



South Coast  
Air Quality Management District  
21865 Copley Drive, Diamond Bar, CA 91765  
(909) 396-2000, [www.aqmd.gov](http://www.aqmd.gov)

## **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  
Mayor José Luis Solache  
Board Member Veronica Padilla-Campos

**May 17, 2024 ♦ 10:30 a.m.**

### **TELECONFERENCE LOCATIONS**

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

Renaissance Esmeralda Resort & Spa  
Hotel Lobby  
44-400 Indian Wells Lane  
Indian Wells, CA 92210

South Pasadena City Hall  
Council Chamber  
1414 Mission Street  
South Pasadena, CA 91030

**A meeting of the South Coast Air Quality Management District Stationary Source Committee will be held at 10:30 a.m. on Friday, May 17, 2024 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://scaqmd.zoom.us/j/94141492308>**

Meeting ID: **941 4149 2308** (applies to all)

Teleconference Dial In: +1 669 900 6833

One tap mobile: +16699006833,94141492308#

**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.*

## **CALL TO ORDER**

## **ROLL CALL**

## **INFORMATIONAL ITEMS (Items 1-3)**

- 1. Update on Proposed Amended Rule 1146.2 – Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers and Process Heaters (10 mins)** Heather Farr  
Planning and Rules  
Manager  
*(No Motion Required)*  
Staff will provide a response to issues raised at the April SSC meeting along with latest updates to Proposed Amended rule 1146.2.  
*(Written Material Attached)*
- 2. Update on Proposed Rule 317.1 – Clean Air Act Nonattainment Fees for 8-Hour Ozone Standards (10 mins)** Kalam Cheung, PhD  
Planning and Rules  
Manager  
*(No Motion Required)*  
Staff will provide a response to issues raised at the April SSC meeting along with latest updates to Proposed Rule 317.1.  
*(Written Material Attached)*
- 3. Update on Proposed Amended Rule 1148.1 – Oil and Gas Production Wells (10 mins)** Michael Morris  
Planning and Rules  
Manager  
*(No Motion Required)*  
Staff will provide a summary of proposed amendments to Rule 1148.1 which seeks to achieve further emission reductions from oil and gas wells and fulfill an AB 617 CERP air quality objective for two communities.  
*(Written Material Attached)*

## **WRITTEN REPORTS (Items 4-6)**

- 4. Monthly Permitting Enhancement Program (PEP) Update (No Motion Required)** Jason Aspell  
Deputy Executive  
Officer  
This report is a monthly update of staff's PEP implementation efforts for the previous month.  
*(Written Material Attached)*
- 5. Monthly Update of Staff's Work with U.S. EPA and CARB on New Source Review Issues for the Transition of RECLAIM Facilities to a Command-and-Control Regulatory Program (No Motion Required)** Michael Krause  
Assistant Deputy  
Executive Officer  
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)*

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

Bayron Gilchrist  
General Counsel

This report provides the total penalties settled in April 2024 which includes Civil, Supplemental Environmental Projects, Mutual Settlement Assessment Penalty Program, Hearing Board and Miscellaneous.

*(Written Material Attached)*

**OTHER MATTERS**

**7. 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)

**8. 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. Speakers may be limited to three (3) minutes each.

**9. Next Meeting Date:** Friday, June 21, 2024 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 Catherine Rodriguez at (909) 396-2735 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to [crodriguez@aqmd.gov](mailto:crodriguez@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 Catherine Rodriguez at (909) 396-2735, or send the request to [crodriguez@aqmd.gov](mailto:crodriguez@aqmd.gov).*

## **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.



## Proposed Amended Rule 1146.2 – Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers and Process Heaters

*Stationary Source Committee*  
May 17, 2024

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## Background

Rule 1146.2  
adopted  
January 9, 1998

- NOx limits for unpermitted large water heaters, small boilers, and process heaters primarily in commercial settings
- Applies to manufacturers, distributors, retailers, installers, operators

Need for Proposed  
Amended Rule  
1146.2

- Needed to meet 8-hour ozone National Ambient Air Quality Standard (NAAQS)
- Implements 2022 AQMP control measure

Rule Updates

- Stationary Source Committee on March 15<sup>th</sup> and April 19<sup>th</sup>
- Committee requested an additional update

## April Stationary Source Committee Summary

### Key Issues Raised:

- Concerns for small business, such as dry cleaning
- Availability and cost of zero-emission technologies
- Pace of rule development
  - Industry stakeholders requested delay to allow more site visits and dialogue
  - Environmental groups emphasized need to pass rule to send market signal

### Committee Suggested:

- Staff continues to work with stakeholders and conduct additional site visits
- Provide an update to Stationary Source Committee in May

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## Site Visits

- As part of the rule development over the past year, staff conducted site visits for various water heating applications including:



Dry cleaners



Restaurants/  
kitchens



Multifamily  
buildings



Hospitals



Office buildings



Grocery stores



Hotels



Manufacturer  
facilities



Mobile homes with  
tankless water  
heater

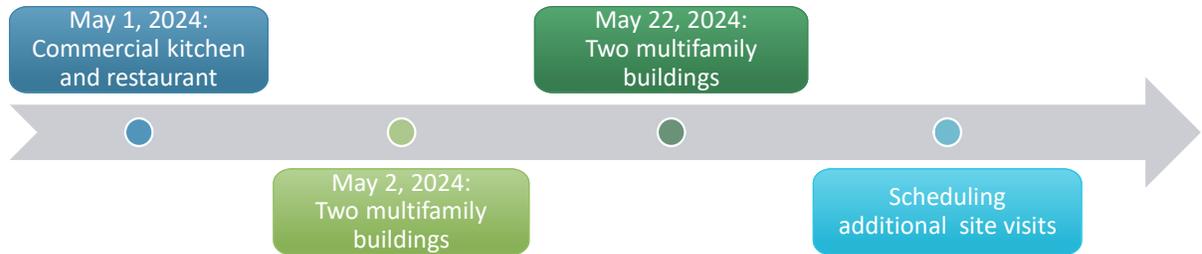


Southern California  
Edison Energy  
Education Center

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## Actions Taken Since April SSC Meeting

- Visiting six sites recommended by Los Angeles County Business Federation (BizFed)
- Working to schedule additional site visits



- Presented to the Building Owners and Managers Association (BOMA) of Greater Los Angeles
- Presenting to Environmental Waste Stewardship Committee of Hospital Association of Southern California

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## Key Takeaways from Site Visits

### Stakeholder concerns:

### How concerns are addressed:

<p>Space Constraints</p>	<p>Zero-emissions units have larger footprint</p>		<ul style="list-style-type: none"> <li>• Most sites have sufficient space</li> <li>• Long timelines allow for proper design and installation</li> <li>• Additional year allowed for building construction</li> </ul>
<p>Costs</p>	<p>Higher upfront capital, installation, and utility upgrade costs</p>		<ul style="list-style-type: none"> <li>• Capital costs expected to decrease over time                             <ul style="list-style-type: none"> <li>• Significant incentive funding currently available</li> </ul> </li> <li>• Cost savings for lifetime utility costs</li> </ul>
<p>Power Supply</p>	<p>Available, reliable power supply</p>		<ul style="list-style-type: none"> <li>• Proposed rule provides long implementation timelines to address power needs</li> <li>• Additional time allowed when upgrades needed</li> <li>• Utilities working to increase supply and reliability</li> </ul>

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## Impact on Small Businesses

### Incorporated provisions to address small businesses

FIRST KEY REMAINING ISSUE

- ✓ Allow units to transition to zero-emission at natural replacement, not rule defined unit age
- ✓ Several alternative compliance options allow for delayed implementation
  - ✓ Four years for utility upgrades, increased from three years
  - ✓ Three years for replacing multiple units
  - ✓ Six months to use temporary unit for emergency replacements
  - ✓ One year for construction to expand physical space
  - ✓ Two years for properties under lease requiring electrical upgrade
- ✓ Low-use units allowed to continue to operate
- ✓ Numerous incentive programs available including upcoming South Coast AQMD rebate program

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## Availability of Zero-Emission Technologies

### Proposed compliance schedule addresses availability concerns

SECOND KEY REMAINING ISSUE

- ✓ Proposed zero-emission limits send strong market signal to manufacturers develop new units that meet customer needs
- ✓ Worked with manufacturers when establishing compliance schedule
- ✓ Staggered implementation schedule with future effective zero-emission limits required at end of unit age
- ✓ Earliest implementation dates for smaller units with highest market penetration
- ✓ Longest implementation dates for high temperature units requiring further technology development
  - ✓ Technology check-in prior to implementation date to evaluate market availability
  - ✓ Report back to Stationary Source Committee by January 1, 2028

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## High Cost of Implementation

### Significant emission reductions and health benefits

THIRD KEY REMAINING ISSUE

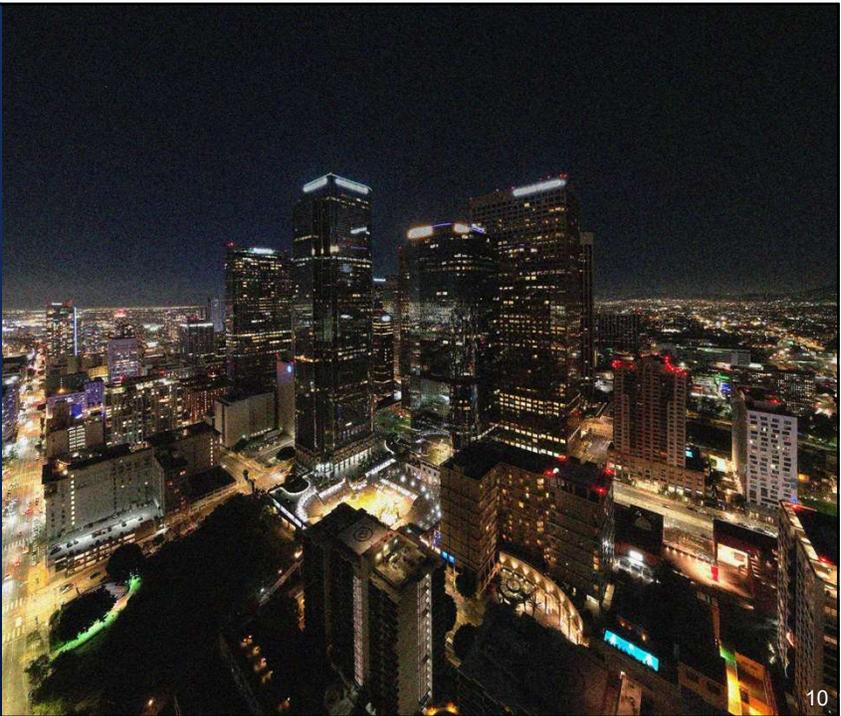
- ✓ PAR 1146.2 will have significant NOx reductions
  - ✓ ~5.6 tons of NOx reduced per day
  - ✓ ~1,070,000 units affected
  - ✓ Emission reductions needed to implement 2022 AQMP
- ✓ Costs mitigated by allowing transition to zero-emission technologies at end of unit age
  - ✓ Costs based on incremental capital, installation, and fuel switching
  - ✓ Higher upfront costs partially offset by lifetime fuel switching cost savings
- ✓ All but one category under cost-effectiveness screening threshold
  - ✓ Type 1 high temperature units are ~ 60% above screening threshold
  - ✓ Addressed with a long compliance schedule
- ✓ Significant funds available from federal, state, and local programs

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## Next Steps

Public Hearing:  
June 7, 2024

Technology Check-In and  
Report to SSC:  
By January 1, 2028



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## Proposed Rule 317.1

Clean Air Act Nonattainment Fees  
for the 8-Hour Ozone Standards

*Cleaning The Air That We Breathe...*



# Stationary Source Committee

May 17, 2024



## Summary of Proposed Rule (PR) 317.1

- Federal Clean Air Act (CAA) section 185 establishes fee requirements for “severe” or “extreme” ozone nonattainment areas when an area fails to attain a federal ozone standard by the applicable date
- PR 317.1 implements section 185 requirements for 1997 and 2008 ozone standards
  - Applies to major stationary sources of VOCs and NO<sub>x</sub> (emits or potential to emit 10 tons per year or above)
  - No fee would be assessed for emissions that are below 80% of baseline emissions
- If South Coast AQMD does not collect fees, the U.S. EPA would be required to collect fees

Criteria	8-Hour Ozone Standard	
	Revoked 1997	2008
Nonattainment Status	Extreme	Extreme
Attainment Deadline	06/15/2024	07/20/2032
Year Fee Obligation Begins	2025	2033



## April 2024 Stationary Source Committee

- Staff directed to return in May to address public comments:
  - Use fee equivalency approach instead of paying CAA nonattainment fees
  - Pay only the highest CAA nonattainment fee for an ozone standard in a year
  - Relief for the wastewater industry or clean technology
- Activities since Stationary Source Committee
  - Meetings with stakeholders regarding public comments
  - Meetings with U.S. EPA regarding CAA section 185



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## Comment 1 – Fee Equivalency Approach Used in Other California Air Districts

### Comment:

- Other air districts have used fee equivalency approach for 1997 and 2008 standards - included an exemption for clean emissions units under fee equivalency approach

### Response:

- Fee equivalency approach is only available if both conditions are met:
  1. Ozone standard has been revoked by U.S. EPA
  2. Utilizes funds beyond commitments in the applicable Air Quality Management Plan (AQMP)

	1979 Ozone Standard	1997 Ozone Standard	2008 Ozone Standard
1) Revoked?	✓	✓	✗
2) Funds beyond commitments in AQMP?	✓	✗	N.A.
Fee equivalency approach available?	✓	✗	✗
South Coast AQMD Implementation	Fee equivalency in Rule 317	Fee collection in PR 317.1	Fee collection in PR 317.1

Fee collection is the only feasible pathway for 1997 and 2008 ozone standards

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## Comment 2 – Payment of Highest Fee for an Ozone Standard in a Year

**Comment:** South Coast AQMD should implement language similar to Mojave Desert AQMD which requires only the highest CAA nonattainment fee of all applicable ozone standards (for example: highest fee among the 1979, 1997 and 2008 standards)

**Response:**

- This approach is not consistent with the federal CAA
- In May 2022, U.S. EPA staff provided comments to Mojave Desert AQMD:
  - Facilities must pay section 185 penalties for any standard for which fee is due
  - Provision to only pay the highest fee is not approvable

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## Comment 3 – Relief for Wastewater Industry or Clean Technology

**Comment:** PR 317.1 should provide relief for:

- Wastewater facilities which have limited ability to reduce throughput, relocate, or shutdown
- Facilities with early adoption of clean technologies

**Response:**

- CAA section 185 does not allow for exceptions based on facility type or technology
- Spending of the funds will be determined through a future public process

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## Need for PR 317.1?

- PR 317.1 implements CAA section 185 requirements for 1997 and 2008 standards
  - Fee collection is the only feasible pathway
- Nondiscretionary action – U.S. EPA is required to collect the fees if a state/local air authority does not

Public hearing is scheduled for June 7



## Proposed Amended Rule 1148.1 - Oil and Gas Production Wells



Stationary Source Committee  
May 17, 2024

## Rule 1148.1 Regulatory History



Adopted on March 5, 2004

Purpose: Reduce VOC emissions from wellheads, well cellars, and handling of produced gas

Applicable to onshore oil producing wells, well cellars and produced gas handling operation and associated maintenance activities

Amended September 4, 2015 to improve work practices and establish odor mitigation procedures

Approximately 80 companies representing 330 sites are regulated by this rule

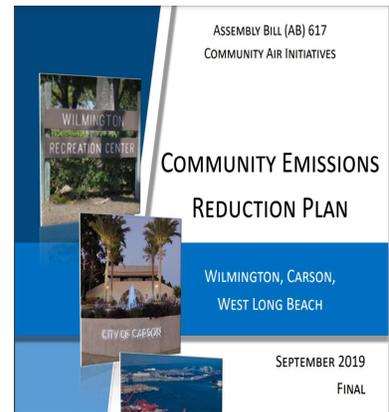
# AB 617 and Community Emission Reduction Plans

Two AB 617 communities identified oil and gas production emissions as objectives in their Community Emission Reduction Plans (CERP)

- Wilmington, Carson, West Long Beach (WCWLB)
- South Los Angeles (SLA)

Key CERP actions community is seeking

- Enhanced notification (addressed in Rule 1148.2)
- Enhanced monitoring
- Use of leak detection technologies
- Require lower emission or zero-emission equipment
- Limit/eliminate odorant use
- Reduce emissions and exposure to oil and gas operations through rule amendments



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## Summary of Key Proposals



Monthly use of Optical Gas Imaging (OGI) for enhanced leak detection



Use of Tier 4 Final diesel engines on workover rigs



Establish NO<sub>x</sub> limits for combustion equipment



Ban the use of odorants used to mask odors

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## Key Issue: Zero Toxics in Odor Neutralizing Agents

Proposed rule is banning odorants but allowing use of odor neutralizers

- Neutralizing agents used are typically liquid soap that encapsulates oil and bacteria
- Odorants are perfumed chemicals atomized into air to mask smells

Community stakeholders raised concerns that neutralizing agents may be emitted into the air and/or may contain toxics

- PAR 1148.1 prohibits atomization of neutralizing agents into the air
- PAR 1148.1 restricts use of any toxics listed in South Coast AQMD Rule 1401 – *New Source Review of Toxic Air Contaminants* in neutralizing agents
- Operators observed to use a common household cleaner as a neutralizing agent
  - Staff reviewed the Safety Data Sheet
    - Does not contain air toxics listed in Rule 1401
    - Does not contain endocrine disruptors based on EPA's Second List of Chemicals for Tier 1 Screening<sup>1</sup>

<sup>1</sup> <https://www.epa.gov/system/files/documents/2023-08/List%202.pdf>

## Key Issue: Public Notification for Leak Detection

Community stakeholders requested to be notified when leaks are found with an OGI device

- Notifications will be provided through our Rule 1148.2 Oil and Gas Wells Activity notification system
  - Operators required to report leaks >25,000 ppm
  - Registered stakeholders will receive notifications
  - Staff will conduct outreach to interested parties about the oil and gas notification program



## Emission Reductions & Cost Effectiveness

Proposed Measure	Emission Reductions (tons/day)	Annual Cost (\$)	Cost-Effectiveness (\$/ton reduced)
Enhanced Leak Detection	0.27 VOC	\$1,369,000	\$13,800
NOx Limits for Combustion Equipment	0.005 NOx	\$4,600 to \$56,100	\$7,000 to \$30,700
Tier 4 Final Workover Rigs	0.51 NOx	\$2,544,000	\$13,700
Ban of Odorant Use	N/A	N/A	N/A

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## Impact Assessment

### Socioeconomic Assessment

- Preliminary cost analysis of PAR 1148.1 indicates:
  - Average annual cost of ~ \$4.6 million using a 4% real interest rate or ~ \$4.0 million using a 1% real interest rate
  - Tier 4 Final engines will incur the biggest proportion of costs (42%) followed by OGI Cameras (30%)
  - 27 jobs foregone annually on average
- Draft Socioeconomic Impact Assessment will be made available at least 30 days prior to the Public Hearing on August 2, 2024 (subject to change)

### California Environmental Quality Act Assessment

- No significant adverse environmental impacts are expected
- A Notice of Exemption from CEQA will be prepared

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# Next Steps

Set Public Hearing – June 7, 2024



Public Hearing – August 2, 2024

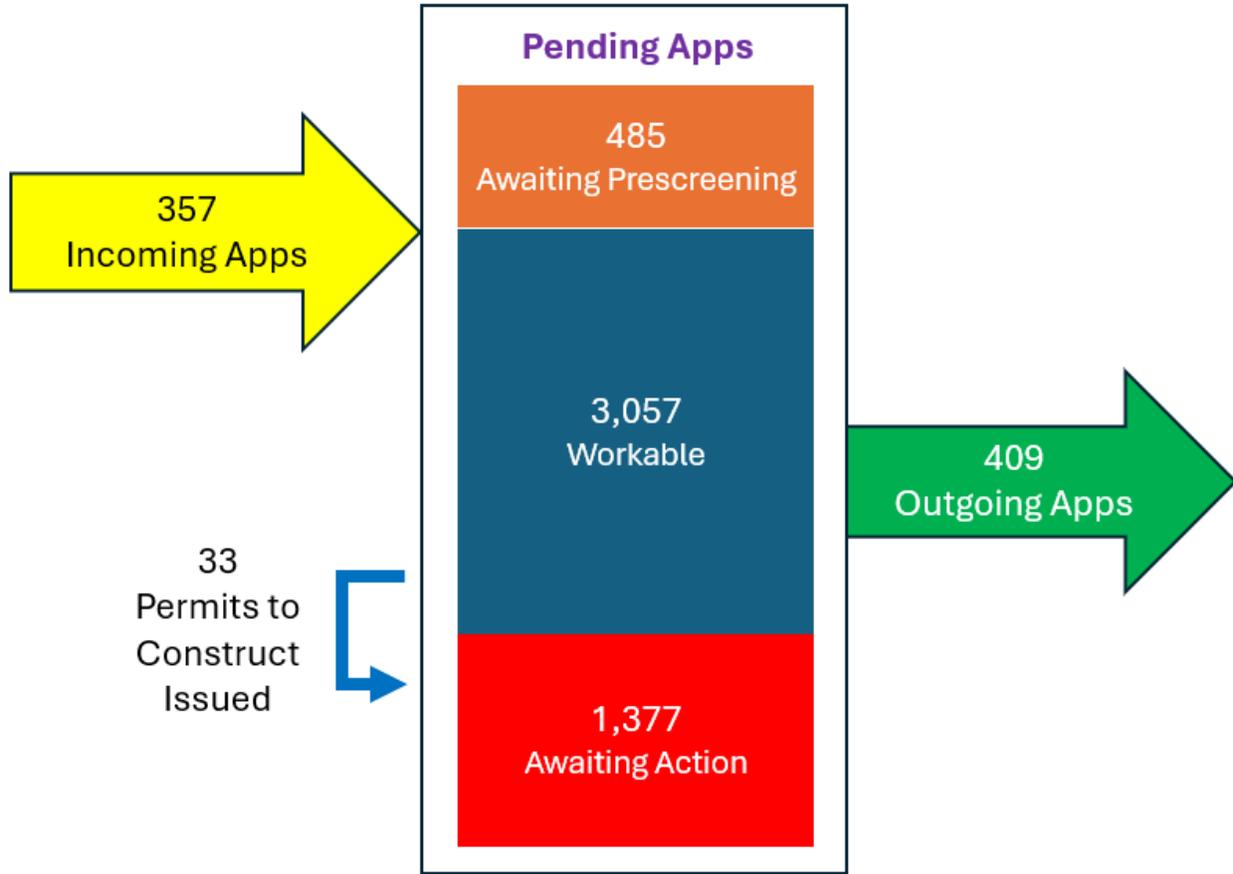
**Monthly Permitting Enhancement Program (PEP) Update**  
**South Coast AQMD**  
**Stationary Source Committee – May 17, 2024**

**Background**

At the February 2, 2024 Board meeting, the Board directed staff to provide monthly 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, monthly production, and other PEP related activities.

**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 non-workable permit applications. Figure 1 below provides a monthly snapshot of the pending application inventory.



**Figure 1: Application Processing Workflow – April 2024**

Table 1 below lists the categories included in Awaiting Action (Non-Workable) for the last month. Please note that Table 1 provides a snapshot of data and applications may change statuses several times before final action.

**Table 1: Awaiting Action (Non-Workable) Applications Summary**

Awaiting Action (Non-Workable) Categories	March 2024	April 2024
Additional Information from Facility	235	223
CEQA Completion	25	27
Completion of Construction	770	794
Facility Compliance Resolution	17	19
Facility Draft Permit Review	92	91
Fee Payment Resolution	2	3
Other Agency Review	35	52
Other Facility Action	69	7
Other South Coast AQMD Review	100	0
Public Notice Completion	23	34
Source Test Completion	117	127
Total	1,485	1,377

Please see Attachment 1 for more information on these categories.

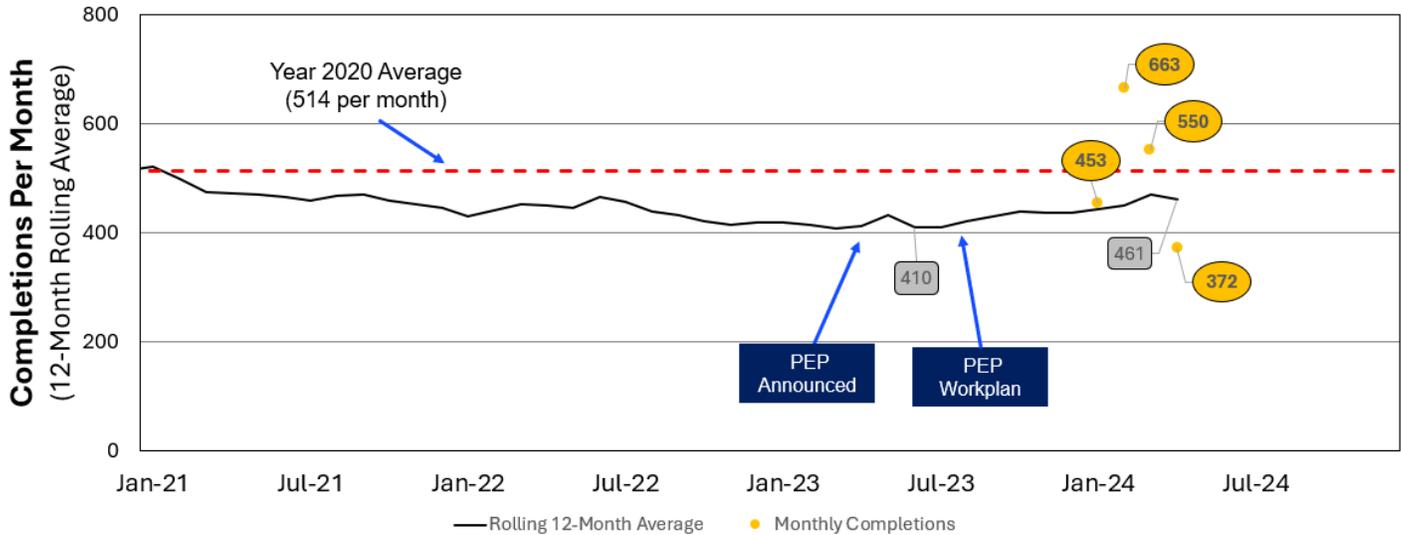
In April, 357 incoming applications were submitted which was a decrease of 88 incoming applications from the previous month. There were 409 outgoing applications which was a decrease of 57 applications from February (further information is provided in the “Production” section of this report). Several applications changed status from “Awaiting Action” to “Workable” after other Facility Actions and Other South Coast AQMD Reviews were addressed in April. Since outgoing applications (green arrow) exceeded incoming applications (yellow arrow) this month, the pending application inventory decreased.

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. Looking ahead to the next reporting period in June, there historically has been a spike in incoming applications before fee increases take effect on July 1 for application fees. This typically results in a swell in the inventory as time is needed to address the surge of permit applications.

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 Engineers was vital since these positions are the review and approval stages of the permitting process. Now that vacancies and process bottlenecks are in the final stages of being addressed, production is improving.

### 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 vacancy rate has been reduced and staff have been trained, production has increased. Figure 2 below shows a rolling 12-month average of application completions and the monthly production for the last three months. Recently, increased monthly production levels (orange circles) are raising the rolling 12-month production averages (black line) in the chart below. The rolling 12-month average includes the monthly totals from the last year to visualize the trend over time, as production in individual months often fluctuates (in addition to fluctuations in incoming application submittals). The current rolling 12-month average production rate is 461 completions per month. In the coming months, staff anticipates production rates will return to 2020 levels. A higher rolling 12-month average will indicate sustained higher production levels. These higher production levels will begin to reduce the pending application inventory and improve permit processing times.



**Figure 2: Application Completions - Rolling 12-Month Average and Recent Three Months**

Production began to increase in the second half of 2023 as substantial promotional and hiring occurred. New engineering staff are currently being trained and production is expected to increase over the coming months and years as they become more experienced in their duties.

Production data is collected in whole calendar weeks. April only had four calendar weeks for production as compared to March which had five weeks. On a weekly average basis, this equates to 110 completions per week in March and 93 completions per week in April, which indicates an overall dip in production occurred in April. Potential causes for this decrease include the normal expected monthly fluctuations but also increased training and rulemaking support activities, as well as activities related to the Chiquita Canyon Landfill Hearing Board case this month.

#### Engineering & Permitting (E&P) Vacancy Rate

The current E&P vacancy rate is 10.2%. The minimum target vacancy rate for PEP is 10%. When PEP was first announced, the E&P vacancy rate was greater than 20%.

In April, there was one vacancy created through a promotion of a Senior Office Assistant to another division, however the resulting increase in E&P vacancy rate was offset by the onboarding of a new Staff Specialist.

Interviews for an Air Quality Engineer 2 recruitment were initiated on April 26 and will continue into May. Selected candidates from this external recruitment will reduce the E&P vacancy rate. This recruitment is targeted to be completed by July.

#### Key Activities This Month

- Approximately 15 permit processing engineers in the Waste Management team received enhanced onsite training at Orange County Sanitation District (OCSan) in Fountain Valley. Staff received a detailed tour of the wastewater treatment process and the related air pollution control equipment.

- E&P staff conducted recruitment and engineering information sessions for engineering students at CSU Long Beach and Cal Poly Pomona. Past efforts have been successful in recruiting new engineering staff.
- A Permit Streamlining Task Force (PSTF) meeting was held on April 11. Discussion topics included the Certified Permit Professional program and development and consistency of permit conditions.
- Staff initiated testing of the new electronic permit application forms. The new forms are expected to streamline permit processing. The forms are expected to be introduced at the July Permit Streamlining Task Force subcommittee.
- Staff promoted two Supervising Air Quality Engineers in the Waste Management team. One promotion was effective on April 15, and the second promotion will be effective May 7. These promotions will triple the current Supervisors reviewing and approving permits in the Waste Management team. The waste management sector is a focus of PEP efforts, and these positions will relieve identified bottlenecks in the coming months.
- A new Staff Specialist position was filled on April 29 to consolidate permit public noticing functions. This new process will be developed in the coming months and is expected to streamline the public notice process and decrease the time to distribute public notices and therefore improve permit processing timelines.

#### Upcoming Meetings:

- Staff will conduct Permitting Working Group (PWG) meetings that will be a collaborative public effort to discuss permitting requirements with various industry sectors and receive public input.
- Staff are targeting to conduct at least six public meetings regarding permitting in Fiscal Year 2024-2025. A schedule of future PSTF and PWG meetings is under development.
- The first PWG is tentatively targeted for June.
- The next PSTF is targeted for July 17.
- A PEP update to the Board will occur in the third quarter of 2024.

## 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 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 a substantial time to review.

### 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.

### 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.

## May 2024 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. The table below summarizes key activities with U.S. EPA and California Air Resources Board (CARB) since the last report.

Item	Discussion
In person meeting with U.S. EPA (Region IX) – April 18, 2024	<ul style="list-style-type: none"> <li>Discussed options to address offset availability for RECLAIM facilities</li> </ul>

- A follow up meeting with U.S. EPA (Region IX) is planned for May 2024 to continue discussions from April 18<sup>th</sup> meeting
- RECLAIM/NSR Working Group meeting will not be held in May
- The next Working Group Meeting is planned for third quarter 2024 to provide an update on discussions with U.S. EPA regarding the New Source Review issues for the RECLAIM transition

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT  
General Counsel's Office  
Settlement Penalty Report (04/01/2024 - 04/30/2024)**

**Total Penalties**

Civil Settlement: \$501,240.00  
MSPAP Settlement: \$169,909.00  
No-Burn Day Settlement: \$50.00  
**Total Cash Settlements: \$671,199.00**  
**Total SEP Value: \$0.00**

**Fiscal Year through 04/30/2024 Cash Total: \$4,943,692.46**

**Fiscal Year through 04/30/2024 SEP Value Only Total: \$668,125.00**

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
<b>Civil</b>						
193645	04 PAN CONSTRUCTION	1403	04/17/2024	JL	P74226	\$7,000.00
82207	ALL AMERICAN ASPHALT	402,403, 1402, 2004, 3002, 3003, H&S 41700	04/12/2024	RM	P68595, P68599, P68600, P68668, P73821, P74016, P74606, P74623, P75232, P76413, P76416, P76417	\$100,000.00
16642	ANHEUSER-BUSCH, LLC (LA BREWERY)	2004, 2011, 2012 Appendix A, 3002	04/09/2024	KER	P66224, P67387, P74610, P74622, P74633	\$9,068.00
190467	APPLIED COMPOSITES	203	04/19/2024	KCM	P69760, P69788	\$7,500.00
190474	BALDWIN & SONS	403	04/17/2024	ND	P56749, P68593, P68779, P69918	\$21,078.00
132068	BIMBO BAKERIES-USA, INC.	2004	04/04/2024	KCM	P69795, P69798	\$16,500.00
193846	BROADMOOR EXCLUSIVES (C/O VINTAGE MANAGEMENT)	1403, 40 CFR 61.145	04/03/2024	JL	P73630, P73631, P73634, P73635	\$3,500.00
138568	CALIFORNIA DROP FORGE, INC	1430, 2004	04/16/2024	SH	P66885, P66888	\$3,500.00
169721	CIRCLE K STORES, INC. (#2709470)	461	04/17/2024	JJ	P69889	\$1,000.00
169537	CIRCLE K STORES, INC. (#2709480)	461	04/17/2024	JJ	P70190	\$1,000.00
54952	CIRCLE K STORES, INC. (#1922)	461	04/17/2024	JJ	P69897, P78772	\$3,000.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
178111	CIRCLE K STORES, INC. (#2709500)	203, 461	04/11/2024	RL	P66025, P70372, P76154, P76162, P76177, P78752	\$17,526.00
114484	CITY OF SANTA ANA POLICE DEPARTMENT	203, 1146.1, 1415	04/17/2024	JL	P73958	\$3,500.00
63013	COOPER AND BRAIN, INC.	203, 463, 1148.1, 1173, 2004	04/25/2024	KCM	P66537, P66845, P67707, P69272, P73263, P74357, P74378, P74537, P75507, P75508, P75662, P75670, P75677	\$90,000.00
62467	COUNTY OF RIVERSIDE	203, 461, 1146.2	04/03/2024	RL	P73054, P74122, P74167, P74168	\$20,000.00
122691	DEIST	203, 463, 1173	04/25/2024	JL	P74367, P74370, P74371, P74373	\$29,300.00
190126	DESCANSO GARDENS GUILD, INC.	402, H&S 41700	04/03/2024	JL	P79182	\$3,500.00
172363	EAGLE CONTRACTING, INC.	1403	04/24/2024	ND	P73503, P73505	\$4,836.00
800369	EQUILON ENTER.LLC (DBA "SHELL OIL PROD. U S")	462, 3002	04/18/2024	EC	P73285	\$6,150.00
193800	ERAN GURION	1403	04/04/2024	KCM	P74427	\$500.00
142267	FS PRECISION TECH, LLC	2004, 2012, 2012 Appendix A	04/02/2024	NS	P66872, P66880, P66896	\$22,834.50
198121	H7 CONTRACTING & ENGINEERING	403	04/03/2024	CL	P75211	\$2,050.00
188395	I 405 IMPROVEMENT PROJECT	403	04/16/2024	NS	P63880, P68573, P68576, P68780	\$46,840.00
190860	NEW ODYSSEY SHIPPING CO.	1142	04/10/2024	JJ	P68212	\$3,500.00
47046	O'DONNELL OIL CO.	203, 463	04/16/2024	EC	P66844, P69258, P74392, P74394	\$10,700.00
187040	PEMACO METAL PROCESSING	1469	04/03/2024	SH	P67528, P78609	\$3,000.00
159758	PETRO BRASS	461, H&S 41960.2	04/25/2024	ND	P70482	\$1,813.50
185588	PHOENIX SERVICES, LLC	301, 1155, 3002	04/10/2024	ND	P70142, P76113	\$3,000.00
191746	PRECISION WORKS, INC.	1403	04/18/2024	RM	P74561, P74564	\$2,450.00
20061	RAINBOW ENVIRONMENTAL SERVICES	402, H&S 41700	04/03/2024	KCM	P74792, P75806, P75807	\$4,560.00
58044	SAN BERNARDINO COUNTY SOLID WASTE MANAGEMENT - COLTON	3002	04/09/2024	EC	P72901, P76114, P76115	\$2,400.00
194478	SELECT ELECTRIC, INC.	402, H&S 41700	04/25/2024	EC	P69288	\$3,300.00
193861	SEUNGIL HA	1403	04/10/2024	JL	P74227, P74228	\$7,000.00
196898	SHUNDE ROOFING, INC.	1403	04/10/2024	JL	P75874	\$4,700.00
148521	SUKUT CONSTRUCTION	1403, 40 CFR 61.145	04/02/2024	EC	P74442	\$2,400.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
135491	TREND TECHNOLOGIES, LLC	402	04/17/2024	JL	P73931	\$4,800.00
194997	TRUST BUILDERS CONSTRUCTION	1403	04/19/2024	SH	P74568	\$500.00
71160	U.S. BATTERY MANUFACTURING CO.	203	04/24/2024	JL	P77570	\$2,400.00
800026	ULTRAMAR, INC.	1173, 1176, 2004, 3002	04/04/2024	DH	P63388, P63389, P66094, P75057, P75058, P75059	\$13,174.00
191608	UP2 HOLDINGS, LLC (#0209)	461, H&S 41960.2	04/17/2024	JL	P75463	\$2,400.00
137722	VOPAK TERMINAL LONG BEACH, INC.	203	04/17/2024	ND	P74068	\$6,460.00
193904	YSK CONSTRUCTION GROUP	1403, 40 CFR 61.145	04/04/2024	KCM	P72938, P72939	\$2,500.00

**Total Civil Settlements: \$501,240.00**

<b>MSPAP</b>						
200988	310 S. ALVARADO STREET, LLC	1403, 40 CFR 61.145	04/12/2024	CL	P78611	\$1,813.00
171896	5555 HOLLYWOOD LP.	203	04/12/2024	CL	P76513	\$971.00
39813	ACCURATE STEEL TREATING, INC.	203	04/19/2024	VB	P73891	\$2,118.00
148762	AGOURA OIL (DBA "SHELL")	461	04/19/2024	VB	P79090	\$2,117.00
177857	APRO, LLC (DBA "UNITIED OIL #101")	201	04/12/2024	VB	P80606	\$1,535.00
181809	APRO, LLC (DBA "UNITED PACIFIC #5742")	461	04/05/2024	VB	P78770	\$3,834.00
115200	ARLETA MOBIL - PETRO ENTERPRISES	203, 461	04/05/2024	VB	P66050	\$1,990.00
8865	C. J. SEGERSTROM & SONS	461	04/05/2024	VB	P76415	\$2,342.00
106812	CALIFORNIA HIGHWAY PATROL BEAUMONT GROUP	461	04/12/2024	VB	P79318	\$460.00
183891	CAMBRIA SUITES, FC (EL SEGUNDO)	203	04/05/2024	VB	P75608	\$4,514.00
137244	CLEMENT PAPPAS CA, INC.	1146	04/05/2024	VB	P75419	\$5,105.00
174774	COLKER'S UNION OIL, LLC	461	04/05/2024	VB	P77738	\$5,269.00
128297	DEEPZ INVESTMENTS, INC.	203, 461	04/12/2024	CL	P77721	\$1,444.00
188048	DIMAR ENTERPRISES	1403	04/12/2024	CL	P76244	\$2,913.00
112292	FLETCHER JONES MOTORCARS	461	04/12/2024	CL	P78577	\$1,844.00
132002	GEN AND SONS, INC. (NEW AVALON AUTOBODY)	109, 203	04/26/2024	VB	P76279	\$8,000.00
195506	GT COLLISION CENTER	203	04/19/2024	CL	P73827	\$15,430.00
800003	HONEYWELL INTERNATIONAL, INC.	2004	04/26/2024	CL	P68674	\$6,826.00
146937	HUBBARD CHEVRON (#9-5063)	461, H&S 41960.2	04/05/2024	VB	P79082	\$1,454.00
162584	JACOB'S UNION SERVICE	203, 461, H&S 41960.2	04/12/2024	CL	P77739, P77740, P79074	\$7,376.00
198245	JAVIER AND IRMA PEREZ	1403	04/05/2024	VB	P76119	\$5,534.00
198078	KOHANOFF MISSION, INC.	201	04/26/2024	CL	P78681	\$782.00

Fac ID	Company Name	Rule Number	Settled Date	Init	Notice Nbrs	Total Settlement
161523	LOU'S UNION 76	203	04/05/2024	VB	P75749	\$1,429.00
117518	MODION & SONS, INC.	461	04/26/2024	VB	P79358	\$1,588.00
139027	CHUCK MERCIER'S UNION (DBA "76")	461, H&S 41960	04/05/2024	VB	P75708	\$2,603.00
184727	OIL LEE, INC.	203, 461, H&S 41960.2	04/05/2024	VB	P78658	\$4,284.00
33018	ORANGE CITY CORP YARD	461, 1470	04/12/2024	CL	P80751	\$2,427.00
99964	ORANGE COUNTY BOAT REPAIR	109, 203	04/05/2024	VB	P77607	\$2,043.00
193475	PARAMOUNT FUEL, INC.	461	04/05/2024	VB	P75727	\$1,756.00
195955	PASTA PICCININI, INC.	201, 203, 1146	04/19/2024	CL	P76512	\$4,369.00
183658	PENA DEMOLITION	1403, 40 CFR 61.145	04/05/2024	VB	P78602	\$1,656.00
134102	QUEST DIAGNOSTICS (VALENCIA)	1146.1	04/12/2024	CL	P68601	\$17,867.00
155346	RAINN C POWDER COATING, INC.	203, 1147	04/26/2024	VB	P74465	\$2,300.00
181441	RASHID'S, INC.(DBA "UNIVERSITY MOBIL")	203, 461	04/26/2024	VB	P73128	\$6,400.00
158151	ROBERT F. KENNEDY COMMUNITY OF SCHOOLS	203, 1146.1	04/12/2024	CL	P76509	\$5,826.00
58670	SAN JUAN SERVICE	461	04/12/2024	CL	P69881	\$1,124.00
180175	SEPAND INVESTMENT, INC.	203	04/05/2024	VB	P79064	\$5,819.00
123730	SHADOW RIDGE RESORT (MARRIOTT)	461	04/12/2024	CL	P79319	\$1,454.00
186908	SHENANDOAH - HALLMARK DISTRIBUTION CENTER	203	04/19/2024	CL	P79702	\$2,913.00
156040	SOFIJON, INC.	203, 461	04/12/2024	CL	P74836	\$910.00
152122	TERRIBLE HERBST INC. (#285)	461	04/05/2024	VB	P69877	\$3,513.00
191386	THE NEWARK GROUP, INC. (DBA "GREIF, INC.")	2012	04/12/2024	CL	P63843	\$1,009.00
18400	TORRANCE UNIFIED SCHOOL DISTRICT	461	04/19/2024	CL	P78316	\$2,677.00
131448	TORRANCE UNIFIED SCHOOL DISTRICT	203	04/19/2024	VB	P78319	\$971.00
196043	TRILOGY MEDWASTE WEST	1146	04/12/2024	CL	P78425	\$6,447.00
17275	TUSTIN (CITY OF TUSTIN)	461, 1470	04/12/2024	VB	P77814	\$2,250.00
146819	WHITE OAK SHELL	461, H&S 41960.2	04/12/2024	CL	P79075	\$2,603.00
<b>Total MSPAP Settlements: \$169,909.00</b>						
<b>No-Burn Day</b>						
202505	RESIDENT, IRVINE	445	04/09/2024	CL	W15009	\$50.00
<b>Total No-Burn Day Settlements: \$50.00</b>						

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FOR APRIL 2024 PENALTY REPORT**

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Rule 1146            Emissions of Oxides of Nitrogen from Industrial, Institutional and Commercial Boilers, Steam Generators,  
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Rule 1146.2          Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers

Rule 1147            NOx Reductions from Miscellaneous Sources

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- Rule 1403 Asbestos Emissions from Demolition/Renovation Activities
- Rule 1415 Reduction of Refrigerant Emissions from Stationary Air Conditioning Systems
- Rule 1430 Control of Emissions from Metal Grinding Operations at Metal Forging Facilities
- Rule 1469 Hexavalent Chromium Emissions from Chrome Plating and Chromic Acid Anodizing Operations
- 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
- Rule 2011 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Sulfur (SOx) Emissions
- Rule 2012 Requirements for Monitoring, Reporting, and Recordkeeping for Oxides of Nitrogen (NOx) Emissions
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**CODE OF FEDERAL REGULATIONS**

- 40 CFR 61.145 Standard for Demolition and Renovation

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- 41700 Prohibited Discharges
- 41960 Certification of Gasoline Vapor Recovery System
- 41960.2 Gasoline Vapor Recovery