

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

APPROVED MINUTES

Advisory Council Air Quality Planning Committee
9:30 a.m., Tuesday, May 27, 2003

- 1. Call to Order – Roll Call.** 9:45 a.m. Quorum Present: Kraig Kurucz, Chairperson, Harold Brazil, Irvin Dawid, Fred Glueck, John Holtzclaw, PhD, Kevin Shanahan. Absent: Patrick Congdon.
- 2. Public Presentation.** There was none.
- 3. Approval of Minutes of March 25, 2003.** Mr. Glueck moved approval of the minutes; seconded by Dr. Holtzclaw; carried unanimously.
- 4. Legislative Update.** Thomas Addison, Advanced Projects Advisor, stated that the \$38 billion state budget deficit dominates the Legislature’s discussion of the 3,200 bills that have been introduced in this legislative session. Bills that entail a cost to the state will be difficult to pass. Several key bills must move out of committee this week in order to be heard in public hearings. Those that do not move out of committee are technically “dead” although they could be reintroduced next year.

Two bills that would have imposed a fee on petroleum are dead: SB 981 (Soto) with a \$0.30 per barrel fee and AB 1500 (Diaz and Pavley) with a \$1.00 per barrel fee. The resulting increase of \$0.005 to \$0.01 per gallon of gasoline was considered contentious. The funds generated from the fees would have been devoted to Carl Moyer type programs.

AB 740 (Pavley) proposes to fund Carl Moyer style programs through a bond measure. The Senate Appropriations Committee will hear this bill tomorrow.

SB 656 (Sher) would place particulate matter (PM) in the same hierarchy as ozone in the California Clean Air Act (CCAA) and will be heard by the Senate Appropriations Committee tomorrow. The environmental community supports it but both business and industry oppose it. It is a work-in-progress at this point and emphasizes the identification and implementation of “all feasible measures.” Although a funding mechanism for the bill has not yet been created, the California Air Resources Board (CARB) has opined that certain state level planning processes already in place address most of these costs and only an additional \$50,000 is needed to implement the bill. Some legislators have expressed skepticism over this estimate and surmise that the adoption of regulations followed by the imposition of fines will ultimately provide funding for the bill.

The District proposes to recover some of the staff level planning costs through a change to the motor vehicle registration program funding structure for the Transportation Fund for Clean Air (TFCA). If the TFCA legislation were changed to no longer prohibit the Bay Area from using TFCA funds for both planning and monitoring the enforcement associated with mobile source emissions, fiscal support for this unfounded state mandate would accrue. Mobile sources are the greatest source of Bay Area PM emissions. Staff has forwarded this suggestion to Senator Sher.

Mr. Addison added that SB 656 would create tangible enforcement for PM standards and also balance out the District's long-standing focus on ozone planning. Mr. Shanahan noted that NOx and PM reduction programs are not connected when it comes to funding. Dr. Holtzclaw inquired if there were any effort to change the legislation governing the Carl Moyer program to make it PM-based. Mr. Addison replied this issue was discussed at the March 2003 CARB Board meeting.

In reply to Mr. Dawid, Mr. Addison noted that some NOx emissions convert to PM nitrate through secondary formation in the atmosphere. Diesel engines far surpass gasoline engines in total PM emissions. Mr. Dawid suggested staff consider proposing a separate diesel tax to address PM since diesel emissions disproportionately contribute to the current PM problem. Mr. Addison replied that at present there are no air quality taxes imposed on fuel. Although the District supported both SB 981 and AB 1500, neither of these bills has moved forward. Mr. Shanahan opined that these would have generated a major and constant source of funding for mobile source emission reductions at the cost of one cent or less per gallon of gasoline. Mr. Addison responded that 15% of those funds would have been applied to diesel emission reduction programs.

Mr. Brazil observed that for transportation conformity MTC has created transportation emission budgets. To date they have been based on ozone, but by 2006 they will also be based on PM_{2.5}. Thus, mobile source PM will be addressed by being included in the transportation conformity process. Mr. Shanahan stated that the state's diesel risk reduction strategy mandates an 85% reduction by 2010 and is proceeding incrementally, first through transit bus fleets and then refuse and fuel hauling fleets. Mr. Dawid inquired about biodiesel, which several groups are considering using. Mr. Brazil replied that after a number of demonstration projects several Bay Area transit authorities have concluded it is inadequate. Mr. Addison suggested the Committee receive a presentation on the status of diesel and biodiesel fuel use from District Planning Division staff.

Mr. Dawid inquired if diesel particulate retrofits adversely affect fuel performance. Mr. Shanahan replied that the latter decreases by 3% if a retrofit is connected with a system that injects hydrocarbons into the exhaust. Such a system also reduces NOx by 25% and PM by 90%. A passive filter system has no impact on fuel performance but reduces PM exclusively.

Mr. Addison stated that SB 288 (Sher) is a recent response to pending federal new source review (NSR) reform. Although the federal amendments are being challenged in court, the environmental community provided Senator Sher with 37 pages of current federal NSR language for adoption as state law to prevent any weakening of NSR at the state level. While staff opposes any weakening of NSR, the Sher bill proposes an NSR program that is less stringent than the District's current program. Also, certain citizen suit provisions in the bill are problematic. Staff is working with the Senator and has suggested that he instead propose a single paragraph alternative giving air districts the authority to change but not weaken an NSR program. CARB would have the final authority to make a determination as to whether a proposed change would weaken an NSR program.

In reply to questions, Mr. Addison added that even if the federal NSR program were reformed, it would not supercede state law. Therefore, no loss of regulatory enforcement authority is entailed by federal NSR reform. The District can simultaneously administer separate federal and state NSR programs. The State of California can adopt more stringent standards for mobile sources than the federal standards because the state program predates federal regulations. This precedent is also applicable to NSR, and therefore California may adopt more stringent NSR standards than any contained in the Code of Federal Regulations.

Mr. Addison noted that AB 854 (Koretz) was merged into AB 998 (Lowenthal) and will be heard tomorrow, along with AB 698 (Lieber). AB 998 would impose a \$3.00 tax per gallon of perchloroethylene (perc), increasing by one dollar annually until 2014. AB 698 would impose a \$10 per gallon tax. The funds would be applied to low-income operators for transition to cleaner technologies. Perc is a toxic compound for both air and ground water quality. The District supports the alternative dry cleaning technologies advocated by these bills. Global warming is not affected by these technologies. The cost of both machinery and labor varies for these technologies.

AB 471 (Simitian) concerns cruise ship emissions and would prohibit (a) incineration within 90 miles of the shoreline, and (b) hoteling -- i.e, the use of the ship's engines for power when docked. The ship must now plug into the electric grid at a port. The cruise ship industry opposes the bill.

SB 916 (Perata) will increase bridge tolls but without peak period pricing adjustments. Funds from the increase will support Bay Area mass transit. Mr. Dawid noted that the Sierra Club is concerned about the bill's heavy emphasis on ferry transit and its lack of peak period toll pricing.

Mr. Addison noted that the following bills are dead: AB 729 (Lieber), AB 1624 (Benoit), AB 1613 (Benoit), AB 114 (Nakano), AB 1316 (Parra) and AB 204 (Nation). AB 45 (Simitian) and AB 574 (Yee) would increase vehicle registration surcharges beyond the scheduled increase that will soon occur. These bills are still alive but may not survive much longer. Mr. Dawid opined that flat increases in vehicle license registration fees fail to account for the variable costs of transportation.

Mr. Addison stated that SB 700 (Florez) would remove the exemption for agricultural equipment and is moving forward, but it will apply only to agricultural equipment in the San Joaquin Valley.

Chairperson Kurucz requested that at its next meeting staff provide the Committee with an update on legislation as well as a presentation on the current state of discussion on diesel and biodiesel fuel and what kind of plans are in place that would affect fuel use and impact vehicular emissions. Mr. Dawid requested that staff prepare a one-page summary distinguishing the health effects associated with gasoline emissions from those associated with diesel emissions.

Mr. Addison noted that at the federal level the Bush Administration is proposing legislation entitled "The Safe and Flexible Transportation Efficiency Act" that would reduce Congestion Management Air Quality (CMAQ) funds.

5. **Committee Member Comments/Other Business.** Mr. Dawid raised questions on pending litigation over the District's Clean Air Plan. Mr. Addison referred him to District Counsel Bunger.
6. **Time and Place of Next Meeting.** 9:30 a.m., Tuesday, July 22, 2003, 939 Ellis Street, San Francisco, CA 94109.
7. **Adjournment.** 11:37 a.m.

James N. Corazza
Deputy Clerk of the Boards