



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS' REGULAR MEETING/RETREAT

January 21, 2009

A meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:45 a.m. at the Claremont Resort, 41 Tunnel Road, Berkeley, CA 94705.

Questions About an Agenda Item

The name, telephone number and e-mail of the appropriate staff person to contact for additional information or to resolve concerns is listed for each agenda item.

Meeting Procedures

The public meeting of the Air District Board of Directors begins at 9:45 a.m. The Board of Directors generally will consider items in the order listed on the agenda. However, any item may be considered in any order.

After action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

BOARD OF DIRECTORS' REGULAR MEETING/RETREAT A G E N D A

WEDNESDAY
JANUARY 21, 2009
9:45 A.M.

The Claremont
41 Tunnel Rd
Berkeley, CA 94705

CALL TO ORDER

Opening Comments
Roll Call
Pledge of Allegiance
Swearing in of New Board Members

Chairperson, Pamela Torliatt
Clerk of the Boards

PUBLIC COMMENT PERIOD

Public Comment on Non-Agenda Items, Pursuant to Government Code Section 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 subject matter jurisdiction. Speakers will be limited to three (3) minutes each.

CONSENT CALENDAR (ITEMS 1 –3)

Staff/Phone (415) 749-

1. Minutes of January 7, 2009

L. Harper/5073
lharp@baaqmd.gov
2. Communications
Information only.

J. Broadbent/5052
jbroadbent@baaqmd.gov
3. Set Public Hearing for February 4, 2009 to consider adoption of proposed amendments to Regulation 8, Rule 33: Gasoline Bulk Terminals and Gasoline Delivery Vehicles and Regulation 8, Rule 39: Gasoline Bulk Plants and Gasoline Delivery Vehicles, and adoption of a CEQA Negative Declaration

H. Hilken/4642
hhilken@baaqmd.gov

Proposed amendments to Regulation 8, Rule 33: Gasoline Bulk Terminals and Gasoline Delivery Vehicles and Regulation 8, Rule 39: Gasoline Bulk Plants and Gasoline Delivery Vehicles will reduce the allowable emission limit, strengthen requirements for gasoline cargo tank loading operations, and require enhanced monitoring to improve facility operations.

COMMITTEE REPORTS AND RECOMMENDATIONS

4. Report of the **Climate Protection Committee** Meeting of January 8, 2009

CHAIR: Y. KISHIMOTO

J. Broadbent/5052
jbroadbent@baaqmd.gov
5. Report of the **Legislative Committee** Meeting of January 8, 2009

CHAIR: T. BATES

J. Broadbent/5052
jbroadbent@baaqmd.gov

COMMITTEE REPORTS AND RECOMMENDATIONS CONTINUED

6. Report of the **Stationary Source Committee** Meeting of January 12, 2009

CHAIR: J. GIOIA

J. Broadbent/5052
jbroadbent@baaqmd.gov

Action(s): *The Committee may recommend Board of Directors approval of a proposed protocol for notification to the Board of Directors and the public when significant settlements are reached.*

BOARD OF DIRECTORS' RETREAT

Opening Comments

Chairperson, Pamela Torliatt

State of the Air District

Jack P. Broadbent

The Executive Officer/APCO will address the Board of Directors regarding the state of the Air District.

Discussion of Strategic Vision for the Air District

Jack P. Broadbent

The Executive Officer/APCO and staff will provide a review of the strategic vision process to date.

Break

Discussion of Bay Area Clean Air Communities Initiative

Jack P. Broadbent

Board Members' Comments

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)

Time and Place of Next Meeting – 9:45 a.m., Wednesday, February 4, 2009 – 939 Ellis Street, CA 94109

Adjournment

CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET SF, CA 94109

(415) 749-5127

FAX: (415) 928-8560

BAAQMD homepage:

www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities. Notification to the Executive Office should be given at least 3 working days prior to the date of the meeting so that arrangements can be made accordingly.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the Air District's headquarters at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Such writing(s) may also be posted on the Air District's website (www.baaqmd.gov) at that time.

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

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

JANUARY 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Advisory Council Retreat	Wednesday	14	10:00 a.m.	Board Room
Joint Policy Committee	Friday	16	10:00 a.m.	MTC Auditorium 101 8 th Street Oakland, CA 94607
Board of Directors Regular Meeting/Retreat <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	21	9:45 a.m.	Claremont Hotel & Spa 41 Tunnel Road Berkeley, CA 94705
Board of Directors Ad Hoc Cme. on Port Emissions – <i>(At the Call of the Chair)</i>	Thursday	22	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Friday	23	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	28	9:30 a.m.	4 th Floor Conf. Room

FEBRUARY 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	4	9:45 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Board of Directors Legislative Committee <i>(Meets 4th Monday of the Month)</i>	Monday	23	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	25	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	4 th Floor Conf. Room

MARCH 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	4	9:45 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday of every other Month)</i>	Thursday	19	9:45 a.m.	4 th Floor Conf. Room
Joint Policy Committee	Friday	20	10:00 a.m.	MTC Auditorium 101 8 th Street Oakland, CA 94607
Board of Directors Budget & Finance Committee <i>(Meets 4th Wednesday of each month)</i>	Wednesday	25	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>– (Meets 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	4 th Floor Conf. Room
HL - 1/13/09 (8:20 a.m.) P/Library/Forms/Calendar/Calendar/Moncal				

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Pamela Torliatt and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 12, 2009

Re: Board of Directors' Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Regular Board of Directors' meeting of January 7, 2009.

DISCUSSION

Attached for your review and approval are the draft minutes of the January 7, 2009 Regular Board of Directors' meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

DRAFT MINUTES

Board of Directors' Regular Meeting– January 7, 2009

Call To Order

Opening Comments: Chairperson Pamela Torliatt called the meeting to order at 9:47 a.m.

Roll Call: Present: Chairperson Pamela Torliatt, Vice Chairperson Brad Wagenknecht, Secretary Tom Bates, Harold Brown, Chris Daly, Dan Dunnigan, Susan Garner, John Gioia, Scott Haggerty, Jennifer Hosterman, Yoriko Kishimoto, Carol Klatt, Jake McGoldrick, Elizabeth Patterson, Mark Ross, Michael Shimansky and Gayle Uilkema

Absent: Liz Kniss, Nate Miley and Ken Yeager

Pledge of Allegiance: The Board of Directors recited the Pledge of Allegiance.

Swearing In of New

Board Members: New Board Members Susan Garner, Jennifer Hosterman and Elizabeth Patterson were sworn in.

Public Comment Period:

Francisco DeCosta, welcomed new Directors and spoke of Bayview Hunters Point air monitor readings and impacts.

Hank Ryan, Executive Director, Small Business California, expressed appreciation for progress made by District staff in addressing climate change, AB 32 and incentives for small businesses and discussed the Bay Area Green Business Program, suggesting that funding be well placed and expanded.

Daniel Landry, Bayview Hunters Point, welcomed new Directors and requested the Air District strictly enforce its air pollution regulations.

Executive Officer/APCO Jack Broadbent provided a brief update on exceedances which resulted in a shutdown by Lennar. He said further investigation was underway and that an update and timeline report, as requested by Chairperson Torliatt, would be provided at the upcoming Stationary Source Committee meeting.

Consent Calendar (Items 1 – 4)

1. Minutes of December 17, 2008
2. Communications
Information only.
3. District Personnel on Out-of-State Business Travel
In accordance with Section 5.4(b) of the District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that the attached memoranda lists District personnel who traveled on out-of-state business.
4. Approval of Proposed Amendments to the Air District's Administrative Code Division I-Operating Policies and Procedures of the Board of Directors, Section 2: Board of Directors, Officer – Duties; and Section 7: Advisory Council
Approval of proposed amendments to the Administrative Code Division I, Operating Policies and Procedures, of the Board of Directors, Section 2 Board Officer – Duties and Section 7: Advisory Council.

Board Action: Director Brown moved approval of Consent Calendar Items 1, 2, 3 and 4; seconded by Vice Chairperson Wagenknecht; carried unanimously without opposition.

CLOSED SESSION

5. Public Employee Performance Evaluation
Pursuant to Government Code Section 54957, the Board will meet in closed session to consider public employee performance evaluations conducted of the Executive Officer/APCO and the District Counsel.

OPEN SESSION

The Board of Directors reconvened the regular meeting at 11:15 a.m.

REPORT OF CLOSED SESSION

Chairperson Torliatt reported that the Board of Directors met in Closed Session and there was no reportable action taken.

OTHER BUSINESS

6. **Report of the Executive Officer/APCO**

Executive Officer/APCO Jack Broadbent gave the following report:

- The EPA has designated the Air District as a non-attainment area for the PM 2.5 standard and a SIP will be prepared which will address future actions;
- There have been 5 days over the PM_{2.5} standard (November 24, 5, 30, December 7 and 11) and 6 Wintertime Spare the Air Alerts have been called (November 19, 24, 25, December 7, 10, and January 4);

- There has been considerable press regarding the Port of Oakland requesting the Air District return funds, and this will be discussed at the Ad Hoc Committee on Port Emissions meeting of January 22, 2009;
- The California Air Resources Board adopted the AB 32 Scoping Plan in December. Included was resolution language for the Air District to assist in its implementation.

Directors discussed complaints from constituents relative to notification of when a Wintertime Spare the Air Alert is announced. Directors voiced the need for additional banners at the I-80 and I-680 bridges and ferry terminals, expanded outreach via radio/newspaper advertisements and discussed the process for notices of violation, fines and forecasting of alerts. Mr. Broadbent reported that the program would be evaluated at the end of the season as to its effectiveness, and he reiterated that 30% to 40% of particulate matter in the air was a direct result of wood burning.

7. **Chairperson's Report** - None
8. **Board Members' Comments** - None
9. **Time and Place of Next Meeting** – 9:45 a.m., Wednesday, January 21, 2009 – 41 Tunnel Street, Berkeley, CA 939 Ellis Street, San Francisco, CA 94705
10. **Adjournment** - The meeting adjourned at 11:35 a.m.

Lisa Harper
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Pamela Torliatt and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 22, 2008

Re: Board Communications Received from January 7, 2009 through January 20, 2009

RECOMMENDED ACTION

Receive and file.

DISCUSSION

A list of Communications directed to the Board of Directors' received by the Air District from January 7, 2009 through January 20, 2009, if any, will be at each Board member's place at the January 21, 2009 Regular Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Torliatt and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 13, 2009

Re: Set Public Hearing to Consider Proposed Amendments to Regulation 8, Rule 33: Gasoline Bulk Terminals and Gasoline Delivery Vehicles; and Regulation 8, Rule 39: Gasoline Bulk Plants and Gasoline Delivery Vehicles; and Adoption of a CEQA Negative Declaration

RECOMMENDED ACTION

Set a Public Hearing for February 4, 2009 to consider proposed amendments to Regulation 8, Rule 33: Gasoline Bulk Terminals and Gasoline Delivery Vehicles; and Regulation 8, Rule 39: Gasoline Bulk Plants and Gasoline Delivery Vehicles; and adoption of a Negative Declaration pursuant to the California Environmental Quality Act (CEQA).

BACKGROUND

Regulation 8, Rule 33 sets emission limits for volatile organic compounds (VOCs) from gasoline bulk terminals. Regulation 8, Rule 39 sets similar limits for gasoline bulk plants. These rules complement the California Air Resources Board's (CARB) regulation of gasoline cargo tank delivery vehicles and incorporate CARB's requirements for gasoline cargo tank delivery vehicles. The proposed amendments would fulfill the District's commitment to examine amendments to Regulation 8, Rule 33 and Rule 39 as stated in control measure SS-7: "Gasoline Bulk Terminals and Plants" of the Bay Area 2005 Ozone Strategy. Staff conducted workshops on these rules on October 6, 2008.

DISCUSSION

Proposed amendments to Regulation 8, Rule 33 and Rule 39 would reduce VOC emissions and reduce the frequency of events that cause episodic VOC emissions. The proposed amendments include:

1. A reduction in the allowable emission limit; and a requirement to monitor vapor recovery system performance to ensure the vapor recovery system operates properly;
2. A clarification of the vapor leak standards in the rules and reduction in the liquid leak standards;
3. A requirement that loading arm connectors and cargo tank vapor recovery connectors are compatible prior to gasoline loading, and meet vapor and reduced liquid leak standards;
4. A requirement to install pressure sensors to monitor vapor collection piping backpressure, and an alarm or automatic shutdown if backpressure exceeds 18 inches water column;

5. A requirement to install block or vapor check valves in each loading rack vapor collection header to minimize emissions when maintenance is required;
6. A requirement that vapor hose connectors are stored out of the way of the truck driveway to prevent damage to the connectors, which can be a significant source of VOC leakage;
7. A requirement to monitor vapor storage tank airspace emissions to ensure all leaks are discovered and repaired quickly;
8. A requirement to install sample lines on the pressure and vacuum sides of inaccessible pressure/vacuum valves to provide ready access to check for leaks;
9. A requirement to further control the release of organic compounds during maintenance and repair operations.
10. A requirement for an APCO-approved vapor recovery system monitoring, inspection, notification and reporting protocol.
11. A requirement to apply for CARB re-certification if substantive changes are made to equipment or throughput;
12. Revisions to definitions and updates to source test requirements for consistency with federal and state standards.

Pursuant to the California Environmental Quality Act (Public Resources Code § 21000 et seq.), an initial study for the proposed rule has been conducted, concluding that the proposed rule would not have significant adverse environmental impacts. Notice is hereby given that the District intends to adopt a negative declaration for the rule pursuant to Public Resources Code section 21080(c) and CEQA Guidelines section 15070 et seq.

A public hearing notice, proposed amendments to Regulation 8, Rules 33 and 39, the CEQA initial study and Negative Declaration, a socioeconomic analysis, and a staff report are available by request and have been posted on the District's website at http://www.baaqmd.gov/pln/ruledev/regulatory_public_hearings.htm.

BUDGET CONSIDERATIONS/FINANCIAL IMPACTS

None. The District already inspects and conducts source tests on gasoline bulk terminals and gasoline bulk plants. These amendments will not require additional District resources.

Respectfully submitted,

Jack P. Broadbent
Executive Officer / Air Pollution Control Officer

Prepared by: Guy Gimlen
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Pamela Torliatt and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 12, 2009

Re: Report of the Climate Protection Committee Meeting January 8, 2009

RECOMMENDED ACTION

Receive and file.

DISCUSSION

The Climate Protection Committee met on Thursday, January 8, 2009. The Committee received the following presentations:

- A) Update on key Air District Climate Protection Activities;
- B) Regional Climate Protection Vision;
- C) Update on SB 375; and
- D) Update on AB 32 Implementation.

Attached are the staff reports presented in the Climate Protection Committee packet.

Chairperson, Yoriko Kishimoto will provide an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Goodley

Attachment(s)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Kishimoto and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 23, 2008

Re: Update on Key District Climate Protection Program Activities

RECOMMENDED ACTION

None. For information only.

BACKGROUND

On June 1, 2005, the District Board of Directors adopted a resolution establishing a Climate Protection Program, integrating greenhouse gas reduction into current District functions, including grant programs, local government assistance, rule development, inventory development, and outreach activities. Since the launch of the Program, key milestones have been achieved, including a regional Climate Protection Summit featuring Al Gore in 2006, the awarding of 53 climate protection grants in 2007, and the adoption of a Greenhouse Gas Fee for Stationary Sources in 2008.

DISCUSSION

Staff will provide an update on major District Climate Protection Program activities, including:

- Inventory of Bay Area Greenhouse Gas Emissions
- 2009 Climate Protection Summit for Local Governments
- Climate grant-making
- Technical assistance to local governments
- State and regional collaborations

BUDGET CONSIDERATION / FINANCIAL IMPACT

None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Kishimoto and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 23, 2008

Re: Regional Climate Protection Vision

RECOMMENDED ACTION

None. For information only.

BACKGROUND

The Air District's Climate Protection Program aims to integrate climate protection into all Air District activities and to encourage and implement climate protection actions throughout the Bay Area. Major program accomplishments include but are not limited to: a regional climate protection summit featuring Al Gore, a \$3 million grant program, and a greenhouse gas emission cost recovery fee.

DISCUSSION

Climate protection activity continues to progress in the Bay Area, with more local governments taking action, and the State's plan for meeting the 2020 GHG targets moving into implementation. In light of this progress, staff is evaluating whether now is the appropriate time for the Air District, or another regional-level entity, to lead the region in a coordinated regional climate protection effort. This regional effort could address regional GHG reduction action or it could inspire the development of a vision for the Bay Area in 2050, when 80% GHG reductions should be achieved according to the Governor's Executive Order.

Staff will discuss concepts for a regional vision at your committee meeting.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Kishimoto and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 23, 2008

Re: Update on SB 375

RECOMMENDED ACTION

None. For information only.

BACKGROUND

Transportation is the major source of greenhouse gas emissions in California and the Bay Area. Recognizing this, the State Legislature passed and the Governor signed into law on September 30, 2008, Senate Bill 375 (SB 375), which makes climate protection an explicit factor in land use planning. SB 375 harnesses funding and regulatory incentives to align transportation, housing and land use planning to foster vehicle miles traveled (VMT) reduction and resulting reductions in fossil fuel use and greenhouse gas emissions. SB 375 establishes a process for the California Air Resources Board (CARB) to develop greenhouse gas emissions reduction targets for each region through the establishment of a Regional Targets Advisory Committee.

DISCUSSION

The Joint Policy Committee (JPC) agencies have been involved in several efforts targeting land use and transportation planning in the Bay Area, including the Focus our Vision process, the T-2035 Regional Transportation Plan update and the District's climate protection program activities. Staff will update the Committee on how these efforts can support the implementation of SB 375. Staff will also provide an update on the status of communication between the District, its fellow JPC agencies, and CARB on the development of the Regional Targets Advisory Committee and the District's potential role in the SB 375 process.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Kishimoto and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 23, 2008

Re: Update on AB 32 Implementation

RECOMMENDED ACTION

None. For information only.

BACKGROUND

The Global Warming Solutions Act of 2006 (AB 32) requires the Air Resources Board (ARB) to develop a Scoping Plan outlining how California will meet the target of reducing greenhouse gas emissions (GHG) to 1990 levels by 2020. During the public comment periods for the Scoping Plan, the District attended public hearings and submitted written comments (Board comment letter on the proposed Scoping Plan is attached).

DISCUSSION

ARB has adopted the AB 32 Scoping Plan on December 11, 2008. The Scoping Plan contains the main strategies California will use to achieve the AB 32 GHG reduction target. The Scoping Plan has a range of GHG reduction actions which include direct regulations, alternative compliance mechanisms, monetary and non-monetary incentives, voluntary actions, and market-based mechanisms such as a cap-and-trade system.

District staff will update the Climate Protection Committee on the final Scoping Plan and areas with greatest relevance to District programs.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

Attachments



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT
SINCE 1955

ALAMEDA COUNTY

Tom Bates
(Secretary)
Scott Haggerty
Janet Lockhart
Nate Miley

CONTRA COSTA COUNTY

John Gioia
Mark Ross
Michael Shimansky
Gayle B. Uilkema

MARIN COUNTY

Harold C. Brown, Jr.

NAPA COUNTY

Brad Wagenknecht
(Vice-Chairperson)

SAN FRANCISCO COUNTY

Chris Daly
Jake McGoldrick
Gavin Newsom

SAN MATEO COUNTY

Carol Klatt

SANTA CLARA COUNTY

Erin Garner
Yoriko Kishimoto
Liz Kniss
Ken Yeager

SOLANO COUNTY

John F. Silva

SONOMA COUNTY

Tim Smith
Pamela Torliatt
(Chairperson)

Jack P. Broadbent
EXECUTIVE OFFICER/APCO

December 3, 2008

Mary Nichols, Chairman
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Chairman Nichols:

The Bay Area Air Quality Management District (Air District) commends the California Air Resources Board (ARB) for the significant achievement it has made in preparing a far-reaching and aggressive Climate Change Proposed Scoping Plan for AB 32 implementation. It is clear that a great deal of thoughtful effort and collaboration has gone into the development of the Plan and we praise you and ARB staff on this tremendous effort.

Global climate change is arguably one of the greatest challenges faced by humankind in the twenty-first century. In the Bay Area we will be facing rising temperatures that make it ever more difficult to attain compliance with state and federal clean air standards, reduced snowpack that limits our water supplies, and rising sea levels that will threaten existing public and private infrastructure. Since establishing its Climate Protection Program in 2005, the Air District has made climate protection a top priority. The Air District seeks to support and complement current climate protection programs in the state and the region, stimulate additional emission reduction efforts through public education, outreach, and technical assistance to local governments and other interested parties, and promote collaboration among stakeholders. It is in this spirit of collaboration that the Air District shares the following recommendations with ARB to strengthen the Proposed Scoping Plan implementation.

- 1) Recognizing that local air districts already have established relationships with stationary sources of greenhouse gas emissions, and programs in place to permit, regulate and verify emissions from those sources, the Air District recommends that ARB recognize the appropriateness of local air districts to implement greenhouse gas reduction rules applying to sources within their jurisdiction.
- 2) Due to the costs associated with rule development, administration and enforcement activities, the Air District recommends that ARB acknowledge the establishment of cost recovery mechanisms by implementing agencies. Such mechanisms may include direct fees or upstream funding provided by the state.

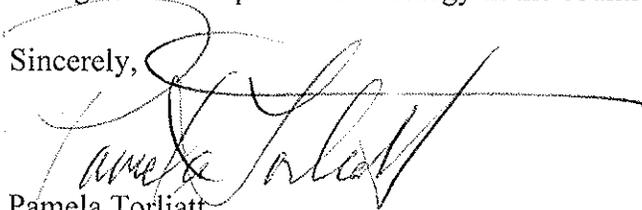
Spare the Air

- 3) The Air District has participated in ARB's protocol development and recommends that ARB expand the breadth of protocols under development and designate resources to accelerate protocol development in a collaborative and transparent manner.
- 4) Given the clear role local air districts play in regulating stationary sources of criteria pollutants, toxic air contaminants and greenhouse gas emissions, through rule development, permitting and compliance, the Air District recommends that ARB clearly articulate a collaborative process with local air districts to develop a workplan for local air district participation in AB 32 implementation.
- 5) Finally, the Air District recommends that the Scoping Plan lay out a stronger role for local land use planning in the overall emission reduction strategy. This should be reflected in a significant increase of the anticipated reduction from local land use planning from the 5 MMT figure currently listed in the Plan. In order to empower local governments to accelerate their implementation of emission-reducing policies and projects, the Air District recommends that the Scoping Plan include clearly defined resources from the state to support local efforts, such as increased funding and financing, additional quantification protocols, and targeted technical assistance. The attached principles from the Air District's Advisory Council address these and other issues.

The Air District supports the resolution language submitted by CAPCOA (attached) as a mechanism for addressing these Scoping Plan implementation issues.

On behalf of the Bay Area Air Quality Management District, I applaud the work that you and your staff have done to date on the Scoping Plan. The Air District looks forward to continued collaboration and partnership with ARB in implementing the strongest climate protection strategy in the country.

Sincerely,



Pamela Torliatt
Chair, Board of Directors
Bay Area Air Quality Management District

Attachment(s)

Advisory Council Principles
CAPCOA Resolution

Bay Area Air Quality Management District
Advisory Council Principles on the AB 32 Scoping Plan

Adopted September 10, 2008

1. Climate protection actions can and should reinforce current efforts to reduce criteria and toxic air contaminants. Other benefits include lower heating and cooling costs, reduced water use and improvements in energy efficiency and public health;
2. Given that the transportation sector contributes approximately 40% of all global warming emissions in California, the Scoping Plan needs to include more aggressive emission reduction targets for land use and transportation. The plan should encourage efficient, non-auto dependent growth and compact development close to resources, jobs and transit;
3. By taking a strong leadership role now, California will realize compounded and co-occurring benefits from future land use and transportation planning undertaken now. Actions not taken will cost all Californians more in the future;
4. Given that bus and train ridership is at an all-time high in California and that transit agencies are chronically underfunded, the Scoping Plan needs to address crucial transit investments and promote transportation efficiency to give Californians better transportation options, including biking and walking;
5. The California Air Resources Board (CARB) should set firm targets for regions but authorize regions and localities to choose from a flexible set of policy tools to achieve the targets. Targets need to be set using a transparent, justifiable methodology, and once set progress should be measured in the same process and reviewed in shorter timeframes in order for it to be consistent over the years;
6. The Air District supports the adoption of a series of key policy tools currently under consideration, including the Indirect Source Rule, Pay-As-You Drive Insurance, Congestion Pricing and incentive programs. Other innovative measures could include alternative parking management practices (e.g. the "SFPark Program), speed reduction measures and new carbon fees to assist and reward jurisdictions successful in meeting planned targets;
7. The plan should make it a top priority to invest in and sustain public transportation and programs to improve transportation efficiency and reduce congestion. In many cases, the state, regions, and local agencies can simply redirect funds they are already going to spend. For instance, the statewide plan should encourage metropolitan planning organizations to re-examine committed funds in their long-term transportation plans;
8. Cities, counties and regions should be given incentives to develop in less fire-prone areas, manage vegetation and conserve forests and agriculture in order to sequester carbon and improve air quality.

**CAPCOA Recommended Additions to the Adopting Resolution
for the Proposed Scoping Plan**

WHEREAS, the CARB Board wishes to ensure efficient and effective implementation of the Scoping Plan and its implementing regulations and programs; and

WHEREAS, the CARB Board believes the existing air pollution control program provides a sound platform for state direction and oversight of local implementation and enforcement of greenhouse gas requirements for stationary sources; and

WHEREAS, the CARB Board wishes to promote integration of requirements for stationary sources across criteria, toxic, and greenhouse gas air pollution programs, and to minimize duplication, redundancy, and costs;

THEREFORE BE IT RESOLVED, that the CARB Board directs staff that as state rules are developed for sources that are under local air district permitting and/or compliance programs that enable permitting and enforcement of these rules at the local level to maximize administrative efficiency and take advantage of the expertise and resources that are available; and

BE IT FURTHER RESOLVED, that the CARB Board directs staff to propose in each rule, a mechanism for cost recovery where local air districts would collect fees for rules that they are implementing, and pass a portion of the fees on to CARB, as appropriate, and to provide local air districts the option to adjust their portion of the fees, if needed; and

BE IT FURTHER RESOLVED, that the CARB Board directs staff to devote resources to work with CAPCOA on development of additional emission quantification protocols and to review and consider approval of the protocols in a timely manner; and

BE IT FURTHER RESOLVED, that the CARB Board directs staff to work with CAPCOA to develop a workplan for air district participation in AB 32 implementation (i.e., permitting, enforcement, protocol development, emission inventory, local government outreach, and other applicable areas) and bring the workplan to the CARB Board for review and approval in Spring 2009.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Pamela Torliatt and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 12, 2009

Re: Report of the Legislative Committee Meeting of January 8, 2009

RECOMMENDED ACTIONS

Receive and file.

DISCUSSION

The Legislative Committee met on Thursday, January 8, 2009. Staff presented legislative proposals for the 2009 legislative year.

Attached are staff reports presented in the Legislative Committee packet.

Committee Chair Tom Bates will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Goodley

Attachment(s)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Bates and
Members of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 31, 2008

Re: Potential Legislative Proposals for 2009

RECOMMENDED ACTION:

Consider legislative proposals for the upcoming year, and recommend a 2009 legislative agenda to the Board.

BACKGROUND

With the November 4th election concluded, the composition of the 2009-2010 California Legislature is determined. There are 28 new members at the Capitol, all in the Assembly. All members of the Senate are either incumbents or returning as alumni of the Assembly. California's unprecedented fiscal problems are expected to dominate legislative action in 2009. Rough estimates of the budget gap over the next 17 months are over \$42 billion, and grow by roughly \$40 million each day of inaction. To attempt to address the problem, the Governor has called another special session, and is conducting meetings with legislative leadership. However, no resolution appears likely at this time. Staff believe that the fiscal crisis will have a pronounced effect on virtually all legislative activity in 2009, as well as on regulatory actions by agencies such as the Air Resources Board. Any policy bills that have some cost to the State, even relatively low costs, appear very unlikely to advance. Even bills without direct costs to the State, but with possible indirect State costs or costs to consumers or businesses, will be affected. Nevertheless, legislative staff have been considering different proposals for introduction as bills. Bills must be submitted to Legislative Counsel by January 30th, and introduced by February 27th.

DISCUSSION

Staff will verbally present potential ideas for the Committee to consider as it discusses a 2009 legislative agenda for the District.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Thomas Addison

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson, Pamela Torliatt and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 12, 2009

Re: Report of the Stationary Source Committee Meeting of January 12, 2009

RECOMMENDED ACTION

The Committee may recommend Board of Directors' approval of a proposed protocol for notification to the Board of Directors and the public when significant settlements are reached. The proposed protocol is attached for your review.

BACKGROUND

The Stationary Source Committee met on Monday, January 12, 2009.

The Committee received the following reports and presentations:

- A) Status Update on Various Bay Area Projects and Facilities;
- B) Consideration and Discussion of Draft Protocol for Notification of Settlements; and
- C) Proposed Amendments to Regulation 8, Rule 33: Gasoline Bulk Terminals and Gasoline Delivery Vehicles and Regulation 8, Rule 39: Gasoline Bulk Plants and Gasoline Delivery Vehicles.

The Committee provided direction relative to the proposed protocol. In response to a question asked regarding non-compliance with legal requirements, the Air District does not provide notice and opportunity for public participation in settlements of civil penalty matters. The Air District's Counsel has reviewed all statutory and regulatory requirements applicable to the Air District's enforcement program and has determined that current and proposed practices are in compliance with those requirements.

Also, attached are the staff reports presented in the Stationary Source Committee packet for your review.

Chairperson, John Gioia will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Ann Goodley

Attachment(s)

PROPOSED
Protocol for Notification of Settlements

January 14, 2009

The Bay Area Air Quality Management District will execute the following notification protocol for settlements of \$100,000 or greater.

- All board members will be notified within one business day of settlements.
- The public will have the opportunity to sign up for a list server to provide automatic notification within one business day of settlements.
- Re-notification will occur if the settlement funds are not received by the District.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 23, 2008

Re: Proposed Amendments to Regulation 8, Rule 33: Organic Compounds
from Gasoline Bulk Terminals and Gasoline Delivery Vehicles; and
Regulation 8, Rule 39: Organic Compounds from Gasoline Bulk Plants
and Gasoline Delivery Vehicles

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

The 2005 Ozone Strategy Control Measure SS-7 identified Regulation 8, Rule 33, and Regulation 8, Rule 39 as areas of opportunity for further volatile organic compound (VOC) reductions from gasoline bulk terminals, bulk plants, and gasoline delivery vehicles. Staff developed proposed amendments to the rules and held public workshops, and has scheduled a public hearing on the proposed amendments for February 4, 2009.

DISCUSSION

In this report, staff will present information on:

- Background on VOC emissions from gasoline terminals, bulk plants and delivery vehicles;
- Proposed amendments to Regulation 8, Rule 33, and Regulation 8, Rule 39;
- Potential VOC emission reductions and costs; and
- Rule development process and comments received.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Guy Gimlen
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 23, 2008

Re: Proposed Amendments to Regulation 8, Rule 3: Architectural Coatings

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

The Air District regulates emissions of volatile organic compounds (VOC) from architectural coatings through limits set forth in Regulation 8, Rule 3: Architectural Coatings (Rule 8-3). Rule 8-3, which was adopted on March 1, 1978 and last amended on November 21, 2001, sets limits on the amount of VOCs that are allowed in various types of coatings used on architectural structures, such as buildings, signs, bridges, and roadways, in the Bay Area. The current inventory of VOC emissions from architectural coatings in the Bay Area is approximately 16.9 tons per day.

DISCUSSION

In this report, staff will provide the Committee with information on:

- Background on VOC emissions from architectural coatings;
- Proposed amendments to Regulation 8, Rule 3;
- Potential VOC emission reductions; and
- Next steps in the rule development process.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Victor Douglas
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 2, 2009

Re: Status Update on Various Bay Area Projects and Facilities

RECOMMENDED ACTION

Receive and file.

BACKGROUND

In recent months, members of the public have expressed concerns to the Board of Directors regarding several Bay Area projects and facilities that are under the Air District's regulatory jurisdiction. These projects are as follows:

1. Lennar Bay View Hunters Point Shipyard Parcel A' Redevelopment Project
2. Russell City Energy Center Project
3. Custom Alloy Scrap Sales Facility
4. Pacific Steel Casting Facility
5. Lehigh Southwest Cement Facility

DISCUSSION

Staff has prepared Fact Sheets for each of these projects/facilities that provide background information, a summary of public comments/issues, and an update on current project or facility status. These Fact Sheets are attached. Staff will provide the committee with a brief summary of these materials at the meeting on January 12, 2009.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Reviewed by: Jeffrey Mckay

Fact Sheet
Lennar Bay View Hunters Point Shipyard Parcel A' Redevelopment Project
January 2, 2009

Background

- In 2005, the Board of Supervisors of the City and County of San Francisco and the San Francisco Redevelopment Agency approved the transfer of Parcel A' of the Bay View Hunters Point Shipyard to Lennar BVHP, LLC ("Lennar") for a redevelopment project in which Lennar plans to construct approximately 1,600 attached single family homes.
- Parcel A' is located in an area that contains naturally occurring asbestos (NOA), which is a term used for several types of fibrous minerals found in ultramafic and serpentine rock. Grading and construction activities at the site are subject to requirements of CARB's Asbestos Airborne Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations ("the ATCM"), which is intended to limit the public's exposure to NOA.
- The ATCM requires that construction and grading operations be conducted in accordance with an Asbestos Dust Mitigation Plan (ADMP) that has been approved by the local air district. ADMPs must contain dust mitigation measures addressing topics such as the control of dust tracked out from the construction site, and the limitation of dust emissions from the offsite transportation of excavated soil. The ATCM also allows air districts to require that an ADMP provide for ambient air monitoring for asbestos.
- On October 7, 2005, the Air District approved the ADMP, which Lennar submitted pursuant to the ATCM. The ADMP includes all the dust mitigation measures the ATCM mandates, and further requires Lennar to conduct air monitoring for asbestos and establishes specific action levels based on air monitoring results. The ADMP includes, among other mitigation measures, measures to suppress dust during earth moving activities; prevent track-out of dust onto public roads; limit the emission of dust from soil storage piles and during offsite soil transport; and stabilize the ground after construction.
- In order to protect public health, the District incorporated into the ADMP requirements that Lennar take action to reduce the concentration of asbestos in the air around Parcel A' when the ADMP-required air monitors indicate asbestos concentrations have reached either of two action levels. The District based the action levels on health risk assessment protocols established by the State Office of Environmental Health Hazard Assessment (OEHHA). The first action level in the ADMP is set at 1,600 asbestos structures per cubic meter and requires that Lennar notify the District and implement more stringent dust control measures. The second action level in the ADMP is set at 16,000 asbestos structures per cubic meter and requires Lennar to stop work until asbestos levels decline.
- The District considers the action levels established in the approved ADMP to be conservative and health protective because they are based on annual average concentrations and assume continuous exposure over a 70-year lifetime. Exceeding the action levels on an occasional basis will not cause any significant increase in health risk.

- Based on ambient asbestos monitoring data, and using risk assessment protocols established by OEHHA, in November 2008 the District estimated the cancer health risk associated with NOA released by construction and grading activity at Parcel A' by monitoring station as follows: Station HV1 – 1.5 in a million, Station HV2 – 1.2 in a million, Station HV4 – 2.4 in a million, Station HV5 – .9 in a million, Station HV6 – 0.6 in a million. These risk estimates are well below established significance levels for projects.
- The District issued the following two Notices of Violation (NOVs) to Lennar alleging violations of the ADMP: NOV#A46068, issued 9/9/06, alleges a failure to properly conduct air monitoring for a period of time, and a failure to provide a gravel truck wheel wash bed at an exit road. NOV#A46075, issued 10/26/07, alleges the overfilling of trucks with material and a failure to maintain wheel wash beds free of accumulated material. Both NOVs were settled on August 12, 2008, without litigation, in accordance with California Health and Safety Code section 42403(b), for a civil penalty of \$515,000. The District received full payment of the civil penalty in early September 2008.

Public Comments/Issues

- Bay View Hunters Point (BVHP) community members have expressed concerns over health effects resulting from construction activities at the Parcel A' site, and in particular Lennar's violations of the terms of their ADMP. The issues were discussed as an agenda item at the Board of Directors' Stationary Source Committee meeting on October 29, 2007.
- On November 14, 2007, District staff met with Minister Christopher Mohammed to discuss the Parcel A' project, and meetings with Minister Mohammed and other representatives of BVHP were also held on March 18, April 15 and November 12, 2008. On November 15, 2008, District staff held a community meeting to provide an overview of the Bay Area 2009 Clean Air Plan and to provide an update on the Community Air risk Evaluation Program. Issues relating naturally occurring Asbestos (NOA) were also discussed at that meeting.

Project Status

- Lennar has completed major grading at Parcel A', though other work subject to the ATCM continues. The District continues to conduct frequent, regular inspections to determine compliance with the ATCM.
- The violations at the Parcel A' site were corrected by Lennar shortly after the NOVs were issued by the District.

Fact Sheet
Russell City Energy Center
January 2, 2009

Background

- The Russell City Energy Center (RCEC) is a proposed 600-MW natural gas fired combined cycle power plant to be located in Hayward. The initial project, proposed by an affiliate of Calpine Corporation, received all necessary air quality permits and was licensed by the California Energy Commission (CEC) in 2002. The project description was amended in 2006 to move the site 1,300 feet from the original proposed site, and an application for an amended Certification was submitted to the CEC and a new permit application was submitted to the District.
- The RCEC includes two gas turbines and two heat recovery boilers. In accordance with District rules, this combustion equipment must use the Best Available Technology (BACT) to minimize emissions. BACT requirements for the project are met with the use of selective catalytic reduction (SCR) systems, oxidation catalysts, the exclusive use of natural gas fuel, and modern combustion controls. The project is also subject to emission offset requirements, Prevention of Significant Deterioration (PSD) analysis requirements, and health risk screening analysis (HRSA) requirements.
- On June 19, 2007, the District issued a Final Determination of Compliance (FDOC) for the amended RCEC, concluding that the project, with appropriate permit conditions, could comply with all applicable air quality requirements.
- On September 26, 2007, the CEC approved the RCEC and granted a power plant license. The District subsequently issued an Authority to Construct (ATC) for the RCEC on November 1, 2007. The District ATC also serves as an integrated federal PSD permit under a District/EPA PSD delegation agreement.

Public Comments/Issues

- The District held a public comment period at the time of issuance of a Preliminary Determination of Compliance for the amended project. Members of the public made no comments on the project.
- Requests were made to the CEC by several parties to intervene and reopen the administrative proceedings and evidentiary record for the RCEC project after the amended power plant license was issued. The CEC issued an order to deny petitions for intervention and reconsideration on November 11, 2007. The CEC order was appealed to the California Supreme Court, and the Court subsequently declined to hear the case.
- A resident of Hayward filed an appeal of the Authority to Construct for the RCEC with the District's Hearing, and a hearing was held on March 6, 2008. The Hearing Board dismissed the appeal.

- The resident also filed an appeal with the EPA's Environmental Appeals Board (EAB) regarding the PSD permit issued by the District. On July 29, 2008, the EAB issued a remand order for the District to re-notice the PSD permit for public review using the federal notice requirements in 40 CFR Part 124.10. The EAB remand was based entirely on public noticing procedures, and not on substantive air quality issues. Up to this point, based on input from EPA Region IX staff, the District had been following the noticing requirements in District regulations for PSD permits.

Project Status

- Since the EAB remand, District staff has worked on preparing the PSD permit re-notice. The federal noticing requirements are considerably more detailed than the District requirements, and involve both general noticing for the purpose of maintaining a PSD mailing list, as well as project-specific noticing.
- The general noticing was completed in November 2008, and included: (1) publication in 18 periodicals/newspapers with coverage in each of the nine Bay Area counties, (2) issuance of a press release to numerous newspapers and other news outlets and posted on the District website, (3) creation of a comprehensive agency mailing list including local city, regional, state, and federal agencies, the Native American Heritage Commission, and the departments within these agencies that may have permit interest, and (4) creation of a comprehensive interested parties list including California Energy Commission mailing lists used for several Bay Area power plant projects including the RCEC, and all parties in District records that have previously commented on, or attended public meetings held for, Title V, Major NSR and/or PSD permits.
- The District began the project-specific re-noticing on December 8, 2008. Approximately 1900 notices were mailed-out. The public notice was also published in The Hayward Daily Review, The Oakland Tribune, and El Mensajero (in Spanish). A Statement of Basis and Fact Sheet for the project have been posted on the District website.
- A Public Hearing on the project has been scheduled for 6:30 pm on January 21, 2009, at Hayward City Hall.
- The District will accept public comments on the project through January 22, 2009. Following the public comment period, District staff will consider the comments received, and re-evaluate whether the project has met applicable PSD requirements. After responding to comments, the District will take final action on the PSD permit.

Fact Sheet
Custom Alloy Scrap Sales, Inc
January 2, 2009

Background

- Custom Alloy Scrap Sales (CASS) was established in 1970 in Oakland. CASS is a secondary aluminum production and metal recycling facility. The facility recycles a variety of metals, such as brass, copper, stainless steel, and aluminum. The facility is located in an industrial/commercial area, and is adjacent to a residential neighborhood.
- Recycled materials are received and sorted at CASS. Once the sorting process has been completed, the material is prepared for shipment by baling or shredding, or by the smelting operation, where furnaces operate to produce secondary aluminum ingot.
- The facility operates three District-permitted sources of air pollution which are all natural gas-fired furnaces used in the recovery of scrap aluminum. A sweat furnace handles the scrap that may contain impurities (e.g., wheels, engine blocks). A reverberatory furnace handles scrap that is relatively clean (e.g., metals turnings). A holding furnace handles aluminum that has been processed in the sweat furnace prior to being poured into ingot.
- Emissions from the holding and sweat furnaces are abated by two direct afterburners in series, a cyclone, and a lime-injected baghouse, while emissions from the reverberatory furnace are abated by the baghouse. Afterburner temperatures and baghouse leaks are monitored continuously.
- CASS is subject to several different air quality rules and regulations. These include the National Emission Standards for Hazardous Air Pollutants (NESHAP) for Secondary Aluminum Production, and a State Airborne Toxic Control Measure (ATCM) for Non-Ferrous Metal Melting.
- A NESHAP compliance source test was conducted at CASS in March 2007 with all three furnaces operating. This testing determined emissions of chlorinated dioxins and furans, and a variety of trace metals. Using the source test results, a Health Risk Screening Analysis (HRSA) was conducted by District staff. The results of the HRSA indicate that the maximum cancer risk is 0.3 in a million, the maximum chronic non-cancer hazard index is 0.002, and the maximum acute hazard index is 0.0002. These health risks are not considered to be significant under District requirements.
- The District received no air pollution complaints related to CASS from 2000 to 2005. Starting in 2006, the District has received 43 air pollution complaints alleging CASS. Nearly all of these complaints are for odors. Each complaint was investigated and did not result in the issuance of any violations of applicable requirements.

Public Comments/Issues

- On July 10, 2008, District staff met with community members at a meeting organized by Oakland City Councilmember Nancy Nadel. Concerns were expressed over preliminary ambient air sampling for metals conducted near CASS by the non-profit organization Global Community Monitor. Requests for funding additional air monitoring were made. Concerns were also expressed about odors and visible emissions from fires and/or other events at the facility. District staff responded in detail to sixteen questions regarding CASS that were submitted as a follow-up to this meeting.
- On August 28, 2008, staff met with representatives of Global Community Monitor, the Rose Foundation, Golden Gate University Environmental Law and Justice Clinic, and resident Linda McFadden. At this meeting, the responses to community questions were discussed, and requested permit documents and other public records were provided.
- Concerns have also been expressed over the District's "automatic" renewal of CASS' annual Permit to Operate (PTO) in September 2008. Some comments indicated that a more recent source test should have been required prior to PTO renewal.
- Since the July 10 community meeting, District inspectors have responded to a number of complaints made by individuals in the vicinity of CASS, primarily for odors.

Facility Status

- The District has increased the frequency of inspections at CASS since the July 10 meeting with community members. The most recent inspections were conducted on September 19, August 13, and August 20. The facility was found to be in compliance with the applicable air quality requirements. In addition, District inspectors continue to respond to air pollution complaints made by individuals in the vicinity of CASS, primarily for odors. In each case, a District inspector contacts the complainant and conducts follow-up investigations at CASS. Inspections of source operations did not discover any violations of applicable air quality rules and regulations. District inspection staff continues to conduct frequent compliance inspections of CASS.
- District staff has provided a commitment to conduct ambient air quality monitoring in the vicinity of CASS as a part of a larger-scale West Oakland monitoring project that is being planned under the District's CARE program in 2009. Staff has been in communication with community members regarding the siting of these monitors.
- In a December 4, 2008, letter to Councilperson Nadel, the District explained that the renewal of a facility's PTO is required under law upon payment of permit fees, except in very limited circumstances. The District may refuse to renew a PTO for a facility only if: (1) the facility has violated applicable air quality rules or regulations in the preceding three year period resulting in excessive emissions, (2) a notice of violation was issued for these violations, and (3) the violations demonstrate a recurring pattern of noncompliance or have posed a significant risk to public health or safety, or to the environment. In the case of CASS, the facility was inspected prior to the most recent permit renewal and found to be in compliance with applicable air quality

requirements, and the District has not issued the facility any notices of violation in the preceding three-year period. In addition, no changes in applicable rules and regulations have been made that would require updating of the existing permit conditions.

- Source test requirements for CASS' furnaces are established in the NESHAP, which specify that an initial compliance stack test be completed followed by continuous parametric monitoring of the control devices. In addition, requirements for more frequent source testing of toxic air contaminant emissions were not triggered under District policy based on the results of the HRSA. There was therefore no requirement for additional source testing to be completed prior to renewing CASS' annual PTO.

Fact Sheet
Pacific Steel Casting Company
January 5, 2009

Background

- Pacific Steel Casting Company (PSC) is located at Gilman and Second Streets near Highway 80, in Berkeley and is one of four largest surviving steel foundries in the country. PSC produces steel castings for bridges, wheelchair lifts, truck parts, agricultural equipment, valves for sanitary sewers, public water systems, the oil and gas industry, landfill compactors and structuring parts for buildings. The company was founded in 1934 and has grown steadily throughout the years, producing custom castings ranging in various sizes at its three plants. PSC describes its plants as follows:
 - **Site #A0187, Plant 1** began operations in the 1930's making medium sized castings using primarily the Green Sand molding process. The binder for green sand molds is a combination of clay, water, and cornstarch compacted to form the molds.
 - **Site #A0703, Plant 2** began operations in 1975. This plant uses a Shell process for the molding system. This sand molding process uses a binder mixed with the sand and baked to form the molds and cores for the castings.
 - **Site #A1603, Plant 3** began operations in 1981. This plant primarily uses a phenolic urethane binder, a chemical binder mixed with the sand.
- Recycled scrap steel and other metals are turned into parts by: (1) creating a mold, which consists of sand bound together in a specific shape (the sand is typically mixed with an organic binder material for this purpose), (2) melting the metal in an electric arc furnace, (3) pouring the molten metal into the cavity of the mold, and waiting for the metal to cool and harden, (4) removing the cast component by shakeout of the sand mold, and (5) various finishing steps which can include grinding and heat treating of steel parts.
- The Bay Area Air Quality Management District (District) has a long history of regulating PSC's three steel foundry plants. From 1981 to 1991, the District took numerous enforcement actions to resolve odor problems, including obtaining an order of abatement in December 1984 from the Hearing Board. PSC installed odor abatement equipment (carbon adsorption units) in the Plants 1 in 1985 and in Plant 2 in 1991, and odor complaints dropped off significantly. From 1991 until November 2000, when the District Hearing Board removed the order of abatement, the District issued no public nuisance NOV's.
- Starting in 2005, odor complaints began to increase, perhaps as a result of increased foundry production in Plant 3, and PSC was issued six Notices of Violation (NOV) for causing public nuisances for "burnt pot handle" odors, the first on March 23, 2005. Three more NOV's were issued, two for permit condition violations and one for an opacity violation, for a total of nine NOV's that year.

- In December of 2005, the District entered into a settlement agreement to resolve the nine NOVs. The District obtained a commitment from PSC to install odor abatement equipment at Plant 3, and prepare an Odor Management Plan to address odorous emissions from the facility. The Plant 3 odor abatement equipment included the installation of a fugitive emissions enclosure in the pouring cooling area, a carbon adsorption air pollution abatement device (carbon adsorption unit) and continuous monitoring to determine the need for carbon change-out. On October 15, 2006, PSC completed the installation of the Plant 3 carbon adsorption unit. Through this process the District was able to obtain a binding commitment to install abatement equipment on Plant 3 within 10 months, whereas installation of other controls took over 10 years for Plant 1 and Plant 2.
- The increase in Plant 3 emissions also resulted in the requirement for PSC to prepare a facility-wide Health Risk assessment (HRA) under the requirement of the State Air Toxic Hot Spots Program. The District notified PSC of this requirement in April 2005. The HRA was preceded by a comprehensive supplemental emissions testing program for the purpose of refining and improving the facility's air toxic emissions inventory. In order to provide the community with a public input process, the District provided a public comment period for the HRA, and three preceding documents that establish the technical basis for the HRA (i.e., the HRA protocol, the supplemental emissions testing protocol, and the updated emissions inventory report).

Public Comments/Issues

- Community members have expressed a variety of concerns over odors and health effects associated with PSC's air emissions. The District held or participated in six community meetings in West Berkeley to discuss these issues over the last four years. The most recent meeting was on January 9, 2008.
- Community members have requested that ambient air monitoring be conducted in the vicinity of PSC. In response, the District installed a comprehensive air monitoring station located near the intersection 6th Street and Camelia Street in Berkeley, which became operational on December 12, 2007. On January 8, 2008, District staff conducted an informational meeting and tour for interested community members. The District will prepare a summary of the site's air monitoring data, including comparisons to air quality standards and toxic health effects values, after a full year of data has been collected, analyzed, and quality assured. The District has also provided funding for the non-profit organization Global Community Monitor to collect air samples for various metals near PSC, but this monitoring provided very limited data and was not conducted in a manner necessary to evaluate health risks associated with PSC.

Facility Status

- The District approved PSC's final HRA on November 24, 2008. The maximum health risks are below levels that require mandatory risk reduction measures under District policies and procedures. However, quarterly public notification of health risks is required. PSC recently sent out the first notice. The notification area includes nearby businesses and one live \ work complex.

- Within the last year, PSC has implemented three significant emission reduction projects, which PSC entitles in the HRA as “Future Controlled Conditions.” These projects are: (1) in Plant 1, the upgrade of capture and control of fugitive emissions from the electric arc furnace tap-out area, (2) in Plant 3, an upgrade project to abate fugitive emissions at the electric arc furnace, and (3) in Plant 3, a switch to a binder containing less volatile organic compounds.
- On October 3, 2008, the District approved PSC’s Odor Management Plan, the last requirement of PSC’s 2005 Settlement Agreement with the District.
- District inspection staff continues to conduct frequent compliance inspections of PSC. Air pollution complaints from the public have decreased since the installation of the carbon adsorption unit at Plant #3. The District continues to respond and investigate the public’s air pollution complaints.

Fact Sheet
Lehigh Southwest Cement Plant
January 2, 2009

Background

- The Lehigh Southwest Cement Plant (formerly Hanson) is located in unincorporated Cupertino. Mining on the site dates back to the 1880's, and the cement plant was established in 1939.
- This facility excavates limestone from an on-site quarry for use as a raw material. The raw materials are crushed into a fine powder and blended in the correct proportions. This blended raw material is heated in a rotary kiln where it reaches a temperature of about 2,800 degrees Fahrenheit. The material formed in the kiln, known as "clinker", is subsequently grinded and blended with gypsum to form cement.
- Nitrogen oxides (NO_x), sulfur dioxide (SO₂), and particulate matter (PM), are the primary criteria air pollutants emitted from cement manufacturing. Small quantities of volatile organic compounds (VOC), including the toxic air contaminant (TAC) benzene, are also emitted from incomplete combustion in the kiln. TAC emissions also include trace metals such as mercury, cadmium, chromium, arsenic, nickel, and manganese. The kiln exhaust is equipped with NO_x and SO₂ continuous emissions monitors to determine compliance with applicable emission limitations. PM and metallic TAC emissions are controlled at the facility by fabric filtration, which is used at various material crushing, grinding, and loading operations, and at the kiln which is the largest source of emissions.
- Lehigh is subject to a variety of District, State, and federal air quality rules and regulations that are delineated in the facility's lengthy Title V permit. A Health Risk Assessment (HRA) completed under the Air Toxics Hot Spots program indicates that the maximum public health risks associated with facility's TAC emissions are under thresholds requiring public notification.

Public Comments/Issues

- In November 2007, District staff met with representatives of the West Valley Citizen Air Watch (WVCAW) to discuss the Quarry Reclamation Project, and other air quality issues associated with the facility. The Reclamation Project entails modification of the existing Reclamation Plan for mining and reclamation activities at the facility's quarry, which expires in March 2010. The proposed Reclamation Plan Amendment, issued by Santa Clara County, would expand the existing Reclamation Plan area, include a new quarry pit that would potentially be located closer to the residential area, and extend the quarry's termination date by 25 years.
- WVCAW submitted a lengthy set of questions to the District regarding the Reclamation Project, and other aspects of the facility's existing operation. The District finalized a response to this information request in March 2008. The District has subsequently processed a number of public records requests submitted by WVCAW regarding information associated with the Hanson facility.

- On October 22, 2008, District staff participated in a community meeting organized by the Santa Clara County Office of Planning to answer questions about the facility and the Reclamation Project. A variety of concerns were expressed at this meeting including the use of petroleum coke as a fuel, general dust emissions, mercury emissions, hexavalent chromium emissions, and emissions from truck traffic.

Facility Status

- The facility started using 100% petroleum coke as a fuel on May 30, 2007, after receiving a permit from the District for this fuel change. Prior to this project, the typical fuel mix had consisted of 90% coal and 10% coke. Emissions data show that this fuel change has reduced SO₂ and CO emissions, and has had no significant effect on the emissions of other regulated air pollutants. On October 31, 2008, at the request of EPA Region IX, Lehigh submitted a demonstration that the fuel change project did not trigger federal PSD permit requirements. EPA has not yet finalized their review of this submittal.
- District staff conferred with staff of MBUAPCD and SCAQMD regarding the reason for elevated levels of hexavalent chromium reported downwind of cement plants located in Davenport and Oro Grande, California. This issue received Bay Area press coverage earlier this year. It is believed that these elevated chromium levels are the result of the use of steel slag as a raw material and/or the use of uncovered clinker storage piles. The Lehigh facility in the Bay Area uses a naturally occurring iron ore that has much lower chromium levels than steel slag, and also utilizes enclosed silos rather than storage piles for clinker storage. The District has requested that Lehigh collect additional data regarding chromium (as well as mercury and other metallic TACs) levels in fugitive dust samples at the facility. This information is due to be submitted to the District in the first quarter of 2009.
- Following an article appearing in the San Francisco Chronicle, District staff has provided community members with information regarding the health effects associated with mercury emissions from the Lehigh cement kiln. Based on HRA results, the mercury health risks are expected to be well below reference Exposure Levels established by Cal/EPA's Office of Environmental Health Hazard Assessment (OEHHA).
- Lehigh has withdrawn a permit application that had been submitted to further increase the permitted coke usage at their facility. A separate application for the use of biofuels in the kiln has been placed on an inactive status at the request of the applicant.
- District staff has contacted representatives of Hanson for the purpose of conducting outreach to truckers regarding the availability of goods movement program grants to reduce emissions from on-road trucks using the facility.
- In November 2008, the District started-up an ambient air monitor in the vicinity of the Hanson facility adjacent to Stevens Creek Boulevard. The monitor will continuously record particulate matter levels in the air.
- Santa Clara County has indicated that the Hanson Quarry Reclamation Plan Amendment is currently on hold pending additional geologic studies.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 5, 2009

Re: Consideration and Discussion of Draft Protocol for Notification of Settlements

RECOMMENDED ACTION:

Consider recommending Board of Directors' approval of a draft protocol for notification to the Board of Directors and the public when high profile settlements are reached.

BACKGROUND

The Board of Directors at its October 1, 2008 meeting directed that the Stationary Source Committee discuss and develop a threshold for notifying the Board of Directors and the public when settlements are reached.

DISCUSSION

Staff will review notification options with the Committee on Monday, January 12, 2009.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Torliatt and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 15, 2009

Re: Air District Strategic Vision

RECOMMENDED ACTION:

None.

BACKGROUND

The current Strategic Vision of the Air District has been in effect for approximately ten years. It includes a Mission statement, Vision statement, a set of Core Values, and a set of goals.

While the content of the current Strategic Vision holds true, it does not reflect other endeavors at the Air District, such as the extensive work on climate protection. In addition, the current Strategic Vision does not reflect advances made in identifying and addressing air pollution in impacted communities.

Staff has embarked on a process to revisit, revise, and renew the Strategic Vision with the purpose of:

- a) aligning the Strategic Vision with the changing goals of the agency;
- b) renewing Air District commitment to the Strategic Vision; and
- c) creating a document that presents a more comprehensive characterization of the Air District, its values, and priorities.

The revised Strategic Vision and the development process will be presented at the Board of Directors Retreat.

DISCUSSION

The Air District conducted an extensive internal process to revisit the Strategic Vision. No outside consultants were utilized in this process.

In revising the Strategic Vision, Executive Management specifically sought a product that would: create a unifying strategy for Air District endeavors; provide guidance when developing new programs or redefining existing ones; and communicate the Air District's purpose, priorities and values to its stakeholders.

INPUT AND DEVELOPMENT PROCESS

In developing the Strategic Vision, Executive Management sought to conduct a thorough and inclusive input process, in order to hear the breadth of ideas from staff. This thorough input process was also intended to ensure that all staff had the opportunity to contribute to a Strategic Vision they would ultimately implement.

The process began with a kick-off in late October announcing the process. A series of messages were posted on the District wide electronic bulleting board encouraging participation. Vision documents from other agencies where shared with staff to create interest.

A series of meetings were held for all levels of staff. The first of these was a lunchtime “Brown Bag” session open to all staff. At this meeting the Executive Officer engaged in a dialogue with staff members and invited feedback and ideas for the Strategic Vision. The Strategic Vision was also discussed at the All Hands meeting on December 4, with a detailed presentation explaining the process.

A voluntary, online employee survey was conducted in December. The survey achieved over 20% participation rate from staff, with 74 responses. The survey collected feedback on: what employees felt should be the major focus areas of the agency; Air District strengths and areas for improvement; opportunities for further advances in air pollution control; and ideas for moving the agency forward in the 21st century. On the whole, the responses reflected a pride in Air District accomplishments and a desire to continue being a leading air quality agency with strong technical expertise.

Another input mechanism for staff consisted of one-on-one meetings with the Project Coordinator. Several staff members took advantage of this opportunity to participate in the development process.

A series of meetings were held with Air District managers. Three, two-hour meetings were held. At this forum, managers were able to share and discuss ideas for the Strategic Vision and commented on draft mission and vision statements.

Following this input process, three working sessions were held with the Executive Management Team. These meetings were a half day long each. The working sessions consisted of:

- identification of current Air District mandates major function and identification of anticipated mandates and functions;
- analysis of stakeholders;
- review and discussion of the outcomes of staff meeting series and survey findings;
- analysis of strengths, weaknesses, opportunities and challenges;
- review and discussion of other vision documents to identify characteristics that resonated with team and characteristics that were desired (or not desired) as part of the Air District’s Strategic Vision; and
- development of the attached Proposed Strategic Vision.

The development process also included a series of discussions with staff from other agencies that worked on the Strategic Vision of their respective organizations.

NEXT STEPS

Staff will present the proposed Strategic Vision at the January 21, 2009 Board Retreat. Feedback is kindly requested by February 4, 2009. Staff will present the final Strategic Vision to the Board of Directors for approval at the February 18, 2009 Board Meeting.

Following Board approval, Air District staff will publish the Strategic Vision document.

Publication will consist of:

- distribution to all staff and Board Members;
- integration into new employee orientation;
- posting on Air District website;
- publication in the annual report;
- integration in major Air District documents, such as the Annual Budget; and
- publication in other venues as appropriate.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

PROPOSED STRATEGIC VISION

Vision

To be the most effective and innovative air quality agency.

Mission

The Mission of the Bay Area Air Quality Management District is to protect and improve public health, air quality, and the global climate through regulation, incentives, and education.

Core Values

<i>Excellence</i>	Air District programs and policies are founded on science, developed with technical expertise, and executed with quality.
<i>Leadership</i>	We will explore and pioneer new strategies for achieving clean air.
<i>Collaboration</i>	Involvement of all stakeholders is critical to achieving clean air.
<i>Dedication</i>	The commitment of the people of the Air District is vital to accomplishing our mission.
<i>Equity</i>	All Bay Area residents have the right to breathe clean air.

Strategic Goals

- ▶ Attain and maintain air quality standards for all criteria pollutants.
- ▶ Ensure compliance with applicable Federal, State and Air District air quality regulations.
- ▶ Develop and improve Air District rules and regulations.
- ▶ Achieve reductions in regional greenhouse gas emissions and address air quality impacts of climate change.
- ▶ Reduce exposure to air pollution in impacted communities.
- ▶ Award grants and provide incentives to improve air quality.
- ▶ Promote positive air quality choices.
- ▶ Practice efficient operations and effective communication within the Air District and with stakeholders.
- ▶ Cultivate strategic partnerships that will improve public health.
- ▶ Apply state-of-the-art air quality tools, techniques, and technology in Air District operations.
- ▶ Promote the use of new, clean air technology.
- ▶ Retain a top-performing and motivated workforce.
- ▶ Implement best practices in environmental stewardship in Air District operations.