

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
STATIONARY SOURCE COMMITTEE MEETING

COMMITTEE MEMBERS

JOHN GIOIA – CHAIRPERSON
SUSAN GARNER
SCOTT HAGGERTY
MARK ROSS

CAROL KLATT - VICE CHAIRPERSON
CAROLE GROOM
NATE MILEY
GAYLE B. UILKEMA
BRAD WAGENKNECHT

MONDAY
NOVEMBER 16, 2009
9:30 A.M.

7th FLOOR BOARD ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109

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 OCTOBER 19, 2009**
4. **UPDATE ON PROPOSED AMENDMENTS TO THE DISTRICT'S CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) THRESHOLDS OF SIGNIFICANCE**

J. Roggenkamp/4646
jroggenkamp@baaqmd.gov

The Committee will receive a report on the update to the District's CEQA Guidelines and staff recommended CEQA Thresholds of Significance.

5. **UPDATE ON PROPOSED AMENDMENTS TO REGULATION 2, RULE 5: NEW SOURCE REVIEW OF TOXIC AIR CONTAMINANTS**

B. Bateman/4653
bbateman@baaqmd.gov

The Committee will receive an update on the proposed amendments to Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants.

6. **STATUS REPORT ON PROPOSED AMENDMENTS TO REGULATION 11, RULE 16: PERCHLOROETHYLENE AND SYNTHETIC SOLVENT DRY CLEANING OPERATIONS**

B. Bateman/4653
bbateman@baaqmd.gov

The Committee will receive a status report on the Proposed Amendments to Regulation 11, Rule 16: Perchloroethylene (PERC) and Synthetic Solvent Dry Cleaning Operations.

7. **PROPOSED AMENDMENTS TO REGULATION 8, RULE 50: POLYESTER RESIN OPERATIONS**

H. Hilken/4642

hhilken@baaqmd.gov

The Committee will receive an update on proposed amendments to Regulation 8, Rule 50: Polyester Resin Operations.

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, February 15, 2010 – 939 Ellis Street, San Francisco, CA 94109

10. **ADJOURNMENT**

CONTACT THE EXECUTIVE OFFICE - 939 ELLIS STREET SF, CA 94109

(415) 749-5130

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

NOVEMBER 2009

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Advisory Council Regular Meeting	Tuesday	10	9:00 a.m.	Board Room
Board of Directors Legislative Committee <i>(Meets 2nd Thursday each Month)</i>	Thursday	12	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(Meets 2nd Thursday each Month)</i> - CANCELLED	Thursday	12	Following Board Legislative Cme. Mtg.	4th Floor Conf. Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday each Month)</i>	Friday	13	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets 3rd Monday Quarterly)</i>	Monday	16	9:30 a.m.	Board Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Wednesday	18	9:00 a.m.	4th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Executive Committee Meeting <i>(Meets at the Call of the Chair)</i>	Thursday	19	9:30 a.m.	4 th Floor Conf. Room
Joint Policy Committee <i>(Meets 3rd Friday Every Other Month)</i> - RESCHEDULED TO FRIDAY, NOVEMBER 6, 2009	Friday	20	10:00 a.m.	MTC Auditorium 101 8 th Street Oakland, CA 94607
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Monday	23	9:30 a.m.	4th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(At the Call of the Chair)</i> - CANCELLED & RESCHEDULED TO MONDAY, NOVEMBER 2, 2009	Wednesday	25	1:30 p.m.	4th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i> CANCELLED	Thursday	26	9:30 a.m.	4 th Floor Conf. Room

DECEMBER 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	2	9:45 a.m.	Board Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday each Month)</i>	Thursday	3	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i>	Monday	7	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(Meets 2nd Thursday each Month)</i> RESCHEDULED TO FRIDAY, DECEMBER 11, 2009	Thursday	10	9:30 a.m.	4th Floor Conf. Room
Board of Directors Climate Protection Committee <i>(Meets 2nd Thursday each Month)</i>	Friday	11	9:30 a.m.	4th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee – <i>(Meets 4th Thursday of each Month)</i> - CANCELLED	Thursday	24	9:30 a.m.	4 th Floor Conf. Room

JANUARY 2010

<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	6	9:45 a.m.	Board Room
Board of Directors Public Outreach Committee <i>(Meets 1st Thursday each Month)</i>	Thursday	7	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Regular Meeting	Wednesday	13	9:00 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets 2nd Thursday each Month)</i>	Thursday	14	9:30 a.m.	4th Floor Conf. Room
Joint Policy Committee <i>(Meets 3rd Friday Every Other Month)</i>	Friday	15	10:00 a.m.	MTC Auditorium 101 8 th Street Oakland, CA 94607
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	20	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i>	Thursday	28	9:30 a.m.	4 th Floor Conf. Room

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: November 4, 2009

Re: Stationary Source Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Stationary Source Committee meeting of October 19, 2009.

DISCUSSION

Attached for your review and approval are the draft minutes of the October 19, 2009 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, October 19, 2009

Call to Order – Roll Call: Chairperson John Gioia called the meeting to order at 9:32 a.m. without an initial quorum.

Present: John Gioia, Chairperson; Committee Members Susan Garner, Carole Groom, Scott Haggerty, Mark Ross and Brad Wagenknecht

Absent: Vice Chairperson Carol Klatt; Committee Members Nate Miley and Gayle B. Uilkema

Public Comment Period:

Ray Davis, Los Gatos, spoke in opposition to the Lehigh Cement Plant's permit renewal, citing health and safety concerns and the plant's emission of dust.

Status Report on the Flare Minimization Plan (FMP) Second Annual Updates under Regulation 12, Rule 12: Flares at Petroleum Refineries:

Senior Advanced Projects Advisor, Alex Ezersky, provided the second annual update of the Flare Minimization Plan (FMP) under Regulation 12, Rule 12: Flares at Petroleum Refineries, stating that in July 2005 the Board adopted the first flare minimization plan Rule, which requires information from facilities, prevention measures taken to permanently capture current emissions reductions and planned measures to further reduce flare emissions, and commitments to implement feasible prevention measures. He said initial FMPs were approved on July 16, 2007 and the first update process was approved on April 17, 2009.

Mr. Ezersky noted that one public comment was received during the first annual update and staff took action in response to standardize the content of the Executive Summary and came up with consistent metrics to help the public understand how progress is made. This information was also added to the website as well as graphics on emission trends and summary data related to causal events.

He said prevention and minimization efforts are focused on source reduction, vent gas compressor capacity, fuel gas balance, and scrubbing sour gasses. The District sees gains in all categories, and he presented graphs showing a 60% reduction of vent gas volumes, CH₄ emissions, NMHC emissions and SO₂ emissions.

Chairperson Gioia acknowledged and confirmed with Mr. Ezersky that the Rule has intended to lower volumes across the board with refineries over the years, noting that there are some years that are greater than others and this is part of the whole long-term strategy.

Mr. Ezersky further presented five-year annual averages for the five refineries and noted next steps would include release of all 5 FMPs for public comment which ends November 15, 2009, staff consideration of public comments, and review and approval/disapproval of the FMP.

Committee Member Comments/Questions:

Director Garner referred to one event which accounted for emissions in 2009 and she confirmed it was a maintenance event for the CP Refinery.

Public Comments:

Joanne Genet, PEHAB, thanked the Committee for their work on the FMP and said they will continue to monitor them and provide input. She continues to be concerned with the large, singular events, stating that the graphs shown are averages.

Mr. Wee concluded, stating that after the close of the public comment period, staff will take comments into consideration and anticipates returning to the Committee in the first quarter of 2010 for an update.

Update on Bay Area Emission Inventory Trends:

Planning, Rules and Research Director, Henry Hilken provided an overview of trends in the Bay Area emissions inventory and described the various annual averages of sources, their breakdowns and percentages.

Chairperson Gioia suggested that, to better understand what the emission sources are, it may be useful in a footnote or separate page to define the major sources under each category, such as hairspray falling under the category of consumer products.

Director Haggerty referred to landfills and the release of methane. He confirmed with Mr. Hilken that much of the methane from landfills is captured which is burned in a flare or turbine, and about one-quarter of gases are not collected, and are emitted. Director Haggerty said he would like to see what progress has been made and whether there is room for additional improvements.

Mr. Hilken continued with his presentation and presented a historical view of trends from 1980 to 2010 based on activities and controls of the base year from 2005 inventory. So much of the District's focus has been on ozone, many reductions are from mobile source regulations that have been adopted, and in future years particulate matter trends will be reduced given added focus.

Board Chairperson Torliatt referred to PM_{2.5} and believed the wood smoke rule would have produced more significant results, and Mr. Hilken noted that the inventory is based on 2005 and the wood smoke rule or other rules adopted since 2005 are not reflected.

Mr. Hilken then presented and described stationary source emission trends from 1980 to 2010 and noted that rules adopted after 2005 should significantly affect data trends. He said the Board has adopted a series of rules which have led to important reductions dealing with reactive organic gas emissions at

refineries, fugitive emissions from valves and flanges and other sources. In the early 1990's, the Board adopted two major NOx rules; one for refinery boilers and one for power plant boilers, which significantly reduced NOx emissions between 2005 and 2010. For power plants, for everything but NOx, the units are very small.

Mr. Hilken presented a table that highlights emission reductions from adopted control measures from 1992 to 2008, which are significant. He concluded his presentation by discussing monitoring data trends, which show both the state and federal ozone standard in the late 1960's at 88/57 exceedances, which has been brought down to 11/8 exceedances in 2009, as well as cancer risk in 1990 from 1310 in a million down to 410 in a million in 2006.

Committee Member Comments/Questions:

Director Haggerty asked for current cancer risk data. He thinks the information is a great story to tell and suggested a press conference be held to get the information out. He believes industry would want to also step up and be acknowledged for their improvements and adherence to rules.

Chairperson Gioia said the review of trend data allows the Committee to look at where rules may or may not have been effective in moving forward, and he recognized both the regulatory authorities and stakeholders in helping to bring changes about.

Director Ross questioned why the increase in refinery SO₂ from 2005 to 2010, and Mr. Hilken said it is due to an increase in throughput in refineries, and contributes to a slight increase in all bars. Director Ross questioned if it was due to using different slates of crude and Mr. Hilken replied that the assumption is measured as a standard source of fuel.

Director Garner referred to progress in all areas given the per capita increase except for particulate matter. She questioned if there has been thought to target the largest sector; domestic combustion and think about a rule that might help to make progress in that area. Mr. Hilken said the wood smoke rule is a very important step in these reductions and he also noted there will be a proposed rule in the 2009 Clean Air Plan for residential furnaces. Director Garner confirmed that a cooking rule was brought forward as well after 2005, which will affect trends.

Public Comments:

Dennis Bolt, Western States Petroleum Association, thanked the District for their collaboration and partnership with their industry and said they are proud to be part of the emission reduction efforts. He reported a projected reduction in SO₂ refinery emissions as a result of three refinery modernization projects, said that approximately 4 tons of an 80 ton PM_{2.5} inventory contributes to stationary source emissions. Refinery emissions are 2-3% of the entire emissions inventory and he believed that mobile source and off-road reductions are the direct result of the combination of cleaner burning fuels and engine technologies.

Ray Davis reiterated his concerns about pollution from the Lehigh Cement Plant.

Todd Lopez, Valero Refining, thanked staff for presenting reductions, observed that refinery ROG emissions have dropped by 90% over the years and noted they have improvements which will reduce NOx emissions by further by 2010. He said Valero has approximately 17 refineries across North

America and almost their entire capital budget is being spent on a significant scrubber project in Benicia, which will reduce SO₂ by 6,000 tons a year, cutting the bar almost in half by 2010.

Committee Member Comments/Questions:

Director Haggerty requested staff further break down emission trends by region, and Ms. Roggenkamp confirmed that staff has a by-County inventory, which is posted on the District's website and could be forwarded to the Committee via email.

Director Wagenknecht agreed and said there are trends in certain counties that are not pertinent to other counties, citing wood smoke's predominance in Napa, and he agreed it would be helpful to see the breakdown of emissions by County.

Chairperson Gioia suggested the opportunity to develop additional data in emission categories by region such that the lay person understands what it means. Also helpful in moving forward would be updates on the new initiatives and their projected emissions savings.

Approval of Minutes of July 13, 2009

Committee Action: Director Haggerty made a motion to approve the Minutes of July 13, 2009; Director Wagenknecht seconded the motion; unanimously carried without objection (Groom abstained).

Committee Member Comments/Other Business: There were none.

Time and Place of Next Meeting: Monday, 9:30 a.m. on Monday, November 16, 2009.

Adjournment: The meeting adjourned at 10:32 a.m.

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: November 9, 2009

Re: Update on Proposed Amendments to the District's California
Environmental Quality Act (CEQA) Thresholds of Significance

RECOMMENDED ACTION:

None. For information only.

BACKGROUND

The District's CEQA Guidelines (Guidelines) are developed to assist local jurisdictions and other lead agencies in identifying proposed local land use plans and development projects that may have a significant adverse effect on air quality and public health. Staff began a comprehensive update to the District's recommended thresholds of significance in October 2008. The proposed revisions to the existing thresholds of significance include thresholds for construction, project operations, and plan-level emissions of criteria air pollutants, greenhouse gases, and toxic air contaminants. Staff also is updating elements of the Guidelines that provide technical information on impact assessment methodology and mitigation strategies.

DISCUSSION

The proposed thresholds of significance include more stringent thresholds for certain impacts. The proposed thresholds also include new thresholds for impacts not sufficiently addressed previously: local community risk and hazards and greenhouse gases. These latter thresholds address critical issues receiving considerable focus through the Clean Air Communities Initiative, the Climate Protection Program, and other District initiatives. The local community risk and hazards thresholds are a means of helping to implement the Cumulative Impacts Resolution adopted by the Board of Directors in July 2008. These new thresholds include significantly stronger criteria for evaluating local impacts from toxic air contaminants and fine PM, including:

- Recommending use of more health-protective risk factors in calculating impacts;
- Adding a new threshold for local PM_{2.5} impacts;
- Adding a new threshold for cumulative impacts;
- Recommending preparation of local risk reduction plans to provide a comprehensive, community-wide approach to reducing impacts from existing and new sources.

Staff hosted the first public workshop for the Guidelines update in February 2009. At the workshop staff presented various options for developing thresholds of significance and invited recommendations from the public and stakeholders on identifying additional options staff should evaluate. Additional rounds of public workshops were held to discuss the merits of several threshold options in April 2009 and on specific recommended thresholds in September/October 2009. Staff also reviewed the proposed thresholds with the CARE Task Force on September 23, 2009. District staff also made several presentations during this process with business organizations and other public stakeholder groups to receive input on District proposals. Staff posted recommended thresholds on September 4, 2009, and revised thresholds, reflecting public comments, on October 8, 2009.

Staff reported to the Board of Directors on the status of the CEQA Guidelines update at Executive Committee meetings of March 16, 2009, June 29, 2009, and September 24, 2009, and at the September 10, 2009 Climate Protection Committee meeting.


Staff received extensive comments on the proposed thresholds from local governments, environmental and community groups, business organizations, and others. The District released a proposed final CEQA Thresholds and Justification Report on November 2, 2009 that provides the substantial evidence and justification for District-recommended thresholds of significance. The Board of Directors will conduct public hearings on the proposed thresholds of significance on November 18 and December 2, 2009.

Staff will update the Committee on the update to the CEQA Guidelines and thresholds of significance, including highlighting how the thresholds help implement the District's Cumulative Impacts Resolution and reviewing the process for developing the thresholds.

BUDGET CONSIDERATION/FINANCIAL IMPACTS:

None.

Respectfully submitted,


Jack P. Broadbent
Executive Officer/APCO

Prepared by: Henry Hilken
Reviewed by: Jean Roggenkamp

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: November 5, 2009

Re: Update on Proposed Amendments to Regulation 2, Rule 5: New Source Review
of Toxic Air Contaminants

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

On July 6, 2009, staff provided a report to the Committee on draft amendments to the District's Air Toxics New Source Review (NSR) rule (Regulation 2, Rule 5). The draft rule amendments would increase the stringency of the standards of Regulation 2, Rule 5, by a factor of two for new and modified stationary sources located in Priority Communities established under the CARE Program. These more stringent standards would also apply to new and modified sources located in proximity to a school. A workshop was held on July 30, 2009, to discuss this proposal, and staff has been working since then to consider and address comments received.

Comments from business and local government stakeholders indicated strong opposition to the proposal to establish more stringent NSR requirements in the Priority Communities relative to other parts of the Bay Area. These comments indicated that differentiated requirements may discourage investment in the Priority Communities without providing significant health risk benefits (or perhaps inadvertently increasing health risks due to decreased access to health care as a consequence of the economic impacts to the community from the differentiated requirements).

Comments from some environmental groups indicated that the District's proposal does not go far enough and that permits for new and modified sources should be prohibited in the Priority Communities, unless the proposed project results in a net onsite reduction in emissions and health risks, or meets an urgent community need.

Staff has also been working closely over the past several months with staff of Cal/EPA's Office of Environmental Health Hazard Assessment (OEHHA) to understand the effects that recently adopted and upcoming revisions to health risk assessment methodologies would have on the stringency of Air Toxics NSR requirements if these revised methodologies were to be incorporated for use in Regulation 2, Rule 5. OEHHA is involved in updating methodologies

that reflects new scientific knowledge and techniques, and in particular to explicitly include consideration of possible differential effects on the health of infants, children and other sensitive subpopulations in accordance with the mandate of the Children's Environmental Health Protection Act (Senate Bill 25, Escutia).

DISCUSSION

Staff now believes that the goals of the current Air Toxics NSR rule development project would be best served by the use of revised OEHHA health risk assessment methodologies for proposed projects throughout the District, rather than by numerically reducing health risk standards for certain projects depending on project location as was initially proposed. The revised staff proposal is expected to provide an equal or greater degree of health protection from new and modified permitted sources than the initial staff proposal.

The revised staff proposal would initially result in an increase in stringency of T-BACT and Project Risk cancer risk standards for new and modified sources by a factor of 1.7 relative to existing requirements. This increased stringency would result from the use of age sensitivity factors (ASFs) that increase cancer risk estimates as follows: (1) a factor of 10 for exposures that occur from the third trimester of pregnancy to 2 years of age, and (2) a factor of 3 for exposures that occur from 2 years to 15 years of age. These ASFs are given in a revised Technical Support Document (TSD) that was adopted by OEHHA on June 1, 2009 (Technical Support Document for Cancer Potency Factors: Methodologies for Derivation, Listing of Available Values, and Adjustments to Allow for Early Life Stage Exposures, California Environmental Protection Agency, Office of Environmental Health Hazard Assessment, Air Toxicology and Epidemiology Branch, May 2009). Staff believes that these ASFs should begin to be used in the Air Toxics NSR program upon adoption of the staff's proposed rule amendments.

OEHHA has indicated that additional revisions to cancer risk assessment methodologies will soon be proposed, and are expected to be finalized in mid-2010. These revisions will be to the Exposure Assessment and Stochastic Analysis TSD. OEHHA has indicated that these changes in exposure assessment methodology, when combined with the ASFs, will increase the stringency of cancer risk standards by a factor of 2 to 3 relative to existing requirements. Staff believes that this revised exposure assessment methodology should begin to be used in the Air Toxics NSR program upon adoption by OEHHA.

OEHHA has also recently adopted a revised risk assessment methodology for non-cancer health effects (Technical Support Document for the Derivation of Noncancer Reference Exposure Levels, California Environmental Protection Agency, Office of Environmental Health Hazard Assessment, Air Toxicology and Epidemiology Branch, June 2008). This methodology explicitly includes consideration of possible differential effects on the health of infants, children and other sensitive subpopulations. To date, OEHHA has adopted revised Reference Exposure Levels (RELs) using the new methodology for seven toxic air contaminants and additional contaminants will be reviewed for new or revised RELs using the new methodology over time. For many chemicals, use of the new methodology will result in significantly more stringent non-cancer risk standards relative to existing requirements (e.g., the recently revised chronic and acute RELs for mercury are 3 times more stringent than the previous RELs). Staff believes that

revised RELs using the new OEHHA methodology should begin to be used in the Air Toxics NSR program upon adoption by OEHHA.

Staff is evaluating the socioeconomic impacts of the use of the proposed more stringent OEHHA risk assessment methodologies, and has concluded that gasoline dispensing facilities, diesel backup generators, and crematories would be the source categories most significantly impacted. Staff believes that, in some cases, affected sources will need to install additional emissions controls, reduce source capacities or throughputs, provide additional source/receptor separation distances, and/or otherwise improve project design to reduce localized impacts, in order to comply with the proposed standards.

The revised staff proposal retains a toxics tracking provision for each Priority Community, although the revised proposal has been broadened to include all source categories. Under this provision, the District will track and report emissions changes of toxic air contaminants from permitted stationary sources, mobile sources, and area wide source over time.

Finally, the staff will continue to develop other regulatory measures (e.g., source-category based rules) and initiatives that are focused on reducing cumulative impacts from exposure to toxic air contaminants.

Respectfully submitted,



Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Reviewed by: Jeffrey McKay

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: November 5, 2009

Re: Status Report on Proposed Amendments to Regulation 11, Rule 16:
Perchloroethylene and Synthetic Solvent Dry Cleaning Operations

RECOMMENDED ACTION:

Receive and file; report to Board of Directors.

BACKGROUND

The Board of Directors adopted amendments to District Regulation 11, Rule 16: Perchloroethylene and Synthetic Solvent Dry Cleaning Operations, on March 4, 2009, that incorporated new requirements of the statewide Airborne Toxic Control Measure (ATCM) for Emissions of Perchloroethylene (PERC) from Dry Cleaning Operations. Effective July 1, 2010, the adopted amendments prohibit Perc equipment at co-residential dry cleaning facilities, converted Perc machines, and Perc equipment older than 15 years (after date of manufacture). The revised rule prohibits all Perc dry cleaning operations effective January 1, 2023.

During discussions of the proposed amendments, the Board indicated dissatisfaction over the pace of the Perc phase-out schedule, and directed Staff to prepare additional amendments to Regulation 11, Rule 16, that would accelerate the phase-out of Perc dry cleaning machines and related equipment in the Bay Area.

DISCUSSION

Staff has prepared three options for an accelerated Perc phase-out for consideration as follows:

- A) Perc equipment to be shutdown when reaching 12 years of age; final phase-out by December 31, 2019;
- B) Perc equipment to be shutdown when reaching 10 years of age; final phase-out by December 31, 2017; or
- C) Perc equipment to be shutdown when reaching 8 years of age; final phase-out by December 31, 2015.

The following table shows the estimated number of Perc dry cleaning machines that would need to be shutdown over time under the existing 15 year phase-out requirement, and under the three options considered for accelerated phase-out. The figures in the table are based on information staff has collected regarding the age of Perc dry cleaning machines in operation in the Bay Area. For each of the three accelerated phase-out options, 90 percent or more of the existing Perc machines in the Bay Area would be shutdown by December 31, 2012.

Estimated Number of Bay Area Perc Dry Cleaning Machines to be Shutdown Under Various Phase-Out Options

Date	Existing 15 Year	Option A 12 Year	Option B 10 Year	Option C 8 Year
By July 1, 2010	273	273	273	273
By July 1, 2011	21	90	167	198
July – Dec. 2011	10	33	24	8
2012	19	44	7	4
2013	40	24	8	2
2014	33	7	4	1
2015	44	8	2	4
2016	24	4	1	
2017	7	2	4	
2018	8	1		
2019	4	4		
2020	2			
2021	1			
2022	4			
Total	490	490	490	490

Staff held a public workshop on June 10, 2009, to discuss, and receive comments on, the three options for an accelerated Perc phase-out schedule. Dry cleaner industry members expressed strong concerns that accelerating the Perc phase-out schedule would be financially burdensome. Many commenters indicated that economic impacts would be exacerbated by the economic downturn that has caused reductions in their sales and profits, and made financing more difficult to obtain. Some commenters also indicated that requiring a large number of machines to be replaced by the initial effective date would create compliance problems because of equipment availability issues, and because the Bay Area has a limited number of machine installers.

In order to partially mitigate the economic impacts and logistical difficulties identified, staff is proposing to set a secondary effective date of July 1, 2011 for the proposed accelerated phase-out options (the figures in the preceding table are based on this). The initial effective date of the Perc phase-out would begin a year earlier than this (i.e., July 1, 2010) as required under the State ATCM and the existing District Regulation 11, Rule 16 (as amended March 4, 2009) for Perc machines older than 15 years.

A socio-economic study was completed for the three accelerated phase-out options by the District's consultant BAE. The study determined that the annualized costs of shutting down a Perc dry cleaning machine prior to the end of its useful life ranges from \$2,700 to \$3,100. The total compliance costs (per machine) for each phase-out option is as follows, based on the number of years that a machine would need to be shutdown in advance of the existing 15 year requirement: (A) phase-out of 12 year old machines: \$5,400 to \$9,400, (B) phase-out of 10 year old machines: \$10,800 to \$15,600, and (C) phase-out of 8 year old machines: \$16,200 to \$21,800. These costs represent the loss of equity associated with replacing a machine prior to the existing 15 year phase-out requirement.

The socio-economic study estimated average annual sales for Bay Area dry cleaners to be \$105,100, with average annual profits of \$6,900. About two-thirds of these facilities, however, are very small businesses with fewer than 5 employees, and average annual sales and profits of \$62,200 and \$4,100, respectively. For these very small facilities, the annual compliance costs of the accelerated phase-out options noted in the study represent 66 to 76 percent of annual profits, which would continue over a period of 3, 5, or 7 years (for Options A, B, and C, respectively). The study notes that business profit losses of 10 percent or more are considered to indicate a potential for significant adverse economic impacts and, under this measure of burden, all of the options for accelerated phase-out considered are potentially significant.

In light of the potentially significant impacts on small businesses, staff is recommending that the Board adopt Option A, which would phase-out Perc machines at an age of 12 years, beginning on July 1, 2011. Under this proposal, 90 percent of the existing Perc dry cleaning machines in the Bay Area would be shutdown by the end of 2012, 98 percent would be shutdown by the end of 2015, and all would be shutdown by the end of 2019.

Respectfully submitted,



Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Reviewed by: Jeffrey McKay

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: November 4, 2009

Re: Proposed Amendments to Regulation 8, Rule 50: Polyester Resin
Operations

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

The 2005 Ozone Strategy Control Measure SS-4 identified Regulation 8, Rule 50 as providing opportunities for further VOC reductions from polyester resin operations. Staff has identified standards in the rule where existing monomer limits for resins and VOC limits for cleaning products can be reduced. Also, emissions from gel coat usage will be reduced by switching from VOC limits to monomer limits. A public hearing for the proposed amendments has been scheduled for December 2, 2009.

DISCUSSION

In this report, Staff will present information on:

- Background on Bay Area polyester resin operations;
- Proposed amendments to Regulation 8, Rule 50;
- Potential VOC emission reductions;
- Costs of the proposed amendments; and,
- The rule development process including remaining steps.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT:

None.

Respectfully submitted,



Jack P. Broadbent
Executive Officer/APCO

Prepared by: William Thomas Saltz
Reviewed by: Henry Hilken