

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
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APPROVED 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 Spering, 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.

/s/ Lisa Harper
 Lisa Harper
 Clerk of the Boards