

Bay Area Air Quality Management District
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APPROVED MINUTES

Summary of Board of Directors
Stationary Source Committee Meeting
9:30 a.m., Monday, July 13, 2009

1. **Call to Order:** Chairperson John Gioia called the meeting to order at 9:35 a.m.

Present: Chairperson John Gioia; Vice Chairperson Carol Klatt; Committee Members Susan Garner, Scott Haggerty, Nate Miley, Mark Ross, Michael Shimansky, Gayle B. Uilkema and Brad Wagenknecht

Absent: None

Others Present: Chairperson Pamela Torliatt
2. **Public Comment:** None
3. **Approval of Minutes of April 20, 2009:** Director Haggerty moved approval of the minutes of April 20, 2009; seconded by Director Klatt; carried unanimously without objection.
4. **Update on Selected Bay Area Facilities/Projects**
 - A. Lennar Bay View Hunters Point Shipyard Parcel A' Redevelopment Project (San Francisco)
 - B. Pacific Steel Casting Company (Berkeley)
 - C. Custom Alloy Scrap Sales, Incorporated (Oakland)
 - D. Lehigh Southwest Cement Plant (Cupertino)
 - E. Russell City Energy Center (Proposed Project in Hayward)
 - F. Marsh Landing and Willow Pass Generating Stations (Proposed Projects in Antioch and Pittsburg)

Lennar Bay View Hunters Point Shipyard Parcel A' Redevelopment Project (San Francisco):
Director of Enforcement, Kelly Wee provided a project update, stating health risks remain less than significant:

- Two events with high monitoring results
- Notice to Comply issued for track out prevention and control
- District required eight point and six point dust mitigation action plans be implemented
- ADMP being revised to incorporate additional dust mitigation measures

Pacific Steel Casting Company (PSC) (Berkeley):

Mr. Wee described the company's steel casting operations and discussed emissions, emission source(s), and odor control measures. He presented PSC's complaint history, odor controls for Plant #1, 2 and 3, and discussed the company's additional emission reduction projects and odors reduction.

Mr. Wee presented a diagram of the PSC Health Risk Assessment maximum health risks, showing isopleths for existing operational conditions, future controlled conditions, and plant outlines, stating that upon implementation of projects, risks and hazard indexes will be lowered.

Directors discussed facilities and risks outside plant boundaries, local jurisdictional project approvals, and were provided with results of the West Berkeley Air Monitoring Station, as follows:

- 2008 Summary and Analysis (Released on April 14, 2009)
 - Air quality met all but two of the applicable State and National Ambient Air Quality Standards
 - Exceptions are the 24-hour national PM_{2.5} standard and the annual State PM standard
 - Air quality was also below all of the acute and chronic Reference Exposure Levels (RELs) established by OEHHA
 - Average concentrations of manganese were well below the revised RELs adopted by OEHHA on December 19, 2008
 - Calculated cancer risks are typical levels observed in the Bay Area
- Monitoring Station will remain in place through 2009
- USA Today article based on erroneous EPA TRI data

Mr. Broadbent described PSC as representing the highest stationary source risk in the Bay Area and said staff will recommend that the Board move forward on development of a separate Rule regarding metal operations.

Custom Alloy Scrap Sales, Inc. (CASS):

Mr. Wee continued his update and discussed health risk screening analysis, increased inspections and non-business hours monitoring and outreach to truck operators regarding grant funding.

Lehigh Southwest Cement Plant:

Mr. Bateman provided an update on the Health Risk Assessment and supplemental testing results, noting:

- Preliminary results---Risk remains less than significant
- CARB determination that NOA ATCM does not apply
- District installed continuous PM ambient air monitor
- Hexavalent chromium monitoring at local elem. school (EPA)
- Outreach to truck operators regarding grant funding
- Title V Permit Renewal Public Hearing – September 10, 2009

Director Discussion/Comments:

Directors discussed Title V permit renewal hearing notice requirements, public outreach, and community meetings, and requested that staff provide future radius noticing. Directors briefly discussed cited violations which related to the baghouse facility, preventative measures and actions taken.

Russell City Energy Center (Proposed):

Mr. Bateman provided described the proposed power plant project, emission controls, said the EPA Environmental Appeals Board remanded District PSD Permit on July 29, 2008, the project was re-noticed for public comment using more extensive federal procedures and completed December 2008, and a public hearing was held on January 21, 2009. Staff has reviewed and evaluated comments, performed additional analyses, and drafted permit changes and will open another public comment period in late July 2009, with a tentative public hearing scheduled for September 2, 2009.

Marsh Landing and Willow Pass Generating Stations (Proposed):

Mr. Bateman described the proposed stations and emission controls, and gave the following update:

- ❖ District permit applications received in July 2007
- ❖ First District action will be Preliminary Determination of Compliance (PDOC)
- ❖ PDOC issuance for both projects has been delayed due to April 2009 EPA changes in PSD permit requirements for PM2.5
 - PSD analysis submitted by applicant is now inadequate
 - Applicable requirements will change when PM2.5 non-attainment designations are finalized by EPA

Chairperson Torliatt referred to the Fact Sheet and confirmed with staff that the District requested Lennar to submit a revised ADMP due to new provisions added which address changing construction scenarios and work and ensures binding commitments. Staff indicated that the District is holding community dialogue meetings and will provide an update at the next Stationary Source Committee meeting.

Public Comment:

Chris Chan, Environmental Manager, Pacific Steel Casting, presented and discussed a handout representing PSC's history of improvements and complaint statistics.

Committee Action: None; informational only.

5. Update on CARE Program and Associated Regulatory Initiatives - Brian Bateman, Director of Engineering – Presented the Committee with an update on the CARE Program and associated regulatory initiatives.

Mr. Bateman provided an overview of comprehensive efforts and actions by the District in anticipation of moving forward in addressing risk in different communities through the CARE program. He described factors considered in defining priority communities, which include:

1. Concord
2. Richmond
3. Western Alameda County
4. San Jose
5. Redwood City/East Palo Alto
6. Eastern San Francisco

Directors Discussion/Comments:

Upon review of weighted emissions, Director Gioia requested staff further break out data by income and by community within each of the 3 data sets. He questioned and confirmed the following with Mr. Bateman:

- Weighted emissions include both permitted facilities as well as mobile sources.
- Mobile source data is derived from transportation models VMT estimates are factored to get emissions.
- Diesel PM is the single most significant toxic air contaminant in terms of cancer-risk-weighted emissions.
- Three data sets were overlaid on a map and areas where all three intersect were used to establish the priority communities.

Director Ross questioned Livermore's emissions and its inclusion as a Priority Community. Mr. Bateman stated that emissions through the Livermore freeway area corridor do show up in the

top 25%; however, youth and senior populations and family income do not contribute to making Livermore a priority community. In addition, there was some consideration of demographics of the area used to define boundaries of CARE communities and locations of major roadways, in particular, because of diesel emissions of the transportation network.

Director Garner questioned why Fremont would not be included as a priority community area versus East Palo Alto, and Mr. Bateman explained that the reason is due to the element of family income.

Bay Area Clean Air Communities Initiative:

Mr. Bateman presented a diagram of the various initiatives and cumulative impact approaches, such as targeted grants and incentives to Priority Communities, update of CEQA Guidelines, community outreach and education, liaison with local health & planning departments, local air quality monitoring studies, focused enforcement of regulations, and development of targeted regulations.

He then described the District Air Toxics NSR Program as a risk-based program which began in 1987 with the goal to avoid significant increases in health risks from TAC emissions from stationary source projects and to provide net health risk benefits when existing sources are replaced or modified. The program's requirements are based on a health risk screening analysis.

Staff is considering amendments to the Draft Air Toxics NSR that may:

- Add new cumulative health risk tracking provision for Priority Communities or;
- Implement more stringent NSR standards for new/modified sources located in Priority Communities to provide an additional measure of health protection or
- Tighten standards for sources in proximity to schools

Directors Discussion/Comments:

Chairperson Torliatt questioned how the District identifies "transport" from another area of the District and whether it is assessed in CARE areas. Mr. Bateman said the tracking provision applies to stationary sources for which the District has direct regulatory jurisdiction. Staff would not include tracking for mobile or other sources; however, tracking will be done through update of maps, and as patterns of emissions change due to regulations and growth.

Mr. Bateman noted that maximum health risks from projects also tend to be localized. Tracking cumulative impacts in each priority community individually will be adequate and there will not be transport from stationary facilities between priority communities. He noted that the District is looking at all sources in determining what the Priority Communities are, and this is where cumulative impacts are being addressed in terms of all sources, which will continue to be updated.

Director Miley supported heightened regulations, and recommended equal emphasis be placed on incentives.

Mr. Bateman then presented OEHHA guideline revisions and the schedule for Toxics NSR Rule Amendments and said the District will continue with existing procedures; when OEHHA guidelines are finalized, the District will undergo another process of evaluating what changes will mean in terms of tighter levels and return to the Board with recommendations.

Air Toxics Hot Spots Program:

Mr. Bateman described the statewide program which was enacted in 1987 (AB 2588). The program applies to stationary source facilities, and elements of the program include:

1. Emissions inventory preparation and updating
2. Facility prioritization
3. Health Risk Assessment
4. Public Notification
5. Risk Reduction

Each air district has the authority to establish thresholds for public notification and risk reduction requirements. Air district public notification thresholds are uniformly applied and are generally consistent with Proposition 65 notification requirements and most air districts with more stringent risk reduction thresholds have not applied them uniformly to industry-wide facilities. The existing Bay Area AQMD risk reduction thresholds are:

- Cancer risk: 100 in a million
- Non-Cancer Hazard Index: 10

Bay Area Air Toxics Hot Spots Program Implementation Update:

Mr. Bateman reported that 30 facilities were identified in 1991 as having risks above public notification thresholds (excluding gas stations and dry cleaners). The list of facilities requiring notification reduced to zero in 2001, and he briefly described reduction levels for Perc dry cleaners and gas stations. In 2008, Pacific Steel Casting was added to notification list and he said diesel engines are currently being assessed after ATCM implementation.

Mr. Bateman then described the following proposed regulatory actions and the preliminary rule development schedule:

- Initiate rule development process to evaluate establishing more stringent risk reduction thresholds under the Air Toxics Hot Spots Program
- OEHHA is revising risk assessment procedures to provide a greater degree of health protection
- Socioeconomic impacts of more stringent risk thresholds depends on number and type of facilities affected
- Need to see how OEHHA revisions may affect calculated risks
- In the interim, develop a rule applicable to foundry and other metal melting operations
- Air Toxics Hot Spots Program Risk Reduction Rule should be ready for consideration of adoption in late 2010 or early 2011
 - Schedule could be affected by timing of OEHHA Health Risk Assessment guideline revisions
- Foundry/metal melting rule should be ready for consideration of adoption in second quarter of 2010

He concluded by stating identified CARE communities have higher emissions and exposures leading to higher risks. Staff has comparative data of all Bay Area communities, the District has been targeting significant grant dollars in these communities, and regulatory tools need to be applied, as described in the Air Toxics NSR Rule Amendments and Program.

Mr. Broadbent stated that while the District is proposing more stringent risk reduction thresholds from stationary sources under the Air Toxics Hot Spots Program, OEHHA is in the process of changing guidelines which will have a significant impact for some stationary sources. This may in turn result in higher risk numbers as a result of applying new methodologies.

Director Discussion/Comments:

Director Miley agreed with the District moving forward on more stringent reductions, suggested working more closely with local jurisdictions to collaboratively address cumulative impacts and to present information to City Councils of CARE communities.

Chairperson Torliatt questioned how the District becomes aware of new projects in local jurisdictions. Mr. Broadbent noted permitting rules currently allow for this, CEQA guidelines serve as a key element to address this, and jurisdictions need to account for the impacts of added emissions as they continue to build Priority Development Areas (PDAs) and transit-oriented residential, commercial and industrial development. Chairperson Torliatt suggested being proactive as jurisdictions update their General Plan or rezone areas.

Director Gioia agreed and summarized the many competing policy objectives as Priority Development Areas (PDAs), regional housing goals, open space, minimizing urban sprawl, getting people to take transit, reducing emissions, buffers along industry and rail lines, residential development near rail lines, and addressing health impacts.

Director Uilkema voiced caution in false positives in data because of the economic turn-around. If great decreases of data are shown in a particular toxic, the District needs to assure itself that it is not misreading the economic data such as the slowdown in the Port of Oakland. Mr. Broadbent explained that much of the CARE modeling work is based on economic conditions prior to the recession, and he agreed that the District needs to take this information and project it out to the future.

Public Comment:

Dennis Bolt, WSPA, voiced opposition to more stringent permitting processes, cited financial impacts and suggested the District and ABAG work on furthering business expansion in the Bay Area.

Committee Action: None; informational only.

Committee Member Comments/Other Business: Mr. Broadbent reported that the District is moving forward with securing a Health Officer. He acknowledged recent news of business closures and/or reductions, and said at an upcoming Executive Committee meeting staff will discuss creating a position that speaks to businesses about providing support and resources to companies who want to locate and/or expand.

Chairperson Torliatt recognized the District's progress, acknowledged the economic downturn and shifts in business strategies, and she reiterated the need for the District to continue moving forward, to strategize with local jurisdictions, and to continue in keeping the Bay Area a desirable place to live and work.

Time and Place of Next Meeting: Monday, 9:30 a.m., October 19, 2009.

Adjournment: The meeting adjourned at 11:32 a.m.

/s/ Lisa Harper
Clerk of the Boards