

**PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
BOARD OF DIRECTORS**

Thursday, December 11, 2008

2:30 P.M.

Meeting Minutes

The Board of Directors of the Placer County Air Pollution Control District met in session at 2:30 P.M., Thursday, December, 11, 2008 at the Placer County Board of Supervisors' Chambers, 175 Fulweiler Avenue, Auburn, California. Representing the District were: Tom Christofk, Air Pollution Control Officer; Todd Nishikawa, Compliance and Enforcement Manager; Yu-Shuo Chang, Planning and Monitoring Manager; and Jane Bailey, Administrative Services Manager.

1. **Call to Order:** Kent Nakata
2. **Flag Salute:** Jim Holmes
3. **Roll Call / Determination of a Quorum:**
Present: Mike Holmes, Miguel Ucovich (replacing Tom Millward), Kent Nakata, Jim Holmes, Peter Hill, Kirk Uhler, and Jim Gray
Absent: Sherrie Blackmun and Robert Weygandt
Quorum established
4. **Approval of Minutes: December 11, 2008, Regular Board Meeting**
Motion: J. Holmes/M. Holmes/Unanimous with M. Ucovich abstaining
5. **Public Comment:** No public comment
6. **Synopsis of Agenda (information only, no action needed)**
7. **Approval of Agenda:**
Motion: M. Holmes/J. Holmes/Unanimous

Consent Calendar Item 8

8. **Approve Budget Revision #08-07 to increase the revenue and expenditure derived from the MOU between Placer County and the District for the Department of Energy (DOE) Placer County Biomass Utilization Pilot Project: (Consent/Action)**
The Board approved the Budget Revision #08-07 thereby increasing the budgeted revenue and expenditure of funds from Placer County for the specific use of funding the District's services to the County for the Department of Energy County Biomass Utilization Pilot Project.

Motion: Uhler/J. Holmes/Unanimous

Public Hearing/Action Items 9 and 10

9. Public Hearing to adopt Rule 245: Surface Coating of Metal Parts and Products: (Public Hearing/Action)

District compliance and Enforcement Manager, Todd Nishikawa, provided a Power Point presentation about this proposed new rule adoption. The rule is included as a VOC (volatile organic compound) control measure and is needed to meet the requirements of both the Federal Clean Air Act (FCAA) and the California Clean Air Act (CCAA). The District made a commitment to adopt this control measure for metal parts and products coating operations by January 1, 2009 in order to comply with the Reasonably Available Control Technology and State Implementation Plan (RACT/SIP) analysis done in 2006. Adoption of the rule will increase uniformity in the Sacramento Valley Region in the control of VOC emissions.

District Staff has identified four existing facilities in Placer County that will potentially be subject to this rule. These facilities already operate under permits from the District. Staff has not done any studies on what the emission reductions from this rule might be since the District is mandated to adopt the rule regardless of the emission reductions.

Public workshops were held in November after being noticed in local news papers. The public hearing for this meeting was also noticed in local newspapers 30 days in advance of the meeting and notices were mailed to the four businesses to which this rule may apply. As of December 2, 2008, no comments had been received.

After this rule was developed by District Staff to meet the current RACT, the US EPA (Environmental Protection Agency) promulgated a new Control Techniques Guidelines (CTG) for metal parts and products coatings. Although Staff is recommending this rule be adopted at this time to achieve the January 1, 2009, commitment, the rule will need to be amended in 2009 in order to meet the new requirements of the recent CTG. District Staff will work with the affected facilities in order to help them achieve compliance with this rule and with the amended rule. District Staff do not anticipate any problems with this new rule as the VOC levels required have already been met by the manufacturers of the metal parts and products coatings which are readily available to the industry.

Director Uhler asked if the District knew what the cost would be to the businesses that need to comply with the proposed rule. Mr. Nishikawa said that no studies had been done as yet, but that District Staff would be working with the facilities to determine the financial impact of compliance as the amended rule is developed during the next year. He also stated that since the new CTG is based upon the rule adopted by South Coast Air Quality Management District (SCAQMD) in 1996, manufacturers of the products have already changed formulas and equipment in order to comply with SCAQMD's rule.

Chairman Nakata opened up the Public Hearing and as no one came forward to speak, closed the Public Hearing. He then asked for a motion to adopt Rule 245, Surface Coating of Metal Parts and Products.

Motion: Uhler/Hill/Unanimous

10. Public Hearing to adopt the 2008 Control Technology Guidelines (CTG) and a Negative Declaration for the Reasonably Available Control Technology/State Implementation Plan (RACT/SIP); No Sources to Regulate for Volatile Organic Compounds (VOC): (Public Hearing/Action)

Mr. Nishikawa presented this item with a Power Point presentation. He said that a study of District rules was done and compared with the current RACT/SIP. FCAA requirements state that there must be RACT measures for every existing source that exceeds the established thresholds for criteria pollutants (mainly Ozone, VOC and NO_x [oxides of nitrogen]). CCAA has a requirement to adopt "all feasible measures" which must be equal to or as stringent as the federal requirements. There were seven (7) new or updated CTGs establishing RACT that needed to be reviewed.

Of those seven new/updated CTGs, four have existing District rules, although one of the rules (Rule 239, Graphic Arts Operations) must be amended to meet the current RACT. Two of the CTGs already have negative declarations of no existing sources to regulate in Placer County which were adopted in 2006 and reaffirmed in the RACT/SIP Analysis. The remaining CTG will require a Negative Declaration which is contained in this board item as an action for adoption.

Mr. Nishikawa concluded his presentation and asked the Board if there were any questions. There were no questions from the Board and Chairman Nakata opened the public hearing. No one came forward to speak and the public hearing was closed. A motion was called for by the Chairman for the adoption of Resolution #08-13 and #08-14.

Motion: Resolution #08-13: J. Holmes/Ucovich/Unanimous

Motion: Resolution #08-14: J. Holmes/Uhler/Unanimous

Information Item

11. California Environmental Quality Act (CEQA) Review Process: (Information)

Tom Christofk, Air Pollution Control Officer, spoke on this item. He used a Power Point presentation to outline the District's role in the environmental review program for Placer County land use projects. He described the District's part in reviewing land use projects in relation to CEQA. He said that the District is typically a commenting agency when it comes to CEQA and is the agency that oversees air quality issues in Placer County. In that role, the District assists the lead agency in identifying key air quality issues such as: whether the project would significantly contribute to any air impacts, consider if the project would have an individual or cumulative environmental effect and suggests mitigation measures to mitigate those impacts.

The reason the District is so involved in these projects is that this county is within the Sacramento Federal Ozone Nonattainment Area (SFONA) which means the area does not meet the current federal ozone standard. The District reviews land use plans and uses modeling tools to calculate the possible project level emissions for reactive organic compounds (ROG), oxides of nitrogen (NOx), and particulate matter (PM10). The District has an obligation under the Ozone SIP (State Implementation Plan) to reduce one ton per day of ROG and three tons per day of NOx through land use. Once a land use project is reviewed, District Staff respond to the lead agency and may propose or identify mitigation measures (if applicable). It was emphasized that the District is a commenting agency and has no enforcement authority over land use decisions. Mr. Christofk went on to describe thresholds of significance for project level impacts and cumulative impacts. He said that often the project is reviewed many times during the environmental review (which can be a lengthy process).

Mr. Christofk described the modeling tool known as URBEMIS that is used to calculate a project's related emissions. This tool offers a conservative mass emission computation in a Windows environment and is used by many air districts and land use consultants in California. This tool has been updated regularly since 1990 to meet the changing standards for emissions. It is a very useful tool with which to determine if projects emissions will be "less than significant" and will not need mitigation measures, or "potentially significant" in which case mitigation measures need to be identified. It is a CEQA requirement that lead agencies mitigate significant effects on the environment whenever it is feasible to do so.

Significant thresholds for emissions are used to determine the level of significance of the environmental effects of a project. They need to be supported by substantial scientific facts and be quantitative, qualitative and performance based. Each air district, depending on many factors, including attainment status, may have different definitions for their significant thresholds. The thresholds should be health based and consider the attainment strategies established by the CARB and the EPA.

In developing the thresholds of significance, the District considers the concept of New Source Review (NSR) which is a permitting program required by the FCAA in 1977 pertaining to stationary sources. This sets project significance thresholds of 82 lbs per day (or 15 tons/year) of ROG, NOx and PM10. Although the District amended it's NSR rule in 2004 to lower the level required for offsets from stationary sources (in accordance with a state requirement - from 15 tons to 10 tons), Staff has not reduced the individual pounds per day used for determining significance. Regulated emissions from land use projects are generally the same as from a permitted facility. If an individual project does not trigger a significant threshold, the cumulative effect of several projects within an area could. These cumulative impacts could affect the attainment status of a region within a nonattainment area and should be considered carefully.

Mr. Christofk showed graphs that compared the thresholds for land use emissions from

adjacent air districts and from some of the major air districts in California. These graphs compared the standards for the construction phase of a project and the operational phase of a project and how each district determined when a threshold had been exceeded. Because each air district follows their own rules and each jurisdiction within an air district could have additional rules, measures, ordinances, etc. relating to air quality, it is very difficult to make direct comparisons with other districts.

The California Air Resources Board (CARB) is currently developing guidance for greenhouse gasses (GHG) which will help lead agencies meet CEQA requirements for these emissions. They will provide their proposal to the Office of Planning and Research in January of 2009.

Mr. Christofk showed maps which pinpointed the land use projects that have been reviewed by the District within the entire County. Since 2003 the District has reviewed approximately 776 CEQA projects which equates to about 50,000 residential units and 40,000,000 square feet of commercial building. There were also maps that showed each jurisdiction's projects and the close proximity of many individual projects which illustrated what is meant by "cumulative effect".

The District is committed to the development of a "CEQA Review Handbook" which should help explain and streamline the process for environmental review. It will include the recommended thresholds for GHG emissions (once the state issues the guidelines for GHG) and related mitigation measures as well as thresholds for the currently regulated emissions. This handbook will be available to other land use related agencies so they will be aware of how the District conducts this process.

Action Item

Note: Mr. Ucovich had to leave before the following item was heard.

12. Offsite Mitigation Policy Amendment: (Action)

Mr. Christofk segued into this item since offsite mitigation is directly related to land use and the CEQA process. The District Board approved Resolution #01-06 in 2001 which established guidelines for use of offsite mitigation funds. Offsite mitigation measures are often used when traditional on-site mitigation measures are not sufficient enough to mitigate a project's air quality impacts. This policy provides a voluntary alternative to on-site mitigation to developers and allows the District to fund projects, mainly through the Clean Air Grant (CAG) program, that incentivizes applicants to reduce sources of air pollution that are not currently regulated by the District.

In August of 2006, Assembly Bill 32 (AB32) was passed. This bill is also known as the California Global Warming Act. AB32 recognizes that the potential adverse effects of global warming will pose a serious threat to the environment of California. AB32 is requiring the

California Air Resources Board (CARB) to establish a program that will achieve quantifiable reductions in GHG.

Currently local government is not the entity required by law to reduce GHG emissions, but CEQA requires the lead agency on a project to identify feasible alternatives or mitigation measures that can reduce or avoid the climate change impacts resulting from land development projects. By amending the policy to incorporate GHG emissions, the District will be able to open the CAG program up to many more emission reduction projects.

The CAG program has been in effect since the original policy went into effect and to date the District has received and disbursed back into the community over \$3.2 million dollars in mitigation funds. Mr. Christofk showed pie-charts that illustrated where the mitigation funds had been collected from (jurisdictions) and where the funds had been disbursed. Having the District collect and disburse the funds through appropriate usage alleviates the need for a developer to come up with mitigation measures on their own and allows the District to evaluate and track the CAG projects to ensure that the funds are utilized in the most effective way. The District encourages developers to design and implement their own emission reduction projects, but at times it is more cost effective to allow the District to oversee the process.

District Staff recognize the need for developers to have alternative options for mitigation of GHG available in the future. This is why they have recommended that the Land Use Air Quality Mitigation Funds Policy be amended to include GHG emission reductions as an option to offset project emissions voluntarily. The proposed amendment will modify the definition of the project's emissions to be consistent with the US Supreme Court ruling (which determined that "...emissions include GHG as well as criteria pollutants") and it will expand the number of eligible projects that can receive mitigation funds through the District. The California Attorney General's office recognizes that offsite mitigation measures are a viable strategy in order to reduce GHG and this amendment to the policy is in keeping with the Attorney General's opinion for offsite mitigation.

Amendment of the policy will not result in the collection of additional mitigation fees unless the developer chooses to participate. The District will follow the State's lead in the development of thresholds of significance for GHG emissions. District Staff will add consideration of GHG emission reduction into the 2008-09 CAG program applications if the Board approves this amendment.

Director Gray asked if there had been any meetings with stakeholders to review the policy amendment. Mr. Christofk said that there had been several meetings held with stakeholders such as the local jurisdiction's planning representatives and representatives from the Realtors and Building Associations as well as environmental groups. Director Uhler asked about the need for a policy amendment since it would be a voluntary agreement. He asked what would stop a developer from making a voluntary offer to reduce GHG emissions now. Mr.

Christofk said that amending the policy would simply create a vehicle, or tool, for the District to use which will help to ensure that a quantifiable project was being undertaken. By passing mitigation monies for GHG reductions through the District a developer would be relieved of the burden of “reinventing the wheel” when it comes to doing a GHG emission reduction project.

Chairman Nakata opened the public hearing. Ms. Susan Rohan of Placer County Association of Realtors and Mr. Darrin Gale, Legislative Analyst for the Building Industry Association came forward to speak. Both were opposed to the amendment on the basis of economic impact and asked that a vote be post-poned until further study could be done on the impact to the building industry in Placer County.

After more discussion between the public, the Directors and the APCO, Director Uhler asked to make a motion to give time for more meetings so that the public and building industry can understand the policy change. Moved (Uhler) and seconded (Gray), motion held for further discussion.

Peter Hill asked to make a substitute motion to approve the Resolution to amend the Offsite Mitigation Policy. Moved (Hill) and seconded (J. Holmes). Chairman Nakata asked for a roll-call vote. The vote was tied 3-3. More discussion took place regarding what types of projects would qualify for the GHG. Mr. Christofk made a case for the variety of projects that could be done to reduce GHG which included energy efficient and alternative energy projects

Director Gray said that if a stake-holders work group was developed and the policy change could come back to the table if it proved to be a problem then he would support the amendment. Mr. Christofk said that these options had been committed in the work plan. Director Uhler withdrew his previous motion and asked to have the first (substitute) motion reconsidered. Chairman Nakata asked for a vote on roll-call and the motion was passed unanimously.

Final Motion: Hill/J. Holmes Unanimous

Chairman Nakata made a presentation of certificates of appreciation to Mr. Tom Millward, representative of the Town of Loomis, and to Sherrie Blackmun, representative of the City of Colfax (both in absentia) for their service on the Air Pollution Control District Board of Directors since February of 2004.

13. Air Pollution Control Officer’s Report

- a. Chair/Vice-Chair for 2009: Chairman Nakata stated that since the City of Loomis was scheduled to be Chair in 2009, their representative (Mr. Ucovich), who has not been on the Board for four years, agreed in a prior conversation with Chairman Nakata that he should trade with the designated position, County seat II, (Supervisor Weygandt) for the

- 2009 year and resume as Chair in 2010.
- b. Change of date for February meeting: The second Thursday in February is an approved County Holiday. Arrangements have been made to move the APCD Board meeting to the third Thursday, February 19, 2009, at the same place and time. The Board Clerk will post this change per the Administrative Rules.
 - c. Fiscal Update: Mr. Christofk said it seemed that county and state wide there had been proposed cuts in operating budgets for the rest of the fiscal year. Within the District the projected revenues are fine and Staff is not seeing a drop in the number of permits. However, Mr. Christofk has asked that the projected expenses be cut by approximately 10% and that a sizeable amount will be saved by not fully funding all of the projected extra-help expenses. Any savings realized from this 10% cut-back will go into the District's contingency fund.

Mr. Gray announced that the Mayor of Roseville is restructuring assignments and that this would most likely be his last meeting. He said that John Allard from the Roseville City Council would probably be taking his place.

14. Adjournment: Chairman Nakata adjourned the meeting at 4:40 PM.

Margie Koltun, Clerk to the Board