

HYBRID STATIONARY SOURCE COMMITTEE MEETING

Committee Members

Mayor Pro Tem Larry McCallon, Committee Chair Supervisor Holly J. Mitchell, Committee Vice Chair Chair Vanessa Delgado Vice Chair Michael A. Cacciotti Supervisor Curt Hagman Board Member Veronica Padilla-Campos

November 21, 2025 ♦ 10:30 a.m.

TELECONFERENCE LOCATIONS

500 W. Temple Street HOA Conference Room 372 Los Angeles, CA 90012

Kenneth Hahn Hall of Administration Office of Senator (Ret.) Vanessa Delgado 944 South Greenwood Ave. Montebello, CA 90640

A meeting of the South Coast Air Quality Management District Stationary Source Committee will be held at 10:30 a.m. on Friday, November 21, 2025, through a hybrid format of in-person attendance in the Dr. William A. Burke Auditorium at the South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, and remote attendance via videoconferencing and by telephone. Please follow the instructions below to join the meeting remotely.

Please refer to South Coast AQMD's website for information regarding the format of the meeting, updates if the meeting is changed to a full remote via webcast format, and details on how to participate:

http://www.aqmd.gov/home/news-events/meeting-agendas-minutes

ELECTRONIC PARTICIPATION INFORMATION

(Instructions provided at bottom of the agenda) Join Zoom Meeting - from PC or Laptop, or Phone https://aqmd.zoomgov.com/j/1602173870

Meeting ID: 160 217 3870 (applies to all) Teleconference Dial In: +1 669 254 5252 One tap mobile: +1 669 254 5252, 160 217 3870#

Audience will be allowed to provide public comment in person or through Zoom connection or telephone.

PUBLIC COMMENT WILL STILL BE TAKEN

AGENDA

Cleaning the air that we breathe...

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes total for all items on the agenda.

Please note that under the California Public Records Act (Gov't Code §7920.000 et seq.) your written and oral comments, attachments, and associated contact information (e.g., your address, phone, email) become part of the public record and can be released to the public on request or posted on the South Coast AQMD website.

CALL TO ORDER

ROLL CALL

ACTION ITEM (Item 1)

1. Execute Contract Amendment for Street Sweeping With
Coachella Valley Association of Governments Using Incentive
Funding From South Coast AQMD Special Revenue Fund
(Motion Requested)

South Coast AQMD previously provided up to \$1.37 million to Coachella Valley Association of Governments (CVAG) to conduct street sweeping operations to reduce PM10 impacts. The existing contract is in its final year. Staff is proposing to add up to \$220,000 to this contract for another year of street sweeping as an interim measure while additional mitigation measures and funding options are developed to address dust impacts in the Coachella Valley. Funding would come from the 1309.1 Priority Reserve Fund (Fund 36), which was previously used to partially fund the existing contract. This action is to authorize the chair to execute a contract modification for street sweeping with CVAG using funds from the 1309.1 Priority Reserve Fund.

Ian MacMillan
Assistant Deputy
Executive Officer
Planning, Rule
Development and
Implementation

INFORMATIONAL ITEMS (Items 2-5)

(Written Material Attached)

2. Update on Proposed Amended Rule 463 – Organic Liquid (10 mins) Storage

(No Motion Required)

Staff will provide a summary of Proposed Amended Rule 463 which will clarify the tank types subject to optical gas imaging (OGI) inspections and control requirements for smaller gasoline tanks. (Written Material Attached)

Michael Morris
Planning and Rules
Manager
Planning, Rule
Development and
Implementation

3. Update on Proposed Amended Rule 1118 – Control of Emissions from Refinery Flares
(No Motion Required) (10 mins)

Staff will provide a summary of Proposed Amended Rule 1118 which seeks to make administrative changes and clarify flare notification requirements. (Written Material Attached)

Heather Farr
Planning and Rules
Manager
Planning, Rule
Development and
Implementation

Update on Proposed Amended Rule 1111 – Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type **Central Furnaces**

(10 mins) Heather Farr

(No Motion Required)

Staff will provide a summary of Proposed Amended Rule 1111 which will extend the mitigation fee alternative compliance option for mobile home furnaces.

(Written Material Attached)

5. **Background on Emission Offset Requirements and Priority** (10 mins) Reserve

Jason Aspell Officer

(No Motion Required)

Staff will provide a background on emission offset requirements in the New Source Review (NSR) permitting process related to recent industry requests for amendments to the Essential Public Services definition in Rule 1302 to allow access to emission credits in the Priority Reserve.

(Written Material Attached)

Deputy Executive Engineering and Permitting

WRITTEN REPORTS (Items 6-8)

Quarterly Permitting Enhancement Program (PEP) Update 6. (No Motion Required)

This report is a quarterly update of staff's PEP implementation efforts for 3rd Quarter 2025.

(Written Material Attached)

Jason Aspell

Monthly Update of Staff's Work with U.S. EPA and CARB 7. on New Source Review Issues for the Transition of RECLAIM Facilities to a Command-and-Control Regulatory Program (No Motion Required)

This is a monthly update on staff's work with U.S. EPA and CARB regarding New Source Review issues related to the RECLAIM transition. (Written Material Attached)

Michael Krause Assistant Deputy Executive Officer Planning, Rule Development and *Implementation*

8. **Notice of Violation Penalty Summary** (No Motion Required)

This report provides the total penalties settled in October 2025 which includes Civil, Supplemental Environmental Projects, Mutual Settlement Assessment Penalty Program, Hearing Board and Miscellaneous. (Written Material Attached)

Bayron Gilchrist General Counsel

OTHER MATTERS

9. **Other Business**

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Gov't. Code Section 54954.2)

10. Public Comment Period

At the end of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's authority that is not on the agenda. Each speaker may be limited to three (3) minutes.

11. Next Meeting Date: Friday, January 23, 2026 at 10:30 a.m.

ADJOURNMENT

Americans with Disabilities Act and Language Accessibility

Disability and language-related accommodations can be requested to allow participation in the Stationary Source Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to the South Coast AQMD. Please contact Roula El Hajal at (909) 396-2763 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to relhajal@aqmd.gov.

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Roula El Hajal at (909) 396-2763, or send the request to relating Roula El Hajal at (909) 396-2763, or send the request to relating non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Roula El Hajal at (909) 396-2763, or send the request to relating non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Roula El Hajal at (909) 396-2763, or send the request to relating non-exempt public records.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment. Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on Mute by the host. You will not be able to mute or unmute your lines manually. After each agenda item, the Chair will announce public comment. A countdown timer will be displayed on the screen for each public comment. If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

Directions for Video ZOOM on a DESKTOP/LAPTOP:

• If you would like to make a public comment, please click on the "Raise Hand" button on the bottom of the screen. This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

• If you would like to make a public comment, please click on the "Raise Hand" button on the bottom of your screen. This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:

• If you would like to make public comment, please **dial** *9 on your keypad to signal that you would like to comment.

BOARD MEETING DATE: December 5, 2025 AGENDA NO.

PROPOSAL: Execute Contract Amendment for Street Sweeping With Coachella

Valley Association of Governments Using Incentive Funding From

South Coast AQMD Special Revenue Fund

SYNOPSIS: South Coast AQMD previously provided up to \$1.37 million to

Coachella Valley Association of Governments (CVAG) to conduct street sweeping operations to reduce PM10 impacts. The existing contract is in its final year. Staff is proposing to add up to \$220,000 to this contract for another year of street sweeping as an interim measure while additional mitigation measures and funding options are developed to address dust impacts in the Coachella Valley. Funding would come from the 1309.1 Priority Reserve Fund (Fund 36), which was previously used to partially fund the existing contract. This action is to authorize the chair to execute a contract.

contract. This action is to authorize the chair to execute a contract modification for street sweeping with CVAG using funds from the

1309.1 Priority Reserve Fund.

COMMITTEE: Stationary Source, November 21, 2025, Recommended for

Approval

RECOMMENDED ACTION:

1. Authorize the Chair to execute an amendment to existing contract C20307-1 to add up to \$220,000 for an additional year of street sweeping from 1309.1 Priority Reserve Fund (Fund 36).

Wayne Nastri Executive Officer

IM:EK:DL

Background

In the Coachella Valley, PM10 (particulate matter of less than 10 microns) comes from a variety of dust-generating activities, including vehicles traveling over roadways. In a secondary effect, a natural sand migration phenomenon known as "blowsand" occurs during periods of strong wind. These winds carry fine-grained particles downwind and

deposit them onto many surfaces, including roadways as "sediment deposits." The buildup of sand on roads causes drivers to navigate through or around these deposits. As vehicles pass over the sand, the tires break it apart and disperse the particles – a process called "re-entrainment" – which releases particulate matter into the air. Re-entrained road dust is one of many important sources of PM10 in the Coachella Valley. Regular street sweeping has proven effective in reducing PM emissions and is widely adopted as an air quality management practice in regional air quality plans.

Health effects of PM10 include increased respiratory symptoms, such as irritation of the airways, coughing or difficulty breathing, and worsened symptoms for those with existing respiratory diseases such as asthma and chronic obstructive pulmonary disease.

Since the early 1900's, the Coachella Valley Association of Governments (CVAG) has coordinated a regional street sweeping program to control PM10. The program mitigates blowsand and vehicular re-entrainment of paved road dust PM10 emissions through routine and post-natural event (e.g., high winds) street sweeping.

As a result of funding originally approved by the Board in January 2019, the CVAG Regional Street Sweeping program has been awarded up to \$1.37 million to date under contract C20307-1. As part of the multi-year contract, an amount not to exceed \$220,000 per year was awarded to assist with funding street sweeping efforts. This contract is currently in its last year.

Separately, in October 2025 the Board approved allocating up \$750,000 for a study to evaluate the most dust-emissive areas in the Coachella Valley. That Board Letter also identified potential follow-up mitigation actions for future Board consideration in the coming years for mid- and long-term actions using funds from the AB 1318 Special Revenue Fund (Fund 58). The action proposed here would supplement that effort as a near-term measure.

Proposal

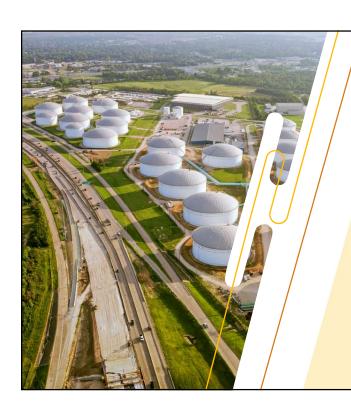
This action is to add up to an additional \$220,000 to existing contract C20307-1 for another year of street sweeping as an interim measure while additional future mitigation measures and funding options are developed to address dust impacts in the Coachella Valley. Funding would come from the 1309.1 Priority Reserve Fund (Fund 36), which was previously used to partially fund the existing contract.

Air Quality Benefits

Funding assistance would allow the continued implementation of the CVAG regional sweeping program and provide overall air quality benefits to the region that are necessary to ensure continued attainment with federal PM10 air quality standards.

Resource Impacts

Total funding added to contract C20307-1 shall not exceed \$220,000.Sufficient funds are available in 1309.1 Priority Reserve Fund (Fund 36).





Proposed Amended
Rule 463 –
Organic Liquid Storage

Stationary Source Committee

NOVEMBER 21, 2025



Rule 463 Background

- Rule 463 reduces volatile organic compound (VOC) emissions from the following storage tanks:
 - Aboveground organic liquid tanks with a capacity ≥ 19,815 gallons
 - Aboveground gasoline tanks with a capacity between 251 and 19,815 gallons
 - Tanks with a potential for VOC emissions of six tons per year or greater used in crude oil and natural gas production operations
- Rule 463 was last amended on June 7, 2024, and established:
 - Periodic optical gas imaging (OGI) inspections
 - More stringent control requirements
 - Contingency measures to address Clean Air Act requirements

Proposed Amended Rule 463 (PAR 463) Background

- ☐ June 2024 amendment to Rule 463 did not evaluate smaller gasoline tanks
- PAR 463 affects approximately 900 smaller gasoline tanks at approximately 900 facilities such as fire departments, other public agencies, and recreational facilities
- Small gasoline storage tanks are mostly used for gasoline dispensing

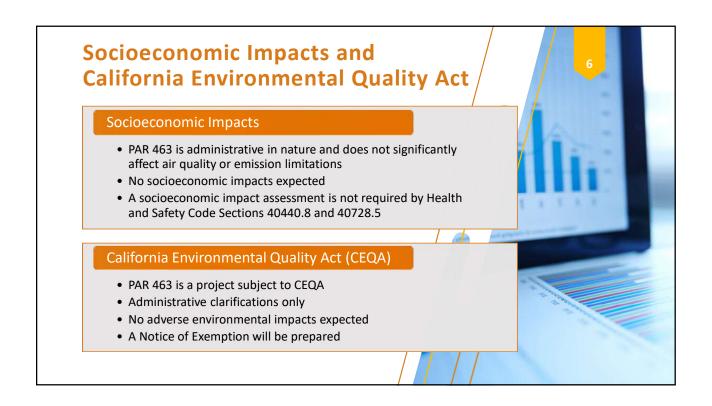


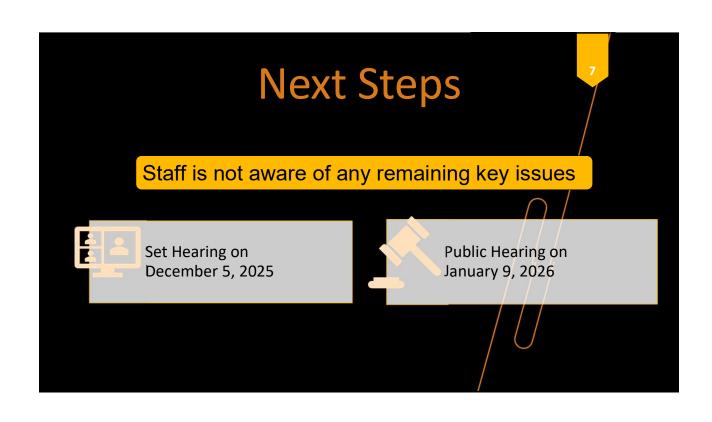
Need for PAR 463

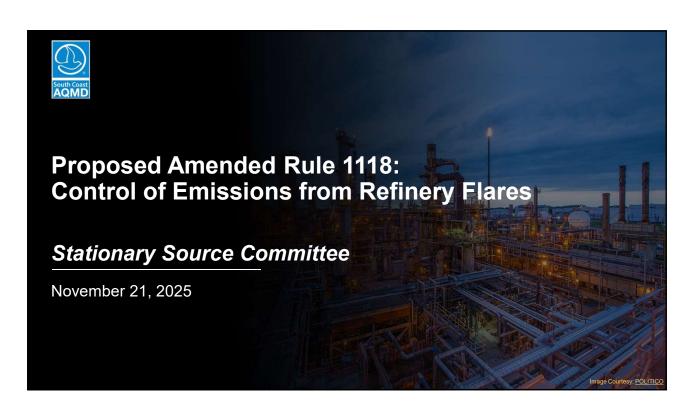
- ☐ Further amendments to Rule 463 are necessary to clarify:
 - Applicability of OGI inspections
 - OGI cameras use infrared to detect and visualize gas leaks
 - Options for vapor control performance for smaller gasoline tanks
- OGI inspections for smaller gasoline tanks are not cost-effective
 - Approximately \$8,500,000 per ton of VOC reduced
 - Currently required to perform periodic vapor tightness test
- Additional compliance pathway needed to demonstrate vapor control performance
 - All smaller gasoline dispensing tanks are equipped with a California Air Resources Board certified Phase I vapor recovery system

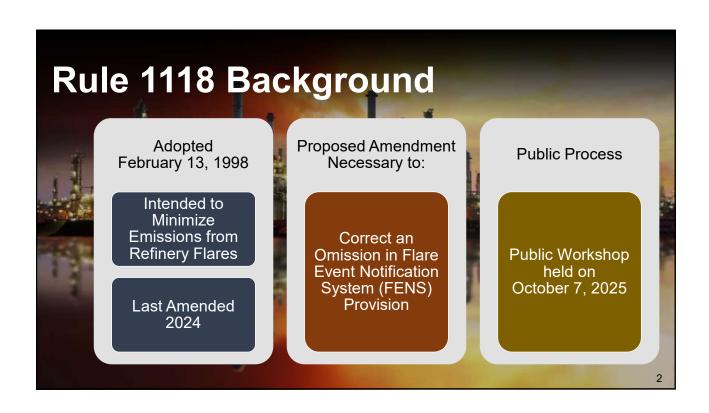








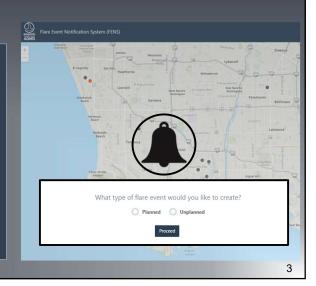




Need for Rule Amendment

FENS Requirements

- Rule requires flare notifications to be submitted via FENS for:
 - Flare events above certain thresholds
 - Cumulative daily flare exceedances
- If FENS is unavailable:
 - Notifications via 1-800-CUT-SMOG allowed for all but the daily cumulative exceedance
 - Unintentional omission from last amendment to exclude use of 1-800-CUT SMOG for daily cumulative exceedances



Proposed Rule Amendments



Amend Notification Requirements

Allow daily cumulative flare notification via 1-800-CUT-SMOG when FENS is unavailable



Amend Date Placeholder

Replace placeholder language with the actual date

- " [Date of Rule Adoption] " →
 - " October 5, 2025 "





PROPOSED AMENDED RULE 1111 – REDUCTION OF NOX EMISSIONS FROM NATURAL GAS-FIRED, FAN-TYPE CENTRAL FURNACES

STATIONARY SOURCE COMMITTEE

NOVEMBER 21, 2025

RULE 1111 BACKGROUND

Adopted in December 1978 and established a NOx limit of 40 ng/J

• Applies to manufacturers, distributors, sellers, and installers of residential and small commercial space heating furnaces

NOx limit lowered to 14 ng/J in November 2009

- Mitigation fee alternative compliance option allowed for a limited period
- All furnaces have achieved 14 ng/J, except mobile home furnaces

Mobile home furnace mitigation fee alternate compliance option ended on September 30, 2025

- No manufacturers have developed 14 ng/J mobile home furnaces
- Small market for mobile home furnaces

NEED FOR PROPOSED AMENDMENT

- Mobile home furnace manufacturers need more time to develop 14 ng/J units
- ☐ Mitigation fee option allows for the sale and installation of 40 ng/J furnaces in lieu of the 14 ng/J
- ☐ The proposed amendment will extend mitigation fee end date by five years
 - Manufacturers will continue to comply by paying mitigation fees
 - Mitigation fee option extended through September 30, 2030



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PUBLIC PROCESS

- ☐ Discussions with mobile home furnace manufacturers and interested environmental groups
- Conducted a Public Workshop Meeting

Ongoing discussions with stakeholders

October 24, 2025

 Posted preliminary draft rule/staff report November 5, 2025

Held Public Workshop

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KEY ISSUE



Mitigation Fee Affordability

Stakeholders Suggested Removing Mitigation Fee Alternate Compliance Option and Ultra Low-NOx Limit for Mobile Home Furnaces

- Ultra low-NOx limit established in 2009, mitigation fee alternative started in 2018
 - Removing the lower limit would be backsliding
 - Mitigation fee is ~ five percent of a mobile home furnace installation cost
 - Manufacturers support the regulatory relief
- Mitigation fee increases successfully led to development of other types of ultra low-NOx furnaces, but it took time

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CEQA AND SOCIOECONOMIC IMPACTS

☐ California Environmental Quality Act (CEQA) Analysis

- ➤ PAR 1111 will delay NOx emission reductions by approximately 0.014 ton per day (equivalent to 27 pounds per day)
 - o This delay is less than the South Coast AQMD air quality significance threshold for NOx
- PAR 1111 qualifies for an exemption from CEQA
- A Notice of Exemption will be prepared

☐ Socioeconomic Impact Assessment

- > PAR 1111 does not significantly affect air quality or emission limitations
- No adverse socioeconomic impacts are expected
- No socioeconomic impact assessment is required by Health and Safety Code Sections 40440.8 and 40728.5

December 9, 2025 • Release Draft Proposed Amended Rule 1111 and Supporting Documents January 9, 2026 • Public Hearing (subject to change)



Background on Emission Offset Requirements and Priority Reserve

Stationary Source Committee
November 21, 2025

Background

- Recent comments regarding possible amendments to broaden the definition of Essential Public Services to include:
 - Composting¹ and
 - Renewable natural gas (RNG) projects¹
- Today: Potential permitting program ramifications and considerations to expanding the definition of Essential Public Services

About Regulation XIII – New Source Review (NSR)

- NSR is a regulatory program required by the federal and state Clean Air Acts
- Ensures emission increases from new and modified sources do not interfere with progress towards state and federal air quality standards
- Before a permit is issued:
 - Equipment must meet Best Available Control Technology (BACT) - cleanest technology achievable; and
 - Any emission increase must be "offset" by emission reductions from other existing sources



Types of Offsets Under NSR

- Open Market Emission Reduction Credits or "ERCs"
 - Operator purchases ERCs on "open market" from ERC holder
 - ERC holder sets the price
- Offset Exemptions
 - South Coast AQMD manages an Internal Account to provide Offsets
 - Facilities < 4 ton/year</p>
- Priority Reserve Offsets
 - South Coast AQMD manages Offsets in the Priority Reserve
 - There is no fee for use of Offsets from the Priority Reserve¹:
 - Essential Public Services
 - Other facilities that are exempt from providing offsets¹



- Rule 1302 defines Essential Public Services
- Requests to expand definition to include:
 - Composting
 - Renewable natural gas
- Staff concerned that expanding definition could significantly impact availability of Offset exemption allowances and the Priority Reserve.



Assessing Potential Impacts

- Staff is assessing potential impacts of expanding definition
- CalRecycle's 2018 projections in South Coast AQMD estimated 2.6 million tons of waste per year in organic diversion
 - Need more updated information to better assess potential impacts from composting facilities
- Based on preliminary estimates, about 10 RNG projects could possibly exceed the Rule 1315 Cumulative Threshold for SOx Offsets¹
 - Rule 1315 also requires a two-year projection
- Permit moratorium for all permits using Offsets from the Priority Reserve or Offset Exemptions can occur if:
 - Projected or current Rule 1315 Cumulative thresholds exceeded

Next Steps

- Full analysis is needed due to potential significant permitting impacts
- Working on verifying 2018 CalRecycle estimates
- More information needed on RNG operations
- Composting emission factors undergoing review by air districts
- Working Group process for possible amendments to Regulation XIII will be initiated in January
- Facilities can continue to propose air pollution control equipment to reduce emissions and need for Offsets

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Quarterly Permitting Enhancement Program (PEP) Update South Coast AQMD Stationary Source Committee – November 21, 2025

Background

At the February 2, 2024 Board meeting, the Board directed staff to provide updates to the Stationary Source Committee to report progress made under the Permitting Enhancement Program (PEP). The Chair's PEP initiative was developed to enhance the permitting program and improve permitting inventory and timelines. This report provides a summary of the pending permit application inventory, quarterly production, and other PEP related activities.

After September 2025, this report has shifted from monthly report to quarterly reporting.

Summary

Pending Permit Application Inventory

The permitting process consists of a constant stream of incoming applications and outgoing application issuances, rejections, and denials. The remainder of the applications are considered the pending application inventory. The inventory consists of applications that are being prescreened prior to being accepted, workable applications, and non-workable applications. Non-workable means that staff are unable to proceed with processing an application because it is awaiting actions to address various regulatory requirements or deficiencies. As an example, after staff issues a Permit to Construct to a facility, staff must wait for the facility to construct and test the equipment prior to issuing a final Permit to Operate. Once a final Permit to Operate is issued, the permit application is removed from the pending application inventory. Other examples include facilities that may be in violation of rules and cannot be permitted until a facility achieves compliance, staff awaiting additional information from facilities, or facilities that have not completed the CEQA process for their project. During the life of an application, it may switch several times between being workable and non-workable as actions are taken by facilities and staff. Attachment 1 contains more detailed descriptions of the categories of nonworkable permit applications. Figure 1 below provides quarterly snapshots of the pending application inventory from the previous and current quarters.

Q2'25

Q3 '25

Pending Apps Pending Apps Awaiting Prescreening 1,351 1,335 **Incoming Apps Incoming Apps** Workable 2,771 2,680 1,246 1,518 **Outgoing Apps Outgoing Apps** 195 166 Permits to Permits to Construct Construct (PC) (PC) **Awaiting Action** Issued Issued 1,415 1,357 (with PC Issued) **Awaiting Action** 464 441 (without PC)

Figure 1: Application Processing Workflow – Second and Third Quarter, 2025

Not reflected in Figure 1 are an additional 129 applications processed through the online permitting system, which did not impact the permit application inventory. Staff has automated the permitting process for certain equipment allowing staff to focus their efforts on other permit applications.

Outgoing applications (green arrow) plus permits to construct issued (blue arrow) were similar to the number of incoming applications in the third quarter. Outgoing applications and Permits to Construct in Q2 2025 were greater than typical production due to an end of fiscal year focused production sprint.

Table 1 below lists the categories included in Awaiting Action (Non-Workable) for the last quarter. Please note that Table 1 provides a snapshot of data and applications may change status several times before final action. Multiple categories may apply to a single application, so the category totals in Table 1 may exceed the number of applications in Figure 1.

Table 1: Awaiting Action (Non-Workable) Application Category Summa	tion (Non-Workable) Application Category Summary
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Assocition Antique (Non	Wit	hout PC Iss	ued	With PC Issued			
Awaiting Action (Non- Workable) Categories*	Jul 2025	Aug 2025	Sep 2025	Jul 2025	Aug 2025	Sep 2025	
Additional Information from Facility	249	230	216	21	23	15	
CEQA Completion	33	33	31	-	-	-	
Completion of Construction	-	-	-	1,229	1,268	1,302	
Facility Compliance Resolution	22	19	22	2	2	2	
Facility Draft Permit Review	43	32	27	1	-	2	
Initial Review	32	29	26	-	-	2	
Supplemental Review	11	3	1	1	-	-	
Fee Payment Resolution	7	5	18	-	-	-	
Other Agency Review	10	54	38	4	4	4	
Other Facility Action	3	6	-	-	-	-	
Other South Coast AQMD Review	-	-	-	-	-	-	
Public Notice Completion	20	26	33			-	
Regulatory Review**	**	40	55	**	2	4	
Source Test Completion	20	22	19	98	101	88	

^{*}Please see Attachment 1 for more information on these categories.

This new category is for applications where additional regulatory review may be required to address an emerging or unique technology or process that may not have been fully accounted for in the original applicable rule making. Rulemaking has been initiated to address these applications that need to be kept on hold until there is a resolution. For additional detailed information, the past PEP Updates may be accessed in Attachment 2.

The inventory of Awaiting Action applications has steadily increased. Most of the Awaiting Action applications (70%) have a Completion of Construction status. Staff must wait for construction of the equipment to be completed prior to moving forward on these applications. Facilities are required to submit extension requests if they do not complete construction and demonstrate compliance in the required Permit to Construct timeframes. Staff is evaluating new methods to confirm construction status with these facilities to help streamline the work.

The rate of incoming applications is unpredictable and is dependent on business demands and the economic climate, as well as South Coast AQMD rule requirements. Maintaining the average production rate of outgoing applications greater than average rate of incoming applications is key to reducing the pending application inventory until a manageable working inventory is established.

Maintaining a low vacancy rate with trained and experienced permitting staff is the biggest factor in maintaining high production and reducing the pending application inventory. In addition, data and analysis showed that addressing vacancies at the Senior and Supervising AQ

^{**}New category added August 2025 as further detailed in Attachment 1.

Engineers was vital since these positions are the review and approval stages of the permitting process.

Production

Prior to staff retirements, permit production levels in 2020 were typically above 500 completions per month. Prior to PEP implementation, high vacancy rates resulted in decreased permit completions. Lower production rates nearing 400 completions per month occurred as the vacancy rate peaked. As the vacancies have been reduced and staff have been trained, production has increased. Figure 2 below shows a rolling 12-month average of application completions.

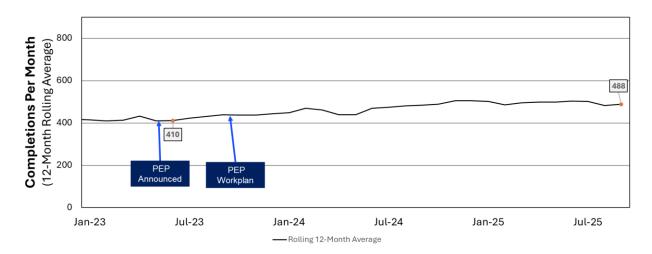


Figure 2: Application Completions - Rolling 12-Month Average

Production levels under PEP increased as part of the 2024-2025 Fiscal Year goal to increase annual completions by 500 over the 2023 baseline year. Staff continues to monitor completions on a rolling 12-month basis and maintain the new baseline production at or near these levels while refocusing efforts to address aged applications of increasing complexity.

For the most recent 12-month period, the average completion rate was 488 applications per month. Production was impacted this quarter by a reorganization as workloads shifted between engineers and permitting teams, and staff physically moved their workspaces for increased in-office collaboration.

Moving forward staff is developing a workplan to address aged applications while maintaining baseline production levels (approximately 500 per month). During this time staff will act on any significant decreases in the 12-month average production that are beyond normal production fluctuation.

Engineering & Permitting (E&P) Vacancy Rate

The current E&P vacancy rate increased and is now 8.0%. The minimum target vacancy rate for PEP is 10%. When PEP was first announced, the E&P vacancy rate was greater than 20%. 135 of 137 engineer positions (98.5%) are currently filled in the E&P division. An external AQ Engineer recruitment is currently open for potential future vacancies in 2026.

Key Activities

- As part of the current AQ Engineer recruitment, E&P and Human Resources staff attended STEM-focused career fairs at UCLA, UCI, and UCR in October.
- There was a reorganization of engineering staff to optimize permitting production.
- Staff hosted a BACT Scientific Review Committee meeting introducing several new BACT listings. Multiple Waste Industry related BACT listings are being proposed to help clarify and streamline the permitting requirements.
- Staff is hosting a Permitting Working Group on November 18 to introduce an emissions
 calculation tool for Open Process Tanks to better equip consultants and applicants to
 complete their permit applications. Open Process tanks are one of the key backlogged
 permit application types.
- Staff participated in a panel for the Golden State Manufacturing Forum hosted by the State Treasurer's Office. Staff explained the permitting process and resources available to small and mid-sized manufacturers in attendance.
- Staff is developing a new workplan to identify key focus areas of the Permit Inventory specifically addressing aged applications.
- Staff initiated the testing phase of the new Permitting Workflow for PEP that will convert the existing permitting process to a paperless system starting with the most common equipment applications received.

Upcoming Meetings:

- Staff will host a Permit Streamlining Task Force meeting in December 2025.
- Staff will host a BACT Scientific Review Committee Meeting in Q2 2026.
- E&P has a division goal of conducting at least six public meetings this fiscal year.

Attachment 1

Explanation of Non-Workable Application Statuses

Workable applications are those applications where staff have the required information to process the permit application.

Non-workable applications are those applications where the application process has been paused while staff are awaiting the resolution of one or more related tasks or where the permit cannot be issued.

Description of Non-Workable/Awaiting Action Terms

Additional Information from Facility

During permit processing staff may need additional information from a facility that was not included in the original permit application package or a change of scope of the proposed project. Additional information may include items regarding materials used in the equipment (such as toxics), equipment information, or other items to perform emission calculations or determine compliance for the proposal in the application.

CEQA Completion

Prior to issuing permits, CEQA requirements are required to be evaluated and completed. South Coast AQMD can either be the Lead Agency that certifies or approves the CEQA document or the Responsible Agency that consults with the Lead Agency (typically a land use agency) on the CEQA document.

Completion of Construction

After a Permit to Construct is issued, the permit application file remains in the pending application inventory. Staff must wait for the facility to complete construction prior to completing other compliance determination steps before the permitting process can continue. Typically, a Permit to Construct is valid for one year, but it may be extended for various reasons if the facility demonstrates they are making increments of progress. For some large projects, construction may take years while the permit application remains in the pending application inventory.

Facility Compliance Resolution

Prior to issuing permits the affected facility must demonstrate compliance with all rules and regulations [Rule 1303(b)(4)]. Prior to the issuance of a Permit to Construct, all major stationary sources that are owned or operated by, controlled by, or under common control in the State of California are subject to emission limitations must demonstrate that they are in compliance or on a schedule for compliance with all applicable emission limitations and standards under the Clean Air Act. [Rule 1303(b)(2)(5)].

Facility Draft Permit Initial Review

If a facility requests to review their draft permit, staff provides the facility a review period prior to proceeding with issuance. During the review period, staff do not perform any additional evaluation until feedback from the facility is received. Some projects include several permits or large facility permit documents which may take substantial time to review.

Facility Draft Permit Supplemental Review

Once staff provides a draft permit to a facility for review, staff is typically ready to proceed with permit issuance based on the proposed draft. If a facility requests revisions to their draft permit, provided additional evaluation is not required, the application continues to be pending until feedback from the facility is resolved. If additional evaluation is required, an additional permit modification application may be required. Some projects include several permits or large facility permit documents which may take substantial time to review. This category was added in May 2025 after experiencing noticeable delays to the permitting process.

Fee Payment Resolution

Prior to issuing permits, all fees must be remitted, including any outstanding fees from associated facility activities including, but not limited to, annual operating and emission fees, modeling or source testing fees, and permit reinstatement fees.

Other Agency Review

The Title V permitting program requires a 45-day review of proposed permitting actions by U.S. EPA prior to many permitting actions. During the review period, staff are unable to proceed with permit issuance. If U.S. EPA has comments or requests additional information, the review stage may add weeks or months to the process before staff can proceed with the project.

For Electricity Generating Facilities (Power Plants), CEC may provide a review of proposed permits prior to issuance.

Other Facility Action

Prior to issuing a permit, a facility may need to take action to address deficiencies or take steps to meet regulatory requirements. This may include acquiring Emission Reduction Credits after staff notifies a facility the project requires emissions to be offset, performing an analysis for Best Available Control Technology requirements, or conducting air dispersion modeling.

Other South Coast AQMD Review

Prior to proceeding with a permit evaluation, permit engineering staff may require assistance and support from other South Coast AQMD departments. For example, IM support for electronic processing due to unique or long-term project considerations or to complete concurrent review of separate phases or integrated processes for multi-phase projects is routinely needed.

Public Notice Completion

There are several South Coast AQMD requirements that may require public noticing and a public participation process prior to permit issuance. Rule 212 and Regulation XXX both detail public noticing thresholds and requirements which include equipment located near schools, high-emitting equipment, equipment above certain health risk thresholds, or significant projects or permit renewals in the Title V program. The public notice period is typically 30 days, and staff are required to respond to all public comments in writing prior to proceeding with the permitting process. Other delays in the public notice process may include delays in distribution of the notice by the facility, incomplete distribution which may require restarting the 30-day period, or requests for extension from the public.

Regulatory Review

Additional regulatory review may be required to address an emerging or unique technology or process that may not have been fully accounted for in the original applicable rule making. Such cases may result in the development of a subsequent regulatory amendment or formal advisory to fully demonstrate compliance prior to permit issuance.

Source Test Completion

Many rules require source testing prior to permit issuance. Source testing is the measurement of actual emissions from a source that may be used to determine compliance with emission limits, or measurements of toxic emissions may be used to perform a health risk assessment. Lab analysis of an air sample is often required as part of the process. The testing is performed by third party contractors who prepare a source test protocol to detail the testing program, and a source test report with the results of the testing and equipment operation. Both the protocol and report need to be reviewed and approved by South Coast AQMD staff.

Attachment 2

Links to Previous PEP Updates

<u>2024</u>

April 19, 2024 - First PEP Update

May 17, 2024

June 21, 2024

July 2024 - No Stationary Source Committee meeting

August 16, 2024

September 20, 2024 - Canceled

October 18, 2024

November 15, 2024

December 20, 2024

<u>2025</u>

January 24, 2025

February 21, 2025

March 21, 2025

April 18, 2025

May 16, 2025

June 20, 2025

July 2025 - No Stationary Source Committee Meeting

August 15, 2025

<u>September 19, 2025</u>



November 2025 Update on Work with U.S. EPA and California Air Resources Board on New Source Review Issues for the RECLAIM Transition

At the October 5, 2018, Board meeting, the Board directed staff to provide the Stationary Source Committee with a monthly update of staff's work with U.S. EPA regarding resolving NSR issues for the transition of facilities from RECLAIM to a command-and-control regulatory structure. Key activities with U.S. EPA and CARB since the last report are summarized below.

- RECLAIM/NSR Working Group meeting is not planned for November
- The RECLAIM/NSR Working Group will be reconvened when there is information to report

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT General Counsel's Office

Settlement Penalty Report (10/01/2025 - 10/31/2025)

Total Penalties

Civil Settlement: \$708,493.45

Hearing Board Settlement: \$3,600.00

MSPAP Settlement: \$217,910.55

Total Cash Settlements: \$930,004.00

Total SEP Value: 0.00

Fiscal Year through 10/31/2025 Cash Total: \$3,379,775.91

Fiscal Year through 10/31/2025 SEP Value Only Total: 0.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
Civil						
201677	525 FARMER BROTHERS DISTRIBUTION CENTER	2305	10/02/2025	RM	O15114	\$22,500.00
5137	ACCU CROME PLATING CO INC	1469	10/07/2025	JJ	P69850	\$3,500.00
202662	ALEX GALINDO	1403	10/14/2025	NS	P79958	\$6,480.00
173008	AMERICAN PREMIUM GASOLINE	461	10/10/2025	EC	P80923, P80933	\$3,300.00
97316	AMERICAN WRECKING INC	1403, 40 CFR 61.145	10/10/2025	EC	P79169, P79170, P79171	\$12,000.00
116080	CARDLOCK FUELS SYSTEM, LLC.	203, 461	10/24/2025	JJ	P78769, P78774	\$4,000.00
33395	CITY OF HUNTINGTON BEACH	461	10/23/2025	KER	P70426, P70427, P73850, P81409, P81410	\$16,851.00
13999	CITY OF HUNTINGTON BEACH, WATER DEPT	203	10/23/2025	KER	P73843, P73844, P73845, P73846, P73847	\$12,490.00
194542	INLAND ENGINEERING SERVICES INC.	402, H&S 41700	10/17/2025	JJ	P69290	\$1,000.00
151843	INSULFOAM	3002	10/14/2025	JJ	P68748	\$4,000.00
139759	LAKESIDE HIGH SCHOOL	203, 222, 1146.1, 1415	10/21/2025	MR	P68540, P75405	\$2,000.00

201822	LEOPARD	2305	10/02/2025	ND	O15121	\$55,085.45
200002	NEW WORLD INTERNATIONAL LLC	1403	10/07/2025	DH	P78105, P78111	\$6,245.00
199230	ONTARIO HVC	2305	10/14/2025	SP	O15320	\$28,600.00
184001	PACIFIC BAY, INC.	203, 461	10/01/2025	CR	P78677, P79352	\$2,400.00
148773	PAN CONSTRUCTION, INC	1403	10/03/2025	DH	P78107	\$6,245.00
171109 171107	PHILLIPS 66 CO/LA REFINERY WILMINGTON PL	407, 461, 463, 468, 1114, 1118, 1178, 2004, 3002, 40 CFR 60.18, 40 CFR 60.104, 40 CFR 60.482-6, 40 CFR 60.592, 40 CFR 63.670	10/08/2025	ND	P66722, P66891, P66939, P67770, P67774, P68999, P78806	\$460,000.00
152830	RESOURCE ENVIRONMENTAL	403, 1403, 40 CFR 61.145	10/01/2025	NS	P63082, P69169, P69171, P69172, P74586, P78613	\$12,490.00
184301	SENTINEL PEAK RESOURCES CALIFORNIA, LLC	463, 1173, 2004	10/03/2025	RM	P73275, P73294, P73295, P74375, P74391, P78907	\$31,930.00
203387	SYCAMORE COLLECTION	2305	10/2/2025	SP	O15244	\$13,000.00
200536	WICKS HEATING & AIR CONDITIONING, INC.	1111	10/01/2025	MR	P74277	\$3,627.00
205832	WWL MANAGEMENT LLC	402, H&S 41700	10/01/2025	SP	P68912	\$750.00
Total Civil	Settlements: \$708,493.45					_
Hearing Bo	pard					
140373	AMERESCO CHIQUITA ENERGY LLC	203, 431.1, 3002	10/23/2025	KER	6143-4	\$2,600.00
146536	WALNUT CREEK ENERGY, LLC	203, 2004, 3002	10/07/2025	KCM	6230-6	\$1,000.00
Total Heari	ng Board Settlements: \$3,600.00					
MSPAP						
208079	3K AUTO BODY & REPAIR	203	10/14/2025	CR	P81412	\$896.55
207068	ABEL CONSTRUCTION & ROOFING INC	1403, 40 CFR 61.145	10/02/2025	CM	P67268	\$1,273.00
169992	ALPHA ENERGY INC.	461	10/02/2025	SW	P80210	\$2,728.00
167319	ANABI OIL CORP. BEN TRADING CO	203, 461, H&S 41960.2	10/02/2025	CL	P74846	\$4,084.00
160237	BAKSH CONSTRUCTION	403, 1403	10/24/2025	CL	P79967, P79968, P79969, P79970	\$19,486.00
200950	BEAZER HOMES	403	10/07/2025	CR	P81556	\$2,098.00
121794	BIXEL ENTERPRISES LLC	203, 461	10/09/2025	SW	P80234	\$1,318.00
207748	BUILDERS READY MIX	403	10/02/2025	SW	P79873	\$1,468.00
800387	CAL INST OF TECH	461, 3002	10/24/2025	CL	P73190	\$1,099.00
147022	CITY OF PERRIS, FIRE STN #2	203	10/02/2025	CL	P79230	\$949.00
193555	CRASH CHAMPIONS - ORANGE	203	10/07/2025	SW	P80291	\$2,098.00
113651	DANIELS TIRE SERVICE	461	10/02/2025	CR	P81413	\$3,147.00

193490	DINO STATION #3	203, 461	10/02/2025	CR	P66991	\$2,498.00
196850	DMB DEVELOPMENT LLC/COTINO	403	10/14/2025	CL	P80325	\$3,447.00
187379	ENCOMPASS HEALTH REHAB HOSP OF MURRIETA	1146.1	10/02/2025	CL	P81363	\$2,622.00
208190	FLEET YARDS, INC.	403	10/02/2025	CR	P78486	\$3,147.00
189790	FLEISCHMANN'S VINEGAR COMPANY, INC	C 3002	10/09/2025	CL	P74498	\$312.00
207891	HARBER COMPANIES, INC	203	10/02/2025	CR	P75895	\$1,249.00
186575	IMPERIAL VALLEY CLEANERS	203	10/09/2025	CL	P81401	\$1,729.00
195570	INGLEWOOD ENERGY	201	10/21/2025	CR	P70085	\$1,893.00
172231	JOHN'S SERVICE CENTER	461, H&S 41960.2	10/14/2025	CR	P63571	\$2,104.00
205865	KIK INTERNATIONAL LLC	2305	10/17/2025	LT	O15451	\$19,800.00
189706	KRETUS GROUP	203	10/07/2025	CL	P80299	\$2,068.00
201471	KUEHNE + NAGEL, INC	2305	10/07/2025	LT	O15467	\$28,600.00
150573	LUIS BODY SHOP	109, 203, 1151	10/09/2025	CL	P81518	\$2,989.00
105544	LYNWOOD PETROLEUM, INC.	461, H&S 41960.2	10/07/2025	SW	P64867	\$3,747.00
118282	MANHATTAN BEACH, CITY, WELL # 11A	203	10/02/2025	CM	P81506	\$892.00
166118	MAYHEW AGGREGATES & MINE RECLAMATION	403, 1157	10/24/2025	CL	P75893, P75896	\$8,792.00
191082	MOLLER RETAIL, INC. #6126	203	10/14/2025	VB	P80972	\$28,323.00
143701	NOOR NFA INC.	461	10/09/2025	LT	P63565	\$1,873.50
194573	PULTE HOMES	403	10/07/2025	VB	P78485	\$9,992.00
204106	RADC ENTERPRISES INC #112	461, H&S 41960.2,	10/14/2025	CL	P63563	\$4,012.00
137099	RD 786, INC.	203	10/07/2025	SW	P68818	\$804.00
161747	ROUND UP JR MART	461, H&S 41960.2,	10/07/2025	VB	P68825	\$1,873.00
199079	ROYAL APPLIANCE	2305	10/09/2025	CL	O15218	\$5,000.00
83377	S & S SERVICE STN, INC. FREEWAY CHEVRON	461, H&S 41960.2,	10/17/2025	VB	P73527	\$1,648.00
155670	SAM'S UNIVERSAL AM/PM	461, H&S 41960.2,	10/24/2025	CL	P68850	\$1,236.00
5888	CITY OF SAN MARINO	461	10/02/2025	CR	P81654	\$4,021.50
207379	SERRA LASER & WATERJET INC.	203	10/02/2025	SW	P78736	\$1,049.00
183005	SIGNAL HILL PETROLEUM, INC	1148.1	10/24/2025	CL	P81613	\$1,798.00
160437	SOUTHERN CALIFORNIA EDISON	2004, 3002	10/24/2025	CL	P79479	\$5,495.00
143446	SRS VENTURES, INC/PRESTIGE COLLISION AUT	203	10/07/2025	CL	P80260	\$857.00
151849	TESORO WEST COAST CO LLC #68101	201	10/02/2025	SW	P68835	\$879.00
199164	THE VONS COMPANY	2305	10/17/2025	LT	O15309	\$13,000.00

136558	VERIZON WIRELESS	203	10/07/2025	VB	P80163	\$1,049.00
131954	VERIZON WIRELESS	203	10/14/2025	VB	P75481	\$1,049.00
134444	VERIZON WIRELESS	203	10/17/2025	VB	P75482	\$1,049.00
104084	VERIZON WIRELESS: MARINA MTSO	203	10/17/2025	VB	P73580	\$1,049.00
188822	VERIZON WIRELESS: MILFORD	203	10/07/2025	VB	P75484	\$1,049.00
76271	WALLY PARK GARAGE	203	10/14/2025	SW	P81512	\$1,149.00
175551	WASMO RUN CORPORATION	203, 461, H&S 41960.2	10/14/2025	VB	P63568	\$3,122.00

Total MSPAP Settlements: \$217,910.55

SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX FOR OCTOBER 2025 PENALTY REPORT

REGULATION I - GENERAL PROVISIONS

Rule 109 Recordkeeping for Volatile Organic Compound Emissions

REGULATION II - PERMITS

Rule 201 Permit to Construct Rule 203 Permit to Operate

Rule 222 Filing Requirements for Specific Emission Sources Not Requiring a Written Permit Pursuant to

Regulation II

REGULATION IV - PROHIBITIONS

Rule 402	Nuisance
Rule 403	Fugitive Dust
Rule 407	Liquid and Gaseous Air Contaminants
Rule 431.1	Sulfur Content of Gaseous Fuels
Rule 461	Gasoline Transfer and Dispensing
Rule 463	Storage of Organic Liquids
Rule 468	Sulfur Recovery Units

REGULATION XI - SOURCE SPECIFIC STANDARDS

Rule 1111	NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces
Rule 1114	Petroleum Refinery Coking Operations (MCS-01)
Rule 1118	Emissions from Refinery Flares
Rule 1146.1	Emissions of Oxides of Nitrogen from Small Industrial, Institutional, and Commercial Boilers,
	Steam Generators, and Process Heaters
Rule 1148.1	Oil and Gas Production Wells
Rule 1151	Motor Vehicle and Mobile Equipment Non-Assembly Line Coating Operations
Rule 1157	PM10 Emission Reductions from Aggregate and Related Operations
Rule 1173	Fugitive Emissions of Volatile Organic Compounds
Rule 1178	Further Reductions of VOC Emissions from Storage Tanks at Petroleum Facilities

REGULATION XIV - TOXICS

Rule 1403	Asbestos Emissions from Demolition/Renovation Activities
Rule 1415	Reduction of Refrigerant Emissions from Stationary Air Conditioning Systems
Rule 1469	Hexavalent Chromium Emissions from Chrome Plating and Chromic Acid Anodizing Operations

REGULATION XX - REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM)

Rule 2004 Requirements

REGULATION XXIII - FACILITY BASED MOBILE SOURCE MEASURES

Rule 2305 Warehouse Indirect Source Rule – Warehouse Actions and Investments to Reduce Emissions (Waire) Program

REGULATION XXX - TITLE V PERMITS

Rule 3002 Requirements

CODE OF FEDERAL REGULATIONS

SOUTH COAST AQMD'S RULES AND REGULATIONS INDEX FOR OCTOBER 2025 PENALTY REPORT

40 CFR 60.18	General control device and work practice requirements
40 CFR 60.104	Standards for Sulfur Oxides
40 CFR 60.482-6	Standards: Open-ended valves or lines
40 CFR 60.592	Standards of Performance for Equipment Leaks of VOC
40 CFR 61.145	Standards for Demolition and Renovation
40 CFR 63.670	Requirements for Flare Control Devices

CALIFORNIA HEALTH AND SAFETY CODE

H&S § 41700	Prohibited Discharges
H&S § 41960.2	Gasoline Vapor Recovery