

The RTC holding adjustment would apply to all future compliance year RTCs, but the reduction of RTCs shall not exceed the adjusted initial allocation. The adjusted initial allocation is the remaining amount of RTCs that a facility is allocated each compliance year after all the reductions associated with subsequent RTC shaves have been applied.

The RTCs to be reduced for the NOx RECLAIM facility would be the lesser amount of its adjusted initial allocation or the calculated BARCT-adjusted amount, per the provisions of paragraph (i)(3). Paragraph (i)(5) states:

> "If the reduction of NOx RTCs calculated pursuant to paragraph (i)(3) and (i)(4) exceeds the adjusted initial NOx allocation as specified in paragraph (f)(1) for any future compliance year, the facility shall have its NOx holdings reduced by an amount equivalent to the adjusted initial NOx allocation for that compliance year."

Under the proposed shutdown provisions, a NOx RECLAIM facility that shuts down is responsible for providing the RTCs to the SCAQMD. PAR 2002(i)(6) requires that if the reduction of NOx RTCs calculated pursuant to paragraphs (i)(3) through (i)(5) exceeds the facility's future year NOx RTC holdings, within 180 days of notification by the Executive Officer pursuant to paragraph (i)(11), the owner or operator of the NOx RECLAIM facility would be required to purchase and then surrender the sufficient quantity of RTCs to fulfill the entire reduction requirement. A NOx RECLAIM facility that has knowledge of an imminent shutdown should not attempt to sell off its infinite year block RTCs if it knows that it may result in a deficit. Otherwise, the facility would have to purchase the quantity of RTCs in the open market at the current market price to fulfill the RTC adjustment obligation, if there is a deficit as a result of the RTC holding reduction.

Under PAR 2002, in addition to a self-reported facility shutdown, the Executive Officer can deem a NOx RECLAIM facility as shutdown. Paragraph (i)(7) states that the Executive Officer will begin the process of deeming a NOx RECLAIM facility as shutdown by notifying it that it is under review. This will be a result of reviewing the facility's Annual Permit Emissions Program (APEP) report. The APEP reports provide evidence of operational emissions from a RECLAIM facility. If a facility's annual NOx emissions decrease substantially compared to the maximum emissions during the last five years, the Executive Officer would notify the facility that it can potentially be deemed shutdown. The facility would have an opportunity within 60 days of receiving the notification to either confirm that the facility is indeed shutdown or submit information to substantiate that it is not shutdown. Paragraph (i)(7) lists three sets of criteria for substantiating that a facility is not shutdown:

> (A) Permanent emission reductions have been implemented at the facility and can be attributed to implementation of an emissions control strategy such as, but not limited to: implementation of pollution control strategies, efficiency improvements, process changes, material substitution, or fuel changes; or
>
> (B) NOx emission reductions are temporary where temporary NOx emission reductions include, but are not limited to: cyclic operations, economic fluctuations, temporary shutdown of equipment due to equipment maintenance, repair, replacement, permitting, compliance, or availability of feedstocks or fuels; or

(C) The owner or operator of a NOx RECLAIM facility has an approved Planned Non-Operational Plan pursuant to paragraph (i)(9).

It is not uncommon for a facility to maintain small ancillary equipment operating during a facility shutdown. This was demonstrated when the California Portland Cement Company shutdown its cement production operations. The two major source kilns were shut down, but small ancillary equipment remained in operation as the facility underwent a facility shutdown. Since the emissions from the kilns comprised the vast majority of its total annual emissions, the facility had become essentially non-operational. Under this proposal, a NOx RECLAIM facility that experiences a similar substantial decrease in emissions would be potentially deemed as shutdown by the Executive Officer unless they meet the criteria above under subparagraphs (i)(7)(A) through (i)(7)(C).

Under paragraph (i)(7), a facility would not be considered shutdown if it meets one of the three criteria in subparagraphs (i)(7)(A) through (i)(7)(C).~~:~~ In addition, as a result of discussions with NOx RECLAIM facility operators during rule development, staff has incorporated proposed rule language to reflect three criteria instead of specific situations where a facility would not be deemed a shutdown. As discussed above, the three criteria are: permanent reductions that are generally attributed to an emission reduction control strategy; a temporary reduction that can be attributed to any short-term reduction or temporary stop of some or all operations due to a variety of reasons; or a facility has an approved Planned Non-Operational Plan. Some examples of temporary reductions include but are not limited to cyclical operations that can take place over the course of several years, operational emissions temporarily ceasing because there has been a delay in obtaining parts for equipment or pollution controls, or a facility modifying existing or installing new equipment or pollution controls and operations must be put on a reserve status until the equipment and/or pollution controls are recommissioned and reinstated.

Once the Executive Officer reviews the information submitted by the facility to substantiate that the facility is or is not shutdown, paragraph (i)(8) states that a determination will be made that the facility has or has not been deemed as shutdown and the facility will be notified within 60 days. Under subparagraph (i)(8)(A), if the Executive Officer determines that a NOx RECLAIM facility is shutdown after review, the owner or operator would be subject to the RTC reduction requirements specified in paragraphs (i)(3) through (i)(6). The Executive Officer will not consider information submitted after the due date (beyond 60 days of the notification issue date) unless information is subsequently requested by the Executive Officer [PAR 2002(i)(8)(B)]. The owner or operator of a NOx RECLAIM facility that has been deemed shutdown by the Executive Officer may appeal ~~the determination~~ to the SCAQMD Hearing Board [PAR 2002(i)(8)(C)].

If a NOx RECLAIM facility experiences a substantial reduction of emissions due to some of its equipment becoming non-operational and intends on returning to normal operation sometime in the future, it can submit a Planned Non-Operational (PNO) Plan, along with the corresponding plan fees listed in Rule 306, under paragraph (i)(9) to request this status for a non-operational time period beyond 2 years, but~~of~~ no longer than 5 years for the equipment within the facility. The Executive Officer will consider the criteria specified in subparagraph (i)(7)(B) for approving the plan and will require company records to support

the claim that a PNO status of no longer than 5 years is necessary [PAR 2002(i)(9)(A)]. The Executive Officer will approve or disapprove the PNO Plan within 180 days of receiving a completed PNO Plan [PAR 2002(i)(9)(B)]. If the PNO Plan is approved, the owner or operator may sell current compliance year RTCs for the duration of the approved PNO Plan and the future year RTCs would become non-tradable for the duration of the PNO status [PAR 2002(i)(9)(B)(i)]. The term "current compliance year" refers to the year that is current at the time the sale is made. However, if the PNO Plan is disapproved and the facility is deemed shutdown by the Executive Officer, clause (i)(9)(B)(ii) states that the owner or operator of the NOx RECLAIM facility would be subject to the RTC holding reduction requirements specified in paragraphs (i)(3) through (i)(6). If the Executive Officer denies the PNO Plan, the owner or operator of the NOx RECLAIM facility may appeal to the Hearing Board [PAR 2002(i)(9)(B)(iii)].

Paragraph (i)(10) restates that if a NOx RECLAIM facility has been deemed shutdown, whether by self-reporting [in paragraph (i)(2)], Executive Officer determination [in paragraph (i)(8)], or by disapproval of a PNO Plan [in clause (i)(9)(B)(ii)], the facility's NOx holdings will be reduced pursuant to paragraphs (i)(3) through (i)(5).

Once the Executive Officer determines the quantity of the NOx RTC holding reduction for a facility that has been deemed as shutdown, the facility will be notified of that amount and the reduction will be applied to NOx RTC holdings for all future compliance years following this notification [PAR 2002(i)(11)]. The Executive Office will re-issue the facility permit to reflect the reduction of NOx RTC holdings. The owner of operator of a NOx RECLAIM facility may file an appeal to the Hearing Board for the shutdown determination and for the reduction in NOx RTC holdings.

Under paragraph (i)(12), an owner or operator of a NOx RECLAIM facility that has notified the Executive Officer that it has shutdown or has received notification from the Executive Officer that it is under review as potentially shutdown would not be able to sell any future compliance year RTCs and may only sell current compliance year ~~[as specified above in clause (i)(9)(B)(i)]~~ RTCs until the Executive Officer notifies the owner of operator of the amount of the reduction of NOx RTCs pursuant to paragraph (i)(11). Subsequent to the RTC reduction made pursuant to this subdivision, the owner or operator of the NOx RECLAIM facility may sell its remaining holdings.

PAR 2002(i)(13) provides an exemption from the shutdown RTC holding adjustment requirements for facilities that shutdown and transfer RTCs to another facility that is under the same ownership. If one or more facilities are under the same ownership as of September 22, 2015 (the RTC holding freeze date for the most recent NOx shave), a written declaration would need to be submitted to the Executive Officer within 30 days after the amendments are adopted. This declaration would identify the NOx RECLAIM facilities that are under the same ownership as of September 22, 2015 and demonstrate how the identified facilities are under the same ownership. Staff reviewed the U.S. EPA definition of same ownership which indicated it can be demonstrated in several ways. These include, but are not limited to: a dependency of one facility's operations on the other by way of feedstocks or by-products; facilities under the same ownership sharing the same common workforces, plant managers, security forces, corporate executive officers, or board of

executives; or facilities under the same ownership sharing pollution control responsibilities. The EPA definition is a guide and can be used by the Executive Officer to make the determination that one or more facilities are under the same ownership. For the purposes of this rule, same ownership is generally defined as facilities and their subsidiaries or facilities that share the same Board of Directors or shares the same parent corporation. NOx RECLAIM facilities under the same ownership do not necessarily need to be on contiguous properties and can, for example, share the same name or the same parent corporation. Also, the parent corporation does not necessarily have to own 100 percent of the facility.

The Executive Officer will maintain a listing of those facilities that are determined to be of same ownership as of September 22, 2015. The Executive Officer will only amend its same ownership listing to exclude those facilities that no longer qualify for same ownership through circumstances such as mergers, sales, or other dispositions [PAR 2002(i)(13)(A)].

In the event of a facility reporting a shutdown or is deemed shutdown by the Executive Officer, NOx RTCs from that facility may be transferred to another facility under the same ownership as listed in the most current listing of same ownership without reductions as specified under paragraphs (i)(3) through (i)(6). Such transferred NOx RTCs shall be designated as non-tradable.

Chapter 3 – Impact Assessment

NOx RECLAIM Market Impacts

The purpose of the proposed amendments is to further ensure maintenance of NOx RECLAIM programmatic BARCT equivalency by avoiding the use of shutdown RTCs to delay emission reductions. Staff does not anticipate any adverse impacts on the operation and performance of the RECLAIM program resulting from the implementation of the proposed rule amendments. This is predicated on the following: The shutdown of NOx RECLAIM facilities will reduce NOx emissions, and thus, demand for NOx RTCs, at an equal or lesser amount than the reduction in the supply of NOx RTCs. Commenters have stated that RTCs made available in the market from facility shutdowns provide a critical supply of RTCs which allow for a functioning market and economic growth. However, the previous NOx RECLAIM shaves have included sufficient RTCs above projected future emissions, allowing for economic growth, for a functioning market. RTC holdings remaining after the reduction (shutdown RTC holding adjustment) will be available for use in the RECLAIM program.

Analysis of Establishing the Applicability to Table 7 and 8 Facilities

Staff analyzed the potential RTCs that can enter the open market from a facility shutdown based on NOx RTC holdings as of the freeze date of September 22, 2015. The 2015 NOx RTC allocation shave affected the top 90% of NOx RTC holdings. The facilities comprising Tables 7 and 8 of Rule 2002 hold about 90% of the NOx RTCs for the RECLAIM universe (Figure 4).

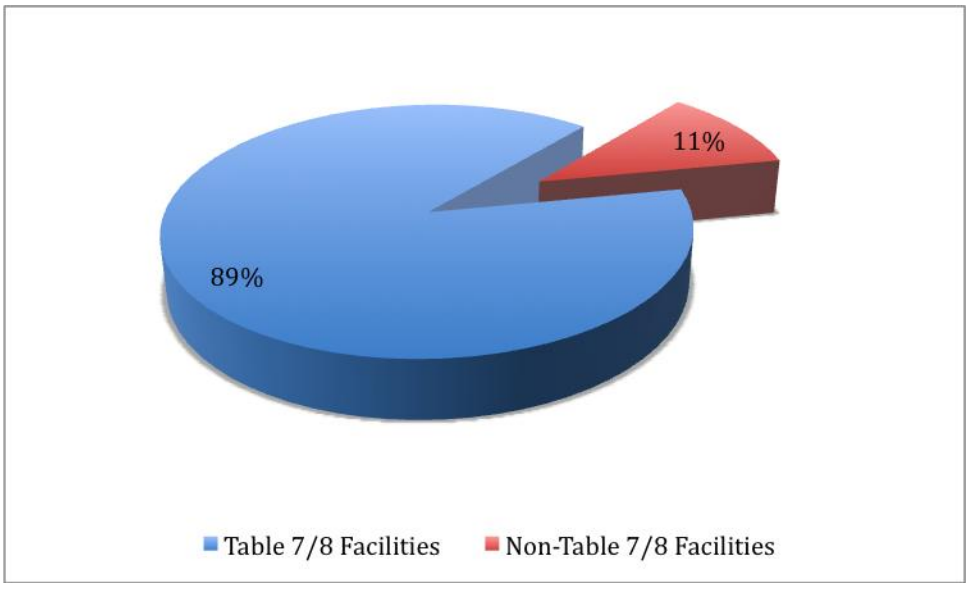


Figure 4. RTC Net Holders Distribution as of September 22, 2015 Freeze Date.

Likewise, these same facilities account for 86% of the emissions for the RECLAIM universe (Figure 5).

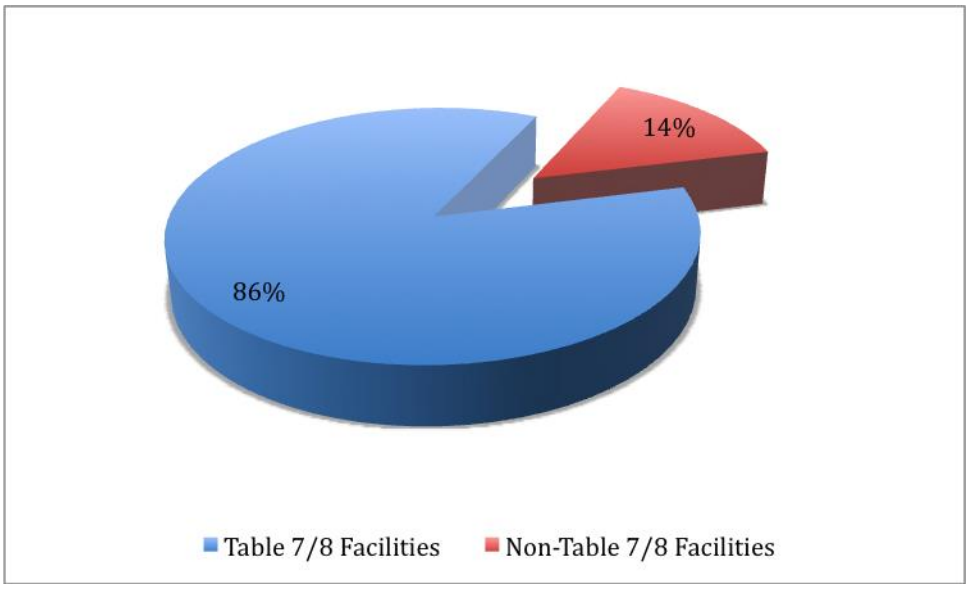


Figure 5. NOx Emissions Distribution Based on Compliance Year 2013 Audited Emissions.

The Table 7 and Table 8 facilities account for the majority of the holdings and emissions of the NOx RECLAIM universe. Staff next considered whether there would be any significant impacts from a potential shutdown facility that is not in Table 7 or 8. Many of these facilities are very low emitting facilities with a small amount of holdings. The average holdings for non-Table 7 and 8 facilities are about 4.3 tons per year. There are only 10 non-Table 7 and 8 facilities that have emissions greater than 20 tons per year. The emissions and holdings for these 10 facilities are illustrated in Figure 6. It is assumed that a similar level of emissions from compliance year 2013 would be maintained into the future, which is what is compared to compliance year 2016 holdings. It is clear that the holdings for these facilities are much lower than their emissions (70% lower on average), indicating they likely buy additional RTCs on a year-to-year basis to meet compliance obligations.

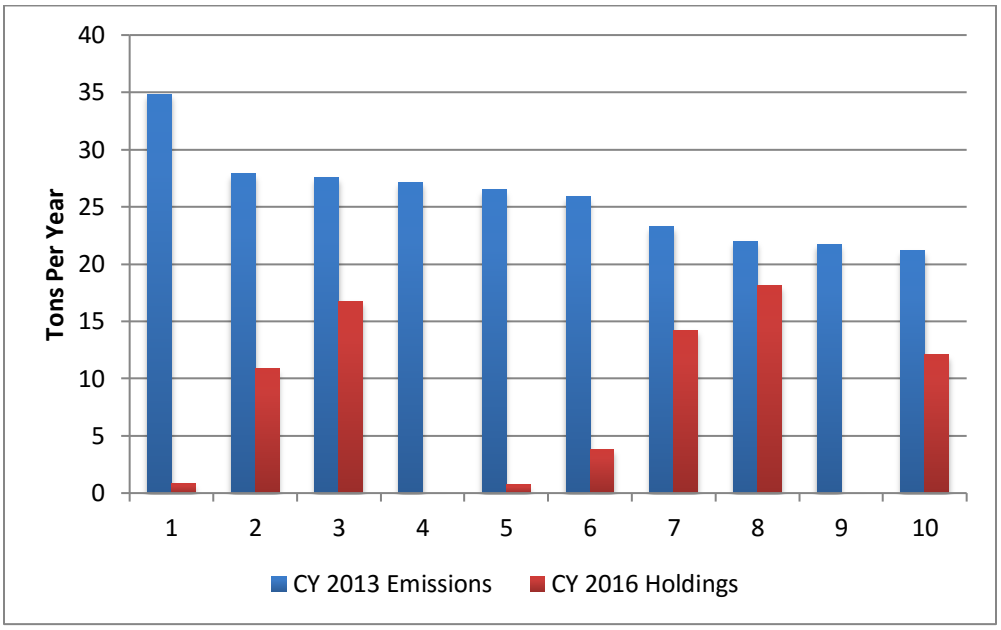


Figure 6. Highest Emitting Non-Table 7 and 8 Facilities for Compliance Year 2013

Staff also analyzed those non-Table 7 and 8 facilities whose holdings (rather than the emissions analyzed above) fall just underneath the 90% RTC holdings cutoff point and those facilities whose holdings are much higher than their emissions.

Table 1. Holdings and Emissions for Non-Table 7 and 8 Facilities with High Holdings to Emissions Ratio

Facility	CY 2016 Holdings (lbs/yr)	CY 2013 Emissions (lbs/yr)
A	43,803	22,391
B	42,910	26,956
C	42,745	18,663
D	39,549	5,643
E	34,094	695
F	33,889	18,684
G	32,734	13,053
H	31,000	5,612
I	29,960	15,008
J	28,375	11,610
K	27,965	0
L	25,333	14,769
M	18,982	1,854
N	17,644	1,660
O	16,430	4,547
P	15,938	656
Q	14,943	3,168
TOTAL (tons/day)	**0.68**	**0.23**

In the unlikely scenario that all of these facilities, in aggregate, shutdown and sell all of their RTCs, the total RTCs entering the market is less than 3 percent of the total holdings of all Table 7 and 8 facilities. The facility with the highest holdings in Table 1 accounts for about 0.5 percent of Cal Portland Cement Company's compliance year 2009 holdings.

To further illustrate the insignificant potential supply of shutdown RTCs from non-Table 7 and 8 facilities, the difference or "delta" between recent emissions and future year holdings of the Table 7 refineries are shown in Table 2.

Table 2. Refinery Emissions and Holdings Deltas

Refinery	Average Audited Emissions (CY 2010-2014), lbs/yr	Holdings (CY 2022+), lbs/yr	Delta (Emissions minus Holdings), lbs/yr
1	90,266	43,323	46,943
2	1,120,727	510,743	609,984
3	677,307	226,757	450,550
4	421,963	0	421,963
5	1,331,768	898,886	432,882
6	508,906	490,661	18,245
7	1,487,657	1,126,697	360,960
8	1,636,465	787,422	849,043
9	1,250,092	700,604	549,488
		Average Delta	**415,562**
		Total Delta	**3,740,058**

Table 2 illustrates that if a refinery were to remain emitting at the same levels as the previous 5 years as their holdings gradually decrease as a result of the 2015 shave through 2022, all refineries will either need to make NOx emissions reductions within their facility or purchase RTCs to reconcile these emissions. The total demand for NOx RTCs in 2022 is approximately 3.7 million pounds (over 5.1 tons per day) from refineries, assuming no additional pollution controls are installed. This quantity, however, is of such a large magnitude that purchasing RTCs from potential shutdown facilities outside of Tables 7 and 8 would do very little to close the gap between the holdings and emissions. The holding amounts from the largest RTC holders outside of Table 7 and 8 facilities shown in Table 1 are ten times smaller than the average gap at the refineries.

Furthermore, for an amount of RTCs equivalent to the average refinery "delta", a refinery would have to purchase all the RTCs from shutdowns of the top 11 RTC holders outside of Tables 7 and 8. These facilities include two breweries, LAX International Airport, NASA Jet Propulsion Laboratory, and three electrical generating facilities, among others. Alternatively, the same refinery would have to purchase all NOx RTCs from shutdowns of the bottom 140 emitting facilities in the NOx RECLAIM universe. These extreme shutdown scenarios are extremely unlikely, but the comparisons are made to illustrate that there would be a negligible impact on the need to install controls at the Table 7 facilities if

shutdown credits became available from a non-Table 7 and 8 facility. On this basis, it is staff's recommendation in the proposed rule amendments that the shutdown provisions are only applicable to Table 7 and 8 facilities. The staff proposal is designed to prevent the larger sell offs of RTCs upon facility shutdowns of the magnitude of California Portland Cement Company. If the shutdown provisions would have been in effect at the time California Portland Cement shutdown, almost~~over~~ ~~1.~~2 tons per day (over 1.4 million~~876,000~~ lbs/year) of NOx RTCs would have been removed from the market.

Analysis of a NOx RECLAIM Facility that Shuts Down that has Insufficient RTC Holdings Due to Previous Sales of Infinite Year Block RTCs

PAR 2002 (i)(6) requires the owner or operator of a shutdown NOx RECLAIM facility to purchase and then surrender the sufficient quantity of RTCs to fulfill the entire reduction requirement if their reduction in holdings from the calculation methodology exceeds the facility's holdings of NOx RTCs. The potential impacts of a facility selling its infinite year block RTCs before shutting down were also analyzed. Staff identified only one facility that would need to go to the open market because it has already sold all its future holdings, if it were to shutdown. The amount of RTCs this facility would be required to purchase and surrender would be the adjusted initial allocation for that compliance year, and each compliance year thereafter because the delta between the reported NOx emissions and the NOx emissions at BARCT is greater than the adjusted initial allocation. Under paragraph (i)(5) of the proposed amended rule, the maximum deduction from a facility's holdings or that a facility would be required to surrender would be the adjusted initial allocation for that compliance year and each compliance year thereafter.

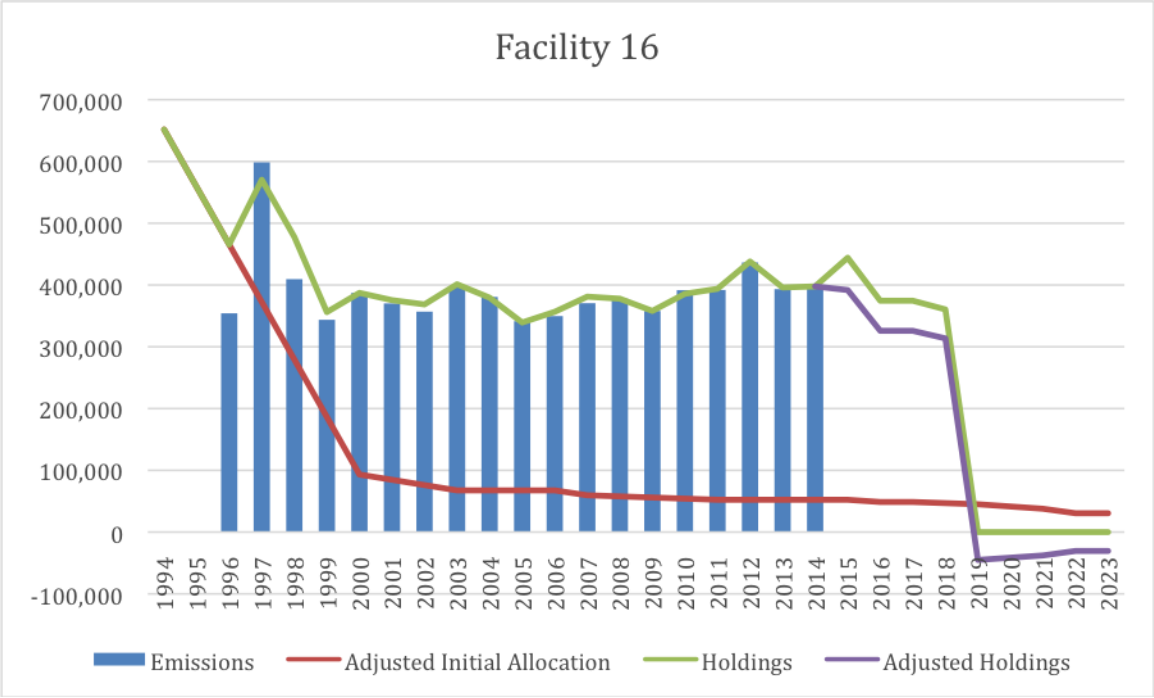


Figure 7. Sample Scenario for RTC Holding Reduction Upon Shutdown

In this case, the facility would have to go out and purchase RTCs to make up the difference as depicted by the negative values of the adjusted holdings line in Figure 7 (the purple line). In compliance year 2023, this facility would need to purchase 30,512 lbs/year to fulfill the obligation. The amount of RTCs needed represents about 0.4 percent of the total holdings for the Table 7 and 8 facilities; the percentage would be even smaller for the entire market. Moreover, this amount is only about 10 percent of the RTCs the facility would need to purchase if it were to continue operations in the future at the same emission level. Consequently, the staff recommendation in the proposed rule is to require these RTCs to be purchased and then surrendered if a facility is in this situation because the overall impact to the market is not significant. The provision is needed to avoid sell-offs of future year RTC holdings prior to a facility shutting down to avoid the impact of the proposed shutdown provisions.

Evaluation of Table 7 and 8 Facilities

Staff also examined audited reported emissions, adjusted initial allocations, holdings, and adjusted holdings for Table 7 and 8 facilities that were given an initial allocation at the beginning of the RECLAIM program. The adjusted holdings are a rough estimate of the adjustment to a facility's holdings if they were to shutdown and are calculated by applying the 2015 BARCT shave amounts to the respective Table 7 and 8 facilities. For example, the Table 7 facilities had an adjustment of 56% (the programmatic shave due to BARCT) while the Table 8 facilities had an adjustment of 42% (the programmatic shave due to BARCT). Each facility, due to the types of equipment it operates at different emissions levels, may end up with a different net adjustment if it was to shutdown. However, to simplify the analysis, this programmatic BARCT adjustment was assumed.

Appendix B contains the resulting plots of Table 7 and 8 facilities by category (other Table 8 facilities with an initial allocation, power plants, and refineries). It is worth noting that these scenarios assume that nothing will be done in the future as far as the installation of NOx reducing technology to meet BARCT. If a facility installs BARCT controls, the amount deducted from a facility's holdings would be reduced if the facility were to shutdown. Since power plants are assumed to be at BARCT, the holdings and adjusted holdings are identical.

Depending on a facility's holdings, the proposed shutdown provisions may not remove the entire future holdings of a facility, dependent upon the adjusted initial allocation, the holdings, and the BARCT calculation. To better understand the potential RTCs that can remain in the market after a facility shutdown, staff evaluated the Table 7 and 8 facilities. Essential public services and refineries were excluded from this analysis as it is unlikely these facilities will shutdown. However, Appendix B demonstrates that if a refinery were to shut down prior to installing additional controls, the refinery would likely lose all of the adjusted allocation of RTCs provided to them at the beginning of RECLAIM. As shown in Table 3, six facilities were identified with holdings that are greater than their 2022 adjusted initial allocation. Four facilities, Facility 18, 20, 10, and 12 have emissions that are well over their adjusted initial allocation, indicating that the amount of RTCs deducted if they were to shutdown would equal their adjusted initial allocation. It is assumed for Facility 18, 20, 10, and 12 that holdings in excess of their adjusted initial allocation could

flow into the open market as IYB RTCs. For Facility 2 and 9, their emissions are substantially lower than their initial adjusted allocation. As a conservative assumption, it is assumed that the entire holdings for Facility 2 and 9 could flow into the open market as IYB RTCs. In 2022, the total amount of RTCs that could be made available if all six facilities were to shutdown would be 206,315 lbs. per year. This represents about 5.5% of the total RTCs needed if all refineries maintained current emission levels, which is not enough to significantly affect their compliance options.

Table 3
Facilities with Potential Holdings Above the Adjusted Initial Allocation in 2022
(Non-Refinery or Utility)

Facility	RTC Holdings > Initial Allocation
18	2,990
20	6,777
2	32,644
9	49,686
10	33,623
12	80,595
Total	206,315

Thus, with the treatment of facility shutdowns as proposed, NOx RECLAIM should continue to programmatically operate as anticipated with further assurance that programmatic equivalency with command and control is maintained. The proposed shutdown provisions will prevent large sell-offs of infinite year block RTCs from shutdown facilities that would delay the installation of BARCT controls at other RECLAIM facilities.

California Environmental Quality Act

The currently proposed amendments to Regulation XX, Rule 2002 are considered to be modifications to the previously approved project (the December 4, 2015 amendments to Regulation XX) and are a "project" as defined by the California Environmental Quality Act (CEQA). CEQA requires that the potential adverse environmental impacts of proposed projects be evaluated and that feasible methods to reduce or avoid identified significant adverse environmental impacts of these projects be identified.

CEQA Guidelines Section 15164(a) allows a lead agency to prepare an Addendum to a previously certified CEQA document if some changes or additions are necessary but none of the following conditions as described in CEQA Guidelines Section 15162 have occurred:

- Substantial changes which will require major revisions of the previous CEQA document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- Substantial changes, with respect to the circumstances under which the project is undertaken, which will require major revisions of the previous CEQA document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or,
- New information of substantial importance which was not known and could not have been known with the exercise of reasonable diligence at the time the previous CEQA document was certified as complete, such as:
  - The project will have one or more significant effects not discussed in the previous CEQA document;
  - Significant effects previously examined will be substantially more severe than shown in the previous CEQA document;
  - Identification of mitigation measures or alternatives previously found not to be feasible, but would in fact be feasible, and would substantially reduce one or more significant effects, but the project proponent declines to adopt the mitigation measures or alternatives; or,
  - Identification of mitigation measures or alternatives which are considerably different from those analyzed in the previous CEQA document would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

The environmental impacts from installing BARCT equipment in response to implementation of the December 2015 amendments were fully analyzed in the Final Program Environmental Assessment (PEA) for Proposed Amended Regulation XX - Regional Clean Air Incentives Market (RECLAIM) that was certified by the SCAQMD Governing Board on December 4, 2015 (referred to herein as the December 2015 Final PEA)[1]. In addition, even though the SCAQMD Governing Board elected to not adopt the December 4, 2015 version of subdivision (i) of Proposed Amended Rule 2002, the December 2015 Final PEA included an analysis of the potential environmental effects of implementing the portion of the December 2015 proposal relative to the handling of shutdown RTCs.

SCAQMD staff's review of the currently proposed project (also amending Rule 2002 (i)) shows that while the criteria has been revised from the original proposal in December 2015 relative to the handling of shutdown RTCs, the potential impacts from implementing the currently proposed project are concluded to be the same as what was previously analyzed in the December 2015 Final PEA. Thus, the current proposal for handling shutdown RTCs would not be expected to trigger any conditions identified in CEQA Guidelines Section

[1] References: State Clearinghouse No. 2014121018 / SCAQMD No. 12052014BAR

15162. Therefore, an Addendum is the appropriate CEQA document for the currently proposed project.

In conclusion, the SCAQMD, as lead agency, has prepared an Addendum to the December 2015 Final PEA. While an Addendum need not be circulated for public review [CEQA Guidelines § 15164(c)], the Addendum to the December 2015 Final PEA, as well as the proposed amendments to Regulation XX, Rule 2002, have~~will~~ been made available on September 6, 2016 to the public (30 days prior to Public Hearing to be held on October 7, 2016). The ~~previously certified~~ December 2015 Final PEA and supporting documentation for the December 2015 amendments was made available to the public on December 1, 2015 and the PEA was certified on December 4, 2015. All the above documentation, including the~~, supporting documentation, and~~ record of approval of the December 2015 amendments are available upon request by calling the SCAQMD Public Information Center at (909) 396~~-2309~~-2039 or by visiting SCAQMD's website at www.aqmd.gov. The direct link to the December 2015 Final PEA can be found at http://www.aqmd.gov/home/library/documents-support-material/lead-agency-scaqmd-projects/scaqmd-projects---year-2015.

Socioeconomic Analysis

The proposed amendments would not be expected to create new socioeconomic impacts resulting in new or more severe significant effects beyond those analyzed in the previous Final Socioeconomic Report for the December 4, 2015 amendments to Regulation XX. Specifically, staff acknowledged in the previous report that the provision of surrendering and retiring NOx RTCs from the market could potentially affect the credit market and prices, and that the magnitude of the potential impact would depend heavily on the usual market behavior of each facility before it decides to shut down. In the same report, a market analysis was included which analyzed the potential incremental compliance cost for the affected facilities under various credit price scenarios, from no effects on the current market price to the worst-case scenario where the discrete NOx RTC price reaches the threshold of $22,500 per ton and thus would trigger the price stabilizing mechanism set forth in Rule 2002.

Draft Findings Under California Health and Safety Code

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.

Necessity

A need exists to amend Rule 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx), to establish requirements for the treatment of NOx RECLAIM Trading Credits (RTCs) from facility shutdowns for the largest NOx facilities such that the RECLAIM program is further ensured to maintain equivalency with BARCT regulations as required by state law.

Authority
The SCAQMD Governing Board has authority to amend existing Rule 2002 – Allocations for Oxides of Nitrogen (NOx) and Oxides of Sulfur (SOx), pursuant to California Health and Safety Code §§ 39002, 40000, 40001, 40440, 40440.1, and 40702.

Clarity
The proposed amended rule is written or displayed so that its meaning can be easily understood by the persons directly affected by it.

Consistency
The proposed amended rule is in harmony with and not in conflict with or contradictory to, existing statutes, court decisions or state or federal regulations.

Non-Duplication
The proposed amended rule will not impose the same requirements as any existing state or federal regulations. The amendments are necessary and proper to execute the powers and duties granted to, and imposed upon, SCAQMD.

Reference
By adopting the proposed amended rule, the SCAQMD Governing Board will be implementing, interpreting and making specific the provisions of the California Health and Safety Code §§ 39002, 40001, 40440 (a), 40406, 40440.1, 40702, and 40725 through 40728.5; and Title 42 U. S. C. Sections 7410 and 7511a.

Comparative Analysis
A comparative analysis, as required by H&S Code §40727.2, is applicable when an amended rule or regulation imposes, or has the potential to impose, a new emissions limit, or other air pollution control requirements. The proposed amendment does not impose new emission limits or control requirements, and thus a comparative analysis is not required.

Incremental Cost Effectiveness

California H&S Code § 40920.6 requires an incremental cost effectiveness analysis for BARCT rules or emission reduction strategies when there is more than one control option which would achieve the emission reduction objective of the proposed amendments, relative to ozone, CO, SOx, NOx, and their precursors. The proposed amendment does not include new BARCT requirements; therefore this provision does not apply to the proposed amendment.

References

1. Staff Report to Proposed Amendments to Regulation XX. Agenda Item 30 of the SCAQMD Governing Board Meeting, December 4, 2015.

2. Final Program Environmental Assessment to Proposed Amendments to Regulation XX. Agenda Item 30 of the SCAQMD Governing Board Meeting, December 4, 2015.

3. Final Socioeconomic Report to Proposed Amendments to Regulation XX. Agenda Item 30 of the SCAQMD Governing Board Meeting, December 4, 2015.

ATTACHMENT A: PAR 2002 PUBLIC COMMENTS AND RESPONSES

The following comments were presented in the following letters listed below as well as the July 22, 2016 Stationary Source Committee meeting, August 11, 2016 Public Workshop, and the five Working Group meetings held on January 21, February 25, June 8, August 9, and August 30, 2016.

Comment Letter	Date(s)
Amerex Brokers, LLC	August 18, 2016
California Council for Environmental Economic Balance (CCEEB)	August 26, 2016
California Construction and Industrial Materials Association (CalCIMA)	August 26, 2016
ES Engineering	August 26, 2016
NRG Energy Inc.	August 26, 2016
Southern California Air Quality Alliance	August 18, 2016
Southern California Gas Company	August 26, 2016
Tesoro	August 26, 2016
Western States Petroleum Association (WSPA)	August 8, 2016 and August 26, 2016 September 2, 2016

Need for Rulemaking

Comment: The RECLAIM program is working because buying and selling of RTCs is a fundamental component of a market-based program. Consequently, there is no need for any rulemaking that would remove RTCs from the RECLAIM market in the event of a facility shutdown.

Response: The analysis presented in this Draft Staff Report indicates that the lack of a shutdown rule could result in disincentives to install BARCT. The proposal establishes a calculation methodology that limits the amount of RTCs that can be deducted to the initial adjusted allocation and allows owner or operators to keep RTCs associated with equipment that is at or below BARCT levels. PAR 2002 will allow the RECLAIM market to continue functioning while limiting a portion of RTCs associated with facility shutdowns to flow into the open market.

Facility versus partial or equipment shutdowns

Comment: Any shutdown provisions should be limited to the entire facility not to individual equipment.

Response: Staff agrees with the commenter and has limited the proposed amendments to total facility shutdowns.

Same Ownership

Comment: Defining same ownership based on the 6-digit NAICS code is too narrow and would unfairly limit facilities from the use of the same ownership provision.

Response: Staff has re-examined the 6-digit NAICS code and its applicability to same ownership among NOx RECLAIM facilities. Based on this review, staff agrees that the 6-digit NAICS code may be too narrow and may not adequately address facilities under the same ownership. On this basis, staff is proposing to focus on the concept of "same ownership" instead of the similarity of one operation to the other, which would be an outcome of the NAICS code application. Further clarification on the application of same ownership is presented in the Draft Staff Report.

Comment: For a future change of ownership of a facility under same ownership, will the new owner receive the same proposed exemptions for shutdowns as the previous owner?

Response: If there is a change of ownership, PAR 2002 paragraph (i)(13)(C) does allow the same ownership provisions to apply to a facility's successors, provided there no expansion of facilities under the same ownership. For example, if Facility A and Facility B are under the same ownership and a new owner purchases both Facility A and Facility B, then Facility A and Facility B are considered to remain under the same ownership. However, Facility A and Facility B cannot ever be considered under the same ownership with any other facility.

De minimis level

Comment: The shutdown provisions should have de minimis level – possibly 4 tons per year. Smaller facility shutdowns would not carry the risk of a large influx of RTCs into the market.

Response: Staff analyzed emissions and holdings to better understand a "cut-off point" in which a facility, upon shutdown, would not introduce a large amount of RTCs into the market. Based on this analysis, staff is proposing to limit the proposed shutdown provisions to the larger facilities listed in Table 7 and 8 of Rule 2002.

Insufficient IYB available for surrender of RTCs

Comment: Upon shutdown, the RTCs sold prior to date of the Governing Board's adoption of this proposed amendment should be excluded and only transactions recorded

within five (5) years of the facility shutdown should be required to surrender. If the facility cannot surrender RTCs, would there be a fine, possibly equivalent to the current market price?

Response: Because staff is proposing that only Table 7 and 8 facilities would be affected by this amendment there is only one facility, if shutdown, that would need to purchase RTCs in the open market. The maximum amount of RTCs that would be needed to be purchased by this facility would have an insignificant impact on the viability of the market (~0.4% of total holdings in Table 7 and 8 in 2022). On this basis, staff is proposing to retain this provision in PAR 2002. If the facility does not have sufficient holding and does not purchase them on the open market, it will be in violation of the rule requirements and subject to civil penalties as set forth in Health and Safety Code § 42402 et seq.

Comment: The proposed shutdown amendments to Rule 2002 will be introducing several new and wide-ranging provisions as they apply to previously sold RTCs. We are requesting the District clarify within the proposed amendments that these provisions will not be implemented on a retroactive basis.

Response: PAR 2002 (i)(1) states that the proposed shutdown provisions apply beginning date of adoption and will not be implemented on a retroactive basis.

Credit for going beyond BARCT

Comment: An additional provision is needed to credit installation of control equipment going beyond BARCT. A basic premise of RECLAIM is the incentive to install equipment beyond BARCT. The proposed amendments to Rule 2002 may discourage future investments in equipment beyond BARCT.

Response: The calculation for deducting RTCs from a facility's holdings is neutral for equipment that goes beyond BARCT. That is, there is no deduction or credit of RTCs for equipment beyond BARCT. PAR 2002 paragraph (i)(3) clarified the calculation methodology in that only equipment that emits above the new BARCT level is included in the calculation. Under staff's proposal, future investments continue to be encouraged in that the operator keeps holdings for equipment beyond BARCT. It should also be noted that, under command and control regulations, emission reduction credits (ERCs) are not issued for equipment that exceeds BACT.

Discrete year sales of RTCs during PNOs and during process of calculating amount of shutdown RTCs

Comment: Discrete RTCs should be allowed to be sold during the period in which a shutdown determination is being made by the Executive Officer.

Response: Staff agrees with the commenter that discrete RTCs within the current compliance year can be sold while the shutdown determination is being made. The greater concern being addressed by the proposed amendments is for long term compliance

decisions and IYB RTCs. To alleviate this concern, the proposed amended rule provides clarification that current compliance year RTCs can be sold prior to the Executive Officer notifying the owner or operator of the amount of RTCs that will be deducted or needed to be surrendered for the facility shutdown. This provision does not allow future compliance year RTCs to be sold during the period when the shutdown determination is being made by the Executive Officer.

Process for notifying facilities that they are being considered as shutdown

Comment: There should be an early notification from the SCAQMD to a facility that it is being considered as shutdown. There are several reasons a facility may appear to be but is not shut down and may not be encompassing of all situations.

Response: Staff agrees that there should be a more definitive process for notifying facilities that they are being considered as shutdown. Consequently, staff has incorporated an initial step to notify a facility that it is being considered as potentially shutdown and removed the provision that deems a facility shutdown if the Executive Officer does not respond. As part of the process, the facility will have the opportunity to justify, based on the criteria provided in the proposed amended rule, that the facility is not shutdown.

Determining temporary shutdown

Comment: There are many other situations constituting temporary shutdowns that are not listed in the proposed rule amendment. It is requested that the list be augmented to include other scenarios of temporary shutdowns.

Response: With regards to the reasons a facility owner or operator is shutting down equipment, staff has added criteria for determining a shutdown (instead of a list). This approach should cover more situations in which the equipment has been temporarily shut down.

Analysis of impact of shutdown provision on RECLAIM and comparison with command and control

Comment: The Governing Board at the December 2015 Public Hearing directed staff to return to the NOx RECLAIM Working Group for further discussion and analysis of the December 2015 shutdown proposal's potential implications on the entire NOx RECLAIM Program and consideration of possible alternatives that would allow a closer alignment of the treatment of shutdown credits in RECLAIM and command-and-control programs short of full forfeiture. Such an analysis needs to be shared with the Working Group members and be part of the Staff Report.

Response: The results of the analysis was presented at the August 30, 2016 Working Group and has been included in the Draft Staff Report.

Rule Enforcement

Comment: In instances of bankruptcy, would the SCAQMD become a creditor due to a failure to surrender RTCs? If so, how would the SCAQMD value RTCs under such a situation?

Response: The requirement to surrender RTCs only applies if the shutdown adjustment amount exceeds future year holdings. Currently, this only applies to one facility, although it could apply to more if future year holdings were sold off in an attempt to avoid reductions in holdings. The failure to surrender the RTCs would be a violation of the rule, whether the facility is in bankruptcy or not, and civil penalties would apply. Collection of civil penalties could be part of bankruptcy proceedings and the SCAQMD could become a creditor. The amount of the penalties would be determined through the civil penalty process, but would likely consider the value of RTCs.

Comment: Historical trading of Infinite Year Block (IYB) RTCs shows there are periods in the RECLAIM market where there are insufficient or simply no available IYB streams to meet demand. In these circumstances, companies meeting the facility shutdown criteria would not be able to secure sufficient RTCs for the surrender requirement. How would the SCAQMD enforce the provision in the event there are insufficient RTCs available? Would the SCAQMD require the RECLAIM facility to pay a fine equivalent to the market price of the surrender volume requirements? If so, how would those potentially substantial funds be appropriated?

Response: Because staff is proposing that only Table 7 and 8 facilities would be affected by this amendment there is only one facility, if shutdown, that would need to purchase RTCs in the open market. The maximum amount of RTCs that would be needed to be purchased by this facility would have an insignificant impact on the viability of the market (~0.4% of total holdings in Table 7 and 8 in 2022). On this basis, staff is proposing to retain this provision in PAR 2002. All affected facilities have been sent information about this rulemaking and should be aware of the shutdown provisions and be cautioned regarding selling IYB RTCs if they anticipating a facility shutdown.

Amerex Brokers LLC
One Sugar Creek Center Blvd.
Suite 700
Sugar Land, TX 77478



August 18, 2016

Attention: Philip M. Fine, PhD
Deputy Executive Officer
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765-4178

Re: Enforcement Concerns Related to the Proposed Shutdown Provision

Dr. Fine,

We are writing to express our concerns and raise potential issues relating to enforcement of the proposed Shutdown Provision (Rule 2002 (i)).

Paragraph (i)(5) of the July 21, 2016 version of the Shutdown Provision states:

> ***"If any RTCs that would have been reduced from the adjusted initial allocation pursuant to paragraph (i)(1) have been sold prior to the reduction, the Facility Permit Holder shall purchase and retire sufficient RTCs to fulfill the entire reduction requirement."***

Many potential situations may rise where RECLAIM market participants may sell initial allocations prior to shutdown, including a sale of IYBs to fund pollution control projects. It is our understanding such companies under Paragraph (i)(5) would be required to purchase the volume requirements of Paragraph (i)(1) from the open market and then surrender these volumes to the SCAQMD.

1. In instances of bankruptcy, would the SCAQMD become a creditor due to a failure to surrender RTCs? If so, how would the SCAQMD value RTCs under such a situation?

2. Historical trading of Infinite Year Block (IYB) RTCs shows there are periods in the RECLAIM market where there are insufficient or simply no available IYB streams to meet demand. In these circumstances, companies meeting Paragraph (i)(5) criteria would not be able to secure sufficient RTCs for the surrender requirement. How would the SCAQMD enforce the provision in the event there are insufficient RTCs available? Would the SCAQMD require the RECLAIM facility to pay a fine equivalent to the market price of the surrender volume requirements? If so, how would those potentially substantial funds be appropriated?

Without defining a clear, universally applicable method for calculating the monetary value of the RTC surrender requirements, in the likely event that RTCs are unavailable to purchase, the above examples represent realistic challenges in the enforcement of the Shutdown Provision.

Best Regards,

Mithun Rathore
RECLAIM Broker
Amerex Energy
Main: 281.340.5216
Mobile: 978.390.5108
AOL IM: mithunamerex
mithun.rathore@amerexenergy.com

California Council for Environmental and Economic Balance
101 Mission Street, Suite 1440, San Francisco, California 94105
415-512-7890 phone, 415-512-7897 fax, www.cceeb.org

August 26, 2016

Mr. Gary Quinn, P.E.
Planning, Rule Development and Area Sources
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

RE: Proposed RECLAIM Amendments – Shutdown Provisions

Dear Mr. Quinn:

We are pleased to submit the following comments on behalf of the California Council for Environmental and Economic Balance ("CCEEB"). CCEEB is a non-profit, non-partisan association of business, labor, and public leaders, which advances balanced policies for a strong economy and a healthy environment. CCEEB represents major mobile and stationary sources across California and is an active stakeholder at the South Coast Air Quality Management District ("SCAQMD"). Many of our members participate in the REgional CLean Air Incentives Market ("RECLAIM") Program. We offer the following comments for your consideration on the issue of permanently removing RECLAIM Trading Credits ("RTCs") associated with facility shutdowns from the RECLAIM credit market:

1. Need for Analysis of Potential Impacts of Proposal

CCEEB had strong concerns with the language on shutdown credits that staff brought to the Board at its December 4, 2015 meeting. This was, and continues to be, a significant issue to our members and to the RECLAIM program as a whole. We were pleased that the Board adopted a resolution that states in part:

> Subparagraph (i) of Rule 2002 that was originally proposed by staff on November 4, 2015 and released in rewritten form on November 28, 2015 is NOT adopted at this time. Staff shall return it to the NOx RECLAIM Working Group for further discussion and analysis of that proposal's potential implications on the entire NOx RECLAIM Program and consideration of possible alternatives that would allow a closer alignment of the treatment of shutdown credits in RECLAIM and command-and-control programs short of full forfeiture. Following this process, staff may bring its original proposal or some other alternative back to the Governing Board for consideration for adoption.

The current proposal focuses on full facility shutdowns, as compared to the December proposal that looked at partial facility or equipment shutdowns. This is an improvement.

That said, we look forward to seeing the analysis as directed by the Board in the resolution shown above.

2. Effective Date of Amendment

CCEEB recommends the date of Board adoption as the effective date of this amendment.

3. Credit for Going Beyond BARCT

Section 1 of the proposal provides the calculation to determine a shut-downed facility's available RTCs, after adjusting for BARCT. Sections 2 provides language for a further reduction to the initial BARCT-adjusted NOx allocation based on any offsets provided by the SCAQMD pursuant to Rule 1304.

CCEEB believes an additional provision is needed to credit back to the facility any emission reductions that resulted from installation of control equipment going beyond BARCT. One of the basic premises of the RECLAIM program is the incentive for facilities to install equipment beyond BARCT. We do not believe it is appropriate to penalize a facility for this type of investment at the time of closure. We are also concerned that without such a provision, the District may inadvertently discourage future investments in beyond-BARCT control technologies.

4. Recognition of "Common Ownership"

CCEEB is pleased to see that the proposal recognizes the importance of common ownership and allows the transfer of RTCs between commonly owned facilities. The current language proposes the use of the 6-digit North American Industry Classification System (NAICS) to determine common ownership. We believe this approach is too restrictive and would unfairly limit many facilities from the use of this provision. Instead, we suggest the following language, which we believe still meets the objectives of the District:

> (6) The requirements specified in this subdivision shall not apply to facility shutdowns where the RTCs are transferred to another facility <u>that is under common ownership, including parent or subsidiary thereof, at the time of rule adoption</u>.

5. Planned Non-Operational (PNO) Status - Discrete Credits

In the current proposal, all NOx RTCs from facilities with PNO status become non-tradable. CCEEB believes that this trade restriction should only apply to trades of infinite year blocks (IYBs). The shutdown rule is intended to prevent transactions that delay the installation of BARCT because of the sudden availability of a large influx of RTCs that become available from the shutdown of a large facility. Individual year (discrete) credits do not give a facility the operational assurance that IYB holdings provide. Therefore, we do not believe the sale of discrete RTCs will interfere with BARCT installations. However, the fluctuation of supply created by suspending and then unsuspending RTCs could be disruptive to the market and lead to volatility.

Mr. Gary Quinn, P.E.
August 26, 2016
Page 3

6. De-Minimus Levels

As stated above, CCEEB understands that the goal of the shutdown rule is to avoid the delay of BARCT installations due to large shutdowns providing a large influx of RTCs into the market. Smaller facility shutdowns would not carry this same risk and would be cumbersome within the administration of SCAQMD under the program. There is additional concern that smaller facilities may not sell IYBs due to the risk involved with the shutdown provision, which could impede new growth in the SCAQMD region. Without the incentive of being able to sell IYBs, these facilities have little incentive to install controls, effectively removing the upside of a market-based program. CCEEB recommends that the shutdown rule apply only to Table 7 & Table 8 facilities.

We would be pleased to meet with you and your colleagues should you wish to discuss any of our comments in greater detail.

Thank you for considering our views.

Sincerely,



William J. Quinn
Chief Operating Officer

cc: Mr. Wayne Nastri, SCAQMD Acting Executive Officer
Dr. Philip Fine, SCAQMD Deputy Executive Officer
Mr. Tracy Goss, SCAQMD Manager
Mr. Gerald Secundy, CCEEB President
Ms. Janet Whittick, CCEEB Policy and Communications Director
Members, CCEEB's South Coast Air Project

CALCIMA
California Construction and
Industrial Materials Association

August 26, 2016

Gary Quinn, P.E.
Program Supervisor
South Coast Air Quality Management District
21865 East Copley Drive
Diamond Bar, CA 91765

Re: Comments on Proposed Revisions to Regulation XX – NOx RECLAIM

Dear Mr. Quinn,

California Construction & Industrial Materials Association (CalCIMA) appreciates the opportunity to comment on the South Coast Air Quality Management District's (District) Regulation XX – NOx RECLAIM pursuant to PAR 2002 'facility shutdown' provisions. Moving the District's air basin into attainment is a step toward improved air quality and improved economic growth by increasing the ability of businesses to operate in this region.

CalCIMA is a statewide trade association representing construction and industrial material producers in California. Our members supply the materials that build our state's infrastructure, including public roads, rail, and water projects; help build our homes, schools and hospitals; assist in growing crops and feeding livestock; and play a key role in manufacturing wallboard, roofing shingles, paint, low-energy light bulbs, and battery technology for electric cars and windmills.

In order to further supplement the District's regulation, CalCIMA has drafted the following comments and recommendations for your review and consideration.

Due to the 'facility shutdowns' section of NOx RECLAIM implementing new and wide-ranging provisions, we are requesting the District clarify that these provisions will not be implemented on a retroactive basis by adding the following language:

> *(i)(5) If any RTCs that would have been reduced from the adjusted initial allocation pursuant to paragraph (i)(1) have been sold prior to the reduction, the Facility Permit Holder shall purchase and retire sufficient RTCs to fulfill the entire reduction requirements.* This provision will not be implemented retroactively to adoption of this language.

The North American Industry Classification System (NAICS) classifies business establishments according to type of economic activity via the processes of production. NAICS uses a six-digit coding system to identify particular industries and their placement in the hierarchical structure of the classification system. Due to some variabilities with processes of production within a single sector for a RECLAIM participate, it is recommended that only the first two digits of NAICS be considered pursuant to the transfer of RTCs from one facility to another under common ownership.

> *(i)(6) The requirements specified in this subdivision shall not apply to facility shutdowns where the RTCs are transferred to another facility under common ownership that conducts the same functions at another facility with the same 2~~6~~-digit North American Industry Classification System (NAICS) designation.*

In order to further clarify the term 'cyclical operations' the addition of the language below is suggested.

> *(i)(7) In addition to self-reported facility shutdowns, the Executive Officer will determine a NOx RECLAIM facility to have shut down if the facility has been non-operational for a period of two consecutive years or longer, based on APEP reports. A facility is deemed to be non-operational if NOx emissions in any compliance year are less than 10 percent of the maximum annual NOx emissions in the previous 2 compliance years, excluding:*
>
> > *(A) Cyclical operations* that are sensitive to economic fluctuations *in conjunction with facility equipment;*

To circumvent any unintentional hindrances of the District Executive Officer's notification of a facility being deemed as shutdown to the Facility Permit Holder, we suggest allowing the Facility Permit Holder 60 days in lieu of 30 days to submit information to demonstrate the preliminary determination did not adequately consider any applicable factors. Accordingly, the language modification in the two sections below is suggested.

> *(i)(8) In accordance to paragraph (i)(7), the Executive Officer will notify the Facility Permit Holder with a preliminary determination that their facility has been deemed as shutdown. The Facility Permit Holder shall submit within 60 ~~30~~ days of the preliminary determination a plan application and provide information to demonstrate the preliminary determination did not adequately consider any of the factors listed under Subparagraphs (i)(7)(A) through (D). The Executive Officer shall evaluate the plan application and provide a final determination within 60 days of plan submittal.*
>
> *(i)(10) Within 60 ~~30~~ days of the preliminary determination of the facility shutdowns as specified in paragraph (i)(7), the Facility Permit Holder may submit a plan application to request planned non-operation (PNO) status for a non-operational time period of no longer than 5 years for equipment within the facility. The Executive Officer shall consider the criteria in paragraphs (i)(6) and (i)(7) for approving the plan. All of the referenced criteria shall require company records to support the claim that a PNO status of no longer than 5 years is necessary and meets the criteria of this paragraph. Executive Officer approval for this PNO shall be obtained within 6 months of receiving the plan application. Otherwise, the facility shall be deemed shutdown and subject to the requirements specified in paragraphs (i)(1), (i)(3), (i)(4), and (i)(5). If granted, the facility's NOx RTCs shall become non-tradable for the duration of the PNO status. Executive Officer denial of a PNO plan application may be appealed to the Hearing Board.*

CalCIMA
1029 J Street, Suite 420
Sacramento, CA 95814
Phone: 916 554-1000
Fax: 916 554-1042
www.calcima.org www.distancematters.org

Regional Office:
3890 Orange Street, #167
Riverside, CA 92501-9998
Phone: 951 941-7981

CalCIMA is highly encouraged that the District and other entities may implement incentive programs to assist with funding the accelerated deployment of cleaner equipment that improve our basin's air quality. In order to best fulfill the objective of incentive programs, we suggest that RTCs are not relinquished as a result of Facility Permit Holders participation in these programs by adding the language below.

> (i)(13) Facility Permit Holders that participate in incentive programs to accelerate deployment of cleaner equipment will not be required to surrender associated RTCs.

CalCIMA respectfully asks the District to consider our comments. Please contact me with any questions or concerns at (951) 941-7981 or at sseivright@calcima.org.

Sincerely,



Suzanne Seivright
Director of Local Governmental Affairs

CalCIMA
1029 J Street, Suite 420
Sacramento, CA 95814
Phone: 916 554-1000
Fax: 916 554-1042
www.calcima.org www.distancematters.org

Regional Office:
3890 Orange Street, #167
Riverside, CA 92501-9998
Phone: 951 941-7981

August 26, 2016

ES ENGINEERING SERVICES

1036 W. Taft Avenue
Orange, CA 92865
t 714.919.6500
f 714.919.6501
www.es-online.com

Mr. Gary Quinn, P.E.
Planning, Rule Development and Area Sources
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, California 91765

Subject: Proposed RECLAIM Amendments – Shutdown Provisions

Dear Mr. Quinn:

We appreciate the opportunity to offer comments on the proposed RECLAIM amendments. Our comments are limited to two sections of the proposed shutdown provisions: replacement of previously sold credits and common ownership provisions.

Replacement of Previously Sold Credits

(i)(5) If any RTCs that would have been reduced from the adjusted initial allocation pursuant to paragraph (i)(1) have been sold prior to the reduction, the Facility Permit Holder shall purchase and retire sufficient RTCs to fulfill the entire reduction requirement.

This requirement should be removed or made more equitable by including an applicability date. The adjustments outlined in (i)(1)-(4) will remove RTCs from the RECLAIM universe, causing a need for sooner installation of BARCT at other RECLAIM facilities and greater emissions reductions, and they achieve the objectives of closer alignment with ERC shutdown credits.

If the SCAQMD is interested in fair treatment to facilities, there can be no real equity if (i)(5) is retained. The following list of considerations is not exhaustive, but it should bring to light some of the issues that are raised by a requirement to purchase and retire sufficient RTCs that may have been sold prior to shutdown:

- In many cases RTCs may have been sold so many years ago, that the current owner of a RECLAIM facility may have little or no knowledge of the decision-making process that led to the sale and never profitted from the sale;
- Proceeds from RTCs may have been invested into the company to install BARCT or newer, lower emissions equipment;
- This provision was never a condition of RTC sales, and the nature of buying and selling RTCs would have been considerably different if facilities knew that they would have to re-purchase RTCs in order to shut down.
- Current demand for available RTCs and RTC pricing are likely much higher than when many RTCs may have been previously sold by a facility that is shutting down.

If the SCAQMD is determined to retain (i)(5), an applicability date that is no sooner than rule amendment adoption must be added to section (i).

Common Ownership Provisions

(i)(6) The requirements specified in this subdivision shall not apply to facility shutdowns where RTCs are transferred to another facility under common ownership that conducts the same functions at another facility with the same 6-digit North American Industry Classification System (NAICS) designation.

The idea that an owner of multiple facilities should maintain ownership of RTCs is appropriate; however, the idea that the facilities must be classified under the same 6-digit North American Industry Classification System (NAICS) designation is overly restrictive. Furthermore, the justification postulated by AQMD staff is unfounded.

It is inconceivable that RTCs will become so valuable that business owners would be willing to purchase an entire facility just so that they can shut down that facility to obtain its RTCs. If RTCs reach that level of scarcity, then it is likely there are so few RTCs left in the RECLAIM universe that the RECLAIM program has run its course and is no longer viable.

Conversely, there are current (and future) facility owners who have multiple facilities that may not be classified by the same NAICS code. A printer may decide that it could be profitable to own a paper making facility, or the manufacturer of a product might find it useful to also own a packaging facility. Are such business owners to be treated differently or penalized, just because they have a diversified business?

Thank you for your consideration.

Sincerely,

ES Engineering Services, LLC



Marnie Dorsz
Senior Scientist
Engineering & Regulatory Compliance Services Division

Rule 2002 Proposed Amendments - Comments

ES ENGINEERING SERVICES



NRG Energy, Inc.
West Region
5790 Fleet Street, Suite 200
Carlsbad, CA 92008

August 26, 2016

via email to gquinn@aqmd.gov

Gary Quinn, PE
Planning, Rule Development and Area Sources
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Subject: Proposed RECLAIM Amendments – Shutdown Provisions

Dear Mr. Quinn:

On behalf of our Los Angeles Basin stationary source facilities (El Segundo Generating Station, Etiwanda Generating Station, Long Beach Generating Station and Walnut Creek Energy Park), NRG Energy (NRG) appreciates the opportunity to comment on the proposed amendments to South Coast Air Quality Management District's (SCAQMD) Regulation XX - Regional Clean Air Incentives Market (RECLAIM). NRG is one of the nation's largest independent power producers; headquartered in Princeton, New Jersey, our diverse power generating facilities can generate approximately 50,000 megawatts from solar, wind, fossil and nuclear resources - enough to support nearly one-third of U.S. population. Our California fleet consists of more than 11,000 MW of new combined cycle and peaking generation, legacy once-through cooling generation, large-scale solar and wind, and combined heat and power.

Our operating generation in El Segundo, Long Beach and City of Industry (i.e., Walnut Creek Energy Park) that participates in RECLAIM has been recently installed – 2013, 2007, and 2013, respectively and utilizes Best Available Control Technology. Our generation in Rancho Cucamonga (i.e., Etiwanda Generating Station) consists of two stream boiler units cooled by recycled water and utilizes Best Available Retrofit Control Technology.

NRG has been a stakeholder in the RECLAIM amendments since 1998, including the December 2015 amendment and the recently proposed amendments to the RECLAIM facility shutdown provisions. We fully support the California Council for Environmental and Economic Balance's (CCEEB) comments in its August 26, 2016 letter; CCEEB represents major mobile and stationary sources across California and is an active stakeholder at the SCAQMD.

NRG's specific comments are below:

1. Applicable to Full RECLAIM Facility Shutdowns. SCAQMD's current proposal focuses on full facility shutdowns with respect to management of adjusted initial allocation of RECLAIM Trading Credits (RTCs), as compared to the December 2015 proposal that sought the surrender of facility RTCs for partial facility or equipment shutdowns. SCAQMD also clarified that the respective RECLAIM facilities would continue to be shaved according to the schedule in the December 4, 2015 amendment, adjusted to BARCT as applicable, and would not be subject to full surrender of its adjusted initial allocation of RTCs. NRG supports these provisions of the current proposal with respect to facility shutdowns.

2. RECLAIM Amendment Effective Date. NRG recommends the date of Board adoption (currently scheduled for October 7, 2016) as the effective date of the current proposed RECLAIM amendment as opposed to the December 4, 2015 adoption date of the recent amendments or the RTC account freeze date of September 22, 2015, or any date earlier. These alternative effective dates have been discussed in the RECLAIM workshops and NRG has given oral comments recommending the Board adoption date as the effective date.

3. Recognition of "Common Ownership." NRG supports that the proposal recognizes the importance of common ownership and allows the transfer of RTCs between commonly owned facilities. The current language proposes the use of the 6-digiit North American Industry Classification System (NAICS) designation to determine common ownership. We believe this approach is too restrictive. Below we have offered alternative language:

   > (6) The requirements specified in this subdivision shall not apply to facility shutdowns where the RTCs are transferred to another facility that is under common ownership, including parent or subsidiary thereof, at the time of rule adoption.

   We also recommend that RTCs transferred to such common ownership not be modified as non-tradable RTCs – a provision that we understand SCAQMD staff has contemplated.

4. Planned Non-Operational (PNO) Status - Discrete Credits. In the current proposal, all NOx RTCs from facilities in PNO status become non-tradable. NRG recommends that the proposal should not affect discrete year block RTCs, which enable the respective facility's to participate in market, including supporting its other RECLAIM facilities within the Los Angeles Basin while the applicable owner maintains its current PNO status. If and when the facility emerges from its PNO status, it may continue to participate in the market with respect to infinite year and discrete year block RTC.

We appreciate the open communication of SCAQMD staff during these important proposed RECLAIM amendments. If you have any questions, please contact me at george.piantka@nrg.com or 760-710-2156 at your convenience.

Best Regards,



George L. Piantka
Sr. Director, Regulatory Environmental Services
NRG Energy, West Region

cc: Dr. Phillip Fine, SCAQMD Deputy Executive Officer
Tracy Goss, SCAQMD Manager
Kevin Orellana, SCAQMD AQ Specialist



August 17, 2016

VIA E-MAIL

Mr. Gary Quinn, P.E.
Planning, Rule Development and Areas Sources
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Re: Proposed Amendments to Rule 2002; NOx RECLAIM Facility Shutdowns

Dear Mr. Quinn:

On behalf of the Southern California Air Quality Alliance I am submitting these comments on the SCAQMD staff proposal regarding amending Rule 2002 to address issues related to facility shutdowns and RTC usage following such shutdowns. The presentation and discussion at the NOx RECLAIM Working Group meeting on August 9 brought a number of issues to the fore which will need to be resolved before the amendments go before the SCAQMD Governing Board. I will address the issues, as we seem them, separately below.

Exemption for Facilities Under Common Ownership

It is critical to our members that this exemption be worded appropriately to assure that existing facilities that are under common ownership (and have been for many years under the RECLAIM program) retain their ability to move RTCs between facilities without penalty. It is our understanding that SCAQMD is concerned that a RECLAIM facility operator could purchase another RECLAIM facility for the purpose of shutting it down and then using the RTCs to avoid implementing BARCT. This concern does not apply to facilities that have been under common ownership for many years prior to the current concerns about use of RTCs generated as a result of shutdowns. As you have heard during the working group meetings, the proposed use of a six digit NAICS designation does not do that, as numerous facilities currently under common ownership do not have the same six digit NAICS designation. Perhaps a less restrictive classification code would work, but we believe that there needs to be a way to grandfather in RECLAIM facilities that have been under common ownership for many years. A simple solution could be to allow the exemption to apply facilities under common ownership on or before a date certain (e.g., the hearing date on these rule amendments). For those facilities coming under common ownership after that date, some type of common commercial interest would be required as well as a substantial or controlling ownership interest.

Related to this issue is the use of the transferred RTCs. In our view RTCs (including those arising from facility shutdowns) should be transferable without discount between and among commonly owned facilities meeting the exemption requirements. The use of these credits by the commonly owned facilities should

6601 Center Drive West
Suite 500
Los Angeles, CA 90045
Attn: Curtis L. Coleman
(310) 348-8186 Ph
(310) 670-1229 Fax
colemanlaw@earthlink.net

not be restricted. The transfer to third parties of credits arising from shutdowns could be subject to restriction or use limitations, however.

Applicability Date for Amendments Affecting Shutdowns

As I noted at the August 9 working group meeting, subparagraph (i)(1) of Rule 2002 should contain an effective date. Language such as the following would suffice: "Any Facility Permit Holder that permanently shuts down or surrenders all operating permits for the entire facility after [Date] . . . ." I would suggest the hearing date on the proposed amendments, however if District staff is bold, I would suggest December 7, 2015 as the earliest date as this would at least relate back to the original rule amendment hearing date.

Factors Triggering Shutdown Finding

Several participants at the August 9 working group meeting noted that the provisions of subparagraph (i)(7) would allow the Executive Officer to determine that a shutdown has occurred when reported emissions are less than 10% in the previous two compliance years with limited exceptions. There are a number of reasons why emissions could decline drastically, including equipment replacement, process changes and electrification. For example, if a facility went beyond BACT by electrifying certain operations facility emissions could well be cut by 90% or more. Subjecting this to a "shutdown" determination would deter facilities from making such significant investments. Allowing those facilities to recoup their costs of going "beyond BACT" by selling RTCs to other facilities was a key feature of RECLAIM and such actions should be encouraged not discouraged. For this reason "other NOx reduction strategies" should be included as a basis for not making a shutdown determination.

Facility Notification of Shutdown Determination Process

We believe that it would benefit both the District and the RECLAIM facility operator if notification was provided early on that the facility was being considered for a shutdown determination. The facility would be able to provide information regarding why the emissions had reduced so significantly and thus be able to avoid a shutdown determination or apply for reserve status, thus avoiding the need for SCAQMD staff to work on justifying a determination that may later be dismissed.

Additionally, the current wording of subparagraph (i)(9) provides that the determination regarding shutdown is final if the Executive Officer fails to notify the facility operator within 60 days after the preliminary determination that changes to the preliminary determination have been made. Due to the severity of the shutdown provisions being made applicable to a facility, it is only proper that the Executive Officer give affirmative notice to the facility operator that the shutdown determination has been finalized. Subparagraph (i)(9) should be revised to read:

"(9) The facility shall be deemed shut down when the Executive Officer provides written notification to the Facility Permit Holder of the final determination. The Facility Permit Holder may file an appeal to the

Hearing Board provided such appeal is filed within 30 days after the receipt of the notice of final determination."

Application of Shutdown Provisions to Small Facilities

The work associated with analyzing pre-shutdown emissions and post-shutdown BARCT adjustments associated with small facilities (e.g., 4 tons or less) would seem to be great compared to the associated emissions (around 30 pounds per day 5 day per week operations). These are likely the credits to be purchased by structural buyers rather than facility operators seeking to avoid BARCT. Whether the cut-off is set at 4 tons per year or lower, we would recommend a "de minimis" level threshold below which the new shutdown credit provisions would not apply.

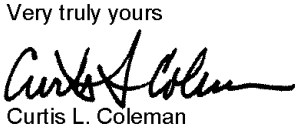
Requirement to Purchase RTCs Previously Sold Following a Shutdown

The current proposal includes a "repurchase provision." That provision would require a facility operator that sold originally allocated RTCs so as to not have sufficient allocated RTCs at the time of the shutdown to go into the market and purchase sufficient RTCs to make up the difference between its current holdings and what it would have had had it not sold off part of its original allocation. There is no time limit regarding how far back the RTC sale had to have occurred.

We believe that there are fundamental issues of fairness and legality that arise if this proposal is adopted. The facility operator did something that was perfectly legal and accepted under the rules in effect at the time and years later is being punished for that conduct. We would suggest that this provision either be dropped or be limited to sales of RTCs after a specific date. We would suggest the date of adoption of the amendments, unless there are compelling reasons to specify a different date.

We look forward to continuing to work with you and SCAQMD staff on the rulemaking addressing the RECLAIM facility shutdown issue.

Very truly yours



Curtis L. Coleman

Executive Director
Southern California Air Quality Alliance

Karin Fickerson
Air Quality Team Leader
Environmental Services
Southern California Gas Company
1171 More Ranch Road, SC9080
Goleta, CA 93111
KFickerson@semprautilties.com

August 26, 2016

Mr. Tracy Goss
Planning and Rules Manager
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

Submitted via email: tgoss@aqmd.gov

Subject: Comments on the Draft RECLAIM Shutdown Provisions

Dear Mr. Goss:

Southern California Gas Company (SoCalGas) appreciates the opportunity to provide comments on the South Coast Air Quality Management District's (SCAQMD) Draft Oxides of Nitrogen (NOx) REgional CLean Air Incentives Market (RECLAIM) Facility Shutdown Provisions of Rule 2002 - Allocations for NOx and Oxides of Sulfur (SOx). SoCalGas has several facilities that are part of the RECLAIM program.

Proposed Amended Rule (PAR) 2002(i)(6)
We appreciate that the proposed amendments acknowledge common ownership and allow for the transfer of RECLAIM Trading Credits (RTCs) between commonly owned facilities. The proposal is based on the North American Industry Classification System (NAICS) designation which uses up to 6-digits. The SoCalGas facilities fall under the Standard Industrial Classification (SIC) system major group 49: Electric, Gas, And Sanitary Services; and span several 4-digit SIC codes. Therefore, the 6-digit NAICS designation is too specific and would unnecessarily disqualify some of the SoCalGas facilities. The SIC system major group designations of 2-digits would be more appropriate.

PAR 2002(i)(6) currently states: "The requirements specified in this subdivision shall not apply to facility shutdowns where the RTCs are transferred to another facility under common ownership that conducts the same functions at another facility with the same 6-digit North American Industry Classification System (NAICS) designation."

We request that PAR 2002(i)(6) be revised to provide for a broader definition of common ownership. Specifically, we suggest the following language: "The requirements specified in this subdivision shall not apply to facility shutdowns where the RTCs are transferred to another facility under common ownership that conducts the same functions at another facility with the same ~~6-digit North American Industry Classification System (NAICS)~~ 2-digit Standard Industrial Classification (SIC) designation."

Proposed Amended Rule (PAR) 2002(i)(7)

The current proposal focuses on full facility shutdowns rather than the partial facility and equipment shutdowns considered in the December 2015 proposal. In light of these language improvements, we offer further refinements related to the criteria for determining a facility shutdown. Specifically, SoCalGas is in the process of constructing the Aliso Canyon Turbine Replacement (ACTR) project at the Aliso Canyon Storage Field. The scope of the ACTR project is to replace existing compression capabilities comprised of three natural gas fired turbine driven compressors with three new electric-driven compressors.

Since the Aliso Canyon facility as a whole may experience a reduction in NOx emissions on the order of 90% once the ACTR project is completely implemented, we are focusing these comments on the criteria for what constitutes a shutdown facility. The intent of the comments is to avoid the unintended consequences of deterring facility actions to reduce NOx emissions.

PAR 2002(i)(7) currently states: "In addition to self-reported facility shutdowns, the Executive Officer will determine a NOx RECLAIM facility to have shut down if the facility has been non-operational for a period of two consecutive years or longer, based on APEP reports. A facility is deemed to be non-operational if NOx emissions in any compliance year are less than 10 percent of the maximum annual NOx emissions in the previous 2 compliance years, excluding:
(A) Cyclical operations in conjunction with facility equipment;
(B) Delay in the availability of parts used to repair the shutdown equipment;
(C) Equipment that must be placed in a reserve status until remaining operations at the facility are recommissioned requiring the reinstatement of this equipment; or
(D) Emission reductions due to implementation of add-on NOx emission controls."

We request that PAR 2002(i)(7)(D) be revised to include electric equipment that has been installed to replace fuel-burning equipment in whole or in part, in other words electrification that results in a reduction in NOx emissions. Specifically, we suggest the following language:
"(D) Emission reductions due to implementation of ~~add-on~~ NOx emission reduction projects ~~controls~~ including, but not limited to near zero and zero emissions technology."

Effectiveness Date

To avoid potential confusion on past RTC trades, we feel that the date on which the Shutdown Provisions would freeze allocations subject to discounting should be the same date as the Board approval date of PAR 2002 (i.e., October 2016).

We would welcome the opportunity to meet with you and your colleagues to discuss these comments further.

Respectively submitted,

Karin Fickerson

Karin Fickerson
Air Quality Team Leader

cc: Mr. Gary Quinn, SCAQMD, Planning, Rule Development and Area Sources
Dr. Phillip Fine, SCAQMD, Deputy Executive Officer
Mr. Noel Muyco, SoCalGas, Environmental Affairs Program Manager
Mr. Phil Baker, SoCalGas, Director of Storage
Mr. Tim Bomberger, SoCalGas, Aliso Storage Operations Manager



VIA ELECTRONIC MAIL

August 26, 2016

Mr. Gary Quinn, P.E.
Planning, Rule Development and Area Sources
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

SUBJECT: Tesoro Comments on NOx RECLAIM Shutdown Credits

Dear Mr. Quinn:

Tesoro Refining & Marketing Company LLC operates the Los Angeles Refinery, and has four NOx RECLAIM facilities that can be impacted by any change to the RECLAIM program. We are submitting comments today on the issue of permanently removing RECLAIM Trading Credits (RTCs) associated with facility shutdowns from the RECLAIM credit market.

1) Several entities, including Tesoro, have commented that any rule amendments regarding treatment of RECLAIM Trading Credits (RTCs) from shutdown facilities should recognize the unique situation of facilities under common ownership. The current draft of proposed amendments to Rule 2002 does attempt to address this issue, but is unnecessarily restrictive and would exclude many facilities under common ownership from using shutdown credits from a sister facility as a compliance mechanism. As a result of stakeholder feedback, SCAQMD has requested suggestions for a different approach, and in particular definitions for "integrated operations" and "common control".

1

Tesoro has the following recommendations:

- Modify 2002(i)(6) to read as follows: "the requirements specified in this subdivision shall not apply to facility shutdowns where RTCs are transferred to another facility **with integrated operations and/or under common control**",

- Add a definition for **"Integrated operations",** with the following description: "Integrated Operations means RECLAIM facilities owned or operated by the same company and whose operations are interconnected or dependent on each other. Contiguous location is not necessary to demonstrate integrated operations."

- Add an explanation of **"common control"** to the staff report. Excerpts from an USEPA letter (vintage 1995, and referenced by USEPA in other communications), provided by weblink and as an attachment to this letter, would be useful in this regard. While the letter provides guidance on whether a new facility locating on the site of an existing major source should be considered as a single entity or two separate ones, concepts in the letter regarding common control are still germane without the need for facilities to be co-located.
  https://www.epa.gov/sites/production/files/2015-08/documents/control.pdf
  For example:

  > "EPA's permit regulations do not provide a definition for control. Therefore, we rely on the common definition. Webster's Dictionary defines control as 'to exercise restraining or directing influence over,' 'to have power over,' 'power of authority to guide or manage,' and 'the regulation of economic activity.' Obviously, common ownership constitutes common control. However, common ownership is not the only evidence of control".

2) As mentioned in our previous comment letter on this subject (June 29, 2016), Tesoro requests that staff analyze the potential implications of how shutdown credits being discounted or even potentially totally confiscated will affect the entire RECLAIM program. Such an analysis would fulfill the Governing Board's directive issued on December 4, 2015, and should be available at a minimum as part of the set hearing package. A more preferable approach would be to include such an analysis within the context of the 2016 AQMP, which contains a control measure for NOx RECLAIM. That control measure casts a broad net in looking at not only a potential BARCT shave, but other options ranging all the way to transitioning out of the RECLAIM program completely. It would be entirely justified to include shutdown credits in this wide-ranging review of the RECLAIM program, rather than review and act on it in isolation. Tesoro requests that the shutdown credit issue be incorporated into the larger review of the RECLAIM program.

Tesoro is glad to further discuss these comments and recommendations with you and your colleagues.

Sincerely,

Susan Stark

Susan Stark
Senior Manager, Regulatory Issues

cc: Mr. Wayne Nastri, SCAQMD Acting Executive Officer
Dr. Phil Fine, SCAQMD Deputy Executive Officer

3



Western States Petroleum Association

Credible Solutions • Responsive Service • Since 1907

Sue Gornick
Manager, SoCal Technical

VIA ELECTRONIC MAIL

August 8, 2016

Dr. Philip Fine
Deputy Executive Officer
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

SUBJECT: WSPA COMMENTS REGARDING PROPOSED AMENDMENTS TO REGULATION XX, REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM) NOx RECLAIM

Dear Dr. Fine:

Western States Petroleum Association (WSPA) is a non-profit trade association representing twenty-five companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California, Arizona, Nevada, Oregon, and Washington. WSPA-member companies operate petroleum refineries and other facilities in the South Coast Air Basin that are within the purview of the RECLAIM program and that will be impacted by the proposed amendments regarding retirement of credits from facility or equipment shutdowns.

WSPA appreciates the opportunity to provide comments on the proposed amendments to Regulation XX - Regional Clean Air Incentives Market (RECLAIM) released for public comment on 22 July 2016. WSPA and its members continue to have some comments and concerns regarding the proposed amendments.

1. Proposal Amended Rule (PAR) 2002 Section (i)(6) should be revised so that RECLAIM Trading Credits (RTC) can be transferred to another facility with integrated operations and under common ownership as of the date of adoption of these rule amendments.

WSPA supports Staff's intention to allow businesses to transfer RTCs to another facility under common ownership.[1] A company might choose to do this for a number of operational reasons, such as consolidating operations to increase efficiency. However, the draft language limiting such transfers to a

[1] SCAQMD, Preliminary Draft Staff Report, Proposed Amendments to Regulation XX – Regional Clean Air Incentives Market, NOx RECLAIM, July 2016. See page 9.

"facility with the same 6-digit North American Industry Classification System (NAICS) designation" is too restrictive for certain industries. In some cases, a single company's operations could be covered by several different NAICS codes, even when part of an integrated operation. Since the intent is to allow companies some operational flexibility, we would recommend that PAR 2002 Section (i)(6) be revised to allow RTCs to be transferred to another facility with integrated operations and under common ownership as of date of adoption.

WSPA recommends the following revisions to the rule language:

(i) Facility Shutdowns
(6) The requirements specified in this subdivision shall not apply to facility shutdowns where the RTCs are transferred to another facility with integrated operations and under common ownership as (INSERT ADOPTION DATE). ~~*that conducts the same functions at another facility with the same 6-digit North American Industry Classification System (NAICS) designation.*~~

2. PAR 2002 Section (i)(1) should be revised to explicitly limit adjustment of "initial NOx allocation" to future compliance years for a facility shutdown occurring after Governing Board adoption of these proposed amendments.

PAR 2002 Section (i)(4) notes that the NOx RTC adjustment would only apply to future compliance year RTCs. For the sake of clarity, WSPA recommends that PAR 2002 Section (i)(1) should be revised to also clearly limit the adjustment of an initial NOx allocation to future compliance years.

WSPA recommends the following revisions to the rule language:

(i) Facility Shutdowns
(1) Any Facility Permit Holder that permanently shuts down or surrenders all operating permits for the entire facility after [INSERT ADOPTION DATE] shall have its adjusted initial NOx allocation reduced for each future compliance year by an amount equivalent to the difference between:
(A) The average of actual NOx emissions from the highest 2 of the past 5 compliance years for the facility; and
(B) The NOx emissions that would have occurred in those same 2 years as if it was operated at the most stringent applicable BARCT emission factors specified in Rule 2002(f)(1)(L).

Additionally, AQMD Staff should work with RECLAIM stakeholders to develop a methodology for the calculation of adjustments to initial NOx allocation for facility shutdowns under section (i)(1). Such a methodology will be important for facilities with multiple devices and it should provide credit (i.e., a positive adjustment) for individual devices which are outperforming BARCT emission factors as specified in Rule 2002(f)(1)(L); not just penalties (i.e., a negative adjustments) for devices which may be underperforming the specified BARCT emission factor.

3. PAR 2002 Section (i)(5) should be revised to exclude adjustments for RTCs sold prior to Governing Board adoption of these proposed amendments, and be limited to transactions recorded within five (5) years of the facility shutdown.

As proposed, PAR 2002 Section (i)(5) could, in certain cases, retrospectively penalize a company with a future facility shutdown for past a RTC transaction even if it was fully compliant with Regulation XX as applicable at the time of the transaction. We do not believe that to be appropriate. WSPA believes that PAR 2002 Section (i)(5) should be revised to exclude the possibility of adjustments for RTC transactions completed prior to the Governing Board's adoption of these proposed amendments.

WSPA recommends the following revisions to the rule language:

(i) Facility Shutdowns
(5) If any RTCs that would have been reduced from the adjusted initial allocation pursuant to paragraph (i)(1) have been sold *after [INSERT ADOPTION DATE] and within the last five (5) years* prior to the reduction, the Facility Permit Holder shall purchase and retire sufficient RTCs to fulfill the entire reduction requirement.

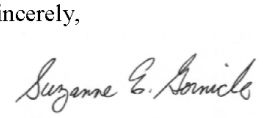
4. Board requested analysis of shutdown credit rule language should be prepared, made public and considered as part of rule development.

The December 4, 2015 Board resolution language for the NOx RECLAIM shave states that the shutdown credit rule language shall be returned "to the NOx RECLAIM Working Group for further discussion and **analysis of that proposal's potential implications on the entire NOx RECLAIM Program** and **consideration of possible alternatives** that would allow a closer alignment of the treatment of shutdown credits in RECLAIM and command-and-control programs **short of full forfeiture**. Following this process, staff may bring its original proposal or some other alternative back to the Governing Board for consideration for adoption."

WSPA requests that such analysis be provided. The preliminary draft staff report includes 1.5 pages at its conclusion titled Impact Assessment. However, since this section primarily refers to the analyses prepared for the December 4 Board package. It is clear that those analyses do not fulfill the request made that same day for an analysis specifically on shut down provisions.

Thank you for your consideration of these comments.

Sincerely,





Western States Petroleum Association
Credible Solutions • Responsive Service • Since 1907

Sue Gornick
Manager, SoCal Technical

VIA ELECTRONIC MAIL

August 25, 2016

Dr. Philip Fine
Deputy Executive Officer
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

SUBJECT: WSPA COMMENTS REGARDING PROPOSED AMENDMENTS TO REGULATION XX, REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM) NOx RECLAIM

Dear Dr. Fine:

Western States Petroleum Association (WSPA) is a non-profit trade association representing twenty-five companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California, Arizona, Nevada, Oregon, and Washington. WSPA-member companies operate petroleum refineries and other facilities in the South Coast Air Basin that are within the purview of the RECLAIM program and that will be impacted by the proposed amendments regarding retirement of credits from facility or equipment shutdowns.

Thank you for meeting with me last week to discuss WSPA's August 8, 2016 comment letter. As a result, we are providing follow up comments below.

WSPA recommends the following revisions to PAR 2002 Section (i)(6) as follows:

(i) Facility Shutdowns

(6) The requirements specified in this subdivision shall not apply to facility shutdowns where the RTCs are transferred to another facility with ***integrated operations and/or under common control*** *as of (INSERT ADOPTION DATE).*

(a) Integrated Operations means RECLAIM Facilities which are owned or operated by the same company and whose operations are interconnected or interdependent. Integrated Operations may include RECLAIM Facilities which are located on non-contiguous properties within the District.

This would be consistent with the "common ownership or control" language contained in source/facility definitions found in existing AQMD rules (e.g., R1302, R1714, R2002, and R3000). It is also consistent with past EPA policy guidance. An explanation of "common control" could be added to the staff report. Excerpts from a 1995 USEPA letter would be useful in this regard. While this letter provides guidance on whether a new facility locating on the site of an existing major source should be considered as a single entity or two separate ones, concepts in the letter regarding common control are germane without the need for facilities to be co-located. The letter is included as Attachment 1, attached hereto and incorporated herein by reference.

> For example:
>
> > "EPA's permit regulations do not provide a definition for control. Therefore, we rely on the common definition. Webster's Dictionary defines control as 'to exercise restraining or directing influence over,' 'to have power over,' 'power of authority to guide or manage,' and 'the regulation of economic activity.' Obviously, common ownership constitutes common control. However, common ownership is not the only evidence of control".

WSPA reiterates its previous and unaddressed concerns from the August 8th letter here for ease of review:

1. PAR 2002 Section (i)(1) should be revised to explicitly limit adjustment of "initial NOx allocation" to future compliance years for a facility shutdown occurring after Governing Board adoption of these proposed amendments.

PAR 2002 Section (i)(4) notes that the NOx RTC adjustment would only apply to future compliance year RTCs. For the sake of clarity, WSPA recommends that PAR 2002 Section (i)(1) should be revised to also clearly limit the adjustment of an initial NOx allocation to future compliance years.

WSPA recommends the following revisions to the rule language:

(i) Facility Shutdowns
(1) Any Facility Permit Holder that permanently shuts down or surrenders all operating permits for the entire facility after [INSERT ADOPTION DATE] shall have its adjusted initial NOx allocation reduced for each future compliance year by an amount equivalent to the difference between:
(A) The average of actual NOx emissions from the highest 2 of the past 5 compliance years for the facility; and
(B) The NOx emissions that would have occurred in those same 2 years as if it was operated at the most stringent applicable BARCT emission factors specified in Rule 2002(f)(1)(L).

Additionally, AQMD Staff should work with RECLAIM stakeholders to develop a methodology for the calculation of adjustments to initial NOx allocation for facility shutdowns under section (i)(1). Such a methodology will be important for facilities with multiple devices and it should provide credit (i.e., a positive adjustment) for individual devices which are outperforming BARCT emission factors as specified in Rule 2002(f)(1)(L); not just penalties (i.e., a negative adjustments) for devices which may be underperforming the specified BARCT emission factor.

2. PAR 2002 Section (i)(5) should be revised to exclude adjustments for RTCs sold prior to Governing Board adoption of these proposed amendments, and be limited to transactions recorded within five (5) years of the facility shutdown.

As proposed, PAR 2002 Section (i)(5) could, in certain cases, retrospectively penalize a company with a future facility shutdown for past a RTC transaction even if it was fully compliant with Regulation XX as applicable at the time of the transaction. We do not believe that to be appropriate. WSPA believes that PAR 2002 Section (i)(5) should be revised to exclude the possibility of adjustments for RTC transactions completed prior to the Governing Board's adoption of these proposed amendments.

WSPA recommends the following revisions to the rule language:

(i) Facility Shutdowns
(5) If any RTCs that would have been reduced from the adjusted initial allocation pursuant to paragraph (i)(1) have been sold *after [INSERT ADOPTION DATE] and within the last five (5) years* prior to the reduction, the Facility Permit Holder shall purchase and retire sufficient RTCs to fulfill the entire reduction requirement.

3. Board requested analysis of shutdown credit rule language should be prepared, made public and considered as part of rule development.

The December 4, 2015 Board resolution language for the NOx RECLAIM shave states that the shutdown credit rule language shall be returned "to the NOx RECLAIM Working Group for further discussion and **analysis of that proposal's potential implications on the entire NOx RECLAIM Program** and **consideration of possible alternatives** that would allow a closer alignment of the treatment of shutdown credits in RECLAIM and command-and-control programs **short of full forfeiture**. Following this process, staff may bring its original proposal or some other alternative back to the Governing Board for consideration for adoption."

WSPA requests that such analysis be provided. The preliminary draft staff report includes 1.5 pages at its conclusion titled Impact Assessment. However, since this section primarily refers to the analyses prepared for the December 4 Board package, it is clear that those analyses do not fulfill the request made that same day for an analysis specifically on shut down provisions.

Thank you for your consideration of these comments.

Sincerely,

Suzanne E. Sorrels

CON 10-22
Prevention of Significant Deterioration
CS

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION VII
726 MINNESOTA AVENUE
KANSAS CITY, KANSAS 66101

SEP 18 1995

Peter R. Hamlin, Chief
Air Quality Bureau
Iowa Department of Natural Resources
Henry A. Wallace Building
900 East Grand
Des Moines, IA 50319

Dear Mr. Hamlin:

Recently, several questions have been raised about whether new facilities that locate on the site of a present major stationary source should be considered part of the existing major source or as a separate entity. In particular, concerns center around the question of control as interpreted under the New Source Review program. According to EPA's definition of a stationary source, "a building, structure, facility, or installation means all of the pollutant emitting activities which belong to the same industrial grouping, are located on one or more contiguous or adjacent properties, and are under the control of the same person (or persons under common control)."

EPA's permit regulations do not provide a definition for control. Therefore, we rely on the common definition. Webster's Dictionary defines control as "to exercise restraining or directing influence over," "to have power over," "power of authority to guide or manage," and "the regulation of economic activity." Obviously, common ownership constitutes common control. However, common ownership is not the only evidence of control.

Typically, companies don't just locate on another's property and do whatever they want. Such relationships are usually governed by contractual, lease, or other agreements that establish how the facilities interact with one another. Therefore, we presume that one company locating on another's land establishes a "control" relationship. To overcome this presumption, the Region requires these "companion" facilities, on a case by case basis, to explain how they interact with each other. Some of the types of questions we ask include:

Do the facilities share common workforces, plant managers, security forces, corporate executive officers, or board of executives?

RECYCLE

Do the facilities share equipment, other property, or pollution control equipment? What does the contract specify with regard to pollution control responsibilities of the contractee? Can the managing entity of one facility make decisions that affect pollution control at the other facility?

Do the facilities share common payroll activities, employee benefits, health plans, retirement funds, insurance coverage, or other administrative functions?

Do the facilities share intermediates, products, byproducts, or other manufacturing equipment? Can the new source purchase raw materials from and sell products or byproducts to other customers? What are the contractual arrangements for providing goods and services?

Who accepts the responsibility for compliance with air quality control requirements? What about for violations of the requirements?

What is the dependency of one facility on the other? If one shuts down, what are the limitations on the other to pursue outside business interests?

Does one operation support the operation of the other? what are the financial arrangements between the two entities?

The list of questions is not exhaustive; they only serve as a screening tool. If facilities can provide information showing that the new source has no ties to the existing source, or vice versa, then the new source is most likely a separate entity under its own control. However, if the facilities respond in the positive to one or more of the major indicators of control (e.g. management structures, plant managers, payroll, and other administrative functions), then the new company is likely under the control of the existing source, or under common control by both companies, and cannot be considered a separate entity for permitting purposes. Absent any major relationships, the new facility may still be considered to be under the control of the existing source if a significant number of the indicators point to common control.

If after asking the obvious control questions the permit authority has any remaining doubts, it may be necessary to look at contracts, lease agreements, and other relevant information. EPA's Dun and Bradstreet Retrieval System, available to anyone with mainframe access, is also useful for exploring any parent-subsidiary relationships and common corporate management

structures. Using these tools, we have found at least one case where a company set up an "unrelated" corporation in the middle of their property to split the property into multiple, distinct sites. After concluding that these "distinct" sites were in fact under the common control of the companion company's president, the split was later disallowed for permitting purposes.

The permit authority should be cautious of any short term or interim contracts that establish separate operating companies or separate operations on noncontacting parcels of land. While not likely, it is conceivable that such contracts could be used to shield the company's true intents. For example, a company may seek to avoid major new source review requirements in the short term, but merge later on to take advantage of the netting provisions. If the company's motives are unclear, but the permit authority elects to permit as two sources, we would encourage adding a condition to the permit requiring notification if the two sources merge operations. if the merger occurs within a short time frame, say two years, after permit issuance, the department may want to investigate such activities as circumvention of the major source permitting requirements and take the appropriate action.

If the affected sources are reluctant or refuse to provide documentation satisfactory to the permit authority, and the company's permit application is pending, then the permit authority may elect to find the permit application incomplete. If an application has not been submitted, then we recommend that the permit authority seek the necessary information under its statutory authorities.

Our approach to looking at control is based in part on regulatory background information, prior EPA guidance materials, common sense, and limited formal decisions on the matter. While no one single document answers the questions at hand, we encourage you and your staff to review the references listed in Table 1. Most are available on the New Source Review portion of the Technology Transfer Network Bulletin Board System.

We seriously urge you to consider the principles found in the various guidance documents and in this letter when evaluating requests to split properties for permitting purposes. We realize that in many cases it is easier not to second guess a company's motives. However, we also believe this administratively expedient approach can result in allowing circumvention of the permit requirements and ultimately jeopardize the goals and effectiveness of the permitting programs. This guidance has been reviewed by the Information Transfer and Program Integration Division, Office of Air Quality Planning and Standards, and

incorporates their suggestions and concerns. If you have any questions or need further advice, please contact our New Source Review team; Dan Rodriguez 913-551-7616, Ward Burns 913-551-7960, or Jon Knodel 913-551-7622.

Sincerely,

for Karen A. Flournoy

William A. Spratlin
Director
Air, RCRA, and Toxics Division

Enclosure

cc: Christine Spackman, IDNR
Chuck Layman, KDHE
Randy Raymond, MDNR
Shelly Kaderly, NDEQ
David Solomon, OAQPS
Michele Dubow, OAQPS

Table 1. References on Common Control

"Definition of Source," March 16, 1979
The preamble to the August 7, 1980 PSD regulations, 45 FR 52693-52695
"PSD Applicability Request (General Motors)," June 30, 1981

"PSD Applicability Request, Valero Transmission Company," November 3, 1986
"PSD Applicability Determination for Multiple Owner/Operator Point Sources Within a Single Facility (Denver Airport)," August 11, 1989
"Comments on Draft Permit for Conoco Coker and Sulfur Recovery Facility," March 22, 1990
"Definition of Source for PSD Purposes," August 22, 1991
"PSD Permit Remand, Reserve Coal Properties," July 6, 1992
"Temporary and Contracted Activities at Stationary Sources," John Seitz letter to Minnesota, November 16, 1994
"Watts Bar Nuclear Plant Title V Applicability," Region 4, June 5, 1995
"Site Specific Determination of Common Control for United Technologies Corporation," Region 4, July 20, 1995
"Georgetown Cogeneration Project," Westy McDermid Memorandum, date unknown

Western States Petroleum Association
Credible Solutions • Responsive Service • Since 1907

Sue Gornick
Manager, SoCal Technical

VIA ELECTRONIC MAIL

September 2, 2016

Dr. Philip Fine
Deputy Executive Officer
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

SUBJECT: WSPA COMMENTS REGARDING PROPOSED AMENDMENTS TO REGULATION XX, REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM) NOx RECLAIM

Dear Dr. Fine:

Western States Petroleum Association (WSPA) is a non-profit trade association representing twenty-five companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California, Arizona, Nevada, Oregon, and Washington. WSPA-member companies operate petroleum refineries and other facilities in the South Coast Air Basin that are within the purview of the RECLAIM program and that will be impacted by the proposed amendments regarding retirement of credits from facility or equipment shutdowns.

WSPA's August 25, 2016 letter recommended the following revisions to PAR 2002 Section (i)(6) as follows:

(i) Facility Shutdowns

(6) The requirements specified in this subdivision shall not apply to facility shutdowns where the RTCs are transferred to another facility with ***integrated operations and/or under common control*** *as of (INSERT ADOPTION DATE).*

(a) Integrated Operations means RECLAIM Facilities which are owned or operated by the same company and whose operations are interconnected or interdependent. Integrated Operations may include RECLAIM Facilities which are located on non-contiguous properties within the District.

This would be consistent with the "common ownership or control" language contained in source/facility definitions found in existing AQMD rules (e.g., R1302, R1714, R2002, and R3000). It is also consistent with past EPA policy guidance as detailed in WSPA's August 25, 2016 letter.

The revised draft language dated August 30, 2016 uses the term "same ownership"; however, it is not defined in the rule. At the August 31, 2016 Working Group meeting, staff stated that this term would be defined in the staff report. WSPA also requests that the definition be included in the rule for future reference and ease of use. Additionally, WSPA requests that proposed paragraph (i)(13) be amended to read "same ownership and/or common control" to be consistent with the definitions found in existing AQMD rules as previously mentioned. Additionally, we request that rule language clearly state that facilities do not need to be contiguous to meet the definition of "same ownership and/or common control". WSPA notes that staff indicated at the Working Group meeting their belief that same ownership does not require facilities to be contiguous so rule language clarification is consistent.

Thank you for your consideration of these comments.

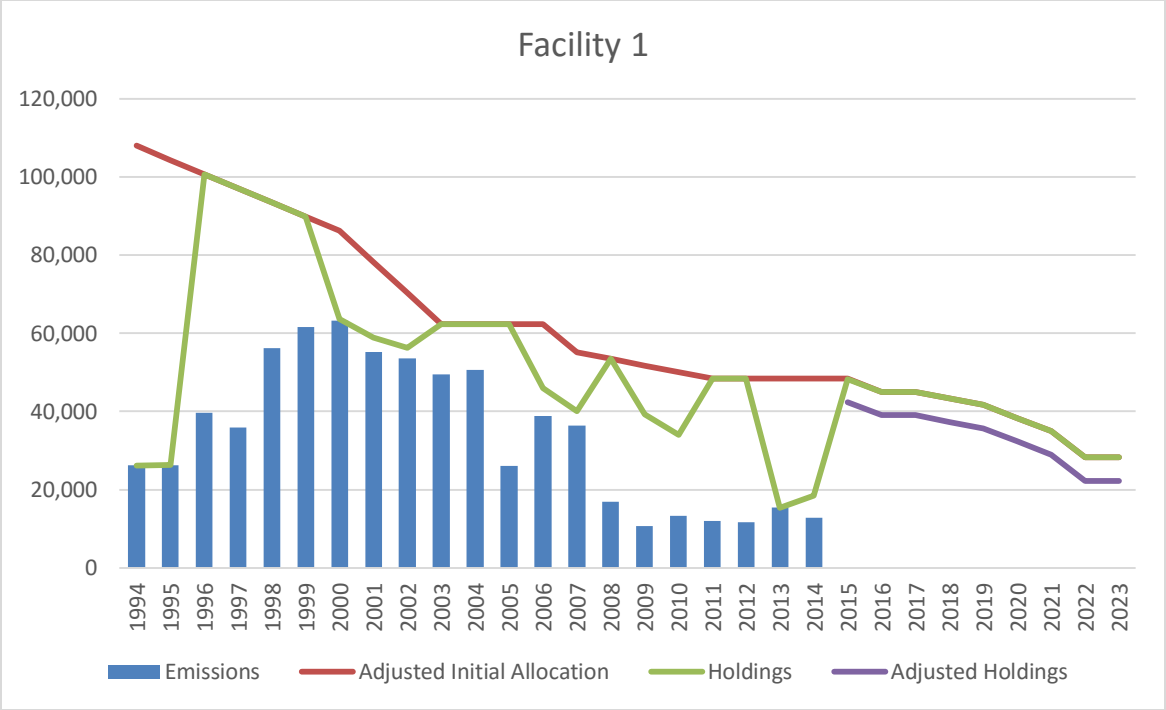
Sincerely,

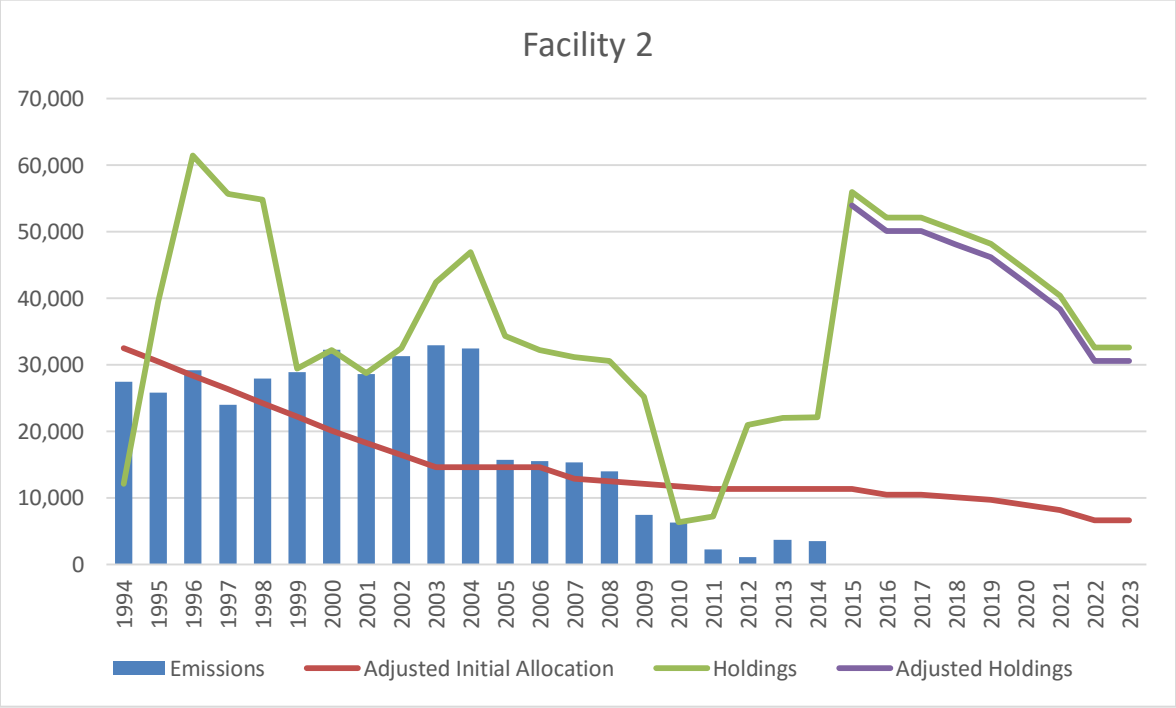
Suzanne E. Sorrick

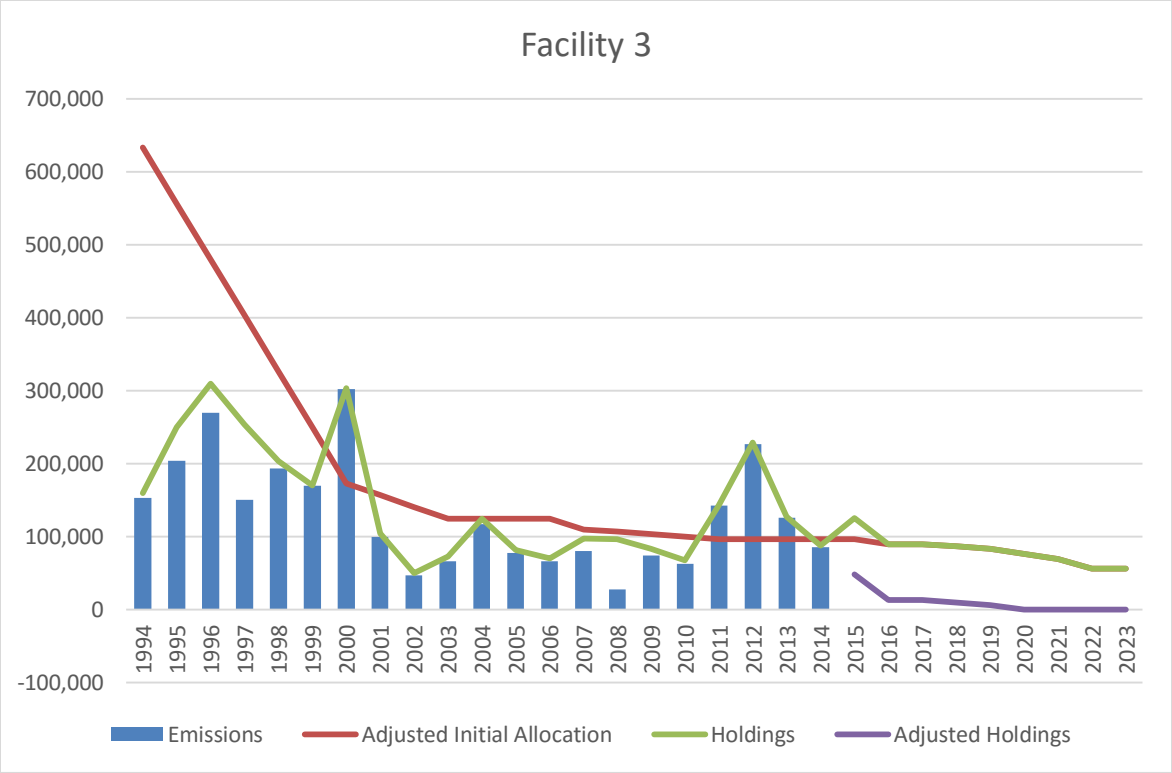
2

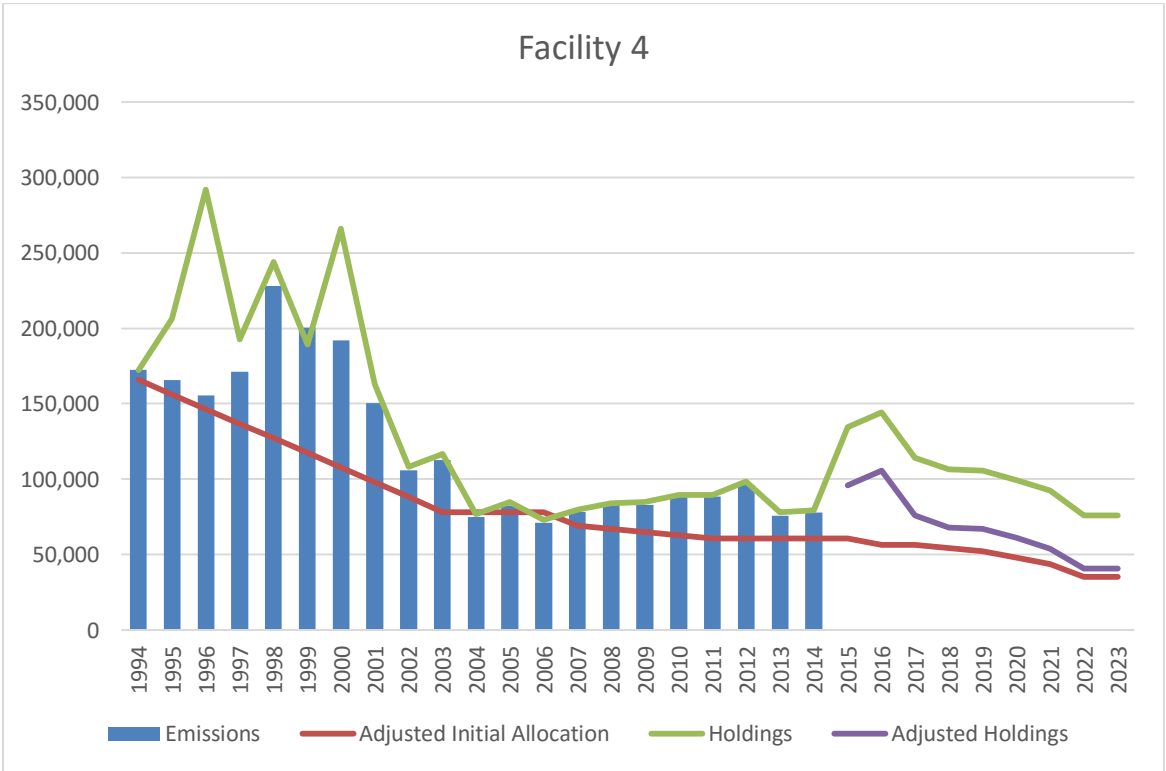
ATTACHMENT B: SAMPLE PLOTS FOR TABLE 7 AND 8 FACILITIES

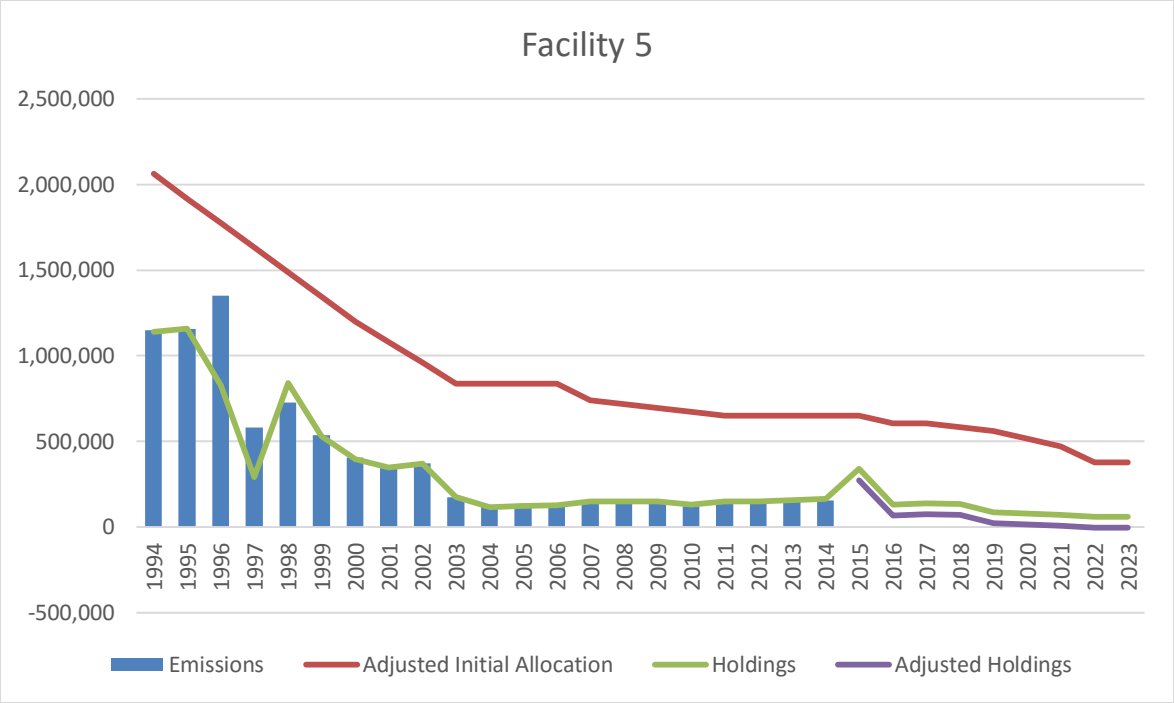
Facilities that were provided with initial allocations

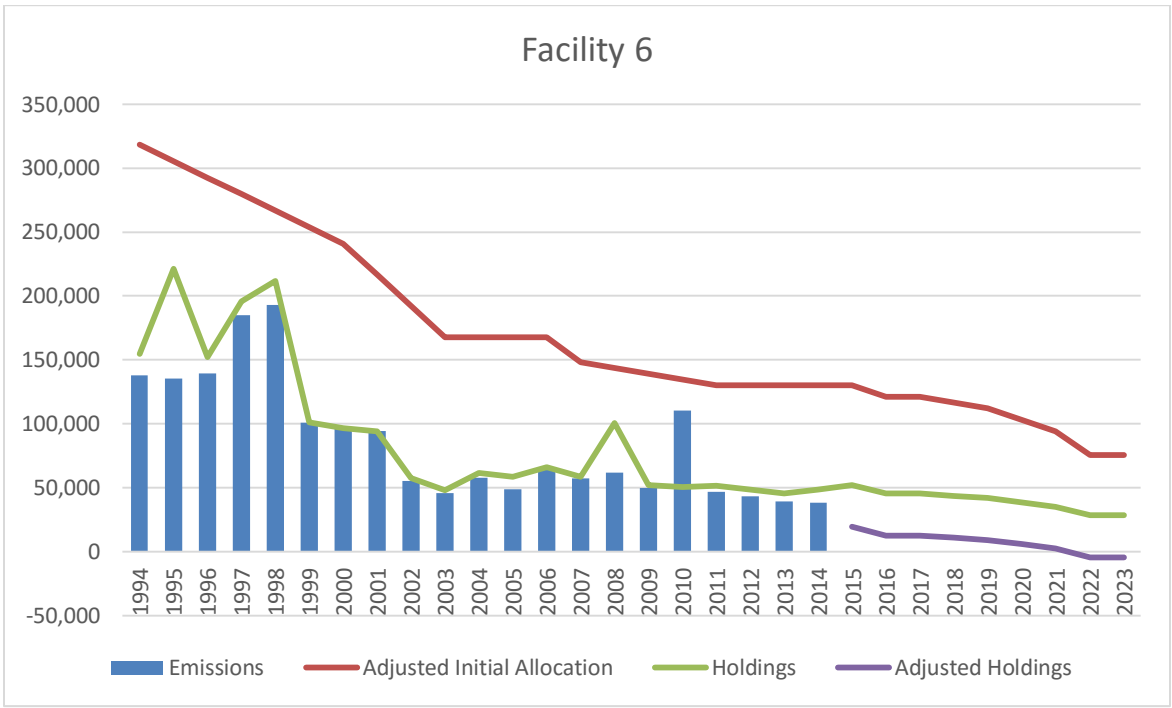

Facility 1
120,000
100,000
80,000
60,000
40,000
20,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

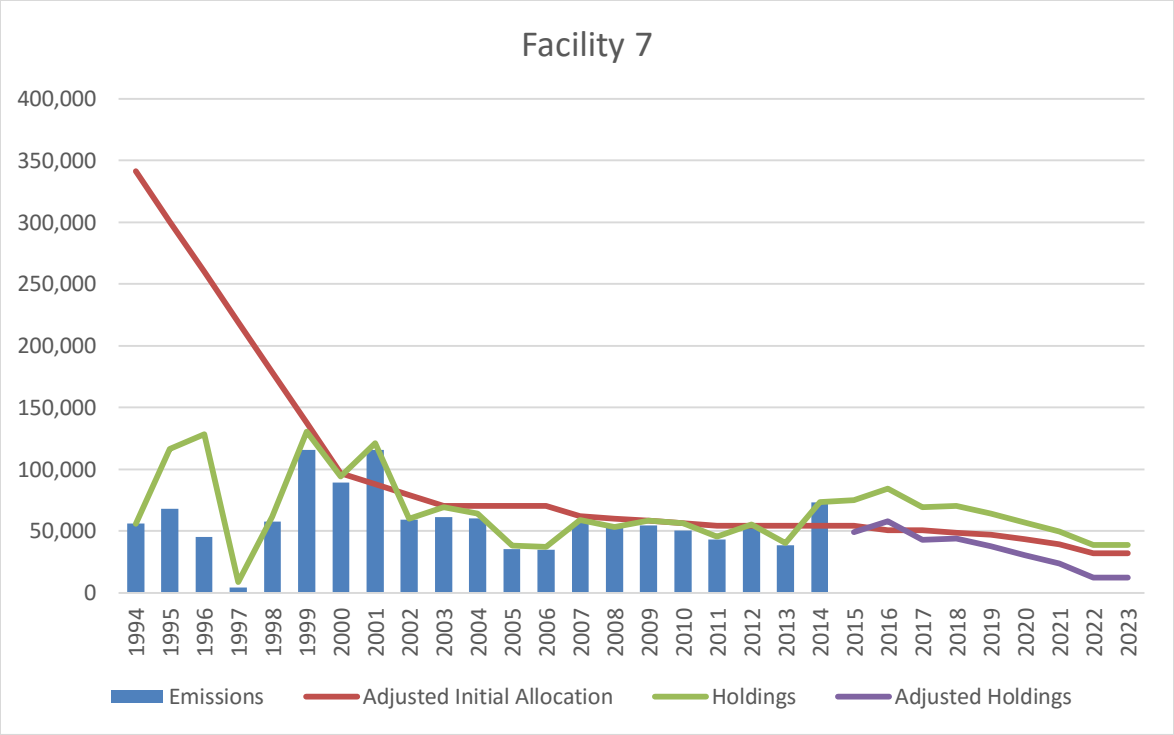

Facility 2
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

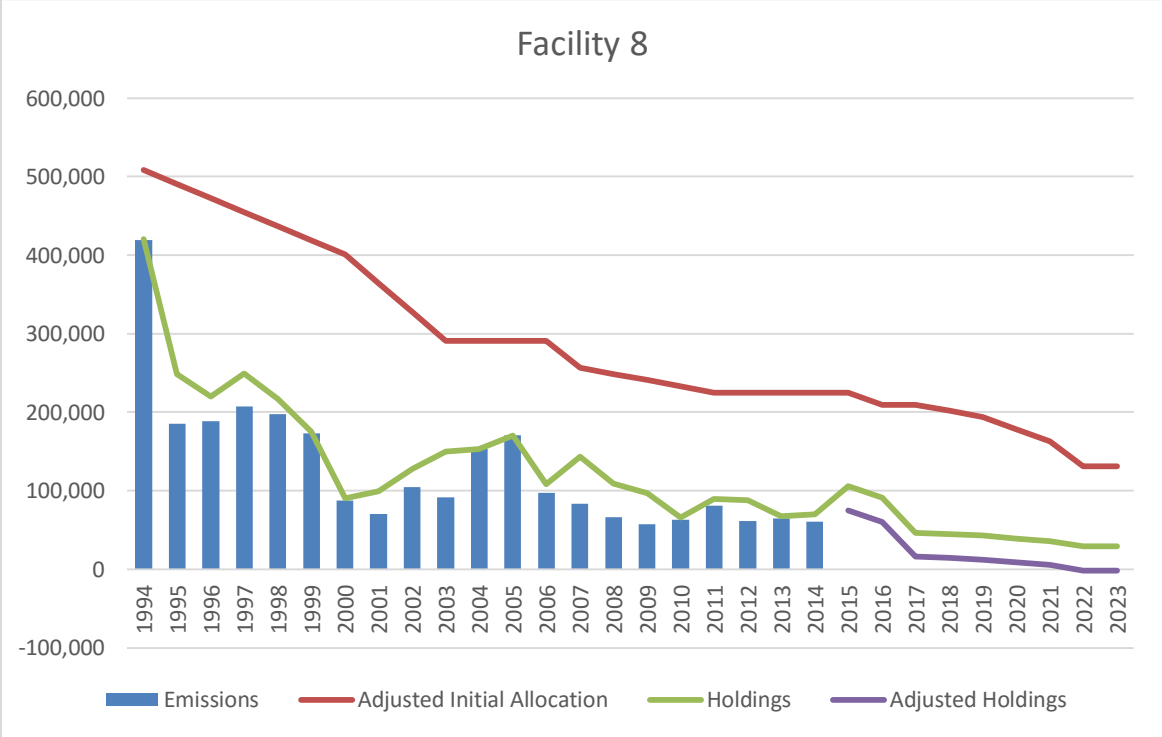

Facility 3
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
-100,000
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

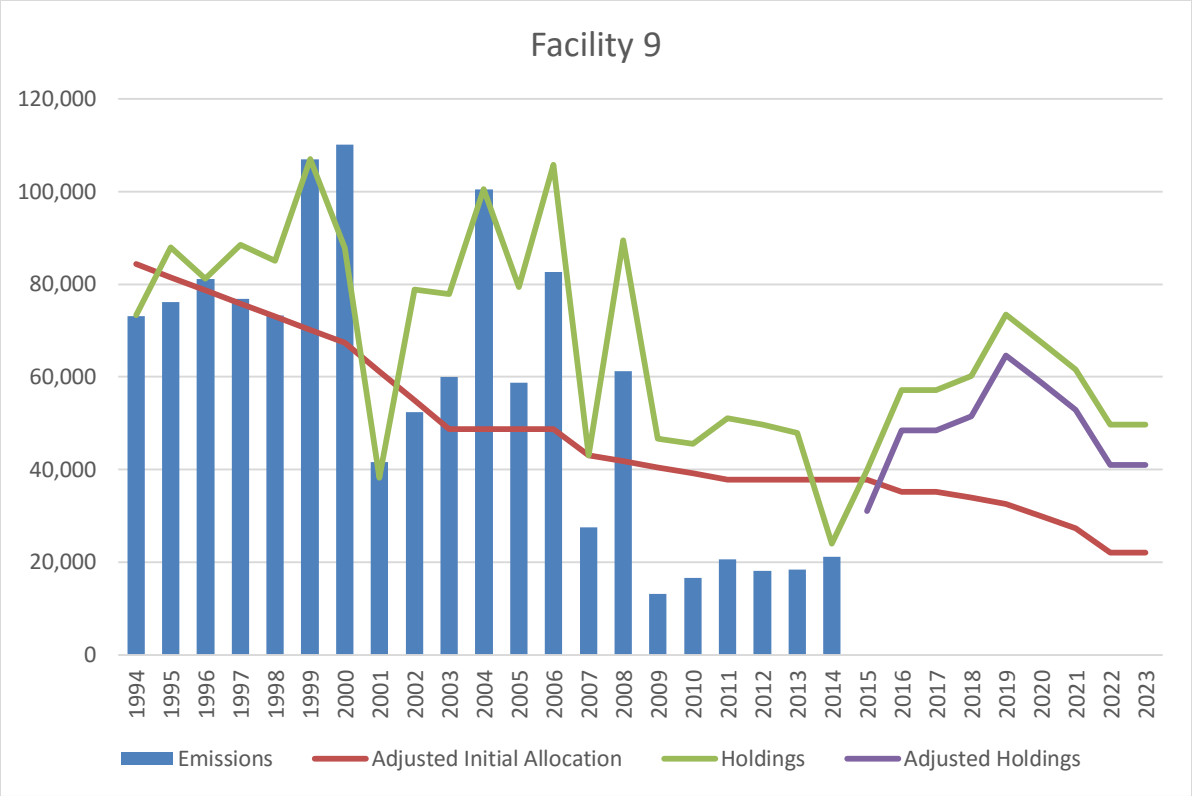

Facility 4
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

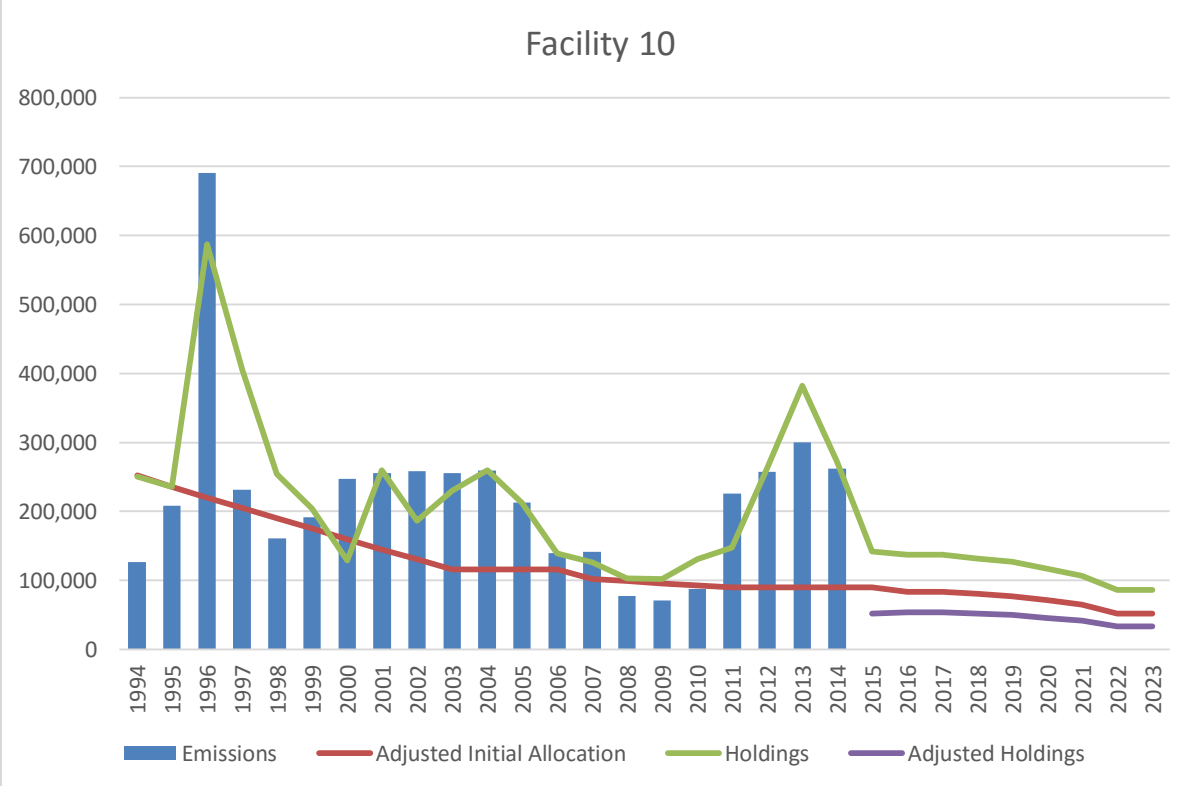

Facility 5
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
-500,000
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

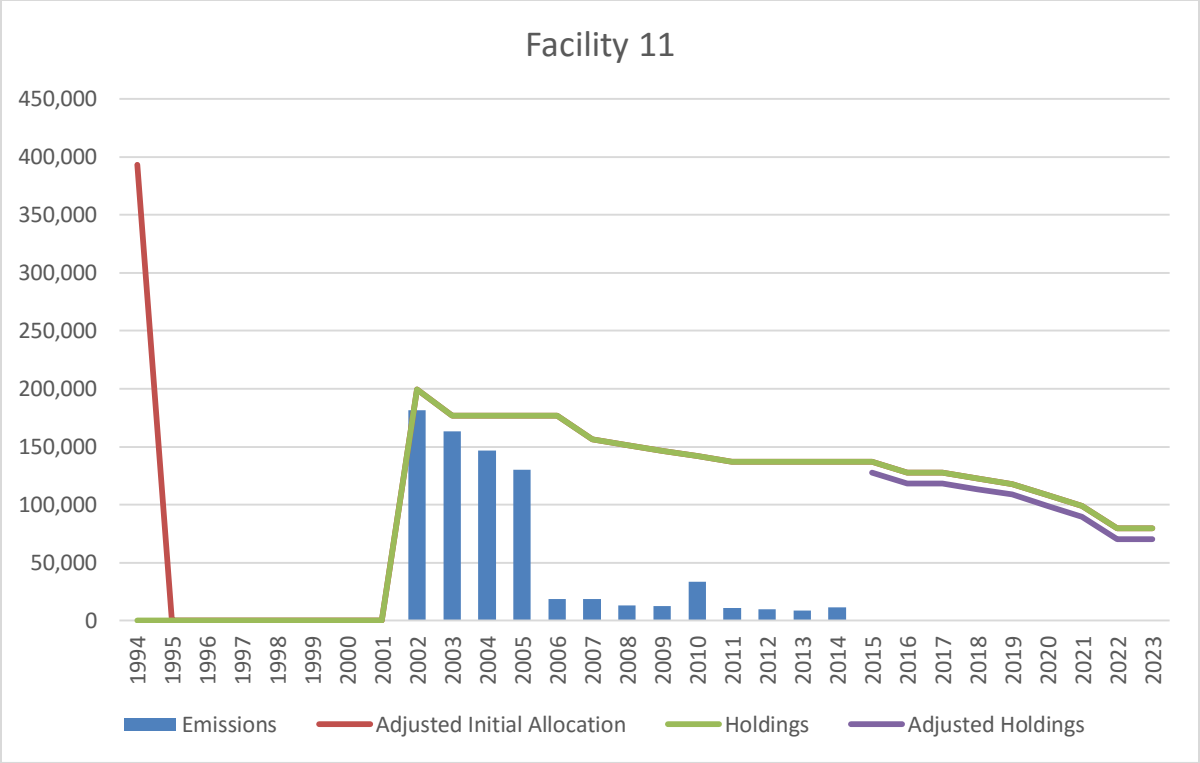

Facility 6
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
-50,000
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

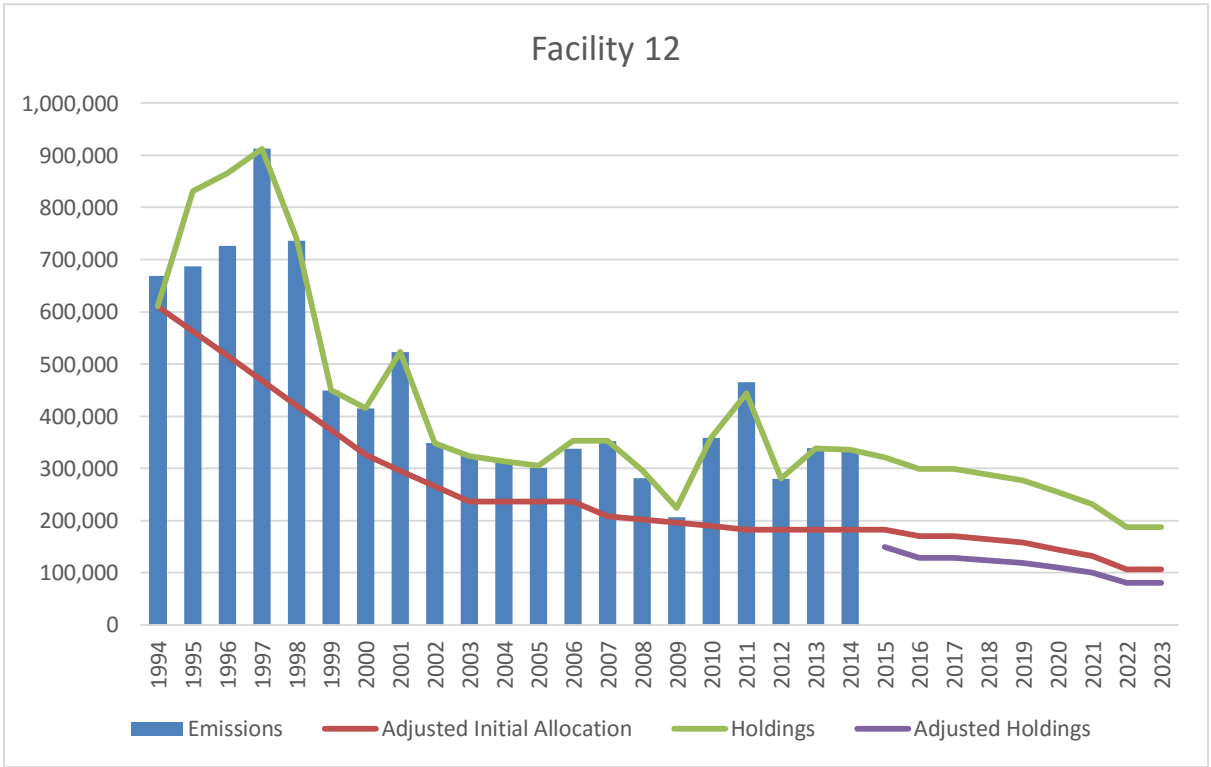

Facility 7
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

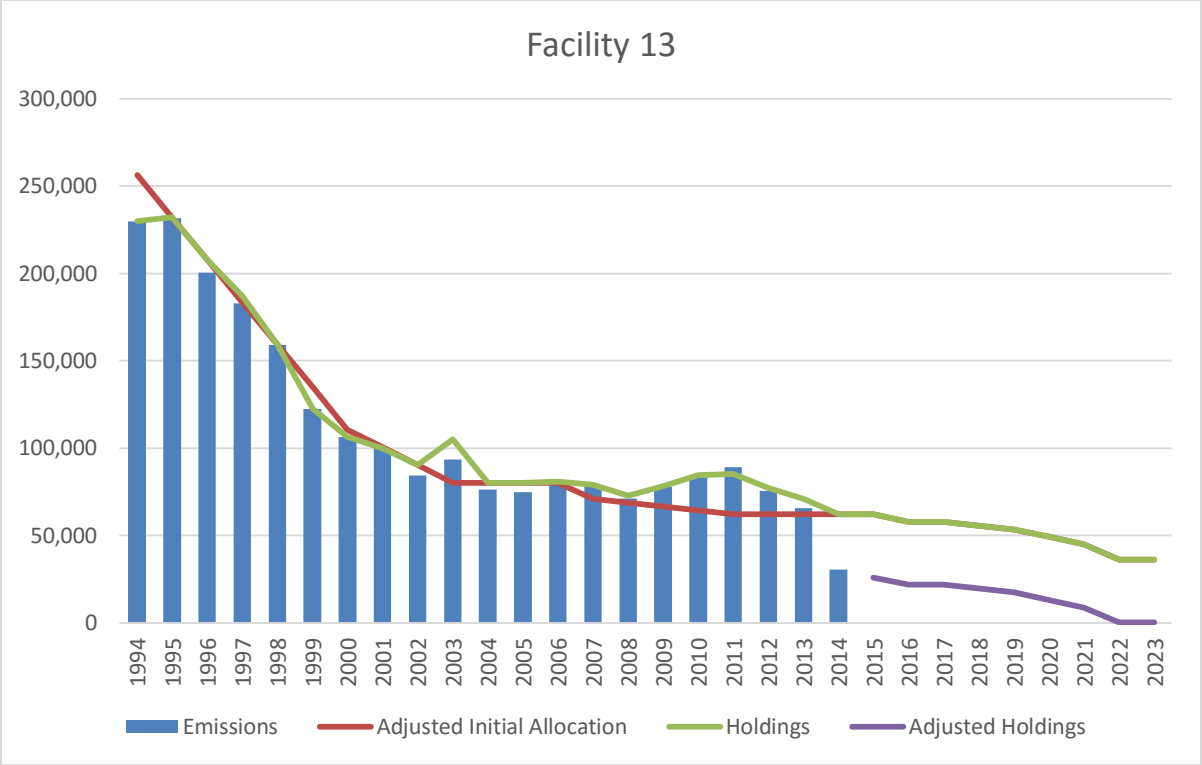

Facility 8
600,000
500,000
400,000
300,000
200,000
100,000
0
-100,000
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

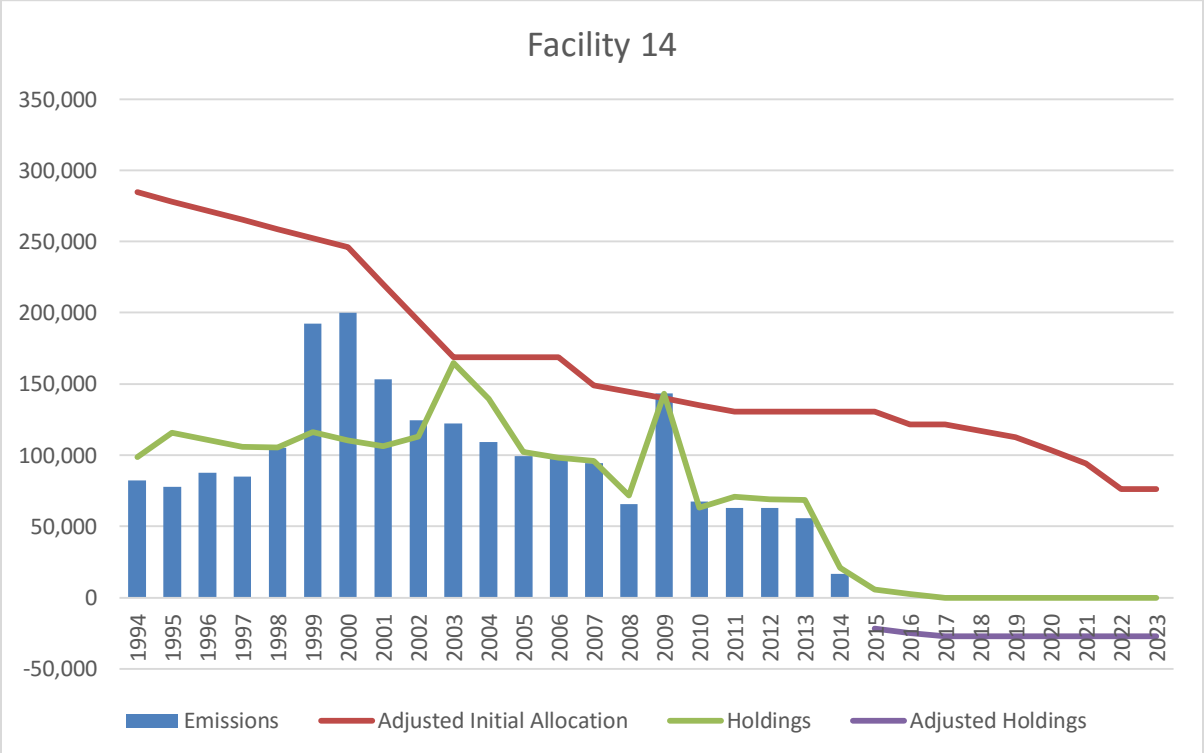

Facility 9
120,000
100,000
80,000
60,000
40,000
20,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

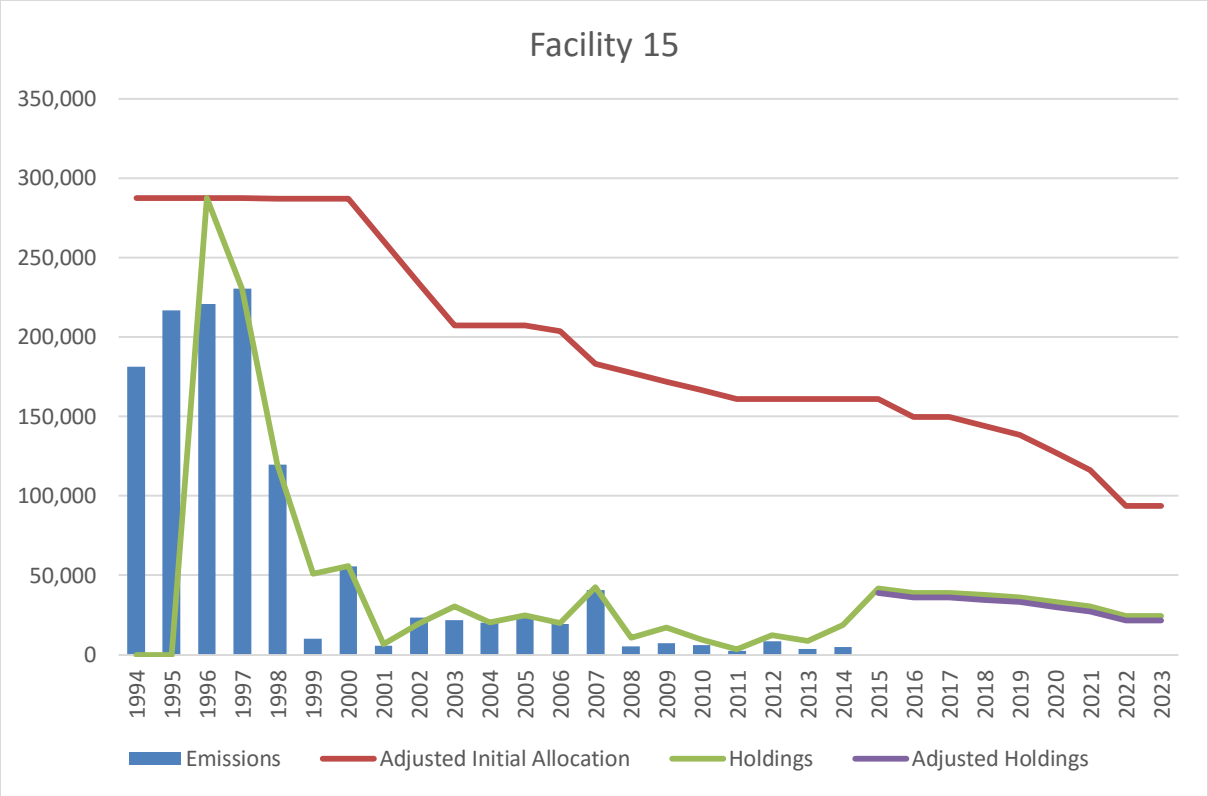

Facility 10
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

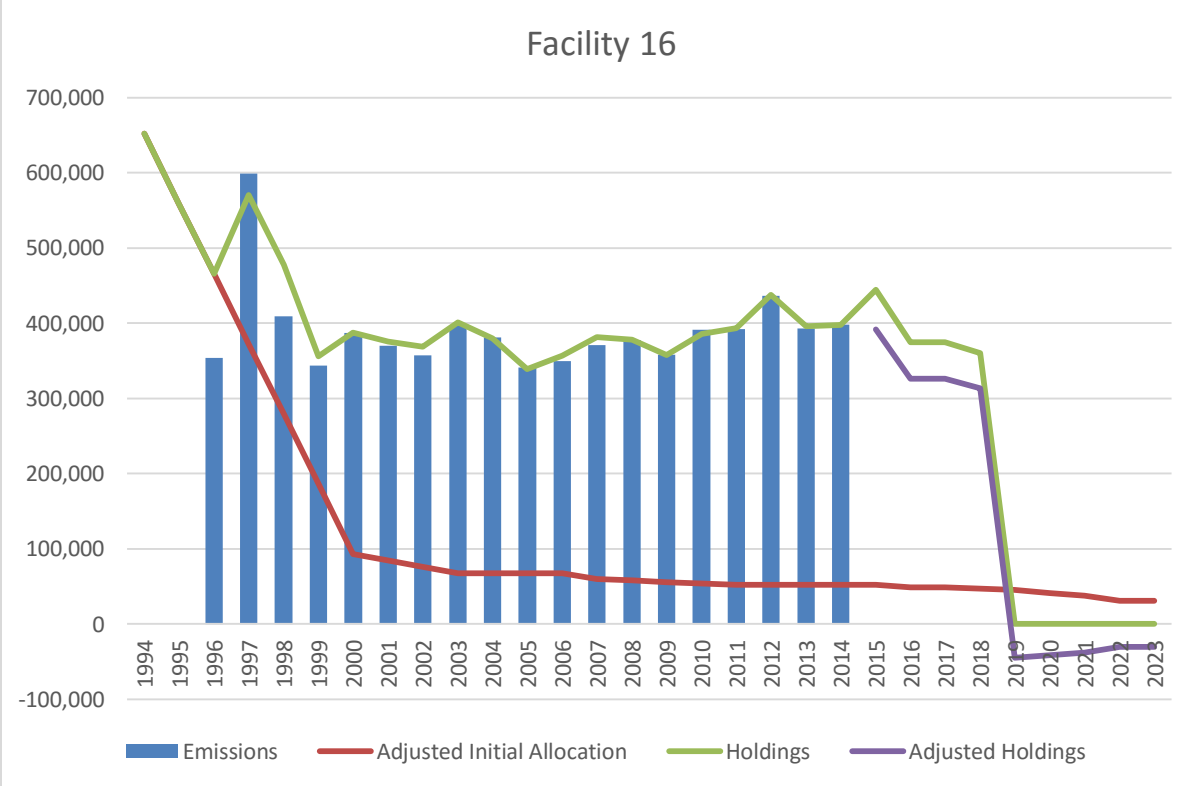

Facility 11
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

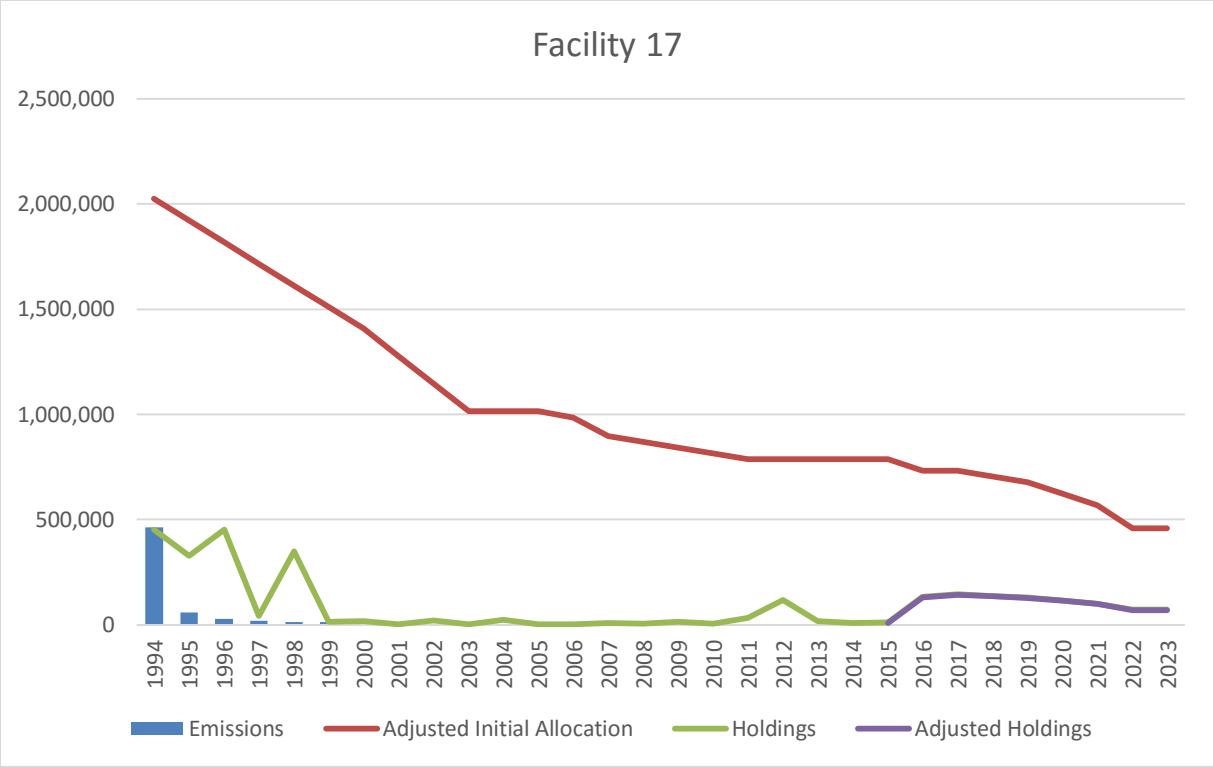

Facility 12
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

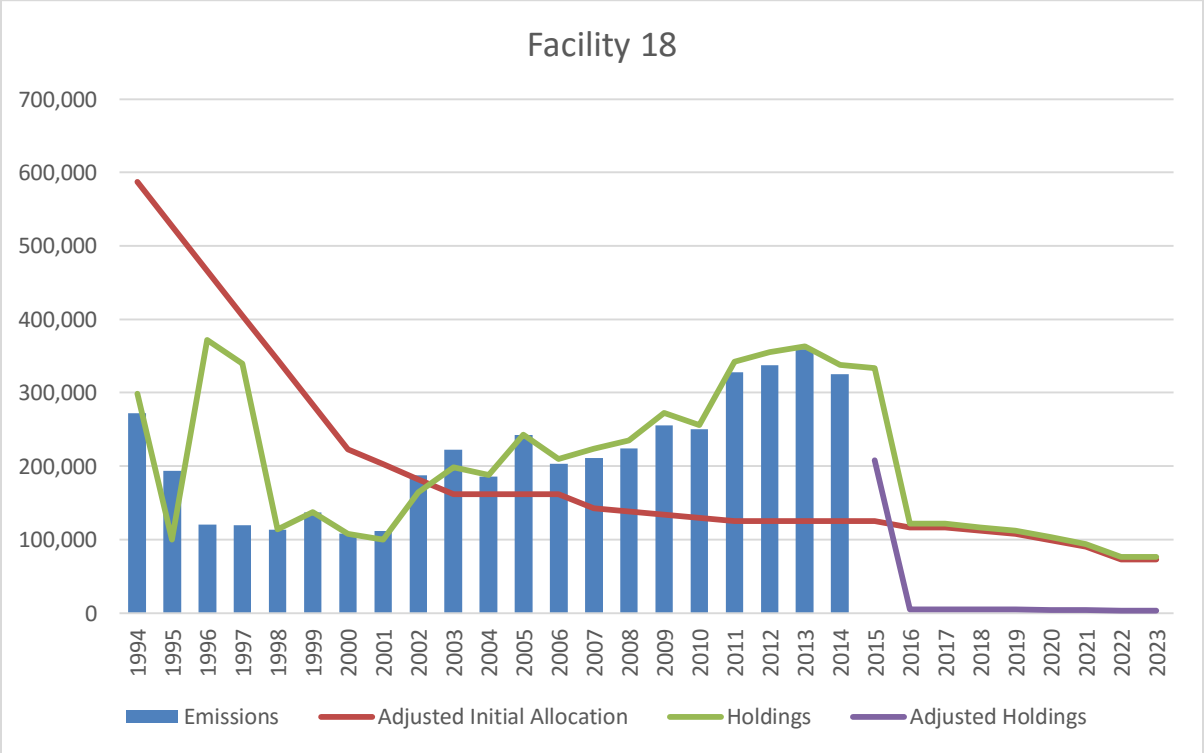

Facility 13
300,000
250,000
200,000
150,000
100,000
50,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

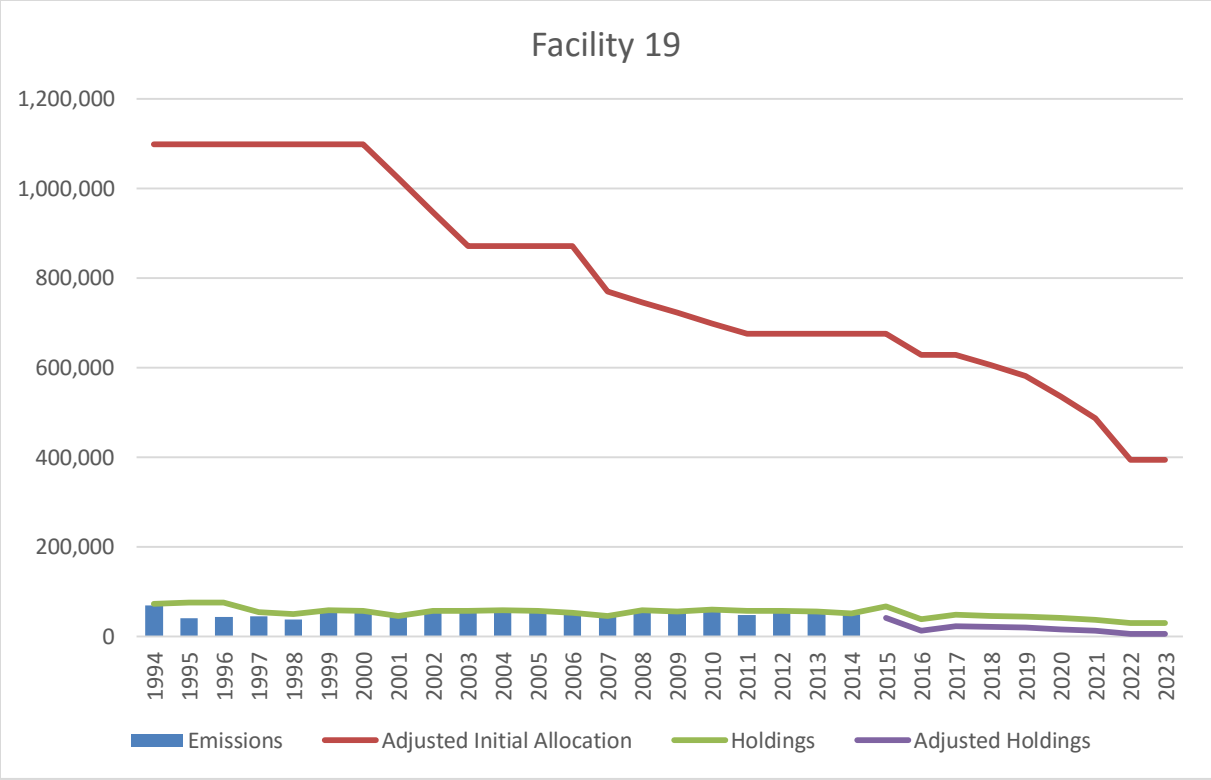

Facility 14
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
-50,000
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

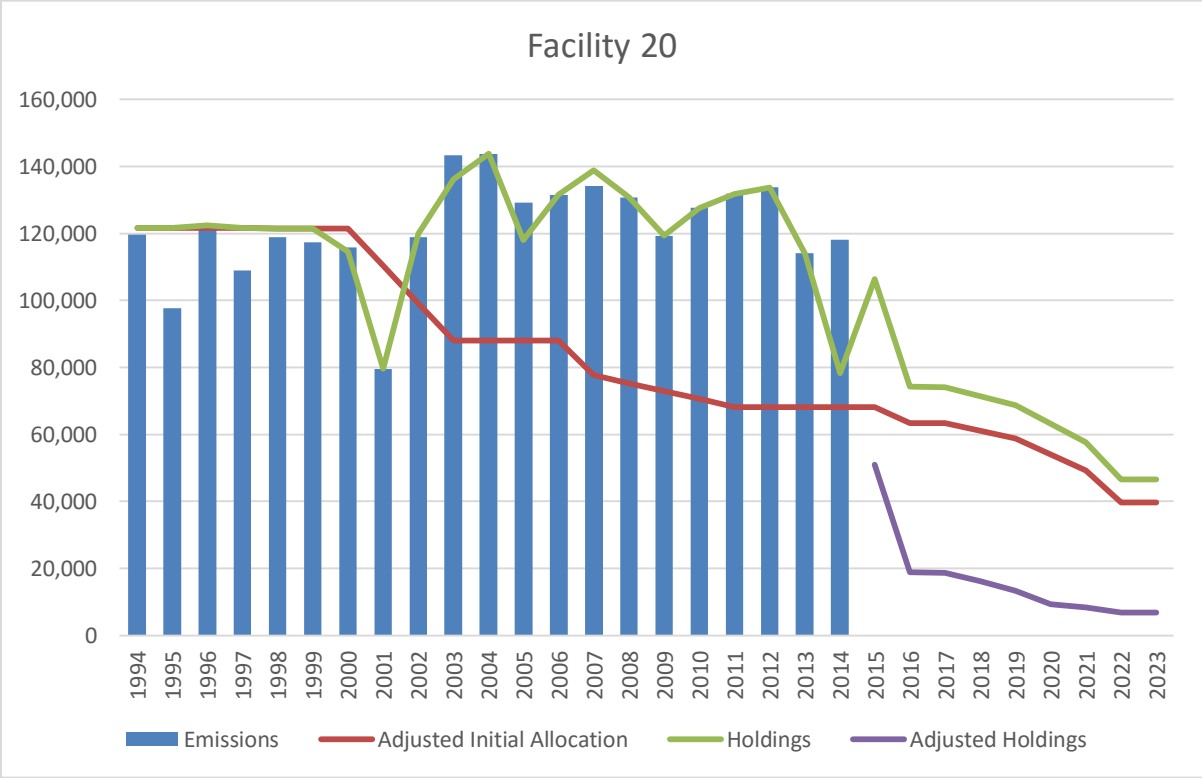

Facility 15
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

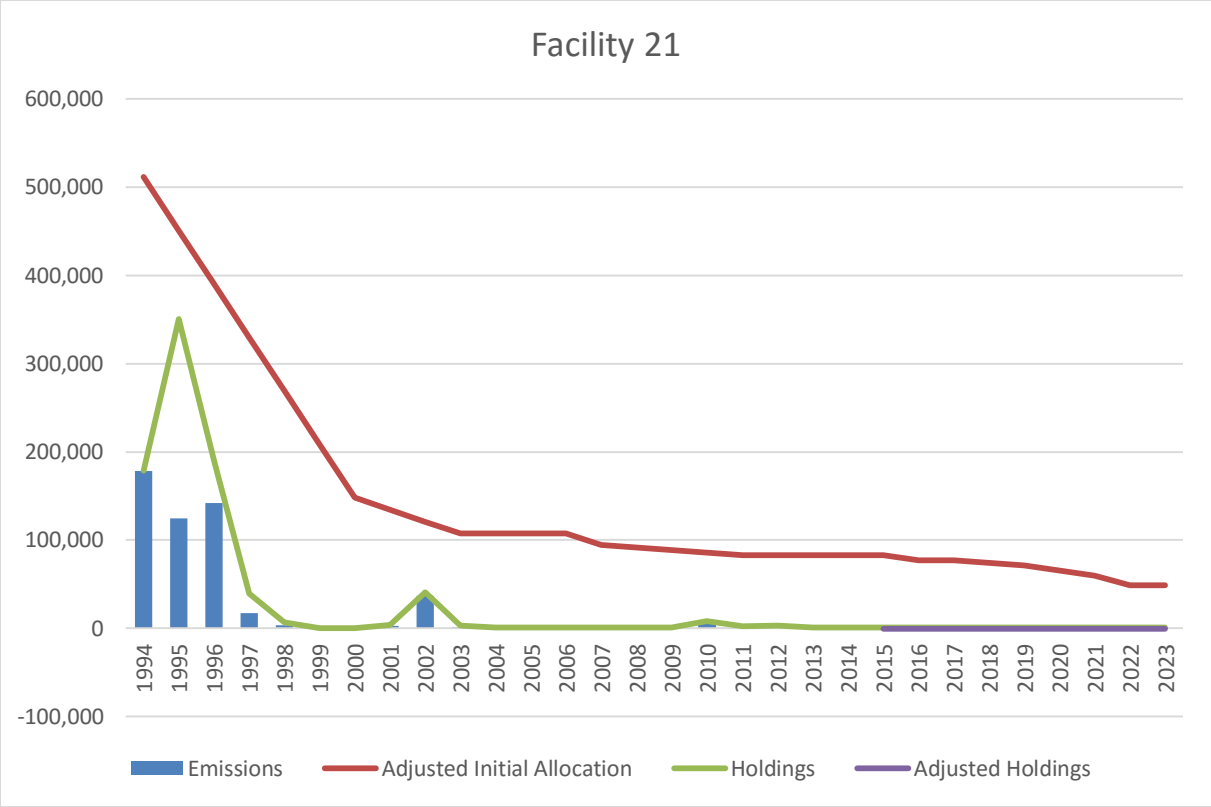

Facility 16
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
-100,000
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

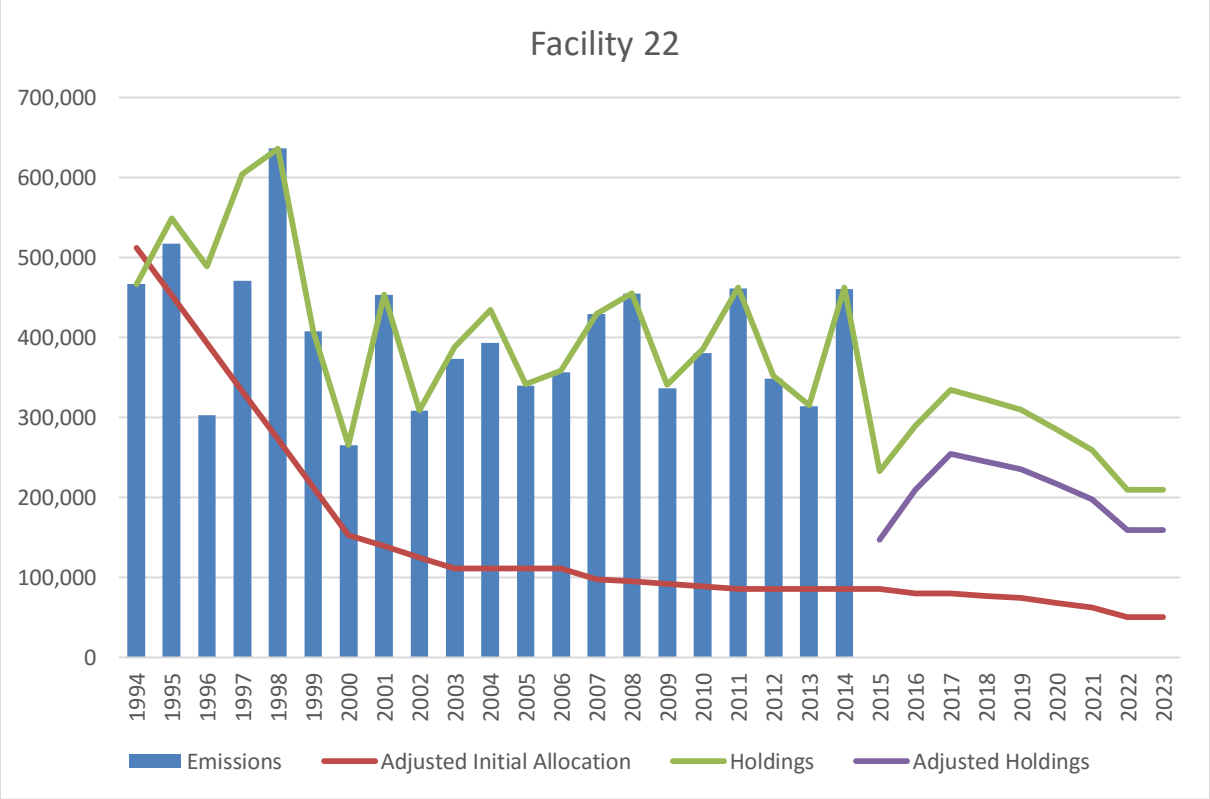

Facility 17
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

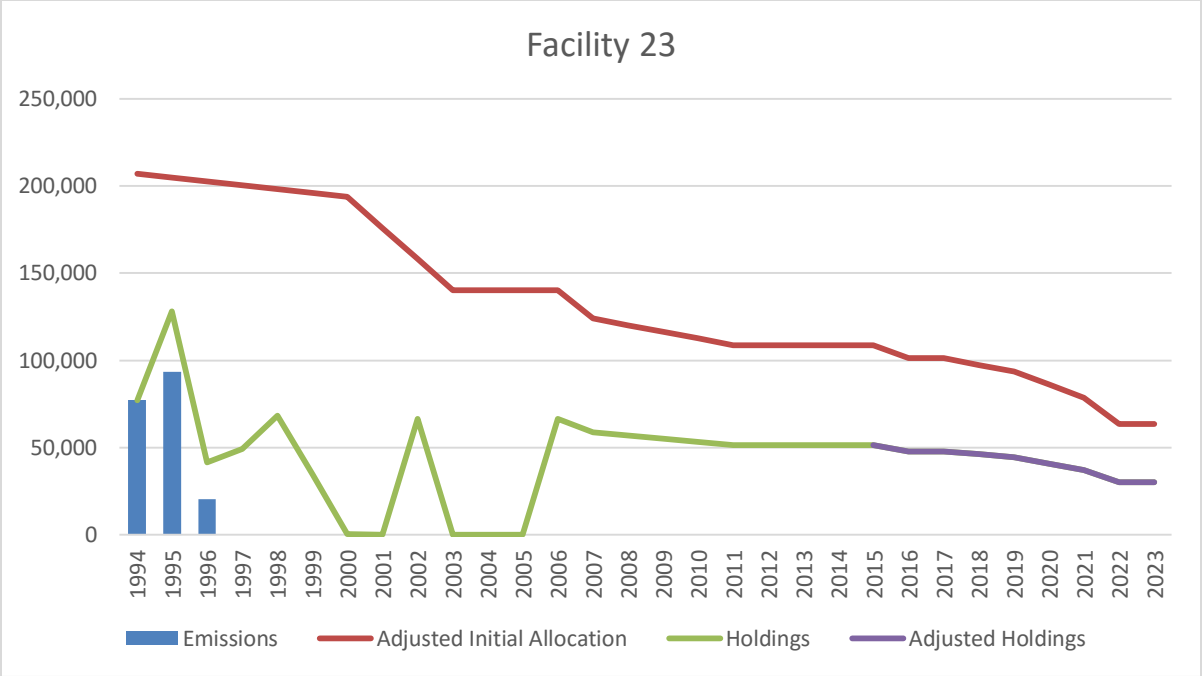

Facility 18
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

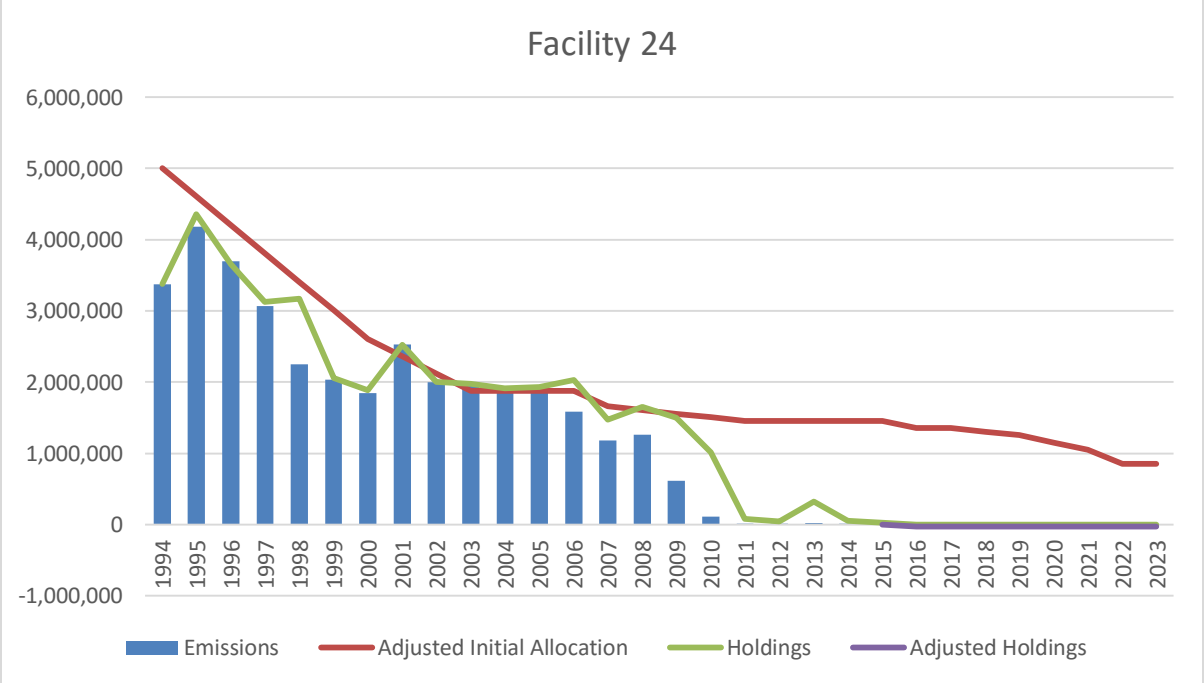

Facility 19
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

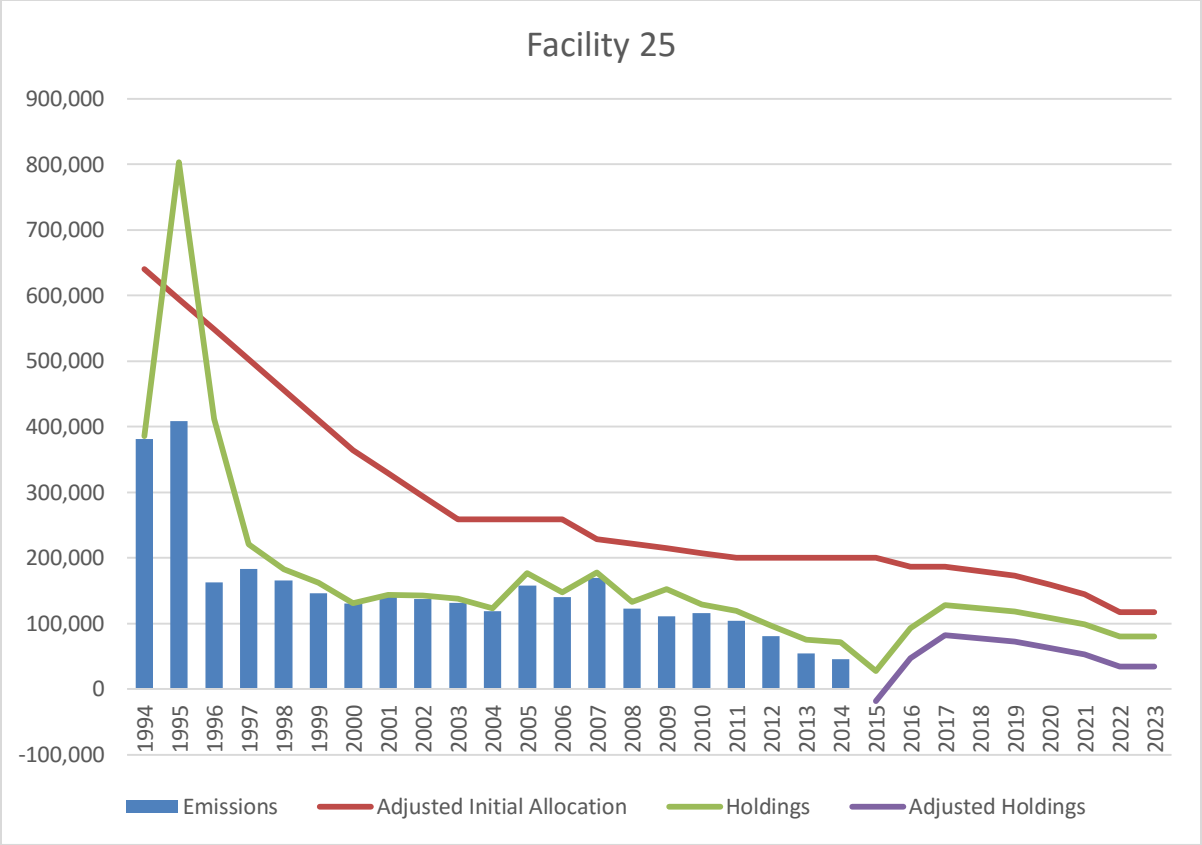

Facility 20
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

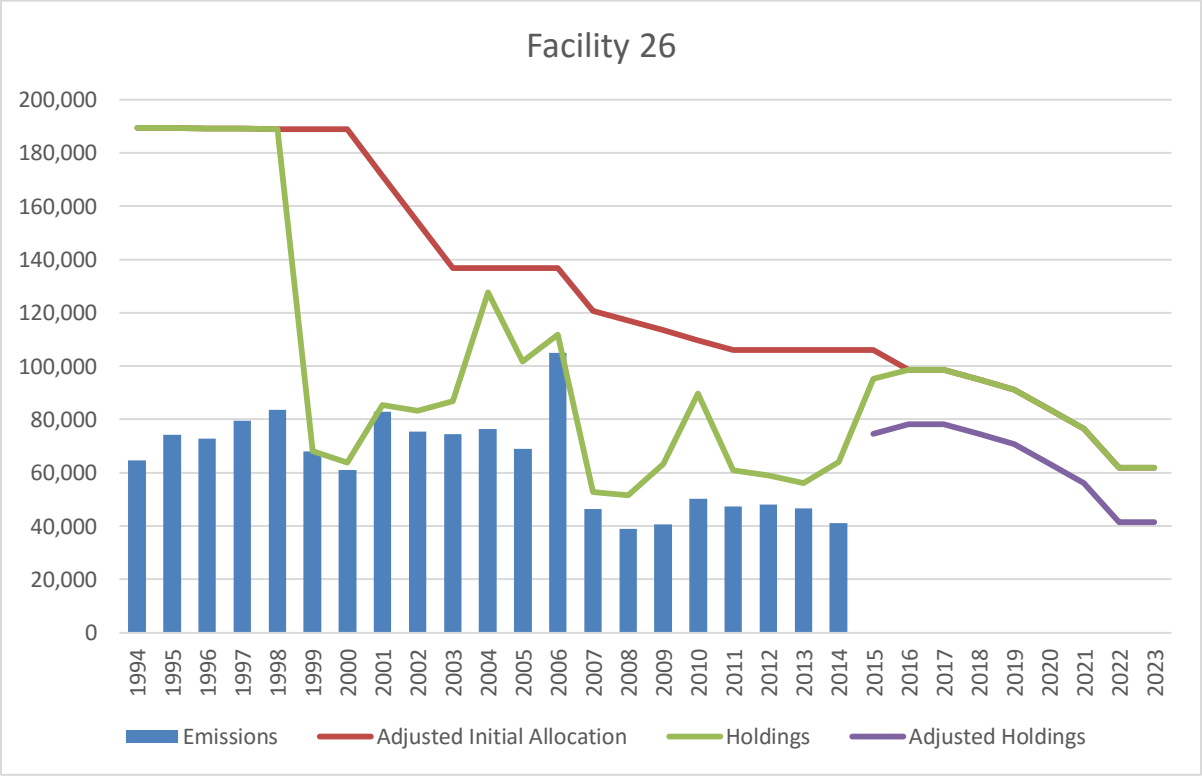

Facility 21
600,000
500,000
400,000
300,000
200,000
100,000
0
-100,000
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

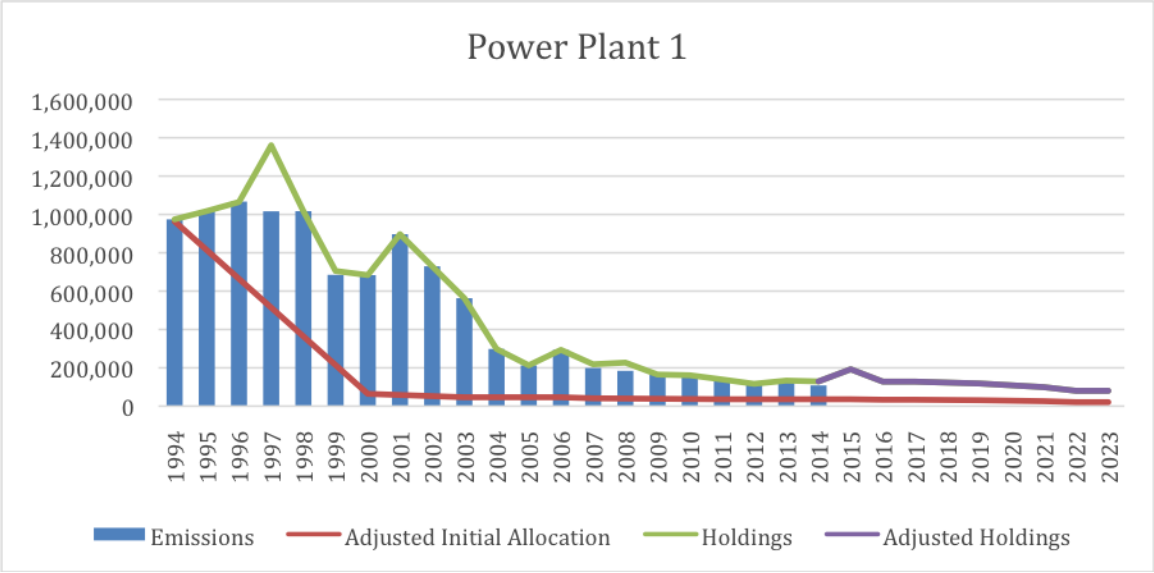

Facility 22
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

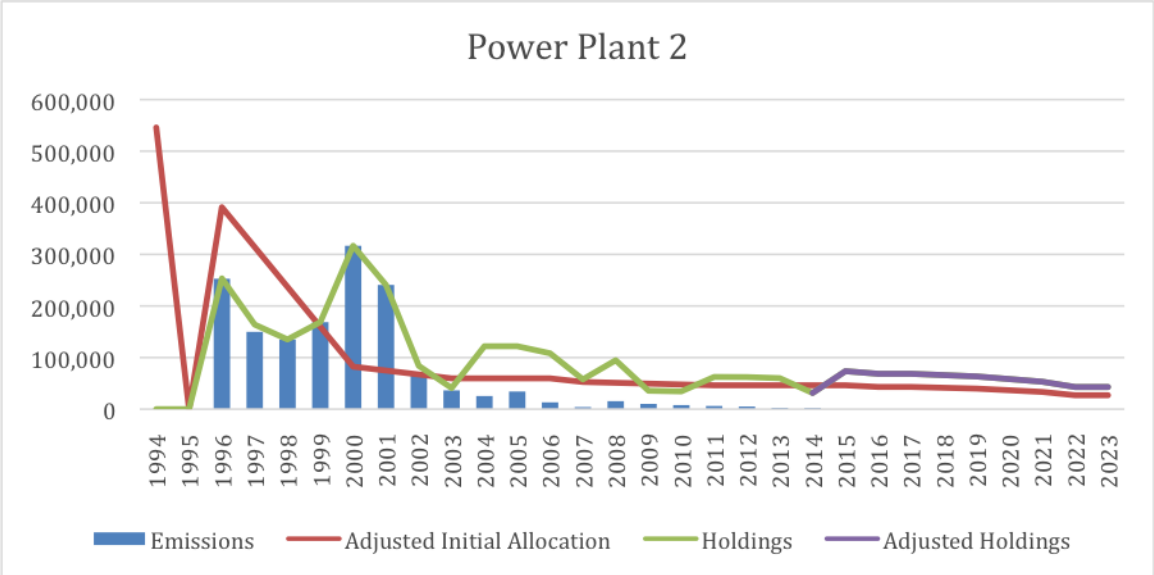

Facility 23
250,000
200,000
150,000
100,000
50,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

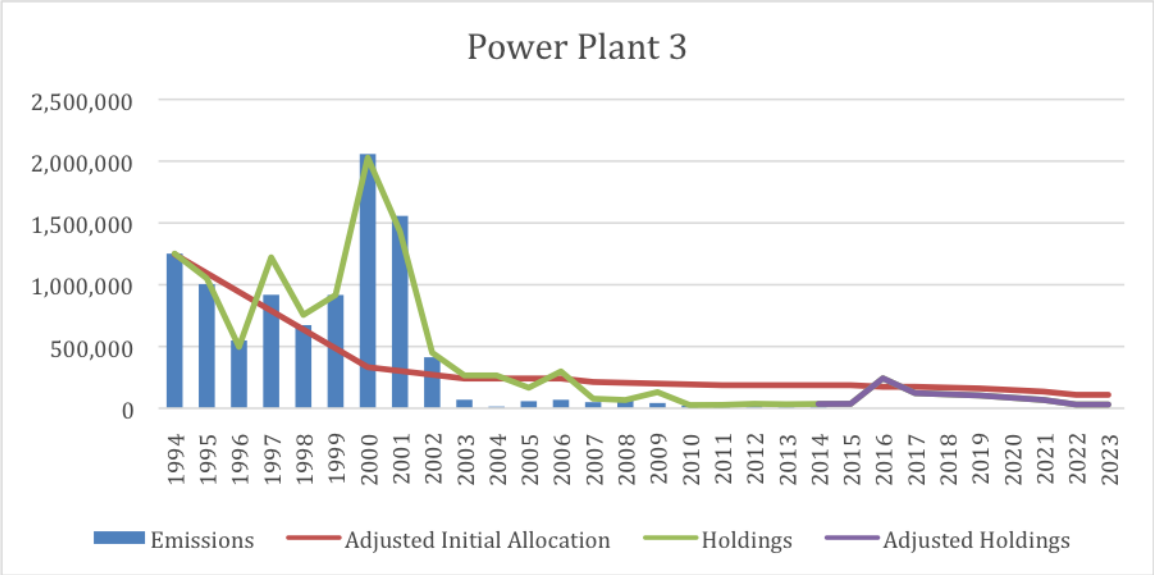

Facility 24
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
-1,000,000
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

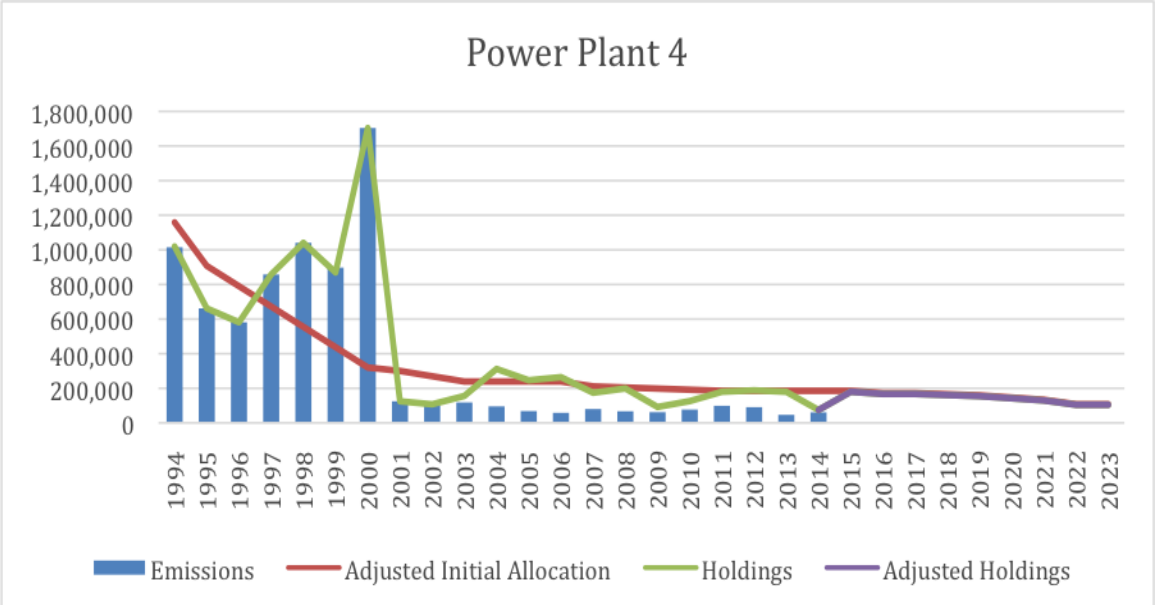

Facility 25
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
-100,000
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

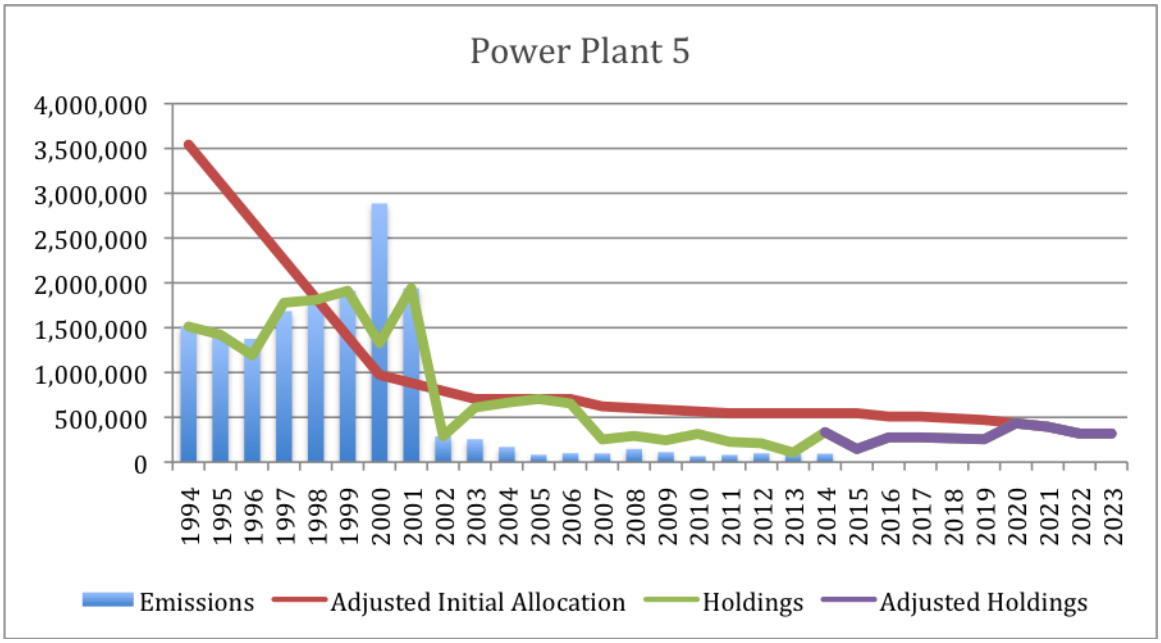

Facility 26
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

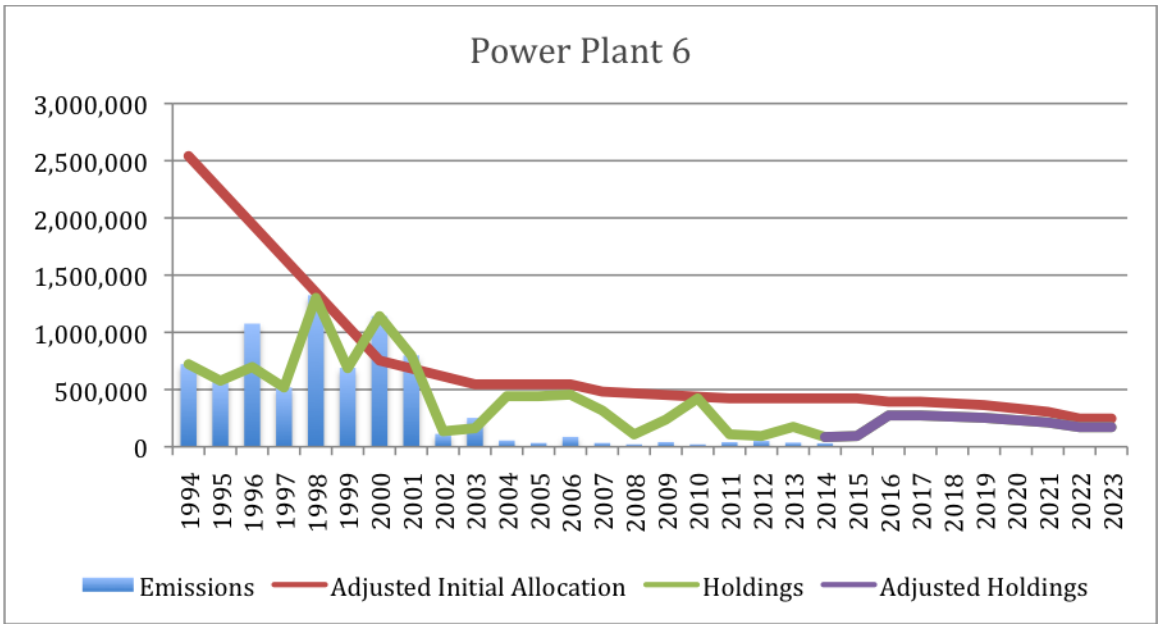

Power Plant 1
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

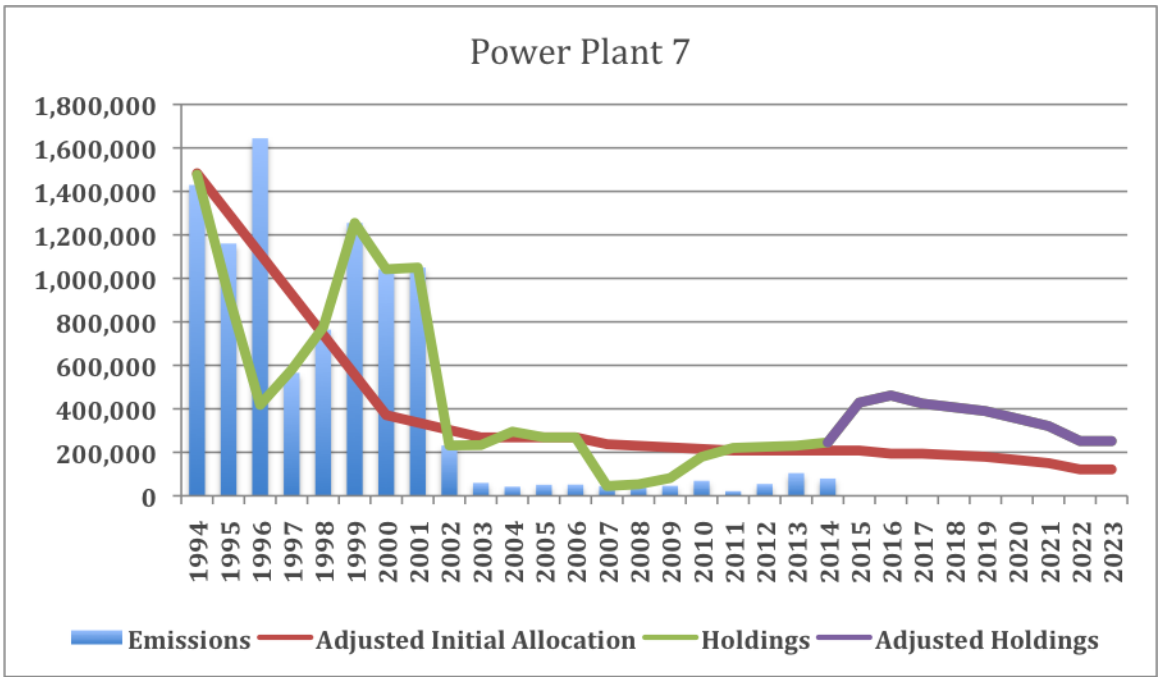

Power Plant 2
600,000
500,000
400,000
300,000
200,000
100,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

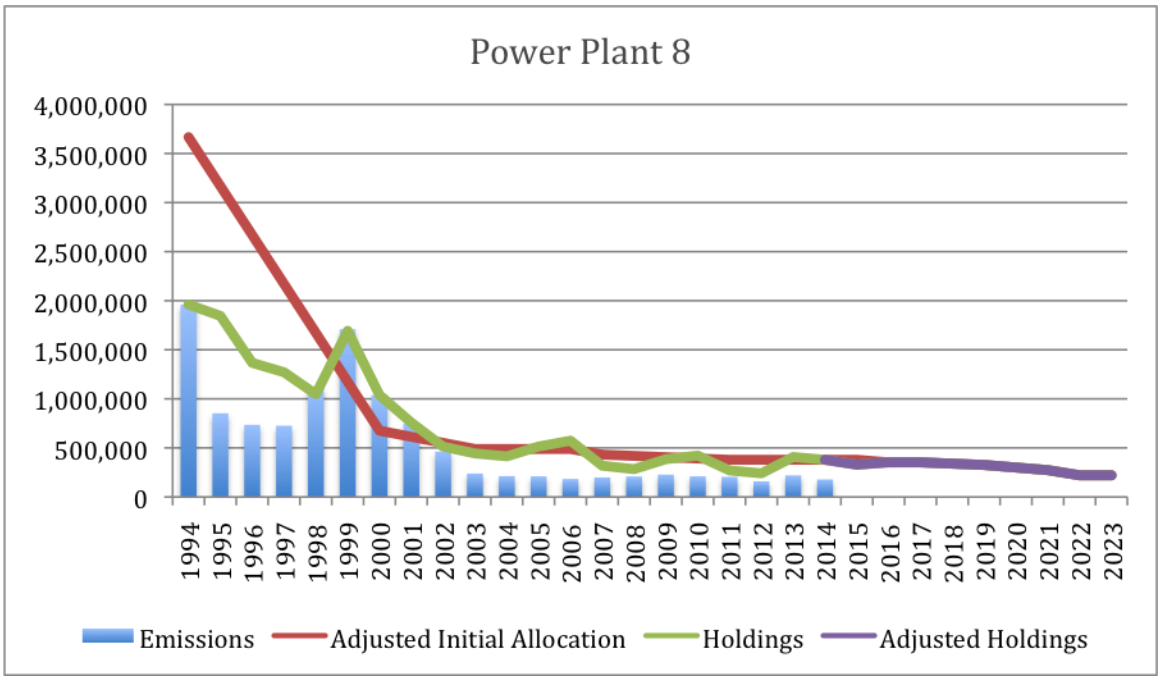

Power Plant 3
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

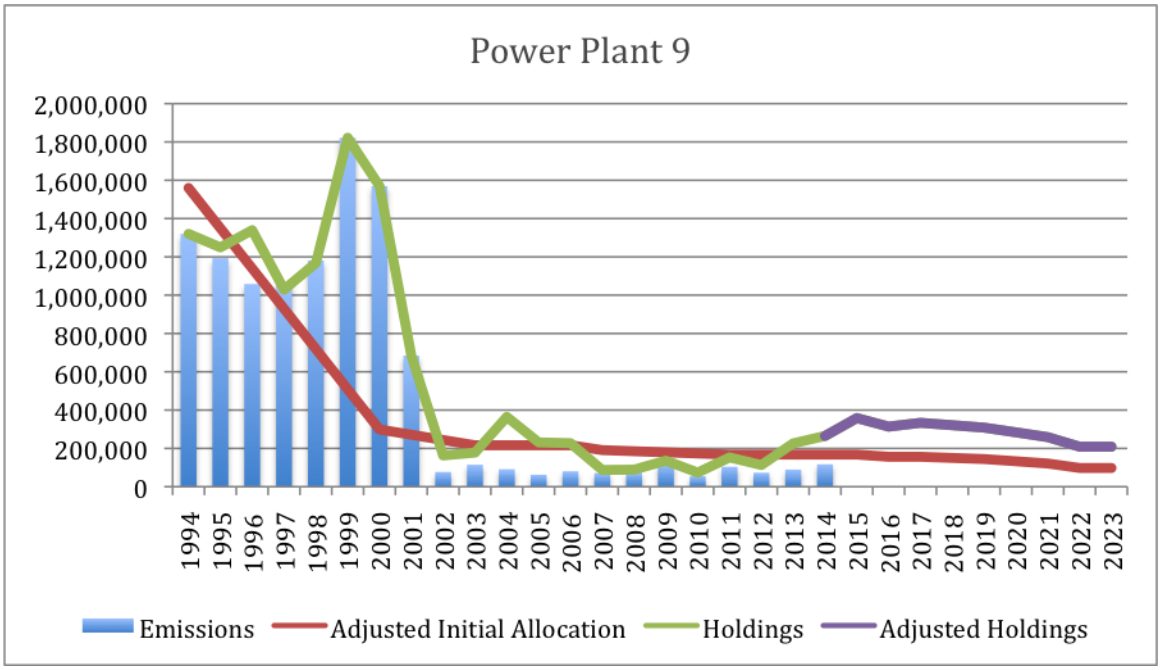

Power Plant 4
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

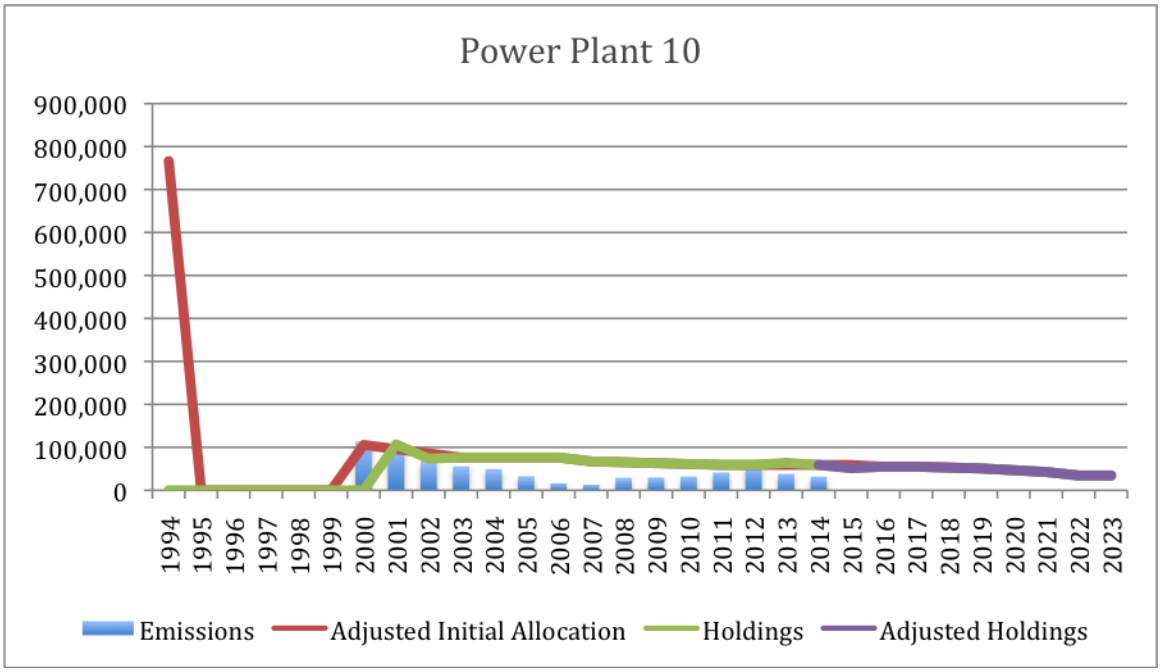

Power Plant 5
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

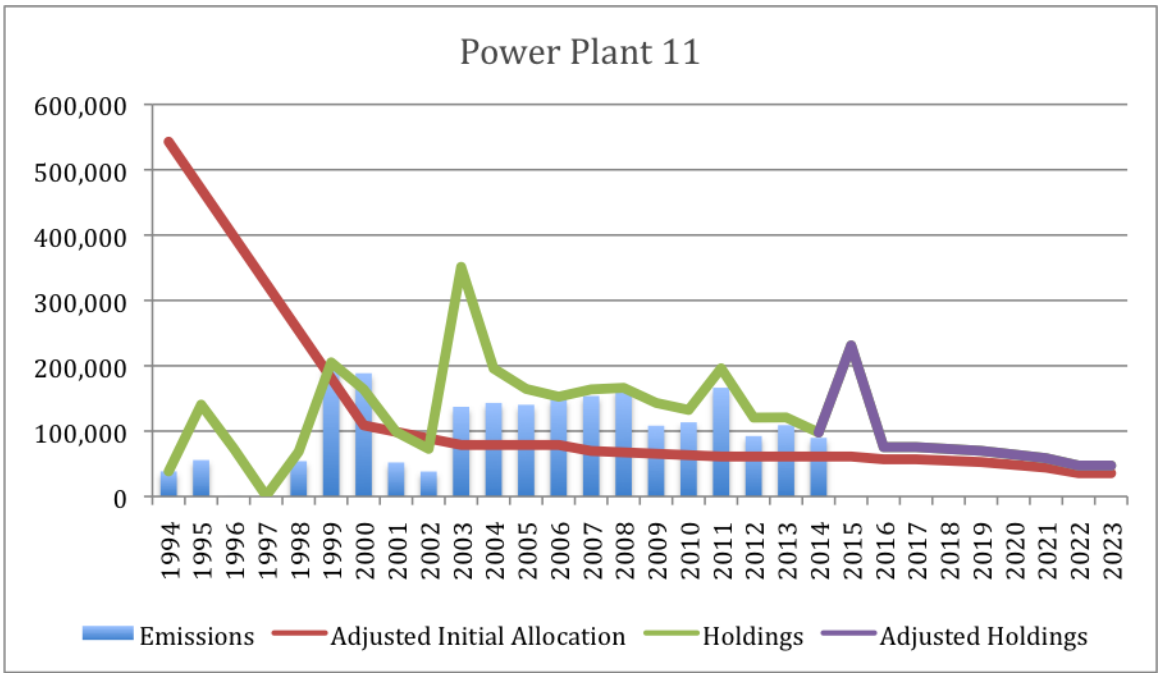

Power Plant 6
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

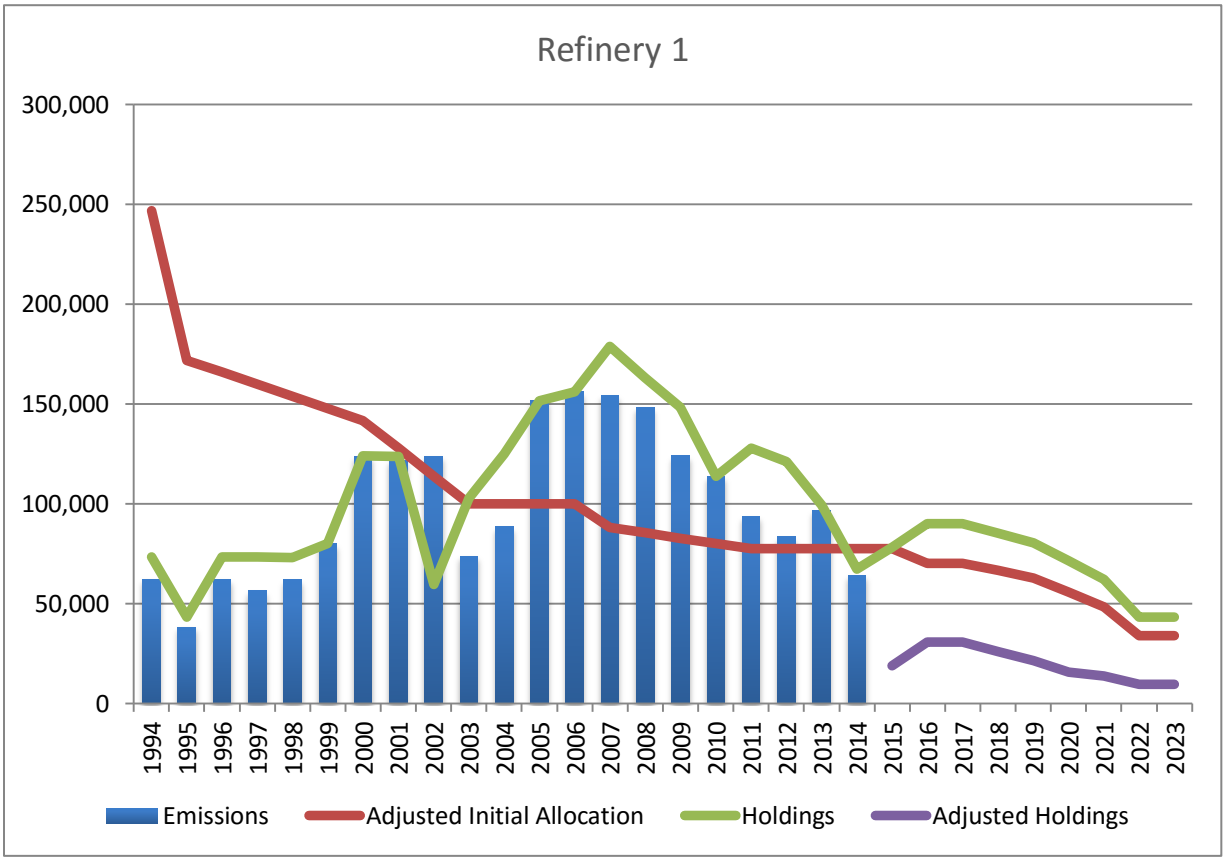

Power Plant 7
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

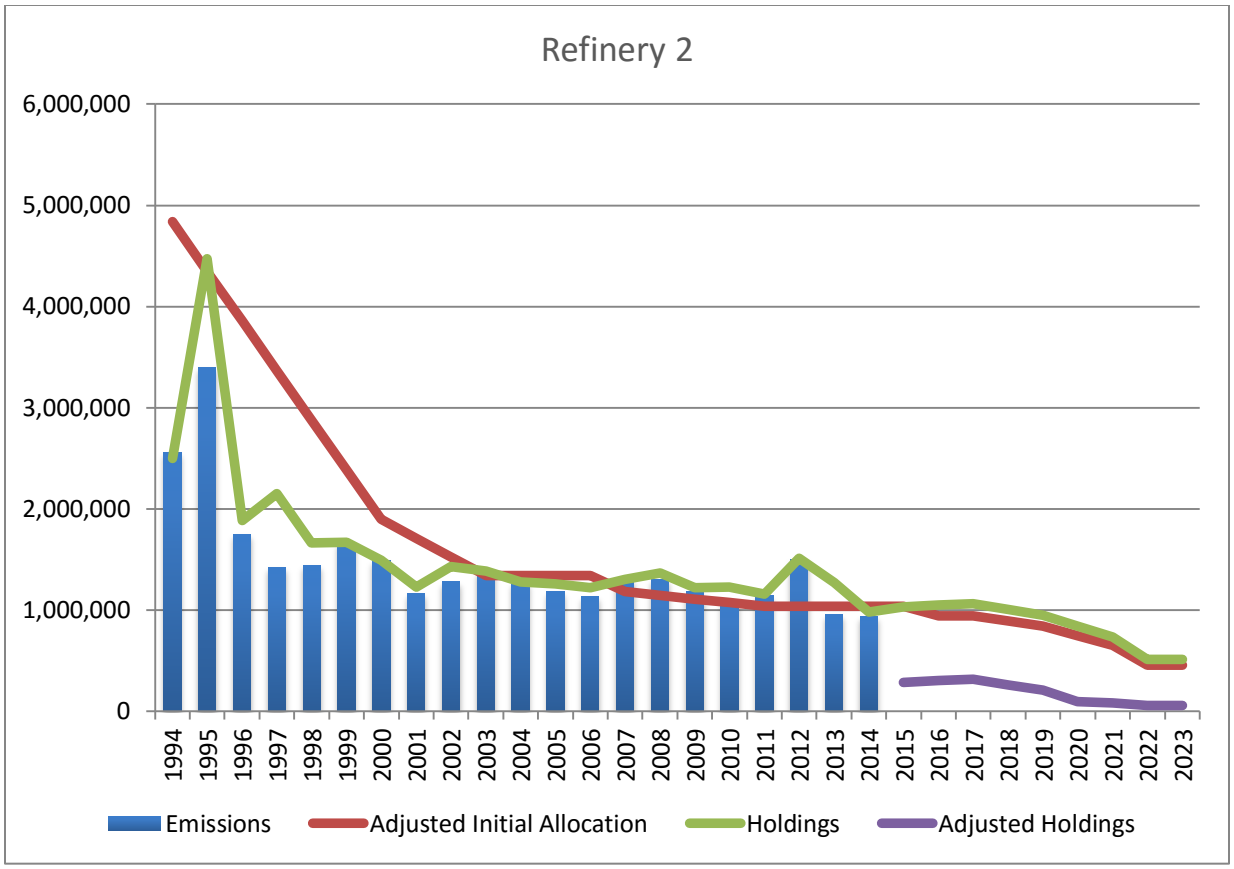

Power Plant 8
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

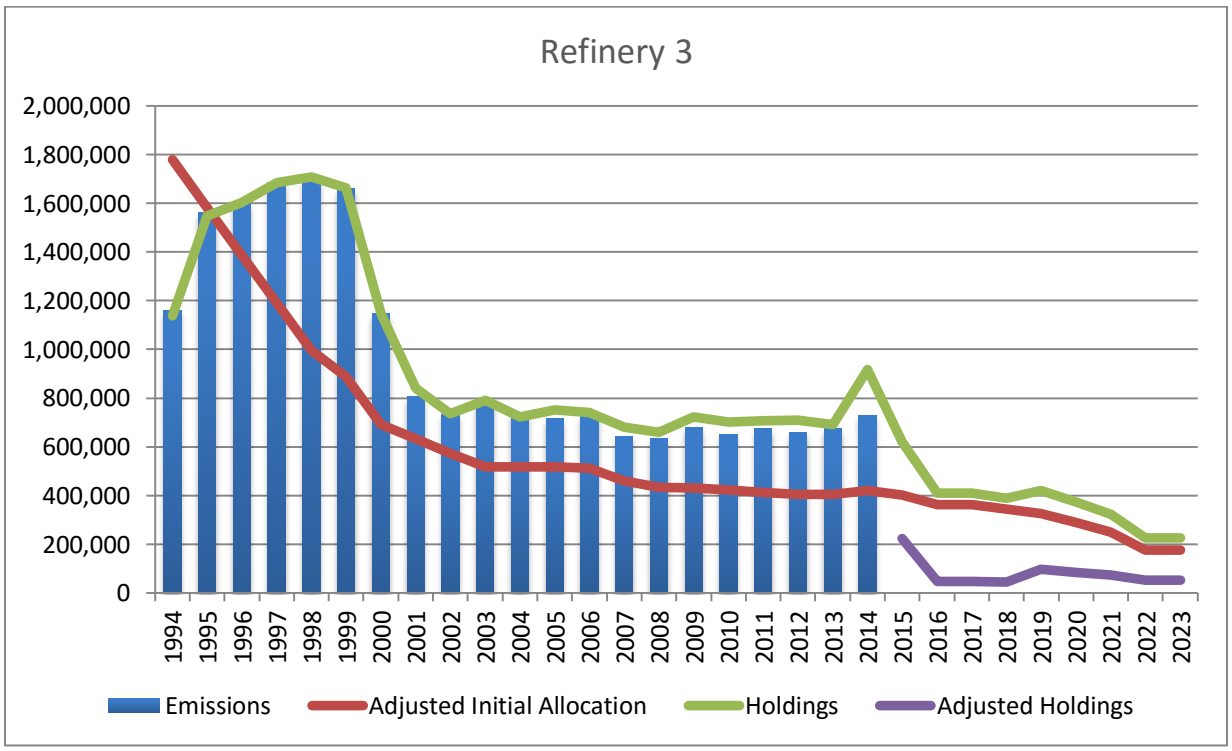

Power Plant 9
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

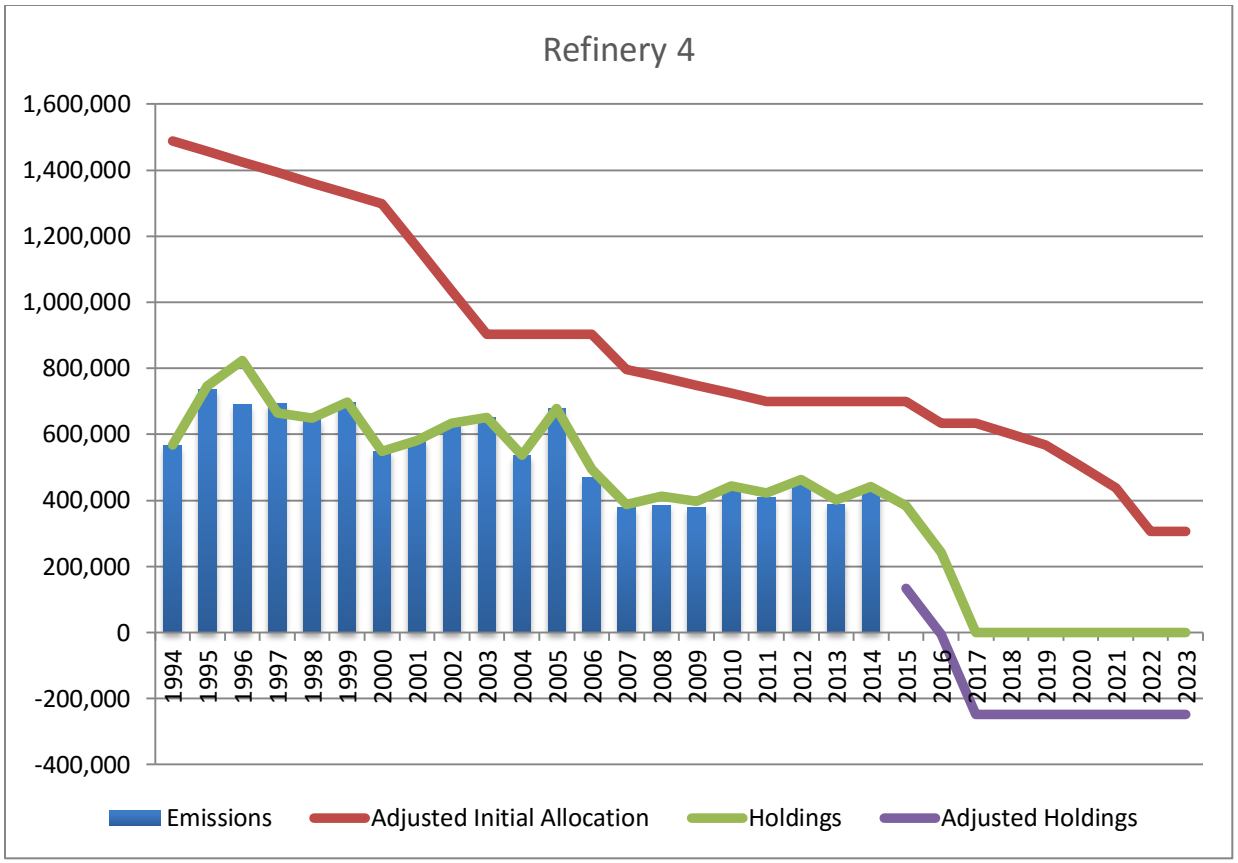

Power Plant 10
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

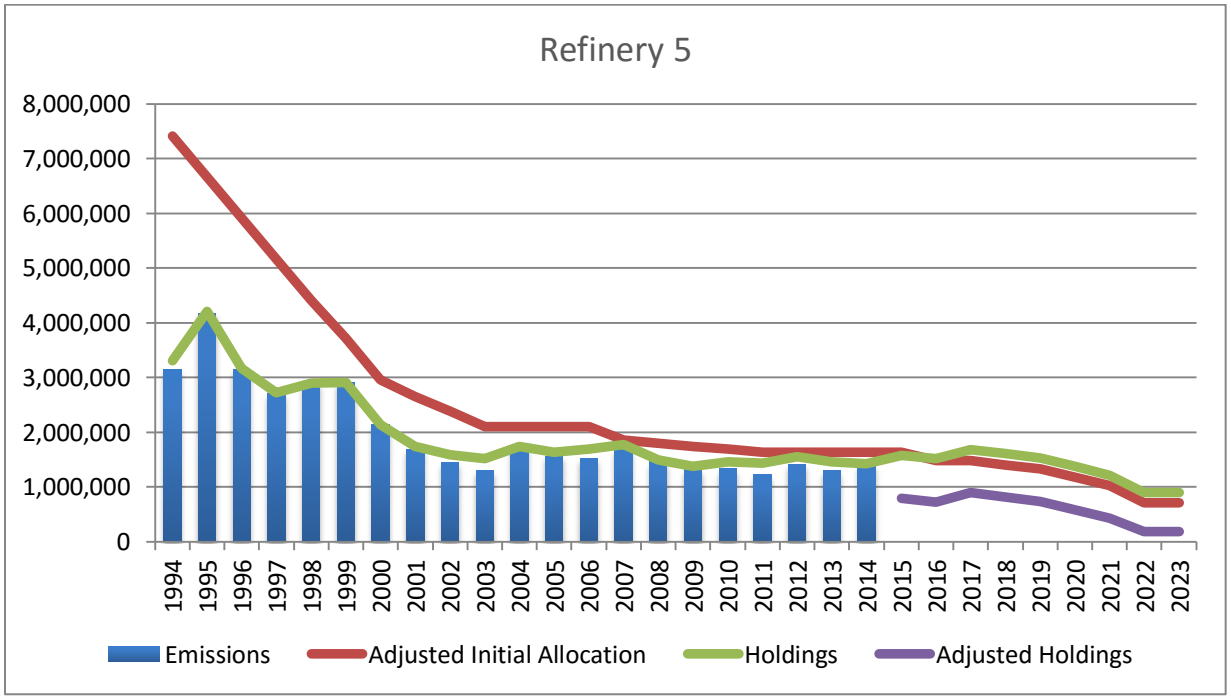

Power Plant 11
600,000
500,000
400,000
300,000
200,000
100,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

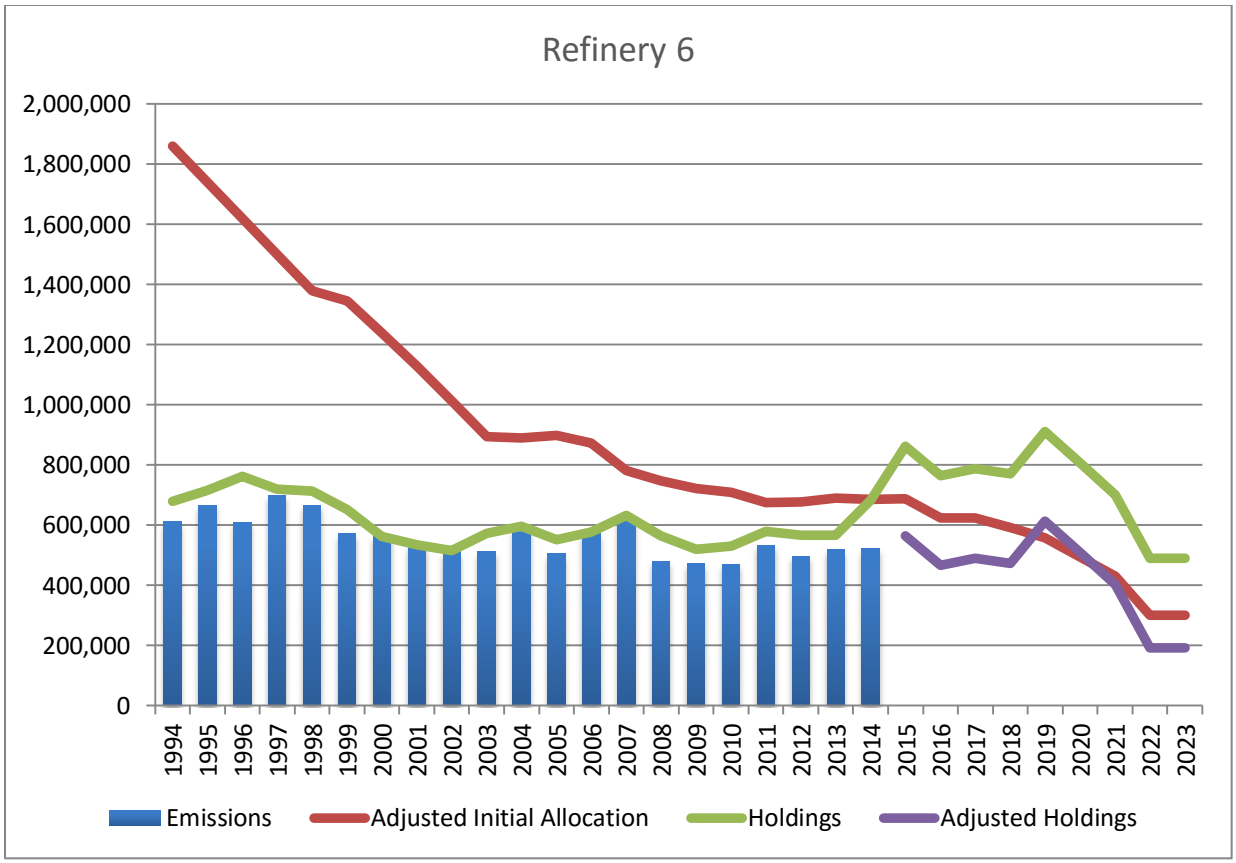

Refinery 1
300,000
250,000
200,000
150,000
100,000
50,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

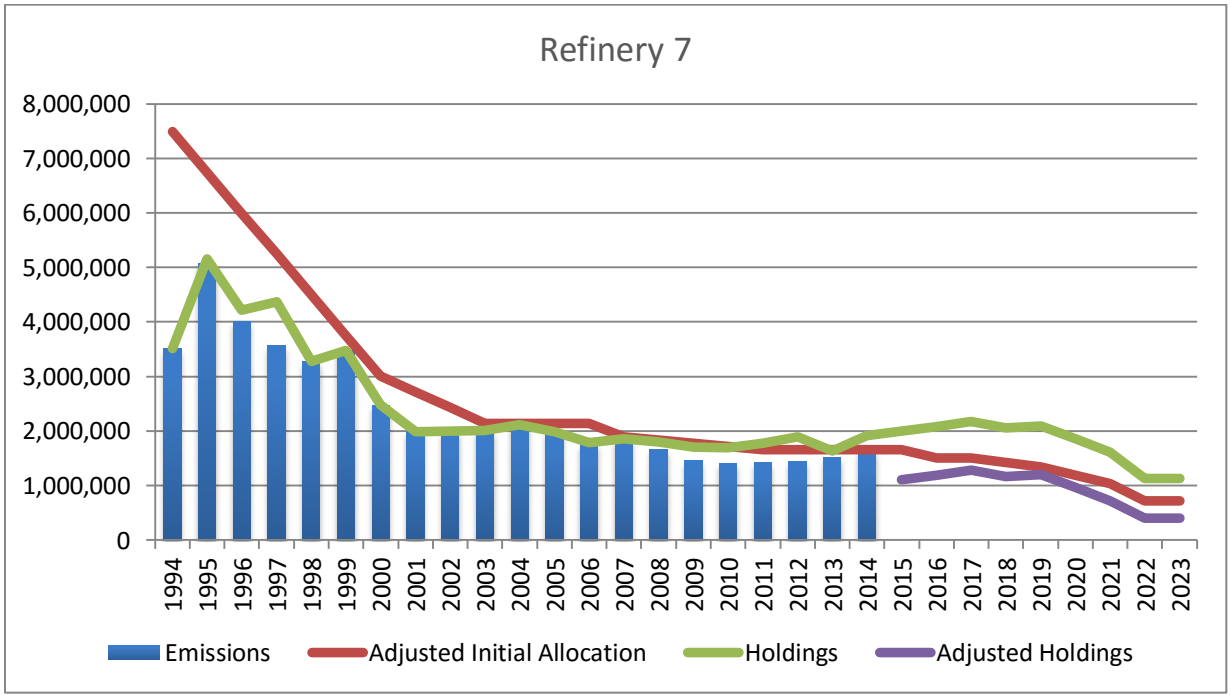

Refinery 2
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

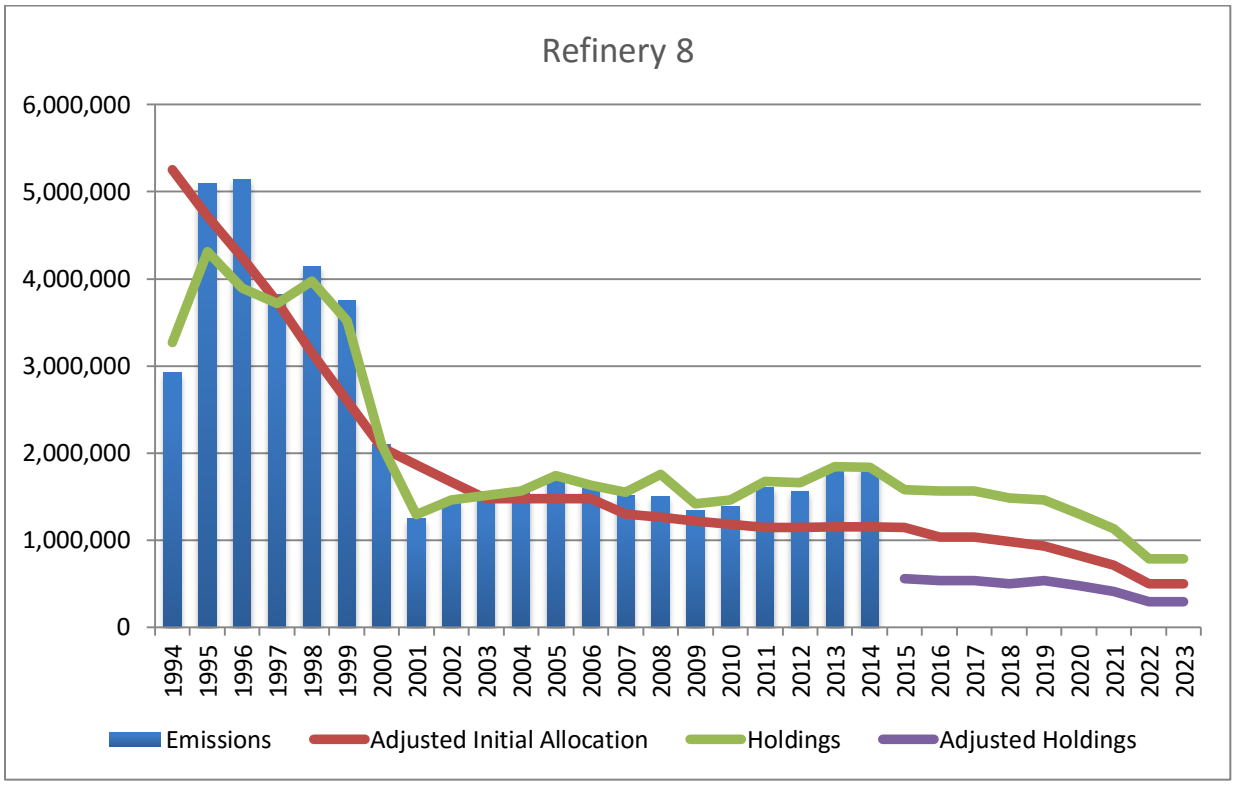

Refinery 3
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings

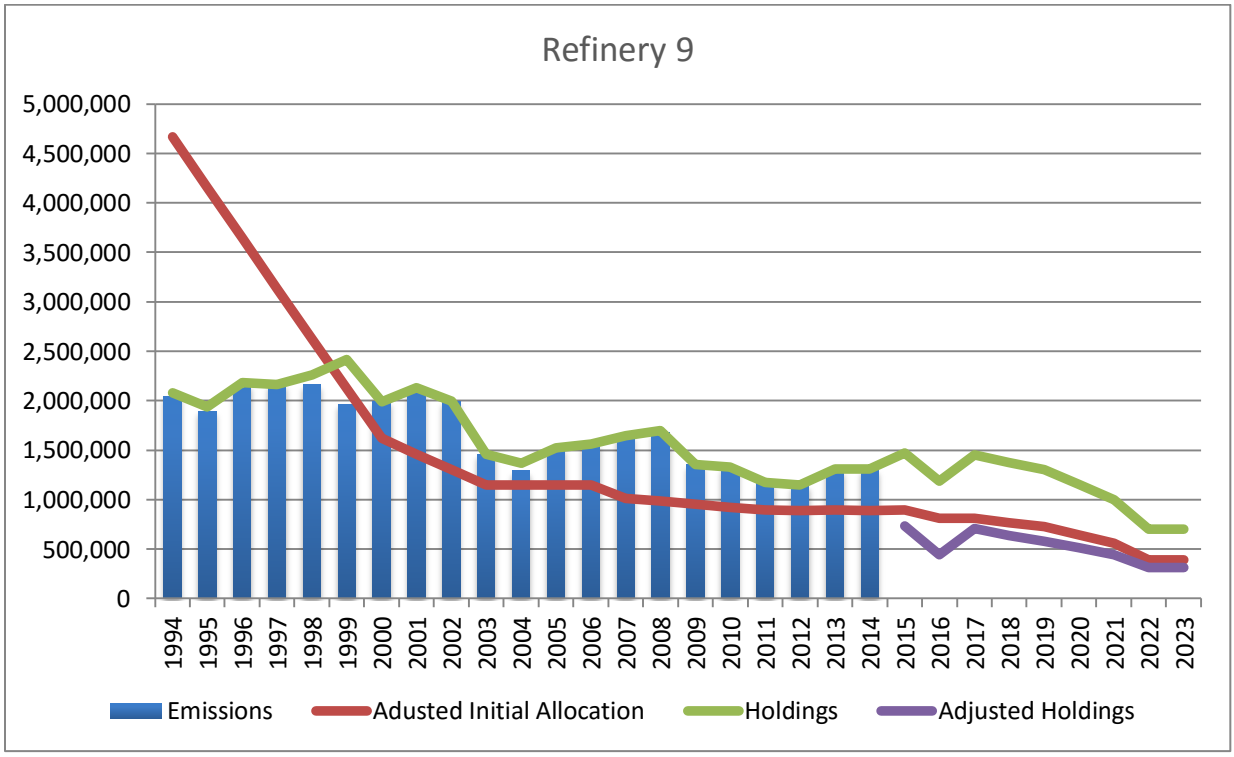

Refinery 4
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
-200,000
-400,000
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings


Refinery 5
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings


Refinery 6
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings


Refinery 7
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings


Refinery 8
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adjusted Initial Allocation
Holdings
Adjusted Holdings


Refinery 9
5,000,000
4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023
Emissions
Adusted Initial Allocation
Holdings
Adjusted Holdings

ATTACHMENT C: LIST OF RULE 2002 TABLE 7 AND TABLE 8 FACILITIES

Facilities on these lists as of September 22, 2015 do not reflect any change of operators that have occurred subsequent to this date

NOx RECLAIM Table 7 Facilities in Rule 2002

FACILITY PERMIT HOLDER	AQMD ID NO.
CHEVRON PRODUCTS CO.	800030
EXXONMOBIL OIL CORPORATION	800089
PHILLIPS 66 CO/LA REFINERY WILMINGTON PL	171107
PHILLIPS 66 COMPANY/LOS ANGELES REFINERY	171109
TESORO REF & MKTG CO LLC,CALCINER	174591
TESORO REFINING & MARKETING CO, LLC	174655
TESORO REFINING AND MARKETING CO, LLC	151798
TESORO REFINING AND MARKETING CO, LLC	800436
ULTRAMAR INC	800026

NOx RECLAIM Table 8 Facilities in Rule 2002

FACILITY PERMIT HOLDER	AQMD ID NO.
AES ALAMITOS, LLC	115394
AES HUNTINGTON BEACH, LLC	115389
AES REDONDO BEACH, LLC	115536
BERRY PETROLEUM COMPANY	119907
BETA OFFSHORE	166073
BICENT (CALIFORNIA) MALBURG LLC	155474
BORAL ROOFING LLC	1073
BURBANK CITY, BURBANK WATER & POWER	25638
BURBANK CITY,BURBANK WATER & POWER,SCPPA	128243
CALIFORNIA PORTLAND CEMENT CO	800181
CALIFORNIA STEEL INDUSTRIES INC	46268
CANYON POWER PLANT	153992
CPV SENTINEL LLC	152707
DISNEYLAND RESORT	800189
EDISON MISSION HUNTINGTON BEACH, LLC	167432
EL SEGUNDO POWER, LLC	115663
EXIDE TECHNOLOGIES	124838
GENERAL ELECTRIC COMPANY	700126
HARBOR COGENERATION CO, LLC	156741
INLAND EMPIRE ENERGY CENTER, LLC	129816
LA CITY, DWP HAYNES GENERATING STATION	800074
LA CITY, DWP SCATTERGOOD GENERATING STN	800075
LA CITY, DWP VALLEY GENERATING STATION	800193
LONG BEACH GENERATION, LLC	115314
NEW- INDY ONTARIO, LLC	172005
NRG CALIFORNIA SOUTH LP, ETIWANDA GEN ST	115315
OWENS-BROCKWAY GLASS CONTAINER INC	7427

FACILITY PERMIT HOLDER	AQMD ID NO.
OXY USA INC	169754
PACIFIC CLAY PRODUCTS INC	17953
PARAMOUNT PETR CORP	800183
PASADENA CITY, DWP	800168
PQ CORPORATION	11435
QUEMETCO INC	8547
SAN DIEGO GAS & ELECTRIC	4242
SNOW SUMMIT INC	43201
SO CAL EDISON CO	4477
SO CAL GAS CO	800128
SO CAL GAS CO	800127
SO CAL GAS CO	5973
SO CAL GAS CO/PLAYA DEL REY STORAGE FACI	8582
SOLVAY USA, INC.	114801
SOUTHERN CALIFORNIA EDISON	160437
TABC, INC	3968
TAMCO	18931
US GOVT, NAVY DEPT LB SHIPYARD	800153
WALNUT CREEK ENERGY, LLC	146536
WHEELABRATOR NORWALK ENERGY CO INC	51620
WILDFLOWER ENERGY LP/INDIGO GEN., LLC	127299

ATTACHMENT G

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Addendum to the December 2015 Final Program Environmental Assessment for Proposed Amended Regulation XX – Regional Clean Air Incentives Market (RECLAIM)

September 6, 2016

SCAQMD No. 12052014BAR
State Clearinghouse No: 2014121018

Acting Executive Officer
Wayne Nastri

Deputy Executive Officer
Planning, Rule Development and Area Sources
Philip Fine, Ph.D.

Acting Assistant Deputy Executive Officer
Planning, Rule Development and Area Sources
Susan Nakamura

Author:	Barbara Radlein	Program Supervisor, CEQA
Technical Assistance:	Kevin Orellana	Air Quality Specialist, Rule Development
Reviewed By:	Michael Krause	Planning and Rules Manager, CEQA
	Tracy Goss, P.E.	Planning and Rules Manager
	Gary Quinn, P.E.	Program Supervisor
	Barbara Baird	Chief Deputy Counsel
	William Wong	Principal Deputy District Counsel

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD

CHAIRMAN: DR. WILLIAM A. BURKE
Speaker of the Assembly Appointee

VICE CHAIRMAN: BEN BENOIT
Councilmember, Wildomar
Cities of Riverside County

MEMBERS:

MICHAEL D. ANTONOVICH
Supervisor, Fifth District
County of Los Angeles

JOHN J. BENOIT
Supervisor, Fourth District
County of Riverside

JOE BUSCAINO
Councilmember, 15th District
City of Los Angeles

MICHAEL A. CACCIOTTI
Mayor Pro Tem, South Pasadena
Cities of Los Angeles County/Eastern Region

JOSEPH K. LYOU, Ph.D.
Governor's Appointee

LARRY McCALLON
Mayor, Highland
Cities of San Bernardino County

JUDITH MITCHELL
Councilmember, Rolling Hills Estates
Cities of Los Angeles County/Western Region

SHAWN NELSON
Supervisor, Fourth District
County of Orange

DR. CLARK E. PARKER, SR.
Senate Rules Committee Appointee

DWIGHT ROBINSON
Councilmember, Lake Forest
Cities of Orange County

JANICE RUTHERFORD
Supervisor, Second District
County of San Bernardino

ACTING EXECUTIVE OFFICER:
WAYNE NASTRI

TABLE OF CONTENTS

Addendum to the December 2015 Final Program Environmental Assessment for Proposed Amended Regulation XX – Regional Clean Air Incentives Market (RECLAIM)

Introduction.....1

California Environmental Quality Act.....3

Project Location.....4

Background.....5

Project Description.....6

Analysis of Environmental Impacts.....9

Conclusion.....10

Appendix A: Proposed Amended Rule 2002

LIST OF FIGURES

Figure 1: Southern California Air Basins.....5

INTRODUCTION

The California Legislature created the South Coast Air Quality Management District (SCAQMD) in 1977[1] as the agency responsible for developing and enforcing air pollution control rules and regulations in the South Coast Air Basin (Basin) and portions of the Salton Sea Air Basin and Mojave Desert Air Basin referred to herein as the District. By statute, the SCAQMD is required to adopt an air quality management plan (AQMP) demonstrating compliance with all federal and state ambient air quality standards for the District[2]. Furthermore, the SCAQMD must adopt rules and regulations that carry out the AQMP[3]. The Final 2012 AQMP concluded that reductions in emissions of particulate matter (PM), oxides of sulfur (SOx), oxides of nitrogen (NOx), and volatile organic compounds (VOC) are necessary to attain the state and national ambient air quality standards for ozone, and particulate matter with an aerodynamic diameter of 2.5 microns or less (PM2.5). Ozone, a criteria pollutant which has been shown to adversely affect human health, is formed when VOCs react with NOx in the atmosphere. VOCs, NOx, SOx (especially sulfur dioxide) and ammonia also contribute to the formation of PM10 and PM2.5.

The Basin is designated by the United States Environmental Protection Agency (EPA) as a non-attainment area for PM2.5 emissions because the federal PM2.5 standards have been exceeded. For this reason, the SCAQMD is required to evaluate all feasible control measures in order to reduce direct PM2.5 emissions, as well as PM2.5 precursors, such as NOx and SOx. The Final 2012 AQMP sets forth a comprehensive program for the Basin to comply with the federal 24-hour PM2.5 air quality standard, satisfy the planning requirements of the federal Clean Air Act, and provide an update to the Basin's commitments towards meeting the federal 8-hour ozone standard. In particular, the Final 2012 AQMP contains a multi-pollutant control strategy to achieve attainment with the federal 24-hour PM2.5 air quality standard with direct PM2.5 and NOx reductions identified as the two most effective tools in reaching attainment with the PM2.5 and ozone standards. The 2012 AQMP also serves to satisfy the recent requirements promulgated by the EPA for a new attainment demonstration of the revoked 1-hour ozone standard, as well as to provide additional measures to partially fulfill long-term reduction obligations under the 2007 8-hour Ozone State Implementation Plan (SIP).

As part of this ongoing PM2.5 and NOx reduction effort, on December 4, 2015, the SCAQMD Governing Board considered amendments to Regulation XX – Regional Clean Air Incentives Market (RECLAIM) to achieve additional NOx emission reductions to address best available retrofit control technology (BARCT) requirements and to modify the RECLAIM trading credit (RTC) "shaving" methodology. Additional amendments were proposed to establish procedures and criteria for reducing NOx RTCs and NOx RTC adjustment factors for year 2016 and later.

The primary focus of the December 2015 amendments was to bring the NOx RECLAIM program up-to-date with the latest BARCT requirements while achieving the proposed NOx emission reductions in the 2012 AQMP Control Measure #CMB-01: Further NOx Reductions from RECLAIM (i.e., at least three to five tons per day by 2023). In addition, the amendments were designed to implement, at a minimum, both the Phase I and Phase II reduction commitments

[1] The Lewis-Presley Air Quality Management Act, 1976 Cal. Stats., ch 324 (codified at Health and Safety Code, §§ 40400-40540).
[2] Health and Safety Code § 40460(a).
[3] Health and Safety Code § 40440(a).

described in #CMB-01. The available BARCT NOx emission control opportunities demonstrated that 14 tons per day of NOx emission reductions by 2023 could be achieved from the following types of equipment/source categories in the NOx RECLAIM program: 1) fluid catalytic cracking units (FCCUs); 2) refinery boilers and heaters; 3) refinery gas turbines; 4) sulfur recovery units – tail gas treatment units (SRU/TGUs); 5) non-refinery/non-power plant gas turbines; 6) non-refinery sodium silicate furnaces; 7) non-refinery/non-power plant internal combustion engines (ICEs); 8) container glass melting furnaces; 9) coke calcining; and, 10) metal heat treating furnaces. These NOx emission reductions would further assist in attaining the national ambient air quality standards evaluated in the 2012 AQMP.

The December 2015 proposed amendments were designed to incrementally achieve an overall NOx emission reductions of 14 tons per day from 2016 to 2022. However, during the Public Hearing held on December 4, 2015, the SCAQMD Governing Board did not adopt the project in its entirety as proposed. Instead, the SCAQMD Governing Board adopted a revised version of the project with a reduced shave amount and a delayed implementation schedule, as follows:

1. The shave amount was reduced from 14 tons per day as originally proposed by SCAQMD staff, to 12 tons per day of NOx RTCs, weighted for BARCT, with the following modified implementation schedule:

   2016: 2 tons per day (instead of 4 tons per day)
   2017: 0 tons per day
   2018: 1 ton per day (instead of 2 tons per day)
   2019: 1 ton per day (instead of 2 tons per day)
   2020: 2 tons per day
   2021: 2 tons per day
   2022: 4 tons per day (instead of 2 tons per day)

2. The adjustment factors in the December 4, 2015 version of Rule 2002, subparagraphs (f)(1)(B) and (f)(1)(C), were modified to reflect the 12 tons per day NOx RTC reduction per the modified implementation schedule.

In addition, the SCAQMD Governing Board elected to not adopt proposed subdivision (i) of the December 4, 2015 version of Rule 2002 which would have, if adopted, required RTCs to be retired for any facility that undergoes a complete shutdown or if equipment that represents more than 25 percent of facility emissions is shutdown. Instead, staff was instructed by the SCAQMD Governing Board to return to the NOx RECLAIM Working Group to further discuss and analyze what the potential implications of retiring and removing shutdown RTCs from the market would have on the entire NOx RECLAIM program and to develop a proposed project that would ensure a closer alignment of the treatment of shutdown RTCs in RECLAIM to command-and-control regulations. Following this process, staff was instructed to bring either the December 2015 proposal for Rule 2002 (i) or some other alternate proposal back to the SCAQMD Governing Board for consideration for adoption.

In accordance with this directive and after several meetings with affected stakeholders and interested parties, SCAQMD staff is proposing to amend Rule 2002 to address the treatment of shutdown RTCs. While the current proposal contains criteria that are slightly different from the December 2015 proposal, in general, the proposed project, if implemented, would reduce available

RTCs in the market by varying amounts, which would result in exerting varying degrees of market pressure to further encourage facilities to install the BARCT equipment.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The currently proposed amendments to Regulation XX, Rule 2002 are considered to be modifications to the previously approved project (the December 4, 2015 amendments to Regulation XX) and are a "project" as defined by the California Environmental Quality Act (CEQA). CEQA requires that the potential adverse environmental impacts of proposed projects be evaluated and that feasible methods to reduce or avoid identified significant adverse environmental impacts of these projects be identified.

CEQA Guidelines Section 15164(a) allows a lead agency to prepare an Addendum to a previously certified CEQA document if some changes or additions are necessary but none of the following conditions as described in CEQA Guidelines Section 15162 have occurred:

- Substantial changes which will require major revisions of the previous CEQA document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- Substantial changes, with respect to the circumstances under which the project is undertaken, which will require major revisions of the previous CEQA document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or,
- New information of substantial importance which was not known and could not have been known with the exercise of reasonable diligence at the time the previous CEQA document was certified as complete, such as:
    - The project will have one or more significant effects not discussed in the previous CEQA document;
    - Significant effects previously examined will be substantially more severe than shown in the previous CEQA document;
    - Identification of mitigation measures or alternatives previously found not to be feasible, but would in fact be feasible, and would substantially reduce one or more significant effects, but the project proponent declines to adopt the mitigation measures or alternatives; or,
    - Identification of mitigation measures or alternatives which are considerably different from those analyzed in the previous CEQA document would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

The environmental impacts from installing BARCT equipment in response to implementation of the December 2015 amendments were analyzed in the Final Program Environmental Assessment (PEA) for Proposed Amended Regulation XX - Regional Clean Air Incentives Market (RECLAIM) that was certified by the SCAQMD Governing Board on December 4, 2015 (referred

to herein as the December 2015 Final PEA)[4]. In addition, even though the SCAQMD Governing Board elected to not adopt the December 4, 2015 version of subdivision (i) of Proposed Amended Rule 2002, the December 2015 Final PEA included an analysis of the potential environmental effects of implementing the portion of the December 2015 proposal relative to the handling of shutdown RTCs.

SCAQMD staff's review of the currently proposed project (also amending Rule 2002 (i)) shows that while the criteria have been revised from the original proposal in December 2015 relative to the handling of shutdown RTCs, the potential impacts from implementing the currently proposed project are concluded to be the same as what was previously analyzed in the December 2015 Final PEA. Thus, the current proposal for handling shutdown RTCs would not be expected to trigger any conditions identified in CEQA Guidelines Section 15162. Therefore, an Addendum is the appropriate CEQA document for the currently proposed project.

In conclusion, the SCAQMD, as lead agency, has prepared this Addendum to the December 2015 Final PEA. While an Addendum need not be circulated for public review [CEQA Guidelines § 15164(c)], this Addendum to the December 2015 Final PEA, as well as the proposed amendments to Regulation XX, Rule 2002, will be made available to the public 30 days prior to Public Hearing to be held on October 7, 2016 (subject to change). The previously certified December 2015 Final PEA, supporting documentation, and record of approval of the December 2015 amendments are available upon request by calling the SCAQMD Public Information Center at (909) 396-2309 2039 or by visiting SCAQMD's website at www.aqmd.gov. The direct link to the December 2015 Final PEA can be found at http://www.aqmd.gov/home/library/documents-support-material/lead-agency-scaqmd-projects/scaqmd-projects---year-2015.

PROJECT LOCATION

As with the December 2015 amendments to Regulation XX, the currently proposed amendments to Regulation XX, Rule 2002, would also apply to equipment and processes operated at NOx RECLAIM facilities located throughout the entire SCAQMD jurisdiction. The SCAQMD has jurisdiction over an area of approximately 10,743 square miles, consisting of the four-county South Coast Air Basin (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 (SSAB) and 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. It includes all of Orange County and the non-desert portions of Los Angeles, Riverside, and San Bernardino counties. The Riverside County portion of the SSAB is bounded by the San Jacinto Mountains in the west and spans eastward up to the Palo Verde Valley. The federal nonattainment area (known as the Coachella Valley Planning Area) is a subregion of Riverside County and the SSAB that is bounded by the San Jacinto Mountains to the west and the eastern boundary of the Coachella Valley to the east (see Figure 1).

[4] References: State Clearinghouse No. 2014121018 / SCAQMD No. 12052014BAR

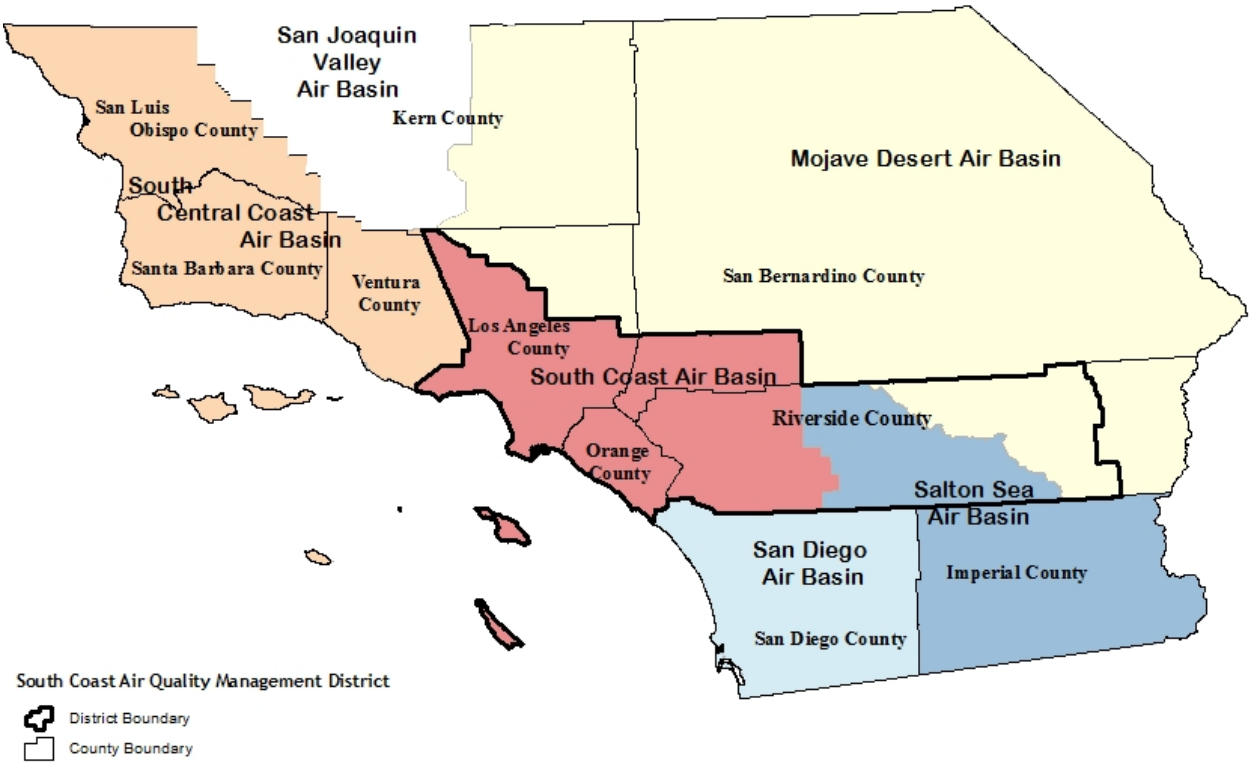


Figure 1: Southern California Air Basins

BACKGROUND

Since the 1993 adoption of the RECLAIM program, facilities which planned to shut down were not restricted from selling off their RTCs prior to facility closures. RTCs resulting from shutdowns were also not subject to the best available control technology (BACT) discount that applies to non-RECLAIM sources shutting down and did not have to be based on the actual emissions from the last two years of operation as is the case for Emission Reduction Credits (ERCs) issued to non-RECLAIM facilities that shut down.

As a consequence, SCAQMD staff estimated that large amounts of RTCs that are currently in the market can be traced to the sale of RTCs from facilities that have, or are planning to, shut down. As shown in Table 2 of the Socioeconomic Report that was part of the December 2015 amendments, facility shutdowns amounted to 2.62 tons per day (tpd) of actual NOx emission reductions between 2006 and 2012, which was just less than two-thirds of the 4.0 tpd actual total NOx emission reductions over the same period. However, NOx RTCs that were previously held by these shutdown facilities were never removed from the market, thus exerting a downward pressure on the RTC market prices. This, in turn, had the effect of dis-incentivizing some of the remaining NOx RECLAIM facilities from installing cost-effective control equipment or making other changes at their facilities.

Under the December 2015 version of Proposed Amended Rule 2002 (i), any facility that permanently shuts down some or all equipment with emissions greater than or equal to 25 percent of the facility emissions for any quarter within the previous two compliance years would need to surrender the corresponding NOx RTCs to be retired from the market. The December 4, 2015 proposal would have been applicable to any facility listed in Tables 7 or 8 of Rule 2002 (i.e., the larger NOx emitting facilities). Further, permits associated with the equipment being shutdown would have been required to be surrendered, and the RTCs for future years would have been retired from the RECLAIM program. By reducing the amount of available RTCs on the market, facilities that remain in the RECLAIM program would be further induced to reduce NOx emissions by installing new or modifying existing air pollution control equipment instead of purchasing RTCs. The analysis of the impacts of installing new or modifying existing air pollution control equipment to fully implement BARCT was addressed in the December 2015 Final PEA. No additional impacts were associated with the proposed shutdown provisions as they would only further ensure that BARCT was fully implemented. However, the SCAQMD Governing Board elected to not adopt the December 4, 2015 version of the proposed amendments to Rule 2002 (i).

Instead, SCAQMD staff was instructed by the SCAQMD Governing Board to return to the NOx RECLAIM Working Group to further discuss and analyze what the potential implications of retiring and removing shutdown RTCs from the market would have on the entire NOx RECLAIM Program and to develop a proposed project that would ensure a closer alignment of the treatment of shutdown RTCs in RECLAIM to command-and-control regulations. Following this process, staff was instructed to bring either the December 2015 proposal for Rule 2002 (i) or some other alternate proposal back to the SCAQMD Governing Board for consideration for adoption. SCAQMD staff has chosen to bring an alternate proposal to amend Rule 2002 (i).

PROJECT DESCRIPTION

In response to Governing Board direction, amendments to Rule 2002, different from the December 4, 2015 proposal, are being proposed to be included in new subdivision (i) to address the treatment of RTCs when a facility shutdown occurs. The currently proposed amendments, if adopted, would establish the criteria for determining a facility shutdown, and the methodology to calculate the amount of RTCs that a facility will be required to surrender in the event of a facility shutdown. The proposed amendments would apply to NOx RTC holdings for NOx RECLAIM Facility Permit Holders that permanently shutdown, either via a facility self-reporting that a shutdown has occurred or a shutdown determination made via a process initiated by the SCAQMD's Executive Officer. The proposed amendments also include criteria that would allow facilities under the same ownership to keep their shutdown RTCs. Further, the proposed amendments contain provisions that would allow for planned non-operation for up to five years for qualifying facilities. Lastly, the proposed shutdown provisions would apply to only those facilities listed in Tables 7 and 8 of Rule 2002 and that shuts down entirely. The proposed amendments would not apply to facilities that received no initial allocations and that were in the NOx RECLAIM program as of the December 4, 2015 amendments. For clarity and consistency throughout the rule, other minor editorial changes are also included.

The following is a more detailed summary of the currently proposed amendments to Rule 2002.

Facility Shutdowns – subdivision (i)

- Add new paragraph (i)(1) to clarify that the facility shutdown provisions proposed in subdivision (i) shall only apply to any NOx RECLAIM facility that is listed in Table 7 or Table 8 of Rule 2002 and that had a RECLAIM allocation, effective the date of adoption.
- Add new paragraph (i)(2) to require an owner or operator of a NOx RECLAIM facility to provide written notification to the SCAQMD's Executive Officer within 30 days of a permanent shutdown of the facility or in the event that all operating permits for the entire facility are surrendered.
- Add new paragraph (i)(3) to require a facility's NOx RTC holdings to be reduced from all future compliance years for a facility that shuts down pursuant to paragraph (i)(2), (i)(8), or (i)(9). The amount of reduction to be applied shall be the difference between the average actual NOx emissions from equipment operated greater than the most stringent BARCT emission factors from the highest of the two of the past five compliance years and the average NOx emissions that would have occurred for the same equipment during the same two year period if the most stringent BARCT emission factors were applied.
- Add new paragraph (i)(4) which would require the amount of offsets that were previously provided pursuant to Rule 1304 and that remain in the adjusted NOx initial allocation to be subtracted for each future compliance year.
- Add new paragraph (i)(5) to clarify that the amount of any RTC reduction shall not exceed the adjusted initial NOx allocation for any future compliance year and that if the exceedance occurs, the facility shall have its NOx holdings reduced by an amount equivalent to the adjusted initial NOx allocation for that compliance year.
- Add new paragraph (i)(6) to require an owner or operator of a NOx RECLAIM facility to purchase and surrender sufficient RTCs to fulfill the RTC reduction requirement in the event that the calculated amount of reduced NOx RTCs exceed the NOx RTC holdings.
- Add new paragraph (i)(7) to require the SCAQMD's Executive Officer to provide written notification to the owner or operator of a NOx RECLAIM facility that the facility is under review as potentially shutdown if NOx emissions from an APEP report that shows a substantial decrease in facility-wide emissions compared to the maximum emissions during the last five years. The facility owner or operator will then have 60 days of the notification date to notify the SCAQMD's Executive Officer that the facility is shutdown or provide information to substantiate that the facility is not shutdown by demonstrating either: 1) permanent emission reductions have been implemented and can be attributed to an emissions control strategy; 2) temporary NOx emission reductions due to reasons such as cyclical operations, economic fluctuations, temporary shutdown of equipment for repairs/maintenance, permitting, compliance, or the availability of feedstocks or fuels have occurred; or, 3) the owner or operator has an approved Planned Non-Operational Plan pursuant to the criteria in paragraph (i)(9).
- Add new paragraph (i)(8) to require the SCAQMD's Executive Officer to review the information submitted in accordance with the requirements in paragraph (i)(7) and notify the owner or operator within 60 days of the SCAQMD's determination as to whether the facility is deemed to be shutdown. If the NOx RECLAIM facility is deemed shutdown, then the owner or operator shall be subject to the requirements in paragraphs (i)(3) through

(i)(6). Further, any information submitted pursuant to the requirements in paragraph (i)(7) will not be considered by the SCAQMD's Executive Officer beyond 60 days after the notification issue date, unless the information is subsequently requested by the SCAQMD's Executive Officer. The owner or operator may appeal the determination to the SCAQMD's Hearing Board.

- Add new paragraph (i)(9) to allow a facility to submit an application for a Planned Non-Operational (PNO) Plan and associated fees pursuant to Rule 306 to request PNO status for a period no longer than five years for equipment within the facility. The SCAQMD's Executive Officer will consider criteria, including company records, to support the claim that a PNO is necessary and will approve or disapprove the PNO Plan within 180 days of receipt. If the PNO Plan is approved, the owner or operator may sell current compliance year NOx RTCs but the facility's future year NOx RTCs shall become non-tradeable for the duration of the PNO status. The term "current compliance year" refers to whatever year is current at the time the sale is made, and is not limited to the first "current" compliance year. If the PNO Plan Application is disapproved, the SCAQMD's Executive Officer shall deem the facility shutdown and the facility will be subject to the requirements and procedures in paragraphs (i)(3) through (i)(6) for a shutdown facility. A denial of the PNO application may be appealed.
- Add new paragraph (i)(10) to clarify that once a final determination has been made that a facility is deemed shutdown, the NOx RTC holdings shall be reduced according to the procedures described in paragraphs (i)(3) through (i)(5).
- Add new paragraph (i)(11) to require the SCAQMD's Executive Officer to notify the owner or operator that amount of reduction in NOx RTC holdings for all compliance years following the notification. The reduction of NOx RTC holdings shall be applied to all future compliance years following the notification and the facility permit shall be re-issued by the SCAQMD's Executive Officer to reflect the reduction of NOx RTC holdings. The shutdown determination and reduction in NOx RTC holdings may be appealed to the Hearing Board.
- Add new paragraph (i)(12) to restrict an owner or operator from selling future compliance years of NOx RTCs if a facility has been determined to be shutdown or is under review for a shutdown. An owner or operator may not sell NOx RTCs from any future compliance year RTCs and may only sell NOx RTCs from the current compliance year (as described earlier) until the SCAQMD's Executive Officer notifies the owner or operator of the amount of NOx RTC reduction.
- Add new paragraph (i)(13) to require an owner or operator to provide a written declaration within 30 days after project approval (adoption of the proposed rule amendments) that identifies all NOx RECLAIM facilities under the same ownership (e.g., facilities that share the same Board of Directors, subsidiaries, or the same parent corporation) as of September 22, 2015 and demonstrates how they are under the same ownership. If the SCAQMD's Executive Officer determines that the facilities in question are under the same ownership, then in the event of a facility shutdown, paragraphs (i)(3) through (i)(6) would not apply to the shutdown facility and the NOx RTCs may be transferred to another facility under the same ownership provided that all holdings are designated as non-tradeable. The SCAQMD's Executive Officer shall maintain a listing of those facilities that are

determined to be of the same ownership as of September 22, 2015 and this listing will only be amended to exclude facilities that no longer qualify for same ownership through circumstances such as mergers, sales or other dispositions.

ANALYSIS OF ENVIRONMENTAL IMPACTS

The December 2015 Final PEA analyzed the environmental impacts associated with implementing the December 2015 amendments to NOx RECLAIM, which included a proposal that would require facilities undergoing a 25 percent or greater shutdown to surrender all associated RTCs. The December 2015 Final PEA contains a comprehensive analysis of the environmental impacts associated with the potential installations of new or modifications of existing air pollution control equipment as BARCT that may occur as a result of implementing the December 2015 proposed amendments. The December 2015 Final PEA concluded that the topics of air quality and greenhouse gases (GHGs), hazards and hazardous materials (due to ammonia transportation), and hydrology (water demand), would exceed the SCAQMD's significance thresholds. Mitigation measures were made a condition of the approval of the project and a mitigation monitoring program, prepared pursuant to Public Resource Code Section 21081.6 and CEQA Guidelines Section 15097, was adopted for the project. In addition, findings were made pursuant to CEQA Guidelines Section 15091 and a Statement of Overriding Considerations pursuant to CEQA Guidelines Section 15093 was adopted for the project.

Since the December 2015 Final PEA already assumed and analyzed all environmental impacts of fully installing BARCT, no additional environmental impacts would result from requiring facilities undergoing a shutdown to surrender RTCs (e.g., Rule 2002 (i)). As a result, with the analysis of installing new or modifying existing air pollution control equipment already addressed in the December 2015 Final PEA, SCAQMD concluded that requiring facilities undergoing a shutdown to surrender RTCS would not constitute: 1) significant new information; 2) a substantial increase in the severity of an environmental impact; 3) provide new information of substantial importance relative to the overall project; or, 4) create new, avoidable significant effects.

While the currently proposed project to amend Regulation XX, Rule 2002, establishes criteria and procedures for facilities undergoing a shutdown that are somewhat different from the December 2015 proposal that was rejected by the Governing Board, the currently proposed project would also not entail new or additional control requirements beyond what was already evaluated in the December 2015 Final PEA. Again, by reducing the amount of available RTCs on the market from shutdowns under the current proposal, facilities that remain in the RECLAIM program would still be induced to reduce NOx emissions by installing new or modifying existing air pollution control equipment to implement BARCT instead of purchasing RTCs in the same manner as was previously contemplated as part of the December 2015 proposal and analyzed in the December 2015 Final PEA.

Thus, if the current proposal is adopted by the Governing Board, no new impacts are anticipated and existing impacts previously evaluated in the December 2015 Final PEA would not be made substantially worse. Further, the environmental impacts analyzed in the December 2015 Final PEA and the conclusions reached remained unchanged with respect to the currently proposed project. For the specific discussion of the environmental topic areas identified in the December 2015 Final PEA as having significant impacts, the reader is referred to Subchapter 4.2 for the air

quality and greenhouse gas analysis, Subchapter 4.4 for the hazards and hazardous materials analysis relative to ammonia transportation, and Subchapter 4.5 for the hydrology (water demand) analysis.

The December 2015 Final PEA concluded that the following environmental topic areas would not be significantly adversely affected by December 2015 amendments to the NOx RECLAIM program.

- aesthetics
- agriculture and forestry resources
- biological resources
- cultural resources
- energy
- geology and soils
- land use and planning
- mineral resources
- noise
- population and housing
- public services
- recreation
- solid and hazardous waste
- transportation and traffic

The conclusion that these environmental topic areas would not be significantly adversely affected as analyzed in the December 2015 Final PEA continues to apply to the currently proposed project.

CONCLUSION

The proposed amendments to Rule 2002 to include provisions for handling shutdown RTCs is determined to be within the scope of the analysis in the December 2015 Final PEA as previously evaluated in Chapter 4 and would not result in creating new adverse environmental impacts or in making the existing significant adverse impacts substantially worse for the environmental topic areas of air quality and greenhouse gases (GHGs), hazards and hazardous materials (due to ammonia transportation), and hydrology (water demand).

Thus, an addendum is the appropriate CEQA document for the proposed project because the proposed project constitutes a change to the previously approved project but the changes do not trigger any conditions identified in CEQA Guidelines Section 15162. In summary, no new significant project-specific or cumulative impacts in any environmental areas were identified, nor would any project-specific or cumulative impacts in any environmental areas be made substantially worse as a result of implementing the proposed project. Thus, no new environmental analysis is required.

APPENDIX A

PROPOSED AMENDED RULE 2002

Pursuant to CEQA Guidelines Section 15164(c), an addendum need not be circulated for public review so no other version of the currently proposed amended rule was provided as an attachment to this document in the past. However, SCAQMD staff committed to making the Addendum available on September 6, 2016. In order to meet this timing, this Addendum was prepared in accordance with the September 6, 2016 version of Proposed Amended Rule 2002. In order to save space and avoid repetition, the September 6, 2016 version of Proposed Amended Rule 2002 (PAR2002 090616) is posted on SCAQMD's website:
http://www.aqmd.gov/home/regulations/rules/proposed-rules#RegXX

The latest version of Proposed Amended Rule 2002 will be available, along with the complete Governing Board package (including this Addendum), under the October 7, 2016 Governing Board Meeting for which this proposed rule amendment will be considered, on SCAQMD's website at:
http://www.aqmd.gov/home/library/meeting-agendas-minutes/agenda?title=GovBdMtg-2016-Oct7.

All agendas for Governing Board Meetings are posted at SCAQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, and on SCAQMD's website, at least 72 hours in advance of the meeting.

ATTACHMENT H

The previously certified December 2015 Final PEA has been included as material that has been reviewed by the Governing Board in the context of taking action on Proposed Amended Rule 2002. Also, as part of certifying the December 2015 Final PEA, the Governing Board adopted Findings, a Statement of Overriding Considerations, and Mitigation Monitoring Plan (referred to as Attachment 1 to the Governing Board Resolution for the December 2015 Final PEA), which has also been included. Due to the large size of the files and in order to save space and avoid repetition, the referenced materials have been provided on a CD (labeled as Attachment H in this Governing Board letter).

In addition, the referenced materials can be accessed on the SCAQMD's website at:

http://www.aqmd.gov/home/library/documents-support-material/lead-agency-scaqmd-projects/scaqmd-projects---year-2015

ATTACHMENT I

The Final Socioeconomic Report for the December 4, 2015 amendments to Regulation XX has been included.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Final Socioeconomic Report For Proposed Amendments to Regulation XX – Regional Clean Air Incentive Market (RECLAIM) NOx RECLAIM

November 2015

Executive Officer
Barry R. Wallerstein, D.Env.

Deputy Executive Officer
Planning, Rule Development & Area Sources
Philip M. Fine, Ph.D.

Assistant Deputy Executive Officer
Jill Whynot

Planning and Rules Director
Joe Cassmassi

Authors: Shah Dabirian, Ph.D. – Program Supervisor
Priscilla Hamilton – Air Quality Specialist
Elaine Shen, Ph.D. – Program Supervisor

Technical Assistance: Minh Pham, P.E. – Air Quality Specialist
Kevin Orellana – Air Quality Specialist
Susan Tsai – Air Quality Engineer II
Bob Sanford – Senior Air Quality Engineer
Mitch Haimov – Air Quality Analysis & Compliance Supervisor
Fortune Chen – Air Quality Specialist

Reviewed By: Gary Quinn, P.E. – Program Supervisor
Danny Luong, P.E. – Senior Enforcement Manager
Barbara Radlein – Program Supervisor
William Wong – Principal Deputy District Counsel
Barbara Baird – Chief Deputy Counsel

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
GOVERNING BOARD

Chairman: DR. WILLIAM A. BURKE
Speaker of the Assembly Appointee

Vice Chairman: DENNIS YATES
Mayor, Chino
Cities of San Bernardino County

MEMBERS:

MICHAEL D. ANTONOVICH
Supervisor, Fifth District
County of Los Angeles

BEN BENOIT
Mayor, Wildomar
Cities of Riverside County

JOHN J. BENOIT
Supervisor, Fourth District
County of Riverside

JOE BUSCAINO
Councilmember, 15th District
City of Los Angeles

MICHAEL A. CACCIOTTI
Councilmember, South Pasadena
Cities of Los Angeles County/Eastern Region

JOSEPH K. LYOU, Ph. D.
Governor's Appointee

JUDITH MITCHELL
Councilmember, Rolling Hills Estates
Cities of Los Angeles County/Western Region

SHAWN NELSON
Supervisor, Fourth District
County of Orange

DR. CLARK E. PARKER, SR.
Senate Rules Committee Appointee

MIGUEL A. PULIDO
Mayor, Santa Ana
Cities of Orange County

JANICE RUTHERFORD
Supervisor, Second District
County of San Bernardino

EXECUTIVE OFFICER:

BARRY R. WALLERSTEIN, D.Env.

Table of Contents

1. Executive Summary 1
2. Introduction 1
3. Methodology for Socioeconomic Assessment 3
4. Regulatory History 4
   - 4.1 Legislative Mandates 5
   - 4.2 SCAQMD Governing Board Resolutions 5
   - 4.3 Health & Safety Code Requirements 5
5. Short-term/Long-term Economic Outlook 6
6. Affected Facilities 8
   - 6.1 Small Business 10
7. Cost of BARCT Installation 10
   - 7.1 BARCT Cost Estimates for the Refinery Sector 16
   - 7.2 BARCT Cost Estimates for the Non-Refinery Sector 22
8. Macroeconomic Impacts on Regional Economy 25
   - 8.1 Impact of Proposed Amendments 25
   - 8.2 Impact of CEQA Alternatives 34
9. Market Analysis 38
   - 9.1 Assumptions for Price Analysis 39
   - 9.2 Understanding the Impact of the First 4 tpd Shave 41
   - 9.3 Potential Compliance Cost for Net Buyers: 36 Affected Facilities 43
   - 9.4 Potential Compliance Cost for Net Buyers: 219 Facilities 45
   - 9.5 REMI Job Impacts of RTC Purchases 47
   - 9.6 Value of Shaved Excess RTCs 48
10. New Revisions to the Proposed Rule Amendments 48
    - 10.1 Option to Exit for Electricity Generating Facilities 49
    - 10.2 NOx RTC Price Triggers 51
    - 10.3 Facility Shutdowns 51
11. Costs of Command and Control (CAC) Compared to RECLAIM 52
12. References 57
13. Appendix A: 10-Year Industry Employment Projections 59
14. Appendix B: Weekly Earnings by Occupational Wage Group By Median Weekly Earnings 61
15. Appendix C: Response to Stakeholder Comments 64

1. EXECUTIVE SUMMARY

A socioeconomic analysis has been conducted to assess the impacts of the proposed amendments to Regulation XX – RECLAIM. The same level of analysis has also been performed on the California Environmental Quality Act (CEQA) alternatives. A summary of the analysis and findings are presented below.

Key Elements of the Proposed Amendments	The proposed amendments would reduce (or "shave") 14 tons per day (tpd) of NOx RECLAIM Trading Credits (RTCs) by the year 2023, of which 4 tpd would occur in 2016, and the remaining 10 tpd would be distributed evenly over the period of 2018–2022 at the rate of 2 tpd per year. These reductions will help the region attain federal ozone and PM2.5 standards. The amount and distribution of the proposed shave was determined based on the Best Available Retrofit Control Technology (BARCT) analysis. A new level of BARCT is proposed for Fluid Catalytic Cracking Units (FCCUs), boilers/heaters >40 mmBtu/hr, gas turbines, coke calciners, and sulfur recovery and tail gas incinerators used in the refinery sector. For the non-refinery sector a new BARCT level is proposed for container glass melting furnaces, sodium silicate furnaces, metal melting furnaces >150 mmBtu/hr, gas turbines and Internal Combustion Engines (ICEs) not located on the outer continental shelf (OCS). The proposed NOx shave of 14 tpd would be distributed as a 66 percent shave for 9 refineries and investors, a 49 percent shave for 21 electricity generating facilities, a 49 percent shave for 26 non-major facilities, and no shave for the 219 remaining facilities. By 2023, it would result in 12.51 tpd of remaining RTCs (26.51 tpd – 14 tpd = 12.51 tpd). This amount is expected to sufficiently account for the needs of all RECLAIM facilities, including growth and a compliance margin.
Affected Facilities and Industries	The proposed amendments would affect the current RTC holdings for 56 out of 275 RECLAIM facilities. The 56 affected facilities would include 9 major refineries, 21 electricity generating facilities, and 26 other top emitting non-refinery facilities. The nine affected refineries belong to the sector of petroleum product manufacturing (NAICS 324), the 21 electricity generating facilities belong to the sector of utilities (NAICS 221), the remaining 26 facilities belong to the sectors of manufacturing (NAICS 31-33), mining, oil and gas exploration (NAICS 211), utilities (NAICS 221), amusement and recreation industries (NAICS 713), and a military facility. Facilities in the 219 group represent a range of industries, but are largely comprised of manufacturing (NAICS 31-33), mining, oil and gas

	exploration (NAICS 211), and utilities (NAICS 221) industries.
Assumptions for the Analysis	The proposed amendments are assumed to induce full BARCT installation by 2023 at the 9 refineries and 11 non-refinery facilities where the 2015 BARCT analysis identified cost-effective controls for their major NOx emission sources. This assumption is made to arrive at the most conservative (i.e., maximum) compliance cost estimates. In reality, the RECLAIM program affords facilities with compliance flexibility so that the actual costs may be lower if a facility identifies any other more cost-effective alternatives to remain in compliance, such as RTC purchases and operational changes. The 9 refineries currently have the following equipment/source categories that have BARCT determinations for the proposed rule amendments: FCCUs, Sulfur Recovery Units/Tail Gas Incinerators (SRU/TGUs), coke calciners, refinery boilers and heaters, and refinery gas turbines. In response to the proposed rule amendments, operators of these refineries are assumed to install Selective Catalytic Reduction (SCR) technology, UltraCat Dry Gas Scrubbers (DGS), and Low Temperature Oxidation (LoTOx^{TM}) with Wet Gas Scrubbers (WGS). The 11 non-refinery facilities currently have the following equipment/source categories that have BARCT determinations for the proposed rule amendments: container glass melting furnaces, glass melting furnace facilities, sodium silicate furnaces, metal heat treating furnaces rated >150 mmBtu/hour, stationary ICEs and non-electricity generating plant stationary gas turbines. In response to the proposed rule amendments, operators of these facilities are assumed to install SCR technology or UltraCat DGS. For the purpose of conducting a worst-case analysis, 34 SCR units and 1 UltraCat DGS are assumed to be installed at the 11 non-refinery affected facilities. It is possible that another UltraCat DGS may also be installed in lieu of 1 of the 34 SCR units. In total, the proposed rule amendments are assumed to result in the installation of the following new NOx air pollution control equipment: 116 SCRs, 8 LoTOx^{TM} with WGSs, 1 LoTOx^{TM} without WGS, and 3 UltraCat DGSs. The annualization factor used for capital costs is based on a discount rate of 1 or 4 percent and a 25-year equipment life for all control equipment including SCRs, UltraCat DGS, and LoTOx^{TM} technology.

Cost Impacts	Total compliance cost associated with control equipment installation by 9 refineries and 11 non-refinery facilities would range from $728 million to $1.1 billion in present worth values (expressed in 2014 dollars). Using the high-end cost estimates, the annualized compliance cost is estimated to be approximately $70 million when evaluated at a 4 percent discount rate, or $60 million when evaluated at a 1 percent discount rate from year 2022 onwards when all controls are assumed to have been installed. More than 73 percent of the annualized compliance cost is expected to occur in the refinery sector, and more than 43 percent of the sector's annualized compliance cost would be associated with FCCU installation. Among the non-refinery sectors, gas turbines would account for more than 60 percent of the sector's annualized compliance cost. It should be noted that these cost estimates do not consider the possibility that these 20 facilities could potentially sell surplus NOx RTCs, if any, resulting from control installation. This would then offset some of the control installation costs. The proposed shave could potentially affect facilities with no identified cost-effective controls in two ways. First, 36 of these facilities would be subject to the proposed shave, and some of them would need to buy additional NOx RTCs to reconcile actual emissions. Second, all facilities could potentially pay a higher price for NOx RTCs that they purchase each year for compliance. Additionally, higher NOx RTC prices could be potentially induced by the opt-out of any electricity generating facilities that regularly sell their surplus discrete credits or by removing from the market NOx RTCs resulting from the shut-down of RECLAIM facilities. Furthermore, under the proposed amendments, the 12-month rolling average price trigger would be raised to $22,500 per ton (discrete credits), thus potentially allowing NOx RTC prices to increase further before non-tradable/non-usable NOx RTCs are converted to tradable/usable NOx RTCs; however, the proposed addition of a 3-month rolling average price trigger of $35,000 per ton (discrete credits) would institute another safeguard. Total incremental compliance cost (expressed in 2014 dollars) associated with RTC purchases over the course of 25 years is estimated to range from $19 million—if discrete NOx RTC prices remain the same—to $500 million—if the average annual discrete NOx RTC prices increase to $22,499/ton for a total of 25 years and none of the affected facilities pursue any other more cost-effective compliance options.
Job Impacts	Assuming that the proposed amendments would induce full BARCT installation by 2023 and the 9 refineries and 11 non-refinery facilities would incur the high-end estimated costs, it is projected that about 20 jobs on the net would be created on an annual average between 2018 and 2035, and about 140 net jobs would be foregone when the

	analysis horizon is extended to 2043. (Note that jobs foregone may include either losses of existing jobs or projected additional jobs not created.) The difference is because the majority of jobs, mostly in the construction sector, would be created at the beginning of the analysis period (2018-2022) when control installation is assumed to take place. Despite having a large share of the total compliance cost, the refinery industry is projected to have fewer jobs forgone relative to other industries with similar magnitude of cost impact due to the fact that the industry is the most capital-intensive. As such, less labor would be required to produce the same amount of products or services. Note that the projected job impact would be more positive (i.e., fewer jobs foregone) if facilities sell any surplus NOx RTCs that result from installing control equipment, to offset control installation costs. Regarding the incremental compliance cost that could be potentially incurred by the rest of NOx RECLAIM facilities, the associated job impacts have been estimated under various scenarios of discrete NOx RTC prices. If prices remain the same, little job impact is expected due to the proposed amendments. If the average annual discrete NOx RTC prices increase to $22,499/ton and none of the affected facilities pursue any other more cost-effective compliance options, then about 40 jobs on the net would be foregone annually between 2023 and 2035. However, this latter price scenario is unlikely to occur, particularly if the 9 refineries and 11 non-refinery facilities install identified cost-effective controls, which would then either decrease the market demand or increase the market supply of NOx RTCs by these facilities.
Impact of CEQA Alternatives	Five alternatives to the proposed amendments were developed for the CEQA analysis associated with this proposal: Alternative 1 (Across the Board), Alternative 2 (Most Stringent), Alternative 3 (Industry Approach), Alternative 4 (No Project), and Alternative 5 (Weighted by BARCT Reduction Contribution for all Facilities and Investors). After further analysis, staff determined Alternatives 3 and 4 do not comply with state law. Regarding cost-effective control installation, the proposed rule amendments have the highest cost but the second to highest positive job impact, due to increased labor demand for the full, instead of partial, installation of control equipment. Alternative 4 would maintain the status quo and serves as a benchmark against which other alternatives were evaluated; however, it does not comply with state law. Of the four remaining alternatives, Alternative 3, which also does not comply with state law, has the lowest annualized cost ($9.40 million) because it is expected to induce the lowest number of control equipment to be installed; for the same reason, however, it

	would not create as many jobs and would result in an average of 30 jobs foregone on an annual average. Alternatives 1 and 2 would cost less than the proposed amendments, yet would experience more negative job impacts (approximately 80 jobs forgone on an annual average basis). This is due to less control equipment installation spending in the refinery sector relative to the 11 non-refinery facilities and would result in negative net job impacts. For the incremental costs associated with NOx RTC purchases that could potentially be incurred by some of the facilities without identified cost-effective controls, Alternative 2 has the highest estimated costs (up to $31 million in total), as it would result in the largest amount of NOx RTC shave. In terms of job impacts, all CEQA alternatives except Alternative 4 (No Project) would result in a more negative job impact—up to about 60 jobs foregone on an average annual basis if the average annual discrete NOx RTC prices increase to $22,499/ton and none of the affected facilities pursue any other more cost-effective compliance options—than the proposed amendments. This is mainly because, unlike the proposed amendments, Alternatives 1, 2, 3 and 5 would not exempt from the shave the 219 facilities that tend to be smaller and use more labor-intensive production technologies than, for example, those used by the refineries.
Health Benefits	The South Coast Air Basin is one of only two "extreme" non-attainment areas in the nation that have not reached the federal 8-hour ozone standard. The amount of pollutants produced by modern urban life and industrial activities, combined with Southern California's year- round sunny weather, all contribute to the high concentrations of ground-level ozone in the area. Ozone exposure can cause immediate, adverse effects on the respiratory system. Long-term impacts of frequent exposure to ozone may lead to permanent lung damage and increase the risk of premature death. In addition, the South Coast Air Basin remains a non-attainment area for the federal 24-hour and annual PM2.5 standards. Exposure to high levels of PM2.5 have been shown to cause and aggravate cardiopulmonary illnesses. NOx is a precursor of PM2.5. These outcomes result in increased absences from school and work, hospitalization, and other medical expenses. Exposure to PM2.5 is associated with premature deaths. According to recent estimates by the California Air Resources Board, elevated ambient PM2.5 levels result in approximately 4,100 premature deaths annually in the South Coast Air Basin.

Costs of Command and Control Compared to RECLAIM	RECLAIM allows facilities to use the least costly option to remain in compliance. Unlike command-and-control rules where every source has to be controlled to the same emission standard, RECLAIM facilities can pursue operational changes or purchase RTCs from investors or other facilities with surplus credits in lieu of upgrading existing control equipment, installing new control equipment or making other changes. Therefore, by design, total costs to install controls under the RECLAIM program since its adoption will always be equal to or less than total costs under command and control. The stream of cost-savings for any RECLAIM facility would only be reduced when, at a point in time, it becomes more economical for the facility to install the control equipment that would have been required under command-and-control. However, the future cost-savings may not be completely eliminated by control installation as long as the facility is able to sell surplus RTCs to offset some of the control installation costs. For example, following the 2005 NOx RECLAIM amendments, none of the 51 SCRs identified in the BARCT analysis for refineries have been installed because of RECLAIM, and 4 SCRs were installed only due to orders for abatement. As a result, refineries have saved approximately $205 million since 2007 by delaying installation of 47 SCRs. The cost-savings would continue to accumulate as long as refineries are able to further delay the installation of SCRs and still remain in compliance under RECLAIM. This continuous stream of cost-savings would only be reduced or even ceased if the currently proposed shave could eventually induce at least some of the 47 SCRs to be installed.

2. INTRODUCTION

RECLAIM allows facilities to use the most cost-effective approach to meet their obligation to surrender RTCs to match their quarterly and annual emissions, while helping the region attain clean air goals. This is possible, because unlike command-and-control regulations where every source is controlled to the same emission standard, a RECLAIM facility with more emissions than its actual RTC holdings has the option to install pollution control equipment, change operations, or purchase additional RTCs to offset its total emissions. Facilities are expected to choose whichever option is more economical for their business.

The proposed rule amendments consist of applying a shave to investors and to the facilities holding the top 90 percent of NOx RTCs, as weighted by a Best Available Retrofit Control Technology (BARCT) reduction contribution to achieve an overall reduction of 14 tons of NOx per day by 2023 according to the following implementation schedule as summarized below:

Table 1: Implementation Schedule for NOx RTC Reductions

Implementation Year	Amount of NOx RTC Reductions (tons/day)
2016	4
2018	2
2019	2
2020	2
2021	2
2022	2
TOTAL	**14**

The proposed shave of 14 tpd of NOx RTCs for the top 56 emitters is expected to assist in achieving clean air goals and meeting the requirements of state law by inducing the 20 facilities (9 refineries and 11 non-refineries[1]) to reduce actual emissions.

At the beginning of the RECLAIM program in 1994, a total of 392 NOx facilities were allocated RTC holdings at no cost. As a net outcome of facility shutdowns and new facilities joining the universe, there were 275 facilities in the NOx program in 2013, with a total of 26.51 tpd RTC holdings. Over the past decade, facilities have met their emission-reduction obligations under RECLAIM by purchasing unused "excess" RTCs and, only to a lesser extent, by reducing actual NOx emissions. Some of these unused "excess" credits can be attributed to facility shutdowns and the subsequent selling of credits. Regardless of why there are excess credits, their existence exerts downward pressure on the RTC market price and may have dis-incentivized RECLAIM facilities to install many of the already identified cost-effective control measures. For example, in the 2005 NOx RECLAIM amendments, the BARCT analysis included the potential installation of 51 SCR units at refineries. However, not one has been installed due to the RECLAIM program (4 SCR units were installed only due to orders for abatement).

[1] Two of the 11 non-refineries would not have their NOx RTC holdings shaved because they are not among the top 90 percent holders of NOx RTCs.

According to staff analysis of the RECLAIM transaction records, many of the unused RTCs were sold, as Infinite-Year-Blocks (IYBs), to operating RECLAIM facilities by some of the now-closed facilities prior to facility closure. These excess RTCs have been artificially depressing RTC prices and have induced RECLAIM facilities to delay the installation of cost-effective controls. A case in point is the 2005 NOx RECLAIM amendments. Despite 7.7 tpd of NOx RTC shave from the 2005 amendments being implemented over the period of 2007-2011, only 4 tpd of actual NOx emission reductions had occurred by the end of the 2012 Compliance Year. Some of the 4 tpd of actual reductions came from operational changes at refineries, which chose to run gas turbines instead of higher-emitting boilers at various points in time. However, just less than two thirds of the 4 tpd actual reductions were due to facility shut-downs (Table 2) and not measures taken to reduce actual emissions by facilities in the program. This outcome is not optimal for achieving clean air goals in the Basin.

Table 2: RECLAIM Facility Shutdowns from 2006 to 2012

Facility	2006 Audited NOx emissions (lbs)	2012 Audited NOx emissions (lbs)	Difference (tpd)
A	1,582,879	9,372	2.16
B	136,876	655	0.19
C	125,778	0	0.17
D	80,669	0	0.11
Total			**2.62**

Excess RTC holdings have ranged between 5.45-8.41 tpd over the past five years. Removing at least a portion of these excess credits from the market would relieve the downward pressure on the RTC market price and would be more likely to make control equipment installation a more cost-effective option than purchasing RTCs, particularly for the 20 facilities with newly identified control equipment.

In accordance with the requirements of the California Health and Safety Code (H&SC), SCAQMD staff conducted a BARCT assessment of the NOx RECLAIM program to: 1) assess advancements in control technology; 2) to ensure that RECLAIM facilities achieve the same emissions reductions as the implementation of BARCT; 3) to ensure that emission reductions from the NOx RECLAIM program contribute towards achieving the federal National Ambient Air Quality Standards (NAAQS); and, 4) to assure that the participating facilities will continue to achieve emission reductions as expeditiously as possible to carry out the commitments in the 2012 Air Quality Management Plan (AQMP).

Based on the BARCT analysis[2], a new level of BARCT is proposed for Fluid Catalytic Cracking

[2] Except for electricity generating facilities, the proposed RTC shave reduction will be based on compliance year 2011 activity levels for all other affected facilities. The 2012 activity levels will be used for RTC reductions from electricity generating facilities because this activity level better represents this sector's energy consumption.

Units (FCCUs), boilers/heaters >40 mmBtu/hr, gas turbines, coke calciners, and sulfur recovery and tail gas incinerators used in the refinery sector. For the non-refinery sector (except electricity generating plants), a new BARCT level is proposed for container glass melting furnaces, sodium silicate furnaces, metal melting furnaces >150 mmBtu/hr, gas turbines and ICEs not located on the outer continental shelf (OCS).

To realize the emission reduction potential of 2015 BARCT and help the Basin achieve the PM2.5 standards by 2019 and 2024 and the ozone standards by 2024 and 2032, staff proposes reductions (or a "shave") of NOx RECLAIM Trading Credits (RTCs) by a total of 14 tpd to be implemented over a seven-year period from 2016 to 2022. This number includes shaving unused RTCs as well as assuming programmatic BARCT equivalency. See the Staff Report for the rationale for this approach. Currently, there are 275 RECLAIM facilities holding 26.51 tpd of NOx RTCs in total, among which the refinery sector holds 51 percent of the RTCs, electricity generating plants 21 percent, investors 4 percent and other RECLAIM facilities 24 percent. The proposed shave of 14 tpd would result in 12.51 tpd of remaining RTCs (26.51 tpd – 14 tpd = 12.51 tpd). This amount is expected to sufficiently account for:

- The projected 2023 emissions by RECLAIM facilities at the proposed 2015 BARCT levels[3], which would be 10.23 tpd (2.76 tpd for the refinery sector plus 7.47 tpd for the non-refinery sector).
- A 10 percent compliance margin that has been added to the projected 2023 emissions
- An adjustment to account for other uncertainties (e.g. uncertainties in BARCT analysis, and base year activity level adjustments)

Under the proposed amendments, the 14 tpd of NOx RTC reductions would be distributed as a 66 percent shave for 9 refineries and investors, a 49 percent shave for 21 electricity generating facilities, a 49 percent shave for 26 non-major facilities, and no shave for the 219 remaining facilities. As a result, the shave would directly affect a total of 56 facilities plus investors that together hold 90 percent of the 26.51 tpd of the NOx RTCs. Other facilities that would not be shaved may also be indirectly impacted by potential changes in RTC price due to the proposed NOx RTC reductions.

3. METHODOLOGY FOR SOCIOECONOMIC ASSESSMENT

For the purpose of the socioeconomic analysis of the proposed amendments and CEQA alternatives for the NOx RECLAIM program, staff has assumed three compliance cost categories: (1) costs of control equipment implementation for 9 refineries and 11 non- refineries that would be shaved,[4] assuming all control equipment identified in the 2015 BARCT analysis would be

[3] To account for projected industry growth, the growth factor assumptions are: 1) 1.0 for the refinery sector; 2) 0.89 for electricity generating facilities; and 3) 1.1 -1.3 for the non-refinery sector. These growth factors are based on those in the Draft Final Staff Report, which are based on growth factors for point sources in 2012 AQMP made by SCAG. The only exception is for EGFs, whose growth factors were based on the 2014 Gas Fuel Report.

[4] Note that the current socioeconomic analysis uses the high-end cost estimate specified in the Revised Draft Staff Report. Cost estimates based on Norton Engineering Consultants (NEC)'s analysis for the refinery FCCUs lie between

installed by 2023 in lieu of other compliance options such as RTC purchases or operational changes, (2) incremental costs for a fraction of the remaining 36[5] shaved facilities to purchase RTCs to remain in compliance, due to both additional credits potentially needed and any potential increase in RTC price, and (3) incremental costs of purchasing RTCs at potentially higher prices for a fraction of the 219 non-shaved facilities that historically purchase credits from the market to reconcile actual emissions with RTCs. The costs associated with control equipment implementation are described in the cost section and then used as inputs to simulate and assess the regional macroeconomic impact of the proposed amendments and CEQA alternatives. The costs and job impacts resulting from the shave for a fraction of the 36 facilities and the 219 non-shaved facilities are discussed further in the Market Analysis section.

4. REGULATORY HISTORY

In 1993, SCAQMD adopted an emissions trading program (RECLAIM) for stationary sources as a market incentive system to cost-effectively achieve emission reductions. RECLAIM establishes facility mass emission limits for NOx and SOx and allows sources the flexibility to achieve regional prescribed emission reduction targets through process changes, installation of control equipment, and emissions trading. H&SC §39616 (c)(1) and (c)(4) required that findings be made that a market-based incentive program would result in "equivalent or less cost" and "not result in greater loss of jobs or more significant shifts from higher to lower skilled jobs than" the counterpart command-and-control regulation, at the time of adoption and 5 years later. Staff does not expect a shift from high- pay to low-pay jobs as a result of the proposed rule amendments.

A socioeconomic analysis of RECLAIM was conducted at the time of its adoption. The cost of RECLAIM was estimated to be $80.8 million annually, on average, compared with the $138.7 million cost of the corresponding command-and-control system (which included rules and control measures in the 1991 AQMP that were subsumed by RECLAIM). RECLAIM was predicted to result in an average of 866 jobs forgone annually, compared with 2,013 jobs forgone under the command-and-control system. Based on the five occupational categories from the lowest-paid to the highest-paid, RECLAIM was projected to result in increased employment opportunities for nearly every category relative to the command-and-control system.

Until the year 2000, prices of NOx RTCs were relatively stable between $1,500 and $3,000 an annual ton per day. In 2000, prices of NOx RTCs rose very quickly to over $45,000 a ton due to the increased demand for RTCs from electricity generating plants in response to the deregulated electricity generation market and limited installation of air pollution controls. In order to address the issues in the RECLAIM market, the Board removed large electricity generating plants from the market in May 2001. These electricity generating plants were required to file compliance plans for the installation of BARCT and restrictions were placed on the use and trade of their NOx RTCs. Other amendments to RECLAIM in 2001 included filing of compliance plans and forecast reports by large (at least 50 tons of NOx emissions) and medium (between 25 and 50 tons of NOx emissions) non-electricity generating facilities and the access to RECLAIM Air Quality Investment Program (AQIP), Mitigation Fee Program, and state Emission Credit Bank by

the low- and high-end of the range provided in the staff report.

[5] Inland Empire Energy Center and General Electric are considered as one facility, as the latter serves as a holding account for the former.

designated facilities. At the time, the Board also adopted several mobile and area source emission reduction credit rules whose credits could be used by RECLAIM facilities to comply with their allocations.

The annualized cost for installing controls on electricity generating facilities was projected to be $9 million. The annualized cost for the level 1 controls (known technologies at the time) on non-electricity generating facilities was estimated to be $26 million.[6] It was projected that 640 jobs would be forgone annually from the proposed controls, filing of compliance plans and forecast reports, the access to a reserve of NOx emission reductions, and the creation of mobile and area source credit rules.

In 2005, Regulation XX – RECLAIM was amended to achieve additional NOx reductions pursuant to the 2003 AQMP Control Measure #2003CMB-10. The proposed amendments also addressed requirements for demonstrating BARCT equivalency in accordance with H&SC §40440. In addition, trading restrictions for electricity generating producing facilities were removed.

4.1 Legislative Mandates

The socioeconomic assessments at the SCAQMD have evolved over time to reflect the benefits and costs of regulations. The legal mandates directly related to the assessment of the proposed rule include the SCAQMD Governing Board resolutions and various sections of the H&SC.

4.2 SCAQMD Governing Board Resolutions

On March 17, 1989 the SCAQMD Governing Board adopted a resolution that calls for an economic analysis of regulatory impacts that includes the following elements:

- Affected industries
- Range of control costs
- Cost effectiveness
- Public health benefits

On October 14, 1994, the Board passed a resolution which directed staff to address whether the rules or amendments brought to the Board for adoption are in the order of cost effectiveness as defined in the AQMP. The intent was to bring forth those rules that are most cost-effective first.

4.3 Health & Safety Code Requirements

The state legislature adopted legislation that reinforces and expands the Governing Board resolutions for socioeconomic assessments. H&SC §40440.8(a) and (b), which became effective on January 1, 1991, require that a socioeconomic analysis be prepared for any proposed rule or rule amendment that "will significantly affect air quality or emissions limitations." Specifically, the scope of the analysis should include:

[6] Specifically, Level 1 technologies included selective catalytic reduction (SCR) and low-NOx burner (LNB) controls on non-electricity generating turbines (SCR), internal combustion engines (SCR), boilers (LNB), heaters (ultra LNB), dryers (ultra LNB or LNB), ovens (LNB), furnaces (LNB or oxy-fuel), and afterburners (LNB).

- Type of affected industries
- Impact on employment and the economy of the district
- Emission reduction potential
- Necessity of adopting, amending or repealing the rule in order to attain state and federal ambient air quality standards
- Availability and cost effectiveness of alternatives to the rule

Additionally, the SCAQMD is required to actively consider the socioeconomic impacts of regulations and make a good faith effort to minimize adverse socioeconomic impacts. H&SC §40728.5, which became effective on January 1, 1992, requires the SCAQMD to:

- Examine the type of industries affected, including small businesses; and
- Consider socioeconomic impacts in rule adoption

Finally, H&SC §40920.6, which became effective on January 1, 1996, requires that incremental cost effectiveness be performed for a proposed rule or amendment that imposes BARCT or "all feasible measures" requirements relating to ozone, carbon monoxide (CO), oxides of sulfur (SOx), oxides of nitrogen (NOx), and their precursors.

Furthermore, H&SC §39616 (c)(1) and (c)(4) requires that at adoption, a market-based incentive program result in equivalent or less cost and not result in greater job losses or more significant shifts from high- to low-skilled jobs as compared with command-and- control measures. This finding was made in 1993 when RECLAIM was adopted and in 2000 when the findings were ratified.

Finally, H&SC §40440.5 requires that social, economic, and public health analyses of proposed rules be available to the public by at least 30 days prior to the hearing.

5. SHORT-TERM/LONG-TERM ECONOMIC OUTLOOK

According to the Wells Fargo Economic Forecast released on June 3, 2015, "California's economy should continue to outperform the national average over the next couple of years, led by continued gains in the state's technology sector and stronger growth in residential and commercial construction." Despite a whole host of challenges ranging from the drought to labor strikes at its major ports, California's economy has maintained strong momentum through the first part of 2015.

According to the 2015-2016 Economic Forecast and Industry Outlook from Los Angeles Economic Development Corporation (LAEDC), Southern California will continue employment gains and experience a decline in local unemployment rates. Southern California's leading industries are:

- Healthcare and Social Assistance
- Construction
- Professional, Scientific and Technical Services

- Administrative Support
- Waste Services

The lagging industries are other services, nondurable goods manufacturing, and financial activities.[7]

The economy of the four counties falling under the SCAQMD's jurisdiction is comprised of a large non-manufacturing sector and a much smaller manufacturing sector. The service sector and the retail and wholesale trade sector combined constituted over 52 percent of the region's employment in 2014 Regional Economic Models (REMI, 2014). Most of the affected RECLAIM facilities belong to manufacturing and utilities sectors. For these sectors, the California State University, Fullerton (CSUF) projected steady and positive employment growth in 2015 and 2016 for the counties of Orange, Riverside, and San Bernardino. Table 3 presents the projected annual percentage employment growth by sector for 2015 and 2016.

Table 3: Annual Percentage Employment Growth by Sector

Sector	Los Angeles			Orange			Riverside & San Bernardino			Southern California		
	2014	2015f	2016f	2014	2015f	2016f	2014	2015f	2016f	2014	2015f	2016f
Mining and logging	3.4%	-1.4%	-0.4%	1.1%	3.2%	2.8%	0.9%	6.0%	3.0%	7.0%	1.1%	-0.6%
Construction	10.5%	7.7%	5.7%	9.6%	6.4%	9.1%	5.3%	0.5%	4.6%	8.6%	5.6%	6.6%
Total Manufacturing	-4.1%	1.1%	-1.0%	-0.3%	2.1%	2.1%	1.6%	10.8%	6.7%	-2.2%	2.9%	1.0%
Durable Manufacturing	-2.1%	5.2%	-0.7%	0.9%	2.6%	2.3%	2.3%	13.8%	8.3%	-0.5%	5.8%	1.7%
Nondurable Manufacturing	-6.6%	-4.3%	-1.6%	-3.5%	0.9%	1.5%	0.4%	4.9%	3.3%	-4.8%	-1.9%	-0.2%
Transportation, Commun. & Utilities	2.2%	4.0%	3.3%	1.0%	1.4%	1.3%	3.8%	4.0%	4.6%	2.3%	3.5%	3.2%
Transportation, Warehousing & Utilit.	0.2%	4.3%	3.6%	1.2%	2.6%	2.9%	3.4%	3.9%	5.3%	1.0%	3.9%	3.9%
Wholesale Trade	3.3%	4.5%	2.7%	1.0%	0.7%	0.3%	3.6%	3.3%	3.3%	2.9%	3.4%	2.3%
Retail Trade	0.7%	4.3%	2.4%	-2.9%	-0.7%	-0.5%	2.2%	2.2%	-2.7%	-0.4%	2.2%	0.6%
Finance, Activities	2.7%	2.2%	2.5%	1.9%	1.9%	2.0%	3.7%	3.9%	4.5%	2.7%	2.4%	2.7%
Services	0.4%	1.8%	0.9%	1.2%	0.2%	0.3%	1.9%	1.8%	2.1%	0.8%	1.4%	1.1%
Total Government	2.3%	2.3%	2.3%	2.0%	2.2%	2.4%	3.7%	4.2%	4.7%	2.5%	2.6%	2.7%
Total Employment	3.4%	-1.4%	-0.4%	1.1%	3.2%	2.8%	0.9%	6.0%	3.0%	7.0%	1.1%	-0.6%

Note: "f" means forecast. Source: California State University, Fullerton
Source: http://business.fullerton.edu/Center/EconomicAnalysisAndForecasting/#Default.

In addition, the CSUF forecast projects lower unemployment rates in 2015 and 2016 for all the four counties and, Southern California as a whole. Table 4 presents the annual percentage change in unemployment. (CSUF 2015 Economic Forecast).

[7] http://laedc.org/2015/02/18/2015-2016-economic-forecast-published/.

Table 4: Annual Percentage Unemployment Rate Outlook

	2012	2013	2014	2015F	2016F
Southern California	10.2%	8.6%	7.4%	6.9%	6.5%
Los Angeles	10.9%	9.9%	8.7%	7.6%	7.0%
Orange County	7.6%	6.2%	5.3%	4.8%	4.5%
Riverside & San Bernardino	12.0%	10.2%	8.8%	8.4%	8.3%

Source: CSUF 2015 Economic Forecast.

For the long-term economic outlook, all sectors of the local economy, except manufacturing, will experience a positive job growth.[8] The long-term growth is robust in construction, mining, transportation, and utilities sectors. The manufacturing sector is projected to incur a modest negative job growth from 2012-2022. Please see Appendix A for 10-year industry employment projections for the 4-county area.

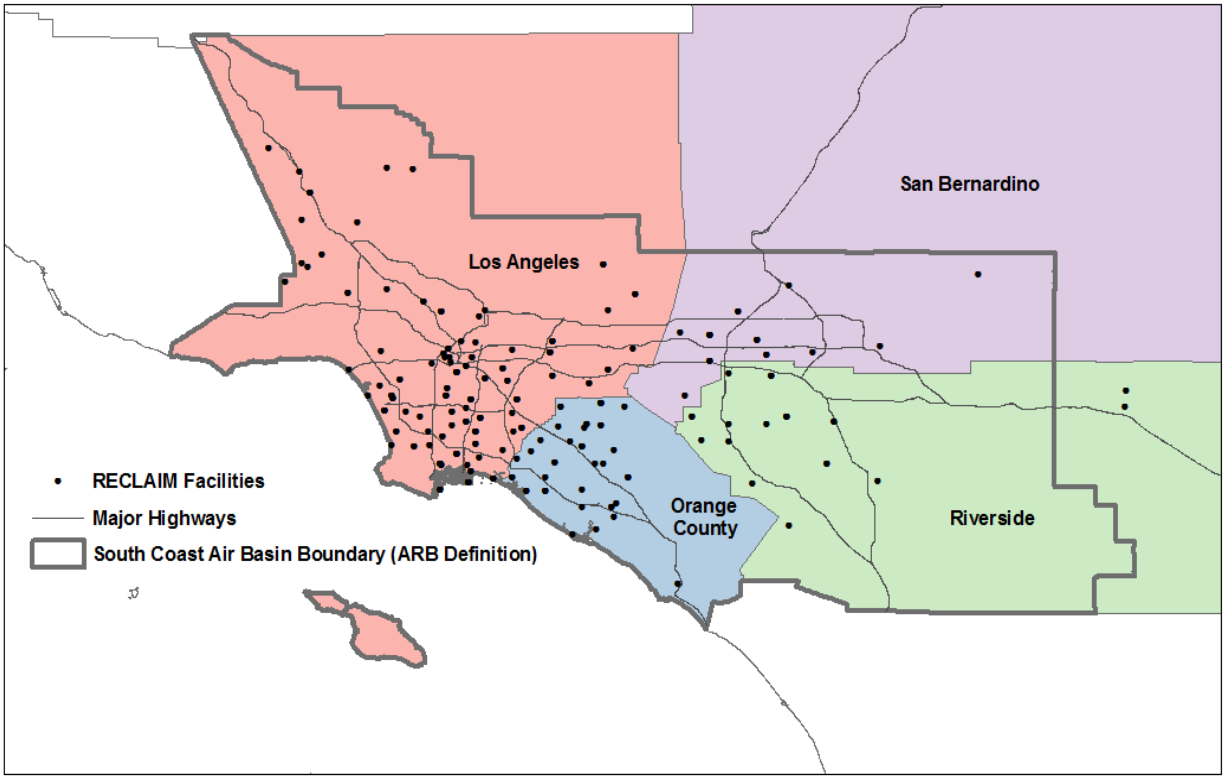
6. AFFECTED FACILITIES

The RECLAIM universe of facilities evolves due to shutdowns and the entry of new facilities. The RECLAIM program started with 392 NOx facilities in 1994 when RECLAIM went into effect. By the end of compliance year 2013, there were about 275 facilities in the NOx RECLAIM universe. Most of the RECLAIM facilities are relatively large emitting businesses (greater than 4 tons of NOx) with respect to their cohort in the same industry. These facilities are spread across all industries in the four-county economy. Of the 275 facilities, 66 percent were in Los Angeles County, 18 percent in Orange County, and 8 percent in both Riverside and San Bernardino Counties. Figure 1 shows the location of these facilities within the SCAQMD jurisdiction.[9]

[8] http://www.labormarketinfo.edd.ca.gov/data/employment-projections.html.

[9] While two facilities located in Desert Hot Springs fall outside the South Coast Air Basin Boundary as defined by the California Air Resources Board, Desert Hot Springs falls within the SCAQMD's jurisdiction for Riverside County. For more information see: http://www.aqmd.gov/home/about/jurisdiction.

Figure 1: Location of RECLAIM Facilities as of 2013



For the 275 facilities that are in the NOx RECLAIM program, the 14 tpd of NOx RTC reductions will only directly affect 56 facilities plus the investors that currently hold 90 percent of the NOx RTC credits. Out of the 56 facilities, 76 percent are in Los Angeles County, 4 percent in Orange County, 9 percent in Riverside County, and 11 percent in San Bernardino County.

They include 9 major refineries, 21 electricity generating facilities, and 26 other top-emitting non-refinery facilities. The 9 affected refineries belong to the sector of petroleum product manufacturing (NAICS 324), the 21 electricity generating facilities belong to the sector of utilities (NAICS 221), the remaining 26 facilities belong to the sectors of manufacturing (NAICS 31-33), mining, oil and gas exploration (NAICS 211), utilities (NAICS 221), amusement and recreation industries (NAICS 713), and a military facility.

For the remaining 219 facilities, no NOx RTC shave is proposed. Facilities in this group represent a range of industries, but are largely comprised of manufacturing (NAICS 31-33), mining, oil and gas exploration (NAICS 211), and utilities (NAICS 221) industries. Cost impacts on these facilities individually are expected to be small (if not zero). Any cost impacts that could potentially occur would be the result of any NOx RTC price increases due to the proposed amendments, and they are expected to be proportional to the amount of NOx RTCs currently needing to be purchased by these facilities.

6.1 Small Business

The SCAQMD defines a "small business" in Rule 102 for purposes of fees as one which employs 10 or fewer persons and which earns less than $500,000 in gross annual receipts. The SCAQMD also defines "small business" for the purpose of qualifying for access to services from the SCAQMD's Small Business Assistance Office (SBAO) as a business with an annual receipt of $5 million or less, or with 100 or fewer employees. In addition to the SCAQMD's definition of a small business, the federal Small Business Administration (SBA) and the federal 1990 Clean Air Act Amendments (1990 CAAA) also provide definitions of a small business.

The 1990 CAAA classifies a business as a "small business stationary source" if it: (1) employs 100 or fewer employees, (2) does not emit more than 10 tons per year of either VOC or NOx, and (3) is a small business as defined by SBA. The SBA definitions of small businesses vary by six-digit NAICS codes. In general terms, a small business must have no more than 500 employees for most manufacturing and mining industries, and no more than $7 million in average annual receipts for most nonmanufacturing industries. For instance, the sector of petroleum refineries (NAICS 324110) has 1,500 employees as the threshold below which a business is considered small. The sector of utilities (NAICS 221111) has 500 to 1,000 employees as a threshold and non-metallic mineral products (NAICS 327213) which includes glass plants, has fewer than 750 employees as a threshold below which a business is considered small.

The 2015 Dun and Bradstreet data includes employment or gross revenue information for about half of the 275 facilities in the RECLAIM universe. According to the SCAQMD (Rule 102) definition of a small business, 11 facilities would be classified as small businesses. Under the 1990 CAAA definition, 26 facilities are considered small businesses. Based on SBA's definition of a small business, 85 facilities would be small businesses.[10] For the 56 facilities affected by the shave and for which Dun and Bradstreet data is available, none are considered small businesses under either the SCAQMD or 1990 CAAA definitions. Twenty-two are considered small businesses under the SBA definition.[11]

7. COST OF BARCT INSTALLATION

This section estimates the total cost of BARCT installation. However, it should be noted that a RECLAIM facility is expected to retrofit an emission source only when it meets both of the following conditions: first, it does not hold sufficient RTCs to offset facility-wide emissions at the end of the compliance period; second, the cost of control installation per ton of emission reduction is lower than the expected average RTC price over the life of the control equipment. Even if a facility finds it more cost-effective to install pollution control equipment, it still would not incur the full cost of control installation if control installation results in surplus RTCs that the facility eventually sells to offset the control installation cost. Therefore, the compliance cost estimated in this section should be considered as the most conservative (i.e., maximum) estimate of the overall

[10] See the SBA website (http://www.sba.gov/community/blogs/community-blogs/small-business- matters/what-small-business-what-you-need-know-and-wh).The latest SBA definition of small businesses by industry can be found at http://www.sba.gov/content/table-small-business-size-standards.

[11] In order to reconcile discrepancies in Dunn & Bradstreet employment figures, estimates were acquired from SCAQMD Engineering & Compliance (RECLAIM Audit) permit data where applicable.

compliance cost for the proposed shave that will be needed to achieve the BARCT-equivalent level of NOx emission reductions.

Based on the BARCT analysis detailed in the Revised Draft Staff Report, the total compliance cost for BARCT installation would be potentially incurred by the 9 refineries and 11 non-refineries that have sources/equipment that can be upgraded to the 2015 BARCT level (for more detailed information on methodology and assumptions used, please see the Staff Report).Table 5 presents the estimated number of upgradable control devices at the 20 facilities per equipment/source category.

Under the proposed amendments, the 9 refineries would have the flexibility of changing operations, holding sufficient RTCs, or installing Selective Catalytic Reduction (SCR) technology, UltraCat Dry Gas Scrubbers (DGS), and Low Temperature Oxidation (LoTOxTM) with Wet Gas Scrubbers (WGS) to reduce NOx emissions coming from FCCUs, Sulfur Recovery Units/Tail Gas Incinerators (SRU/TGUs), coke calciner, refinery boilers and heaters, and refinery gas turbines.

The 11 non-refinery facilities currently have the following equipment/source categories: container glass melting furnaces, glass melting furnace facilities, sodium silicate furnaces, metal heat treating furnaces (rated greater than 150 mmBtu/hour), stationary ICEs and non- electricity generating facility stationary gas turbines. Under the proposed amendments, operators of these facilities would have the flexibility of changing operations, holding sufficient RTCs, or installing SCR technology or UltraCat DGS to reduce NOx emissions. For the purpose of conducting a worst-case analysis, 34 SCR units and 1 UltraCat DGS are assumed to be installed at the 11 non-refinery affected facilities. It is possible that another UltraCat DGS may also be installed in lieu of 1 of the 34 SCR units.

In total, the proposed project is assumed to result in the installation of the following new NOx air pollution control equipment: 116 SCRs, 8 LoTOxTM with WGSs, 1 LoTOxTM without WGS, and 3 UltraCat DGSs.

Table 5: Estimated Number of NOx Control Devices per Sector and Equipment/Source Category

Sector	Equipment/Source Category	Number of Affected Facilities	Estimated Number of Control Devices
Refinery	Fluid Catalytic Cracking Units (FCCUs)	5	3 SCRs 2 LoTOx™ with WGSs 1 LoTOx™ without WGS
Refinery	Refinery Process Heaters and Boilers	8	73 SCRs
Refinery	Refinery Gas Turbines	5	7 SCRs + Add Catalysts to 4 SCRs
Refinery	Sulfur Recovery Unit / Tail Gas Units (SRU/TGUs)	4	5 LoTOx™ with WGSs and 1 SCR**
Refinery	Petroleum Coke Calciner	1	1 UltraCat DGS or LoTOx™ ***
Non-Refinery	Container Glass Melting Furnaces	1	2 SCR or 1 UltraCat DGS
Non-Refinery	Sodium Silicate Furnaces	1	1 SCR or 1 UltraCat DGS

Sector	Equipment/Source Category	Number of Affected Facilities	Estimated Number of Control Devices
Non-Refinery	Metal Heat Treating Furnaces	1	1 SCR
Non-Refinery	Internal Combustion Engines (Non-Refinery/Non-Electricity Generating)	3	16 SCRs
Non-Refinery	Turbines (Non-Refinery/ Non-Electricity Generating)	7	13 SCRs and 1 SCR replacement
		TOTAL	**116 SCRs** **8 LoTOx™ with WGSs** **1 LoTOx™ without WGS** **3 UltraCat DGSs**

Under the assumption that all BARCT control devices listed above would be installed, an assumed implementation schedule was developed based on the required construction time (Table 6) and cost-effectiveness of control equipment (Table 7), which would ensure the achievement of projected emission reductions in 2018 and 2022. To the extent possible, it was assumed that the most cost-effective NOx control equipment would be installed or modified first, taking into account unit turnaround schedule information available to staff at this time. Table 8 summarizes the assumed implementation schedule.

Table 6: Construction Time by Source Category and Control Equipment

Non-Refinery		
Source Category	**Control Equipment**	**Required Time**
Sodium Silicate Furnace	SCR	2 years
ICE Engines	SCR	2 years
Container Glass Furnace	SCR/UltraCat DGS	2 years
Gas Turbines	SCR	2 years
Metal Heat Treating Furnace >150mmBtu/hr	SCR	2 years
Refinery		
Source Category	**Control Equipment**	**Required Time**
Refinery FCCU	SCR/ LoTOx™	3 Years
Coke Calciner	LoTOx™ /UltraCat DGS	3 Years
Boilers/Heaters	SCR	3 Years
Gas Turbines	SCR	2-3 years
SRU/TGs	SCR/ LoTOx™	3 Years

The cost estimates in this analysis are based on the combined estimates provided by SCAQMD consultants and staff for each affected facility. In addition, when applicable, the assumptions applied in the previous CEQA documents were used which analyzed similar equipment in both the 2005 amendments to NOx RECLAIM and the 2010 amendments to SOx RECLAIM.[12] Further, if a particular technology was identified as having a cost that exceeds $50,000 per ton for a particular facility, staff did not include that equipment as having feasible BARCT controls or emission reduction potential in the analysis. This is consistent with past practice for proposed RECLAIM amendments.

Table 7: Distribution of Control Equipment by Equipment Category and by Cost-Effectiveness

Equipment Category	Average DCF $/ton	Average LCF $/ton
Refinery Gas Turbine	$2,046	$3,250
Metal Heat Treating Furnace >150mmBtu/hr	$3,400	$5,500
Sodium Silicate Furnace	$4,750	$7,600
Glass Melting Furnace	$5,950	$9,450
Non-Refinery ICE Engine	$6,000	$9,600
Refinery FCCU	$8,200	$14,300
Non-Refinery Gas Turbine	$20,300	$32,500
Coke Calciner	$23,500	$38,000
Refinery Boiler/Heater	$28,000	$45,000
SRU/TG	$34,000	$56,000
Average	**$13,615**	**$22,120**

* DCF stands for Discounted Cash Flow and LCF stands for Levelized Cash Flow.
** Each of the cost-effective values in this table corresponds to the midpoint of the cost-effectiveness ranges reported in the Revised Draft Staff Report.

[12] Staff has met with three refineries who provided varying levels of detail regarding their projected costs that would occur for these facilities to comply with the proposed amendments. There is not sufficient information for staff to verify the WSPA cost estimates. Some of the difference related to staff using an incremental cost-effectiveness calculation, which assumes that 2005 BARCT levels are in place, which may or may not be the case for individual facilities, but is needed for a programmatic evaluation. The individual facilities include total costs, and often include full costs for additional equipment such as substations that may support the new control equipment, as well as other operations at the facility.

Table 8: Distribution of Control Equipment Categories by Installation Schedules

	2016		2018		2019		2020		2021		2022		Total Equip	Total tpd emi reductions
Categories	**# of Equip**	**tpd emi red**	**# of Equip**	**tpd emi red**	**# of Equip**	**tpd emi red**	**# of Equip**	**tpd emi red**	**# of Equip**	**tpd emi red**	**# of Equip**	**tpd emi red**		
Refinery Sector														
Ref Gas Turbines	0	0.04	add cat	2.4	1 SCR	0.13	1 SCR	0.21	3 SCR	0.96	2 SCR	0.39	7 SCR	4.14
FCCUs					1 SCR	0.07	1 SCR	0.06	1 LoTOxTM	0.06	1 LoTOxTM	0.15	2 SCR 3 LoTOxTM	0.43
					1 LoTOxTM	0.09								
Coke Calciners					1 LoTOxTM UltraCat DGS	0.17							LoTOxTM UltraCat DGS	0.17
Boilers/Heaters							7 SCR	0.10	9 SCR	0.10	9 SCR	0.08	74 SCR	0.94
							14 SCR	0.17	14 SCR	0.14	2 SCR	0.01		
							13 SCR	0.24	6 SCR	0.13				
SRU/TGs							1 LoTOxTM	0.06	1 LoTOxTM	0.06	1 LoTOxTM	0.05	5 LoTOxTM 1 SCR	0.32
									2 LoTOxTM & 1 SCR	0.15				
Subtotal		**0.04**		**2.40**		0.46		0.84		1.60		0.68		6.00
Non-Refinery Sector														
Sodium Silicate Furnace			1 SCR or UltraCat DGS	0.09									1 SCR or UltraCat DGS	0.09
ICE					16 SCR	0.84							16 SCR	0.84
Container Glass Furnace					1 SCR or 2 UltraCat DGS	0.24							1 SCR or 2 UltraCat DGS	0.24
Gas Turbines							14 SCR	1.04					14 SCR	1.04
Metal H. Furnace >150mmBtu/hr					1 SCR	0.56								0.56
Subtotal				**0.09**		**1.64**		**1.04**						**2.77**
Total Emission Red.		**0.04**		**2.49**		**2.10**		**1.88**		**1.60**		**0.68**		**8.77**
Proposed RTC Red.		**4**		**2**		**2**		**2**		**2**		**2**		**14**

Table 9 presents the total average annual compliance cost of the proposed amendments by source/equipment category. The detailed cost assumptions will be discussed in the following subsections. Only estimates using a 4 percent discount rate will be reported in those subsections.[13]

Table 9: Average Annualized Control Installation Cost Estimates by Equipment Category (Millions of 2014 dollars)

	2018		2019		2022		2035		Average Annual (2018-2035)	
	Discount Rate Applied									
	4%	1%	4%	1%	4%	1%	4%	1%	4%	1%
Source Category Refinery										
Refinery FCCU	0	0	9.4	7.82	25.25	21.03	25.25	21.03	21.86	18.18
Coke Calciner	0	0	5.83	4.89	5.83	4.89	5.83	4.89	5.51	4.62
Boilers/Heaters	0	0	0	0	15.17	11.06	15.17	11.06	13.03	9.5
Gas Turbines	1.23	1.17	1.69	1.61	6.12	5.87	6.12	5.87	5.35	5.13
SRU/TGs	0	0	0	0	6.77	4.97	6.77	4.97	5.64	4.14
Total Refinery	**1.23**	**1.17**	**16.92**	**14.32**	**59.14**	**47.81**	**59.14**	**47.81**	**51.39**	**41.57**
Source Category Non-Refinery										
Sodium Silicate Furnace	0.3	0.26	0.3	0.26	0.3	0.26	0.3	0.26	0.3	0.26
ICE Engines	0	0	2.38	1.98	2.38	1.98	2.38	1.98	2.25	1.87
Container Glass Furnace	0	0	0.93	0.82	0.93	0.82	0.93	0.82	0.88	0.78
Gas Turbines	0	0	0	0	6.96	6.38	6.96	6.38	6.19	5.67
Total Non-Refinery	**0.30**	**0.26**	**4.23**	**3.63**	**11.19**	**10.00**	**11.19**	**10.00**	**10.20**	**9.11**
Grand Total	**1.53**	**1.43**	**21.15**	**17.95**	**70.32**	**57.81**	**70.32**	**57.81**	**61.59**	**50.68**

[13] In 1987, SCAQMD staff began to calculate cost-effectiveness of control measures and rules using the Discounted Cash Flow method with a discount rate of 4 percent. Although not formally documented, the discount rate is based on the 1987 real interest rate on 10-year Treasury Notes and Bonds, which was 3.8 percent. The maturity of 10 years was chosen because a typical control equipment life is 10 years; however, a longer equipment life would not have corresponded to a much higher rate-- the 1987 real interest rate on 30-year Treasury Notes and Bonds was 4.4 percent. Since 1987, the 4 percent discount rate has been used by SCAQMD staff for all cost-effectiveness calculations, including BACT analysis, for the purpose of consistency. The compliance cost reported in this assessment was thus annualized using a real interest rate of 4 percent. As a sensitivity test, a real interest rate of 1 percent was also used, which is closer to the prevailing real interest rate (see https://www.whitehouse.gov/omb/circulars_a094/a94_appx-c/).

As shown in Table 9, more expensive controls would not be installed until the 2019- 2022 timeframe. Based on this schedule and facility-specific estimates, the average annualized cost of the proposed amendments is estimated to be approximately $70 million (at 4 percent discount rate) or $60 million (at 1 percent discount rate) from year 2022 onwards when all controls are assumed to have been installed. More than 73 percent of the annualized compliance cost is expected to occur in the refinery sector, and more than 43 percent of the sector's annualized compliance cost would be associated with FCCU installation. Among the non-refinery sectors, gas turbines would account for more than 60 percent of the sector's annualized compliance cost.

Table 10 presents the annual compliance cost of full BARCT implementation by industry. Refineries (NAICS 324) would incur the majority of the compliance costs. Among the non- refinery sectors, glass melting furnaces, sodium silicate furnaces and metal heat treating furnaces belong to nonmetallic mineral product manufacturing (NAICS 327), chemical manufacturing (NAICS 325), and primary metal manufacturing (NAICS 311) sectors. Gas turbines were used in airport operations (NAICS 488), oil and gas extraction (NAICS 211), and paper manufacturing (NAICS 322) sectors. Internal Combustion Engines (ICE) engines were used in the utilities sector (NAICS 221).

Table 10: Average Annualized Control Installation Cost Estimates by Industry (Millions of 2014 dollars)

	2018		2019		2022		2035		Average Annual (2018-2035)	
	Discount Rate Applied									
	4%	1%	4%	1%	4%	1%	4%	1%	4%	1%
Refineries (324)	1.23	1.17	16.92	14.32	59.14	47.81	59.14	47.81	51.39	41.57
Utility (221)	0.00	0.00	2.38	1.98	6.27	5.57	6.27	5.57	5.72	5.06
Air Port Operation (488)	0.00	0.00	0.36	0.30	0.36	0.30	0.36	0.30	0.32	0.27
Paper Manufacturing (322)	0.00	0.00	0.00	0.00	0.73	0.68	0.73	0.68	0.65	0.60
Oil and Gas Extraction (211)	0.00	0.00	0.00	0.00	1.97	1.80	1.97	1.80	1.75	1.60
Nonmetallic Mineral Product Mfg. (327)	0.00	0.00	0.93	0.82	0.93	0.82	0.93	0.82	0.88	0.78
Chemical Manufacturing (325)	0.30	0.26	0.30	0.26	0.30	0.26	0.30	0.26	0.30	0.26
Primary Metal Manufacturing (311)	0.00	0.00	0.62	0.57	0.62	0.57	0.62	0.57	0.59	0.54
Grand Total	**1.53**	**1.43**	**21.15**	**17.95**	**70.32**	**57.81**	**70.32**	**57.81**	**61.59**	**50.68**

7.1 BARCT Cost Estimates for the Refinery Sector

There are 9 refinery facilities subject to the NOx RECLAIM rules whose operators may choose to install NOx air pollution control equipment in response to the proposed RTC shave. These facilities include the 6 refineries owned by 5 companies operating FCCUs, refinery boilers and heaters, refinery gas turbines, and SRU/TGUs.

As discussed previously, the 9 refineries may choose among changing operations, obtaining

sufficient RTC holdings, and installing NOx control devices, presumably based on which option would be more economical. The analysis herein assumes that the 9 refineries would install BARCT controls under the proposed amendments, a scenario representing the maximum potential cost.

As a conservative approach to cost estimation, the most stringent controls with the high- end cost (worst case scenarios) are assumed for the proposed amendments as well as for the CEQA alternatives. In total, 84 SCR units, 6 LoTOxTM with WGSs, 1 LoTOxTM without WGS, and 1 UltraCat DGS are assumed to be installed at the 9 refinery sector facilities. In order to operate SCR and UltraCat DGS, ammonia is necessary and, as such, tanks to store ammonia would also need to be installed. The size of each ammonia tank needed to operate the SCR units and 1 UltraCat DGS have been estimated to range between 2,000 and 11,000 gallons in capacity. For a full description of the control technologies, please see the CEQA NOx Control Technologies section.

7.1.1 Refinery FCCUs

The purpose of an FCCU at a refinery is to convert or "crack" heavy oils (hydrocarbons), with the assistance of a catalyst, into gasoline and lighter petroleum products. Each FCCU consists of three main components: a reaction chamber, a catalyst regenerator and a fractionator. There are 5 refineries that operate 6 FCCUs in the SCAQMD. The FCCUs are classified as major sources of emissions in RECLAIM, and as such, the NOx emissions from FCCUs are required to be monitored with a continuous emission monitoring system (CEMS), and reported on a daily basis electronically to the SCAQMD.

To further reduce NOx emissions from a FCCU (beyond what is currently being achieved through the use of NOx reducing additives), the potential available control technologies are either: 1) SCR; or, 2) LoTOxTM with WGS.

Two out of the 5 affected refineries are assumed to install SCRs and the remaining 3 are assumed to install LoTOxTM with WGS. The total compliance cost of the proposed amendments for refinery FCCUs includes one-time cost and recurring cost. The one-time cost includes the capital cost of SCRs and LoTOxTM with WGS and their installations (demolition, concrete, structural, piping, electrical, contractors, contingencies).

The capital cost and installation of the 2 SCRs are estimated at $30 and $48.3 million, respectively. Based on vendor–supplied costs and the assumptions made in staff's engineering analyses, the capital cost and installation of the 3 LoTOxTM with WGSs are estimated at $33.47, $54.89, and $60.62 million, respectively. Assuming a 25-year life[14] for equipment and installation, and a real interest rate of 4 percent, the total one-time annualized cost of compliance for the refinery FCCUs would sum up to $14.53 million.

The annual operating costs for the 2 SCR units include utilities (electricity), ammonia, catalyst

[14] Although the Bay Area AQMD and EPA OAQPS assume an SCR lifespan of 20 years, staff assumed a 25-year equipment life for SCRs to be installed based on the profiles of SCRs used by refineries in the Basin. Nearly 30 percent of the refinery combustion equipment in the Basin has SCRs that were installed more than 25 years ago, and more than 60 percent of the refinery combustion equipment has SCRs that were installed more than 20 years ago. These units are still in operation and thus support the assumption of a 25-year useful life in the cost analysis.

replacement (every 5 years), and other periodic maintenance. The annual operating cost for each SCR unit is estimated at $0.12 and $0.19 million, respectively. The catalyst replacement costs for each SCR unit is estimated at $1.5 million and $2.4 million, respectively. Staff used data provided in the 2005 SOx RECLAIM amendments for the annual costs associated with the WGS and manufacturer's data for the annual costs associated with the LoTOxTM with WGS portion of the system. The annual operating costs for the 3 LoTOxTM with WGSs units include utilities (electricity), ammonia/caustic, waste water, and other periodic maintenance. The annual operating cost for each LoTOxTM with WGS unit is estimated at $2.4 and $3.5, and $3.9 million, respectively. The total annualized operating and maintenance costs for the 2 SCRs and 3LoTOxTM with WGS units would sum up to about $10.7 million.[15] Summing up the capital, operating, and maintenance costs, total annualized cost of compliance for the FCCU units would amount to $25 million using a 4 percent discount rate.

Table 11: Total Capital, Installation, and Annual Operating Cost of SCRs/LoTOx™ for Refineries FCCUs (Millions of 2014 dollars, present value)

Refinery	Equipment Cost	Installation Cost	Total O&M Cost	Electricity/ Water	Ammonia/ Caustic	Catalyst*
5	$7.5	$22.5	$0.12	$0.036	$0.084	$1.5
6	$12.0	$36.0	$0.192	$0.058	$0.134	$2.4
7	$9.6	$23.9	$2.14	$0.64	$1.49	0.0
4	$15.6	$39.0	$3.51	$1.05	$2.45	0.0
9	$17.3	$43.3	$3.88	$1.16	$2.7	0.0
Total	**$62.00**	**$164.70**	**$9.84**	**$2.94**	**$6.86**	**$3.90**

*Total cost recurring every 5 years

7.1.2 Refinery Process Heaters and Boilers

Refinery process heaters and boilers are used extensively throughout various processes in refinery operations such as distillation, hydrotreating, fluid catalytic cracking, alkylation, reforming, and delayed coking. There are 23 boilers and 189 heaters in the refineries classified as major or large NOx sources. The refinery heaters and boilers primarily burn refinery gas which is generated at the refinery. Most of these boilers and heaters use natural gas as back-up or supplemental fuel.

For the purpose of the analysis, controlling NOx emissions from refinery boilers and process heaters was assumed to be accomplished with SCR technology. It was assumed that 8 refineries would

[15] The total O&M cost in Table 11 is the sum of annual electricity/water, ammonia/caustic and annualized cost of the catalyst.

install 73 SCR units. Based on the vendor–supplied costs and the assumptions made in staff's engineering analyses, the total capital, installation, and operating costs of each SCR is presented in the table below. It should be noted that the annual operating costs were distributed among electricity, ammonia, annual catalyst replacement, and other annual maintenance.

Assuming a 25-year life for equipment and installation, and a real interest rate of 4 percent, the total one-time annualized cost of compliance of 73 SCR installations for the refinery boilers and heaters is estimated at $15.02 million. The total annual operating and maintenance costs for the 73 SCR units are estimated at $0.15 million.[16] Summing up the capital, operating, and maintenance costs, total annualized cost of compliance for the boilers and heaters would amount to $15 million using a 4 percent discount rate. Table 12 presents the detailed costs per refinery.

Table 12: Total Capital, Installation, and Annual Operating Cost of SCRs for Refineries Process Heaters and Boilers (Millions of 2014 dollars, present value)

Refinery	Equipment Cost	Installation Cost	Total O&M in $1,000	Electricity/Water	Ammonia/Caustic	Catalyst	Other Maintenance
1	$7.36	$25.80	$21.44	$6.43	$8.58	$4.29	$2.14
3	$0.44	$1.54	$1.28	$0.38	$0.51	$0.26	$0.13
4	$4.51	$15.79	$13.12	$3.94	$5.25	$2.62	$1.31
5	$10.87	$38.12	$31.69	$9.51	$12.67	$6.34	$3.17
6	$11.32	$39.67	$32.97	$9.89	$13.19	$6.59	$3.30
7	$7.80	$27.34	$22.72	$6.82	$9.09	$4.54	$2.27
8	$3.85	$13.48	$11.20	$3.36	$4.48	$2.24	$1.12
9	$5.93	$20.80	$17.28	$5.18	$6.91	$3.46	$1.73
Total	**$52.08**	**$182.54**	**$151**	**$45.51**	**$60.68**	**$30.34**	**$15.17**

7.1.3 Refinery Gas Turbines

Gas turbines are used in refineries to produce both electricity and steam. Refinery gas turbines are typically combined cycle units that use 2 work cycles from the same shift operation. There are a total of 21 gas turbines/duct burners classified as major NOx sources at the refineries in the SCAQMD. Collectively, the 21 gas turbines/duct burners emitted about 1.33 tpd of NOx in 2011.

For the purpose of the analysis, controlling NOx emissions from refinery gas turbines was assumed to be accomplished with SCR technology. A total of 5 refineries are affected in this category. Refinery 1 is assumed to add catalyst to existing SCRs and the remaining 4 refineries are assumed to install SCRs: Refinery 4 (2 SCRs), Refinery 3 (3 SCRs), Refinery 6 and 7 each to install 1 SCR.

Based on vendor–supplied costs and the assumptions made in staff's engineering analyses, the total capital, installation, and operating costs of each SCR is presented in the table below. It should be

[16] The total O&M cost in Table 12 is the sum of annual electricity/water, ammonia/caustic, annual cost of the catalyst, and other maintenances.

noted that the annual operating costs were distributed among electricity, ammonia, annual catalyst replacement, and other annual maintenance. Assuming a 25-year life for equipment and installation, and a real interest rate of 4 percent, the total one-time annualized cost of compliance of the SCRs installations for the refinery gas turbines is estimated at $1 million. The total annual operating and maintenance costs of SCR units are estimated at $5.25 million.[17] Summing up the capital, operating, and maintenance costs, total annualized cost of compliance for the gas turbines would amount to $6 million using a 4 percent discount rate. Table 13 presents the detailed costs per refinery.

Table 13: Total Capital, Installation, and Annual Operating Cost of SCRs for Refineries Gas Turbines (Millions of 2014 dollars, present value)

Refinery	Equipment Cost	Installation Cost	Total O&M Cost	Electricity/ Water	Ammonia /Caustic	Catalyst	Other Maintenances
1	$0.77	$2.30	$1.03	$0.31	$0.41	$0.21	$0.10
4	$0.71	$2.14	$0.96	$0.29	$0.38	$0.19	$0.09
5	$1.51	$4.54	$2.03	$0.61	$0.81	$0.41	$0.20
6	$0.29	$0.86	$0.39	$0.12	$0.15	$0.08	$0.04
7	$0.63	$1.89	$0.85	$0.25	$0.34	$0.17	$0.09
Total	**$3.91**	**$11.73**	**$5.25**	**$1.58**	**$2.09**	**$1.06**	**$0.52**

7.1.4 Sulfur Recovery Units and Tail Gas Units (SRU/TGUs)

Refinery SRU/TGUs, including their incinerators, are classified as major sources of both NOx and SOx emissions. Because sulfur is a naturally occurring and undesirable component of crude oil, refineries employ a sulfur recovery system to maximize sulfur removal. The type of NOx control option to be utilized in response to this portion of the proposed project is assumed to be LoTOxTM technology with a WGS or SCR. Three refineries are assumed to install 1 LoToxTM with WGS each and 1refinery is assumed to install 2 LoTOxTM with WGS and 1 SCR.

Based on vendor–supplied costs and the assumptions made in staff's engineering analyses, the total capital, installation, and operating costs of LoTOxTM with WGS and SCR are presented in the table below. It should be noted that the annual operating costs were distributed among electricity, ammonia/caustic, waste water, annual catalyst replacement, and other annual maintenance.

Assuming a 25-year life for equipment and installation, and a real interest rate of 4 percent, the total one-time annualized cost of compliance of the LoTOxTM with WGS and SCR installations for the refinery SRU/TGUs is estimated at $6.2 million. The total annual operating and maintenance costs

[17] The total O&M cost in Table 13 is the sum of annual electricity/water, ammonia/caustic, annual cost of the catalyst, and other maintenances.

are estimated at $0.57 million.[18] Summing up the capital, operating, and maintenance costs, total annualized cost of compliance for the gas turbines would amount to $7 million using a 4 percent discount rate. Table 14 presents the detailed costs per refinery.

Table 14: Total Capital, Installation, and Annual Operating Cost of Sulfur Recovery Units and Tail Gas Units (SRU/TGUs) (Millions of 2014 dollars, present value)

Refinery	Equipment Cost	Installation Cost	Total O&M Cost	Electricity/ Water	Ammonia/ Caustic	Waste Water	Other Maintenance
1	$4.52	$15.82	$0.15	$0.07	$0.06	$0.01	$0.01
5	$7.91	$27.68	$0.14	$0.07	$0.05	$0.01*	$0.01
6	$4.57	$15.99	$0.13	$0.07	$0.05	$0.01	$0.01
8	$4.52	$15.82	$0.15	$0.07	$0.06	$0.01	$0.01
Total	**$21.52**	**$75.31**	**$0.57**	**$0.28**	**$0.21**	**$0.04**	**$0.04**

***** Refinery 5 cost estimates for annual cost of catalyst

7.1.5 Petroleum Coke Calciner

Petroleum coke is the heaviest portion of crude oil which cannot be recovered in the normal oil refining process. Instead, it is processed in a delayed coker unit to generate a carbonaceous solid referred to as "green coke," a commodity. To improve the quality of the product, it is sent to a calciner to make calcined petroleum coke.

There are two commercially available multi-pollutant control technologies for the low temperature removal of NOx emissions from the coke calciner: 1) LoTOxTM with scrubber; and, 2) UltraCat DGS. The type of NOx control option to be utilized for the coke calciner in response to the proposed amendments would depend on the facility's individual operations and the current control technologies and techniques in place. For the purpose of the socioeconomic analysis, 1 refinery is assumed to control NOx emissions from a coke calciner with UltraCat DGS. It should be noted that the annual operating costs were distributed among electricity, ammonia, waste water, annual catalyst replacement, and other annual maintenance.

Based on vendor–supplied costs and the assumptions made in staff's engineering analyses, the total capital and installation of LoTOxTM with UltraCat DGS is estimated at $50.84 million. Assuming a 25-year life for equipment and installation, and a real interest rate of 4 percent, the total one-time annualized cost of compliance of 1 UltraCat DGS is estimated at $3.25 million. The total annual operating and maintenance costs are estimated at $2.58 million. Summing up the capital, operating, and maintenance costs, total annualized cost of compliance for the coke calciner would amount to

[18] The total O&M cost in Table 14 is the sum of annual electricity/water, ammonia/caustic, waste water, and other maintenances.

$6 million using a 4 percent discount rate.

7.2 BARCT Cost Estimates for the Non-Refinery Sector

In addition to the 9 refineries, 11 non-refinery facilities also operate with equipment that can be further controlled to meet 2015 BARCT levels. They include 1 container glass manufacturing plant, 1 sodium silicate manufacturing plant, 1 steel plant operating 2 metal heat treating furnaces rated greater than 150 mmBtu/hr, 7 facilities operating gas turbines, and 3 facilities operating ICEs. The analysis herein assumes that the 11 non-refinery facilities would choose to install BARCT controls under the proposed amendments, the maximum potential compliance cost scenario.

As a conservative approach to cost estimation, the most stringent controls with the high- end cost (worst case scenarios) are assumed for the proposed amendments as well as for the CEQA alternatives. In total, 34 SCR units and 1 UltraCat DGS are assumed to be installed at these facilities.

7.2.1 Container Glass Melting Furnaces

A container glass melting furnace is the main equipment used for manufacturing glass products, such as bottles, glassware, pressed and blown glass, tempered glass, and safety glass. In the NOx RECLAIM program there is 1 facility among the top NOx emitting facilities that operates glass melting furnaces. This facility produces container glass from dry, solid raw materials that are melted in the furnaces and then formed into glass container bottles.

To effectively reduce NOx emissions from this category, staff assumed the affected facility would chose to install 2 Tri-Mer UltraCat Systems for treating the flue gas of glass melting furnaces. Based on vendor–supplied costs and the assumptions made in staff's engineering analyses, the total capital and installation of 2 Tri-Mer UltraCat Systems is estimated at
$5.68 million. Assuming a 25-year life for equipment and installation, and a real interest rate of 4 percent, the total one-time annualized cost of compliance of 2 UltraCat DGS is estimated at $0.36 million. The total annual operating and maintenance costs are estimated at $0.67 million. The annual operating costs were distributed among electricity, ammonia and sorbent, waste water, waste disposal, annual catalyst replacement, and other annul maintenance. The total annualized cost of compliance for the container glass melting furnace including capital, operating, and maintenance, is estimated to be $1.03 million.

7.2.2 Sodium Silicate Furnace

In the NOx RECLAIM program, there is only 1 facility that produces sodium silicate in a melting furnace. NOx emissions are also created from combusting fuel needed to heat the furnace. To effectively achieve the largest reduction of NOx emissions, it was assumed that the affected facility would choose to install 1 UltraCat DGS.

Based on vendor–supplied costs and the assumptions made in staff's engineering analyses, the total capital and installation costs of 1 UltraCat DGS is estimated at $2 million. Assuming a 25-year life for equipment and installation, and a real interest rate of 4 percent, the total one-time annualized cost of 1 UltraCat DGS is estimated at $0.13 million. The total annual operating and

maintenance costs are estimated at $0.17 million. The annual operating costs were distributed among electricity, ammonia, waste water, waste disposal, annual catalyst replacement, and other annual maintenance. Summing up the capital, operating, and maintenance costs, total annualized cost of compliance for the container glass melting furnace would amount to $300,000 using a 4 percent discount rate.

7.2.3 Metal Heat Treating Furnaces

A metal melting furnace burns liquid or gaseous fuel to generate enough pre-heated air at a temperature high enough to melt solid metal into a liquid molten consistency and to maintain the metal in a liquid state until it is ready for later use. Among the top NOx emitting facilities in the NOx RECLAIM program, there is only 1 facility that processes steel in 2 metal heat furnaces with individual heat ratings above 150 mmBtu/hr. To effectively achieve a substantial NOx reduction from these metal heat treating furnaces, SCR is the technology that is best suited for the flue gas treatment of NOx. As a result, it was assumed that the operator of the affected facility would chose to install 1 SCR system.

Based on vendor–supplied costs and the assumptions made in staff's engineering analyses, the total capital and installation of 1 SCR is estimated at $2.80 million. Assuming a 25- year life for equipment and installation, and a real interest rate of 4 percent, the total one- time annualized compliance cost is estimated at $0.18 million. The total annual operating and maintenance costs are estimated at $0.44 million. The annual operating costs were distributed among electricity, ammonia, annual catalyst replacement, and other annual maintenance. Summing up the capital, operating, and maintenance costs, total annualized cost of compliance for the metal melting furnace would amount to $600,000 using a 4 percent discount rate.

7.2.4 Gas Turbines (Non-Refinery/Non-Electricity Generating Plant)

Stationary gas turbines are used primarily to drive compressors or to generate electricity. Among the top non-electricity generating facility NOx emitting facilities in the RECLAIM universe, there are 20 gas turbines that are either major or large source units. For the purpose of the analysis, controlling NOx emissions from the 4 non-refinery/non-electricity generating facility gas turbines is assumed to be accomplished with SCR technology.

Based on vendor–supplied costs and the assumptions made in staff's engineering analyses, the total capital, installation, and operating costs of 14 SCRs for the 7 affected facilities are presented in the table below. It should be noted that the annual operating costs were distributed among electricity, ammonia and annual catalyst replacement. Assuming a 25- year life for equipment and installation, and a real interest rate of 4 percent, the total one- time annualized cost of compliance of 14 SCRs is estimated at $2.02 million. The total annual operating cost of these 14 SCRs is estimated at $4.94 million.[19] Summing up the capital, operating, and maintenance costs, total annualized cost of compliance for the gas turbines would amount to $7 million using a 4 percent discount rate. Table 15 presents the detailed costs per facility.

[19] The total O&M cost in Table 15 is the sum of annual electricity, ammonia/urea, and annual cost of catalyst.

Table 15: Total Capital, Installation, and Annual Operating Cost of SCRs for Non-Electricity generating facilities Gas Turbines (Millions of 2014 dollars, present value)

Facility	Equipment Cost	Installation Cost	Total O&M Cost	Electricity	Ammonia /Urea	Catalyst
1	$2.81	$5.62	$2.12	$0.41	$1.34	$0.37
2	$2.03	$4.06	$0.27	$0.08	$0.15	$0.03
3	$0.77	$1.55	$0.44	$0.02	$0.32	$0.10
4	$0.96	$1.92	$0.17	$0.04	$0.09	$0.04
5	$0.92	$1.84	$0.56	$0.02	$0.35	$0.19
6	$1.62	$3.25	$0.79	$0.27	$0.29	$0.23
7	$1.40	$2.81	$0.6	$0.2	$0.2	$0.2
Total	**$10.51**	**$21.05**	**$4.95**	**$1.04**	**$2.74**	**$1.16**

7.2.5 Internal Combustion Engines (Non-Refinery/Non-Electricity Generating Facility)

Stationary Internal Combustion Engines (ICEs) are used primarily to drive pumps, compressors, or to generate electricity. For the purpose of the analysis, controlling NOx emissions from this category is assumed to be accomplished with SCR technology.

Based on vendor–supplied costs and the assumptions made in staff's engineering analyses, the total capital, installation, and operating costs of 16 SCRs for the 3 affected facilities are presented in the table below. It should be noted that the annual operating costs were distributed among electricity, ammonia and annual catalyst replacement. Assuming a 25- year life for equipment and installation, and a real interest rate of 4 percent, the total one- time annualized cost of compliance of 16 SCRs is estimated at $1.38 million. The total annual and operating costs of these 16 SCRs is estimated at $0.99 million.[20] Summing up the capital, operating, and maintenance costs, total annualized cost of compliance for the ICEs would amount to $2 million using a 4-percent discount rate. Table 16 presents the detailed costs per facility.

[20] The total O&M cost in Table 16 is the sum of annual electricity, ammonia/urea, annual cost of catalyst, and other maintenances.

Table 16: Total Capital, Installation, and Annual Operating Cost of SCRs for Non- Electricity generating facilities ICE Engines (Millions of 2014 dollars, present value)

Facility	Equipment Cost	Installation Cost	Total O&M Cost	Electricity	Ammonia /Urea	Catalyst	Other Maintenances
1	$0.53	$3.93	$0.18	$0.005	$0.08	$0.08	$0.02
2	$0.68	$4.78	$0.31	$0.004	$0.07	$0.22	$0.02
3	$0.80	$10.80	$0.50	$0.01	$0.21	$0.22	$0.06
Total	**$2.01**	**$19.51**	**$0.99**	**$0.02**	**$0.36**	**$0.52**	**$0.10**

8. MACROECONOMIC IMPACTS ON REGIONAL ECONOMY

The Regional Economic Model (REMI, PI+ v1.7.2) (PI+ v1.7.2) was used to assess the total socioeconomic impacts of a policy change (i.e., the proposed rule). The model links the economic activities in the counties of Los Angeles, Orange, Riverside, and San Bernardino, and for each county, it is comprised of five interrelated blocks: (1) output and demand, (2) labor and capital, (3) population and labor force, (4) wages, prices and costs, and (5) market shares.[21]

8.1 Impact of Proposed Amendments

The assessment herein is performed relative to a baseline ("business as usual") where the proposed amendments would not be implemented. The proposed amendments are assumed to induce full BARCT installation at the 9 refineries and 11 non-refinery facilities, which would create a policy scenario under which the affected facilities would incur a total annual compliance cost of approximately $70 million when evaluated at a 4 percent discount rate, or $60 million when evaluated at a 1 percent discount rate from year 2022 onwards when all controls are assumed to have been installed. It is assumed that the 20 facilities would finance the capital and installation costs of control equipment, or more specifically, these one-time costs are assumed to be amortized and incurred over the equipment life.

Direct effects of the proposed amendments are used as inputs to the REMI model in order for the model to assess secondary and induced impacts for all the industries in the four- county economy on an annual basis and across a user-defined horizon: 2018 (first year of assumed BARCT implementation) to 2035, and a sensitivity analysis was conducted that extends the horizon to

[21] Within each county, producers are made up of 66 private non-farm industries, three government sectors, and a farm sector. Trade flows are captured between sectors as well as across the four counties and the rest of U.S. Market shares of industries are dependent upon their product prices, access to production inputs, and local infrastructure. The demographic/migration component has 160 age/gender/race/ethnicity cohorts and captures population changes in births, deaths, and migration. (For details, please refer to REMI online documentation at http://www.remi.com/products/pi.)

2043. Direct effects of the proposed amendments include additional costs to the 20 facilities that would install control equipment and additional sales, by local vendors, of equipment, devices, or services that would meet the proposed requirements. Whereas all the compliance expenditures that are incurred by the affected facilities would increase their cost of doing business, the purchase of additional control equipment such as SCR, LoTOxTM, UltraCat DGS, and equipment installation would increase the spending and sales of businesses in various sectors, some of which may be located in the SCAQMD region. Table 17 lists the industry sectors modeled in REMI that would either incur cost or benefit from the compliance expenditures.

Table 17: Industries Incurring *vs.* Benefitting from Compliance Costs/Spending

Source of Compliance Costs	REMI Industries Incurring Compliance Costs (NAICS)	REMI Industries Benefitting from Compliance Spending (NAICS)
Installation of SCR, LoTOx™, UltraCat DGS	Refinery (NAICS 324), Manufacturing (NAICS 331), Utilities (NAICS 221), Chemical Manufacturing (NAICS 325), Nonmetallic Mineral Product Manufacturing (NAICS 327), Oil and Gas Extraction (NAICS 211), and Support Activities for Transportation (NAICS 488)	*One-time-Capital:* Machinery Manufacturing (NAICS 333)
Installation of SCR, LoTOx™, UltraCat DGS	Refinery (NAICS 324), Manufacturing (NAICS 331), Utilities (NAICS 221), Chemical Manufacturing (NAICS 325), Nonmetallic Mineral Product Manufacturing (NAICS 327), Oil and Gas Extraction (NAICS 211), and Support Activities for Transportation (NAICS 488)	*One-time-Capital:* Construction (236)
Operating and Maintenance Cost of SCR, LoTOx™, UltraCat DGS	Refinery (NAICS 324), Manufacturing (NAICS 331), Utilities (NAICS 221), Chemical Manufacturing (NAICS 325), Nonmetallic Mineral Product Manufacturing (NAICS 327), Oil and Gas Extraction (NAICS 211), and Support Activities for Transportation (NAICS 488)	*Recurring:* Professional, Scientific, and Technical Services (541)
Other Operating and Maintenance Costs: Electricity, Water	Refinery (NAICS 324), Manufacturing (NAICS 331), Utilities (NAICS 221), Chemical Manufacturing (NAICS 325), Nonmetallic Mineral Product Manufacturing (NAICS 327), Oil and	*Recurring:* Utilities (221)

Source of Compliance Costs	REMI Industries Incurring Compliance Costs (NAICS)	REMI Industries Benefitting from Compliance Spending (NAICS)
	Gas Extraction (NAICS 211), and Support Activities for Transportation (NAICS 488)	
Other Operating and Maintenance Costs: Ammonia, Caustic, Oxygen	Refinery (NAICS 324), Manufacturing (NAICS 331), Utilities (NAICS 221), Chemical Manufacturing (NAICS 325), Nonmetallic Mineral Product Manufacturing (NAICS 327), Oil and Gas Extraction (NAICS 211), and Support Activities for Transportation (NAICS 488)	*Recurring:* Chemical Manufacturing (NAICS 325)
Other Operating and Maintenance Costs: Solid Waste Disposal & Waste Water	Refinery (NAICS 324)	*Recurring:* Waste Management (NAICS 562)

It should be noted that the REMI model is not designed to assess impacts on individual operations. The model was used to assess the impacts of the proposed amendments on various industries that make up the local economy. Cost impacts on individual operations were assessed outside of the REMI model and used as inputs into the REMI model.

When the compliance cost annualized at a 4 percent interest rate is used, it is projected that an average of 20 net jobs could be created annually from 2018 to 2035, and about 140 net jobs foregone when the analysis horizon is extended to 2043. The difference is because the majority of jobs would be created at the beginning of the analysis period (2018-2022) when control installation is assumed to take place, as shown in Figure 2. (Note that jobs foregone may include either losses of existing jobs or projected additional jobs not created). The projected job impact becomes slightly more positive when the compliance cost annualized at a 1 percent interest rate is used. This analysis only considers the potential compliance cost of full BARCT installation at the 20 facilities, and it does not take into account the monetary benefits for facilities that potentially will have more RTCs available for sale as a result of NOx emission reductions due to BARCT installation. (Please see next section for an RTC market analysis.)

In earlier years of the implementation of these amendments, the positive job impacts from the compliance expenditures made by refineries, container glass, sodium silicate plant, and sulfur acid plants would more than offset the jobs forgone from the additional cost of doing business (Table 18). In 2021, where most of the spending is expected to occur, about 2,000 additional jobs are projected in the regional economy. The positive job impact would trickle down to the sectors of construction, miscellaneous professional services, retail, wholesale, and business services. However, as refineries, glass, sulfur acid plant, and other non-major facilities continue to incur the

amortized capital expenditures, reductions in job growth would set in, resulting in jobs forgone in later years.

The oil and gas extraction sector is projected to have about 30 average annual jobs forgone, due to additional spending on SCRs required on gas turbines. Despite having a large share of the total compliance cost, the refinery industry is projected to have fewer jobs forgone (about 10) relative to other industries with a similar magnitude of cost impacts. This is due to the fact that the industry is the most capital-intensive. As such, less labor would be required to produce the same amount of products or services.

In earlier years, positive job impacts are projected in the sectors of fabricated metal products (NAICS 332) and machinery manufacturing (NAICS 331), due to purchase of various types of control equipment (including SCR, LoTOxTM, and UltraCat DGS) by the affected facilities (as presented in Table 17). Likewise, the sector of construction is projected to gain many jobs during the beginning period, due to the installation of control equipment. In addition, the sector of professional and technical services (NAICS 541) is projected to also gain jobs in earlier years from additional demand for equipment installation and maintenance. Operating and maintenance expenditures would benefit the industries of chemical products (NAICS 325) for additional sales of ammonia and public utilities (NAICS 22) for electricity.

The projected reduction in disposable income from the overall jobs forgone in the later years would dampen the demand for goods and services in the local economy, thus contributing to jobs forgone in sectors such as the rest of manufacturing, retail trade, wholesale, and accommodation and food services. As presented in Table 18, many major sectors of the regional economy would experience negative, albeit minor, job impacts in later years from the secondary and induced effects of BARCT implementation.

Table 18: Projected Job Impacts of Full BARCT Implementation by Industry and Year

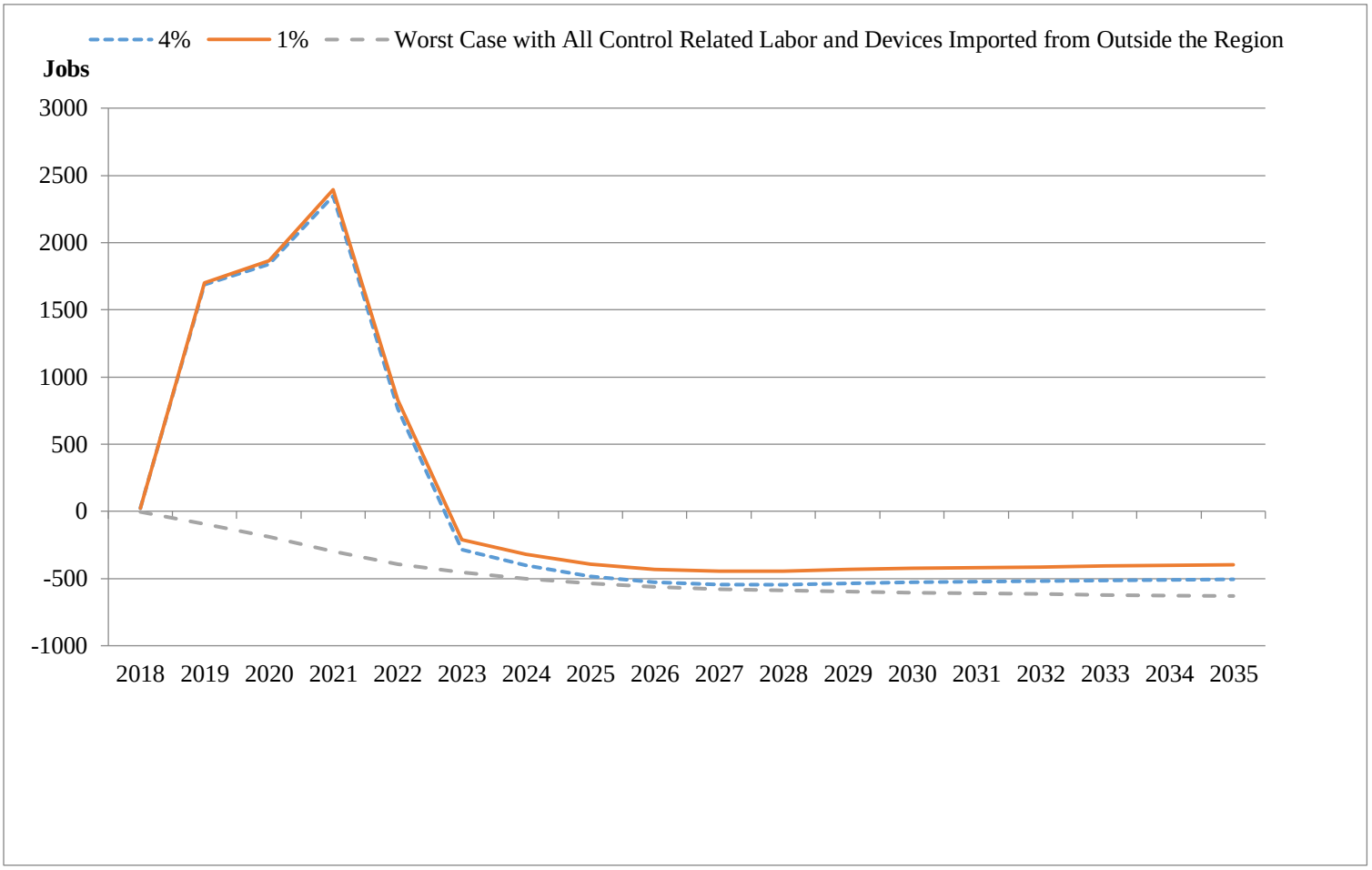
Industry	NAICS	Year					Average Annual (2018-2035)
		2018	2021	2022	2030	2035	
Oil and gas extraction	211	0	-10	-19	-43	-45	-31
Utilities	22	0	5	5	1	1	2
Construction	23	23	1193	476	-114	-84	116
Nonmetallic mineral product mfg.	327	0	9	3	-2	-2	0
Fabricated metal product mfg.	332	1	21	8	-4	-3	1
Machinery mfg.	331	2	44	22	2	1	9
Petroleum and coal product mfg.	324	0	-4	-7	-13	-12	-9
Chemical mfg.	325	0	5	4	2	1	2
Rest of Manufacturing	31-33	0	24	1	-13	-11	-7
Wholesale trade	42	1	56	22	-5	-6	6
Retail trade	44-45	2	95	6	-59	-57	-27
Truck transportation and couriers	484,492	0	13	3	-5	-4	-1
Monetary authorities	521,522,5255	0	14	5	-2	-2	1
Securities, and commodity contracts	523	1	31	5	-6	-4	0
Insurance carriers and related activities	524	0	10	3	-3	-3	0
Real estate	531	1	43	13	-19	-19	-6
Professional and technical services	54	4	125	54	-30	-39	2

Industry	NAICS	Year					Average Annual (2018-2035)
		2018	2021	2022	2030	2035	
Management of companies and enterprises	55	0	9	2	-3	-2	-1
Administrative and support services	561	2	87	28	-26	-26	-4
Waste management and remediation services	562	0	3	2	-1	-2	0
Educational services	61	1	24	8	-8	-8	-1
Ambulatory health care services	621	1	64	18	-17	-19	-2
Hospitals	622	0	14	5	-6	-7	-2
Nursing and residential care facilities	623	0	11	3	-4	-5	-1
Social assistance	624	1	36	11	-11	-13	-2
Performing arts and spectator sports	711	0	9	0	-1	0	0
Amusement, gambling, and recreation	713	0	6	2	-1	-1	0
Accommodation	721	0	11	3	-3	-3	0
Food services and drinking places	722	1	60	22	-22	-26	-4
Repair and maintenance	811	1	25	8	-4	-4	1
Personal and laundry services	812	1	35	8	-8	-8	0
Membership associations and organization	813	0	21	6	-5	-4	0
Private households	814	0	11	2	-2	-2	0
Other Industries		0	38	5	-16	-14	-6
Government		1	81	56	-44	-48	-11
Total		**44**	**2219**	**793**	**-495**	**-480**	**23**

*The job impacts are projected for the regional economy, which includes jobs at all businesses, whether directly affected by full BARCT implementation or not.

Figure 2 presents a projected time series of job impacts over the 2018-2035 time period. Based on Abt Associate's 2014 recommendation to enhance socioeconomic analysis by conducting scenario analysis on major assumptions, staff has analyzed an alternative scenario (worst case) where the affected facilities would not purchase any control equipment or services from providers within the Basin. This is a highly hypothetical scenario in order to test the sensitivity of the previously discussed scenarios where the analyses rely on REMI's embedded assumptions about how the capital and O&M spending would be distributed inside and outside the region. In reality, utilities expenditures are paid to local utilities producers. Moreover, construction jobs related to control installation are likely to increase hiring from the local labor force. This worst-case scenario would result in an annual average of approximately 450 jobs forgone. The approximately 480 jobs forgone in 2035 represent less than 0.01 percent of total jobs in the region. It is not expected that the proposed rule amendments will create a shift from high-to-low skill jobs.

Figure 2: Projected Regional Job Impact, 2018-2035



8.1.1 Potential Health Benefits

The South Coast Air Basin is one of only two "extreme" non-attainment areas in the nation that have not reached the federal 8-hour ozone standard. Ground-level ozone, or smog, forms when volatile organic compounds (VOC) photochemically react with nitrogen oxides (NOx) in the presence of sunlight. Encompassing a major swath of Southern California, the South Coast Air Basin is among the most densely populated areas nationwide, with about 13 million cars, trucks, and other vehicles operating on its extensive network of highways and roads.[22] The amount of pollutants produced by modern urban life and industrial activities, combined with Southern California's year-round sunny weather, all contribute to the high concentrations of ground-level

[22] According to estimates provided by the California Department of Motor Vehicles, there were a total of 13.7 million registered vehicles in Los Angeles, Orange, Riverside, and San Bernardino counties for the period of January 1 to December 31, 2013. (https://www.dmv.ca.gov/portal/wcm/connect/add5eb07-c676-40b4-98b5-8011b059260a/est_fees_pd_by_county.pdf?MOD=AJPERES, accessed February 18, 2015.) The South Coast Air Basin covers all of Orange County and the urban portions of Los Angeles, Riverside and San Bernardino counties; therefore, the total number of vehicles would have been somewhat smaller.

ozone in the area. Ozone exposure can cause immediate, adverse effects on the respiratory system and result in various symptoms such as coughing, throat irritation, chest pain, and shortness of breath. It can also inflame the lining of the lungs, and for asthma patients, it may increase the number and severity of attacks. Long-term impacts of frequent exposure to ozone may lead to permanent lung damage and increase the risk of premature death.

In addition, the South Coast Air Basin remains a non-attainment area for the federal 24- hour and annual PM2.5 standards. NOx is also a precursor to PM2.5. Exposure to high levels of PM2.5 have been shown to cause and aggravate cardiopulmonary illnesses, including heart attacks, irregular heartbeat, aggravated asthma, decreased lung function, and increased respiratory symptoms, such as irritation of the airways, coughing or difficult breathing. These outcomes result in increased absences from school and work, hospitalization, and other medical expenses. Exposure to PM2.5 is associated with premature deaths. According to recent estimates by the California Air Resources Board, elevated ambient PM2.5 levels result in approximately 4,100 premature deaths annually in the South Coast Air Basin.

The reductions in ozone and PM2.5 associated with the proposed rule amendments have the potential to reduce the mortality and morbidity incidences associated with NOx emissions.

8.1.2 Competiveness

The additional cost for the proposed rule would increase the cost of services rendered by the affected industries in the region. The magnitude of the impact depends on the size and diversification of, and infrastructure in, a local economy as well as interactions among industries. A large, diversified, and resourceful economy would absorb the impact described above with relative ease.

Changes in production/service costs would affect prices of goods produced locally. The relative delivered price of a good is based on its production cost and the transportation cost of delivering the good to where it is consumed or used. The average price of a good at the place of use reflects prices of the good produced locally and imported elsewhere.

It is projected that the manufacturing sector, where most of the affected RECLAIM facilities belong, would experience a rise in its relative cost of services by about 0.013 percent and a rise in its delivered price by less than 0.001 percent in 2022 from the implementation of the proposed amendments.

8.1.3 Job Impact by Occupation

Occupations can be grouped into five categories according to median weekly earnings (See Table A in Appendix B for more details). Group 1 has the lowest-paid occupations while Group 5 has the highest-paid occupations. Table X shows the job impact as a percentage of the baseline jobs under the proposed amendments for each occupational wage group. Median weekly U.S. wage rates for 95 occupations are obtained from the 2013 BLS Employment and Earnings. The wage rates are ranked in ascending order, and then divided into five groups. The range of occupational wage rates as listed in the Appendix B.

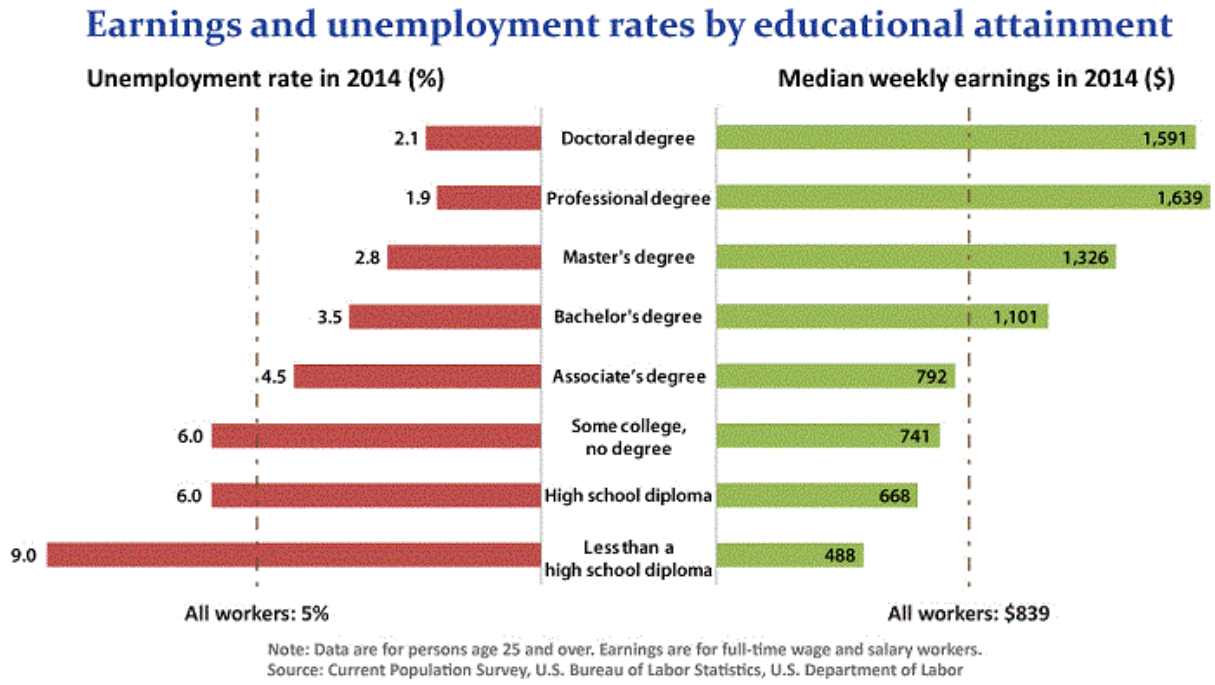
A positive figure indicates that the proposed amendments create more jobs and a negative figure means the opposite. In earlier years of the implementation of these amendments, the positive job impacts from the compliance expenditures made by affected facilities would more than offset the jobs proportionally forgone from the additional cost of doing business. However, as affected facilities continue to incur the amortized capital expenditures, reductions in job growth would set in, resulting in jobs forgone in later years.

For example, in 2018 through 2022, the full installation of BARCT controls is projected to result in more jobs created with respect to the baseline for all occupational groups. As shown in Table 19, however, proportionately fewer jobs would be foregone (e.g., in 2030 and 2035) for lower skilled than higher skilled jobs. For the purpose of this analysis, staff assumed lower skilled jobs as those jobs that do not require a bachelor's degree which according to the 2014 Bureau of Labor Statistics would have weekly earnings of about $1,100 per week. Similar job impacts by occupational group would have occurred under command-and-control regulations as they would also require the full installation of BARCT controls.

Table 19:
Job Impact of the Proposed Amendments by Occupational Wage Group by Year

Group	Median Weekly Earnings*	% Impact from Baseline					No. of Occupations
		2018	2021	2022	2030	2035	
1	$236 - $480	0.0002%	0.0104%	0.0033%	-0.0032%	-0.0032%	19
2	$481 - $619	0.0003%	0.0152%	0.0046%	-0.0051%	-0.0049%	19
3	$620 - $767	0.0009%	0.0453%	0.0173%	-0.0065%	-0.0054%	19
4	$768 - $980	0.0003%	0.0119%	0.0045%	-0.0040%	-0.0040%	19
5	$990 - $1738	0.0004%	0.0193%	0.0069%	-0.0049%	-0.0047%	19

*Source: Employment and Earnings. Bureau of Labor Statistics. (See http://www.bls.gov/emp/ep_chart_001.htm.)



According to the 2014 California State Board of Equalization, total gasoline sales in California were 14.57 billion gallons, of which the region's share is estimated to be 46 percent. The annual compliance cost of refineries due the proposed amendments, if fully passed on to gasoline consumers, would result in a gasoline price increase of up to 0.8 cents per gallon in the four-county area.[23] Gasoline produced by refineries within SCAQMD is also consumed in a larger region including other parts of California and areas in neighboring states (e.g. Nevada and Arizona), therefore, the actual added cost is expected to be lower than the stated amount. It should be noted that due to possible outside competition in the gasoline market, refineries may not be able to pass on the full cost of the proposed amendments to consumers. However, it should be noted that due to clean air regulations, the gasoline blends sold in this region are different from those permitted in other parts of the country. Therefore, any outside competition, if any, is expected to be very limited.

8.1.4 Rule Adoption Relative to the Cost Effectiveness Schedule

On October 14, 1994, the Governing Board adopted a resolution that requires staff to address whether rules being proposed for adoption are considered in the order of cost- effectiveness. The 2012 AQMP ranked, in the order of cost-effectiveness, all of the control measures for which costs were quantified. It is generally recommended that the most cost- effective actions be taken first.

The proposed amended rules implement control measure CMB-01 (Additional Reductions for

[23] The rate of 46 percent was applied to the state's total of 14.57 billion gallons sold to get the Basin's share of 6,702 million gallons sold. Dividing the average annual cost of the proposed amendments ($52 million) by 6,702 million gallons will result in $0.008 or (0.8 cents/gallon) increase in gasoline price.

NOx RECLAIM) in the 2012 AQMP. The cost effectiveness of this measure (Phase II) was estimated to be $16,000 per ton of NOx reduced. This measure was ranked 8th among all the SCAQMD control measures for stationary sources in terms of cost-effectiveness in the 2012 AQMP.

8.1.5 Incremental Cost Effectiveness

The annualized BARCT costs for the Proposed Rule Amendments and Alternative 3—Industry Proposal—are shown in Table 21 below. Alternative 3 will result in 5.23 less emissions reductions than the Proposed Rule Amendments (8.77 tpd vs. 14 tpd). The incremental cost of achieving the additional 5.23 tpd is taken as the difference in cost between the Proposal and Alternative 3, which is calculated by converting annualized BARCT costs into PWV 2014 dollars. The incremental cost-effectiveness for achieving the additional 5.23 tpd of NOx reductions is therefore $17,000/ton.

8.2 Impact of CEQA Alternatives

Five alternatives to the proposed amendments were developed for the CEQA analysis associated with this proposal. This section provides an assessment of the possible different socioeconomic impacts resulting from these alternatives. Table 19 below summarizes the proposed shave for each affected source category. Alternative 1 (Across the Board), Alternative 2 (Most Stringent), Alternative 3 (Industry Approach), Alternative 4 (No Project), and Alternative 5 (Weighted by BARCT Reduction Contribution for all Facilities and Investors). The primary components of the proposed alternatives that have been modified are the source categories that may be affected, and the manner in which compliance with the proposed NOx BARCT emission limits would be achieved. After further analysis, staff determined Alternatives 3 and 4 do not comply with state law.

Table 20: Proposed Amendments and CEQA Alternatives

	Proposed Amendments	Major Refineries/ Investors	Non-Major Faciliti	Electricity generating Facilities	Remaining Facilities
Staff Proposal	**Shave Applied to Facilities and Investors Holding the Top 90% of RTCs (Weighted by BARCT Reduction Contribution)** *56 total facilities, plus investors*	**66%** ***(9 Facilities)***	**49%** ***(26 Facilities)***	**49%** ***(21 Facilities)***	**0%** ***(219 Facilities)***
CEQA Alternatives					
CEQA Alternative #1	**Across the Board** *Affects all facilities and investors*	**53%**	**53%**	**53%**	**53%**

CEQA Alternative #2	**Most Stringent Approach** *Across the Board without 10% Compliance Margin*	**60%**	**60%**	**60%**	**60%**
CEQA Alternative #3	**Industry Approach** *Across the Board: Difference between previous BARCT and new BARCT*	**33%**	**33%**	**33%**	**33%**
CEQA Alternative #4	**No Project**	**0%**	**0%**	**0%**	**0%**
CEQA Alternative #5	**Weighted by BARCT Reduction Contribution** *Affects all facilities and investors*	**66%**	**36%**	**36%**	**36%**

To analyze the worst case scenarios, the CEQA analysis assumes that all other components of the project alternatives are identical to the components of the proposed project (i.e., the same control equipment); therefore, the corresponding impacts would also occur under all the alternatives except the 'no project' alternative. However, for the purpose of conducting socioeconomic analyses and comparing costs and job impacts under different CEQA alternatives, staff assumed that a different set of source categories would be affected under each CEQA alternative.

The analysis conducted in the ensuing subsection focuses on the 9 refineries and 11 non- refinery facilities with identified 2015 BARCT.

8.2.1 Alternative 1 – Across the Board Shave of NOx RTCs

Alternative 1 consists of an across-the-board NOx RTC shave of 14 tpd that would affect all NOx RECLAIM facilities and investors. Although the total amount of the shave is identical to the proposed project, the NOx RTC holdings would be shaved by 53 percent overall.

For the purpose of the socioeconomic analysis of the CEQA alternatives, staff assumed fewer control equipment to be installed by refineries since less reduction (53 percent vs. 66 percent) is required. To meet the proposed 53 percent shave, refinery sector needs to only reduce 4.76 out of 6.00 tpd required under the proposed project. To meet the 4.76 tpd reductions and based on the cost-effectiveness schedule, only control costs for the refinery FCCUs, gas turbines, and coke calciners are considered for the cost estimates.

On the other hand, the remaining 11 non-major facilities would need to reduce more of their current holdings relative to the proposed project (53 percent vs. 49 percent, or 3.12 vs. 2.77 tpd). Since these facilities will have their holdings reduced by 53 percent rather than the 49 percent in the proposed project, these facilities are assumed to need to purchase RTCs to meet the difference. While these facilities may purchase some RTCs, this would not be an additional cost of the

program since the sellers would be paid for these RTCs. For the purpose of worst-case analysis, staff assumed these facilities will purchase 0.35 (3.12 tpd - 2.77 tpd = 0.35 tpd) tpd of RTCs at a price of $22,499 per ton (i.e. the Proposed Amended Rule 2002 trigger), irrespective of the projected demand and supply of NOx RTC and how the market would behave under this alternative shave.

8.2.2 Alternative 2—Most Stringent Shave of NOx RTCs

Alternative 2 consists of the most stringent approach by applying an across-the-board NOx RTC shave of 15.87 tpd. Alternative 2 would affect all RECLAIM facilities and investors, but without including the 10 percent compliance margin or the BARCT adjustment for refinery equipment. Under Alternative 2, the NOx RTC holdings would be shaved by 60 percent overall. Under Alternative 2, the total shave of 15.87 tpd is greater than the 14 tpd shave that is contemplated by the proposed project. In addition, the distribution of the shave under Alternative 2 would reduce the NOx RTC holdings differently than the proposed amendments: 60 percent reduction would be applied to all 275 NOx RECLAIM facilities and investors.

For the purpose of the socioeconomic analysis of the CEQA alternatives, staff assumed less control equipment to be installed by refineries since less reduction (60 percent vs. 66 percent) is required. To meet the proposed 60 percent shave, the refinery sector needs to only reduce 5.34 tons out of 6.00 tons required under the proposed project. To meet the 5.34 tons reductions and based on the cost-effectiveness schedule, only control costs for the refinery FCCUs, gas turbines, coke calciners, and boilers/heaters are considered for the cost estimates.

On the other hand, the remaining 11 non-major facilities need to reduce more relative to the proposed project (60 percent vs. 49 percent or 3.39 vs. 2.77 tpd). Since these facilities will have their holdings reduced by 60 percent rather than the 49 percent in the proposed project, these facilities are assumed to need to purchase RTCs to meet the difference. For the purpose of the worst-case analysis, staff assumed these facilities to purchase 0.62 tpd of RTCs at a price of $22,499 per ton, irrespective of the projected demand and supply of NOx RTCs and how the market would behave under this alternative shave.

8.2.3 Alternative 3 – Industry Approach

Alternative 3, an approach that has been proposed by industry representatives does not comply with state law because it does not meet the definition of BARCT as the maximum degree of reductions achievable, taking into account economic and other impacts (HS&C 40406). This proposal consists of an across the board NOx RTC shave of 8.77 tpd that would affect all RECLAIM facilities and investors. The total amount of shave would be lower than the 14 tpd shave that is contemplated by the proposed project. Under Alternative 3, the NOx RTCs held by all RECLAIM facilities and investors would be shaved by 33 percent. Since there are unused RTCs in the system, it is very likely that facilities would first give up most of their unused credits and install additional controls as needed to reach the total 8.77 tons. However, the analysis assumes that facilities would install controls to reach the required 33 percent reduction to provide a conservative estimate of costs.

For the purpose of the socioeconomic analysis of the CEQA alternatives, staff assumed less control equipment to be installed by refineries since less reduction (33 percent vs. 66 percent) is required. To meet the proposed 33 percent shave the refinery sector needs to only reduce 2.97 tons out of 6.00 tons required under the proposed project. To meet the 2.97 tons reductions and based on the cost-effectiveness schedule, only control costs for the refinery gas turbines are included for the cost estimates.

As in the refinery sector, the remaining 11 non-major facilities would have fewer holding reductions relative to the proposed project (36 percent vs. 47 percent or 1.94 vs. 2.77 tons/day). To meet the 1.94 tons reductions and based on the cost-effectiveness schedule, only control costs for the sodium silicate furnace, ICE engines, container glass furnace, and metal heat furnaces are considered for the cost estimates.

8.2.4 Alternative 4—No Project

Alternative 4 is the "No Project" approach such that no NOx RTC reductions would be applied to any RECLAIM facility or investor. CEQA requires the specific alternative of No Project to be evaluated even though it also does not comply with state law for the same reason as Alternative 3. A No Project Alternative consists of what would occur if the proposed amendments were not approved. The net effect of not amending Regulation XX to reduce the available RTCs on the market would be a continuation of the 2005 amendments to the NOx RECLAIM program

Under Alternative 4, existing Regulation XX would remain as currently written. Additional NOx reductions are not anticipated because the current level of NOx allocations is projected to exceed NOx emissions. Consequently, no additional cost is expected from Alternative 4 and no other socioeconomic impacts are foreseen.

8.2.5 Alternative 5—Weighted by BARCT Reduction Contribution

Alternative 5 consists of an across the board NOx RTC reduction of 14 tpd that would affect all NOx RECLAIM facilities and investors. Although the total amount of shave is identical to the proposed project, the NOx RTC reductions under this alternative would be weighted by the BARCT reduction contribution for major refineries and all other facilities, with investors grouped with the major refineries. As such, NOx RTC holdings for major refineries and investors would be shaved by 66 percent and the NOx RTC holdings for non-major refineries and all other facilities would be shaved by 36 percent.

For the purpose of the socioeconomic analysis of the CEQA alternatives, staff assumed the same control equipment to be installed by refineries as the proposed project since the same reduction (66 percent) is required. To meet the proposed 36 percent shave, the remaining 11 non-major facilities need to reduce less relative to the proposed project (36 percent vs. 47 percent or 2.12 vs. 2.77 tpd). Based on the cost-effectiveness schedule, only control costs for the sodium silicate furnace, ICE engines, container glass furnace, and gas turbines are considered for the cost estimates.

Table 21 presents a comparison of the alternatives in terms of annual average cost and jobs

forgone. This table assumes that, under Alternatives 1 and 2, facilities would buy unused RTCs at a greater rate than in the proposed project in lieu of installing more expensive controls. Therefore, costs are lower but actual emission reductions are also lower than from the proposed project.

Table 21: Average Annual Costs and Job Impacts by CEQA Alternative For 9 Refineries and 11 Non-Major Facilities

CEQA Alternatives	BARCT Cost In $ Millions (annualized using a 4 percent discount rate)	Jobs	Amount of RTC Credits Removed from Market (Tons/day)
Proposed Amendments	$61.59	+23	14
Alternative 1	$45.83	-76	14
Alternative 2	$55.00	-83	15.87
Alternative 3	$9.40	-30	8.77
Alternative 4	$0	0	0
Alternative 5	$60.23	+34	14

The proposed project has the highest cost but the second to highest positive job impact, due to increased labor demand for the full, instead of partial, installation of BARCT equipment. Alternative 4 serves as a benchmark against which other alternatives were evaluated. Of the four remaining alternatives, Alternative 3, which does not comply with state law, has the lowest cost ($9.40 million) because it is expected to induce the least number of BARCT equipment to be installed; however, it would result in an average of about 30 jobs foregone annually. This alternative excludes controls on FCCU and SRU/TGUs, boilers/heaters, and coke calciner units at refineries and hence would avoid potential costs, but also the jobs that could be potentially created due to additional expenditure on these controls. In addition, this alternative would achieve fewer emission reductions from the 20 BARCT facilities.

Alternatives 1 and 2 would cost less than the proposed amendments, yet would experience much more negative job impacts (about 80 annual jobs forgone). This is due to less BARCT installation spending in the refinery sector relative to the 11 non-refinery facilities and would result into negative net job impacts.

9. MARKET ANALYSIS

In addition to the potential compliance cost of control equipment installation and operation for these 20 facilities, the proposed amendments may potentially result in new or additional compliance costs for some of the 36 facilities where no control equipment was identified for installation. New costs would be the result of some facilities finding that their emissions exceed their RTC holdings post-shave. These facilities with negative balances would become net buyers and face the costs of purchasing additional RTCs to remain compliant. Additional costs would be incurred by facilities that were net buyers before the shave and would see their holdings further

reduced under the proposed shave.

Along with the cost of additional credits that would need to be purchased, every unit of traded NOx RTCs could potentially become more expensive as a result of the proposed shave. In the short term, these net buyers are expected to purchase RTCs at a higher price, although RTC costs may go down in the long-term, if some (or all) of the 20 facilities with identified control equipment chose to install controls and offer surplus RTCs for sale. In addition to the potential compliance cost that would be incurred by the 36 shaved facilities with no identified control equipment, compliance costs could also be incurred by the net buyers who already exist within the remaining group of 219 facilities that are exempt from the RTC shave under the proposed rule. These facilities are expected to buy RTCs every year and would also face possibly higher RTC prices as the potential market supply decreases (at least in the short term). Under CEQA alternatives, these 219 facilities may incur even more costs from varying degrees of RTC shaves.

In order to estimate the magnitude of these market impacts, a price analysis has been conducted. To estimate the potential impact of price increases on the projected net buyers, a sensitivity analysis was conducted where prices grew from 100, 200, 300 percent, and up to $22,499/ton, which is just below the proposed amended price exceeding which the non- tradable/non-usable credits will be converted to tradable/usable NOx RTCs upon Governing Board concurrence. It should be noted that the compliance costs incurred by these projected net buyers would at the same time create monetary benefits to other RECLAIM facilities and/or investors who would be the sellers of these credits.

Finally, the monetary value of the shaved RTC holdings, which would be removed from the 56 facilities, has also been estimated. However, it should be noted that this estimated value is not considered a compliance cost as RTCs were originally allocated to RECLAIM facilities at zero cost and are not legally considered a facility's property. The results of this "value" analysis are set forth below on page 47.

9.1 Assumptions for Price Analysis

Two types of credits exist within the RECLAIM market: Discrete-year credits which are valid within the year of issuance and Infinite-Year Blocks (IYB) which are bundles that extend into perpetuity after the initial purchase year. Given that prices for discrete-year are the most reflective of actual market behavior, they form the basis of this analysis. Over the past 5 years, prices for discrete RTCs begin at about $3,000 to $4,000 per ton and eventually drop to around $1,000 per ton as the end of the year approaches. RTCs are much less expensive near the end of the year when the RTC expiration date approaches.

The base price of $3,779 per ton for discrete RTCs from January in compliance year 2015 was used for this analysis.[24] In order to capture a realistic range of increases up to the $22,500 per ton trigger, an increase of 100 percent, 200 percent, and 300 percent was applied to the base price of $3,779 per ton. These values were then aggregated into their yearly totals. Table 22 summarizes

[24] This price represents a 12-month rolling average which is calculated to smooth out short-term fluctuations and present long-term trends. For more information see: http://www.aqmd.gov/docs/default- source/reclaim/nox-rolling-average-reports/12-mo-rolling-avg-price-comp-yrs-2014-15-nox-rtcs---july- 2015.pdf?sfvrsn=6

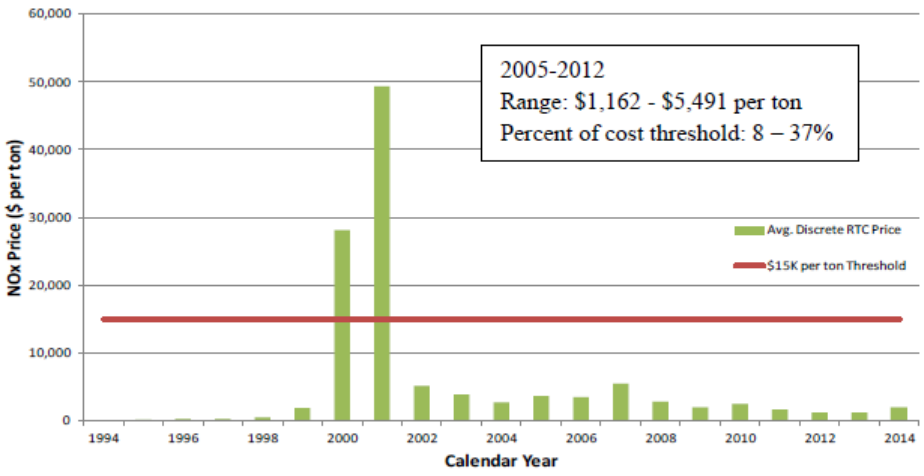
the results below.

Table 22: Estimates of RTC price increase

Type	Market price	100 percent Increase	200 percent Increase	300 percent Increase	Proposed Amended Rule 2002 Price Trigger
Discrete Ton	$3,779	$7,558	$11,337	$14,999	$22,499

These cost assumptions are conservative given historical trends in the marketplace. Since the adoption of Regulation XX, there have been a number of amendments to the RECLAIM rules, including BARCT reassessments for NOx in 2005. As a result of the January 2005 amendment, NOx RTCs were reduced by 7.7 tpd (accounting for approximately 22.5 percent of the total RTC holdings at that time) uniformly across the then 281 RECLAIM facilities. This reduction was implemented in phases: 4 tpd in 2007 and an additional 0.925 tpd in each of the following 4 years. Figure 3 shows discrete RTC prices for compliance years 1994 to 2013, reflecting the fact that the NOx reductions specified by the January 2005 amendment did not cause major RTC price spikes.

Figure 3: NOx Discrete Prices vs. Threshold

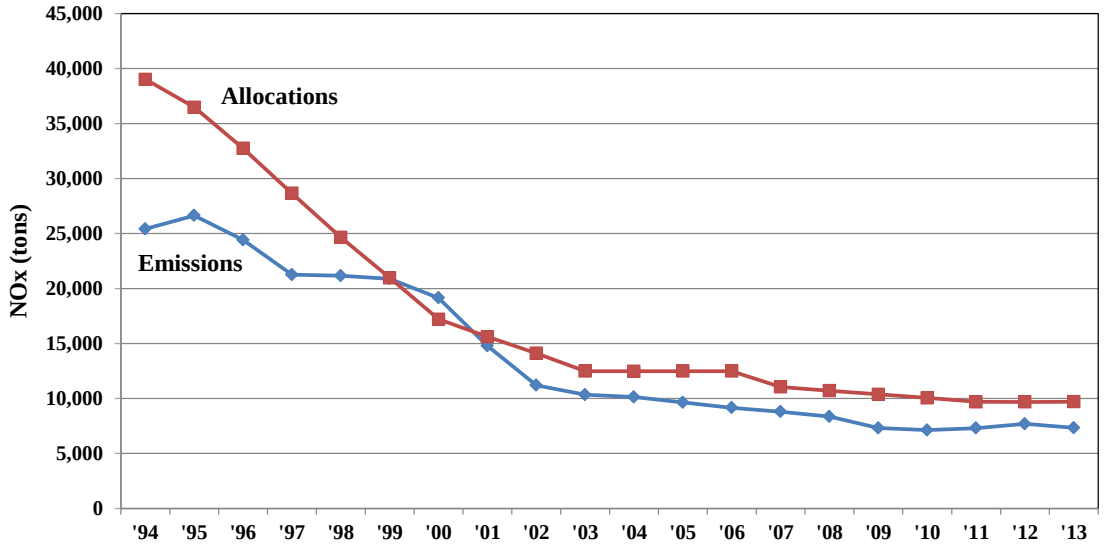


Additionally, since the RECLAIM program began in 1994, actual NOx emissions have consistently been well below total RTC holdings (except during California's energy crisis in 2001). Figure 4 shows how, despite past changes in the market's structure, there were sufficient amounts of NOx RTCs available to allow for expansion and modification by RECLAIM facilities. In drafting the proposed rule, staff added a 10 percent compliance margin to the projected 2023 emissions by RECLAIM facilities at the proposed 2015 BARCT levels and an additional 0.85 tpd to account for uncertainties in the BARCT analysis and base year activity level adjustments. Given this historical trend and staff's efforts to structure the rule effectively, the remaining NOx RTC holdings after the proposed shave is fully phased in are not expected to drop below actual total NOx emissions, even with less than the full implementation of control equipment. Large price spikes are not expected unless some

facilities hoard large quantities of RTCs, thus constricting the supply such that prices are not set competitively.

In order to identify the potential buyers of NOx RTCs in 2023 and subsequent years, staff assumed that the only change in RTC allocations would be the proposed shave. Regarding future emissions, staff started with the actual 2011 NOx emissions among existing emission sources, except electricity generating facilities for which their 2012 emissions were used as in the Revised Draft Staff Report. Sector-specific growth factors were then applied to project NOx emissions at each facility in 2023. By doing so, staff assumes in the analysis that emissions at each facility would grow at the same rate; however, it is possible that emissions would grow more at facilities with surplus NOx RTC holdings and less at facilities who already need to purchase NOx RTCs annually from the market. Therefore, the projected incremental compliance cost reported in this section can be considered as a conservative estimate. In the meantime, potential increases in compliance cost due to higher RTC prices was not explicitly considered for new and modified sources, nor for the required holdings beyond actual emissions for the electricity generating facilities. Staff did not explicitly consider increases due to higher RTC prices for facilities with new and modified sources, given that staff cannot predict the number of new and modified sources and the amount of RTCs needed for them. However, they are implicitly taken into account when growth factors were applied to project future growth by industry. These projected future emissions by industry-wide growth factors may be able to capture at least a portion of the incremental compliance costs potentially incurred by these facilities.

Figure 4: Audited Emissions and RTC Holdings

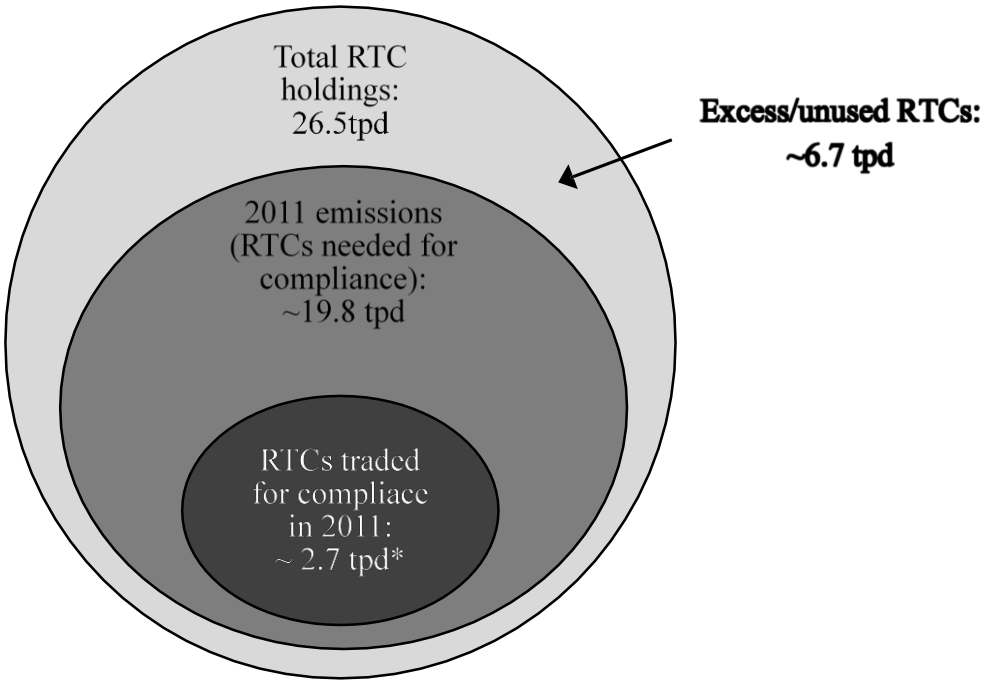


9.2 Understanding the Impact of the First 4 tpd Shave

Under the proposed rule amendments, 4 tpd of NOx RTCs would be removed from the NOx RECLAIM program in 2016, and this analysis assumed that no new BARCT control equipment would be installed in that year. Based on 2011 data, there existed a wide margin between the overall NOx RTC holdings and actual emissions. As illustrated in Figure 5, a total of about 6.7 tpd

were unused and considered as excess NOx RTC credits. Moreover, in 2011, only 2.7 tpd of NOx RTCs were traded in the market directly for the purpose of regulatory compliance, while 6.7 tpd of excess RTCs remained unused. Therefore, even with no assumed BARCT installation in 2016 (thus, no additional credits expected to be released into the market for trading), it would be unlikely that NOx RTC prices would skyrocket after the first 4 tpd of NOx RTCs are shaved. To be conservative, however, the following analysis will examine different price scenarios to evaluate the potential cost impact in the first year of the proposed shave.

Figure 5: Distribution of RTCs in NOx RECLAIM Market, 2011



*RTCs traded for compliance was calculated for each NOx RECLAIM facility by: 1) subtracting 2011 RTC holdings from 2011 NOx emissions and 2) summing up the negative balance, which is equivalent to the amount of facility emissions that a facility did not have RTC holdings for. Among the approximately 2.7 tpd RTCs traded for compliance in 2011, close to 60 percent was purchased by the 9 refineries and 11 non-refinery facilities with identified control equipment.

9.3 Potential Compliance Cost for Net Buyers: 36 Affected Facilities

For the first shave of 4 tpd in 2016, up to 7 of the 36 shaved facilities (3 existing net buyers and 4 new net buyers) could have their emissions exceed their RTC holdings, based on 2013 emission data. These 7 facilities are expected to purchase up to 0.45 tpd of NOx RTCs annually from the market, up from 0.32 that are currently needed. If RTC price remains constant following the shave, the facilities would incur costs of about $0.18 million for the additional 0.13 tpd of NOx credits needed (0.45 tpd - 0.32 tpd = 0.13 tpd). If the price increases by 100 percent, 200 percent, 300 percent or up to $22,499/ton, then these facilities would incur a higher cost of $0.81 million/$1.43 million/$2.04 million/$3.27 million respectively, not only for the cost of additional RTCs needed due to the initial 4 tpd shave but also for the higher price of the 0.32 tpd already needed before the shave.[25]

As a result of the 14 tpd shave fully phased-in in 2022, up to 15 of the 36 facilities (6 existing net buyers plus 9 new net buyers) are expected to have their 2023 emissions exceed their projected RTC holdings, unless they make operational changes at their facility or purchase RTCs.[26] When CEQA alternatives are considered, the number of facilities that fall into this group of net buyers ranges from 6 to 17.

Under the proposed shave, these 15 facilities are expected to need to purchase up to 1.52 tpd of NOx RTCs annually from the market, up from 0.97 tpd that are currently needed. If RTC price remains constant following the shave, the facilities would incur costs of $0.76 million for the additional 0.55 tpd of NOx RTCs needed (1.52 tpd –0.97 tpd = 0.55 tpd). If the price increases by 100 percent, 200 percent, 300 percent and up to $22,499/ton trigger, then these facilities would incur a higher cost of $2.85/$4.94/$6.97/$11.13 million respectively, not only for the cost of additional RTCs needed due to the shave but also for the higher price of 0.97 tpd already needed before the shave. By comparison, these potential compliance costs could represent up to 16 percent of the overall annual compliance cost associated with control installation.[27] However, these costs are not additional to the overall cost of the proposed shave because increased costs to RTC buyers are canceled out by increased gains to RTC sellers.

Under the CEQA alternatives, these 36 facilities would be subject to different shaves and result in different projected amounts of RTCs that would needed to be purchased. Under the CEQA alternatives, the potential compliance costs for some of these 36 facilities would range between $0 and $14 million, depending on the price differential assumed. It is assumed these funds would remain in the local economy as they flow to other RECLAIM holders who are selling RTCs. Table 23 summarizes the potential compliance cost for the proposed rule amendment and the CEQA alternatives for this group of facilities under different price scenarios.

[25] The formula used for calculating this cost is: [pre-shave RTC purchase necessary for compliance*(post- shave RTC price – pre-shave RTC price) + (post-shave RTC purchase necessary for compliance - pre-shave RTC purchase necessary for compliance)*post-shave price]*365 days.

[26] 2023 emissions are calculated by applying a growth factor of 0.87 to the 21 electricity generating facilities' 2012 actual emissions and 1.10 growth factor to the remaining 16 facilities' 2011 actual emissions. See Revised Staff Report for emissions projections.

[27] To arrive at this percent increase, the total compliance cost of full BARCT installation was converted to 2015Q1 dollars using the Marshall & Swift Indices.

Table 23: Annual Price Increases for Net Buyers for 36 Facilities from 2023 onwards

36 Facilities	Number of Net Buyers	Amount of RTCs to be purchased (TPD)	Estimated Incremental Increases in Cost				
			Current Market Price (Thousands)	100 percent differential (Thousands)	200 percent differential (Thousands)	300 percent differential (Thousands)	$22,499 (Thousands)
Proposed Rule Amendments	15	1.52	$760	$2,850	$4,940	$6,970	$11,130
Alternative 1	17	1.63	$910	$3,160	$5,410	$7,580	$12,040
Alternative 2	17	1.82	$1170	$3,690	$6,200	$8,630	$13,620
Alternative 3	11	1.25	$380	$2,110	$3,830	$5,500	$8,920
Alternative 4	6	0.97	$0	$0	$0	$0	$0
Alternative 5	12	1.30	$460	$2,260	$4,060	$5,800	$9,370

9.4 Potential Compliance Cost for Net Buyers: 219 Facilities

Among the 219 facilities that would be exempt from the proposed shave, 102 facilities were estimated to have purchased NOx RTCs to remain in compliance according to the projected 2023 emissions and the projected RTC holdings in 2023. These 102 facilities represent 13 different industries with half belonging to the manufacturing sector (NAICS 31-33). In 2013, this group's NOx RTC holdings fell short of its actual NOx emissions by roughly 0.81 tpd, and this gap is expected to widen to 1.33 tpd in 2023 due to industry growth.[28] Therefore, some facilities have needed and will continue to need to purchase RTCs from the market to ensure they have sufficient RTCs to cover their emissions.

Under the proposed rule amendments, the 219 facilities would not be shaved. If the price of NOx RTCs remains unchanged from the current market price, no additional compliance cost would be incurred. If, however, the price increases by 100 percent, 200 percent, or 300 percent and up to $22,499/ton trigger, then these facilities would have to pay an additional $1.84/$3.67/$5.45/$9.6 million respectively in order to be compliant. By comparison, these potential compliance costs could represent up to 13 percent of the overall annual compliance cost associated with control installation.[29] However, these costs are not additional to the overall cost of the proposed shave because increased costs to RTC buyers are canceled out by increased gains to RTC sellers.

Under the CEQA alternatives, these 219 facilities would be subject to different shaves and the projected amount of RTCs needed to be purchased would increase as a result. The potential compliance cost under these alternatives would range between $0 and $17 million annually, depending on the price differential assumed. It is assumed these funds would remain in the local economy as they flow to other RECLAIM holders who are selling RTCs. Table 24 below summarizes the potential compliance cost for the proposed rule amendment and the CEQA alternatives for this group of facilities, under different price scenarios.

[28] 2023 emissions are calculated by applying a growth factor of 1.3 to each of the 210 facilities' 2011 actual emissions.
[29] See footnote 25.

Table 24: Annual Price Increases for Net Buyers in 219 Facilities Group from 2023 onwards

219 Facilities	Number of Net Buyers	Amount of RTCs to be purchased (TPD)	Estimated Incremental Increases in Cost				
			Current Market Price (Thousands)	100 percent differential (Thousands)	200 percent differential (Thousands)	300 percent differential (Thousands)	$22,499 (Thousands)
Proposed Rule Amendments	102	1.33	$0	$1,840	$3,670	$5,450	$9,100
Alternative 1	146	2.19	$1,190	$4,210	$7,240	$10,170	$16,170
Alternative 2	150	2.34	$1,390	$4,610	$7,830	$10,960	$17,350
Alternative 3	127	1.80	$650	$3,140	$5,620	$8,030	$12,960
Alternative 4	102	1.33	$0	$0	$0	$0	$0
Alternative 5	133	1.87	$740	$3,330	$5,910	$8,410	$13,530

9.5 REMI Job Impacts of RTC Purchases

Regarding the incremental compliance cost that could potentially be incurred by the NOx RECLAIM facilities that do not have cost-effective controls identified by the 2015 BARCT analysis, the associated job impacts in the regional economy have been estimated under various scenarios of discrete NOx RTC prices. In addition to the incremental costs incurred by RTC buying facilities, the transactions will at the same time create financial gains for the RTC sellers. In order to project future NOx RTC sales by industry, staff used the 2010-2014 NOx RTC transaction data to arrive at an average percent distribution of sales by industry.

If prices remain the same, little job impact is expected due to the proposed amendments. If the average annual discrete NOx RTC prices increase to $22,499/ton and none of the affected facilities pursue any other more cost-effective compliance options, then about 40 jobs on the net would be foregone annually between 2023 and 2035. However, this latter price scenario is unlikely to occur, particularly if the 9 refineries and 11 non-refinery facilities install identified cost-effective controls, which would then either decrease the market demand or increase the market supply of NOx RTCs by these facilities.

It should be noted that all CEQA alternatives except Alternative 4 (No Project) would result in a more negative job impact—up to about 60 jobs foregone on an average annual basis if the average annual discrete NOx RTC prices increase to $22,499/ton and none of the affected facilities pursue any other more cost-effective compliance options—than the proposed amendments. This is mainly because, unlike the proposed amendments, Alternatives 2, 3 and 5 would not exempt from the shave the 219 facilities that tend to be smaller and use more labor-intensive production technologies than, for example, those used by the refineries.

The table below illustrates the job impacts on all facilities needing to purchase additional RTCs.

Table 25: Average Annual Jobs Foregone as a Result of RTC Purchases

All Facilities	**Average Annual Job Impact (2023-2035)**				
	Current Market Price	**100 percent increase**	**200 percent increase**	**300 percent increase**	**$22,499**
Proposed Rule Amendments	+1	-6	-14	-21	-36
Alternative 1	-2	-13	-25	-36	-58
Alternative 2	-2	-13	-24	-35	-57
Alternative 3	-2	-13	-24	-35	-57
Alternative 4	0	0	0	0	0
Alternative 5	-2	-13	-24	-35	-57

9.6 Value of Shaved Excess RTCs

SCAQMD staff believes the proposed shave of 14 tpd is necessary in order to induce the 20 facilities with identified control equipment to upgrade their control equipment and achieve programmatic BARCT equivalency. This is especially likely given that about 60 percent of the 2.7 tpd of RTCs traded for compliance in Compliance Year 2011 were made by the 20 affected facilities.

Some stakeholders commented that the shave should be divided into 8.79 tpd[30] of a BARCT shave and 5.21 tpd of an excess RTC shave. Staff does not agree with this division because 14 tpd of NOx RTC shave is necessary to induce a BARCT-equivalent level of *actual* NOx emission reductions. Moreover, at the outset of RECLAIM, RTCs were allocated to RECLAIM facilities free of charge, yet they now have value to the facilities as a commodity that can be bought and sold. While RTCs have value, they are not a property right. The proposed amendments to RECLAIM will reduce the number of RTCs. Since there was no cost associated with allocated RTCs for a facility, there should be no financial loss to the RECLAIM universe as the SCAQMD retires them. Staff's analysis of the RECLAIM data revealed that only 3.33 tpd out of the proposed 14 tpd shave would affect additional acquisitions of NOx RTCs that were used to expand a facility's NOx RTC holdings beyond the original free-of-charge allocations. These 3.33 tpd of NOx RTCs are spread across 24 RECLAIM facilities, and more than three quarters of these shaved credits would be concentrated in the refinery sector. If a value is estimated for the 3.33 tpd of shaved credits, it is $4.6 million annually, applying the base price of $3,779 per ton.

However, the choice between additional RTC purchase and emission control installation is solely a business decision to comply with RECLAIM requirements, and the decision to purchase RTCs in lieu of installing emission controls is most likely made to minimize overall compliance cost. Therefore, it is expected to generate an expected stream of cost-savings afforded only by the RECLAIM program and not available under command-and-control. Therefore, any RTC investment loss should not be considered as a compliance cost to be compared to the compliance cost under command-and-control regulations (Section 11 includes further explanations on this topic). Moreover, this loss may be offset by any potential increase in RTC price due to a decreased RTC supply, which would subsequently raise the market value of a facility's remaining RTC holdings. Finally, any loss of "value" of shaved RTCs cannot be compared to command and control, because in that case, there are no RTCs and thus no similar "value" was ever created.

10. NEW REVISIONS TO THE PROPOSED RULE AMENDMENTS

The Revised Draft Socioeconomic Report (released on October 6, 2015) was based on the version of the rules presented at the July 22, 2015 Public Workshop. Since then, there have been revisions made to the Proposed Rule Amendments. The revisions that were already incorporated in the Revised Draft Staff Report (released on October 6, 2015) have been reflected in the analysis presented in the previous sections. The potential socioeconomic impacts of the newer revisions are discussed below.

[30] As of the Revised Draft Staff Report released on November 5th, this number is now 8.77.

10.1 Option to Exit for Electricity Generating Facilities

Under the Proposed Amendments to Rule 2001, an electricity generating facility (EGF)—excluding cogeneration plants—would be allowed to exit the RECLAIM program, provided that at least 99 percent of the facility's NOx emissions for the most recent three full compliance years are from equipment that meets current BACT or BARCT for NOx. If an EGF decides to opt out from RECLAIM, it would need to surrender a pre-defined amount of NOx RTCs to be retired from the NOx RTC market. For existing EGF RECLAIM facilities as defined by the rule, the amount to be surrendered would be equivalent to the amount of NOx RTC holdings as of September 22, 2015, as adjusted by the proposed shaves; for other EGFs, the amount would be equivalent to the quantity required to be held by the facility pursuant to Rule 2005 – New Source Review.

Since the ability to exit RECLAIM is an option, it will be a business decision made by an EGF to exit RECLAIM, and therefore, it can be reasonably assumed that the business decision to exit the program would generate potential cost-savings for the facility; therefore, such a facility is not expected to experience any adverse economic impact due to this proposed rule amendment. However, due to the proposed provisions that a pre-defined amount of NOx RTCs shall be surrendered and retired from the market, this proposed rule amendment could potentially reduce the market supply of NOx RTCs. It should be noted that, while the 21 EGFs together hold more than 20 percent of the current NOx RTCs (or 5.63 tpd as of September 22, 2015), only a very small percentage of these holdings are sold on the NOx RECLAIM market, either as IYB or Discrete NOx RTCs.

To assess the potential impact on both the IYB and Discrete NOx RTC market, staff analyzed the NOx RTC transactions occurring during the period from 2010-2014. To begin, staff eliminated any transaction that did not have a positive market value (which could be due to a business's internal transfers or equal-value swap trades), and therefore might not have reflected real market supply and demand. Infinite-Year-Block (IYB) NOx RTCs sold by any operating EGFs over the five-year period represented less than 0.00001 percent of total IYB NOx RTCs traded in this market. As a result, little impact from EGF opt-out is expected for the IYB market.

Less than half of the EGFs have consistently sold RTCs in the discrete credit market over the past five years. As shown in the table below, during 2010-2014, these EGFs sold an annual average of nearly 1.4 tpd of NOx RTCs to help satisfy the market demand for discrete year NOx RTCs. Many of these facilities would be subject to a 49% shave under the proposed rule amendments and will no longer have that much surplus NOx RTCs for sale on the market. Therefore, in the worst-case scenario if all EGFs decide to exit RECLAIM, the post-shave market supply of NOx RTCs would be decreased by 0.216 tpd, once they have all opted out.[31] The decrease per se may exert an upward pressure on the discrete NOx RTC prices. (The estimated incremental compliance cost associated with market price increases of discrete NOx RTCs can be found in Section 9.) It is also possible that these EGFs choose to opt out during the 2016-2022 period, thus removing more NOx RTCs from the market than would occur after full shave implementation in 2022. Note that EGFs opting-out may also decrease demand for RTCs. Nonetheless, if that happens and credit prices increase

[31] The total projected surplus NOx RTCs for all operating EGFs in 2023 are estimated to be up to 1.5 tpd. However, staff does not expect this full amount of surplus credits would be offered for sale in the NOx RTC market, as a large share of these credits are held by EGFs that typically do not sell their surplus NOx RTCs.

to the level as specified by the Rule 2002 price trigger, the non-tradable/non-usable credits would then be converted to tradable/usable credits, which would be sufficient to temporarily offset the decrease in NOx RTC supply due to any EGF opt-out. (As shown above, the decrease resulting from EGFs opting out is expected to be less than 1.4 tpd while the amount of potential credit conversion would be at least 2 tpd.)

Table 26: Potential Decrease in the Market Supply of Discrete NOx RTCs due to EGF Opt-Out

Electricity Generating Facility Selling NOx RTCs during 2010-2014 (excl. Cogeneration)	Average Annual NOx RTC Sale (tpd)	Proposed Total Shave (tpd)	Estimated Post-Shave Market Supply (tpd) = Min (0, Average Annual NOx RTC Sale - Proposed Total Shave)
A	0.353	0.363	0.000
B	0.347	0.176	0.171
C	0.264	0.330	0.000
D	0.219	0.196	0.023
E	0.087	0.160	0.000
F	0.049	0.077	0.000
G	0.044	0.120	0.000
H	0.017	0	0.017
I	0.006	0	0.006
Total	**1.385**		**0.216**

In a letter dated November 17, 2015, WSPA stated that the Socioeconomic Assessment "does not consider whether such a supply constriction [from EGF opt-out] might actually impair regional economic activity due to a lack of available RTCs. Rather, it assumes that RTC supply will be available at some (presumably higher) cost without providing any evidence to support that assumption." In another letter dated November 17, 2015, Southern California Air Quality Alliance on behalf of the NOx RECLAIM Industry Coalition stated that the Socioeconomic Assessment did not consider the effect of EGF opt-out on the IYB market. Staff believes that these comments are a result of misunderstandings. The analysis presented in the paragraphs above, which is a refinement of the analysis conducted in the Draft Final Socioeconomic Report, clearly represents staff's assessment of the effects of EGF opt-out on the discrete year and IYB NOx RTC market.

The WSPA comment letter dated November 17, 2015 incorrectly claimed that the Socioeconomic Report released on November 4, 2015 acknowledged that "EGFs have been significant sellers of surplus RTCs in the discrete credit market over the past five years to meet market demand; […]." While the 21 EGFs together hold more than 20 percent of the current NOx RTCs (or 5.63 tpd as of September 22, 2015), they rarely offered any IYB RTCs for sale, and are not expected to do so in the future given their NSR holding requirements and/or grid stability considerations. Less than half of the EGFs were regular net sellers of discrete NOx RTCs over the past five years, and they supplied an annual average of 1.4 tpd in total, which is about only 5 percent of the current total NOx RTC holdings. In the post-shave market (i.e., 2023 and beyond.), the estimated 0.216 tpd of remaining market supply among these facilities would account for less than 2 percent of total post-shave market holdings.

10.2 NOx RTC Price Triggers

Under the Proposed Amendments to Rule 2002, the price threshold beyond which the non-tradable/non-usable NOx RTCs would be converted to tradable/usable NOx RTCs is raised to $22,500 from $15,000, on the basis of 12-month rolling average of discrete NOx RTC prices. In order to further ensure price stability during the proposed phased-in period of 2016-2022, an additional stabilization mechanism would be put in place, which constitutes an additional price trigger of $35,000, on the basis of 3-month rolling average of discrete NOx RTC prices. This additional price trigger would assist with shortening the duration of any potential price spikes and containing the magnitude of any potential adverse economic impact on NOx RTC buyers. The estimated incremental compliance cost associated with market price increases of discrete NOx RTCs can be found in Section 9, which contains the price scenario where buyers would need to pay $22,500 per discrete ton of NOx RTC to reconcile their annual NOx emissions.

Proposed Amended Rule 2002 also contains another price trigger—$200,000 per ton (Infinite Year Block) based on the 12-month rolling average—below which the Executive Officer will report the determination to the Governing Board. As the determination is yet to be made and the provision would not be effective until 2019, it is speculative to assess any potentially resultant socioeconomic impact. Moreover, following the 2005 NOx RECLAIM amendments, none of the 51 SCRs identified in the BARCT analysis for refineries have been installed because of RECLAIM, not even in 2008 when the average IYB prices went above $200,000 (in 2008 dollars) per ton of NOx. This suggests that NOx RTC prices could have been historically too low to induce cost-effective control installation, and the 200,000 price trigger floor is conservative.

10.3 Facility Shutdowns

Since the adoption of RECLAIM, facilities which planned to shut down were not restricted from selling off their RTCs prior to facility closures. RTCs resulting from shutdowns are not subject to the best available control technology (BACT) discount that is applicable to non-RECLAIM sources.

As a consequence, staff estimated that a significant portion of the unused RTCs can be traced to the sale of pre-closure RTCs. As shown in Table 2 of this report, facility shutdowns amounted to 2.62 tpd of actual NOx emission reductions between 2006 and 2012, which was just less than two thirds of the 4 tpd actual total reductions over the same period. However, NOx RTCs that were previously held by these shutdown facilities were never removed from the market, thus exerting a downward pressure on the RTC market prices. This, in turn, has dis-incentivized the remaining NOx RECLAIM facilities from installing cost-effective control equipment or making other changes at their facilities.

Under the Proposed Amended Rule 2002, any major NOx-emitting facility (i.e., those listed in Table 7 or 8) permanently shutting down some or all equipment with emissions greater than or equal to 25 percent of the facility emissions for any quarter within the previous 2 compliance years would need to surrender NOx RTCs to be retired from the market. The amount of NOx RTCs to be surrendered would be determined by the maximum quarterly ratio of the average NOx emissions emanating from the shutdown equipment over facility-wide NOx emissions, multiplied

by the facility's NOx RTC allocations.

In the Southern California Air Quality Alliance comment letter dated November 17, 2015, it was stated that an analysis should have been conducted to assess the impact of removing RTCs from the market relating to shutdowns. Also in the WSPA comment letter dated November 17, 2015, it was stated that there was no technical analysis in the Draft Final Socioeconomic Report in this topic. Since staff cannot predict which facilities may choose to shut down some or all of their permitted equipment, it would be speculative to predict the magnitude of any impact on the NOx RTC market resulting from future shutdowns. The shut-down provision would not allow large influxes of credits into the RECLAIM market because of shutdowns. However, as discussed previously, staff acknowledges that the provision of surrendering and retiring NOx RTCs from the market could potentially affect the credit market and prices. The magnitude of the potential impact would depend heavily on the usual market behavior of each facility before it decides to shut down. On the one hand, for facilities that regularly sell their surplus NOx RTCs, the provision would exert an upward pressure on NOx RTC prices. On the other hand, if the shutdown facility is a regular buyer on the NOx RTC market or does not participate in the market at all, the retirement of their NOx RTCs would have little, if any, impact on the RTC market supply. In any event, District analyses show that the unrestrained flow of RTCs from shut downs have resulted in an oversupply of RTCs so that BARCT equivalent controls are avoided.

11. COSTS OF COMMAND AND CONTROL (CAC) COMPARED TO RECLAIM

RECLAIM allows facilities to use the least costly option to remain in compliance. Unlike the command-and-control regulations where every source has to be controlled to the same emission standard, RECLAIM facilities can pursue operational changes or purchase RTCs from investors and other facilities with surplus credits in lieu of upgrading existing control equipment or installing new control equipment. This flexibility notwithstanding, RECLAIM ultimately must achieve emissions reductions equivalent to or greater than what would have been achieved under command-and-control regulations. A BARCT assessment is required by H&SC §40440 and BARCT requires actual emission reductions. Based on staff analysis, a reduction of 14 tpd of NOx RTCs is needed to induce actual emission reductions equivalent to BARCT. The 2015 BARCT analysis demonstrated that there would be an actual NOx emission reduction of 8.77 tpd from the 2011-2012 activity levels at 2015 BARCT compared to the same activity levels at 2005 BARCT. This represents 8.77 tpd reductions in actual emissions. If the overall NOx RTC holdings had closely matched the total amount of actual NOx emissions from the NOx universe, the removal of 8.77 tpd of NOx RTCs would likely induce an equivalent amount of actual NOx emission reductions. However, over the past five years, actual NOx emissions from RECLAIM facilities fell below the overall NOx RTC holdings by 21-30%, resulting in approximately 5.45-8.41 tpd of unused NOx RTCs (unused for compliance purposes). Therefore, the removal of 8.77 tpd of NOx RTCs would first eliminate some, if not all, of these excess NOx RTCs from the market and only thereafter result in actual emissions reductions. As a result, total emission reductions would be less than the BARCT-equivalent level of actual NOx emission reductions.

The problem of excess unused RTCs is illustrated by the fact that the 2005 NOx shave did not achieve 2005 BARCT levels for the RECLAIM universe. The 7.7 tpd of NOx shave adopted in

the 2005 RECLAIM amendments was phased in over the period of 2007-2011; however, only about 4 tpd of actual NOx emission reductions occurred between 2006 (the year before the 2005 shave began) and 2012 (the year after the 2005 shave was fully phased in).[32] Almost two-thirds of the actual emission reductions resulted from facility shutdowns, not installation of controls or other changes at RECLAIM facilities. Therefore, as long as there are persistently unused RTCs available in the market, the RTC shave would need to be larger than the tons of emission reductions calculated for the BARCT analysis to induce an equivalent level of actual emission reductions.

The proposed phased-in shave of 14 tpd is anticipated to be able to induce sufficient emission reductions by 2023 so that the expected total NOx emissions from the RECLAIM universe in 2023 would be consistent with the projected NOx emissions in 2023 at the 2015 BARCT levels. (Please see the Staff Report for the shave methodology.)

As discussed in the Revised Draft Staff Report, staff has identified and demonstrated that technologically feasible and cost-effective control equipment are commercially available if any of the 20 facilities with identified BARCT chooses to install controls in response to the proposed shave from the NOx RECLAIM universe. The total cost of full BARCT installation was estimated to be between $728 million and $1.1 billion (present worth value in 2014 dollars). However, a RECLAIM facility is expected to retrofit an emission source only when it meets both of the following conditions: first, it does not hold sufficient RTCs to offset facility-wide emissions at the end of the compliance period; second, the cost of control installation per ton of emission reduction is lower than the expected average RTC price over the life of the control equipment.

Even if a facility finds it more cost-effective to install pollution control equipment, it still would not incur the full cost of control installation if control installation results in surplus RTCs that the facility eventually sells to offset the control installation cost. In comparison, command-and-control regulations would require, under all circumstances, that this same facility install the control equipment and incur the full cost of control installation. As a result, total costs to install controls under RECLAIM will always be equal to or less than under command and control. Under command and control, each facility must install the required controls, whereas under RECLAIM, the highest cost option is where each facility installs BARCT controls, because the total actual costs may be lower if a facility identifies any other more cost-effective alternative to remain in compliance. Looking at the RECLAIM program as a whole, the major source of cost-savings potential is precisely the differential in each facility's ability to cost effectively reduce emissions at different points in time. This cost-savings has been studied and quantified in economic research of cap- and-trade market mechanism since the 1970s, and the range of cost-savings was estimated to be between 15% and 90 % of command-and-control costs (Chan et al. 2012).

H&SC §39616 (c) specifies that: "In adopting rules and regulations to implement a market- based

[32] Some of the 4 tpd of actual reductions came from operational changes at refineries, which chose to run gas turbines instead of higher-emitting at various points in time. However, just less than two-thirds of the 4 tpd actual reductions were due to facility shut-downs and not measures taken to reduce actual emissions by facilities in the program. In 2005, the installation of 51 SCR units at refineries. However, not one has been installed due to the RECLAIM program. (Four SCR units were installed only due to orders for abatement.) While that choice did not violate RECLAIM, it resulted in facilities not achieving the level of emissions they would have achieved had they applied BARCT. As a result, there is a need to ensure that the currently proposed shave is sufficient to induce emissions reductions equivalent to 2015 BARCT levels, accounting for growth to 2023.

incentive program, a district board shall, at the time that the rules and regulations are adopted, make express findings." One of those findings pursuant to H&SC §39616 (c)(1) is that emission reduction benefits and the costs of the program shall be compared with those of "current command and control regulations and future air quality measures that would otherwise have been adopted as part of the district's plan for attainment." H&SC §39616 (c) does not refer to "amendments," and therefore, it does not apply to the proposed rule amendments *per se*. Nevertheless, assuming that the finding needed to continue to be made upon amendment of the rules, it makes sense to make that finding with respect to the entirety of the RECLAIM program since its adoption, because the statute repeatedly refers to "the program" in specifying findings that need to be made. Thus, the structure of H&SC §39616 is directed to the program as a whole, which includes the entirety of the program since its adoption. With the exception of the 2000-2001 period when the California energy crisis took place, the historical discrete NOx RTC prices ($5,500 or lower per ton) have consistently been at the lower end of or below the cost- effectiveness range of pollution controls. As a result, many RECLAIM facilities have accrued substantial cost-savings over the years by being able to delay or forego the installation of pollution control equipment that would have been required at different points in time by command-and-control regulations. And even if the H&SC §39616 (c)(1) finding needs to be made for this proposed shave alone, the proposed shave is expected to only reduce the future stream of this cost-savings. Even so, a reduced cost-savings is still a cost- savings compared to command-and-control regulations. Thus, this amendment will clearly not cost more than the projected cost of command and control.

For example, following the 2005 NOx RECLAIM amendments, not one of the 51 SCRs identified in the BARCT analysis for refineries have been installed because of RECLAIM, and 4 SCRs were installed only due to orders for abatement. As a result, refineries have saved approximately $205 million since 2007 by delaying installation of 47 SCRs.[33] The cost-savings would continue to accumulate as long as refineries are able to further delay the installation of SCRs and still remain in compliance under RECLAIM. This continuous stream of cost-saving would only be reduced or even ceased if the currently proposed shave could eventually induce at least some of the 47 SCRs to be installed.

Staff acknowledges that, for a portion of the smaller emitters that have no cost-effective controls identified so far, they may have been affected by past RTC price spikes and could potentially be impacted by future price fluctuations, either due to their RTC holdings or their limited financial capacity to hedge against price volatilities. However, their potential losses would be at the same time economic gains for the RTC sellers; therefore, the resulting net cost, if any, is expected to be zero or negligible to the entire RECLAIM program, particularly compared with the program's cost savings. While individual facilities may experience different costs and savings, H&SC §39616 applies to the RECLAIM universe as a whole.

[33] The total capital and installation cost for 47 SCRs was estimated to be $460 million in 2005 dollars in the 2005 amendments to the RECLAIM program (not counting the operating and maintenance costs). If the facilities invested this money at a 5 percent nominal rate of return over the 8 years, they would have saved a total of $220 million (i.e., $460 million*(1.05)^8 - $460 million, in 2015 dollars), by the end of 2015. Meanwhile, the affected facilities purchased 1.7 tpd of RTCs in lieu of installing 47 SCRs. The cost of purchasing these RTCs over the past 8 years is estimated to be about $15 million (i.e., 1.7 tpd * 365 days *
$3,000 per discrete ton of RTCs * 8 years). The total net cumulative benefits of the program for refineries only would have been about $205 million. (Based on further analysis using internal RECLAIM compliance data, the total cost of RTC purchases by refineries from 2005-2013 was estimated to be between $16 and $18 million.)

In the 2005 RECLAIM amendments, some stakeholders commented that the shaved RTCs would result in real, significant financial cost to companies and should be recognized as a cost. However, staff disagreed at the time RECLAIM was first adopted and still disagrees today that the cost of shaved RTCs should be recognized as a programmatic cost. Staff has never considered the "cost" of the shaved RTC's to be recognized as a "cost" for determining equivalency with command and control. At the outset of RECLAIM, RTCs were allocated to RECLAIM facilities free of charge, yet they now have value to the facilities as a commodity that can be bought and sold. While RTCs have value, they are not a property right. The proposed amendments to RECLAIM will reduce the number of RTCs. Since there was no cost associated with allocated RTCs for a facility, there should be no financial loss to the RECLAIM universe as the SCAQMD retires them. Any additional purchase of RTCs executed by a facility is made in lieu of emission control. The choice between the RTC purchase and emission control is solely a business decision that is made to generate an expected stream of cost-savings afforded only by the RECLAIM program and not available under command-and-control. Therefore, any RTC investment loss should not be considered as a compliance cost to be compared to the compliance cost under command-and-control regulations. Moreover, this loss may be offset by any potential increase in RTC price due to a decreased RTC supply, which would subsequently raise the market value of a facility's remaining RTC holdings. Finally, any loss of "value" of shaved RTCs cannot be compared to command and control, because in that case there are no RTCs and thus no similar "value" was ever created.

To sum up, many factors are in play that may lower the compliance cost of RECLAIM as compared to CAC. They include:

- RECLAIM facilities have many more options for compliance than facilities under traditional command and control rules, including adding control equipment, process changes, and purchasing RTCs.
- Sources subject to Rule 2005—New Source Review for RECLAIM—are not subject to the 1.2 offset factor that is applied to new and modified sources for non- RECLAIM facilities when using emission reduction credits (ERCs).[34]
- Rule 2005 facilities can sell excess RTC offset holdings at the end of each compliance year resulting from installing or modifying existing control equipment. This option is not available under CAC.
- RTCs resulting from shutdowns have not been subject to the best available control technology (BACT) discount that is applicable to non-RECLAIM sources.
- RECLAIM facilities can take advantage of facility or program emission averaging to implement the least cost controls. Cross-cycle trading under RECLAIM provides additional compliance flexibility.
- The non-RECLAIM facilities are subject to source specific standards (e.g. concentration limits or mass emission limits) that cannot be exceeded at any time whereas, for the most part, RECLAIM facilities can operate their equipment with flexibility and reconcile the emissions with the facility caps at the end of the compliance quarter and year.
- RECLAIM facilities have received monetary benefits from trading their RTCs through the past 22-year life of the RECLAIM program to reduce the costs of compliance.

[34] Rule 2005—New Source Review for RECLAIM.

Based on the aforementioned reasons, the compliance costs under RECLAIM are equivalent to or less than what would have occurred under CAC.

12. REFERENCES

Chan, Gabriel, Robert Stavins, Robert Stowe, and Richard Sweeney. 2012. "The SO2 Allowance Trading System and the Clean Air Act Amendments of 1990: Reflections of Twenty Years of Policy Innovation." Cambridge, Mass: Harvard Environmental Economics Program.

Chevron 2014 Annual Report. Downloaded August 26, 2014 from http://www.chevron.com/annualreport/2014/

Exxon-Mobile 2014 Annual Report. Downloaded August 26, 2014 from http://ir.exxonmobil.com/phoenix.zhtml?c=115024&p=irol-reportsAnnualDun& Bradstreet Enterprise Database. 2015.

Phillips66 2014 Annual Report. Downloaded August 26, 2014 from http://investor.phillips66.com/investors/financial-information/annual-reports/

Regional Economic Modeling Inc. (REMI). Policy Insight® for the South Coast Area (70 sector model). Version 1.7.2.

South Coast Air Quality Management District (SCAQMD). Revised Draft Staff Report: Proposed Amendments to Regulation XX – Regional Clean Air Incentive Market (RECLAIM). Diamond Bar, C.A. November 2015.

. (AQMD). RECLAIM 2013 Annual RECLAIM Audit Report for 2013 Compliance Year. March 2015.

. RECLAIM. Draft Environmental Assessments of Proposed amendments to NOx RECLAIM. Diamond Bar, C.A. August 2015.

. RECLAIM. Vol. III: Final Socioeconomic and Environmental Assessments of RECLAIM. Diamond Bar, C.A. October 1993.

. 2012 Air Quality Management Plan. Diamond Bar, C.A. August 2012.

. Socioeconomic Report for Proposed Amendments to Regulation XX – Regional Clean Air Incentive Market (RECLAIM). Diamond Bar, C.A. May 2001.

. Socioeconomic Report for Proposed Amendments to Regulation XX – Regional Clean Air Incentive Market (RECLAIM). Diamond Bar, C.A. January 2005.

. Socioeconomic Report for Proposed Amendments to Regulation XX – Regional Clean Air Incentive Market (SOx RECLAIM). Diamond Bar, C.A. January 2010.

State Board of Equalization, 2014. Gasoline Consumption Downloaded August 26, 2015 from http://www.boe.ca.gov/sptaxprog/reports/MVF_10_Year_Report.pdf

Tesoro 2014 Annual Report. Downloaded August 26, 2015 from http://www.marketwatch.com/story/tesoro-corporation-reports-2014-fourth-quarter-and- record-full-year-results-2015-02-11

U.S. Small Business Administration. Small Business Size Standards Matched to NAICS Codes. Washington, D.C. 2014. Downloaded August 12, 2015, from http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_sstd_tablepdf.pdf

Valero 2014 Financial Summary Report Downloaded August 26, 2015 from: http://www.valero.com/mwg-internal/de5fs23hu73ds/progress?id=IxbJVKQ0GdFHOoVWgjWLj_kkRRK-upCMYiQHDq_cIYs

13. APPENDIX A: 10-YEAR INDUSTRY EMPLOYMENT PROJECTIONS

2012-2022 Industry Employment Projections
Los Angeles-Long Beach-Glendale Metropolitan Division
(Los Angeles County)

Employment Development Department

Labor Market Information Division

Published: December 2014

NAICS Code*	Industry Title	Percent Change 2012-2022	Annual Average Percent Change
	Total Employment	**12.8%**	**1.3%**
1133,21	**Mining and Logging**	**9.3%**	**0.9%**
23	**Construction**	**30.2%**	**3.0%**
31-33	**Manufacturing**	**-14.2%**	**-1.4%**
	Durable Goods Manufacturing	**-14.6%**	**-1.5%**
	Nondurable Goods Manufacturing	**-13.6%**	**-1.4%**
22,42-49	**Trade, Transportation, and Utilities**	**12.7%**	**1.3%**
42	**Wholesale Trade**	**12.3%**	**1.2%**
44-45	**Retail Trade**	**13.7%**	**1.4%**
22,48-49	**Transportation, Warehousing, and Utilities**	**10.4%**	**1.0%**
48-49	**Transportation and Warehousing**	**10.7%**	**1.1%**
52-53	**Financial Activities**	**7.4%**	**0.7%**
	Government	**3.7%**	**0.4%**

2012-2022 Industry Employment Projections
Anaheim-Santa Ana-Irvine Metropolitan Division
(Orange County)

Employment Development Department

Labor Market Information Division
Published: December 2014

NAICS Code*	Industry Title	Percent Change 2012-2022	Annual Average Percent Change
	Total Employment	**17.4%**	**1.7%**
1133,21	**Mining and Logging**	**-20.0%**	**-2.0%**
23	**Construction**	**34.0%**	**3.4%**
31-33	**Manufacturing**	**-4.6%**	**-0.5%**
	Durable Goods Manufacturing	**-6.7%**	**-0.7%**
	Nondurable Goods Manufacturing	**0.7%**	**0.1%**
22,42-49	**Trade, Transportation, and Utilities**	**18.4%**	**1.8%**
42	**Wholesale Trade**	**24.8%**	**2.5%**
44-45	**Retail Trade**	**17.0%**	**1.7%**
22,48-49	**Transportation, Warehousing, and Utilities**	**7.5%**	**0.8%**
48-49	**Transportation and Warehousing**	**4.6%**	**0.5%**
52-53	**Financial Activities**	**22.4%**	**2.2%**
	Government	**3.8%**	**0.4%**

2012-2022 Industry Employment Projections
Riverside-San Bernardino-Ontario Metropolitan Statistical Area
(Riverside and San Bernardino Counties)

Employment Development Department

Labor Market Information Division

Published: December 2014

NAICS Code*	Industry Title	Percent Change 2012-2022	Annual Average Percent Change
	Total Employment	**19.4%**	**1.9%**
1133,21	**Mining and Logging**	**33.3%**	**3.3%**
23	**Construction**	**58.0%**	**5.8%**
31-33	**Manufacturing**	**-3.3%**	**-0.3%**
	Durable Goods Manufacturing	**-2.5%**	**-0.2%**
	Nondurable Goods Manufacturing	**-5.0%**	**-0.5%**
22,42-49	**Trade, Transportation, and Utilities**	**20.7%**	**2.1%**
42	**Wholesale Trade**	**29.6%**	**3.0%**
44-45	**Retail Trade**	**18.5%**	**1.9%**
22,48-49	**Transportation, Warehousing, and Utilities**	**19.4%**	**1.9%**
48-49	**Transportation and Warehousing**	**20.4%**	**2.0%**
52-53	**Financial Activities**	**15.0%**	**1.5%**
	Government	**5.0%**	**0.5%**

14. APPENDIX B: WEEKLY EARNINGS BY OCCUPATIONAL WAGE GROUP BY MEDIAN WEEKLY EARNINGS

Table A

Quintile	Occupational Title	Median Weekly Earnings
1	Media and communication equipment workers	$398
1	Nursing, psychiatric, and home health aides	$457
1	Occupational therapy and physical therapist assistants and aides	$457
1	Other healthcare support occupations	$460
1	Cooks and food preparation workers	$398
1	Food and beverage serving workers	$424
1	Other food preparation and serving related workers	$385
1	Building cleaning and pest control workers	$467
1	Grounds maintenance workers	$445
1	Entertainment attendants and related workers	$361
1	Personal appearance workers	$480
1	Other personal care and service workers	$431
1	Supervisors of farming, fishing, and forestry workers	$448
1	Agricultural workers	$418
1	Fishing and hunting workers	$448
1	Forest, conservation, and logging workers	$448
1	Other construction and related workers	$461
1	Textile, apparel, and furnishings workers	$250
1	Other transportation workers	$236
2	Life, physical, and social science technicians	$571
2	Other education, training, and library occupations	$582
2	Other protective service workers	$534
2	Supervisors of food preparation and serving workers	$529
2	Animal care and service workers	$524
2	Funeral service workers	$481
2	Baggage porters, bellhops, and concierges; Tour and travel guides	$481
2	Retail sales workers	$516
2	Information and record clerks	$603
2	Other office and administrative support workers	$611
2	Helpers, construction trades	$566
2	Extraction workers	$596
2	Assemblers and fabricators	$525
2	Food processing workers	$509
2	Printing workers	$583
2	Plant and system operators	$573
2	Other production occupations	$555

Table A (Continued)

Quintile	Occupational Title	Median Weekly Earnings
2	Rail transportation workers	$619
2	Material moving workers	$486
3	Social scientists and related workers	$640
3	Religious workers	$767
3	Librarians, curators, and archivists	$685
3	Entertainers and performers, sports and related workers	$763
3	Supervisors of building and grounds cleaning, maintenance workers	$684
3	Supervisors of personal care and service workers	$687
3	Other sales and related workers	$659
3	Communications equipment operators	$638
3	Financial clerks	$624
3	Material recording, scheduling, dispatching, and distributing workers	$623
3	Secretaries and administrative assistants	$681
3	Construction trades workers	$680
3	Electrical and electronic equipment mechanics, installers, and repairers	$706
3	Vehicle and mobile equipment mechanics, installers, and repairers	$737
3	Other installation, maintenance, and repair occupations	$761
3	Metal workers and plastic workers	$645
3	Woodworkers	$623
3	Motor vehicle operators	$689
3	Water transportation workers	$620
4	Drafters, engineering technicians, and mapping technicians	$909
4	Life scientists	$960
4	Counselors and Social workers	$864
4	Miscellaneous community and social service specialists	$773
4	Legal support workers	$856
4	Preschool, primary, secondary, and special education school teachers	$935
4	Other teachers and instructors	$905
4	Art and design workers	$969
4	Health technologists and technicians	$768
4	Supervisors of protective service workers	$897
4	Fire fighting and prevention workers	$939
4	Law enforcement workers	$899
4	Supervisors of sales workers	$776
4	Sales representatives, services	$906
4	Supervisors of office and administrative support workers	$772
4	Supervisors of installation, maintenance, and repair workers	$980

Table A (Continued)

Quintile	Occupational Title	Median Weekly Earnings
4	79 Supervisors of production workers	$902
4	88 Supervisors of transportation and material moving workers	$882
4	Military	$904
5	Top executives	$1,729
5	Advertising, marketing, promotions	$1,384
5	Operations specialties managers	$1,320
5	Other management occupations	$1,141
5	Business operations specialists	$1,074
5	Financial specialists	$1,108
5	Computer occupations	$1,367
5	Mathematical science occupations	$1,244
5	Architects, surveyors, and cartographers	$1,016
5	Engineers	$1,384
5	Physical scientists	$1,261
5	Lawyers, judges, and related workers	$1,738
5	Postsecondary teachers	$1,172
5	Media and communication workers	$995
5	Health diagnosing and treating practitioners	$1,267
5	Other healthcare practitioners and technical occupations	$1,065
5	Sales representatives, wholesale and manufacturing	$1,042
5	Supervisors of construction and extraction workers	$990
5	Air transportation workers	$1,131

15. APPENDIX C: RESPONSE TO STAKEHOLDER COMMENTS

Comments Received at the January 8, 2015, CEQA and Socioeconomic Scoping
A combined CEQA and Socioeconomic Scoping was held on January 8, 2015. There were two specific comments regarding the yet to be completed draft socioeconomic analysis which are addressed below.

Comment #1:
Industry would like to request that the impact of an alternative incremental BARCT shave be analyzed in the socioeconomic assessment.

Response:
The draft socioeconomic document analyzed the impact of this proposed alternative in the Draft Socioeconomic Report released on September 9, 2015. This alternative is listed as CEQA alternative #3—Industry Proposal.

Comment #2:
There are at least a dozen facilities with boilers above 40 mmBtu/hr that will not have cost-effective control equipment to install. The cost-effectiveness of this control equipment is $200,000 per ton and higher, and, as a result, these facilities are only left with the option to buy credits at higher prices after the shave.

Response:
The proposed amendments used a cost effectiveness of $50,000 per ton to determine the quantity of equipment estimated to be cost effective and the amount of emission reductions for the program.

If this comment refers to the refinery sector, the incremental cost effectiveness is $28,000 for refinery boilers/heaters above 40 mmBtu/hr (see Table 4.3 of the staff report). Any controls with cost effectiveness above $50,000 were not considered in the BARCT analysis. If this comment refers to the non-refinery sector, the BARCT analysis indeed did not identify any cost-effective controls for boilers/heaters above 40 mmBtu/hr (see Table 4.2 of the staff report); however, there are cost-effective controls identified for other emission sources.

Under the proposed amendments, the proposed BARCT-based shave would be distributed in the fashion that facilities with identified BARCT would see their RTC holdings reduced by the highest percentages. A non-refinery facility with identified BARCT is expected to be able to reduce facility-wide emissions by installing cost- effective controls on emission sources other than boilers/heaters above 40 mmBtu/hr; however, this same facility would also have the flexibility to reconcile their facility-wide emissions by obtaining sufficient NOx RTCs.

The Draft Socioeconomic Report has analyzed the potential incremental costs of purchasing RTCs at higher prices for 45 facilities where no control equipment has been identified for installation, as well as for the 210 facilities exempt from the shave.

Western States Petroleum Association (WSPA) Comment Letter #1 Received January 30, 2015

Socioeconomic Comment Letter #1

Western States Petroleum Association
Credible Solutions • Responsive Service • Since 1907

Patty Senecal
Manager, Southern California Region and Infrastructure Issues

VIA ELECTRONIC MAIL

January 30, 2015

Dr. Elaine Chang
Deputy Executive Officer, Planning, Rule Development & Area Sources
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

SUBJECT: WESTERN STATES PETROLEUM ASSOCIATION (WSPA) COMMENTS ON THE SOCIOECONOMIC ASSESSMENT FOR PROPOSED AMENDED REGULATION XX – REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

Dear Dr. Chang:

The Western States Petroleum Association ("WSPA") is a non-profit trade association representing twenty-five companies that explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California, Arizona, Nevada, Oregon, and Washington. WSPA-member companies operate petroleum refineries and other facilities in the South Coast Air Basin that are within the purview of the Regional Clean Air Incentives Market ("RECLAIM") program. 1-1

WSPA supports the scoping comments submitted by the Industry RECLAIM Coalition for the Socioeconomic Assessment for Proposed Amended Regulation XX.[1] WSPA formally offers the following additional comments:

1. *A ten-year useful equipment life would be more appropriate due to the frequency of District rulemakings. AQMD's 25-year useful equipment life assumption is not appropriate and results in an understated BARCT cost effectiveness analysis. Potential stranded asset costs should be considered in the socioeconomic assessment.* 1-2

[1] SCAQMD, Notice of Preparation (NOP) and Initial Study for a Draft Program Environmental Assessment for Proposed Amended Regulation XX – Regional Clean Air Incentives Market (RECLAIM), 4 December 2014 ("NOP/IS").

970 W. 190th Street, Suite 304, Torrance, California 90502
PHONE: (310) 678-7782 • FAX: (310) 324-9063 • PSenecal@wspa.org • www.wspa.org

For some time, South Coast Air Quality Management District ("AQMD" or "District") has been using a 25-year equipment life assumption to compute emission control cost effectiveness when conducting new Best Available Control Retrofit Control Technology ("BARCT") analyses. This equipment life assumption results in a systemic understatement of emission control costs because BARCT is typically redefined on much shorter terms. To that point, the District established BARCT for all of the source categories being considered under this Regulation XX rulemaking only ten years ago (i.e., 2005). Calculation of control costs of the 25-year term distorts the true cost associated with these rules.

1-2
Concluded

As recommended in ABT Associates' recent evaluation of the District's socioeconomic assessment process,[2] AQMD should ensure that the control costs used in the Regulation XX socioeconomic assessment include the full cost of retrofitting existing controls or installing new controls. This would include consideration of any stranded asset costs, such as when the proposed BARCT determination requires replacement of prior investments for emission control equipment or effectively mandates the replacement of basic equipment (e.g., gas turbines).

2. *The District's capital cost estimates are significantly lower than refiners' estimates; the socioeconomic assessment should consider a scenario based on these higher costs.*

As with past rulemakings, the District's emission control costs for refineries have been underestimated. Norton Engineering Consultants ("Norton") recently concluded a review of the District's BARCT analysis[3] and concluded that emission control costs for most refinery source categories would be significantly higher than those estimated by District staff. For example:

- FCCUs: Norton's Present Worth Value (PWV) estimates for FCCUs were >60% higher than the last PWV estimates presented by AQMD staff to the NOx RECLAIM Working Group (note: range of variance was between -19% and +138% depending on the unit)
- Refinery Heaters/Boilers: On average, Norton's PWV estimates were >90% higher than the last estimates presented by AQMD staff (note: range of variance was a function of size).[4]
- Coke Calciner: Norton concluded the PWV costs will be >75% higher than the most recent AQMD Staff estimates, and that for BARCT performance in the range of 5-10 ppmv NOx (i.e., not 2 ppmv).[5]
- Sulfur Recovery Units/Tail Gas Treatment Units: Norton concluded that PWV costs will be higher than the AQMD Staff with range of variances between +37% and +267% depending on the unit.[6]

1-3

[2] ABT Associates, Review of the SCAQMD Socioeconomic Assessments, Documentation, Task 1-4 Final, 14 August 2014.
[3] Norton Engineering Consultants, Inc., SCAQMD NOx RECLAIM - BARCT Feasibility and Analysis Review, Non-Confidential Final Report No. 14-045-4, 26 November 2014.
[4] Comparison of data presented in Norton Report and AQMD Staff data, presented to the NOx RECLAIM Working Group Meeting (WGM), 7 January 2015 (slide 25).
[5] Comparison of data presented in Norton Report (p. 21) to AQMD Staff data presented to the NOx RECLAIM WGM, 31 July 2014.
[6] Comparison of data presented in Norton Report (p. 24) to AQMD Staff data presented to the NOx RECLAIM WGM, 31 July 2014.

970 W. 190th Street, Suite 304, Torrance, California 90502
PHONE: (310) 678-7782 • FAX: (310) 324-9063 • PSeneca@wspa.org • www.wspa.org

Based on a confidential and blinded cost survey of WSPA members conducted last year, it appears that the Norton cost estimates may also significantly understate the refinery sector's overall cost of control for this Regulation XX rulemaking. Because RECLAIM is a market-based emission control program, the individual companies have the flexibility to develop their own strategies for complying with their facility-wide emission limits. These strategies can involve emissions control projects or RTC trading and the companies are incentivized under the program to seek the most cost-effective approach for their particular situation.

1-3
Concluded

WSPA, through a third party contractor, conducted a confidential cost survey of the Southern California refineries concerning total capital and operating costs for their compliance strategies for the District's proposed NOx RECLAIM shave.[7] This information is highly proprietary and refiners submitted this information on a confidential basis to the third-party contractor who de-identified and aggregated the compliance costs for the overall industry. The current refining industry forecast suggests the compliance costs of this rulemaking may be nearly twice the most recent cost estimate presented by AQMD staff.[8]

Given the magnitude of this cost variance, WSPA is willing to make its contractor, Stillwater Associates, available to District socioeconomic staff to discuss the aggregated findings of WSPA's confidential survey for the refining industry. In addition, our members, as individual refiners, are willing to discuss with the District staff, individual inputs to the confidential survey to substantiate the methodology and its findings. We respectfully request that the District's socioeconomic assessment consider this higher cost scenario as it would better inform the Governing Board and stakeholders of the true, potential socioeconomic impacts associated with the proposed rulemaking.

1-4

We appreciate your consideration of these comments in the scoping of the socioeconomic assessment for the Regulation XX rulemaking, and will continue working with AQMD staff towards the development of sensible proposal for the RECLAIM program.

Very truly yours,

Patty Senecal

Responses to WSPA – Socioeconomic Letter #1

1-1. Thank you for the comments provided.

1-2. Although the Bay Area AQMD and EPA OAQPS assume an SCR lifespan of 20 years, staff used a 25-year equipment life for SCRs to be installed based on the profiles of SCRs used by refineries in the Basin. Nearly 30 percent of the refinery combustion equipment in the Basin has SCRs that were installed more than 25 years ago, and more than 60 percent of the refinery combustion equipment has SCRs that were installed more than 20 years ago. These units are still in operation and thus support the assumption of a 25-year useful life in the cost analysis.

In addition, there is no demonstration that assets have been stranded as a result of advancements in BARCT, since such advancements may be based on improvements in the earlier air pollution control technology. Thus, to artificially reduce equipment life based on the potential for new BARCT requirements in the future is speculative, and will be addressed at the time of any rulemaking.

1-3. The cost estimates used in the staff report are what is used in the socioeconomic analysis. Please see the Staff Report for more information regarding the difference between staff estimates and NEC estimates.

1-4. As indicated in Response 1-3, please refer to the Staff Report for cost estimates and related assumptions. In a comment letter dated August 21, 2015, Western States Petroleum Association (WSPA) stated, "WSPA believes that the District's cost effectiveness calculations significantly understate the costs associated with achieving the proposed BARCT levels. We believe that even the Norton analysis underestimates actual costs. WSPA is currently developing additional information based on detailed engineering assessments that more accurately represent the costs associated with the proposed BARCT. We will submit this information to the record as it becomes available." WSPA also stated in a working group meeting that their cost estimates were 2 to 3 times higher than those estimated in the Staff Report. Staff has met with three refineries who provided varying levels of detail regarding their projected costs that would occur for these facilities to comply with the proposed amendments. There is not sufficient information for staff to verify the WSPA cost estimates. Some of the difference related to staff using an incremental cost-effectiveness calculation, which assumes that 2005 BARCT levels are in place, which may or may not be the case for individual facilities, but is needed for a programmatic evaluation. The individual facilities include total costs, and often include full costs for additional equipment such as substations that may support the new control equipment, as well as other operations at the facility.

Comment Letter #2 Received January 30, 2015
California Council for Environmental and Economic Balance (CCEEB), Southern California Air Quality Alliance (SCAQA), Regulatory Flexibility Group (RFG), and WSPA

Socioeconomic Comment Letter #2

California Council for Environmental and Economic Balance

Regulatory Flexibility Group

WSPA Western States Petroleum Association

30 January 2015

Dr. Elaine Chang
Deputy Executive Officer, Planning, Rule Development & Area Sources
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

SUBJECT: INDUSTRY COMMENTS ON THE SOCIOECONOMIC ANALYSIS FOR PROPOSED AMENDED REGULATION XX – REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

Dear Dr. Chang:

These comments are presented on behalf of the members of leading Southern California businesses represented by the California Council for Environmental and Economic Balance ("CCEEB"), the Regulatory Flexibility Group ("RegFlex"), the Southern California Air Quality Alliance ("SCAQA"), and Western States Petroleum Association ("WSPA"). The members of these business groups are major Southern California employers who own and operate facilities that comprise most of the Regional CLean Air Incentives Market ("RECLAIM") program. 2-1

This "Industry RECLAIM Coalition" formally offers the following scoping comments on Socioeconomic Analysis for Proposed Amended Regulation XX.[1]

1. *The socioeconomic analysis should incorporate the procedural improvements recommended under the ABT study;[2] these are important enhancements to the District's socioeconomic analysis process.*

The District recently commissioned ABT Associates to conduct an evaluation of the SCAQMD's socioeconomic assessment process.[2] ABT made a number of recommendations relevant to this rulemaking which SCAQMD committed to implement.[3] This included but was not limited to the following: 2-2

[1] SCAQMD, Notice of Preparation (NOP) and Initial Study for a Draft Program Environmental Assessment for Proposed Amended Regulation XX – Regional Clean Air Incentives Market (RECLAIM), 4 December 2014 ("NOP/IS").
[2] ABT Associates, Review of the SCAQMD Socioeconomic Assessments, Documentation, Task 1-4 Final, 14 August 2014.
[3] AQMD, Summary of ABT Recommendations & SCAQMD Staff Response, presented to Governing Board, 7 November 2014.

Dr. Elaine Chang, SCAQMD
30 January 2015

- Appropriately consider useful life of pollution control equipment; need to consider stranded costs where early replacement is required
- Present both DCF and LCF methods" with appropriate thresholds
- Ensure control costs of new regulations include complete estimate of retrofitting existing controls. Clearly cite and include all sources of control cost estimates.
- Improve transparency through external peer reviews

2-2 Concluded

While these recommendations were agreed to by AQMD Staff in the context of the 2016 Air Quality Management Plan ("AQMP"),[4] the Industry RECLAIM Coalition believes they are more broadly important than just for the AQMP. The proposed revisions to Regulation XX represent a significant rulemaking which could have significant socioeconomic impacts to the Southern California regional economy. We recommend that these process improvements recommended by ABT Associates should be fully incorporated into the socioeconomic analysis for the Regulation XX rulemaking.

2. *The socioeconomic analysis should fully consider the comparative economic impacts of project Alternatives presented in the Draft Program Environmental Assessment ("PEA") for Proposed Amended Regulation XX, including the Industry Coalition's alternative proposal.*

Under the 2012 AQMP, the Governing Board approved control measure CMB-01 which authorized further reductions from the NOx RECLAIM program. The control measure authorized by the Governing Board was based on a range of 3-5 tons per day ("TPD") of RECLAIM Trading Credits ("RTCs") being removed from the program. While stakeholders understood the eventual rulemaking could differ, the current Staff proposal as presented in the NOP/IS would be substantially larger at nearly 13 TPD.

2-3

This Industry RECLAIM Coalition has presented an alternative methodology for demonstrating command-and-control equivalency which would reduce the program's quantity of RTCs by an amount limited to only those reductions that can be directly attributed to the advancement of Best Available Retrofit Control Technology ("BARCT"). While the industry proposal could also result in RTC reductions greater than the approved AQMP control measure, it would be less than what has been presented by the AQMD Staff.

Given the significant differences between the Proposed Project and project Alternatives, we recommend that the socioeconomic analysis quantify the potential economic impacts of each policy option (i.e., the Proposed Project and all project Alternatives) for the Governing Board and stakeholders.

3. *The socioeconomic analysis should consider total costs associated with the Proposed Project and project Alternatives.*

2-4

Dr. Elaine Chang, SCAQMD
30 January 2015

While the BARCT technical analysis being conducted by AQMD Staff is being based on incremental cost effectiveness,[5] the actual economic impacts associated with this rulemaking will be based the total costs for compliance. To understand the potential economic impacts of this rulemaking, the socioeconomic analysis should consider the total capital cost and total increased operating costs as compared to the current baseline condition.

Furthermore, the socioeconomic analysis should consider the cost to RECLAIM program participants for RTC reductions which cannot be directly attributed to the advancement of technology (i.e., BARCT). The AQMD Staff proposal would appear to cause RTC reductions beyond those directly attributable to new BARCT.[6] RECLAIM program members will bear the costs for new capital and operating expenses associated with new BARCT, and they will also be collectively impacted by potential RTC reductions which are not tied to BARCT. These impacts may be regionally significant.

2-5

The socioeconomic analysis should fully quantify all these costs in assessing the potential economic impacts for the Proposed Project and each project Alternative to ensure the Governing Board and stakeholders are informed of the socioeconomic impacts associated with the different policy options.

The RECLAIM program remains vitally important to the health of Southern California's economy and environment. The members of this coalition have actively participated in this rulemaking through the NOx RECLAIM Working Group over these last two years, and we look forward to continuing to work with you and the District's Staff on the significant rulemaking.

Very truly yours,

Bill Quinn
California Council for Environmental and Economic Balance

Michael Carroll
Regulatory Flexibility Group

Curtis Coleman
Southern California Air Quality Alliance

Patty Senecal
Western States Petroleum Association

[5] For this rulemaking, incremental cost effectiveness is based on the cost and emissions benefit differences that would theoretically be observed between the new 2015 BARCT technology and emissions performance level as compared to the prior 2000/2005 BARCT technology and emissions performance level.
[6] AQMD NOx RECLAIM Working Group Meetings, 7 January 2015 and 31 July 2014.

Responses to CCEEB, RegFlex, SCAQA, and WSPA – Socioeconomic Letter #2

2-1. Thank you for the comments provided.

2-2. The Socioeconomic analysis of the proposed amendments to the NOx RECLAIM has implemented, to the extent possible, methodological and procedural improvements based on the recommendations put forward by Abt Associates in their 2014 report. These improvements include:

- Conducting Socioeconomic Scoping Session with CEQA Scoping on January 8, 2015
- Providing a more-than-45-day review period for the Draft Socioeconomic Report (Draft released on September 9, 2015)
- Identifying key socioeconomic issues and assumptions
- Analyzing the impacts of potential alternatives, including the Industry Proposal
- Providing a range of costs and job impacts to reflect different assumptions
- Clearly citing and including all sources of control cost estimates
- Conducting sensitivity analysis by analyzing a scenario in which no control installation spending occurs in the Basin
- Providing better documentation of assumptions and methodologies

Finally, although not included in the socioeconomic analysis, the staff report presents cost-effectiveness analysis results both LCF and DCF methodologies.

2-3. The Draft Socioeconomic Report has analyzed the potential economic impacts of four policy alternatives (and no impacts under the "No Project" alternative), including an Industry Proposal, which is represented as CEQA alternative #3.

2-4. The draft socioeconomic impact assessment estimated total compliance costs associated with the proposed rule amendments and CEQA alternatives. In addition to the potential compliance cost of control equipment installation and operation for these 20 facilities, the proposed amendments may potentially result in incremental costs for some of the 45 facilities where no BARCT was identified, and some of the 210 facilities that are not shaved but would need to continue purchase RTCs which may increase in price. These incremental costs would be the result of both additional RTCs that would be purchased from the market and due to potential RTC price increases after the shave. However, the total cost to RTC buyers is at the same time an economic gain for RTC buyers; therefore, the net compliance cost related to RTC transactions would cancel out.

2-5. As discussed in Response 2-4, the draft socioeconomic economic report considers the total compliance costs associated with the proposed NOx RECLAIM amendments and also with each CEQA alternatives. This is done by comparing the proposed amendments against a baseline of "business as usual".

Based on staff's analysis, a shave of 14 tpd from current RTC levels of 26.51 tpd is necessary to attain the 12.51 tpd (26.51 tpd – 14 tpd = 12.51 tpd) of remaining NOx emissions in 2023. This level includes installation of 2015 BARCT, an allowance for growth, a compliance margin, and adjustments to account for uncertainties in the BARCT analysis. The cost of full BARCT installation represents the most conservative (i.e., maximum) cost estimate because, under RECLAIM, the total actual costs may be lower if a facility identifies any other more cost-effective alternative to remain in compliance.

The draft socioeconomic report also included discussion of the value of shaved RTCs (Please see Section 9—Market Analysis for more details). At the outset of RECLAIM, RTCs were allocated to RECLAIM facilities free of charge, yet they now have value to the facilities as a commodity that can be bought and sold. While RTCs have value, they are not a property right. The proposed amendments to RECLAIM will reduce the number of RTCs. Since there was no cost associated with allocated RTCs for a facility, there should be no financial loss to the RECLAIM universe as the SCAQMD retires them. Any additional purchase of RTCs executed by a facility is made in lieu of emission control. The choice between the RTC purchase and emission control is solely a business decision that was made to generate an expected stream of cost-savings afforded only by the RECLAIM program and not available under command-and-control. Therefore, any RTC investment loss should not be considered as a compliance cost to be compared to the compliance cost under command-and- control regulations. Moreover, this loss may be offset by any potential increase in RTC price due to a decreased RTC supply, which would subsequently raise the market value of a facility's remaining RTC holdings. Finally, any loss of "value" of shaved RTCs cannot be compared to command and control, because in that case there are no RTCs and thus no similar "value" was ever created.

Socioeconomic Letter #3 Kavet, Rockler & Associates LLC (on behalf of WSPA)

Kavet, Rockler & Associates, LLC
Economic & Public Policy Consulting

Nicolas Rockler, Ph. D.
242 Payson Road
Belmont, Massachusetts 02478 U.S.A.
Telephone: (617) 395-8021 E-Mail:
nrockler@kavetrockler.com

October 16, 2015

Dr. Shah Dabirian
Program Supervisor, NO_x Reclaim
South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765

ELECTRONIC SUBMISSION

RE: Revised Draft Socioeconomic Report for Proposed Amendments to Regulation XX-Regional Clean Air Incentive Market (RECLAIM) NO_x RECLAIM

Dear Dr. Dabirian:

At the request of the Western States Petroleum Association (WSPA), we were asked to review the October, 2015 draft "Socioeconomic Report for Proposed Amendments to Regulation XX-Regional Clean Air Incentive Market (RECLAIM) NO_x RECLAIM" prepared by the South Coast Air Quality Management District (SCAQMD.) Specifically, we were asked to review the draft analysis as regards methodology, implementation of the economic model supplied by Regional Economic Models, Inc. (REMI), and to offer relevant comments that have a bearing on the adequacy or accuracy of the economic analysis given in the draft report. We note that we posed a number of questions during a teleconference on October 7, 2015 that included a number of the SCAQMD staff, as well as WSPA representatives. Some of what we learned during that discussion has carried through to comments we make here and there are a number of questions that remain unresolved. Below, we offer our questions and comments under each of the three categories.

I. METHODOLOGY

a. Omission of RTC Costs in Macroeconomic Impact Estimates

In the revised draft report, it is noted that the proposed best available retrofit control technology (BARCT) shave will produce annualized capital and operating cost changes of $72 million per year at a 4% discount rate (see ES-3 and later). These estimated BARCT costs are then used in estimating the macroeconomic impact on the regional economy. However, it appears as though compliance costs involving RTC allowances were excluded from the macroeconomic impact analysis. We note that firms with inadequate allowances after the shave will face higher production costs when securing *additional* RTCs. The argument that SCAQMD offers, if we understand it correctly, is that the RTC allowances were made available freely at the start of the program and that any subsequent trading of allowances merely represents a shift in asset values between seller and buyer with no economic gain or loss to the region. We agree with this view so long as the sole function of the RTC is limited to a bookkeeping store of value. However, RTC's are not merely abstract assets: Very much like certain metal commodities such as gold and silver, RTCs are at once both assets with a market-determined value and a critical production input in the manufacture of certain goods. When a firm decides to offset an excess of emissions at a particular level of output, there must be seller of RTCs that has surplus allowances at its own level of emissions to sell. Note that carrying surplus RTC allowances does not change the seller's production costs, but does represent an opportunity cost that affects its current net income if the market value of its RTCs is greater than zero. On the other hand, the buyer must pay the current market cost for each additional RTC that it requires, and this cost is *incremental* to all other costs in their production function. These costs will be incurred by any facilities when their RTC holding levels fall below their emissions levels, which can occur for a number of reasons, including mandated allowance reductions. This production cost increase is by design, intended to create an incentive to reduce emissions by investment in improved control or combustion technology or by reducing production volumes if this reduces emissions. Were it the case that the shave had no effect on operating costs, no incentive would exist to alter emitters' production technologies or output.

I-A

Kavet, Rockler and Associates, LLC Page 2

We note that you have already estimated the total RTC allowance cost changes for 255 facilities (see ES-5 "Market Analysis, para. 2) as ranging from $14 to $365 million. We do not see why the addition of the RTC costs to the production cost policy variable in the REMI model cannot be included to complete the total program cost macroeconomic impact. On p.40, you note that because actual RTC price changes cannot be accurately predicted, you cannot include market effects in the REMI macroeconomic simulation. We contend that a reasonable range of value could be applied to develop a range of total macroeconomic impact.

By ignoring the RTC price changes on production costs, this analysis implicitly sets the RTC price change to be zero, a value that seems unreasonable.

I-A

b. **Growth Assumptions**

For determining which firms will need to acquire additional RTC allowances in the future, it is stated on p. 42, paragraph 2 that you have applied an industry specific annual growth rate to the 2011 actual emissions to project when and by how much a facility will exceed its RTC holdings. These growth rate assumptions are fundamental to estimating the RTC market impact component. It was noted during the teleconference that three different growth rate assumptions were used and that these are shown in the footnotes found on p. 45 and 47 of the revised draft report. Also during the phone conference, it was noted that the industry projections used are mandated in State legislation. Could we please have a complete citation for the industry-level projections that were used? (We note that although the REMI model is not a forecasting model per se, its baseline economic projection is derived from known and credible macroeconomic forecasts and the implicit growth rates for each of the industries in the model could certainly function develop a medium-run economic outlook for SCAQMD's purposes.) We contend that a three-sector scheme for estimating future RTC allowance requirements is far too aggregate and may misrepresent the severity of the proposed regulatory change on industries that are important to the regional economy.

I-B

c. **Industry-Level Data**

When projecting future demand for RTC allowances, we suggest that it would be very useful for SCAQMD to aggregate facilities to a NAICS 6-digit industry-level or REMI 70 sector level for an appropriate time interval and produce data files of output, emissions, employment, and RTC holdings. Such information would allow the SCAQMD and public to directly identify which industries are more or less affected by the non-BARCT market effects and which are greater or lesser contributors to overall regional economic activity and emissions. This information is entirely missing in the analysis despite the need for such information being listed as a report requirement on pp. 5-6 of the draft. I-C

II. REMI IMPLEMENTATION QUESTIONS

a. Classification of BARCT Compliance Costs

In Table 17, we see both BARCT compliance costs and compliance spending listed as inputs to the REMI model. We do not see the specific REMI "policy variables" (as they are known in the model) listed or described in even a general context. However, we do see that one-time capital costs are entered into the REMI model as Machinery Manufacturing and installation costs entered as Construction costs. We would also expect that operating costs for the new capital equipment would be entered into the REMI model as changes in the production costs for the affected industry, and that the suppliers of the goods and services required to run the new capital equipment would see a change in appropriate industry sales values in the REMI model. Is this how compliance costs were entered into the model? What were the job and output impacts of the compliance costs? These can be presented separately from RTC allowance job and output impact. For the compliance spending, how were the machinery manufacturing and installation costs entered? II-A

b. BARCT Installation Costs as Construction Industry Spending

During the phone conference, one SCAQMD representative (apologies for not noting who the speaker was at the time) stated that the installation costs associated with the BARCT capital equipment entered into the REMI model as construction sector spending. We contend that this should have been entered using the wage payments policy variable for the construction sector or the employee compensation policy variable for construction sector (i.e., fully-loaded labor costs including wages, fringes, and benefits.) If entered as general construction sector spending, the REMI model will divide-up the spending over a multitude of inputs: Approximately 20 percent of the total amount will be classified as labor costs, 60 percent will assigned to materials and services expenditures (including amounts for lumber, gypsum board, glass and glazing products, lighting products, flooring products, concrete products, etc.) things unlikely to be purchased for installing refinery equipment, and the last 20 percent will be classified as overhead and profits which would have already been included in the equipment purchase. This appears to be incorrect to us.

II-B

c. **Production Location of BARCT Capital Equipment**

Also during the phone conference, we established that SCAQMD knows the manufacturer of capital goods and can determine location of manufacture for that equipment. In that case, it is always recommended that we use this knowledge and avoid use of the general regional purchase coefficient that is included in the REMI model. The regional purchase coefficients are, at best, an approximation of a general regional production pattern and if one knows the actual geographic source, there is no point in allowing large errors to reduce the impact estimation quality. The same can be said of the installation labor, if the manufacturer requires that its own labor be used.

II-C

d. **BARCT Equipment Purchases as Increment to the Regional Capital Stock**

We determined that SCAQMD did not increment the regional capital stock in the REMI model. This is not automatically done with investment expenditures in the REMI model, despite what one SCAQMD representative said during the phone conference. The user must specifically enter the value of the BARCT capital equipment and installation costs to the regional nonresidential capital stock policy variable. The consequence of omitting this step is having slightly overstated aggregate capital investment. The BARCT investment will offset implicit future investment, resulting in higher future net job-creation impact. II-D

e. **Review of REMI Input File**

To assure ourselves that the REMI model was correctly implemented, we submitted a public records request, at SCAQMD's suggestion, to obtain a copy of the relevant worksheets and REMI input files. We received these data on October 14th and will review to see specifically what direct impact data were entered into the model, and how they were entered in terms of specific policy variable categories. We will submit comments, if needed, at a later date to address any specific concerns. II-E

III. GENERAL QUESTIONS AND/OR COMMENTS

a. At no point in the draft analysis is there a figure that represents the total cost of the proposed regulatory change. It would be very helpful if SCAQMD can develop such a figure (or a value range) that allows the reader to know the potential total. III-A

b. The "Short-Term Economic Outlook" section (starting on p.6) offers no insights into the industries of the regulated facilities. It offers a two year forecast (of which ¾ of a year is now history and not outlook), which is of limited value in the context of 10 year projection period for emissions and economic activity. Since we are not given an economic outlook for markets that can change significantly over the next 10 years, we do not know how South Coast believes events will unfold and have no basis to assess the reasonability of the cost estimates for RTC allowances and effect on specific industries. III-B

c. We attempted to verify the short-run "outlook" figures using the cited sources, i.e., the California State University at Fullerton, Wells Fargo California Economic Outlook, and the Los Angeles Economic Development Corporation. We could not match- up table data from the draft with (several of) the cited sources. We suggest that a full citation of the source used for this section would be helpful. III-C

d. In the "Competitiveness: section, p. 34 it is stated, "The proposed amendments are not expected to impose discernable impacts relative to the cost of services or delivered prices of the affected facilities." Given the incomplete macroeconomic analysis with respect to RTC allowance pricing impacts, we think this conclusion is premature. If you add the allowance price effects into production cost estimates, REMI can solve for price and interregional trade changes that will inform us whether the effects are significant or not. These cannot be dismissed out-of-hand. III-D

e. Regarding ability to bear the costs of required investments, references are made on P. 34 to the refining industries gross revenues of the corporate owners of the facilities. This is an entirely inappropriate metric when conducting a regional economic evaluation as to whether the change in regulation is burdensome. The refineries do not operate in a national or international market reflected by total international corporate revenues. Rather, they operate in a regional market where the burden of the mandated and market changes should be measured against a figure such as regional refinery non-labor value added, which measures the value produced by capital net of depreciation, retained earnings, and earnings distributed to owners (i.e., shareholders), excluding raw material input costs and labor input. The change in non-labor value added will inform us as to whether the regulation change is burdensome. III-E

f. The second paragraph and footnote given on p. 34 offers an estimate for determining the cost-per-gallon of gasoline due to the proposed regulatory changes. Since, once again, these ignore RTC acquisition costs; the figures are likely to be low. Furthermore, it ignores the natural forces of the transportation fuel markets and it assumes that the region faces no outside competition from gasoline imports. This leads to the misleading conclusion that refineries can fully pass on all costs associated with the revised regulations. For example, the calculation ignores known gasoline imports to region via the Port of Los Angeles, which amounted to $2.9 billion in 2012, a relatively small amount compared to the $70 billion of regional refinery output[1], but proof that the market is not closed to competitors and that not all costs can be assumed to be passed on to consumers. III-F

Please let us know if you have questions regarding the specific points we have raised. We look forward to your reply and thank you for your assistance.

Sincerely,



cc: Dr. Phil Fine, SCAQMD
Sue Gornick, WSPA

[1] HIS Regional Economic Service county database, 2014.

I. METHODOLOGIES

Response to Comment I-A:

The commenter noted that, in the Revised Draft Socioeconomic Report released in October 2015, staff already estimated that potential incremental compliance cost for the projected NOx RTC buyers. The incremental cost for an affected facility is estimated as the difference in its current compliance cost and the projected higher compliance cost, which would be the result of either the proposed NOx RTC shave per se or any increase in NOx RTC prices due to a potentially decreased supply of NOx RTCs in the market.

Since any incremental compliance cost paid to obtain NOx RTCs would benefit NOx RTC sellers, the incremental compliance cost on the net for the entire RECLAIM universe would be by far lower than the gross compliance cost incurred by NOx RTC buyers. Any positive net compliance cost would be equivalent to the financial gains accrued to NOx RTC brokers. As the commenter noted, the Revised Draft Socioeconomic Report does state that, "[b]ecause the RTC price scenarios were set arbitrarily at various price points for illustrative purposes only, and any actual price increase cannot be accurately predicted, staff did not include the result of price analysis as an input for the REMI model to assess the macroeconomic impacts that could be potentially generated due to a redistribution of wealth within the RECLAIM universe as a result of RTC transactions." Staff did not assume the RTC price changes on production costs to be zero. In fact, in the Final Socioeconomic Report, job impacts have been estimated using REMI for the incremental compliance costs related to NOx RTC transactions. Please see Section 9.59.5 REMI Job Impacts of RTC Purchases for more details.

Response to Comment I-B:

The growth factors used in projecting the 2023 NOx emissions are the same set of growth factors used in the 2012 Air Quality Management Plan (AQMP), with the base year set in 2011. Nearly all of the growth factors were based on the growth projections made in the 2012 Regional Transportation Plan/Sustainable Community Strategies (RTP/SCS) prepared by the Southern California Association of Governments (SCAG). The only exception is for Electricity Generating Facilities (EGFs). EGF emissions were projected using 2012 as the base year and with updated growth factors based on the 2014 Gas Fuel Report published by the Southern California Gas Company. (See Appendix W of the October 6, 2015 Draft Staff Report for more details).

In order to project the overall 2023 NOx emissions among current NOx RECLAIM facilities, SCAQMD staff began by projecting the 2023 emissions for each facility, based on the aforementioned growth factors that vary by county and by 3-digit North American Industry Classification System (NAICS) code. The projected emissions at the facility level were then aggregated to the group level to arrive at the composite growth factors referenced in the Revised Socioeconomic Report (i.e., those noted by the commenter). Therefore, the projected total NOx emissions for any of the groups analyzed in the Report are consistent with the summation of projected NOx emissions across all facilities in a group.

When it comes to analyzing the potential buyers of NOx RTCs and the additional credits that will

be needed in the post-shave market, staff acknowledges that the use of the group-level composite growth factors can potentially generate somewhat different estimates than using the more disaggregate growth factors that vary by county and by 3-digit NAICS. The difference would be larger, with greater within-group variations of projected NOx emissions and RTC holdings; however, the magnitude and even the direction of this difference is a priori unclear. If, as reasonably expected, the projected NOx emissions mostly occur at facilities with higher levels of post-shave RTC holdings, then the projected total additional NOx RTCs that will need to be purchased, and thus the associated incremental compliance cost, will have been overestimated in the Report. In a letter from Kavet, Rockler & Associates dated November 19, 2015, it is stated that "it would be preferable to provide NAICS-3 estimates for industry growth accompanied by estimates for industry emissions and allowance balance at same NAICS-3 level." Staff continues to believe that presenting the potential incremental compliance cost for the two major groups of facilities that are distinguished by whether they would be shaved or not (and both without identified cost-effective controls) is a more appropriate method to illustrate overall impacts. Staff is working to compile this information and will respond to the commenter.

It should also be noted that, to be conservative about compliance cost estimates, staff assumes that all facilities with identified cost-effective controls would install such devices and incur the associated compliance costs. In reality, the installation of all cost-effective controls will not likely come true unless NOx RTC prices would rise to a sufficiently high level to make control installation a more economical compliance option. In fact, the estimated cost-effective values of several categories of cost-effective control equipment lie well above the proposed price trigger of $22,500 per ton (based on a 12-month rolling average of discrete NOx RTC prices), above which all non-usable/non-tradable NOx RTCs would be converted to usable/tradable RTCs to stabilize market prices.

Response to Comment I-C:

As mentioned in the previous response, the growth factors used to project the 2023 NOx emissions vary by county and by 3-digit NAICS. The REMI 70-sector model used by the SCAQMD staff has a similar level of industry aggregation and the same geographical breakdown.

The growth factors used for point sources in the 2012 AQMP are directly based on industry output, employment, or population growth projections made by SCAG. (The only exception is for EGFs, whose growth factors were based on the 2011 Gas Fuel Report. For details, please refer to the 2012 AQMP: Table III-2-5 in Appendix III available at http://www.aqmd.gov/docs/default-source/clean-air-plans/air-quality-management-plans/2012-air-quality-management-plan/final-2012-aqmp-(february-2013)/appendix-iii-final-2012.pdf.) Therefore, it appears redundant to additionally report the underlying growth projections used to generate the growth factors. Moreover, the data files, which contain NOx emission and RTC holding projections and were used to generate estimates reported in Section 9: Market Analysis, can be requested via a public records request, similar to the commenter's previous request for REMI data files used in the Revised Draft Socioeconomic Report.

Furthermore, the socioeconomic assessment has met the legal requirements listed on pp. 5-6 of the Revised Draft Socioeconomic Report. Industry distribution was not included explicitly for the 219

facilities, because facilities in this group represent a range of industries, but are largely comprised of manufacturing, mining, oil and gas exploration, and utilities industries. Cost impacts on these facilities individually are expected to be small (if not zero). Any cost impacts that could potentially occur would be the result of any NOx RTC price increases due to the proposed amendments, and they are expected to be proportional to the amount of NOx RTCs currently needing to be purchased by these facilities. This information has now been included in Section 6: Affected Facilities.

II. REMI IMPLEMENTATION QUESTIONS

Response to Comment II-A:

Table 17 lists the industry sectors modeled in REMI that would either incur cost or benefit from the compliance expenditures. A full lists of policy variables are beyond level of detail needed for the average reader and thus are not presented in the report. (Policy variables are the channels through which the estimated economic changes due to the proposed amendments—for example, changes in production costs and market demand for goods or services—are inputted into REMI to generate macroeconomic impacts.) However, they are available to the public, and as requested by the commenter in his Public Records request, staff has prepared and sent REMI RWB files with a complete list of policy variables on October 14, 2015.

The operating and maintenance costs of the new capital equipment were modeled in REMI as a change in production cost for the RECLAIM facilities with identified cost-effective controls. The suppliers of the goods and services of these new equipment would receive additional spending, modeled as an increase in industry specific exogenous final demand. Please note that not all the additional spending would benefit the local economy, as the affected facilities may purchase the control equipment and the related goods and services from outside the region. The distribution of these additional spending within and outside the region is determined internally by the REMI model's Regional Purchase Coefficients. As a sensitivity test to this implicitly assumed spending distribution, staff also conducted a worst-case scenario where no additional spending would occur within the region.

As noted by the commenter, in the Draft Socioeconomic Report, staff did not enter into the REMI model the incremental compliance cost due to either additional RTC purchases or any increases in NOx RTC price. For the specific response to this comment, please see the response to Comment I-A.

Response to Comment II-B:

The installation costs associated with the BARCT capital equipment were entered into the REMI model as an increase in exogenous final demand in the construction sector. The commenter recommended that staff use the wage payments policy variable instead. However, it should be noted that, first, the increased exogenous final demand in the construction sector (the policy variable that staff used) automatically adds labor income based on the underlying Input-Output table and labor productivity. Second, after consultation with REMI staff and conducting several simulations, staff confirmed that the wage payments variable is an inappropriate policy variable to use. The most important reason is that it would inappropriately ignore the direct job creation impact

due to construction labor demands by control installation. As a result, an excessively small job impact would be observed in the construction sector, mainly due to indirect effects such as those working through increased labor income that would drive up residential construction labor demand. In fact, the largest impact of increased wage payments in the construction sector would be, literally, a higher average wage per worker in the construction sector. Staff does not consider this as the most appropriate modeled impact in the context of control installation.

Staff acknowledges that, when entered as an exogenous demand in the construction sector, the additional spending associated with control installation would result in increases in intermediate goods and services in the REMI model that, in reality, are remotely related to control installation. However, this result is largely related to the level of industry aggregation in the REMI model and, as advised by REMI staff, may be partially mitigated by choosing an appropriate translator policy variable that will constrain the direct effect to fewer, more disaggregate construction industries that are a subset of the broader construction sector. However, the use of this translator variable mitigates but does not completely resolve this issue. Moreover, the use of wage payments variable, as recommended by the commenter, would not be the solution to this problem.

In a comment letter sent by Kavet, Rockler & Associates on November 19, 2015, the commenter maintained the opinion that control installation cost should be entered into REMI as "Wage Bill-Construction" or "Compensation (amount)-Construction". Staff does not agree with this opinion as already explained in Response to Comment II-B. A simple exercise of entering the same amount of construction spending using the three different policy variables showed that the two policy variables suggested by the commenter generated an unreasonably low share of construction jobs among total jobs created. For example, in a simple exercise where a same amount of construction spending was increased in the region in one single year, more than 50 percent of total jobs projected to be created that year was concentrated in the construction sector when entered as "Exogenous Final Demand-Construction". In comparison, only 7-11 percent of jobs created was in the construction sector when entered as "Compensation (amount)-Construction" or "Wage Bill-Construction".

Response to Comment II-C:

Please see the response to Comment II-A.

Response to Comment II-D:

While the REMI model models capital investment using optimal capital stock theory, staff disagrees with its applicability for modeling the potential impact on current and future capital investment due to these proposed air pollution control amendments. Increments to capital investment, operating through the optimal capital stock mechanism, results in an appropriate modeled effect only when a facility is reasonably expected to lower its level of capital investment in the future by a similar amount spent on installing pollution control equipment. This can be the case in the situation where the affected facility has already planned on installing controls even without any policy interventions, and the effect of policy interventions would be to induce this investment made earlier in time. In terms of control installation under the RECLAIM program, staff does not consider this to be the appropriate situation, because absent clean air regulations and

programs, a facility is not expected to make capital investments on pollution abatement. Staff also consulted with REMI staff, who agreed with staff's assessment.

In a letter from Kavet, Rockler & Associates dated November 19, 2015, the commenter maintained the opinion that "the nonresidential capital stock requires that the incremental value be included." Staff has already responded with the reasons why this is not always the case, especially not when it comes to capital spending on pollution control. Staff did not claim that the effect is insignificant, as incorrectly suggested by the commenter, but that it is an inappropriate modeling approach based on the theoretical foundation of optimal capital stock.

Response to Comment II-E:

REMI input files as requested were delivered via public record request on October 14, 2015. Kavet, Rocker, and Associates, LLC followed-up on this data request with a letter dated November 19, 2015 that presented their cost estimates using the REMI data sheets requested.

According to staff's estimates, the present worth value of control installation under the proposed rule amendments would amount to $728 million to $1.1 billion (in 2014 dollars). The high-end cost estimate (i.e., $1.1 billion) was used to annualize compliance costs and project macroeconomic impacts using the REMI model. However, it was not clear to staff how the commenter arrived at the conclusion that the total cost for the 2018-2035 period would be as high as $2.1 billion (in 2009 dollars) under the proposed rule amendments, or the "Proposed Project". One plausible explanation was that the commenter may have inadvertently double counted the compliance cost by adding up the same values assigned to both "Production Cost" and "Exogenous Final Demand" variables, which is a usual modeling practice to reflect the fact that one industry's compliance cost spending will benefit other industries that either manufacture control equipment or provide control installation related services.

III. GENERAL QUESTIONS AND/OR COMMENTS

Response to Comment III-A:
Staff believes that the compliance cost of control installation and the incremental compliance cost due to the effect of the NOx RTCs shave on the credit market are not the same in nature and should not be simply added. For example, the incremental compliance cost of purchasing additional RTCs could result in financial gains to a facility that installs cost-effective controls and thus has surplus NOx RTCs for sale. The financial gains would then offset the compliance cost of control installation. Therefore, simply adding up both categories of compliance costs could result in double counting.

Response to Comment III-B:

The Short-Term Economic Outlook section was provided at the request of stakeholders in order to assess the current state and overall health of the regional economy. This section presents the latest and credible economic forecast available by local economic development agencies and universities. Staff has also included a 10-year employment forecast by industry in Section 5: Short-term/Long-term Economic Outlook.

Response to Comment III-C:

Please see the following link for the 2015-2016 Economic Forecast and Industry Outlook from the Los Angeles Economic Development Corporation (LAEDC).
http://laedc.org/2015/02/18/2015-2016-economic-forecast-published/

Please use the following link for the report published by the California State University, Fullerton. The commenter may need to contact the department to receive the full report.
http://business.fullerton.edu/Center/EconomicAnalysisAndForecasting/#Default

Response to Comment III-D:

Staff will present the impacts of the proposed amendments on the relative cost of production and relative delivered prices in the Final Socioeconomic Report. Regarding the macroeconomic impact associated with the projected NOx RTC transaction, please see the response to Comment I-A.

Response to Comment III-E:

Staff has removed the reference to the refineries' global revenue.

Response to Comment III-F:

Regarding the comment on RTC acquisition cost, please see the response to Comment III-A.

Staff has added a caveat, stating that refineries may not be able to pass on the full cost of the proposed amendment to consumers due to possible outside competition from gasoline imports. However, it should be noted that due to clean air regulations, the gasoline blends sold in this region are different from those permitted in other parts of the country. Therefore, any outside competition, if any, is expected to be very limited.

ATTACHMENT J

Proposed Amended Rule 2002 Shutdown Provisions for NOx RECLAIM

Governing Board Meeting
October 2016

December 2015
Governing Board Motion



- Return to the RECLAIM Working Group:
  - Further discussion and analysis of shutdown provision;
  - Evaluate potential implication on NOx RECLAIM;
  - Consider alternatives with closer alignment to command-and-control shutdown credits, short of full forfeiture
- Return to Board

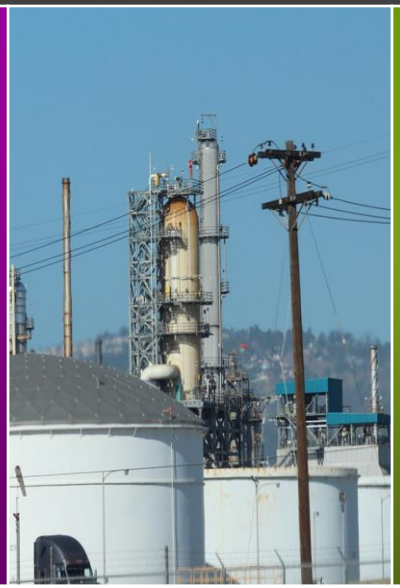


Public Process

December 2015
Public Hearing RECLAIM Amendments (Programmatic NOX RTC Reductions)



January to October 2016
Monthly Environmental Group Briefings



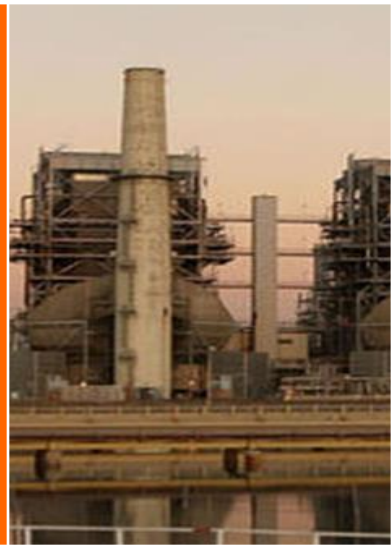
October 2016
Public Hearing



January to August 2016
Five Working Group Meetings

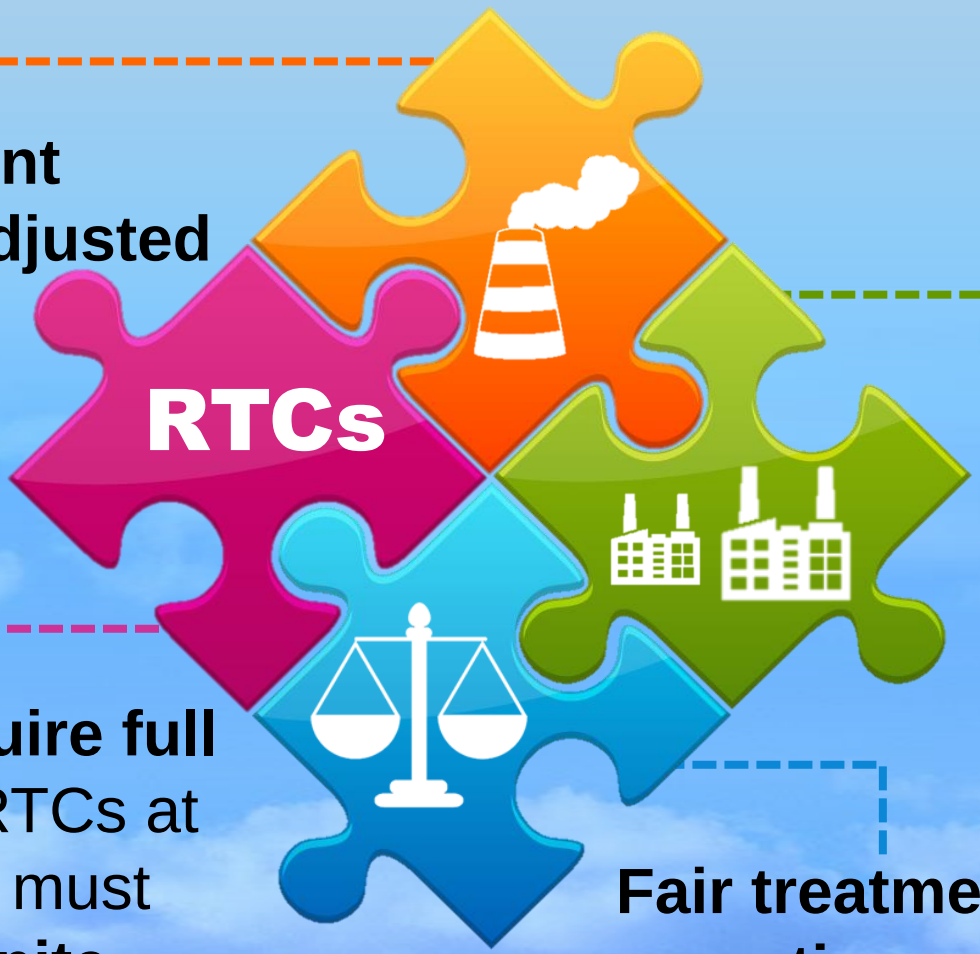


August 2016
Public Workshop



Key Elements of Shutdown Provision

Only **equipment >BARCT, is adjusted** to BARCT at shutdown



Provisions for **common ownership**

Does not require full forfeiture of RTCs at shutdown, but must **purchase Infinite Year Block RTCs if insufficient holdings**

Fair treatment of non-operating equipment that is not shutdown

Applicability

Largest NOx Facilities



- Represents 90% of holdings
- Average holdings per facility is 170 tons/year

Facility-Wide Shutdowns



- Facility-wide not equipment shutdowns
- Facility-wide shutdowns have greater potential to delay controls

Forward Looking



- Shutdowns after adoption of amendments
- Does not retroactively apply to shutdowns

Initial Allocation



- Applies to facilities with an Initial Allocation
- Not applicable to facilities entering RECLAIM after 1994

How it Works



- Notification of facility shutdown by:
  - Facility; or
  - Executive Officer
  - Shutdown verified

- Calculate amount of RTCs to be deducted
  - Deduction must be ≤ Adjusted Initial NOx Allocation
- Facility can sell same year RTCs until deduction

- RTCs deducted from facility's future holdings
- Facility can keep remaining holdings, if any



If Proposed Rule 2002 was in Effect When Cal Portland Shutdown, How Many RTCs Would Have Been Removed from the Market?

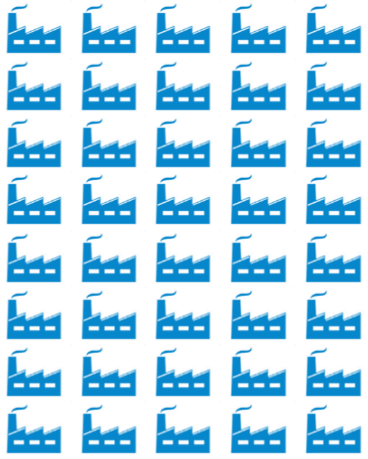
~700 Tons/Year Beginning 2010*

* Average of two highest years between 2005-2009: ~1,750,200 lbs/year, 80% BARCT adjustment, and assumed future holdings – Adjusted Initial Allocation



By 2022, on average **a refinery would need about 200 tons/year of NOx RTC** to delay installation of controls

Excluding Smaller Facilities* From Shutdown Provisions Will Have Little Effect on Delaying Installation of Controls for Refineries



On average, **~40 smaller facilities* shutting down** = the 200 tons/year needed in 2022 for a facility to delay installation of controls

Holdings
70%

The top ten facilities that are not in Table 7 or 8, on average have **holdings 70 percent lower than their emissions**

* Facilities not in Rule 2002 Tables 7 and 8

Proposal Aligns with Command and Control

Command and Control	**Discount** ERCs to BACT Level	**Average Past 2 Years** Emissions for Activity	**No Credit** Beyond BACT
	Discounting	**Basis for Throughput**	**Credit for Over Control**
RECLAIM	**Discount** ERCs to BARCT Level	**Average of 2 Highest Years** Over Past 5 Years for Activity	**No Credit** Beyond BARCT



Recommendations

- Adopt the Resolution;
- Certify the Addendum to the December 2015 Final Program Environmental Assessment; and
- Adopt Proposed Amended Rule 2002