



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
STATIONARY SOURCE COMMITTEE MEETING

COMMITTEE MEMBERS

GAYLE B. UILKEMA, CHAIRPERSON
SUSAN GARNER
CAROLE GROOM
DAVID HUDSON
NATE MILEY

JAMES SPERING, VICE CHAIRPERSON
JOHN GIOIA
SCOTT HAGGERTY
CAROL KLATT

MONDAY
DECEMBER 13, 2010
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 SEPTEMBER 27, 2010**
4. **STATUS REPORT ON PETROLEUM REFINERY FLARE MINIMIZATION PLAN ANNUAL UPDATES**
K. Wee/4760
kwee@baaqmd.gov

The Committee will receive a status report on the Flare Minimization Plan (FMP) 3rd Annual Updates submitted under Regulation 12, Rule 12: Flares at Petroleum Refineries. Each refinery is required to review their FMP and revise the plan annually to incorporate any new prevention measures that will minimize the frequency and magnitude of flaring.

5. **STATUS REPORT ON LENNAR BVHP REDEVELOPMENT PROJECT**
K. Wee/4760
kwee@baaqmd.gov
The Committee will receive a status report on the Lennar BVHP redevelopment project at Parcel A.
6. **REPORT ON THE DISTRICT'S ODOR EVALUATION TECHNICAL CONFERENCE**
K. Wee/4760
kwee@baaqmd.gov

The Committee will receive a report on the Odor Evaluation Technical Conference sponsored by the District on August 2, 2010, attended by industry, the general public, affected communities, and other regulatory agencies.

7. **PROPOSED REGULATION 11, RULE 17: LIMITED USE STATIONARY AGRICULTURAL ENGINES**

H. Hilken/4642

hhilken@baaqmd.gov

The Committee will receive an update on the Air District's proposed Low-Use Stationary Agricultural Diesel Engine Rule, which provides an alternative to CARB's Air Toxics Control Measure for these engines.

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 – AT THE CALL OF THE CHAIR**

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

DECEMBER 2010

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Stationary Source Committee Meeting <i>(At the Call of the Chair)</i>	Monday	13	9:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room
Joint Policy Committee Special Meeting	Friday	17	10:00 a.m.	MTC Auditorium 101 – 8 th Street Oakland, CA 94607
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i> - RESCHEDULED TO NOVEMBER 18, 2010 at 9:30 a.m.	Thursday	25	9:30 a.m.	4 th Floor Conf. Room

JANUARY 2011

<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	5	9:45 a.m.	Board Room
Advisory Council Retreat <i>(2nd Wednesday of each Month)</i>	Wednesday	12	9:00 a.m.	Board Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Wednesday	12	1:30 p.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting / Retreat <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	19	9:45 a.m.	David Brower Center 215 Alliston Way Berkeley, CA 94704
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i>	Thursday	27	9:30 a.m.	4 th Floor Conf. Room

FEBRUARY 2011

<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 Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i>	Thursday	24	9:30 a.m.	4 th Floor Conf. Room

HL – 11/30/10 (9:45 a.m.)

P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Uilkema and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 6, 2010

Re: Stationary Source Committee Draft Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Stationary Source Committee meetings of September 27, 2010.

DISCUSSION

Attached for your review and approval are the draft minutes of the September 27, 2010 Stationary Source Committee meetings.

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 27, 2010

Call to Order – Roll Call: Chairperson Gayle Uilkema called the meeting to order at 9:30 a.m.

Present: Gayle B. Uilkema, Chairperson; James Sperring, Vice Chairperson; and Directors Carole Groom, Carol Klatt, Susan Garner, John Gioia, Scott Haggerty, and Nate Miley

Also Present: Board Chairperson Brad Wagenknecht

Absent: Director David Hudson

Public Comment Period - None

3. Approval of Minutes of July 23, 2010

Committee Action: Director Klatt made a motion to approve the Minutes of July 23, 2010; Director Gioia seconded the motion; approved unanimously without objection.

4. Report on Recent Permit Activities for Crematories

Director of Engineering Brian Bateman gave the staff presentation, stating a prior report to the Committee focused on the topic of mercury emissions from crematories. He presented the location of Bay Area crematories required to secure District permits and described locations and restrictions in certain counties. He described permit activities in 2009 and 2010, noting that crematories are a minor source of emissions and typically do not trigger permits unless within 1,000 feet of a school site.

Comments received from the public include concerns of air pollution impacts and social, cultural and religious issues. Staff expects permits for crematories will expand; they will surpass burials due to factors of cost and gradually changing attitudes. Brain Bateman described air emissions from a typical crematory and presented updated CEQA significance thresholds for projects. Updated guidelines also include cumulative thresholds of significance, which he said will be different depending upon location and density of nearby emission sources.

Mr. Bateman stated there is no specific District rule for crematories, but there are applicable air quality requirements and the expectation is that the lead agency will estimate the air quality impacts using CEQA guidelines. They include:

- Particulate matter and visible emission standards
- New Source Review
- Air Toxics Hot Spots Program
- CEQA

Emission controls have evolved over the years, and all crematories have primary and secondary combustion chambers, combustion controls, and secondary chamber combustion temperature requirements with continuous monitoring and tracking. He noted that crematories do not generate many complaints or violations of conditions.

Mr. Bateman provided an example of a permit review for Grissom's Chapel and Mortuary in San Lorenzo located 1,000 feet south of Highway 238 in a mixed use residential area. He said the mortuary submitted an application in January 2009 for a new crematory. A Health Risk Assessment (HRA) was done and because of the proximity of nearby residences, it failed the risk screen. Staff worked with applicants to come up with a better design. Mr. Bateman presented HRA results for cancer and noncancerous risk, which meet the requirements of the amended rule done earlier this year and noted the facility is also located near schools. Staff conducted public notification and comments were received in opposition, and the District issued an Authority to Construct on July 16, 2009.

Mr. Bateman then presented CEQA analysis performed on the project showing maximum impacts from the project and examples of nearby impacts. Results show that both at the project level and on cumulative impacts, the project would not have significant risks.

Lastly, the County of Alameda prohibits new crematories within 300 feet of a residence through ordinance. He stated the ordinance is outdated which staff was not aware of until after issuance of the permit. The new project has not been constructed and the County is considering a use permit process which is an amendment to their ordinance to include public health protection. The District has no specific position on this ordinance change, but recommended they follow CEQA guidelines for the project.

In conclusion, Mr. Bateman stated Alameda County has issued an Initial Study and Draft Negative Declaration and has scheduled public hearings for September 13, October 4, and October 12, 2010 in various locations.

Committee Comments/Discussion:

Chair Uilkema questioned and confirmed that the Air District issues a Certificate of Compliance, the final determination of land use is made by another agency, and there could be multiple permits prior to construction, as well as a use permit. She clarified that just because the District issues the permit does not mean the project will necessarily be approved.

Board Chairperson Wagenknecht clarified that the project was evaluated under both the old and new rule limit guidelines. Mr. Bateman added that CEQA issues have not yet been finalized and staff would recommend these procedures be used on this new a-sensitivity factor; however, they should still be under 10 in a million.

Chairperson Wagenknecht stated that the strongest argument is that there is a residence 250 feet from the stack and the District's response has been to increase the height. He questioned if there is anything else that can be done to reduce the impact. Mr. Bateman stated limiting the size of the facility could be proposed, but crematories have done everything that can be done. There may be other controls in the future, such as dispersing emissions more, increasing the stack, and the Health Risk Assessment process is used to measure the appropriateness of different sizes of facilities.

Committee Action: Director Groom made a motion to receive and file the report; Director Gioia seconded the motion; carried unanimously without objection.

5. Proposed Rule for Low-Use Agricultural Diesel Engines

Senior Air Quality Engineer Guy Gimlen gave the staff presentation, stating diesel exhaust particulates are a toxic air contaminant. CARB's Airborne Toxic Control Measure (ATCM) addressed stationary diesel engines in 2004 and the ATCM was amended in 2006 to include stationary agricultural diesel engines. He noted the ATCM provides an exemption for diesel driven air movement machines for orchards and vineyards, but does not provide any other exemptions.

Mr. Gimlen provided the following background on the proposed Rule:

- Some vineyard owners use sprinkler systems for Frost Protection: 50-80 hours per year;
- Analysis for ATCM was based on irrigation in the Central Valley: ~1,000 hours per year
- For low use diesel engines the analysis is much different
 1. Higher costs (loss of substantial remaining engine life), and
 2. Lower emissions (from lower use)
- Farm Bureau and individual farmers asking to extend the schedule for replacement of low-use engines
- Northern Sonoma and Lake county air districts have already approved alternate engine replacement schedules

Mr. Gimlen described the proposed rule and replacement schedule, as follows:

- Applies to stationary agricultural diesel engines over 50 HP
- Exemption for engines used less than 20 hours per year
- Provides an Alternate Compliance Plan (ACP) option for engines used less than 100 hours per year
- The ACP defers replacement of the engines until 2016-2021:
 - Achieve additional useful life from existing engines
 - Replace when the cleanest burning, lowest Particulate Matter technology is available (known as Tier 4) in 2015
 - Strict eligibility requirements, including being located more than 200 meters from housing, schools, health treatment facilities
 - Owner/operator must register their engines with the District, apply for, and receive approval for the Alternate Compliance Plan

The ACP proposed replacement schedule:

- Tier 0 engines, 2016-2018

- Tier 1 engines, 2019
- Tier 2 engines, 2020-2021
- Focus on oldest, largest engines first
- Each engine must be replaced with a certified Tier 4 engine, or the highest tier (lowest emission) engine available.

The ATCM required stationary agricultural diesel engines to register with the District since 2008, and the proposed ACP provides flexibility to recover more useful life from existing low-use engines. Mr. Gimlen reviewed the numbers, age, costs associated with registration and reduced emissions from early replacements, as well as current emission reductions from 150 low use agricultural engines, emission reductions when in compliance with the ATCM, and proposed ACP based on the proposed rule and costs.

Next steps in the rule development process:

- Staff has met with farm bureau groups in three counties
- Staff has consulted with several other air districts' staff to understand each district's path forward regarding this issue
- Staff has consulted with CARB
- Workshop rule and report in executive approval process now
- Workshops in October/November in agricultural communities
- CEQA and socio-economic analysis
- Final draft rule and staff report
- Public hearing by end of 2010/first quarter of 2011

Committee Comments/Questions:

Director Haggerty questioned work with other counties and confirmed with Mr. Gimlen that the replacement schedule is more aggressive than Lake and Sonoma Counties, as they are in ozone compliance. Staff wants to provide time for the Tier 4 engines to be available and then start replacing the highest emitters first. He also confirmed that funding will be available as long as there is three years prior to the Rule and requested that staff develop an outreach plan and schedule to return to the Committee.

In response to Chair Uilkema, Mr. Gimlen discussed proposed outreach on compliance deadlines and money available to all Bay Area counties. Mr. Broadbent explained that there is a statewide air toxic control measure that applies to engines at the end of the year. Staff is trying to provide a more realistic schedule through the proposed Rule.

Directors cited the low number of agriculture engine replacements and registrations, and requested that staff provide focused outreach to additional farm bureaus. Director Spering asked staff to provide a summary of concerns from each farm bureau, an outline of engine replacement, and the location of the 279 registrations, by county. Director Garner requested staff also add to the information the sizes of engines by county and a plan to assist in the identification of unregistered engines.

Mr. Broadbent said staff is confident it can reach out to all nine Bay Area counties and provide a proposal by the end of the year to the Committee although the rule should take a longer period of time, and follow-up will be provided to the Committee on outreach efforts.

Chair Uilkema restated items for response and return. She observed that at the last Board meeting the Clean Air Plan (CAP) was adopted, and she relayed comments she had received. She suggested the District estimate the amount of pollutants reduced for each proposal in the future so that people have an idea that the CAP is a cumulative plan and each bit makes a difference and brings the District that much closer to attainment.

Committee Action: None; informational only.

6. Proposed Amendments to Regulation 9, Rule 10: Nox and CO from Boilers, Steam Generators and Process Heaters in Petroleum Refineries

Senior Air Quality Engineer Julian Elliot gave the staff presentation on proposed amendments to the refinery NOx Rule; Regulation 9, Rule 10, noting that the District has not yet reached attainment status for ground level ozone standards. CO is a pollutant with a variety of ill effects; however, the District has attained the State and federal CO standards which are in maintenance status. Therefore, the proposal includes changes to NOx limits to achieve further cost effective reductions in NOx emissions, but does not include changes to the current CO limits.

He gave a background on the regulation and a description of refinery heaters, stating they either heat water to make steam or they heat process streams of crude oil up to process temperatures. He said the Rule is unusual in that instead of assigning a specific NOx limit to a size range of heaters, it applies a refinery-wide NOx emission average to each refinery. The one exception is CO boilers which are large and used to make steam. They are only used at 3 of the 5 Bay Area refineries and are different in that they are very large, have a high utility, are used most of the time at high operating rates, and have certain challenges relating to the types of fuel they use which make their emissions harder to reduce.

Mr. Elliot said refinery NOx emissions have been reduced to 26 tons per day through the Rule and there has been a 65% NOx reduction between 1994 and 2002. He then reviewed current and proposed NOx limits, NOx reduction measures and costs per ton, and limits on coker and non-coker facilities. A manual of procedures is being developed as compliance must be monitored on a daily basis. He said it is a complicated procedure; however, when refineries are in a shut down mode, the emission levels are distorted. Therefore, there are exemptions built in to reflect various scenarios. He noted that each refinery has its own unique monitoring systems, and staff has worked to improve monitoring consistency and streamline the process.

Mr. Elliot discussed the rule development process, said staff held meetings with each refinery staff and technical consultants. They developed a database of refinery heaters, heater emissions and estimated costs for additional NOx control at each of the heaters. They validated cost data and held a public workshop earlier in the year to receive comments on proposed NOx boiler limits. After the workshop, additional meetings were held with stakeholders, a second draft of the rule was prepared, and invited a second round of comments earlier in the month.

During the comment period, a number of meetings were held with refinery staff and stakeholders at their request to explain the elements of the second draft and discuss possible concerns, and staff is currently consideration comments submitted.

Next steps include:

- Consider and address second round comments
- Prepare final draft of the rule and staff report
- Prepare and complete CEQA & socio-economic analyses
- Have the rule ready for a public hearing before the Board of Directors by the end of the year

There were no questions or comments of Committee members.

Public Comments: None

Committee Action: Director Gioia made a motion to accept and file the report; Director Spring seconded the motion; carried unanimously without objection.

7. Committee Member Comments/Other Business:

Chair Uilkema stated the next meeting will be held December 13, 2010. Agenda items may include proposed Regulation 11, Rule 17, Pacific Steel Casting, and power plants. Mr. McKay suggested an alternative agenda to include Bayview Hunters Point and the Odor Conference recently held in Oakland as an informational item, and postponing Pacific Steel Casting and power plants to the January or February meeting, and said he will work with the Chair to finalize and confirm items for upcoming agendas.

Director Garner asked staff to provide an update on Lehigh Power Plant at an upcoming Board or Stationary Source Committee meeting. She said the EPA recently finalized regulations affecting the permit. There is a mobile monitoring device in the area without any results received from it yet, and the Title V permit is scheduled for completion later this year. Chair Uilkema asked that Mr. McKay meet separately with Director Garner to schedule this agenda item.

8. Time and Place of Next Meeting: Monday, December 13, 2010, 9:30 a.m., 939 Ellis Street, San Francisco, CA 94109.

9. Adjournment: The meeting adjourned at 10:41 a.m.

Lisa Harper
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Uilkema and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 13, 2010

Re: Status Report on the Flare Minimization Plan Third Annual Updates under
Regulation 12, Rule 12: Flares at Petroleum Refineries

RECOMMENDED ACTION:

Informational Report. Receive and file.

BACKGROUND

In order to minimize the frequency and magnitude of flaring at petroleum refineries, the District Board of Directors adopted Regulation 12-12: Flares at Petroleum Refineries on July 20, 2005. The regulation recognizes that refinery flares are first and foremost a safety device and it allows refineries to develop plans to continuously minimize flaring without compromising safety. The regulation prohibits the non-emergency use of a refinery flare unless that use is consistent with an approved Flare Minimization Plan (FMP).

Each Flare Minimization Plan must include:

- Information regarding the design and operation of the facility as it relates to flaring;
- Description of the prevention measures previously taken that permanently capture current emission reductions and planned measures to further reduce flare emissions at the refinery; and
- Commitments to implement all additional feasible prevention measures expeditiously.

The regulation functions as a continuous improvement process by requiring the refineries to update their FMP annually to incorporate any new feasible prevention measures identified as a result of investigations into the primary cause and contributing factors for significant flaring events.

DISCUSSION

The District's flare regulations have been making progress in reducing the frequency and magnitude of flaring as indicated by downward trends in the total emissions of non-methane hydrocarbons and sulfur dioxide. Emissions of methane and total volume of

vent gas flared have also been trending downward with the exception of 2009. The 2009 increases in the volume of vent gas flared and methane emissions, which were discussed at the committee's May 13, 2010 meeting, were related to major maintenance activities associated with the Clean Fuels Project at the ConocoPhillips refinery and one flaring event at Shell refinery due to a process upset.

The Flare Minimization Plan third annual updates were submitted Oct 1, 2010 and include flaring analysis for the time period July 1, 2009 through June 30, 2010. All future annual updates will continue to cover a 12-month flaring analysis period and contain any modifications or amendments to flaring prevention measures to address significant flaring events during the period.

The District uses a robust engagement process for evaluating Flare Minimization Plans. In addition to working with each refinery, district staff considers all public comments received for each plan. Throughout the Flare Minimization Plan engagement process, the District staff focuses on ensuring all feasible prevent measures identified as a result of the investigations into the reasons for flaring are expeditiously implemented. The engagement with refineries centers on the following main areas: Vent gas source reduction efforts; Fuel gas balance between gas generators and consumers; Vent gas compressor capacities and reliability; low flow events; and Sour gas scrubbing capabilities.

While emissions and volumes from petroleum refinery flares have been showing steady decreases since 2004 for most pollutants, the Air District does not expect these trends to continue due to the periodic emergency flaring as well as the cyclic nature of maintenance activity at refineries. It is not uncommon for maintenance turnarounds to occur on 3 to 5-year intervals, or longer. Emergency flaring is expected to occur periodically due to flares primary function as a safety device. However, investigations of causes for emergency flaring will result in additional prevention measures that can minimize the frequency and magnitude of this type of flaring through the continuous improvement process that is required by the flare control regulation.

The District is committed to the goal of continuous improvement in minimizing petroleum refinery flaring and will continue to work with all stakeholders to achieve progress through the petroleum refinery Flare Minimization Plans.

The Committee will receive a status report on the petroleum refinery Flare Minimization Plan third annual updates.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Doug Tolar
Reviewed by: Kelly Wee

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Uilkema and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 6, 2010

Re: Status Report on Lennar BVHP Parcel A Redevelopment Project

RECOMMENDED ACTION:

Informational Report. Receive and file.

BACKGROUND

The Stationary Source Committee has requested periodic status updates on selected Bay Area facilities. Lennar BVHP, LLC (Lennar) obtained approval from the Board of Supervisors of the City and County of San Francisco and the San Francisco Redevelopment Agency in 2005 to construct approximately 1,600 attached single family homes on Parcel A of the BVHP Shipyard as part of the redevelopment project for the area. Parcel A is located in an area that contains naturally-occurring asbestos (NOA). Grading and construction activities at the site are subject to requirements of the California Air Resources Board's Asbestos Airborne Toxic Control Measure (ACTM) for Construction, Grading, Quarrying, and Surface Mining Operations (NOA ATCM), which is intended to limit the public's exposure to NOA. BVHP community members have expressed concerns over health effects resulting from the construction activities at the Parcel A site. Air District staff last presented an update to the Stationary Source Committee regarding the Lennar BVHP Project on July 13, 2009.

DISCUSSION

Lennar has completed most of the major grading and earth movement associated with the Parcel A redevelopment project. To date, paved roads have been built on Parcel A and the San Francisco Public Utilities Commission is currently installing electrical cable lines throughout the Parcel. Foundations for the future residential structures on-site have not been poured yet. Water trucks continue to water surrounding streets, and the project continues to perform air monitoring for NOA. Daily on-site inspections by District field-staff continues.

In an effort to improve public health protection from any potential airborne asbestos, the Air District required Lennar to revise its Asbestos Dust Mitigation Plan (ADMP). The revised ADMP was approved on August 4, 2009 and includes:

- Fourteen (14) additional NOA dust mitigation measures that addressed specific activities that could potentially cause dust emissions;
- The addition of four (4) community air monitors that augmented the Air District monitoring network, providing (8) air monitors to track project emissions and ensure levels remain below established significance levels for the project; criteria;
- Incorporation of U.S. Environmental Protection Agency dust mitigation suggestions into the revised Plan.

As of December 1, 2010 there have been no elevated readings recorded by the air monitors on-site since February 26, 2010 that required work to stop in order to reduce emission levels. Based on ambient asbestos monitoring data and using state risk assessment protocols, risk levels are well below established significance levels for projects in the Air District.

In the spring of 2010, the community expressed concern about airborne concentrations of naturally occurring heavy metals, such as chromium, arsenic and manganese from the project site. These naturally occurring metals are part of the geologic makeup of the soils and bedrock of the area. Parcel A had essentially no heavy metals contamination with the exception of lead contamination from lead paint associated with Navy housing, which was cleaned up. The U. S. EPA, Department of Toxic Substances Control (DTSC), and Regional Water Quality Control Board (RWQCB) oversaw the environmental clean-up of Parcel A and certified the site safe for development. District staff evaluated hundreds of third-party soil sample reports along with particulate matter monitoring data, estimated health risks from airborne metals using U.S EPA risk assessment protocols, and concluded that there is no significant health risks associated from the inhalation of airborne metals at Parcel A.

On July 27, 2010, the San Francisco Board of Supervisors granted final approval on all remaining amendments to the Environmental Impact Report (“EIR”) prepared for the remaining Parcels. The next step is for Lennar to secure funding to commence construction following transfer of the Parcels from the Federal government to the City and County of San Francisco.

District staff will provide a status report to the Committee on the Lennar Bayview Hunters Point Parcel A Project. Additionally, the attached facility Fact Sheet provides background information, regulatory history, and a summary of public comments/issues.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: John Marvin

Reviewed by: Kelly Wee

Attachments: Lennar Fact Sheet
Hunter's Point Shipyard Parcel A Monitors Fact Sheet



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

LENNAR BAYVIEW HUNTERS POINT
Parcel A' Redevelopment Project
San Francisco, CA 94124

FACT SHEET

December 6, 2010

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 Bayview 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

Lennar Bayview Hunters Point Fact Sheet

December 6, 2010

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 pursuant to OEHHA guidelines.
- 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. Since, the District issued a Notice to Comply to Lennar in January 2009 for inadequate track-out prevention and control.

Public Comments/Issues

- Bayview Hunters Point (BVHP) community members have expressed concerns over health effects resulting from construction activities at the Parcel A' site. District staff met with Minister Christopher Mohammad and other representatives of BVHP to discuss issues and concerns surrounding the Parcel A' project on numerous occasions starting in November 2007. Community engagement meetings have been held to help the public better understand the District's regulatory program with respect to this project site.
- Through a competitive bid process, IQAir North America, Inc., an air purification manufacturer, was awarded the contract for the "Improved Indoor Air Quality Pilot Project at Six Bayview Hunters Point Schools". The project, funded by a portion of the penalty settlement money (approximately \$300,000), provides improved indoor air quality by upgrading existing HVAC systems with high-performance panel air filters or installing stand-alone filtration systems in classrooms without suitable HVAC systems. IQAir North America has completed air filtration upgrades at two Bayview Hunters Point schools. Air filtration upgrades are expected to be completed

at an additional three schools early in 2011. The sixth school is slated for closure and will not be upgraded.

- District staff met with Bayview Hunters Point Community members to discuss potential projects to be funded from the remaining penalty settlement money. A representative of the Prescott Joseph Center for Community Enhancement gave a presentation at this meeting in response to community interest in expanding the Breathmobile mobile asthma clinic to schools in Bayview Hunters Point.

Project Status

- Lennar has completed most of the major grading and earth movement entailed with the Parcel A' redevelopment project. Current construction activity is associated with completion of utilities infrastructure installation as Lennar moves toward commencing building construction. The San Francisco Public Utilities Commission commenced installation of electrical cable lines. The next phase will include temporary electrical power for building construction and installation of street lights.
- A revised Asbestos Dust Mitigation Plan (ADMP) was approved on August 4, 2009 that improved the public health protection from any potential airborne asbestos. The revised ADMP expands the monitoring network to 9 ambient asbestos monitors to improve the public health protection for the community and incorporates 14 additional dust mitigation measures to prevent airborne emissions.
- The District invited U.S. Environmental Protection Agency Region IX to review the District approved ADMP and associated air monitoring plan to ensure it is appropriately conservative and protective of public health. In its final June 9, 2010 report, U.S. EPA concluded that the implementation and enforcement of the Asbestos Dust Mitigation Plan are effectively minimizing dust asbestos exposure and the Air District project oversight is appropriate.
- Based on ambient asbestos monitoring data, and using risk assessment protocols established by Office of Environmental Health Hazard Assessment (OEHHA), in December 2010 the District estimated the cancer health risk associated with NOA released by construction and grading activity at Parcel A' by Lennar monitoring station as follows: Station HV1 – 1.1 in a million, Station HV2 – 0.9 in a million, Station HV4 – 2.9 in a million, Station HV5 – 0.7 in a million, Station HV6 – 0.5 in a million. The estimated cancer health risk associated with the community monitors is as follows: Station HVc7 – 0.6 in a million, Station HVc9 – 1.6 in a million, Station HVc11 – 3.7 in a million, Station HVc12 – 4.5 in a million. These risk estimates are well below established significance levels for projects in the air district.
- The District assessed the potential health impacts from exposure to airborne metals (arsenic, hexavalent chromium, and manganese) in response to community

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December 6, 2010

concerns. These naturally occurring metals are part of the geologic makeup of the soils and bedrock in the area. Parcel A' never had heavy metals contamination from past shipyard activities, other than lead contamination from lead paint associated with Navy housing, which was cleaned up. The U.S. EPA, Department of Toxic Substances Control, and Regional Water Quality Control Board oversaw the environmental clean-up of Parcel A' and certified the site safe for development. Based on hundreds of soil sample reports and particulate matter monitoring data and risk assessment protocols established by OEHHA, the District estimated health risks from airborne metals and concluded there is no significant health risks associated from inhalation of airborne metals at Parcel A'.

- The District continues to conduct daily inspections to verify compliance with the ADMP and the Asbestos Airborne Toxic Control Measure for Construction, Grading, Quarrying, and Surface Mining Operations.



Bayview Hunters Point Lennar Parcel A'
San Francisco, CA
Ambient Monitoring Network for
Naturally Occurring Asbestos

FACT SHEET

December 6, 2010

The Air Resources Board's Naturally-Occurring Asbestos (NOA) Airborne Toxic Control Measure (ATCM) for Construction, Grading, Quarrying, and Surface Mining Operations grants local air districts the authority to require NOA air monitoring for projects that are subject to the ATCM.¹ The ATCM proscribes that a 24-hour Transmission Electron Microscopy (TEM) analysis be performed in accordance with a modified version of the Asbestos Hazard Emergency Response Act (AHERA) test method.² The Bay Area Air Quality Management District (Air District) required ambient monitoring of naturally occurring asbestos as part of the October 7, 2005 Asbestos Dust Mitigation Plan (ADMP) to help quantify any potential exposures to asbestos and help ensure public health exposures remained at levels that are less than significant. Routine monitoring results provide (1) valuable data to determine health risk exposures according to state guidelines³ and (2) daily results that help to identify any elevated levels that can then trigger a stop in construction activities that might be contributing to the elevated levels. Construction work must remain halted until monitoring results decline below the trigger level.⁴

BAAQMD Monitoring Network (District Monitors)

The Air District requires 5 ambient monitors (identified as District Monitors HV-1, HV-2, HV-4, HV-5, HV-6) to be run every day there is dust generating construction activity at the project. The monitors are located around the project boundaries and are positioned to provide upwind and downwind readings, to the extent possible, given the variations in wind direction and the fact that the samples are run for a 24-hr period. Consistently, these monitors have shown that the ambient levels of asbestos around the Lennar BVHP Parcel A' project are below significance levels that would pose a health risk.

SFHD Monitoring Network (Community Monitors)

The City of San Francisco Health Department has established 5 additional ambient monitors (identified as Community Monitors HVc-7, HVc-8, HVc-9, HVc-11, HVc-12) and 4 are run on a daily basis with HVc-8 located upwind of project randomly sampled 1 day per week. HVc-12 is located on the dirt shoulder adjacent to the roadway and results do not represent dust generating construction activities from the Lennar project, therefore the data from HVc-12 is collected for information only. The Community Monitors were established under a separate agreement amongst the City of San Francisco, Lennar, and

¹ California Code of Regulation, Title 17, Section 93105, Subpart (g)(1).

² California Code of Regulation, Title 17, Section 93105, Subpart (h)(3).

³ California State Office of Environmental Health Hazard Assessment establishes health risk assessment guidelines for toxic compounds.

⁴ Monitoring results in excess of 16,000 structures per cubic meter of air as measured by Transmission Electron Microscope analysis.

Bayview Hunters Point Lennar Parcel A' Fact Sheet

June 25, 2010

some community representatives and are run by City of San Francisco subcontractors. The Community Monitors were added as supplemental to the District Monitors that are more than adequate to assess health risk and to monitor the project's emissions.



ADMP Revision

On August 4, 2009, the Air District required Lennar to revise the Asbestos Dust Mitigation Plan. The new plan includes 14 additional dust control measures to minimize emissions from dust generating construction activity and incorporates 4 community monitors into the project stop work trigger level. Since August 4, 2009 there have been 8 days (Aug 12, 18, 20, 21; Oct 15, 29; & Feb 16, 26, 2010) where Lennar was required to stop dust generating construction activity until ambient levels declined below trigger levels. The results from the Community Monitors have also shown that the ambient levels of asbestos around the Lennar BVHP Parcel A' project are below significance levels that would pose a health risk.

Nine ambient asbestos monitors run on a daily basis and one monitor (HVC-8) runs on a random day, each week. HVC-8 is a portable monitor and when it is not running, it is removed from the site to prevent theft and vandalism. The normal appearance of the HVC-8 monitoring site on a non-monitoring day is abandoned.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Uilkema and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 6, 2010

Re: Report on the District's Odor Evaluation Technical Conference

RECOMMENDED ACTION:

Informational Report. Receive and file.

BACKGROUND

The Air District periodically reviews its air pollution odor complaint process to refine and improve its efforts to address air pollution caused by odors in the Bay Area. Odor complaints comprise the majority of air pollution complaints received by the Air District. Bay Area residents are concerned about odorous emissions from facilities and processes because they are concerned about toxic air pollution, adverse health effects and impacts on overall quality of life.

In its current review of the odor complaint process, the Air District committed to undertake several initiatives to improve its efforts to address air pollution odors in the Bay Area. These initiatives include: incorporating new technologies available for odor assessment and measurement, developing a new rule for the metal melting industry, improving customer service feedback, and providing additional odor complaint training to staff.

Historically, the Air District has relied upon public nuisance enforcement to regulate odors in the community. Public nuisance enforcement is a valuable tool; but violations of this type only occur when quantities of air contaminants or other material cause injury, detriment, nuisance or annoyance to any considerable number of persons or the public. Incorporating new technologies available for odor assessment and measurement by the use of state-of-the-art odor instrumentation could facilitate improvements in the odor complaint program enabling the Air District to take action before community impacts occur. These technologies potentially hold the promise of improving odor enforcement in a very objective and predictable manner, for both the community impacted by the odors and for the company operating a facility that emits odors.

To explore and learn about new technologies and state of the art odor instrumentation, the Air District sponsored the Odor Evaluation Technical Conference, which was held August 2, 2010 at Metro Center in Oakland.

DISCUSSION

The Odor Evaluation Technical Conference featured nationally and internationally recognized experts in the science of odor evaluation and monitoring equipment. These experts provided the Air District and the approximately one hundred and twenty (120) conference attendees direct knowledge and information about the science of odors, odor evaluation techniques, and new technologies used to detect and analyze odors. The attendees were comprised of industry, city and county agencies, other air districts, and environmental and community representatives. In addition, there were also conference sessions on community perspectives and community monitoring programs in the Bay Area.

Staff will present a report to the Committee on the District's Odor Evaluation Technical Conference including:

- Conference sessions and science and technologies discussed
- Next steps for the Air District

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: John Marvin
Reviewed by: Kelly Wee

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Uilkema and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 7, 2010

Re: Proposed Regulation 11, Rule 17: Limited Use Stationary Compression
Ignition Engines in Agricultural Use

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

District staff is developing a proposed new rule concerned primarily with low-use diesel driven water pumps used to protect agricultural crops from frost on cold winter nights. The rule addresses the schedule required for replacing diesel engines subject to the California Air Resources Board (CARB) Air Toxic Control Measure (ATCM) that was approved in 2004, and then revised to include agricultural diesel engines in 2006. The ATCM requires existing stationary agricultural diesel engines greater than 100 HP to be replaced by 12/31/2010, and those from 50 – 100 HP to be replaced by 12/31/2011.

The proposed rule is intended to provide flexibility to affected parties in meeting the requirements of the CARB ATCM. The ATCM exempts agricultural wind machines and agricultural emergency generators. However, the ATCM does not provide any other exemptions for low-use agricultural diesel engines. Vineyard owners have pointed out that the economic analysis during development of the ATCM did not properly consider the remaining life of existing low-use stationary agricultural diesel engines, and the minimal emissions and exposure from these engines. This proposed rule is designed to address this concern. Discussions to date with CARB staff indicate that CARB will likely deem the rule equivalent to the ATCM, thereby resulting in District grant funds continuing to be available to assist with the retrofit/replacement of affected engines.

Per direction from the Committee at the September 27, 2010 meeting, staff has been: conducting robust outreach to affected agricultural operations and trade organizations; investigating regulatory requirements consistent with those adopted by other districts, such as Northern Sonoma County APCD, and; conducting CEQA analysis on the current proposal. Based on this recent activity, staff anticipates proposing the rule to the Board of Directors in 1st quarter 2011.

DISCUSSION

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

- Current ATCM requirements for low-use stationary agricultural diesel engines;
- A Proposed Alternate Compliance Plan for stationary agricultural diesel engines used less than 100 hours per year.
- How the Alternate Compliance Plan will require replacement with cleaner (Tier 4) diesel engines, thus achieving greater VOC, NOx, and PM emissions than the ATCM.
- Summary of the current and planned outreach to the agricultural communities in each county.
- Status of rule development and CEQA analysis efforts; and next steps in the process.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Guy Gimlen
Reviewed by: Henry Hilken