



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
STATIONARY SOURCE COMMITTEE MEETING

COMMITTEE MEMBERS

JOHN GIOIA – CHAIRPERSON
SUE GARNER
NATE MILEY
MICHAEL SHIMANSKY

CAROL KLATT - VICE CHAIRPERSON
SCOTT HAGGERTY
MARK ROSS
GAYLE B. UILKEMA
BRAD WAGENKNECHT

MONDAY
JANUARY 12, 2009
9:30 A.M.

7th FLOOR BOARD ROOM
DISTRICT OFFICES

AGENDA

1. **CALL TO ORDER - ROLL CALL**
2. **PUBLIC COMMENT PERIOD** (*Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3*)
Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to three (3) minutes each.
3. **APPROVAL OF MINUTES OF SEPTEMBER 15, 2008**
4. **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**
H. Hilken/4642
hhilken@baaqmd.gov

The Committee will receive an update on 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.
5. **PROPOSED AMENDMENTS TO REGULATION 8, RULE 3: ARCHITECTURAL COATINGS**
H. Hilken/4642
hhilken@baaqmd.gov

The Committee will receive an update on proposed amendments to Regulation 8, Rule 3: Architectural Coatings.
6. **STATUS UPDATE ON VARIOUS BAY AREA PROJECTS AND FACILITIES**
K. Wee/4760
kwee@baaqmd.gov

The Committee will receive a status report on various Bay Area projects and facilities.
7. **CONSIDERATION AND DISCUSSION OF DRAFT PROTOCOL FOR NOTIFICATION OF SETTLEMENTS**
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will consider a protocol for notification of the Board and the Public when high profile settlements are reached.

8. **COMMITTEE MEMBER COMMENTS/OTHER BUSINESS**

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

9. **TIME AND PLACE OF NEXT MEETING – 9:30 A.M., MONDAY, MARCH 16, 2009 – 939 ELLIS STREET, SAN FRANCISCO, CA 94109**

10. **ADJOURNMENT**

CONTACT THE 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 DISTRICT MEETINGS

JANUARY 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	7	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday every other Month)</i>	Thursday	8	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Legislative Committee <i>(Meets 4th Monday of the Month)</i>	Thursday	8	Following Climate Protection Committee Meeting	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets 3rd Monday quarterly)</i>	Monday	12	9:30 a.m.	Board Room
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

FEBRUARY 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
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
Joint Policy Committee	Friday	20	10:00 a.m.	MTC Auditorium 101 8 th Street Oakland, CA 94607
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

HL - 1/6/09 (4:20 p.m.)
P/Library/Forms/Calendar/Calendar/Moncal

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 1, 2009

Re: Stationary Source Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Stationary Source Committee meeting of September 15, 2008.

DISCUSSION

Attached for your review and approval are the draft minutes of the September 15, 2008 Stationary Source Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

**Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 771-6000**

DRAFT MINUTES

Summary of Board of Directors
Stationary Source Committee Meeting
9:30 a.m., Monday, September 15, 2008

- 1. Call to Order – Roll Call:** Vice Chairperson Michael Shimansky, on behalf of Chair Scott Haggerty who later arrived, called the meeting to order at 9:30 a.m.

Present: Scott Haggerty, Chairperson, Michael Shimansky, Vice Chairperson; Committee Members John Gioia, Jerry Hill, Nate Miley, Mark Ross, John Silva, Gayle B. Uilkema

Absent: Committee Members Jake McGoldrick and Pamela Torliatt

Also Present: Director Janet Lockhart

- 2. Public Comment Period:** There were none.
- 3. Approval of Minutes of May 19, 2008:** Director Ross moved approval of the minutes, seconded by Director Hill; carried unanimously without objection.
- 4. Proposed Amendments to Regulation 8, Rule 20: Graphic Arts Printing and Coating Operations**

Air Quality Specialist II, William Thomas Saltz, gave a PowerPoint presentation on proposed amendments to Regulation 8, Rule 20: Graphic Arts Printing and Coating Operations. He said current regulated printing technologies include letterpress, lithographic, gravure, flexographic and screen printing, the regulation was last amended in 1999 and it regulates inks, coatings, adhesives, cleaning products and fountain solutions.

Mr. Saltz presented examples of products and their current and proposed VOC limits to take effect by July 2009, July 2010 and July 2011. Additional amendments include a new exemption limit, registration for small facilities, labeling requirements, prohibition of sales, deletion of an Alternate Emission Control Plan, and recordkeeping for digital printing. He noted that emission reductions in 2009 would amount to -0.58, -1.01 in 2010, -0.06 in 2011, for a total reduction of 1.65 tons per day or 31%, stated that the cost of compliance would vary, and a cost savings of \$1,100 per ton of VOC emissions reduction is expected, with no significant socioeconomic impacts identified.

Mr. Saltz further discussed the rule development process, stating workshops were held on July 15th and 16th and 6 written comments were received which resulted in minor revisions or adjustments to the draft Rule. Next steps include posting of the draft Rule and the CEQA Negative Declaration, evaluation of comments, and a public hearing to be held in November 2008.

Committee members questioned and confirmed cost savings of up to \$1,100 per ton of VOC emissions reduced, noted that the cost per gallon of cleaning products would increase by approximately 3.5% as the new VOC limits are adopted, total emissions reduced are anticipated at 5.2 tons per day, any hazardous materials issues would be covered in CEQA documents, and recordkeeping practices would assist in tracking tonnages of products such as inkjet cartridges where VOC labeling information is not required.

There was no action to be taken, and the Committee received and filed the report.

5. Proposed Amendments to Regulation 8, Rule 45: Motor Vehicle and Mobile Equipment Coatings Operations.

Principal Air Quality Specialist, Victor Douglas, gave a PowerPoint presentation on Regulation 8, Rule 45: Motor Vehicle and Mobile Equipment Coating Operations. He reported automotive refinishing operations include auto body/collision repair shops, mobile refinishers, truck chassis and camper shells. VOC sources include painting of heavy duty equipment such as passenger buses, tractors/trailers and locomotives, and coatings and solvents used in these operations.

The current Rule was adopted in 1989 and amended in 1994 and 1999 and affects auto body shops, mobile refinishers, coating manufacturers, and manufacturers of heavy equipment and sets VOC limits for automotive coatings. Other requirements of the Rule include transfer efficiencies, operations and maintenance and recordkeeping. The regulatory proposal serves to control Measure SS 1 from the 2005 Ozone Strategy and is based on ARB's 2005 suggested Control Measure. It incorporates coating categories, VOC limits and other requirements from the SCM, and includes additional requirements for mobile refinishers and clients.

Mr. Douglas reviewed coating categories and their proposed VOC limits with the effective dates of October 1, 2009 and January 1, 2010, stating there will be requirements for VOC labeling, compliance statements, and recordkeeping. He said mobile refinishing will require registration, notification, properly operated filtration systems and recordkeeping for refinishers and their clients. Total emissions are estimated at 5.8 tons per day and reductions at 3.8 tons per day.

He discussed costs and cost-effectiveness of enhanced drying equipment, coatings and mobile refinisher registration costs, stating cost effectiveness ranged from \$800 to \$1900 per ton. He discussed the Rule's development process and noted that health data available raises toxicity concerns as TBAC is classified as a carcinogen. As a result, the Board of Directors adopted a policy to not exempt potential carcinogens in 1993. Next steps are to evaluate comments, incorporate amendments, and finalize the proposal, staff report, CEQA and economic analysis and bring the final proposal to the Board of Directors in November 2008.

Committee members discussed levels of emissions, examples of mobile refinishers, fan and filtration systems, and homeowner spraying and auto body repair work in residential areas.

There was no action to be taken, and the Committee received and filed the report.

6. Status report on Amendments to the Air District's Dry Cleaner Rules

Director of Engineering, Brian Bateman, gave a status report on amendments to the Air District's Dry Cleaning Rules, discussed dry cleaning technology and 1st through 4th generation machines and their varying operations. He said there have been concerns about Perchloroethylene (Perc) machines and their toxicity which will lead to an eventual, complete phase-out. He reported that Regulation 11, Rule 16: Perchloroethylene and Synthetic Solvent Dry Cleaning Operations was last updated in 2005; Regulation 8, Rule 17: Petroleum Dry Cleaning Operations was last updated in 1990; and Regulation 8, Rule 27: Synthetic Solvent Dry Cleaning Operations was found to be obsolete and is being deleted. There are also state and federal regulations and the Air District currently utilizes the state's Airborne Toxic Control Measure (ATCM) which was last updated in December 2007.

Effective January 1, 2008, the proposed amendments to regulations will prohibit new installations of Perc equipment, prohibit dip tanks and drying cabinets, require enhanced recordkeeping and reporting requirements, enhanced maintenance and operational requirements, and new requirements for Perc manufacturers and distributors to keep records and report sales of Perc to dry cleaners. Effective July 1, 2010, the amended regulations will prohibit Perc machines in co-residential facilities, converted machines and machines older than 15 years. And, effective January 1, 2023, all Perc dry cleaning will be prohibited.

The proposed amendments to District Regulation 11, Rule 16 will incorporate Perc phase-out and other requirements of amended Perc ATCM. The Air District will retain existing requirements more stringent than ATCM such as requiring secondary control machines and enhanced ventilation for co-residential facilities, and it will add additional requirements more stringent than ATCM to prohibit halogenated solvents in spotting solutions.

Mr. Bateman further stated that the proposed amendments to District Regulation 8, Rule 17 will rename the rule from "Petroleum Dry Cleaning Operations" to "Non-halogenated Solvent Dry Cleaning Operations", incorporate new solvents, require closed-loop design for new machines, establish leak detection and repair requirements, enhance recordkeeping and reporting requirements, prohibit spotting solutions with halogenated solvents, and require equipment registration for machines exempt from permit requirements.

He reviewed regulated dry cleaning solvents and their applicable District rule and the Rule development schedule.

Committee members discussed issues relating to the definition of a vapor barrier control room, impacts to co-residential facilities, costs to update equipment, mixed use development, tracking equipment and operations, and registration costs.

There was no action to be taken, and the Committee received and filed the report.

7. Status Report on Flare Minimization Plan Annual Update Requirements

Air Quality Specialist II, William Saltz, provided an annual update to petroleum refinery flare minimization plans, stating Regulation 12, Rule 12: Flare Control recognizes that flares are first and foremost a safety device and requires FMP annual updates to ensure continuous improvement. The regulation prohibits flaring at a refinery unless that flaring is caused by an emergency or is consistent with a refinery's Flare Minimization Plan (FMP). He provided information about the flare system, described prevention measures to reduce emissions, and commitments to implement all feasible prevention measures.

Mr. Saltz reviewed 6-year daily flaring trends from 2001-2007 with voluntary flare monitoring versus standardized monitors which revealed consistent results. He presented a post flare monitoring daily flaring trend from January 2004-June 2008 which shows reductions in overall emissions for NMHC, CH₄ and SO₂ emissions. He said the FMP annual update should include any new prevention measure identified as a result of analysis of flaring as a result of planned major maintenance activity, flaring as a result of issues of gas quality and quantity, and flaring caused by recurrent failure and staff continues in its analysis of updates, the updates are available to the public for a 30-day comment period, with APCO approval within 45 days of the comment period.

There were no questions or comments from Committee members and no action to be taken, and the report was received and filed.

8. **Committee Member Comments/Other Business:** There were none.
9. **Time and Place of Next Meeting:** Monday, 9:30 a.m., December 15, 2008.
10. **Adjournment:** The meeting adjourned at 10:46 a.m.

/s/ Lisa Harper
Clerk of the Boards

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 NOVs.
- 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 NOVs were issued, two for permit condition violations and one for an opacity violation, for a total of nine NOVs 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