



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
STATIONARY SOURCE COMMITTEE MEETING

COMMITTEE MEMBERS

MARK DeSAULNIER –CHAIRPERSON
ROBERTA COOPER
MARK ROSS
MARLAND TOWNSEND
SHELIA YOUNG

JERRY HILL - VICE CHAIRPERSON
JULIA MILLER
JOHN SILVA
GAYLE UILKEMA

MONDAY
SEPTEMBER 27, 2004
9:30 A.M.

7th FLOOR BOARD ROOM

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3*)
Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to five (5) minutes each.
3. **APPROVAL OF MINUTES OF MAY 24, 2004**
4. **STATUS REPORT ON AIR DISTRICT'S COMMUNITY AIR RISK EVALUATION (CARE) PROGRAM**

G. Kendall/4932
gkendall@baaqmd.gov

Staff will provide the Committee an overview of the District's CARE program to evaluate and reduce health risks associated with toxic air pollutants in the Bay Area.
5. **PROPOSED REVISIONS TO THE AIR DISTRICT'S PERMIT REGULATIONS** **B. Bateman/4653**
bbateman@baaqmd.gov
Staff will give a status report on proposed revisions to the District's permit rule amendments.
6. **PROPOSED BOARD OF DIRECTOR NOTIFICATION PROCEDURE FOR PERMIT APPLICATIONS SUBJECT TO PUBLIC NOTICE REQUIREMENTS**

B. Bateman/4653
bbateman@baaqmd.gov

Staff will provide the Committee with a proposed notification procedure that will provide advanced notice to Board members of permit applications for proposed projects that are to undergo public notice.
7. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**
Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, 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 take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)
8. **TIME AND PLACE OF NEXT MEETING —NOVEMBER 22, 2004**
9. **ADJOURNMENT**

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET
SAN FRANCISCO, CALIFORNIA 94109
(415) 771-6000**

DRAFT MINUTES

Summary of Board of Directors
Stationary Source Committee Meeting
9:30 a.m., Monday, May 24, 2004

1. **Call to Order – Roll Call:** Vice-Chair Jerry Hill called the meeting to order at 9:30 a.m.

Present: Jerry Hill, Vice-Chairperson; Roberta Cooper, John Silva, Marland Townsend, Gayle Uilkema .

Absent: Mark DeSaulnier, Julia Miller, Mark Ross, Shelia Young.

Also Present: Scott Haggerty (9:54 a.m.).
2. **Public Comment Period:** There were none.
3. **Approval of Minutes of March 22, 2004:** Director Townsend moved approval of the minutes; seconded by Director Uilkema; carried unanimously without objection.
4. **Report on Proposed Amendments to Regulation 8, Rule 8: Wastewater (Oil-Water) Separators:** *Staff gave a status report on the development of proposed amendments to Regulation 8, Rule 8: Wastewater (Oil-Water) Separators. The proposed amendments are the result of information developed pursuant to Further Study Measure FS-9 from the 2001 Ozone Attainment Plan. This is an informational item only.*

Damian Breen, Air Quality Specialist, presented the report and described the refinery wastewater process system, which includes wastewater collection, separation and treatment. The treatment portion of the system is the last step before wastewater is discharged in compliance with the Regional Water Quality Control Board standards. A large portion of the emissions from refinery wastewater systems occur in the separation process and, under the current rule, these emissions have been controlled since 1982. Mr. Breen reviewed some of the equipment options identified to control the emissions, such as wastewater control vents, carbon canisters, sealed sewers, fixed covers, wastewater seals or “P” trap drains. The wastewater seals are the most common at refineries.

Mr. Breen reviewed the rule development process, which included a Technical Workgroup that was formed with the California Air Resources Board (CARB) in February 2002; a September 2002 draft Technical Assessment Document (TAD); a final draft TAD in March 2004, and two public workshops. The proposed new requirements include the following:

- 500 ppm volatile organic compound (VOC) leak concentration limit for wastewater collection system components at refineries.
- Installation of controls for leaking wastewater collection system components.
- An inspection and maintenance program.
- Record keeping requirements.
- A January 1, 2005 compliance date which would require all controlled drains to meet an emissions limit of 500 ppm.
- Alternative compliance consisting of phase-in controls on all drains by December 31, 2006, or uncontrolled components can be inspected and controlled as needed.

The amendments would reduce VOC emission by 2.1 tons per day and the cost effectiveness is \$1,900 to \$4,300 per ton. Future steps include keeping the workgroup in place, a sampling plan and emissions modeling is under discussion. If necessary, once the data on excess emissions from the treatment systems is available, staff will bring a treatment rule before the Board.

The following individuals spoke on this agenda item:

Dennis Bolt
Western States Petroleum Association
Concord, CA 94518

Terrence Valen
Communities for a Better Environment
Oakland, CA 94612

There was discussion on the repair period and Peter Hess, Deputy APCO, noted that the Air District is reviewing all of the comments submitted and that the rule is scheduled to come before the Board of Directors on July 7, 2004. There was also discussion on the timeline and the differences between what WSPA feels is appropriate versus what CBE feels is appropriate. In response to a question from Director Cooper, Jack Broadbent, Executive Officer/APCO, stated that a number of the refineries are already implementing some of the proposed requirements.

Director Townsend discussed hard piping as an alternative solution and Mr. Breen noted that alternative methods of control were looked at in the TAD, but staff did not find them to be cost-effective.

Committee Action: None. This report provided for information only.

5. Summary of Supplemental Environmental Project (SEP) Distribution: *Staff gave a status report on the distribution of SEP funding to select projects.*

Juan Ortellado, Grants Program Manager, provided a summary of the Supplemental Environmental Projects (SEP) distribution and reviewed the steps necessary for a project to qualify for SEP funding. Qualification of a project is based on a five-step process that ensures the project: 1) meets the basic definition of SEP; 2) satisfies all guidelines, including nexus; 3) fits within one or more of the designated SEP categories; 4) the cost does not exceed 25% of the total settlement, without administrative costs; and 5) it satisfies all implementation and other criteria. The SEP categories are: public health, pollution prevention, pollution reduction, environmental restoration and protection, environmental compliance audits, comprehensive environmental training, and emergency planning and preparedness.

Mr. Ortellado reviewed the SEP projects in Martinez (\$270,000); Rodeo (\$50,000); East Palo Alto (\$50,000); and Livermore (\$25,000). In conclusion, Mr. Ortellado stated that the Air District has a policy for SEPs and that all SEPs were selected in accordance with the policy. It was noted that the current policy is very restrictive. The Committee directed staff to look at the current policy to see if a certain amount of flexibility can be used in the establishment of the criteria for the allocation of funds that could go to regional projects.

Committee Action: None. This report provided for information only.

- 6. Committee Member Comments/Other Business:** There were none.
- 7. Time and Place of Next Meeting:** 9:30 a.m., Monday, July 26, 2004, 939 Ellis Street, San Francisco, California 94109
- 8. Adjournment:** 10:50 a.m.

Mary Romaidis
Clerk of the Boards

STATIONARY SOURCE COMMITTEE

Follow-Up Items for Staff

May 24, 2004

1. The Committee directed staff to look at the current SEP policy to see if a certain amount of flexibility can be used in the establishment of the criteria for the allocation of funds that could go to regional projects.

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Inter Office Memorandum

To: Chairperson DeSaulnier and Members
of the Stationary Source Committee

From: Brian Bateman, Director of Engineering Division
Gary Kendall, Director of Technical Services Division

Date: September 20, 2004

Re: Report on District's Community Air Risk Evaluation (CARE) Program

RECOMMENDED ACTION:

Informational report. Receive and file.

BACKGROUND:

The District has recently initiated a Community Air Risk Evaluation (CARE) program to evaluate and reduce health risks associated with toxic air pollutants in the Bay Area. Staff will provide the committee with an overview of this program.

DISCUSSION:

The CARE program will address a variety of toxic air pollutants with an emphasis on diesel particulate matter (PM), which is thought to be the major source of airborne cancer risk in California. The major technical components of the program are as follows.

- (1) A "gridded" emissions inventory (e.g., emissions per square mile) for diesel PM and other air toxins will be developed for the Bay Area for mobile, area, and stationary sources.
- (2) The results of the gridded emissions inventory will be used to establish additional air monitoring in areas with the highest emissions. This will include enhanced air monitoring that will better determine the relative contribution of air pollution sources, including vehicles, industrial emissions and/or wood burning to ambient particulate matter levels.
- (3) A pilot "neighborhood-level" cumulative risk assessment for stationary sources will be completed within a selected community.

The results of the technical analysis will be used to develop, implement and focus control measures to reduce air emissions in the communities identified as having higher health risks resulting from toxic air pollutants. Control measures may include additional District rules applicable to stationary sources, incentive and voluntary measures, and cooperative efforts with businesses and other government agencies.

The CARE program will have a strong public outreach component. An Advisory Committee, which includes community members, will provide input to District staff throughout the term of the program. The projected time frame for completion of the technical study is two to three years.

Respectfully submitted,

Brian Bateman
Director of Engineering

Gary Kendall
Director of Technical Services

Forwarded: _____

Prepared by: Brian Bateman

Reviewed by: Peter Hess

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Inter Office Memorandum

To: Chairperson DeSaulnier and Members
of the Stationary Source Committee

From: Brian Bateman, Director of Engineering Division

Date: September 20, 2004

Re: Proposed Revisions to the District's Permit Regulations

RECOMMENDED ACTION:

Informational report. Receive and file.

BACKGROUND:

Recent changes in state law require the District to change the threshold for requiring emission offsets for new and modified sources. District staff will hold a workshop on proposed revisions to these rules in early October. The proposal will be brought to the Board in December.

DISCUSSION:

The District's No Net Increase program ensures that, overall, increases in emission of ozone precursors from new industrial and commercial sources are offset by decreases elsewhere. The District evaluates every permit application for its effect on emissions. Emissions from projects at plants above a certain size must be fully offset. Larger facilities provide their own offsets. The District uses a Small Facility Bank to provide offsets for smaller facilities.

The proposed rule amendments would have the following effects:

- Currently, offsets must be provided for new and modified sources at facilities with emissions greater than 15 tons/year (TPY). The District provides those offsets for small facilities (emissions less than 50 TPY). The proposed revisions lower the threshold for offsets to 10 TPY, and the District will provide offsets for facilities with emissions less than 35 TPY.

In addition to the proposed change to the No Net Increase program, a number of miscellaneous changes to the permit regulations have been proposed, including:

- Exclusion of certain types of smoke generators from District regulations.
- Requiring all crematories to obtain a permit, regardless of age or size.
- Extend authorities to construct beyond four years for long-range construction projects.
- Require operators to countersign permits. This will ensure that operators have seen any attached permit conditions

- Require operators to certify compliance when notifying the District of startup. This will allow the District to take enforcement action against operators who construct sources that does not comply with the authority to construct.
- Clarify requirements for protecting trade secret information.

Respectfully submitted,

Brian Bateman
Director, Engineering Division

Forwarded: _____

Prepared by: Steve Hill
Reviewed by: Brian Bateman, Peter Hess

BAY AREA AIR QUALITY MANGEMENT DISTRICT
Inter Office Memorandum

To: Chairperson DeSaulnier and Members
of the Stationary Source Committee

From: Brian Bateman, Director of Engineering Division

Date: September 20, 2004

Re: Proposed Procedures for Notification of Board Members of Permit Applications
Subject to Public Notice Requirements

RECOMMENDED ACTION:

Consider recommending Board of Director approval of the attached procedure to provide advance notification to Board members of permit applications for proposed projects that are to undergo public notice. Staff will present a draft notification procedure and take input from the committee.

BACKGROUND:

District regulations require that the owner/operator of many different types of stationary air pollution sources receive a permit from the District prior to commencing construction of projects that would affect emissions. The District evaluates an average of about 130 permit applications for new and modified sources each month, although this figure is highly variable from month-to-month, with peak months approaching 400 applications. For most permit applications, staff must complete its evaluation and take action within 35 working days of receipt of a complete application.

Due to the large number of permit applications processed, and the relatively short permit review timeframes, it would be impractical to provide advance notice to Board members for all permit actions. Rather, staff believes that it would be appropriate to provide this notification for those permit applications that require public notice. Longer evaluation periods are established for applications that require public notice prior to permit action. These are also the projects for which Board members are most likely to receive inquiries or comments from their constituents.

There are three types of permit applications that require public notice:

- (1) Applications for a new major facility or a major modification of an existing major facility subject to public notice under District Regulation 2-2-405.
- (2) Applications for new or modified sources located within 1000 feet of the outer boundary of a school site, and which would result in an increase in any hazardous air emissions, subject to public notice under District Regulation 2-1-412. (This is a statewide requirement taken from Section 42301.6(a) of the California Health and Safety Code).
- (3) Applications for the issuance, renewal, or significant revision of Title V permits at a major facility subject to public notice under District Regulation 2-6-412.

Title V permits differ from other District-issued permits in that new emission limitations or standards are not added during the permitting process. Rather, Title V permits are compilations of existing requirements that apply to a facility. For this reason, Title V permits are generally not of as much interest to the local community as are other types of permit actions. Staff therefore believes that Title V permits should be excluded from the program to provide Board members advance notice of permit actions subject to public notice requirements.

DISCUSSION:

A draft procedure for advance notification of Board members of permit applications that will undergo public notification (excluding Title V permits) is attached. Staff expects that there will be an average of about six permit applications each month that will be subject to advance notification under this procedure. This figure will vary significantly from month-to-month, with peak months expected to be about three times higher than the average level of activity. Staff proposes to notify Board members only of projects that are located within their County, in order to focus the program on those projects that are most likely to be of interest to each member.

Staff recommends that the information provided in the e-mail notifications be kept relatively simple. Project-specific information would include:

- (1) Application Number
- (2) Facility Name
- (3) Facility Location
- (4) Project Title/Description
- (5) Type of Public Notice Required (e.g., newspaper, direct mailing)

Staff recommends that distribution be handled by e-mail. This will minimize staff resources, while ensuring that notifications are provided to Board members on a timely basis. E-mail notifications also will provide an efficient mechanism for Board members to request, and staff to provide, additional information on proposed projects (e.g., copies of draft evaluation reports). Upon request, Staff will provide a Board member with notification in another manner, or remove a Board member from the notification list.

Respectfully submitted,

Brian Bateman
Director of Engineering

Forwarded: _____

Prepared by: Brian Bateman
Reviewed by: Peter Hess

Attachment

Procedure for Providing Advance Notice to BAAQMD Board Members of
Permit Applications Subject to Public Notice Requirements
DRAFT: September 20, 2004

I. Purpose

The purpose of this procedure is to provide advance notification to the members of the District's Board of Directors of permit applications for proposed projects that are subject to public notice requirements under District regulations.

II. Applicability

The following permit applications will be subject to this procedure.

- (1) Applications for a new major facility or a major modification of an existing major facility subject to Regulation 2-2-405, Publication and Public Comment.
- (2) Applications for new or modified sources located within 1000 feet of the outer boundary of a school site, and which would result in an increase in hazardous air emissions, subject to Regulation 2-1-412, Public Notice, Schools.

III. Information Provided

The following information will be provided. The notifications may also contain additional information regarding the proposed project and/or the District's permit evaluation on a case-by-case basis as deemed appropriate by the District's Engineering Division Director.

(a) Introductory Statement

"The Bay Area Air Quality Management District is currently evaluating the following permit application that is subject to public notice requirements under District regulations:"

(b) Project-Specific Information

- (1) Application Number
- (2) Facility Name
- (3) Facility Location
- (4) Project Title/Description
- (5) Type of Public Notice Required (e.g., newspaper, mailing)

(c) Closing Statement

“The public notice will be issued after the District completes a preliminary evaluation of the proposed project. It is estimated that the notice will be issued within the next 30 days.

If you would like additional information regarding this permit application, please contact Brian Bateman, Director of Engineering, BAAQMD, by telephone at (415) 749-4653, or by e-mail at Bbateman@BAAQMD.gov.”

IV. Distribution

The public notice coordinator shall provide the necessary information to the Director of Engineering, or other designated staff member, upon receiving the permit application for public notice processing.

The information listed above shall be provided by e-mail (or by alternative means requested by a specific Board member) to each District Board member (unless a specific Board member indicates their preference to not receive such notifications) located within the County that the proposed project is located prior to issuance of the public notice. The District’s Director of Engineering, or other designated staff member, shall send the e-mail notifications.