



AGENDA:
PCAPCD Board of Directors Meeting
Thursday October 10, 2013, at 2:30 PM
Placer County Board of Supervisors' Chambers
175 Fulweiler Avenue, Auburn, California

Call to Order

Flag Salute

Roll Call / Determination of a Quorum

Approval of Minutes: August 8, 2013, Regular Board Meeting

Public Comment: Any person desiring to address the Board on any item not on the agenda may do so at this time. No action will be taken on any issue not currently on the agenda.

Consent: Item 1

These items are expected to be routine and non-controversial. The Board will act upon these items at one time without discussion. Any Board member, Staff member, or interested citizen may request that an item be removed from the consent calendar for discussion.

1. **Adoption of PCAPCD Records Retention Policy:** Consider the proposed PCAPCD Records Retention Policy and adopt Resolution #13-16, thereby approving the new policy.

Public Hearing/Action: Items 2, 3, & 4

2. **Adoption of Amended Rule 604, Source Test Observation and Report Evaluation, a Cost-Recovery Fee Rule:** Conduct a public hearing to review and consider approval of the amendments to Rule 604 and adopt Resolution #13-13 thereby approving the proposed amendments and the findings contained in the Staff Report.
3. **Adoption of new Rule 247, Natural Gas-Fired Water Heaters, Boilers, and Process Heaters:** Conduct a public hearing to review and consider approval of proposed new District Rule 247, Natural Gas Fired Water Heaters, Boilers, and Process Heaters and adopt Resolution #13-14 thereby approving new Rule 247 and the findings contained in the Staff Report.
4. **2012 Triennial Report:** Conduct a public hearing to review and consider the approval of the 2012 Triennial Report and adopt Resolution #13-17 thereby approving the report and directing staff to forward the Report to the California Air Resources Board as a revision to the District's plan for meeting the state ozone standards.

Air Pollution Control Officer Report *(Verbal reports and/or handouts will be provided)*

- a. Update on Blodgett Forest Event Follow-Up
- b. Special Districts Risk Management Association letter to District
- c. Final 2013 Art Walk tonight
- d. Fiscal Update

Adjournment

Next Regularly Scheduled Board Meeting: Thursday, December 12, 2013, at 2:30 PM

Opportunity is provided for the members of the public to address the Board on items of interest to the public, which are within the jurisdiction of the Board. A member of the public wanting to comment upon an agenda item that is not a Public Hearing item should submit their name and identify the item to the Clerk of the Board.

Placer County Air Pollution Control District is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you require disability-related modifications or accommodations, please contact the Clerk of the Board. All requests must be in writing and must be received by the Clerk five business days prior to the scheduled meeting for which you are requesting accommodation. Requests received after such time will be accommodated only if time permits.

District Office Telephone – (530) 745-2330

Placer County Air Pollution Control District

Minutes of the Thursday, August 8, 2013 Meeting of the Board of Directors

The Board of Directors of the Placer County Air Pollution Control District met in session at 2:30 PM, Thursday, August 8, 2013, 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, Deputy Air Pollution Control Officer; A.J. Nunez, Administrative Services Officer; John Finnell, Senior Engineer; Bruce Springsteen, Senior Engineer; Don Duffy, Associate Engineer; Yu-Shuo Chang, Senior Planner; Ann Hobbs, Air Specialist; Jane Bailey, Fiscal Officer; and Margie Koltun, Clerk of the Board.

The meeting was called to order by Chairperson Jennifer Montgomery. Roll call was taken by the Clerk of the Board with the following members in attendance: Mike Holmes, Donna Barkle, Miguel Ucovich, Stan Nader, Jim Holmes, Diana Ruslin, and Jennifer Montgomery. Robert Weygandt and Carol Garcia were absent; however, Ms. Susan Rohan attended as alternate for Carol Garcia. A quorum was established.

Approval of Minutes: June 13, 2013, Regularly Scheduled Meeting.

Motion to approve: M. Holmes/ Ruslin/Unanimous (Ms. Rohan abstained from the vote as she was not present for the June meeting).

Public Comment: No public comment.

Consent:

Item 1: Iowa Hill Residential Burning Exemption:

Adopted Resolution #13-09, authorizing staff to submit a Request for Exemption for the Iowa Hill area from portions of the California Air Resources Board's Air Toxic Control Measure to Reduce Emissions of Toxic Air Contaminants from Outdoor Residential Waste Burning and authorized the APCO to submit another request for exemption by December 31, 2018 if needed.

Motion to approve consent item: Ucovich/Rohan/Unanimous

Public Hearing/Action Items:

Item 2: Proposed Final Budget for FY 2013-14

Ms. Bailey gave this presentation. She said that the FY 2012-13 year end closed with the District under running the budgeted expenditures by 10.25% and receiving 3.62% in additional revenue. The ending fund balance was approximately \$100,000 more than projected in the preliminary

budget allowing the District to begin FY 2013-14 with more available funds. Ms. Bailey said the total proposed expenditures are \$4,066,503 and she showed a breakdown of the line items for these expenditures. Included was a reimbursement to the Settlement Fund of \$50,000 toward the payback of that fund for the purchase of the District office building. Salaries and benefits will consume 51% of the FY 2013-14 Budget which is the same percentage as last year. Ms. Bailey said that staff recommends the approval and adoption of the Proposed Final FY 2013-14 Budget as presented.

Chairperson Montgomery opened the public hearing. Directors Mike Holmes and Miguel Ucovich had some questions which were answered by Ms. Bailey and Mr. Christofk. No one came forward from the public. Chairperson Montgomery asked the Board for a motion.

Motion to approve staff recommendation: M. Holmes/J. Holmes/Unanimous

Item 3: Consideration of amendments to Rule 502, New Source Review:

Mr. Don Duffy gave this presentation. He provided some background on this rule which is a guideline for the permitting of stationary sources based on the concept that it is easiest and most cost effective to control air emissions by incorporating control equipment at the time of construction.

This is the third amendment to Rule 502 in recent years in an attempt to gain full SIP approval. The current version, adopted by your Board in October 2011, gained a “limited approval” and a “limited disapproval” from the EPA. Basically this means that the rule is SIP approved, but that the District needs to correct minor deficiencies within 18 months in order to avoid sanctions. Mr. Duffy said the EPA is trying to get the rule lined up with the Clean Air Act in order to provide consistency. Mr. Duffy explained the corrections and that the proposed amendments are not likely to have any fiscal impact on permitted sources or the District.

Staff recommends that the Board adopt Resolution #13-07 thereby approving the amendments to Rule 502, New Source Review.

Chairperson Montgomery asked if there was any comment from the public. Seeing none she brought the item back to the Board for a vote.

Motion to approve staff recommendation: Barkle/Ucovich/Unanimous

Item 4: Consider the adoption of new Rule 249, Surface Coating of Plastic Parts and Products.

Mr. John Finnell gave this presentation. He said that this new rule is a requirement of the Clean Air Act and is similar to the rule adopted in August 2009 for metal parts coatings. The District has only one source that falls under this rule for plastic parts coating. The District is required to adopt a rule even for a single source.

Mr. Finnell explained the technical aspects of the rule and why it is necessary. He said that the rule was developed through consultations with EPA. CARB has reviewed the final draft and had

no comments. Stakeholders have been kept informed and have had no concerns or comments. Staff believes that the implementation of this rule will have no fiscal impact on local businesses or the District.

Staff recommends that the Board adopt Resolution #13-08 thereby approving Rule 249, Surface Coating of Plastic Parts and Products.

Chairperson Montgomery asked if there was any comment from the public. Seeing none she closed the public hearing and brought the item back to the Board for a vote.

Motion to approve staff recommendation: J. Holmes/M. Holmes/Unanimous

Action Items:

Item 5: Consider approval of a new service contract with Pat Way:

Mr. Nishikawa explained that this contract is to provide funding for the completion of a joint effort with Butte County for the rice burning data base program. Mr. Way had worked on that project a few years ago and although the initial project was completed, there are some specific modifications the District needs in order to have a fully functioning program.

Staff recommends that the Board adopt Resolution #13-10 thereby approving a multi-year consulting contract with Patrick Way, Patrick Way Consulting, for agricultural burning database software development and related technical support services. For the initial contract year of FY 2013-14 contract expenditures are not to exceed Three Thousand Dollars (\$3,000).

Motion to approve staff recommendation: Ucovich/Ruslin/Unanimous

Item 6: Consider approval of a new service contract with MootsPoint:

Mr. Nishikawa informed the Board that this contract is needed to implement the IT Strategic Master Plan which was developed for the District under a separate contract by Mr. Moots. The implementation will be a multi-year process tied to the District's budget and resources. Mr. Moots has the specific skills, knowledge and proven qualifications to assist District staff in implementing the necessary upgrades to the current IT applications.

Staff recommends that the Board adopt Resolution #13-11 thereby approving a multi-year consulting contract with Clark L. Moots, President of MootsPoint, for IT Strategic Master Plan implementation services and other information technology technical support services. For the initial contract year of FY 2013-14 contract expenditures are not to exceed Seventy-one Thousand Eight Hundred Ninety-eight Dollars (\$71,898) as provided for in the FY 2013-14 Budget.

Director Ucovich asked why the District had not sent the contract out for competitive bids. Mr. Nishikawa said that the District has a purchasing policy that allows for sole source bids under certain circumstances. Even though there are many different companies that provide IT services,

Mr. Moots is uniquely qualified to assist the District due to his familiarity with the District Database and work processes, knowledge of County IT operations and IT expertise.

Motion to approve staff recommendation: J. Holmes/Ruslin Vote 8 to 1: Ucovich No

Item 7: APCO Compensation:

Presentation to consider recommendations of District Board APCO Salary Subcommittee regarding the salary and compensation of the District APCO, including the potential approval of a 6% increase in the APCO salary classification and a 2% COLA within 2013. With these recommendations is also approval of a potential employment contract with the current APCO, Tom Christofk, for a two year term beginning September 21, 2013.

In negotiations with the Committee, Mr. Christofk had agreed to an 8% salary increase. He also agreed that he would not be eligible for a COLA increase within the two years of the proposed employment contract. Director Ruslin confirmed this information.

Ms. Valerie Flood, County Counsel, offered the following options to the Board for the APCO compensation. She explained that what the Subcommittee originally recommended could not be put in place due to Civil Service and other preexisting agreements regarding how Placer County establishes salary grade schedules. The action taken was as follows:

Authorize a request to the Placer County Board of Supervisors, through the Placer County Personnel Director, to create a new salary grade in the Placer County salary grade plan outside of the Placer County Department Head salary schedule that will be applicable to the District APCO. The salary grade structure to be established will follow these minimum and maximum rates:

Minimum - \$56.51 (hourly) and \$117,540.80 (annual)

Maximum - \$68.66, \$142,812.80 (annual).

- Approve an approximate 8% increase for Thomas Christofk, APCO, placing him in the requested new salary schedule grade at step 5 (with longevity), effective September 21, 2013, subject to formal approval by the Placer County Board of Supervisors.
- Approve an employment contract with Tom Christofk, the current APCO, for a two year term beginning September 21, 2013, in a form substantially similar to the draft employment contract included as Attachment #1 in the agenda packet, subject to approval by the County of Placer.

Motion to approve recommendation: J. Holmes/Ruslin/Unanimous

Air Pollution Control Officer Report:

Update on field trip to Blodgett Forest

Mr. Christofk asked if all the Board members had received and responded to the invitations to attend the Blodgett Forest field trip scheduled for August 21st. He then asked Mr. Bruce

Springsteen to give an update on the project and provide details to the Board. District staff are arranging to car-pool attendees from the District offices that morning.

Art Walk Update:

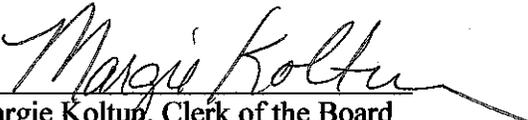
The Art Walk is this evening and the District offices will be open from 6-9 PM and refreshments will be served. This evening will celebrate the 20th Anniversary of the Art Walk.

Fiscal Report:

A balance sheet and fund summary handout were provided to the Board members and made available to the public. The District's fiscal status at July 31, 2013, is running at 46.17% over the budgeted revenue for FY 2013-14 and a decrease of 63.95% in expenditures compared to the budgeted expenditures for the same time period.

Adjournment:

Chairperson Montgomery adjourned the meeting at 3:47 PM.


Margie Koltun, Clerk of the Board



Board Agenda

Consent

Agenda Date: October 10, 2013

Prepared By: Margie Koltun, Clerk of the Board

Topic: PCAPCD Records Retention Policy

Action Requested: Consider the proposed Placer County Air Pollution Control District Records Retention Policy and adopt Resolution #13-16 (Attachment #1) thereby approving the new policy.

Discussion: The District keeps and maintains a voluminous and diverse compilation of paper and electronic documents and other records. However, the District does not currently have a Board adopted record retention policy. Staff currently uses historical practices, County guidelines, applicable legal requirements and common sense for managing District records.

As a regulatory agency, establishing a formal policy for effective records management is important for a number of reasons; the need to ensure legal requirements for record retention and privacy protection are met, optimizing the use of space, minimizing the cost of record storage and retrieval and ensuring outdated records are properly destroyed. Staff have researched the legal requirements and reviewed similar policies from other air districts, County departments and other government agencies to develop the record retention policy (Exhibit to Resolution) proposed for Board consideration today.

The proposed policy applies to all records, regardless of whether they are maintained in hard (paper) copy, electronically, or some other fashion. Once adopted, all staff will be trained in the use of the policy and will be required to maintain all records in accordance with its provisions. District staff will also integrate the policy into the District database records storage currently being developed as part of the Implementation Technology Strategic Master Plan. As the policy is being implemented it is expected that additional categories of records will be identified, and therefore it is proposed that the Air Pollution Control Officer be authorized to amend the Retention Schedule and to add categories for records to be retained two years or longer.

Fiscal Impact: There are no significant financial considerations associated with this policy. District Counsel has reviewed for compliance with state and federal laws.

Recommendation: Staff recommends that your Board consider and adopt Resolution #13-16, thereby approving the Placer County APCD Records Retention Policy and authorizing the Air Pollution Control Officer to amend the Policy as necessary to add categories of records not currently identified in the Policy that are to be assigned a retention schedule of 2 years or more.

Attachment: 1. Resolution #13-16

Exhibit: Placer County APCD Records Retention Policy and Schedule

ATTACHMENT #1

Subject

Resolution #13-16



Board Resolution:
Resolution # 13-16

Before the Placer County Air Pollution Control District Board of Directors

In the Matter Of: Adopt a Resolution to approve the PCAPCD Records Retention Policy and Schedule.

The following **RESOLUTION** was duly passed by the Placer County Air Pollution Control District Board of Directors at a regular meeting held on **October 10, 2013**, by the following vote:

- Ayes: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
- Noes: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
- Abstain: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____

Signed and approved by me after its passage:

_____ Chairperson

_____ Attest: Clerk of said Board

WHEREAS, the California Secretary of State has established the Local Government Records Program to be administered by the State Archives establishing guidelines for local government records retention, and

WHEREAS, the District has drafted this policy and schedule in light of the Secretary of State’s guidelines, and

WHEREAS, the District is required to have a Board adopted records retention policy for the retention and disposal of specific District records, in accordance with California Government Code Sections 12236 and 60201 et seq., and

WHEREAS, the District Administrative Section Staff has thoroughly researched and reviewed the records retention policies of several other similarly sized air pollution control districts to be consistent in records retention timelines, and

WHEREAS, the District Board finds that that destruction or disposition of the records in accordance with the categories of the Records Retention Schedule will not adversely affect any interest of the District or of the public, and

WHEREAS, the District Board may authorize at any time the destruction or disposition of any duplicate record, paper, or document, the original or a permanent photographic record of which is in the files of any officer or department of the District, pursuant to Government Code Section 60200.

NOW THEREFORE BE IT RESOLVED, that the PCAPCD Board of Directors does approve and adopt the PCAPCD Records Retention Policy and Schedule.

THE BOARD FURTHER RESOLVES AND AUTHORIZES the PCAPCD Air Pollution Control Officer to implement the Policy.

THE BOARD FURTHER RESOLVES that it delegates its authority to the PCAPCD Air Pollution Control Officer to amend the Policy as necessary to add categories of records not currently identified in the Policy and to assign a retention schedule of 2 years or more.

EXHIBIT

Placer County Air Pollution Control District

Records Retention Policy and Schedule

Placer County Air Pollution Control District

Records Retention Policy Schedule and Procedures

1. The purpose of this policy and the Retention Schedule (Government Code sections 60200 et. seq.) is to provide direction to staff regarding the retention or disposal of Placer County Air Pollution Control District's (District) records; provide for the identification, maintenance, safeguarding and disposal of records in the normal course of business; ensure prompt and accurate retrieval of records; and to ensure compliance with relevant legal and regulatory requirements. The Board approved Retention Schedule provides a disposal schedule of the District's records.
2. For the purpose of this policy, a record is as defined in Government Code section 60201 and in practice should be considered to include any information that has been recorded on a storage medium and can be retrieved. A record may be a paper or electronic document, photograph, blueprint, or audio or video recording.
3. Staff responsible for each record category will also be responsible for the retention and/or disposal of that category and should review and implement retention and/or disposal annually, unless the retention is for a period of time less than one year.
4. A Retention Destruction Log shall be completed and shall list the category of records being disposed of and include the name of the person implementing the disposal and the date of disposal. Confidential and financial records shall be destroyed by processing through a shredding device.
5. The Air Pollution Control Officer is authorized by the Board of Directors to implement this policy according to the criteria governing the retention and disposal of records, specified within this policy and the Retention Schedule.
6. In no instances are records, papers and documents to be destroyed where there is a continuing need for such records for such matters as potential or pending litigation, special projects, etc.
7. Notwithstanding any other provision of this Policy and Schedule, records identified in California Government Code Section 60201 (d) and not otherwise listed on the schedule shall be destroyed or disposed of pursuant to the requirements listed in the code.

PCAPCD Records Retention Policy Schedule

RECORD NAME	District retention duration (years)	Official retention period (if applicable)
Board Minutes and Packages	Permanent Record	A copy of the biennial audit record will be kept with the associated board packet.
Board Resolutions - originals	Permanent Record	
Agreements / Contracts	7	Official records shall be maintained by the District for 7 years after completion of the contract. (Code of Civil Procedures (CCP 337).
Account statements (monthly statement of transactions)	3	From audit keep 2 years
Accounts payable	3	From audit keep 2 years
Accounts receivable	3	From audit keep 2 years
Appropriation Transfers (Budget Revisions)	3	Official records shall be maintained by the Auditor Controller for 5 years GC 26907.
Audit Financial Reports	3	Official records maintained by the Auditor-Controller for at least 5 years.
Audit Working Papers	3	Official records maintained by the Auditor-Controller for at least 5 years.
Bids - Request for Proposals (all)	3	Closed/complete + 2 years
Billing Records -Invoices	3	From audit keep 2 additional years
Budget, Adopted/approved	Permanent Record	
Claims Litigation	10	Ten years after the conclusion of the litigation. Claims that don't turn into litigation held for 12 years after receipt of the claim (2 years plus 10)
Deposit Permits	3	Official records shall be maintained by the Auditor-Controller for 5 years GC 26907.2 Treasurer will keep deposit authorizations permanently GC 27001.
Expenditure Accounts/Claims	3	Official records maintained by the Auditor-Controller for at least 5 years.
Purchase Orders and Requisitions	3	
Receipt Books	3	

PCAPCD Records Retention Policy Schedule

RECORD NAME	District retention duration (years)	Official retention period (if applicable)
Record of Fixed assets	5	All active fixed assets shall have current records on file.
Vehicle ownership & title	n/a	Duration of ownership.
Conflict of Interest (FPPC Form 700)	3	Official record maintained by the County Elections Division. Original statements of statewide elected officials retained permanently, all others for 7 years GC81009(e). (requires confidential destruction)
Insurance Certification	3	Prior years information available through SDRMA if needed.
Policies and procedures	2	Keep two years after being superseded by a new policy, otherwise current policy/procedure is retained indefinitely
Program Files and Directories (IT)	2	Current year + 2 for annual backup, CU + 2 mos for daily, cu +1 for monthly and CU + .5 for weekly
Records Retention Disposition Certification	Permanent Record	
Records Retention Schedules	Permanent Record	
Safety Committee Meetings	1	
Vehicle Accident Reports	5	Maintained by the CEO Risk Mgt Div for 5 years after closure.
Vehicle Insurance Policy and Coverage	5	Keep for 5 years. Purge at title transfer.
Accident Reports	5	Official records shall be maintained by the CEO Risk Mgt Div for 5 years following the end of the year to which they relate 29CFR 1952.4, 29 CFR 1904.6
District Personnel file	2	District files kept for 2 years after end of employment. Official records shall be maintained by the Personnel Department permanently. (PCC § 14.825)
Vehicle Insurance Driver Information	2	Keep current information and update each year.
AB2588 (Air Toxic Hot Spots) & Associated Documents	Permanent Record	
Aeration/Remediation & Related Documentation	1	

PCAPCD Records Retention Policy Schedule

RECORD NAME	District retention duration (years)	Official retention period (if applicable)
Agricultural Burning (Permits, Daily Logs, Reports/ARB)	Permanent Record	
Annual throughput records	7	
Asbestos Notifications	5	
Authority to Construct Permits	Permanent Record	
Burn Permits - Landfill	Permanent Record	
Burn Permits: all but Agricultural Crop - Rice straw and Landfill	5	
Case files: inspections (public nuisance)	Permanent Record	
Continuous Emissions Monitoring System reports	5	
Drawings/Plot Plans *(drawings can be purged if replaced by new equip. or if facility shuts down)	2	
Exempt Sources	Permanent Record	
Facility Closure Files	Permanent Record	
Groundwater reports	1	
Inspection Reports	Permanent Record	
Negative Declarations for stationary source categories	Permanent Record	
Permit to Operate Files (active)	Permanent Record	
Soil Vapor Extraction Reports	1	
Upset/Breakdown Reports	Permanent Record	
Emission Reduction Credits & Related Documents	Permanent Record	
ERC banking Applications	Permanent Record	
ERC Certificates	Permanent Record	
NOV	Permanent Record	
Rule Adoption and Related Documentation	Permanent Record	
Air Quality Data - PM10 filters	5	Keep 5 years of records
Air Quality Standards	Permanent Record	
California Clean Air Plans (CCA)	10	
California Environmental Quality Act (CEQA) & Related Documentation	5	

PCAPCD Records Retention Policy Schedule

RECORD NAME	District retention duration (years)	Official retention period (if applicable)
Emission Inventory	1	
Environmental Impact Reports	5	
Environmental Review	5	Keep 2 years from time of completion
Federal Implementation Plan (FIP)	10	
General Conformity/ Transportation Plans (SACOG)	6	
General Plans /Specific Plans/Community Plans	6	
Grant Programs	5	Duration of program plus 5 years
Instrument calibration records	1	
Low Emission School Bus Program	35	Required by state statute
State Implementation Plan (SIP)	Permanent Record	



Board Agenda Item

Public Hearing/Action

Agenda Date: October 10, 2013

Prepared By: Todd K. Nishikawa, Deputy Air Pollution Control Officer

Topic: Adoption of Amended Rule 604, Source Test Observation and Report Evaluation, a Cost-Recovery Fee Rule

Action Requested:

- 1) Conduct a Public Hearing regarding the proposed approval of amended Rule 604, Source Test Observation and Report Evaluation, and
- 1) Adopt Resolution #13-13 (Attachment #1), thereby approving amended Rule 604, Source Test Observation and Report Evaluation, and the findings in the Staff Report of Attachment #2.

Discussion: Placer County Air Pollution Control District's (District) Rule 604, Source Test Observation and Report Evaluation, is intended to recover District costs for the review and evaluation of source tests that some permit holders are required to conduct for the purpose of either assessing emissions upon initial construction, or to demonstrate compliance of an operating facility. The observation of performance of tests by District staff is integral to assuring that the tests provide accurate measurements of emissions or of equipment compliance.

That the District seek cost recovery for services provided by the District was recommended by the 2000-2001 Placer County Grand Jury and later was a commitment made to the District's Board of Directors for the October 10, 2002, adoption of a per capita assessment. The District committed to continue efforts to maximize cost recovery and minimize expenses as a District priority.

The existing Rule 604 fee of \$220 per test is not adequate to recover the costs for the District observation of tests, report evaluation, and other analysis. For example, it is estimated that the shortfall in cost recovery for each stack test can exceed \$800. Without adequate cost recovery provisions in the existing rule, the District either absorbs the unrecovered costs, shifting the burden of the costs to other revenue sources, or the lack of cost recovery may result in fewer tests being observed and a potential for undetected emission violations. For example, test observation of GDF tests are now only spot checked as there is no applicable fee for cost recovery and no resources for more test observations. If the proposed fee is adopted, the District can observe tests where it is deemed necessary and, where existing resources have been used for test observation without cost recovery, additional resources can be applied to other core functions of the District.

The District has proposed an amendment of Rule 604 that establishes fees for different categories of tests and test report evaluations that will be observed. In addition, new fees to recover the costs of analysis and testing conducted by District personnel have been proposed. These proposed fees are all based on the District's hourly labor rate and will be charged to the facility owner or operator for actual time expended by District staff.

The Staff Report provided in Attachment #2 provides a detailed explanation of the proposed fees and compares the existing and proposed fees to those of neighboring air districts. The proposed fees, if adopted, will be published in the District's Fee Schedule; a sample for proposed Rule 604 is provided in Attachment #3. Fees will be CPI adjusted annually through the adjustment of Rule 601, Schedule M.1, General Time and Materials Labor Rate.

Based on the same number of staff hours, the District's proposed fees are lower than the average fee charged by the five neighboring air districts. The fee to be charged can be minimized by reducing the duration of testing, which is already an interest of permitted businesses that must also pay for the time of the firms contracted to perform the tests.

Fiscal Impact: The proposed amendment of Rule 604 would increase the cost to businesses required to perform emission or compliance tests from the current \$220 fee per test event to a fee based on the time expended by District staff and the District's hourly charge rate. For stack tests that are likely to have the longest test duration, based on District's staff experience in observing tests, the charges are expected to be in the area of \$829.84 for 8-hours. The assessment of potential fees shown in Exhibit 2, based on District staff estimate of likely charges, shows that the annual cost recovery for stack testing observations that the District performs now may range from \$2,973.59 to \$5,839.73. Accordingly, the District estimate is that \$1,364 or more in costs were not recovered in FY 2012-2013 for stack tests.

The total fee revenue estimate ranges from \$13,814 to \$59,937 with the upper range based on the observation of all gasoline tests by District staff at in an average of 2-hours per test. The actual revenue is expected to be much lower than the upper range because the District does not intend to observe all GDF tests and the intention of the fees is cost recovery and not revenue generation.

Public Outreach: The District published a notice of the public hearing before the District Board in the Auburn Journal, a newspaper of general circulation, more than 30-days prior to the public hearing date of October 10, 2010. In addition, the District sent a postcard mailer to all GDF permit holder and other facilities subject to regulations or permit conditions specifying regularly scheduled tests regarding a public workshop held on Thursday, September 26, 2013, and the public hearing.

Recommendation: Staff recommends adoption of Resolution #13-13, thereby approving amended Rule 604, Source Test Observation and Report Evaluation, and approve and adopt the recommendations found in this document and the findings in the Staff Report of Attachment #2.

Attachments:

- #1: Resolution #13-13, Adoption of Amended Rule 604, Source Test Observation and Report Evaluation, Exhibit 1, Rule 604, Source Test Observation and Report Evaluation
- #2: Staff Report: Amendment of Rule 604, Source Test Observation and Report Evaluation

ATTACHMENT #1

SUBJECT

Resolution #13-13, Adoption of Rule 604, Source Test Observation and Report Evaluation
with Exhibit I, clean copy of Rule 604 and Exhibit 2, Sample of Fee Schedule



Board Resolution:
Resolution # 13-13

Before the Placer County Air Pollution Control District Board of Directors

In the Matter Of: Adopt a Resolution to approve amendments to District Rule 604, Source Test Observation and Report Evaluation; as shown in Exhibit I.

The following **RESOLUTION** was duly passed by the Placer County Air Pollution Control District Board of Directors at a regular meeting held on **October 10, 2013**, by the following vote:

- Ayes: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
- Noes: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
- Abstain: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____

Signed and approved by me after its passage:

_____ Chairperson

_____ Attest: Clerk of said Board

WHEREAS, Section 40001 of the Health and Safety Code of the State of California authorizes the Placer County Air Pollution Control District, to adopt and enforce Rules and Regulations to achieve and maintain ambient air quality standards within the District; and

WHEREAS, Section 40702 of the Health and Safety Code of the State of California requires a district to adopt rules and regulations and do such acts as may be necessary or proper to execute the powers and duties granted; and

WHEREAS, the District Board may adopt a schedule of fees for the evaluation, issuance, and renewal of permits to cover the cost of District programs related to permitted stationary sources pursuant to Section 42311 of the Health and Safety Code of the State of California; and

WHEREAS, Section 42311 of the Health and Safety Code of the State of California provides that the schedules of fees assessed under this section shall not exceed, for any fiscal year, the actual costs for district programs for the immediately preceding fiscal year with an adjustment not greater than the change in the annual California Consumer Price Index, and

WHEREAS, the rule adoption proceedings were held in a public hearing and were properly noticed pursuant to Sections 40725 and 42311.2 (b) of the Health and Safety Code of the State of California; with evidence having been received concerning the revision to the Rules and Regulations of the Air Pollution Control District of Placer County, and this Board having duly considered the evidence; and

WHEREAS, the District Board has made the findings pursuant to Health and Safety Code Section 40727, of necessity, authority, clarity, consistency, non-duplication, and reference in regard to the proposed rule and that the amendments improve the clarity, and consistency of the rule while removing duplication; and

WHEREAS, the adoption of this regulation is categorically exempt from CEQA pursuant to Title 14, California Administrative Code, Section 15308, as an action by a regulatory agency for the protection of the environment; and

WHEREAS, the adoption of this regulation is not subject to Health and Safety Code Section 41512.7 limitations on annual increases to authority to construct permit and permit to operate fees; and

WHEREAS, this regulation is not a tax, pursuant to Article XIII.A, Section (3)(b)(3) of the California Constitution, as a charge imposed for the reasonable regulatory costs to the District incident to issuing permits, and performing investigations and inspections, and administrative enforcement; and

NOW THEREFORE BE IT RESOLVED, that this Board approves and adopts amended Rule 604, Source Test Observation and Report Evaluation, as shown in Exhibit I, and District Fee Schedule for Rule 604 for FY 2013-2014, shown in Exhibit II.

BE IT RESOLVED AND ORDERED that at the provisions of the amended Rule 604 are to be effective immediately.

BE IT RESOLVED AND ORDERED that this Board directs the APCO to update the Rule 604 fees in the District's Fee Schedule annually each July 1 to reflect the positive increase to the California Consumer Price Index based on the annual average for all urban consumers in the major Northern California urban centers to implement the adjustment provided in the Rule.

BE IT FURTHER RESOLVED AND ORDERED that the Air Pollution Control Officer is hereby authorized and directed to submit this adopted rule, in the form required by the California Air Resources Board, on behalf of the Placer County Air Pollution Control District, and to perform such acts as are necessary to carry out the purpose of this resolution.

EXHIBIT I

District Rule 604, Source Test Observation and Report Evaluation

RULE 604 SOURCE TEST OBSERVATION AND REPORT EVALUATION

Adopted 05-24-77
(Amended 04-21-81, 06-07-83, 10-19-93, 08-08-96, 10-10-13)

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100 GENERAL

101 PURPOSE: To recover the costs associated with source test observation and report evaluation.

102 APPLICABILITY: The provisions of this rule apply to all portions of Placer County.

200 DEFINITIONS (NOT INCLUDED)

300 STANDARDS

301 SOURCE TEST OBSERVATION FEES: Except as provided in Section 303, for the evaluation of gasoline dispensing facility test reports, whenever the Air Pollution Control Officer finds that a source test is required for the purpose of disclosing the nature, extent, quantity, or degree of air contaminants, or for the purpose of issuing or renewing a permit to operate, and the test must be observed and/or the report evaluated by District personnel a source test observation and report evaluation fee shall be charged to the owner or operator of a source for every hour, or portion thereof, rounded up to the next whole hour, for test observation and report evaluation by District personnel. The hourly fee shall be the General Time and Materials Labor Rate established in Rule 601, Table 601 - M.1. This fee covers District costs for the time spent to observe the test and to evaluate testing reports, including travel time to and from the District offices.

302 SUSPENSION OF TESTING: When testing is suspended by the owner or operator of the source being tested, the owner or operator shall advise the District personnel observing the test. No testing may be conducted while testing is suspended. The owner or operator cannot resume testing until the District personnel are present to observe the test, or permission has been given in writing for the test to resume without District observation. Testing without a District observer present, without written permission to resume having been obtained, may result in the invalidation of the test by the District, in which case, test results for the testing that was not observed will not be accepted.

303 GASOLINE DISPENSING TEST REPORT EVALUATION FEES: The District shall charge each gasoline dispensing facility that is required to conduct annual testing a fee equal to one-half hour (0.5 hour) at the General Time and Materials Labor Rate established in Rule 601, Table 601 - M.1, for the evaluation of gasoline dispensing test results reports. The charge for test results evaluation is in lieu of any other charge of test report evaluation and may be assessed with the annual permit renewal fee for all permitted gasoline dispensing facilities that are required to conduct an annual test. The fee may also be charged for initial testing conducted following modification or new source construction. With the exception of this charge, all other provisions of Section 301 shall apply to tests conducted of gasoline dispensing facilities.

304 PORTABLE ANALYZER TESTING AND OTHER DISTRICT TESTING FEES: Whenever the Air Pollution Control Officer finds that a test is required for the purpose of disclosing the nature, extent, quantity, or degree of air contaminants, or for the purpose of issuing or renewing a permit to operate, and the test is to be conducted by the District a fee for analyses using a portable analyzer or for other source testing will be charged to the owner or operator of a source for each hour of District staff time, based on the actual hours, rounded up to next whole hour, including travel time to and from the District offices. The hourly fee shall be the General Time and Materials Labor Rate established in Rule 601, Table 601 - M.1.

- 305 RETESTING FEES: When a source requires retesting, and the same test methods and protocol will be used as in the original test, a fee shall be charged to the owner or operator of a source for the actual hours of District staff time, including travel time to and from the District offices, rounded up to next whole hour, spent to observe the retest. The hourly fee shall be the General Time and Materials Labor Rate established in Rule 601, Table 601 - M.1.
- 306 RE-INSPECTION FEES: A fee shall be charged to the owner or operator of a source for re-inspections by District staff for compliance determination purposes resulting from equipment defects or deficiencies found during, or as a result of, testing as provided by the General Time and Materials Labor Rate of Rule 601, Table 601 - M.1 for the actual hours of District staff time expended, including travel time to and from the District offices, rounded up to next whole hour,
- 307 DUPLICATED MAN-HOURS: In the calculation of the actual time spent by the District on source test observation, including travel to and from the District offices, coincident observations of the test or coincident travel by more than one District staff member, shall only be counted once.
- 308 DISTRICT FEE SCHEDULE: The fees established above shall be published in the District's Fee Schedule.

400 ADMINISTRATIVE REQUIREMENTS (NOT INCLUDED)

500 MONITORING AND RECORDS (NOT INCLUDED)

ATTACHMENT #2

SUBJECT

Staff Report: Amendment of Rule 604, Source Test Observation and Report Evaluation
with strikeout copy of Rule 604

**PLACER COUNTY
AIR POLLUTION CONTROL DISTRICT**

STAFF REPORT

RULE 604

**SOURCE TEST OBSERVATION AND
REPORT EVALUATION**

PROPOSED AMENDMENTS

OCTOBER 10, 2013

**PROPOSED AMENDMENT OF
RULE 604, SOURCE TEST OBSERVATION AND REPORT EVALUATION
STAFF REPORT**

Executive Summary

Placer County Air Pollution Control District's Rule 604, Source Test Observation and Report Evaluation, is intended to recover District costs for the review and evaluation of source tests that some permit holders are required to conduct for the purpose of either assessing emissions upon initial construction or as a requirement to demonstrate compliance of an operating facility.

The Rule 604 fee has been increased just once in the last 30-years, when it was increased from \$200 to \$220 in 1996. The \$220 fee of Rule 604 is now inadequate to recover the cost of District test observation and other costs incurred by some permitted facilities. For example, it is estimated that the shortfall in cost recovery for each stack test can exceed \$600, based on the average test requiring 8-hours of District staff time. The unrecovered costs are now borne by all permitted facilities, rather than just those that incurred the expense, and to the extent that tests are observed without cost recovery, District resources are taken from other core functional areas.

The District has proposed an amendment of Rule 604 that establishes fees for test observation and report evaluation. In addition, new fees to recover the costs of analysis and testing conducted by District personnel have been proposed. These proposed fees are all based on the District's hourly labor rate and will be charged to the facility owner or operator for actual time expended by District staff. The District will have a lower fee than the average charged by the five neighboring air districts. The proposed charges may be minimized by reducing the duration of testing. Fees are based on the General Time and Materials Labor Rate, which is CPI adjusted annually.

Based on the District's experience, the proposed District cost-recovery for test observation and report evaluation ranges from \$829.84 per day for a stack test and report evaluation totaling 8-hours, to \$259.32 for a 2-hour gasoline dispensing facility test and a ½-hour charge for test results evaluation. The estimated annual average cost-recovery under the proposed rule will range from a low of \$13,814.42, to a maximum of \$59,937.61 - if the District were to observe tests at each of the approximate 209 gas stations and the average time is 2-hours which is not planned.

The proposed fees satisfy the District's on-going commitment to the District Board to maximize cost recovery and minimize expenses. Having completed the most urgently required rule adoptions and amendments to meet state and federal requirements, the amendment of Rule 604 is now proposed to more fully recover District costs.

Discussion

The Placer County Air Pollution Control District (District) is proposing an amendment to Rule 604 "Source Test Observation and Report Evaluation" in an effort to recover the cost to the District of observing the performance of emission and certification testing as required by District, state, and federal regulations to assess compliance of emissions or equipment upon initial construction, or to demonstrate the compliance of an operating facility.

Source Test Observation and Report Evaluation Rule 604 was first adopted on May 24, 1977, and was last amended on August 8, 1996, at which time the source test observation and report evaluation fee was increased 10%, from \$200 to \$220. Until amended in 1996, the fee had been at \$200 since at least 1983. Accordingly, the Rule 604 fee has been increased once by 10% in a span of 30-years.

Rule 604 is intended to recover District costs for the review and evaluation of source tests that some permit holders are required to conduct for the purpose of either assessing emissions upon initial construction, or as a requirement to demonstrate compliance of an operating facility. Such testing may be required on a regular basis, for example “annually”, as a requirement of the District permit, or testing may be requested by the APCO. Testing can be required to disclose the nature, extent, quantity, or degree of air contaminants which are, or may be, discharged by the source. Testing can demonstrate compliance with emission limitations of rules or of permit conditions, or show what contaminants are discharged – such as when tests for toxic air contaminants are performed. The performance of required tests are observed by District staff to assure that test plans and protocols are properly followed, and test reports are evaluated to approve plans before the test and to evaluate test results following a test. Test observations are an integral to assuring that tests provide accurate measurements of emissions or of equipment compliance.

In 2001 most permitting fees were designated to be adjusted annually by the Consumer Price Index (CPI), as was recommended by the 2000-2001 Placer County Grand Jury. A CPI was not added to Rule 604 at that time because it was recognized that the base fee was out of alignment with actual costs. Having recently completed the most urgently required rule adoptions and amendments to meet state and federal requirements, the amendment of Rule 604 is now proposed to more fully recover District costs. Seeking cost recovery for services provided by the District was recommended by the Grand Jury Report, and was a commitment made to the jurisdictions represented by the District’s Board of Directors for the October 10, 2002, adoption of a per capita assessment. The District committed at that time to continue to make efforts to maximize cost recovery and minimize expenses a priority. The \$220 fee of Rule 604 is now inadequate to recover the cost of District test observation and other costs incurred by some permitted facilities.

To fairly recover District costs and no more, the District is proposing charging a fee for staff time at the General Time and Materials Labor Rate, currently \$103.73. Charging a fee based on actual hours is the most equitable method of recovering District costs because flat fees may recover more than the actual District costs or they may recover less than the actual District costs.

A summary of the proposed Rule 604 standards is shown in the following table:

Table of Proposed Standards

	Activity	Charges
Source Test Observation and Report Evaluation Fees	301 – Fee for test observation and report evaluation	An hourly fee charged for every hour, or portion thereof, rounded up to the next whole hour, at the General Time and Materials Labor Rate established in Rule 601, Schedule M.1, for time expended by District personnel in test observation and report evaluation, including travel time to and from the office.
Gasoline Dispensing Test Report Evaluation Fees	303 – Test report evaluation for source testing conducted for gasoline dispensing facilities	A fee equal to an hourly charge for one-half hour (0.5 hour), at the General Time and Materials Labor Rate established in Rule 601, Schedule M.1, shall be charged annually
Portable Analyzer Testing and Other District Testing	304 - Analyses using a portable analyzer or other source testing conducted by District staff.	A fee charged for the actual hours, rounded up to next whole hour, at the General Time and Materials Labor Rate established in Rule 601, Schedule M.1, spent to conduct testing, including travel time to and from the District offices.
Retesting Fees	305 - When re-performance of source testing is required and the same test methods and protocol will be used as in the original test	An hourly fee for test observation shall be charged for the actual hours, rounded up to next whole hour, at the General Time and Materials Labor Rate established in Rule 601, Schedule M.1, spent to observe the test.
Re-Inspection Fees	Inspections by District staff for compliance determination purposes resulting from equipment defects or deficiencies found during, or as a result of, testing	An hourly fee for inspection and re-inspections by District staff shall be charged for the actual hours, rounded up to next whole hour, at the General Time and Materials Labor Rate established in Rule 601, Schedule M.1.

Notes: For FY 2013/2014 the Rule 601, Schedule M.1 charge rate is \$103.73/hour. This charge rate is CPI adjusted annually for positive CPI changes.

In the calculation of the actual time spent by the District on source test observation, including travel to and from the District offices, coincident observations of the test or coincident travel by more than one District staff member, shall only be counted once.

Who Is Required To Test

Source testing is performed to determine compliance with emission limits in permits, District Rules, or state or federal regulations, or for information on the operation to make sure the equipment is functioning properly as required by rules or regulations. Testing may be at a frequency set by regulations, or through the permitting process, as deemed necessary to demonstrate continuous

compliance with limits. Testing can be required after maintenance or modifications that may have changed the emissions profile.

Testing for air contaminant emissions and associated data such as exhaust gas volume and temperature is sometimes called “stack testing” as it is usually reserved for determining the emissions discharged by larger emissions facilities having exhaust “stacks” – such as power plants or co-gen boilers or gas turbines. Such testing is typically conducted by a testing contractor, hired by the permitted source, who must be certified by the California Air Resources Board (CARB) for their ability to meet CARB or U.S. EPA testing standards. District Staff typically receive a testing protocol in advance of the test that is evaluated for appropriate test methods and the plan for testing - including how the facility will be operated while testing is being performed. District Staff observe the conduct of testing to assure that methods are followed, to address any deviations from protocols, including checks that facility operations are as expected. District Staff review the final test results for documentation that required tests were performed within specification and the compliance of results with limits. Other testing is required of gasoline dispensing facilities (GDF’s) to demonstrate that performance standards for CARB certified vapor recovery systems are met. The testing of GDF is usually performed by contractors who are not certified by CARB, and for that reason increased scrutiny of the performance of such tests may be appropriate.

The companies required to source test regularly include the City of Roseville, Energy 2001, Genpower, Rio Bravo, Roseville Energy Park and Sierra Pacific Industries and most gasoline dispensing facilities (GDFs). The Exhibit 2 provides more details. The testing frequency for these facilities varies from “every year”, “every other year”, or “every three (3) years”. For general stationary facilities, tests typically require measurement of emissions of nitrogen oxides, carbon monoxide, volatile organics, and particulate. The boilers of Sierra Pacific Industries and Rio Bravo Rocklin, and the combustion turbines of Roseville Energy Park are each required to be tested annually. The landfill gas engines at Energy 2001 and Genpower require testing every other year. Roseville Power Plant #2’s two Peaker Gas Turbines are each tested once every three years.

GDF’s are required to annually conduct several performance tests to evaluate the integrity of the Phase I and Phase II vapor recovery and monitoring systems. There are currently 209 gasoline dispensing facilities. Currently, very few GDF tests in the field are observed by District staff.

In addition to facilities required to test regularly, boilers subject to Rule 231 that are rated at greater than or equal to five (5) million BTU per hour of heat input require an initial source test, and engines which fall under Rule 242 emission standards require initial tests and further testing at least once every 24 months. Finally, emissions sources for which there is insufficient data on their emissions may be required to conduct testing to ascertain the quality or type of emissions that are discharged.

The frequency of testing and possible fees based upon the proposed rule amendments are summarized in Exhibit 2. Less than nine (9) stack tests on average are required regularly by regulations or permit requirements. Overall the District currently has 624 permitted facilities that have 1,273 stationary source permits – so only a small portion of non-GDF facilities are required to conduct regularly scheduled tests. There are currently 209 gasoline dispensing facilities that are

permitted by the District (composed of 131 retail and 78 non-retail facilities) and all must be tested annually to show that CARB certification standards are met. Currently, although all must be tested, only a few of the 209 gasoline dispensing facility tests conducted annually are observed by District personnel.

Section 42311 of the Health and Safety Code of the State of California provides that the schedules of fees assessed under this section shall not exceed, for any fiscal year, the actual costs for district programs for the immediately preceding fiscal year with an adjustment not greater than the change in the annual California Consumer Price Index. All of the proposed fees are based upon the General Time and Materials Labor Rate established in Rule 601, Schedule M.1. The General Time and Materials Labor Rate includes a provision to update the rate annually each July 1 in the District's Fee Schedule to reflect the positive increase to the California Consumer Price Index based on the annual average for all urban consumers in the major Northern California urban centers.

Resource/time Requirements

Stack Tests: For stack tests, District staff estimate that pre-test protocol review and post-test results report evaluation will take no more than 2-hours of staff time. Further, District staff estimate that stack test observation should take approximately 8 hours of time on-site, including travel time. Because the exact number of staff hours required for each test cannot be predicted, the District has proposed charging a fee for staff time at the General Time and Materials Labor Rate, currently \$103.73. The flat fees may recover more than the actual District costs or they may recover less than the actual District costs, so the charging for actual hours expended is the most equitable method. Some neighboring air district charge a flat fee, other air districts charge a flat fee plus an hourly charge, and still others charge based on staff hours, as the District proposes. The proposed District fee and those of neighboring air districts is shown in Exhibit 1.

Testing of Boilers and Engines: District staff believe that observation of source tests for engines and boilers as is required by District rules, such as Rule 231, Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters, or Rule 242, Stationary Internal Combustion Engines, will require about four (4) hours of staff time including travel time and test results evaluation. The same fees that are proposed for stack tests apply to these tests. The District will invoice for the actual hours expended at the District's General Time and Materials Labor Rate, currently \$103.73.

Gasoline Dispensing Facility Tests: For Gasoline Dispensing Facilities (GDFs) the District proposes an hourly charge for test observation, including travel time, and flat charge equal to one-half hour at the General Time and Materials Labor Rate for reviewing and entering GDF test results in the District's database. Currently, the observation of GDF tests and the review of test results by District staff are not supported by the annual permit fees for GDFs. At the present time the District lacks a concerted program to observe GDF tests because the observations are not funded. The existing Rule 604 fee was originally developed for stack test observations and it has not been applied to gas dispensing tests. The District is likely to initially observe only a fraction of GDF tests that are performed annually on a random basis in addition to observing tests of facilities with poor

compliance histories. Eventually, the District's goal is to observe as many GDF tests annually as is deemed to be necessary for compliance assurance purposes.

Portable Analyzer and Other Tests: New fees to recover the costs of analysis and testing conducted by District personnel have been proposed. The District proposes to charge no more than the actual hours expended at the District's General Time and Materials Labor Rate, currently \$103.73, for analyses using a portable analyzer or other source testing conducted by District staff.

Comparison of Proposed Fees to the Fees of neighboring Districts:

Based on the observation of a test requiring 10 hours of staff time for comparison purposes, Exhibit 1 shows that the District's proposed fee would be about 18% less than the average charges of three neighboring air districts (Sacramento Metro. AQMD, Yolo-Solano AQMD, El Dorado County AQMD) and about 20% more than two neighboring districts (Northern Sierra AQMD and Feather River AQMD). The District's proposed fee would be \$1,037 for a 10-hour test, while the average of the fees charged by these five districts is higher at \$1,107. The existing Rule 604 fee of \$200 would leave \$817 in costs that are not unrecovered in this scenario, so clearly the existing fee is not adequate based on the charges of neighboring air districts for similar work. The District has estimated likely charges in Exhibit 2, which assumes that in most cases 8-hours of District staff's time would be required for stack tests, 4-hours for boiler and engine tests, and an average of 2-hours is estimated for GDF test observations.

Accordingly the proposed fees provide equitable cost recovery because they are based upon actual staff time, and they are also in-line with or less than the fees of neighboring air districts.

Fiscal Impact

The proposed amendment of Rule 604 would increase fees from the current \$220 fee per test event to a fee based on the actual time expended by District staff charged at an hourly rate. The assessment of potential fees shown in Exhibit 2 (providing a summary of potential cost recovery) shows that the annual cost recovery for stack testing may range from \$2,973.59 to \$5,839.73.

Stack Tests: The total fees collected for the observation of stack tests in FY 2012-13, at \$220 per test, was \$1,540.00. Based on the an assumption of 8-hours for stack test and 4-hours for boiler and engine tests require by Rule 231 and Rule 242, the same tests would recover between \$2,904.44 and \$5,393.96 depending upon whether testing of multiple emission units occurred contemporaneously and whether testing occurred on more than one day. Based on these assumptions the lower end of the cost recovery range represents \$1,364 in un-recovered costs in FY 2012-2013 for stack testing.

Charges can be kept to a minimum when more than one emission source is to be tested contemporaneously through shortening the overall duration of testing. In actuality, the expectation would be that the fees for observing testing of multiple emission sources would fall in the middle of the range.

Gasoline Dispensing Facility Tests: For GDFs the estimated test observation fees including travel time in Exhibit 2 is two (2) hours charged at the General Time and Materials Labor Rate. The District believes that GDF test observations will take at least two hours, and it is likely that some test will take four (4) hours. Using 2-hours per testing event for comparison purposes, the annual cost recovery proposed for GDF ranges from \$54,197.88, assuming 209 facilities and every GDF test is observed and every observation takes two (2) hours and a charge of one-half hour for test results review; to a minimum of \$10,840.83 if no tests are observed and only test results are evaluated and recorded. This represents a range of \$259.33 per GDF if the test observation takes two hours to \$51.86 per GDF for tests results evaluation only, as compared the \$220 per test that may be assessed under the existing rule. The District anticipates collecting at least the minimum annual fee for test results reviews because every permitted GDF is required to be tested annually. This fee may be assessed with the permit renewal fees to reduce administration costs. At the present time the District observes few GDF tests and the District would likely continue for the present to observe tests on a random basis in addition to observing tests at GDFs with a poor compliance history. If it is decided that compliance would be improved through broad test observation, the District's may establish a goal to observe more GDF tests annually.

Portable Analyzer and Other Tests: For analyses using a portable analyzer or other source testing conducted by District staff, a fee will be charged for actual hours expended by District staff. The proposed fees provide a means for most charges to be minimized by reducing the duration of testing.

Fees will be CPI adjusted annually through the adjustment of Rule 601, Schedule M.1, General Time and Materials Labor Rate. The strikeout copy of the Rule is provided in Exhibit 3.

Impact of Not Recovering Costs:

The fee of \$220 per test event fee of Rule 604 is not adequate in many cases to fully recover District costs for test observation and report evaluation for those permitted facilities that are required to test. Having all permitted a sources or other programs pay for test observations that apply to only some facilities is unfair. Without adequate cost recovery provisions in the existing rule, the District either absorbs the unrecovered costs, shifting the burden of the costs to other revenue sources, or the lack of cost recovery may result in fewer tests being observed and a potential for undetected emission violations. For example; test observation of GDF tests are now only spot checked as there is no applicable fee for cost recovery and no resources for more test observations. If the proposed fee is adopted the District can observe tests where it is deemed to be necessary and, where existing resources have been used for test observation without cost recovery, additional resources can be applied to other core functions of the District.

Furthermore, not having a CPI adjustment means that fees will fall further behind costs due to inflation over time. The 2000-2001 Placer County Grand Jury recommended that District fees be adjusted by the Consumer Price index annually to better assure that the fees provide the resources required by the District. Seeking cost recovery for services provided by the District was recommended by the Grand Jury Report, and was a commitment made to the jurisdictions represented by the District's Board of Directors for the October 10, 2002, adoption of a per capita

assessment. The District committed to continue to make efforts to maximize cost recovery and minimize expenses a priority.

Other Issues:

Proposition 218 and Proposition 26: 1996's Proposition 218 limited the authority of local governments to impose taxes and property-related assessments, fees, and charges. It requires a majority of voters to approve increases in general taxes and reiterates that two-thirds must approve a special tax. In 2010 Proposition 26 was passed. Proposition 26 provided definitions for the terms "general tax" and "special tax". Proposition 26 amended the California Constitution Article IIX A, Section 3(b)(3), and excepted from the definition of a "tax": "A charge imposed for the reasonable regulatory costs to the State incident to issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof." Accordingly, as the charges for source test observation and report evaluation have a regulatory purpose of investigating the discharge of permitted facilities for compliance, the proposed charges are not taxes.

California Health and Safety Code Section 41512.7 Limits: Health and Safety Code Section 41512.7 limits the annual increase in fees paid for authority to construct permits and permits to operate. For the District the limit would allow no more a than a 15% increase in such fees per year. The charges for source test observation and report evaluation are not to obtain an authority to construct or permit to operate and instead are assessed only upon those facilities that are required to conduct testing, when tests are observed, performed, or reports are evaluated. As a charge that is based upon the expenditure of staff resources that are not covered by generally applicable permit fees, the proposed increase in fees and new fee categories are not subject to the Section 41512.7 limitations.

Analysis and Findings

The following Analysis and the subsequent Findings are intended to address the requirements set forth in the Health and Safety Code relating to adoption of a new or amended District Rule as well as other State statutes referenced herein.

Cost-Effectiveness of a Control Measure

California Health & Safety Code (H&S) Section 40703 requires a District to consider and make public "the cost-effectiveness of a control measure". Rule 604 is not a control measure, therefore there are no emission reductions to evaluate against costs and there is no cost-effectiveness related to this action. The fees contemplated would make existing control measures more effective by helping to assure that compliance and emission testing is well conducted and that test results are evaluated so deviations can be corrected.

Socioeconomic Impact

H&S Section 40728, in relevant part, requires the Board to consider the socioeconomic impact of any new rule if air quality or emission limits are significantly affected. However, Districts with a population of less than 500,000 persons are exempted from the socioeconomic analysis. In 2012, the population of Placer County was approximately 355,000 persons.

California Environmental Quality Act (CEQA)

Proposed amended Rule 604 is not an activity that may cause a direct or reasonably foreseeable indirect physical effect in the environment and therefore not considered a “project”, as defined by Section 21065 of the California Public Resource Code and Section 15378(b)(4) & (5) of the CEQA guidelines. A CEQA analysis is therefore not necessary.

Findings

- A. **Necessity** – The amendment of Rule 604 is necessary in order to obtain federal and state recognition of the District’s Source Test Observation and Report Evaluation rule in the SIP.
- B. **Authority** – California Health and Safety Code, Sections 40000, 40001, 40701, 40702, and 40716 are provisions of law that provide the District with the authority to adopt this amended Rule.
- C. **Clarity** – There is no indication at this time that the proposed Rule is written in such a manner that persons affected by the Rule cannot easily understand them.
- D. **Consistency** – The regulation is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.
- E. **Non-duplication** – The regulation does not impose the same requirements as an existing state or federal regulation.
- F. **Reference** – All statutes, court decisions, and other provisions of law used by PCAPCD in interpreting this regulation is incorporated into this analysis and this finding by reference.

EXHIBIT 1

**COMPARISON OF PROPOSED DISTRICT FEES
TO THE FEES OF NEIGHBORING AIR DISTRICTS**

	Sacramento Metropolitan AQMD	Yolo-Solano AQMD	Northern Sierra AQMD	El Dorado County APCD	Feather River AQMD	Placer County APCD
Jurisdiction Area	Sacramento County	Yolo County Portions of Solano	Nevada, Plumas, and Sierra Counties	El Dorado County	Yuba and Sutter Counties	Placer County
Stack Testing	\$1,404 per test for first 10-hours of work, each additional hour at time and materials charge rate of \$156/hour.	\$1,140 per test event (originally based upon 10-hours of staff work). No CPI. One fee plus hourly charge for additional stack tests.	\$875.56 per test, CPI adjusted annually	\$127/hour, CPI adjusted annually. Currently not charging a fee.	\$77/hour, OT rate of \$115/hour, CPI adjusted - but not recently	Existing: \$220 per test event. Proposed: A charge at the District's General Time and Materials Labor Rate established in Rule 602, Schedule M. 1 for each hour of staff time. Currently this is \$103.73/hour.
Stack Test Fees Assuming 10-Hours of Staff Time	\$1,404 per test for first 10-hours	\$1,140 per test, based upon 10-hours.	\$875.56 per test.	1,270 per test (10-hours assumed).	\$846 per test (10-hours assumed, with 2-hours OT)	\$1,037 per test (10-hours assumed for comparison purposes).
Portable Analyzer Testing and other Tests Conducted by District Staff	It is believed that the charge applied is the same as for Stack Tests.	It is believed that the charge applied is the same as for Stack Tests.	It is believed that the charge applied is the same as for Stack Tests.	It is believed that the charge applied is the same as for Stack Tests.	It is believed that the charge applied is the same as for Stack Tests.	Proposed: Hourly charge based on actual time expended at the General Time and Materials Labor Rate established in Rule 602, Schedule M. 1., for testing conducted by District staff.
Testing of Gasoline Dispensing Facilities	Annual source test fee of \$234/ underground tank	Charged at the time and materials rate of \$95/hour, not to exceed a charge for 10-hours.	GDF tests are seldom observed, and no fee is charged.	Same as for Stack Tests, but currently no fees are charged for test observations.	Same as for Stack Tests.	Proposed: GDF test observation is to be charged at the General Time and Materials Labor Rate, currently \$103.73/hour. A report evaluation fee for GDFs equal to one-half hour (i.e. \$51.87) shall be charged annually.

EXHIBIT 2

SUMMARY OF POTENTIAL COST RECOVERY

Facility	Permitted Equipment	Source Testing Frequency	Estimated Fees*
City of Roseville - Roseville Power Plant #2	Peaker Gas Turbine Power Plant #1	Once every 3 years	\$829.84 every 3-years
	Peaker Gas Turbine Power Plant #2	Once every 3 years	\$829.84 every 3-years
Energy 2001	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
Genpower	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
	Landfill Gas Engine	Once every 2 years	\$414.92 every 2-years
Rio Bravo Rocklin	Wood Fired Power Plant with Boiler	Once every year	\$829.84 every year
Roseville Energy Park	Combustion Turbine #1 w Heat Recovery Steam Generator	Once every year	\$829.84 every year
	Combustion Turbine #2 w Heat Recovery Steam Generator	Once every year	\$829.84 every year
Sierra Pacific Industries	Wood Fired Power Plant with Boiler	Once every year	\$829.84 every year
Western Placer Waste Management - Lincoln	Large Landfill Gas Flare	Once every 2 years	\$414.92 every 2-years
	Small Landfill Gas Flare	Once every 2 years	\$414.92 every 2-years
Placer County – Eastern Regional Landfill	Landfill Gas Flare	Once every 2 years	\$414.92 every 2-years
209 Gasoline Dispensing Facilities	CARB Certified Vapor Recovery Systems	Every year	\$259.32 for 2-hours observation plus test results evaluation
Possible Annual Average Cost Recovery Range, Excluding GDF Testing:			\$2,973.59** to \$5,739.73
Cost Recovery for All GDFs, assuming 2-hours per test:			\$54,197.88 – 2 hours
Cost Recovery for All GDFs, assuming no observation:			\$10,840.83
Estimated Range of Annual Average Cost Recovery Revenue:			\$13,814.42** to \$59,937.61

Note: * Source test estimate of charges assumes 8-hours for test observation and report evaluation, including travel time to and from the District office. Test observation time for boilers and engines pursuant to Rule 231 and Rule 242 assumes 4-hours for test observation and report evaluation, including travel time to and from the District office.

** The low non-GDF testing cost total assumes that for subsequent emission sources tested at the same facility the charges may be reduced if testing for all emission sources is conducted simultaneously so that the test hours are only counted once.

EXHIBIT 3

Rule 604, Source Test Observation and Report Evaluation
(Strikeout Copy)

RULE 604 SOURCE TEST OBSERVATION AND REPORT EVALUATION

Adopted 05-24-77
(Amended 04-21-81, 06-07-83, 10-19-93, 08-08-96, [10-10-13](#))

~~This Rule is applicable to the Lake Tahoe, Sacramento Valley, and Mountain Counties Air Basin portions of the District.~~

~~A. A fee of \$220 shall be charged against the owner or operator of a source whenever the Air Pollution Control Officer finds that a source test is required and must be observed and the report evaluated by District personnel to determine the actual emissions from the source for the purpose of issuing a permit to operate.~~

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500 MONITORING AND RECORDS (NOT INCLUDED)

PROPOSED

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100 GENERAL

101 PURPOSE: To recover the costs associated with source test observation and report evaluation.

102 APPLICABILITY: The provisions of this rule apply to all portions of Placer County.

200 DEFINITIONS (NOT INCLUDED)

300 STANDARDS

301 SOURCE TEST OBSERVATION FEES: Except as provided in Section 303, for the evaluation of gasoline dispensing facility test reports, whenever the Air Pollution Control Officer finds that a source test is required for the purpose of disclosing the nature, extent, quantity, or degree of air contaminants, or for the purpose of issuing or renewing a permit to operate, and the test must be observed and/or the report evaluated by District personnel a source test observation and report evaluation fee shall be charged to the owner or operator of a source for every hour, or portion thereof, rounded up to the next whole hour, for test observation and report evaluation by District personnel. The hourly fee shall be the General Time and Materials Labor Rate established in Rule 601, Table 601 - M.1. This fee covers District costs for the time spent to observe the test and to evaluate testing reports, including travel time to and from the District offices.

302 SUSPENSION OF TESTING: When testing is suspended by the owner or operator of the source being tested, the owner or operator shall advise the District personnel observing the test. No testing may be conducted while testing is suspended. The owner or operator cannot resume testing until the District personnel are present to observe the test, or permission has been given in writing for the test to resume without District observation. Testing without a District observer present, without written permission to resume having been obtained, may result in the invalidation of the test by the District, in which case, test results for the testing that was not observed will not be accepted.

303 GASOLINE DISPENSING TEST REPORT EVALUATION FEES: The District shall charge each gasoline dispensing facility that is required to conduct annual testing a fee equal to one-half hour (0.5 hour) at the General Time and Materials Labor Rate established in Rule 601, Table 601 - M.1, for the evaluation of gasoline dispensing test results reports. The charge for test results evaluation is in lieu of any other charge of test report evaluation and may be assessed with the annual permit renewal fee for all permitted gasoline dispensing facilities that are required to conduct an annual test. The fee may also be charged for initial testing conducted following modification or new source construction. With the exception of this charge, all other provisions of Section 301 shall apply to tests conducted of gasoline dispensing facilities.

304 PORTABLE ANALYZER TESTING AND OTHER DISTRICT TESTING FEES: Whenever the Air Pollution Control Officer finds that a test is required for the purpose of disclosing the nature, extent, quantity, or degree of air contaminants, or for the purpose of issuing or renewing a permit to operate, and the test is to be conducted by the District a fee for analyses using a portable analyzer or for other source testing will be charged to the owner or operator of a source for each hour of District staff time, based on the actual hours, rounded up to next whole hour, including travel time to and from the District offices. The hourly fee shall be the General Time and Materials Labor Rate established in Rule 601, Table 601 - M.1.

305 RETESTING FEES: When a source requires retesting, and the same test methods and protocol will be used as in the original test, a fee shall be charged to the owner or operator of a source for the actual hours of District staff time, including travel time to and from the District offices, rounded up to next whole hour, spent to observe the retest. The hourly fee shall be the General Time and Materials Labor Rate established in Rule 601, Table 601 - M.1.

306 RE-INSPECTION FEES: A fee shall be charged to the owner or operator of a source for re-inspections by District staff for compliance determination purposes resulting from equipment defects or deficiencies found during, or as a result of, testing as provided by the General Time and Materials Labor Rate of Rule 601, Table 601 - M.1 for the actual hours of District staff time expended, including travel time to and from the District offices, rounded up to next whole hour.

307 DUPLICATED MAN-HOURS: In the calculation of the actual time spent by the District on source test observation, including travel to and from the District offices, coincident observations of the test or coincident travel by more than one District staff member, shall only be counted once.

308 DISTRICT FEE SCHEDULE: The fees established above shall be published in the District's Fee Schedule.

400 ADMINISTRATIVE REQUIREMENTS (NOT INCLUDED)

500 MONITORING AND RECORDS (NOT INCLUDED)

PROPOSED

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Board Agenda Item

Public Hearing/Action

Agenda Date: October 10, 2013

Prepared By: Don Duffy, Associate Air Pollution Control Engineer

Topic: Adoption of New Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters

Action Requested:

- 1) Conduct a Public Hearing regarding the proposed approval of new Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters.
- 2) Adopt Resolution #13-14 (Attachment #1), thereby approving new Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters, and the findings in the Staff Report of Attachment #2.

Background: Placer County Air Pollution Control District currently has two rules that regulate NOx emissions from natural-gas fired water heating equipment of varying sizes:

1. Rule 246, Natural Gas-Fired Water Heaters, which deals with residential type water heaters of less than 75,000 British Thermal Units per hour (Btu/hr) in size, and
2. Rule 231, Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters, which regulates emissions from much larger equipment of 5 million Btu/hr and larger.

This leaves the size range of from 75,000 Btu/hr up to 5 million Btu/hr as unregulated. The District has a State Implementation Plan (SIP) commitment to regulate NOx emissions from 75,000 Btu/hr up to one million Btu/hr. Proposed new Rule 247 will cover the entire unregulated range up to 5 million Btu/hr. Several other California air districts are now regulating the entire size range of water heaters and boilers and it is something the Districts expects to be encouraged to do in future SIP planning. Since the District is developing a new rule, staff recommended covering the entire range with this one new rule.

Discussion: Rule 247 will limit NOx emissions for new water heaters and boilers to 20 parts per million by volume (ppmv) in the exhaust for new boilers sold and installed after an effective date of January 1, 2015. Existing equipment will not be affected. When existing equipment is replaced, the new emission limits will apply to the replacement equipment.

Most of the large air districts in the state, including South Coast and San Joaquin Valley, limit NOx emissions in new natural gas water heaters and boilers to 20 ppmv or even less in some size ranges. Several districts like Sacramento and Bay Area take a different approach and require retrofit of existing boilers to 30 ppmv. Equipment is clearly available in California that meets the NOx limit proposed in the District's new Rule 247. The 20 ppmv

requirement is so common in California that some manufacturers don't offer anything for sale that has higher emissions. Even though Placer does not currently have emissions limits for thermal equipment of this size range, all boilers and water heaters permitted in 2013 voluntarily meet the 20 ppmv level of emissions.

One reason purchasers of new water heaters and boilers are choosing low-NOx replacement equipment is that they are buying new high-efficiency equipment to reduce operating costs. The manufacturers are combining the low-NOx burners with other changes that result in high efficiency even though the two are not strongly related. Manufacturers are not developing new high efficiency equipment that is not low-NOx as well.

The reduction in NOx resulting from this rule when the current inventory of equipment has been replaced with new equipment is very substantial; 1.01 tons/day. It is estimated that this replacement will be complete by 2025. Using the Air Resources Board (ARB) estimate of current NOx emissions from equipment subject to this rule and their projections for future growth in NOx emissions out to 2025, allows estimation of the NOx savings. This reduction was calculated by replacing uncontrolled water heaters and boilers with low-NOx equipment at 20 ppmv.

Fiscal Impact: The adoption of Rule 247 will have a fiscal impact on purchasers of new water heaters, boilers and process heaters. New equipment meeting the emission limits of Rule 247 costs more than equipment with higher emissions. While the increased cost is not entirely due to the low-NOx, it has not been possible to separate the added costs. Using the entire increased cost, this increased cost ranges from 7% to 71%, depending on the size of the equipment and the supplier (see Attachment A of the Staff Report for cost data).

Cost effectiveness of Rule 247 is calculated for several examples in Attachment A of the Staff Report. For these examples, cost effectiveness ranges from 704 to 12,069 \$/ton.

Public Comment: EPA, ARB, equipment suppliers, and boiler permit holders were contacted with information about the proposed rule. Comments were received from EPA, ARB, and equipment suppliers with suggestions for improvement. A number of suggestions resulted in changes in the proposed rule. See the Staff Report for details.

A public workshop was noticed by means of postcards to boiler permit holders and equipment suppliers. There were no attendees at the scheduled workshop.

Recommendation: Staff recommends adoption of Resolution #13-14, (Attachment #1), thereby approving new Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters, and the findings in the Staff Report of Attachment #2.

Attachments: #1. Resolution #13-14, Adoption of Rule 247, Natural Gas-Fired water Heaters, Small Boilers and Process Heaters, Exhibit I, Rule 247, Natural Gas-Fired water Heaters, Small Boilers and Process Heaters

#2. Staff Report, including Attachment A.

ATTACHMENT #1

SUBJECT

Resolution #13-14, Adoption of Rule 247, Natural Gas-Fired water Heaters, Small Boilers and Process Heaters



Board Resolution:
Resolution # 13-14

**Before the Placer County
Air Pollution Control District Board of Directors**

In the Matter Of: Adopt a Resolution to approve new District Rule 247, Natural Gas-Fired Water Heaters, Small Boilers and Process Heaters, as shown in Exhibit I.

The following **RESOLUTION** was duly passed by the Placer County Air Pollution Control District Board of Directors at a regular meeting held on **October 10, 2013**, by the following vote:

- Ayes: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
- Noes: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
- Abstain: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____

Signed and approved by me after its passage:

_____ Chairperson

_____ Attest: Clerk of said Board

WHEREAS, Section 40001 of the Health and Safety Code of the State of California authorizes the Placer County Air Pollution Control District, to adopt and enforce Rules and Regulations to achieve and maintain ambient air quality standards within the District; and

WHEREAS, Section 40702 of the Health and Safety Code of the State of California requires a district to adopt rules and regulations and do such acts as may be necessary or proper to execute the powers and duties granted; and

WHEREAS, the PCAPCD Board adopted a commitment in the State Implementation Plan to promulgate a prohibitory rule to limit NOx emissions from natural gas-fired water heaters and boilers in the 75,000 Btu/hr to less than 5 million Btu/hr size range; and

WHEREAS, amendment of this regulation is categorically exempt from CEQA pursuant to Title 14, California Administrative Code, Section 15308, as an action by a regulatory agency for the protection of the environment; and

WHEREAS, these proceedings were held in a public hearing and were properly noticed pursuant to Section 40725 of the Health and Safety Code of the State of California; with any evidence having been received concerning the proposed adoption of this Resolution and this Board having duly considered such evidence;

NOW THEREFORE BE IT RESOLVED, that this Board approves and adopts new Rule 247, Natural Gas-Fired Water Heaters, Small Boilers and Process Heaters, as shown in Exhibit I.

BE IT RESOLVED AND ORDERED that the Air Pollution Control Officer is hereby authorized and directed to submit this adopted rule, in the form required by the California Air Resources Board, on behalf of the Placer County Air Pollution Control District, and to perform such acts as are necessary to carry out the purpose of this resolution.

BE IT FURTHER RESOLVED AND ORDERED that the Air Pollution Control Officer is hereby authorized and directed to submit this adopted rule for approval as a revision of the State Implementation Plan (SIP).

EXHIBIT I

Rule 247, Natural Gas-Fired water Heaters, Small Boilers and Process Heaters

RULE 247 NATURAL GAS-FIRED WATER HEATERS, SMALL BOILERS AND PROCESS HEATERS

Adopted 10-10-13

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100 GENERAL

101 PURPOSE: To limit the emissions of oxides of nitrogen (NOx) from the use of natural gas-fired water heaters, small boilers and process heaters.

102 APPLICABILITY: The provisions of this rule shall apply to any person that offers for sale, sells, or installs any natural gas-fired water heater, boiler or process heater with a rated heat input capacity of greater than or equal to 75,000 British Thermal Units per hour (Btu/hr) and less than 5 million Btu/hr in Placer County.

103 EXEMPTIONS: The provisions of the Rule shall not apply to:

103.1. Water heaters used in recreational vehicles.

103.2. Water heaters used to heat pools/spas with a rated heat input capacity less than or equal to 400,000 Btu/hr.

103.3. Any propane-fired heating equipment.

200 DEFINITIONS: Unless otherwise defined below, the terms used in this rule are defined in Rule 102, DEFINITIONS.

201 BOILER, STEAM GENERATOR OR WATER HEATER: Any equipment fired with natural gas to produce hot water or steam.

202 BRITISH THERMAL UNIT (BTU): The amount of heat required to raise the temperature of one pound of water from 59° F to 60° F at one atmosphere.

203 NATURAL GAS: A mixture of gaseous hydrocarbons containing at least 80 percent methane by volume as determined according to ASTM Test Method D1945-03.

204 POOL/SPA HEATER: A device through which water is heated when pool or spa water circulates through a heat exchanger.

205 PROCESS HEATER: Combustion equipment which transfers heat from combustion gases to a liquid process stream other than water.

206 RATED HEAT INPUT CAPACITY: The heat input capacity specified on the nameplate of the combustion unit. If the combustion unit has been physically altered or modified such that its maximum heat input is different than the heat input capacity specified on the nameplate, the new maximum heat input shall be considered as the rated heat input capacity.

207 RECREATIONAL VEHICLE: Any vehicle used for recreational purposes and designed to include a natural gas-fired water heater and is required to be licensed to be driven or moved on the highways of California.

300 STANDARDS

301 NITROGEN OXIDES EMISSION LIMIT: No person shall offer for sale, sell, or install any natural gas-fired water heater, boiler or process heater subject to this rule with oxides of nitrogen (NOx) emissions in excess of 20 ppmv @ 3 percent oxygen.

400 ADMINISTRATIVE REQUIREMENTS

401 COMPLIANCE SCHEDULE: Effective January 1, 2015, no person shall offer for sale, sell or install any natural gas-fired water heater, boiler or process heater which does not comply with the requirements of Section 300.

402 CERTIFICATION REQUIREMENT:

402.1 A manufacturer of any water heater, boiler or process heater subject to Section 300 shall submit to the Air Pollution Control Officer (APCO) at least 30 days prior to sale, a statement that the unit is in compliance with the provisions of Section 300. The statement shall be signed and dated, and shall attest to the accuracy of all information. The statement shall include the brand name, model number, the heat input capacity rating as it appears on the rating plate, or

402.2 A manufacturer shall submit to this District an approved South Coast Air Quality Management District (SCAQMD) certification obtained from an independent testing laboratory. Any model of natural gas-fired water heater, boiler or process heater certified as complying with the SCAQMD Rule 1146.1 or Rule 1146.2 need not be recertified to the test protocol specified in Section 502. A certification of a model to San Joaquin Qir Quality Management District Rule 4307 will also be accepted.

403 MANUFACTURER'S LABELING: A manufacturer shall display the model number, the rated heat input capacity, and the certification status of the water heater, boiler or process heater on the rating plate of each unit. The manufacturer shall also display the model number, rated heat input capacity, and the certification status on the shipping container, if such packaging is used.

500 MONITORING AND RECORDS

501 RECORDKEEPING: A manufacturer shall keep certification reports, test reports, and certification statements for as long as the water heater, boiler or process heater model is offered for sale, sold, or installed within the District, or for five years, whichever is longer.

502 TEST METHOD: The manufacturer shall have each water heater, boiler, or process heater subject to this rule tested in accordance with one of the following:

502.1 South Coast Air Quality Management District Protocol: "Nitrogen Oxides Emission Compliance Testing for Natural Gas-Fired Water Heaters and Small Boilers".

502.2 South Coast Air Quality Management District Test Method 100.1

502.3 EPA Reference Test Method 7E (40 CFR 60, Appendix A)

502.4 A manufacturer that has certified a unit model to demonstrate compliance with a State or local agency rule that meets the requirements of this Rule may submit the test results to the District in lieu of conducting duplicative testing.

ATTACHMENT #2

SUBJECT

Staff Report: Rule 247, Natural Gas-Fired water Heaters, Small Boilers and Process Heaters

**PLACER COUNTY
AIR POLLUTION CONTROL DISTRICT**

STAFF REPORT

RULE 247

**NATURAL GAS-FIRED WATER HEATERS, SMALL
BOILERS AND PROCESS HEATERS**

PROPOSED NEW RULE

OCTOBER 10, 2013

PROPOSED NEW RULE 247

NATURAL GAS-FIRED WATER HEATERS, SMALL BOILERS AND PROCESS HEATERS

STAFF REPORT

Background

Placer County Air Pollution Control District has made a commitment in the 8-hour Ozone State Implementation Plan (SIP) to adopt a new rule to regulate oxides of nitrogen (NOx) emissions for all natural gas fired large water heaters and small boilers with rated input sizes in the range of 75,000 up to 1,000,000 Btu/hr, by 2015. Currently, water heaters and boilers in this size range are unregulated. Smaller water heaters, less than 75,000 Btu/hr (residential water heaters), are regulated by Rule 246, Natural Gas-Fired Water Heaters. This rule limits NOx emissions for new equipment to 40 nanograms per joule (55 ppmv @ 3% O₂). Larger heating equipment is currently regulated by Rule 231, Industrial, Institutional, and Commercial Boilers, Steam Generators, and Process Heaters. Rule 231 applies to heating equipment of 5 million Btu/hr and larger and limits NOx emissions of new and existing gaseous fueled equipment to 30 ppmv (parts per million by volume).

Proposed new Rule 247, Natural Gas-Fired Water Heaters, Small Boilers and Process Heaters, will cover the entire unregulated size range from 75,000 Btu/hr up to less than 5 million Btu/hr and limit NOx emissions for new boilers and water heaters to 20 ppmv. The new rule will apply to the sale or installation of new equipment; existing equipment will not be affected. Proposed Rule 247 will limit NOx to lower levels than allowed by either current Rule 246 or Rule 231. Amendment of Rules 246 and 231 to lower allowable NOx levels will be considered in future SIP planning.

Discussion of Proposed Rule 247

Neighboring air districts, Sacramento Metropolitan Air Quality Management District and Yolo Solano Air Quality Management District that are also in the Sacramento Federal Ozone Nonattainment Area, currently have rules in effect that limit NOx emissions from natural gas fired small water heaters and boilers to 20 ppmv. Both Districts limit NOx to 20 ppmv for boilers from 75,000 up to 1 million Btu/hr for new boilers (new boilers will be referred to as Point of Sale (POS)). For boilers and water heaters from 1 million up to less than 5 million Btu/hr, Sacramento requires retrofit of all boilers in this range to no more than 30 ppmv. Yolo Solano does not currently have an emission limit for boilers and water heaters in the 1 million up to 5 million Btu/hr range, but has a SIP commitment to do so.

Most of the large air districts in the state, including South Coast and San Joaquin, also have rules that limit NOx emissions in natural gas water heaters and boilers for POS to 20 ppmv or even less in some size ranges. Equipment is clearly available in California that meets the NOx limit proposed in the District's new Rule 247. The 20 ppmv requirement is so common in California, that some manufacturers don't offer anything for sale that has higher emissions. Even though Placer does not currently have emissions limits for thermal equipment of this size range, all boilers and water heaters permitted in 2013 voluntarily meet the 20 ppmv level of emissions. This applies to equipment in the range of 1 million up to less than 5 million Btu/hr. Smaller rated equipment is unknown because equipment below 1 million Btu/hr does not normally require a permit.

Large water heaters and small boilers in the range of 75,000 up to 400,000 Btu/hr are commonly used to provide hot water and steam for large residences, or small industrial and commercial operations. Such applications consist of uses for space heating, food processing, garment laundering, or equipment sterilization. Water heaters and boilers greater than 400,000, but less than one million Btu/hr are more commonly found in larger industrial facilities, small schools, and large buildings to provide hot water or steam. Thermal equipment over one million, but less than five million Btu/hr can be found in some larger schools,

Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters

Staff Report

Board Date: October 10, 2013

industrial facilities, large swimming pools at schools, clubs, and public recreational facilities, very large commercial buildings, and large buildings in the Tahoe area such as ski resorts, hotels, and residential complexes that have a high heating demand.

Exemptions

The proposed rule lists several exemptions which include:

- Water heaters used in recreational vehicles
- Water heaters used to heat pools/spas with a rated heat input capacity less than or equal to 400,000 Btu/hr

Water heaters for use in recreational vehicles are typically designed for use of multiple types of fuels and usually are smaller than the lower threshold of applicability of this rule.

Pool/spa heaters less than 400,000 Btu/hr are typically used for small residential pools and spas. Equipment in this size range for pools and spas is not well developed to meet the 20 ppmv emission limit of this rule. Other California districts usually don't have a 20 ppmv limit in this size range.

Emissions Impacts

Staff used the CARB Emissions Inventory to obtain NOx emissions inventory information for natural gas consumption by various unit types for 2010. The unit types included boilers, process heaters, water heating, and "other" in the following processes: Manufacturing and Industrial, and Service and Commercial. NOx emissions were found to be 2.00 tons per day (tpd). Future inventory emissions were projected for the years 2015 and 2020 using the CARB Emissions Inventory Database and found to be 2.13 and 2.19 tpd of NOx respectively. Manufacturers reported that the typical life of this type of equipment is about 15 years before replacement, so estimated emissions are needed for 2025 to have a 15 year period in which the existing equipment will all be replaced. The rate of increase in emissions between 2015 and 2020 is extrapolated to 2025, giving estimated NOx emissions of 2.25 tpd.

This inventory includes the heating equipment size range from just above residential water heaters up to the largest boilers used in industry. Rule 247 covers a smaller size range, only going up to 5 MMBtu/hr. To estimate what part of the CARB emissions inventory applies to equipment subject to Rule 247, the entire Placer County APCD permitted base of this equipment was listed by input thermal rating and it was found that approximately 60% of the equipment capacity was under 5 MMBtu/hr. If the CARB inventory numbers are factored by 60%, that should give a good estimate of the NOx inventory subject to Rule 247.

Heating equipment meeting the 20 ppmv NOx emission limit is currently available and District permitting staff has been seeing increasing optional use of this low-NOx equipment since 2010. Therefore, it is reasonable to assume that over the course of the 15 years from 2010 to 2025, all existing heating equipment subject to this rule will be replaced in a linear fashion, with about 6.7% replaced per year.

The existing inventory of affected equipment types can be characterized by NOx emissions similar to the EPA AP-42 Compilation of Emission Factors for uncontrolled small boilers, which is 80 ppmv (100 lb/MMCF). This will result in new equipment complying with 20 ppmv having only 25% of the NOx emissions of the old equipment. Therefore, for each 5-year period, 1/3 of the equipment inventory will have been replaced with 20 ppmv equipment, for a reduction of 0.33 times 0.75 which is a reduction of 25% of the total NOx emissions inventory at the end of each 5 year period. This then yields for the years 2015, 2020, and 2025:

Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters

Staff Report

Board Date: October 10, 2013

YEAR	CARB NOx (tpd)	CARB NOx Subject to Rule 247 (tpd)	RULE 247 Implementation (tpd)	REDUCTION (tpd)
2010	2.00	1.20	1.20	0.0
2015	2.13	1.28	0.96	0.32
2020	2.19	1.31	0.66	0.66
2025	2.25	1.35	0.34	1.01

By the end of the replacement cycle in 2025, NOx emissions are projected to be 1.01 tons per day less than they could be without adoption of Rule 247.

Cost Effectiveness

The California Health and Safety Code (CH&SC) Section 40703 requires the District, in the process of the adoption of a regulation, to consider and make public its findings related to the cost effectiveness of a control measure. Cost effectiveness for rule-making purposes is calculated by dividing the cost of air pollution controls required by the rule by the amount of air pollution reduced.

A number of equipment manufacturers and California distributors were contacted and cost information was requested for comparable size heating equipment both with, and without low-NOx capability. Only a few responded with the requested cost information. Of those that responded, the increased cost for low-NOx ranged from 7 to 71%. For different size units, the increased cost ranged from \$69 to \$25,535. There is a considerable cost difference between commercial grade and industrial grade equipment. See Attachment A for details.

In Attachment A, cost effectiveness is calculated for three different size water heaters or boilers based on the above costs. The examples were selected to illustrate the full range of cost effectiveness. Cost effectiveness ranges from \$704 to \$12,069 dollars per ton of NOx reduced.

Comparison with Other Applicable Regulations and Requirements

CH&SC Section 40727.2 requires districts to perform a comparative alternative analysis of any new control standard. Specifically, the District is required to prepare a written analysis (usually in the form of a matrix) that identifies all existing federal air pollution control requirements, including, but not limited to emission control standards constituting best available control technology (BACT) that applies to the same equipment or source type as the rule or regulation proposed for adoption or modification by the District. In addition, the analysis shall identify any other District rule or regulation that applies to the same equipment or source type.

There are no federal regulations, such as National Emission Standards for Hazardous Air Pollutants (NESHAPs) or New Source Pollution Standards (NSPSs) that apply to this source category. In addition, by the BACT applicability thresholds of Rule 502, New Source Review (10 pounds per day of NOx), units which are subject to this rule will never emit as much as 10 pounds per day of NOx, thus being subject to BACT. Therefore, the Section 40727.2 analysis cannot be performed.

However, for reference, several other air districts have rules that are, or will be in effect in 2014 that apply to similar sources were compared below. For the larger rated equipment, some districts require retrofit of the existing equipment to the emission limits of their rule. Other districts have a point of sale (POS) strategy that relies on equipment replacement as it wears out to proliferate the lower emitting equipment. POS requirements are noted in the following table with (POS) under the emission limit.

Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters

Staff Report

Board Date: October 10, 2013

	SIZE RANGE (BTU/HR)			
	>75,000 to 400,000	400,000 to <1MM	1MM to 2MM	>2MM to 5 MM
South Coast Rule 1146.1 and 1146.2	20 ppmv (POS)	20 ppmv (POS)	20 ppmv (POS)	9 and 12 ppmv (POS)
San Joaquin Rules 4307 and 4308	20 ppmv (POS)	20 ppmv (POS)	20 ppmv (POS)	9 and 12 ppmv (POS)
Bay Area Rules 9-6 and 9-7	20 ppmv (POS)	30 ppmv (POS)	30 ppmv (POS)	30 ppmv
Sacramento Rules 411 and 414	20 ppmv (POS)	20 ppmv (POS)	30 ppmv	30 ppmv
Yolo Solano Rule 2.37	20 ppmv (POS)	20 ppmv (POS)	N/A	N/A
Placer Rule 247	20 ppmv (POS)	20 ppmv (POS)	20 ppmv (POS)	20 ppmv (POS)

Fiscal Impact

The adoption of Rule 247 will have a fiscal impact on purchasers of new water heaters, boilers and process heaters. New equipment meeting the emission limits of Rule 247 costs slightly more than equipment with higher emissions. This increased cost ranges from 7% to 71%, depending on the size of the equipment and the supplier (see Attachment A for cost data).

Permit applicants frequently tell staff that they are replacing their water heaters and boilers before the old equipment is worn out in order to get more efficient heaters to save on fuel costs. The more efficient heaters usually come with the low-NOx emissions. While the high efficiency and low-NOx equipment costs more, businesses are justifying replacing equipment early on a return on investment (ROI) basis.

Other businesses are motivated to replace water heaters and boilers with high efficiency units due to the reduction of greenhouse gases provided by the higher combustion efficiencies of the new equipment.

The cost effectiveness of Rule 247 is calculated for several examples in Attachment A. For these examples, cost effectiveness ranges from 704 to 12,069 \$/ton.

The fiscal impact on the District of implementing Rule 247 should be neutral. The Rule does not require businesses to replace their existing equipment. But when they choose to replace equipment, they must purchase the low-NOx units. Businesses that replace water heaters and boilers subject to obtaining an air emission permit pay for the cost of issuing the permit through the application fee and the engineering analysis fee. A permit is required for thermal equipment with an input rating of 1 million Btu/hr and greater, or for multiple smaller units feeding the same load where the combined thermal rating adds up to 1 million Btu/hr.

Outreach

The public was notified of the proposed adoption of Rule 247 through a newspaper notice and direct mailer of the proposed rule to equipment manufacturers and Northern California distributors. A public workshop was held on September 19, 2013, with a notice having been posted in the newspaper, on the District website, and a postcard mailed to all current boiler permit holders and manufacturers and some local distributors. There were no attendees at the workshop.

Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters

Staff Report

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As a result of sending the proposed rule to manufacturers and local distributors, a number of comments were received. The following table summarizes the comments and the District's response.

COMMENT	RESPONSE
Recommend that markings be required on the outside of cartons for units shipped and stocked in cartons	Added this requirement to the rule
The rule states that: "No person shall manufacture, offer for sale, sell, or install any natural gas-fired..." Recommend removing manufacturer from this list because units may be manufactured or warehoused in the District without being used in the District	Removed "manufacture" from the wording.
Recommended that both sections 402.1 and 402.2 not be required (these are sections that require certification of the equipment).	There is an "or" between sections 402.1 and 402.2 so only one is required. No change to the rule.
Recommend that SCAQMD Rule 1146.1 also be referenced in section 402.2 to cover certification of boilers in the 2 MMBtu/hr to 5 MMBtu/hr range. SCAQMD Rule 1146.2 only covers boilers up to 2 MMBtu/hr.	SCAQMD Rule 1146.1 does not provide for certification, but rather requires a source test of every boiler that is in this size range after it is installed. However, something must be added to section 402.2 to cover certification in this size range. Added San Joaquin Rule 4307 which provides for certification in this range.
Recommend a wording change in the applicability section.	Will not change the wording because it is consistent with other district's wording.
Suggest removing the words "external combustion from the boiler definition.	Change accepted. "External combustion" sometimes has a different meaning than how a boiler is constructed.
Suggest increasing the NOx emission limit in the 2-5 MMBtu/hr range to 30 ppmv like BAAQMD.	Change rejected. The BAAQMD 30 ppmv requirement is for new <u>and retrofit</u> equipment. We do not want a retrofit rule that requires existing equipment to be upgraded.
In section 402.2 certifications, add BAAQMD Regulation 9, Rule 7 to the list of certifications accepted.	Change rejected. BAAQMD certifications are for 30 ppmv. Rule 247 requires 20 ppmv.
Stated that SCAQMD certifications only go up to 2 MMBtu/hr. Above that size Rule 1146.1 requires each boiler installed to be tested to verify compliance with the emission standard. Commenter stated that for the Authority to Construct SCAQMD requires a self certification from the manufacturer that the boiler meets the emission standard. Suggested that we allow self certification for boilers in the 2-5 MMBtu/hr range as one of the options for certification.	Suggestion accepted. Wording of section 402.1 changed to allow self-certification.
Commenter stated that certification to SCAQMD procedures for boiler rules are burdensome. Suggested allowing other procedures used for source testing.	Suggestion accepted. Added to section 502, Test Methods, several other acceptable test procedures.
Commenter pointed out that San Joaquin AQMD Rule 4307 certifications are for emission limits that are lower than Placer's 20 ppmv.	Response: There are numerous options for certification in section 402. If a supplier happens to have a San Joaquin certification for a lower NOx level, that is acceptable. If not, there are other options. No change in Rule 247.

Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters

Staff Report

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The draft rule and staff report were sent to EPA and ARB for comment. One comment has been received from EPA. ARB called with verbal comments to be discussed before they make a written comment.

ARB commented that some other districts do not exempt mobile home water heaters below 400,000 Btu/hr as did our draft rule. The District agreed to eliminate this exemption. It is highly unlikely that a mobile home would have a water heater greater than 75,000 Btu/hr when the typical home water heater is about 40,000 Btu/hr.

EPA and ARB both commented that some other districts have an emission limit of 55 ppmv for pool and spa heaters less than 400,000 Btu/hr while our rule exempts them from emission limits. EPA and ARB suggested the District should consider this requirement. The staff is aware that other districts (Yolo-Solano for one) also exempt pool and spa heaters, as our rule does. While this equipment is available, staff does not recommend imposing this requirement on a market that is mainly homeowners while some neighboring districts do not.

ARB strongly emphasized that South Coast and San Joaquin Districts have emission limits of 9 and 12 ppmv for boilers in the 2-5 MMBtu/hr range. When opening a rule for revision or adopting a new rule, the District is obligated to at least meet the most stringent emission requirement (called Best Available Retrofit Control Technology, or BARCT) of any district in the state. The District argued that the 2-5 MMBtu/hr range is not a current SIP commitment but is voluntary, and therefore BARCT is applicable to SIP planning and not new rule development. ARB conceded this fact and will not make this comment in writing.

Analysis and Findings

The following Analysis and the subsequent Findings are intended to address the requirements set forth in the Health and Safety Code relating to adoption of a new or amended District Rule, as well as other State statutes referenced herein.

Cost-Effectiveness of a Control Measure

California Health & Safety Code (H&S) Section 40703 requires a District to consider and make public “the cost-effectiveness of a control measure”. The cost-effectiveness of the proposed rule is addressed above.

Socioeconomic Impact

H&S Section 40728, in relevant part, requires the Board to consider the socioeconomic impact of any new rule if air quality or emission limits are significantly affected. However, Districts with a population of less than 500,000 persons are exempted from the socioeconomic analysis. In 2012, the population of Placer County was approximately 355,000 persons. Therefore, the District is not required to consider the socioeconomic impacts of the proposed rule amendment.

California Environmental Quality Act (CEQA)

Proposed adoption of Rule 247 is not an activity that may cause a direct or reasonably foreseeable indirect physical effect in the environment therefore not considered a “project”, as defined by Section 21065 of the California Public Resource Code and Section 15378(b)(4)&(5) of the CEQA guidelines.

According to the above conclusion, Staff finds that the proposed rule is exempt from the California Environmental Quality Act (CEQA) because 1) it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment (CEQA Guidelines §15061(b) (3)) and 2) it is an action by a regulatory agency for protection of the environment (Class 8 Categorical Exemption, CEQA Guidelines §15308). A CEQA analysis is therefore not necessary.

Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters

Staff Report

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Findings

- A. **Necessity** – The adoption of Rule 247 is necessary in order to fulfill a District commitment in the 8-hour Ozone State Implementation Plan to promulgate a control measure to regulate NOx emissions from natural gas fired boilers and water heaters.
- B. **Authority** – California Health and Safety Code, Sections 40702, 41511, and 42303 are provisions of law that provide the District with the authority to adopt this new Rule.
- C. **Clarity** – There is no indication, at this time, that the proposed Rule is written in such a manner that persons affected by the Rule cannot easily understand them.
- D. **Consistency** – The regulation is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations.
- E. **Non-duplication** – The regulation does not impose the same requirements as an existing state or federal regulation.
- F. **Reference** – All statutes, court decisions, and other provisions of law used by PCAPCD in interpreting this regulation is incorporated into this analysis and this finding by reference.

Attachment A Cost Effectiveness Estimate

Added Cost of Low-NOx Burners

Staff requested cost information from manufacturers for standard water heaters and boilers (non-low-NOx) and low-NOx units of the same manufacturer and thermal rating. The low-NOx models are almost always combined with higher efficiency. While the added cost comes from both the low-NOx burner and the changes to increase efficiency, the relative contributions of each cannot be determined. If you buy the low-NOx, you also get the higher efficiency. Not many manufacturers responded with comparative cost information. Below are costs for a range of thermal ratings; including one residential water heater below the lower size applicability of the rule:

NOx Type	Btu Rating	Description	Retail Cost (\$)	Low-NOx Increase (\$), (%)
Standard	38,000	Residential, 50 gal tank	418	
Low-NOx	40,000	Residential, 48 gal tank	487	\$69, 17%
Standard	200,000	Commercial, 100 gal tank	5,538	
Low-NOx	200,000	Commercial, 100 gal tank	6,199	\$661, 12%
Standard	200,000	Tankless water heater	999	
Low-NOx	200,000	Tankless water heater	1199	\$200, 20%
Standard	1,000,000	Boiler	14,000	
Low-NOx	1,000,000	Boiler	17,500	\$3,500, 25%
Standard	2,000,000	Commercial Boiler	21,430	
Low-NOx	2,000,000	Commercial Boiler	22,930	\$1,500, 7%
Standard	2,000,000	Industrial Boiler	36,095	
Low-NOx	2,000,000	Industrial Boiler	61,630	\$25,533, 71%
Standard	5,000,000	Industrial Boiler	62,630	
Low-NOx	5,000,000	Industrial Boiler	82,940	\$20,310, 32%

Cost Effectiveness Calculations

Cost-effectiveness = (Annualized Cost of Abatement System (\$/yr)) / (Reduction in Annual Pollutant Emissions (ton/yr))

The reduction in annual pollutant emissions is the expected decrease in the source's NOx emissions from its baseline uncontrolled level, achieved by the installation of the low-NOx system under review. This annual reduction can be calculated as the difference in emissions between standard equipment and low-NOx equipment. Since this is a point of sale rule, only the added cost of low-NOx is used that is above replacement with a standard non-low-NOx unit.

The annualized added cost of the low-NOx equipment can be estimated from the added capital cost of the low-NOx equipment and its expected added annual indirect costs which are a percentage of the added capital cost.

Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters

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Annualized cost = Direct Costs + Indirect Costs

Where Direct Cost is the added capital cost of the low-NOx option and Indirect Costs (Sum of the Following):

- Property Tax (1% of Added Capital Cost)
- Insurance (1% of Added Capital Cost)
- General & Administrative (2% of Added Capital Cost)

Capital Recovery (CRF x Added Capital Cost)

The capital recovery factor (CRF) recognizes the time value of money and converts the up-front capital cost (the installed equipment cost) to an annualized cost.

The capital recovery factor (CRF) is given by:

$$CRF = \frac{i (1 + i)^n}{(1 + i)^n - 1}$$

where i = interest rate (assume i = 0.05),
and n = lifetime of abatement system (assume n = 15 years),
then, the capital recovery factor **CRF = 0.096**

**Annualized Cost =
Installed Equipment Cost x
[Capital Recovery Factor + Tax Factor + Insur. Factor + G & A Factor]**

The added capital cost of equipment varies depending on the size of the equipment, so a range of costs from small to large can be examined over the entire installed base being replaced over 15 years.

The annualized cost is then [added equipment cost] x [0.096 + 0.01 + 0.01 + 0.02] = 0.10 x added equipment cost.

From the comparative equipment costs in the above table, cost effectiveness is calculated for three examples. Annual emission reductions are calculated for equipment operating eight hours per day and 365 days per year.

Unit	200,000 Btu/hr Tankless	1 MMBtu/hr Boiler	2 MMBtu/hr Indust. Boiler
Added Cost (\$)	200	3500	25,553
NOx Reduction (ppmv)	60	60	60
Lb/hr Reduction	0.0145	0.0725	0.145
Lb/day Reduction	0.116	0.58	1.16
Annual NOx Reduction	42.34	211.7	423.4
CRF+Ins+Tax+G&A	0.10	0.10	0.10
Annualized Cost (\$)	20	350	2,555
Cost Effectiveness (\$/ton)	945	3,307	12,069



<p style="text-align: center;">Board Agenda <i>Public Hearing/ Action</i></p>
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Agenda Date: October 10, 2013

Prepared By: Ann Hobbs, Air Quality Specialist

Topic: 2012 Triennial Progress Report

Action Requested:

- 1) Conduct a Public Hearing regarding the 2012 Triennial Progress Report (Exhibit #1) and,
- 2) Adopt Resolution #13-17 (Attachment #1), thereby approving the 2012 Triennial Progress Report prepared to satisfy Section 40925 of California Health and Safety Code.

Background: The California Clean Air Act (CCAA) requires that an air quality management plan (AQMP) be prepared by an air district if it is designated as nonattainment based on the California Ambient Air Quality Standards (CAAQS). The AQMP identifies implementation measures to attain these standards by the earliest practicable date. California Health and Safety Code Section 40925 also requires that by the end of 1994 and once every three years thereafter, non-attainment air districts prepare a report to demonstrate the progress toward attaining the CAAQS. These planning requirements are separate from those based on the National Ambient Air Quality Standards under the Federal Clean Air Act, and amendments.

Placer County is designated as non-attainment for CAAQS ozone standards. The Placer County Air Pollution Control District Board of Directors adopted the 1991 AQMP on April 7, 1992. Subsequent triennial progress report updates which have been approved by your board, from 1994 through the last report period, 2008.

Discussion: The 2012 Triennial Progress Report (2012 Report): 1) describes the historical trends in ambient air quality levels; 2) provides information on the emission inventories in Placer County; 3) summarizes the progress of emissions reductions; and 4) concludes with an overview of air quality planning progress from 2009 to 2011 in Placer County and whether that progress is adequate.

Historical Air Quality Trends: The California Air Resource Board (CARB) has approved three indicators to analyze and verify the progress of air quality improvement. The analysis in the 2012 Report shows a decline trend in ozone exposure concentrations measured. This decrease demonstrates an improvement in the current air quality control progress made in reducing the peak ozone concentrations and the ozone exposure.

Emission Inventory: Emission inventories for reactive organic gases (ROG) and nitrogen oxides (NOx) include stationary sources, area-wide sources, on-road mobile sources, and off-road mobile sources. The latest inventories provided by CARB indicated the majority of ROG and NOx emissions are from mobile sources (including on-road and off-road sources), 55% and 85% respectively. From 2010 to 2020, overall ROG emissions are expected to decrease

by 1% with NOx emissions decreasing by 33%.

Emission Reductions: The 2012 Report summarizes the achievement of emission reductions from 2009 to 2011. For the previous triennial report commitment, three existing rules were amended and two proposed rules were removed due to economical concerns after further evaluation. In addition, eight rules were amended and/or adopted which demonstrate the District's efforts to look for opportunities to improve air quality.

In addition to above rule activities, the District has implemented proactive strategies to help offset mobile source and other emissions in Placer County. These included participating in regional incentives programs, implementing District managed grant programs, sponsoring and participating in forest biomass-related projects and providing financial assistance through the Technology Assessment Program for the development of air pollution reducing technologies.

Future Emission Reductions: Since the overall averaged emission reduction from 2009 to 2011 is less than the mandatory 5% annual emission reduction as required by the CAAA, the District shall review and analyze all feasible control measures/reduction programs which are suitable to reduce ozone precursor emissions in Placer County. The 2012 Report identifies eleven control measures which will be evaluated for amendment or adoption in the next triennial period (2012 – 2014). In addition, the District continues to participate in many of the same programs outlined in the 2012 Report.

Public Review Process: A public notice of the workshop and public hearing was published in the Auburn Journal on September 19, 2013 and posted on the District's website. A public workshop was held on September 26, 2013 in District's office. No comments have been received during the public review period.

Recommendation: Staff recommends adoption of Resolution #13-17 (Attachment #1) approving the 2012 Triennial Progress Report and its submission to the California Air Resources Board (as shown in Exhibit 1 to Resolution #13-17).

Attachment **1:** Resolution #13-17, Adoption of the 2012 Triennial Progress Report as shown in Exhibit #1.

ATTACHMENT #1

Subject:

Resolution #13-17 Adoption of the 2012 Triennial Progress Report



Board Resolution:
Resolution # 13-17

**Before the Placer County
Air Pollution Control District Board of Directors**

In the Matter Of: Adopt a Resolution to approve the Placer County Air Pollution Control District’s 2012 Triennial Progress Report as shown in Exhibit #1.

The following **RESOLUTION** was duly passed by the Placer County Air Pollution Control District Board of Directors at a regular meeting held on **October 10, 2013**, by the following vote:

- Ayes: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
- Noes: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
- Abstain: Holmes, M. _____ Barkle _____ Nader _____ Weygandt _____ Ucovich _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____

Signed and approved by me after its passage:

_____ Chairperson

_____ Attest: Clerk of said Board

WHEREAS, Section 40911 of the California Health and Safety Code ("Health and Safety Code") requires each air district which has been designated nonattainment for the state ambient air quality standards for ozone to prepare and submit a plan for attaining the state standards to the state Board; and

WHEREAS, the Placer County Air Pollution Control District except for the Lake Tahoe Air Basin portion of Placer County, is designated as nonattainment for the State ozone standard; and

WHEREAS, at least once every three years, beginning in 1994, the Placer County Air Pollution Control District shall review and revise its attainment plan to correct for deficiencies in meeting the interim measures of progress incorporated into the plan, and to incorporate new data or projections into the plan (Health and Safety Code 40925); and

WHEREAS, the proposed 2012 Triennial Progress Report includes a review of the historical trends in ambient air quality levels, an update to the emission inventories in Placer County, summary of the progress of emissions reductions and an overview of air quality planning progress from 2009 to 2011 in Placer County and

WHEREAS, the Placer County Air Pollution Control District has amended eleven rules including three were committed in the 2009 Triennial Progress Report; the District is committed evaluating other feasible control measures as outlined in the 2012 Triennial Progress Report; and

WHEREAS, the Board of Directors of the Placer County Air Pollution Control District held a duly noticed public hearing on September 26, 2013, that was noticed in the Auburn Journal, a newspaper of general circulation in the District, posted on the District's website and the Board has considered public comments on the proposed 2012 Triennial Progress Report; and

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Placer County Air Pollution Control District approves the proposed 2012 Triennial Progress Report; and

BE IT FURTHER RESOLVED AND ORDERED, that the Board of Directors of the Placer County Air Pollution Control District directS staff to forward the 2012 Triennial Progress Report to the California Air Resources Board as a revision to the District's plan for meeting the state ozone standards.

EXHIBIT #1

2012 Triennial Progress Report

**PLACER COUNTY
AIR POLLUTION CONTROL DISTRICT**

2012 TRIENNIAL PROGRESS REPORT

**PREPARED IN COMPLIANCE WITH
THE CALIFORNIA CLEAN AIR ACT**

October 2013

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1 OVERVIEW OF THE AIR QUALITY PLANNING PROCESS

1.1 Background

The Placer County Air Pollution Control District (District) is one of 35 local air districts established pursuant to Section 40002 of the California Health & Safety Code (HSC). The District is a “county” district with its jurisdiction being the County of Placer which extends from the North Lake Tahoe in the east, over the crest of the Sierra Nevada, to the Sacramento Valley in the west. With its special topographic features, portions of Placer County are located within the boundaries of three air basins: the Sacramento Valley Air Basin (SVAB), the Mountain Counties Air Basin (MCAB), and the Lake Tahoe Air Basin (LTAB).

The California Clean Air Act (CCAA) of 1988 requires the California Air Resources Board (CARB) to establish and adopt ambient air quality standards to protect public health, safety, and welfare. Under the CCAA requirement, CARB established criteria for designating areas as attainment or nonattainment for the state standards. According to the area designation adopted in 1989, the SVAB and MCAB portions of Placer County were designed as nonattainment for the state ozone standard¹ and the entire county was designed as nonattainment for the state particular matter standard (PM₁₀).

The CCAA requires that an air district which has not attained the state air quality standards shall prepare a plan to attain these standards by the earliest practical date. However, when the California legislature passed the CCAA in 1988, it recognized the difficulty in managing PM₁₀. Therefore, state law does not require attainment plans for the state PM₁₀ standard. In compliance with the CCAA, the District prepared the 1991 Air Quality Attainment Plan (AQAP) which was designed to make expeditious progress toward attaining the state ozone standard and contained proposed control programs/strategies on stationary sources, transportation, and indirect sources. The 1991 AQAP was adopted by the District’s Board of Directors on April 7, 1992 and approved by the California Air Resources Board (CARB) on March 12, 1993.

In addition to the AQAP, the CCAA also required that by the end of 1994 and once every three years thereafter, that nonattainment districts prepare a report to demonstrate their progress toward attaining the state air quality standards. The triennial progress report should include the air quality improvement and the amount of emission reductions achieved from control measures adopted for the preceding three year period. The districts must also review and revise their attainment plan, if necessary, to correct deficiencies in meeting the progress goals and to incorporate new data or projections. This 2012 Triennial Report was prepared to fulfill these requirements for the years 2009-2011.

1.2 Triennial Reports Since 1991

The CCAA requirement for the first Triennial Progress Report and revision of the AQAP was fulfilled with the preparation and adoption of the 1994 Sacramento Area Regional Ozone Attainment Plan (1994 Ozone SIP). This 1994 Ozone SIP was prepared to demonstrate how and when the Sacramento Federal Ozone Nonattainment Area (SFONA) would attain the federal ambient air quality standards for ozone and was construed by the CARB to also fulfill the 1994

¹ The LTAB was designated by CARB as nonattainment-transitional for the state ozone standard in March 2010. This latest area designation may result in the revision of AQAP prepared by local air districts as well as the Regional Plan Updates developed by Tahoe Regional Planning Agency (TRPA). The future planning requirement under CCAA will be determined by the collaborative efforts between TRPA and CARB.

requirements of the CCAA with certain appendices attached. The 1994 Ozone SIP was adopted by the District's Board of Directors on December 20, 1994, and approved by the U.S. Environmental Protection Agency (EPA) on September 26, 1996.

The 1997 Triennial Progress Report was a requirement of the CCAA to assess the progress in the three years since the 1994 Plan. The District's Board of Directors approved the adoption of the 1997 Triennial Progress Report on July 16, 1998. CARB conditionally approved this plan on August 27, 1998. This approval was based on the District's review of the document Identification of Achievable Performance Standards and Emerging Technologies For Stationary Sources, March 1998, which identified further measures for emission reductions. Discussion on these control measures were outlined under the 2000 Triennial Progress Report Section.

On April 11, 2001, the District's Board of Directors approved the 2000 Triennial Progress Report. This Triennial Progress Report met the requirement of the CCAA to assess the progress since the adoption of the 1997 Triennial Progress Report. Three (3) ROG control measures listed in 1997 Triennial Progress Report were still pending adoption during this period. These were Polyester Resin Operations, Pleasure Craft Coating, and Internal Combustion Engines. Since these control measures were not adopted, there was a deficiency in the 1997 Triennial Progress Report.

On October 13, 2005, the District's Board of Directors approved the 2003 Triennial Progress Report. The three ROG control measures pending in the 2000 Triennial Report were adopted during this triennial evaluation period. In addition, the District adopted one NOx control measure (Stationary Internal Combustion Engine) to fulfill the commitment the District made in the 1994 Ozone SIP.

On August 12, 2010, the District's Board of Directors approved the 2009 Triennial Progress Report for two triennial evaluation periods (2003-2005 and 2006-2008). In this Triennial Progress Report, a total of nine stationary/area-wide control rules were amended or adopted. Although not all of these rule actions resulted in significant emission reductions, the District has achieved about 0.66 tons per day emissions reduction in ROG from these rule activities.

1.3 2012 Triennial Report

The 2012 Triennial Progress Report is a requirement of the CCAA to assess the progress made towards attaining the state air quality standards in Placer County from the evaluation period of 2009 – 2011.

The triennial report 1) describes the historical trends in ambient air quality levels; 2) provides information on the emission inventories in Placer County; 3) summarizes the progress of emissions reductions from 2009 to 2011 in Placer County; and 4) concludes with an overview of air quality planning progress.

The historical trends in ambient air quality show an improvement in air quality in Placer County. Air quality indicators show significant overall progress toward reducing exceedences of the ambient ozone standards since the late 1990s.

An emission inventory is an estimate of air pollutants emitted into the air over a period of time, such as a day or a year. Information from the emission inventory includes source types, source

locations, and the current amount of pollutant emissions emitted in our region. They are used to identify the sources of emissions for planning purposes.

Emission inventories for ozone precursor pollutants take into account stationary source, area-wide sources, and mobile sources, excluding biogenic sources and greenhouse gas emissions. The emission inventories indicate the majority of ROG and NOx emissions in Placer County are from mobile sources. Between 1990 and 2010 emission inventory trends in Placer County show that the overall ROG emissions declined from 39 tons per day to 25 tons per day, a 37% decrease; and the NOx emissions declined from 36 tons per day to 29 tons per day, a 21% decrease. These emission reductions have mainly occurred from on-road and off-road mobile sources. From 2010 to 2020, overall Placer County ROG emissions are expected to continue decreasing another 1% as well as NOx emissions decreasing another 33%. Projected emission forecasts to 2020 show a more gradual declining trend.

2 AIR QUALITY TRENDS

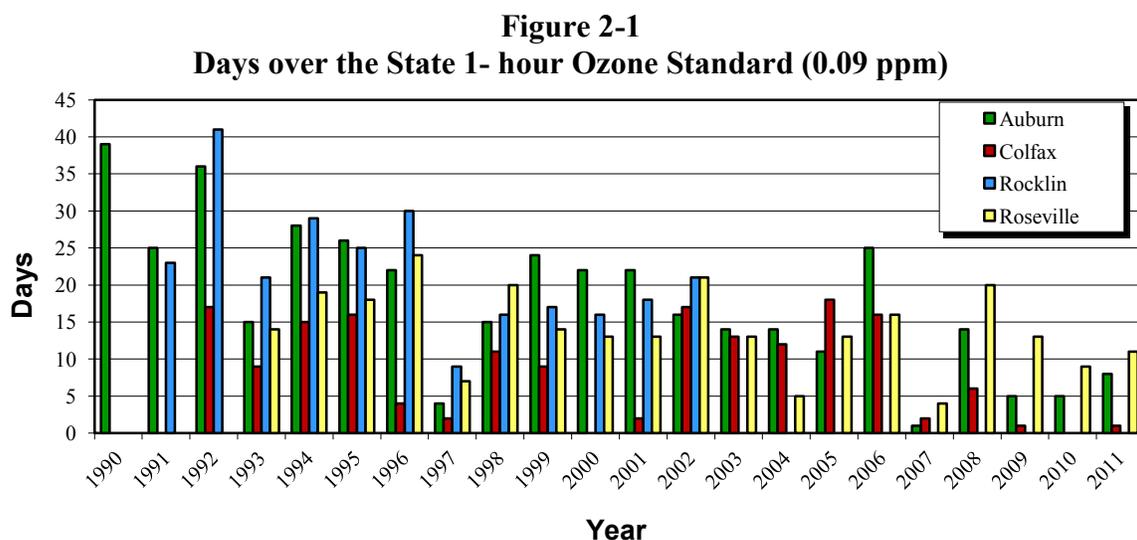
The Health and Safety Code (HSC section 40924 (b)) requires Districts to report their progress of air quality improvement for ozone that was achieved during the preceding three-year evaluation period based on ambient concentration measurements and air quality indicators (statistically derived values based on monitoring air quality data). In addition, the Health and Safety Code (HSC section 39607 (f)) requires Districts to use one or more state approved air quality indicator to assess the progress in attaining the state ambient health standards (HSC section 39607(f)). CARB has approved three indicators for use: the Expected Peak Day Concentration or EPDC indicator, a 1-hour population weighted exposure indicator, and a 1 hour area weighted exposure indicator. This section discusses the ozone air quality trends using these CARB air quality indicators.

2.1 Ozone Exceedences

The number of ozone exceedence days in an area is the most common method to assess the air quality trend. The state ambient air quality standard for the 1-hour ozone standard was set at 0.09 parts per million (ppm) in 1988. In 2005, the CARB approved another air quality standard for 8-hour ozone of 0.070 ppm. Exceedences occur when the monitored ozone concentrations exceed the standards.

During 2009 to 2011, there were three monitoring stations operating in Placer County: Auburn, Colfax, and Roseville for ozone monitoring². The District operates the Auburn and Colfax stations with CARB maintaining the Roseville station. The Auburn station has the most complete ozone data available from 1974 to present. The Rocklin station operated from 1991 until it was closed in 2002.

Figure 2-1 shows the number of days at each monitoring site in Placer County that exceeds the state 1-hour ozone standard (0.09 ppm) since 1990. An exceedence of this standard occurs when the monitored ambient concentration level is greater than 0.095 ppm.

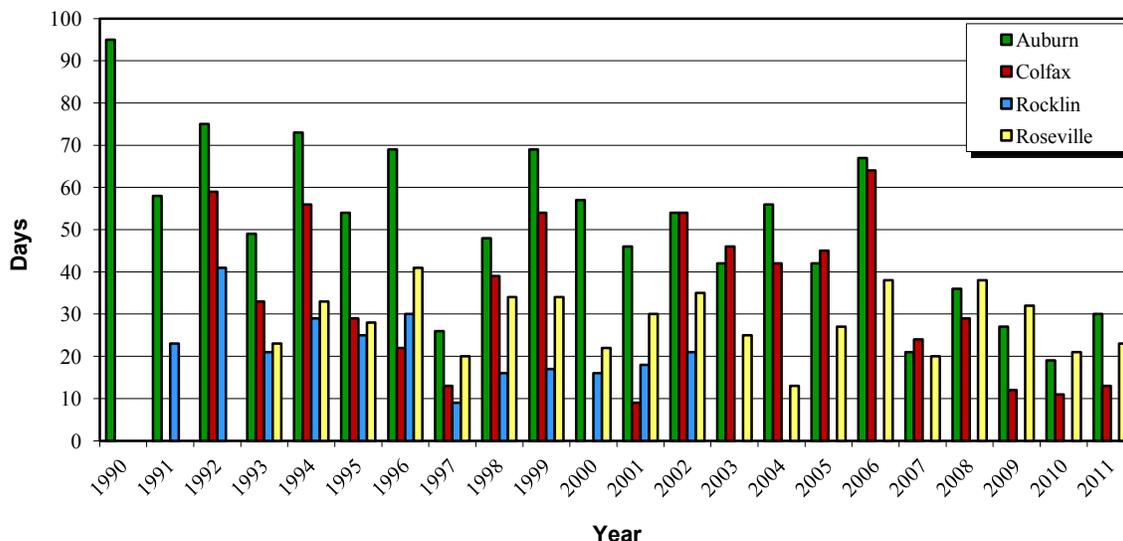


* Ozone data from Rocklin was only available from 1991 to 2002.

² The District added the Lincoln station into the ozone monitoring network in 2012 and plans to add an additional station at Tahoe City in FY 2013/2014.

Figure 2-2 shows the number of days at each monitoring site that exceeds the State 8-hour ozone standard (0.070 ppm) since 1990. An exceedence of this standard occurs when the hourly monitored ambient concentrations averaged over an 8-hour period is greater than 0.071 ppm.

Figure 2-2
Days over the State 8- hour Ozone Standard (0.070 ppm)



* Ozone data from Rocklin was only available from 1991 to 2002.

The ozone exceedences from each station are different due to differences in meteorology and the economic activity patterns around the station from year to year. Although not all patterns show a steady decline, they do show a trend downward in general. It suggests that the worst years for air quality are becoming less severe and the best air quality years are becoming cleaner with fewer exceedence days.

2.2 Ozone Exposure Indicators

In July 1993, the California Air Resources Board approved three progress-reporting indicators for use in assessing advancement toward attaining the state air quality standards. “An indicator is a way of summarizing measured air quality data so as to represent one aspect of air quality in a specific area. An indicator summarizes and represents air quality in the same sense that the Dow Jones Industrial Average (DJIA) summarizes and represents the condition of the stock market. An air quality-related indicator is based on measured air quality data, whereas the DJIA is based on stock price data. One application for indicators is measuring and reporting the progress that has been made in attaining the state standards. In this case, progress means the change or improvement in air quality over time that can be attributed to a reduction in emissions rather than the influence of other factors, such as variable meteorology.”³ These are 1) the expected peak day concentration, 2) the population weighted exposure indicator, and 3) the area weighted exposure indicator. These indicators represent three different aspects of air quality data that measure progress or changes in air quality over time.

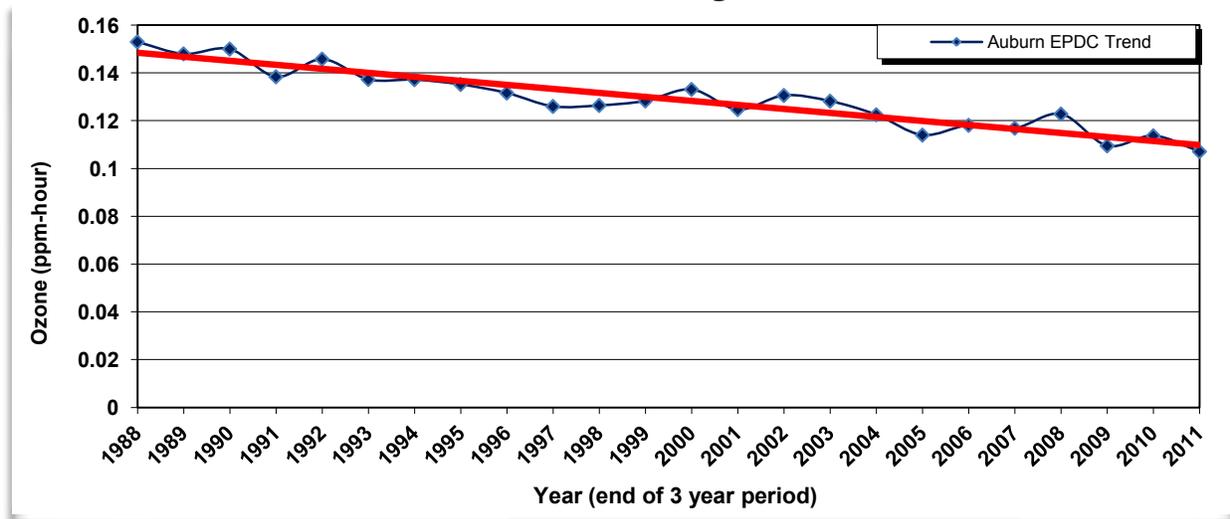
³ Guidance For Using Air Quality-Related Indicators in Reporting Progress in Attaining the State Ambient Air Quality Standards. California Air Resources Board, September 1993.

2.2.1. Ozone Expected Peak Day Concentrations

The expected peak day concentration (EPDC) is used as the “hot spot” indicator. This peak indicator is derived by a statistical method and is representative of specific monitoring sites. This indicator assesses air quality trends at the specific air monitor locations and does not include trends in air quality from surrounding areas. The EPDC is defined as the air quality concentration expected to recur at a rate of once a year. Each EPDC value is calculated using three years of monitoring data; for example, the EPDC for 2002 uses 2000 - 2002 data.

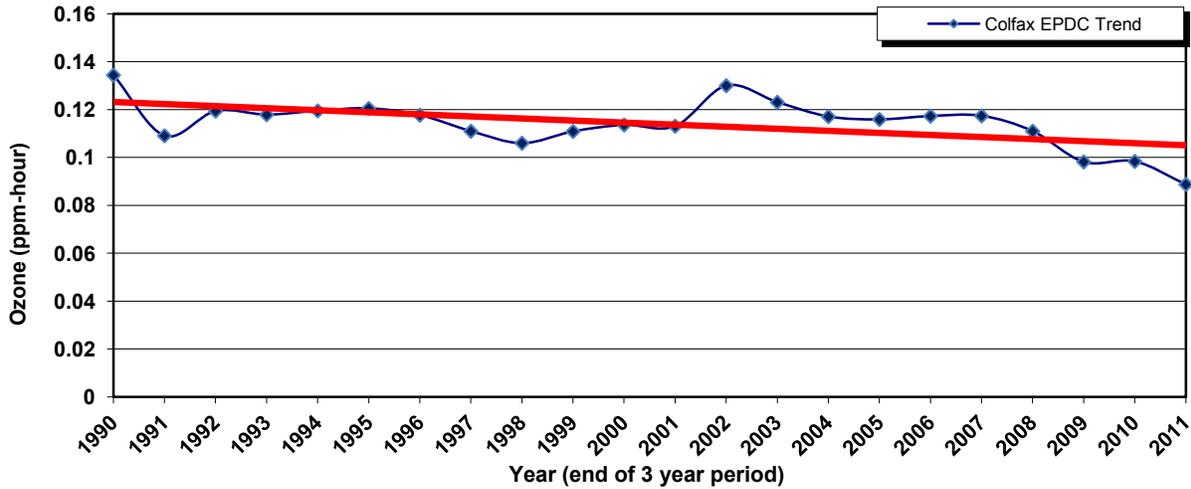
Figures 2-3 to 2-5 illustrates the ozone EPDC indicators from 1990 to 2011 at three monitoring sites (Auburn, Colfax, and Roseville) in Placer County. Since the Rocklin site was closed in 2002 there is no monitoring data after 2002. The Auburn - Dewitt monitoring site is the only location in Placer County which can be used to document the EPDC progress from the base period (1986 - 1988) to the end period (2009 - 2011) as it has been located in the same community for the analyzed time. At the Auburn site, there was a 30.0% decrease in the EPDC from the base period through the end period. At the Colfax monitoring site there was a 33.93% decrease in the EPDC between 1990 and 2011. And there was a 14.63% decrease in the EPDC occurring at Roseville monitoring site between 1993 and 2011. Overall this particular indicator shows a decrease in the local peak ozone concentrations; which equates to an improvement of air quality.

Figure 2-3
Expected Peak Day Concentration (EPDC) Ozone Trend
Auburn Monitoring Site



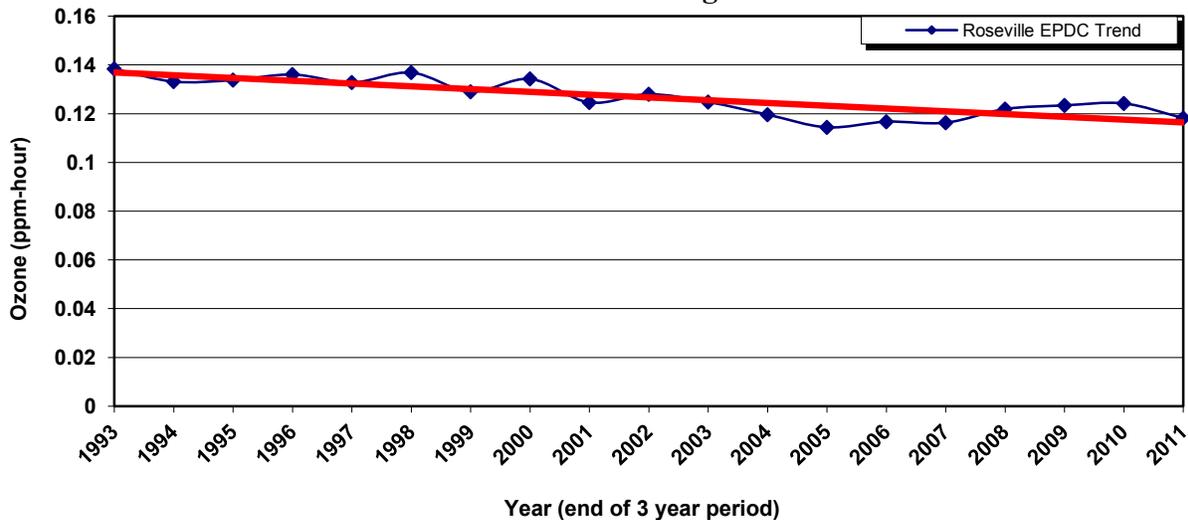
EPDC data source: California Air Resource Board

Figure 2-4
Expected Peak Day Concentration (EPDC) Ozone Trend
Colfax Monitoring Site



EPDC data source: California Air Resource Board

Figure 2-5
Expected Peak Day Concentration (EPDC) Ozone Trend
Roseville Monitoring Site



EPDC data source: California Air Resource Board

2.2.2. Population-Weighted Exposure Indicator

The population-weighted exposure indicator is a statistically derived air quality indicator provided by CARB. The purpose of the population-weighted indicator is to characterize the potential average outdoor exposure per person to concentrations above the level of the state ozone standard. The population-weighted exposure (PWE) represents a composite of exposures around each monitoring site that is weighted to equally emphasize the exposure for each person in the area. Exposure can be thought of as the annual sum of the number of hours above the state health standard. For example, a measured ozone concentration of 0.13 ppm for 2 hours represents an exposure of 0.8 ppm-hours above the state ozone standard of 0.09 ppm ((0.13 ppm – 0.09 ppm) x 2 hours = 0.8 ppm-hours).

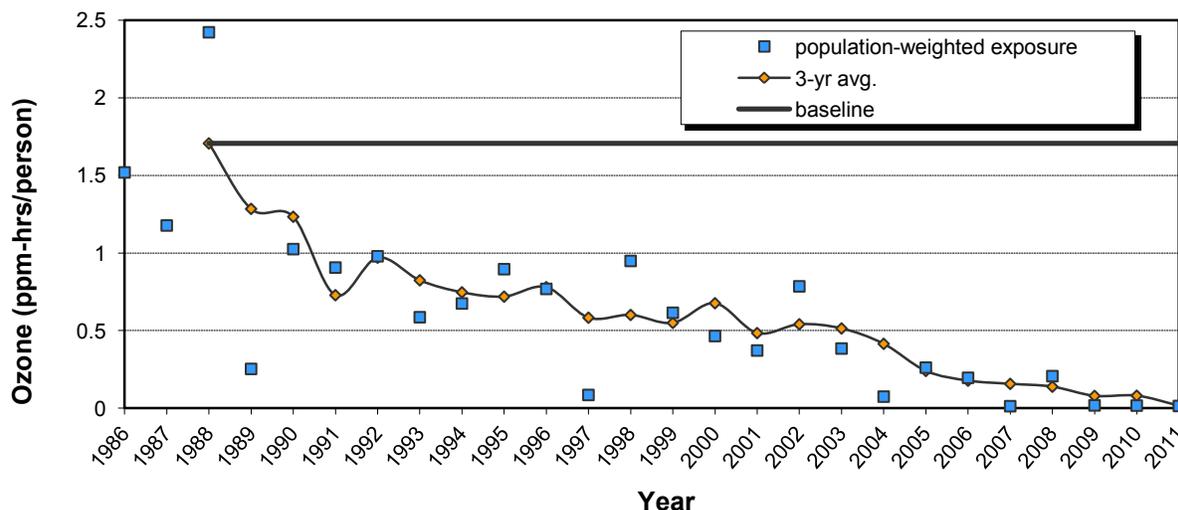
Table 2-1 and Figure 2-6 summarize the population-weighted ozone exposure for the 3-year average base period (1986 - 1988) and the 3-year average period (2009 - 2011) within Placer County. In the previous 2009 Triennial Update, this information was not included due to CARB's funding and workload; it is included as part of this 3 year average period.

During this time there has been a 99% decrease in population-weighted ozone exposure between the based period and the 2009-2011 period. Compared with the previous triennial period (2006-2008), there is an 88% decrease in population-weighted ozone exposure. The results represent a defined downward trend in ozone exposure below the baseline.

Table 2-1
Summary of Population-Weighted Exposure in Placer County

Exposure Indicator	Base Period (1986 - 1988) 3-year average	Previous Triennial Period (2006-2008)	End Period (2009 - 2011) 3-year average	Reduction (%) Compare with Base Period	Reduction (%) Compare with 2006-2008 Period
Population Weighted (ppm-hrs/person)	1.707	0.139	0.017	99.02%	87.92%

Figure 2-6
Population-Weighted Exposure Trends in Placer County



Exposure data source: California Air Resource Board

2.2.3. Area Weighted Exposure Indicator

The purpose of the area-weighted exposure (AWE) indicator is to characterize the potential average annual outdoor exposure per unit area. The area-weighted exposure indicator represents a composite of exposure at individual locations that have been weighted to emphasize equal exposures throughout the area.

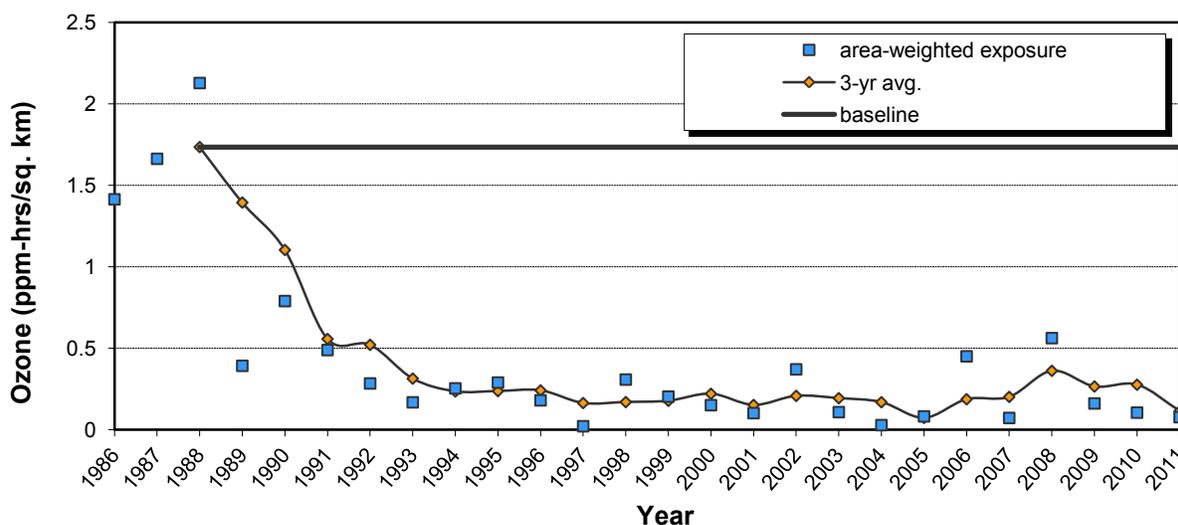
Table 2-2 and Figure 2-7 summarize the area-weighted ozone exposure for the 3-year average base period (1986 - 1988) and the 3-year average end period (2008 - 2011) within Placer County. According to the table, there is a 93% decrease in the area-weighted ozone exposure between the

base period and the 2009-2011 period. Compared with the previous triennial period, there is a 68% decrease in area-weighted ozone exposure. As the population-weighted ozone indicator, the area-weighted ozone exposure also represents a defined downward trend in ozone exposure above the start standard.

**Table 2-2
Summary of Area-Weighted Exposure in Placer County**

Exposure Indicator	Base Period (1986 - 1988) 3-year average	Previous Triennial Period (2006-2008)	End Period (2009 - 2011) 3-year average	Reduction (%) Compare with Base Period	Reduction (%) Compare with 2006-2008 Period
Area Weighted (ppm-hrs/sq. km)	1.735	0.363	0.116	93.34%	68.14%

**Figure 2-7
Area-Weighted Exposure Trends in Placer County**



Exposure data source: California Air Resource Board

2.3 Summary of the Results of Air Quality Indicators

Air quality indicators are technical tools used for the exposure analysis in local air quality within Placer County. The population-weighted exposure and area-weighted exposure analyses are based solely on ambient (outdoor) ozone measurements using the 1-hour ozone standard. The calculation methodology assumes that an “exposure” occurs when a person experiences a 1-hour ozone concentration outdoors that is higher than 0.09 ppm, the level of the State ozone standard. The Expected Peak Day Concentration analysis shows the trend at the various air monitoring locations.

The analysis of the expected peak day concentration levels, the population-weighted and area-weighted indicators all show a decline trend in ozone exposure concentrations measured within Placer County. This decrease demonstrates an improvement in the current air quality control progress made in reducing the peak ozone concentrations and the ozone exposure.

3 EMISSION INVENTORY

3.1 Development of Emission Inventories

The emission inventory provides a foundation to validate the reduction of emissions resulting from federal, state, and local regulations; it also can be used to assess the progress that the region is making toward attaining the California air ambient quality standards. In order to determine to what extent various sources within the region are responsible for ozone precursor production, emission inventories have been developed for ROG and NOx.

The emission inventories for these two ozone precursors are divided into four major categories. These include stationary, area-wide, on-road mobile, and other mobile source groupings. Stationary sources include facilities such as cogeneration, or concrete/asphalt plants, while area-wide sources include an aggregate of individual small sources, which when grouped together have significant emissions such as dry cleaners or gasoline stations. On-road mobile sources consist of cars and trucks that travel on streets and highways. Other mobile sources include agricultural and construction equipment, trains, aircraft, and recreational vehicles. There are a number of subcategories within each major category.

The emission inventory represents estimates of actual emissions that are calculated using reported or estimated process rates and emission factors. For example; emissions from a facility are calculated by process rates reported by the facility and emission factors estimated by source tests. Motor vehicle emissions are estimated by the fleet mix, vehicle mile traveled, vehicle speeds, and vehicle emission factors.

To derive future year emission inventories, a current base year inventory is projected forward based on the expected growth rates of the population, travel, employment, industrial/commercial activities, and energy use. In addition, the emission projections take into account the control factors based on historical and anticipated emission reduction effects from previous control measures adopted by federal, state and local governments.

3.2 Emission Inventory Updates

Emission inventories are updated and improved to reflect the conditions within the region and to better determine the contribution of various sources of air pollution. The latest updated inventories represented in this report are from CARB based on the most current 2008 base year emission estimates⁴ and projected emissions for the target years. Tables 3-1 and 3-2 provide updated source category estimates of Placer County daily emissions (tons per day) of ROG and NOx for 1990, 1995, 2000, 2005, 2010, 2015, and 2020. Please note that these updates include emission forecasts through 2020 based on the expected growth and control factors, so future emission trends can be forecasted.

⁴ The California Almanac of Emissions and Air Quality, 2009 Edition <http://www.arb.ca.gov/aqd/almanac/almanac.htm>

**Table 3-1
Placer County ROG Emission Inventory**

ROG Emissions (tons per day) - Placer County*							
	1990	1995	2000	2005	2010	2015	2020
Stationary Sources							
FUEL COMBUSTION	0.28	0.31	0.37	0.44	0.44	0.45	0.46
WASTE DISPOSAL	0.26	0.24	0.08	0.09	0.10	0.11	0.12
CLEANING AND SURFACE COATINGS	3.27	3.10	1.62	1.63	1.74	1.90	2.05
PETROLEUM PRODUCTION AND MARKETING	0.94	0.74	0.73	0.71	0.73	0.79	0.85
INDUSTRIAL PROCESSES	2.67	3.20	1.34	1.54	1.74	1.95	2.13
Total Stationary Sources	7.42	7.58	4.15	4.41	4.75	5.20	5.61
Area-Wide Sources							
CONSUMER PRODUCTS	1.90	1.83	1.93	1.92	2.04	2.20	2.38
ARCHITECTURAL COATINGS/SOLVENTS	0.59	0.70	0.84	0.87	0.93	1.01	1.09
PESTICIDES/FERTILIZERS	0.16	0.67	0.19	0.19	0.19	0.19	0.19
ASPHALT PAVING / ROOFING	0.18	0.16	0.20	0.21	0.21	0.22	0.22
RESIDENTIAL FUEL COMBUSTION	1.66	1.82	1.98	2.11	2.18	2.26	2.34
FARMING OPERATIONS	0.52	0.52	0.51	0.51	0.51	0.51	0.51
MISCELLANEOUS PROCESSES	1.19	1.20	0.89	0.89	0.90	0.91	0.92
Total Area-Wide Sources	6.21	6.91	6.54	6.70	6.96	7.30	7.66
ON-Road Mobile Sources							
PASSENGER	6.55	5.24	4.14	2.66	1.34	0.87	0.67
LIGHT DUTY TRUCKS	5.46	4.60	3.75	2.49	1.62	1.31	1.10
MEDIUM DUTY TRUCKS (MDV)	0.81	0.91	0.80	0.67	0.41	0.37	0.35
HEAVY DUTY GAS TRUCKS	2.27	2.32	1.95	1.52	0.83	0.69	0.63
HEAVY DUTY DIESEL TRUCKS	1.07	0.75	0.74	0.80	0.73	0.54	0.40
MOTORCYCLES (MCY)	0.65	0.59	0.39	0.81	0.63	0.62	0.64
BUSES	0.08	0.05	0.05	0.04	0.03	0.03	0.03
MOTOR HOMES (MH)	0.09	0.08	0.06	0.04	0.02	0.01	0.01
Total On-Road Motor vehicles	16.98	13.64	11.06	8.36	5.19	4.08	3.46
Off-Road Mobile Sources							
AIRCRAFT	0.02	0.02	0.02	0.02	0.02	0.02	0.02
TRAINS	0.18	0.19	0.20	0.21	0.20	0.20	0.21
RECREATIONAL BOATS	4.31	4.31	4.58	4.05	3.63	3.40	3.35
OFF-ROAD RECREATIONAL VEHICLES	1.34	1.40	1.43	2.06	2.41	2.72	3.17
OFF-ROAD EQUIPMENT	2.03	1.86	1.78	1.64	1.32	1.08	0.96
FARM EQUIPMENT	0.30	0.28	0.25	0.21	0.17	0.11	0.07
FUEL STORAGE AND HANDLING	0.37	0.37	0.37	0.30	0.19	0.15	0.13
Total Off-Road Motor Vehicles	8.54	8.44	8.65	8.50	7.94	7.69	7.91
Grand Total	39.15	36.57	30.41	27.96	24.84	24.26	24.64

*Data source: CARB Emission Projection Data, base year: 2008

**Table 3-2
Placer County NOx Emission Inventory**

NOx Emissions (tons per day) - Placer County*							
	1990	1995	2000	2005	2010	2015	2020
Stationary Sources							
FUEL COMBUSTION	2.34	2.77	2.96	3.23	3.41	3.57	3.68
WASTE DISPOSAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INDUSTRIAL PROCESSES	0.08	0.09	0.12	0.14	0.15	0.16	0.18
Total Stationary Sources	2.42	2.85	3.08	3.37	3.56	3.73	3.86
Area-Wide Sources							
RESIDENTIAL FUEL COMBUSTION	0.97	0.95	0.97	0.98	0.98	0.99	1.00
MISCELLANEOUS PROCESSES	0.09	0.10	0.10	0.11	0.11	0.11	0.12
Total Area-Wide Sources	1.06	1.04	1.07	1.08	1.09	1.10	1.11
ON-Road Mobile Sources							
PASSENGER	4.68	4.05	3.39	2.07	1.07	0.68	0.45
LIGHT DUTY TRUCKS	5.53	5.37	4.72	3.04	1.77	1.24	0.86
MEDIUM DUTY TRUCKS (MDV)	1.04	1.38	1.38	1.18	0.64	0.48	0.35
HEAVY DUTY GAS TRUCKS	1.60	1.28	1.04	0.93	0.70	0.66	0.62
HEAVY DUTY DIESEL TRUCKS	8.69	9.04	10.17	13.10	11.05	7.27	4.87
MOTORCYCLES (MCY)	0.08	0.08	0.07	0.20	0.19	0.20	0.21
BUSES	0.24	0.23	0.27	0.35	0.29	0.27	0.24
MOTOR HOMES (MH)	0.16	0.20	0.17	0.16	0.11	0.09	0.07
Total On-Road Motor vehicles	22.01	21.63	21.21	21.03	15.82	10.88	7.67
Off-Road Mobile Sources							
AIRCRAFT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TRAINS	3.84	3.85	4.11	3.22	2.73	2.87	2.99
RECREATIONAL BOATS	1.15	1.20	1.18	1.55	1.64	1.56	1.54
OFF-ROAD RECREATIONAL VEHICLES	0.03	0.03	0.03	0.05	0.06	0.08	0.10
OFF-ROAD EQUIPMENT	4.05	3.73	3.77	3.54	2.99	2.32	1.72
FARM EQUIPMENT	1.66	1.41	1.22	1.05	0.85	0.61	0.40
FUEL STORAGE AND HANDLING	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Off-Road Motor Vehicles	10.72	10.22	10.33	9.42	8.27	7.44	6.74
Grand Total	36.20	35.74	35.69	34.90	28.74	23.16	19.39

*Data source: CARB Emission Projection Data, base year: 2008

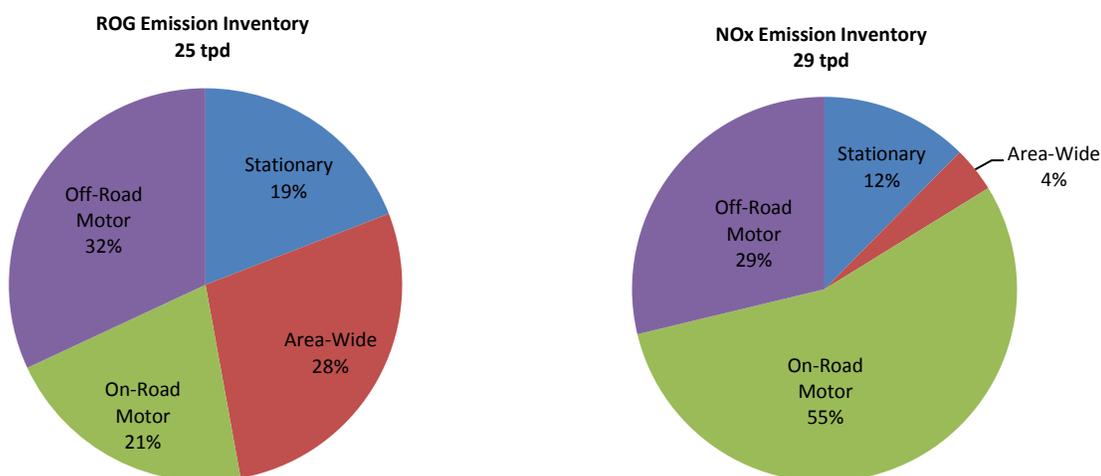
According to Tables 3-1 and 3-2, the stationary source emissions contribution results primarily from cleaning and surface coatings activities, petroleum production and marketing, industrial processes for ROG emissions and fuel combustion for NOx emissions. The ROG emissions from area-wide source categories are primarily from consumer products and residential fuel combustion. The major NOx emissions are in the area-wide source categories primarily from residential fuel combustion. Those emissions estimates for the stationary and area-wide source categories are based on actual throughput data and source test results reported from facilities and population-related methodology developed by CARB or local districts.

The majority of ROG and NOx emissions in Placer County come from on-road and off-road mobile sources. These mobile source emission categories consist of light-duty automobiles, various truck categories, recreational boats, off-road construction/industrial equipment, farm

equipment, and trains. The EMFAC 2007⁵ motor vehicle emission model developed by CARB is designed to estimate on-road mobile source emissions by using a wide variety of on-road motor vehicle types, vehicle emission factors, vehicle population, and vehicle miles traveled. CARB also developed the OFFROAD emission model to estimate average seasonal daily emissions from a large spectrum of diesel powered off-road equipment and developed forecasts based on anticipated growth and controls within each equipment category. The emission inventory shows that the major contribution to ROG emissions is from light-duty vehicles and recreational boats. The major contribution to NOx emissions is from heavy-duty trucks and trains.

Figure 3-1 shows pie charts of the ROG and NOx emission inventories by the four source categories. The contribution from these major source categories to total ROG emissions in 2010 is 19% from stationary sources, 28% from area-wide sources, 21% from on-road mobile sources, and 32% from off-road mobile sources. The contribution to total NOx emissions is 12% from stationary sources, 4% from area-wide sources, 55% from on-road mobile sources, and 29% from off-road mobile sources. The District regulates emissions from stationary sources that do not come from mobile sources, with CARB having direct authority over mobile sources.

Figure 3-1
2010 Emission Inventories in Placer County



3.3 Population and Vehicle Miles Traveled (VMT)

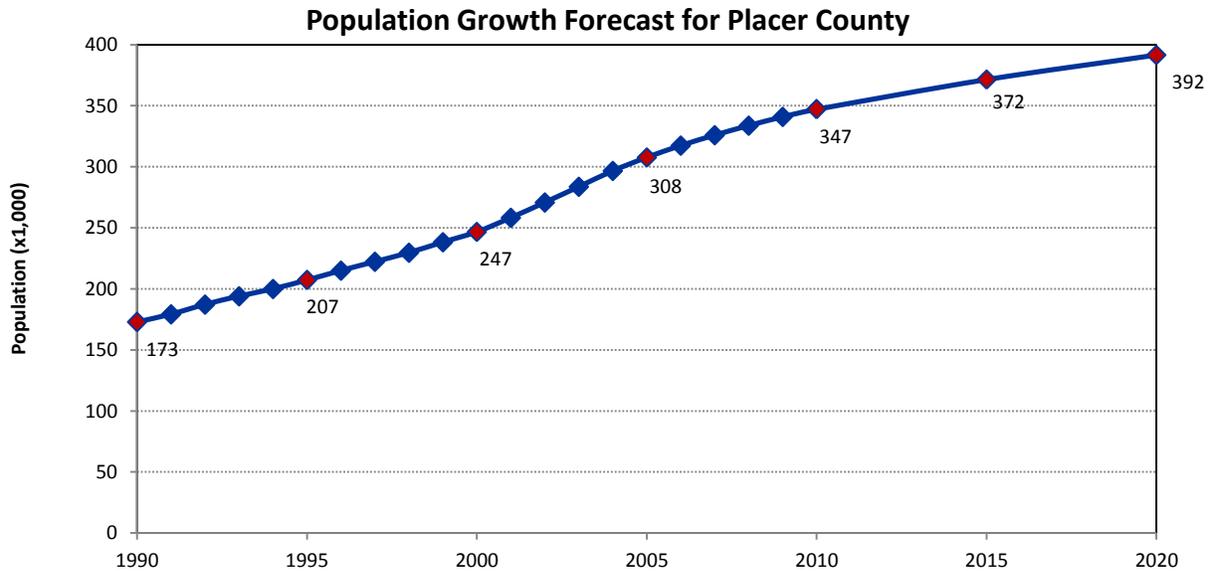
In addition to updates in the methodologies, process rates, and emission factors for individual emission source categories, updates in growth factors can also affect the emission inventory forecasts. Changes to the most recent growth assumptions for the Placer County population and daily vehicle miles traveled (VMT) could contribute to some of the emission differences in population-related area sources and on-road/off-road mobile sources.

Figure 3-2 illustrates the growth curve of the population and daily VMT between 1990 and 2020. According to the data, the Placer County population has increased about 4% from 2008 to 2010. Overall the Placer County population has grown about 101% when comparing the population from 1990 and 2010. Based on the growth forecast, the expected population in 2020 would be

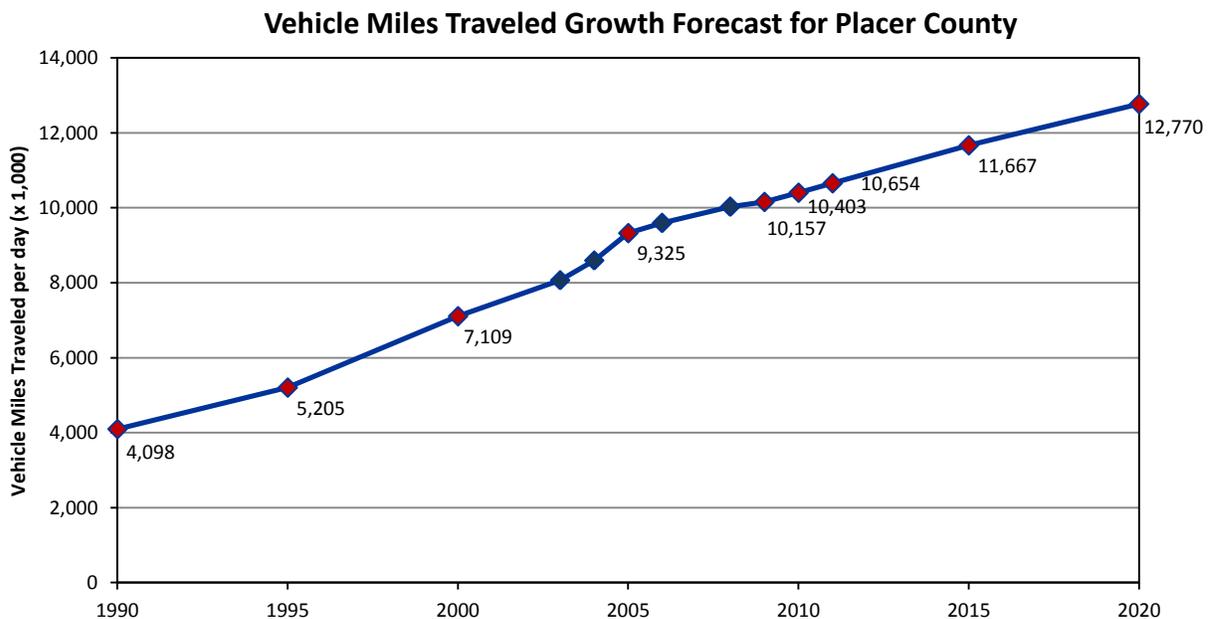
⁵ The 2008 on-road mobile emissions were estimated by EMFAC 2007. CARB released EMFAC 2011 in October 2011 but the statewide on-road mobile emissions were not updated based on this latest motor vehicle emission model.

around 392,000, an expected increase of 13% from 2010 to 2020. In addition, the continued population growth contributes to the increases in daily VMT. In 2011, overall VMT in Placer County was estimated at 10.6 million miles per day, about 160% increase with VMT estimates from 1990. From 2008 to 2011, the daily VMT increased around 6%. According to the data forecast, there is an expected increase of 20% from 2011 to 2020. With Placer County's rapid growth over the last decade, VMT will contribute to emission changes in the future, which will be reflected in the emission inventory trends.

**Figure 3-2
Placer County Population and Vehicle Miles Traveled Growth**



Source: California Department of Finance



Source: CARB EMFAC 2011 outputs

3.4 Emission Inventory Trends

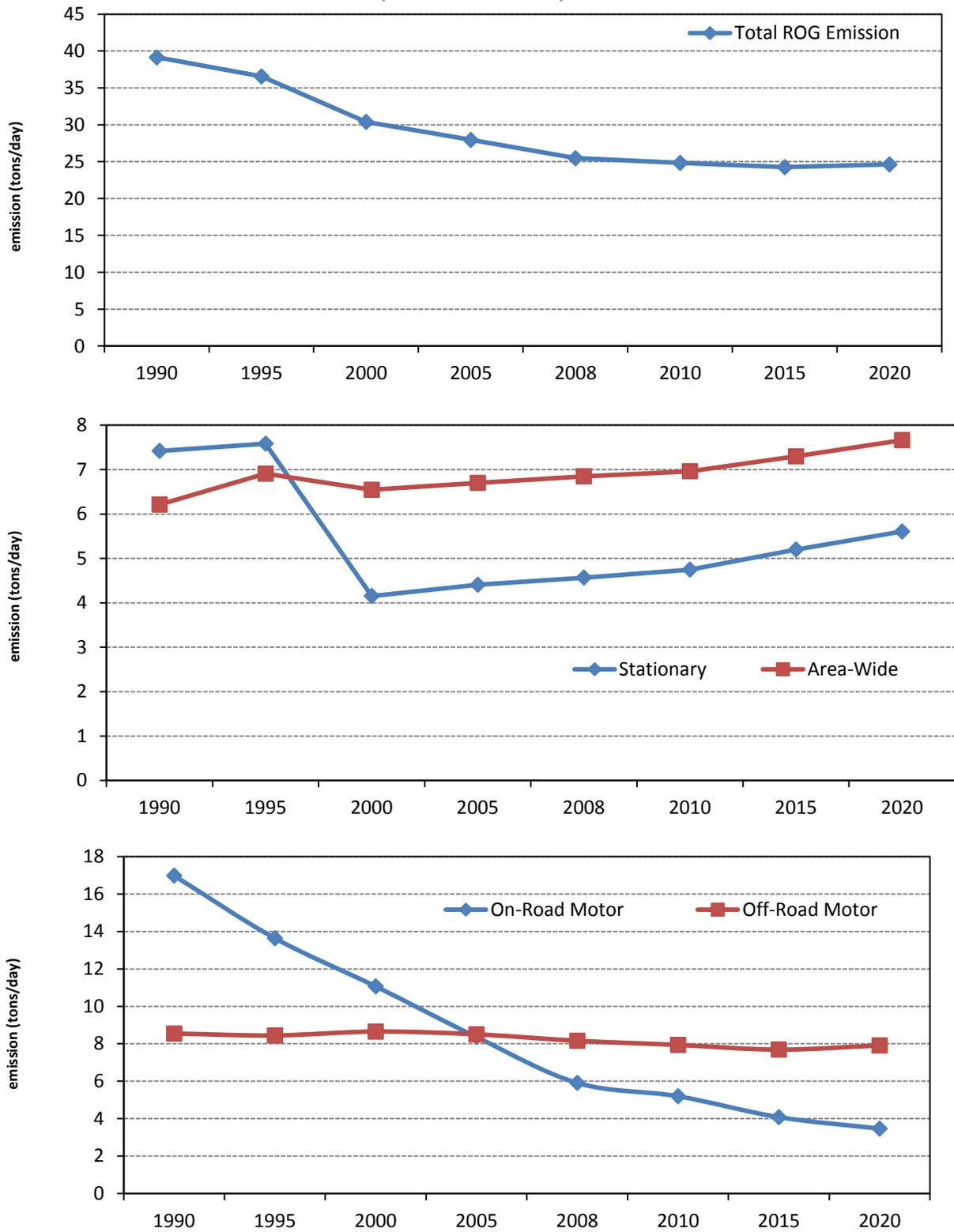
Figures 3-3 and 3-4 show the declining trend of both ROG and NOx emissions between 1990 and 2020. Between 1990 and 2010, the overall ROG emissions declined about 37%, and NOx emissions decreased about 21%. From 2008 to 2010, the overall ROG emissions reduced about 3% and NOx emission reduced about 7%. From 2010 to 2020, overall ROG emissions are expected to continue decreasing about 1% with NOx emissions decreasing about 33%.

These emission reductions are mostly from the on-road and off-road mobile sources categories, of which CARB has primary regulatory authority. Statewide mobile source regulations such as low emission vehicle programs and reformulated gasoline have been very effective in reducing ROG emissions from mobile sources despite the significant growth in the number of vehicle miles traveled. The more stringent mobile source emission standards, which are set by CARB, cleaner burning fuels, and advanced technologies for engine design or exhaust treatment have also largely contributed to the steady decline in NOx emissions.

However, for stationary and area-wide sources the ROG and NOx emissions have increased slightly since 2000 due to Placer County's population growth and subsequent housing and associated energy demands. These demands have increased emissions in fuel combustion, cleaning and surface coatings, and consumer products.

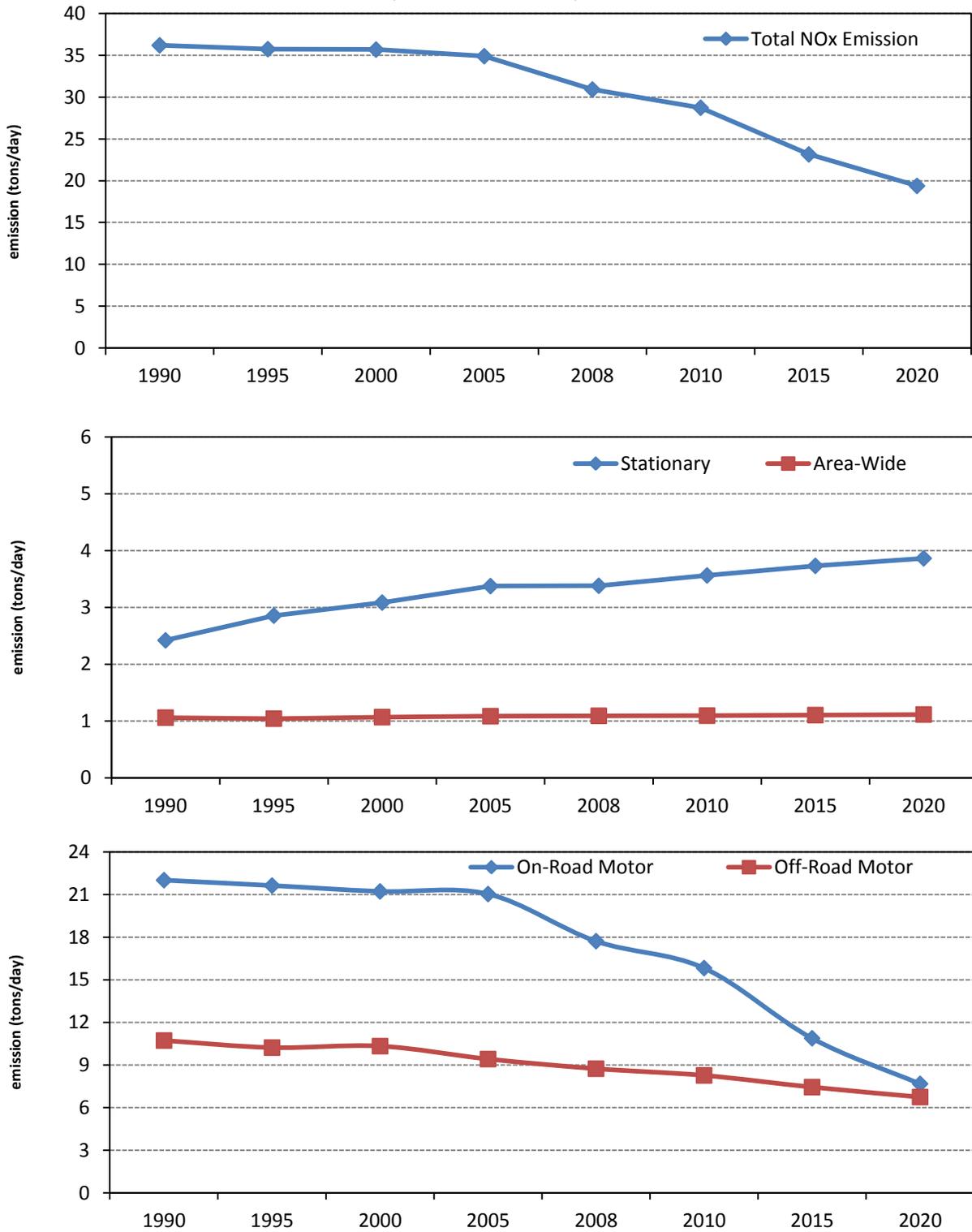
The District has focused more rulemaking on these categories. Several District related rules (discussed in the following chapter) have been adopted or amended between 2009 and 2011 to control and limit emissions from industrial coating and solvent usage, architectural coating, adhesives and sealants usage, and fuel combustion processes. CARB also has focused much of its control efforts on consumer products. These control efforts will provide additional ROG and NOx emission reductions in Placer County in the following years.

Figure 3-3
Placer County ROG Emission Inventory Trends
(Base Year: 2008)



Source: CARB 2009 Almanac of Emissions and Air Quality

**Figure 3-4
Placer County NOx Emission Inventory Trends
(Base Year: 2008)**



Source: CARB 2009 Almanac of Emissions and Air Quality

4. IMPLEMENTATION OF EMISSION REDUCTION IN PLACER COUNTY

The California Clean Air Act (CCAA) under Section 40924 of the Health and Safety Code (H&SC) requires that each triennial plan should include the expected and revised emission reductions for each measure scheduled for adoption in the preceding three-year period. This chapter will review and summarize the progress of emission reductions from the overall control strategies (including stationary, area, and mobile sources) implemented by the District from 2009 to 2011.

4.1 Reduction from Stationary and Area Sources Control Measures

The District has committed to evaluate feasible control measures during the triennial evaluation period for potential rule amendment or adoption to meet the District's commitment for reducing ROG and NO_x emissions in Placer County. Three control measures which were committed for evaluation in the 2009 Triennial Report were amended during this triennial evaluation period (2009-2011).

District Rule 245 – Surface Coating of Metal Parts and Products was amended on August 20, 2009, to address the EPA's comments regarding the updated Control Techniques Guidance (CTG) requirements for miscellaneous metal and plastic parts coatings. This rule was originally adopted by the District on December 9, 2008, to fulfill the regional Ozone State Implementation Plan (SIP) commitment and reasonably available control technology (RACT) requirement; the potential emission reduction was addressed in the 2009 Triennial Progress Report. No additional emission reduction is quantified for this rule amendment during this triennial review period.

- District Rule 218 - Architectural Coatings was amended on October 14, 2010, to fulfill the regional ozone SIP commitment for reducing ROG emissions from the application of architectural coating. The amendment to Rule 218 provides for control measures and standards consistent with CARB's Suggested Control Measure (SCM) for architectural coatings issued on October 26, 2007. The estimated additional ROG reduction from this rule amendment is 0.2 tons of ROG per day.
- District Rule 234 – Auto Refinishing Operations was amended on October 14, 2010, to fulfill the regional ozone SIP commitment for reducing ROG emissions from the application of auto surfacing coating. The amendment to Rule 234 provides for control measures and standards consistent with CARB's SCM for automotive surfacing coatings issued on October 20, 2005. The estimated additional ROG reduction from this rule amendment is 0.045 tons ROG per day.

Two control measures were not considered for further rule adoption during this triennial evaluation period (2009-2011).

- Asphaltic Concrete Production Rule – The commitment for the adoption of the Asphaltic Concrete Production Rule was removed on August 11, 2011, by a revision to the Placer County Portion of the 2009 Sacramento Regional 8-hour Ozone Attainment and Reasonable Further Progress Plan (2009 Ozone SIP). The rule evaluation indicates that the cost effectiveness for the rule implementation would be substantially higher than originally estimated due to the potential emission reduction decreases caused by the economic

downturn. The rule was removed due to it being economically infeasible due to its potential high cost effectiveness.

- Indirect Source Rules for Land Use Development – The commitment for the adoption of the Construction and Operational Indirect Source Rules was removed on August 11, 2011, by a Revision to the Placer County Portion of the 2009 Ozone SIP. The rule evaluation indicated that the additional requirements from the EPA’s Economic Incentive Programs Guidance and the California ballot measure Proposition 26 would cause additional compliance costs, including administrative costs and off-site mitigation fees on the land use developers. The rule was removed due to the financial burdens to an already struggling construction and building industry.

Table 4-1 summarizes the statuses of each rule listed which were to be considered as an amendment/adoption in the District’s 2009 Triennial Progress Report⁶.

**Table 4-1
Summary of the Rule Commitment Status in 2009 Triennial Progress Report**

Emission Source Control Categories	Associated District Rule Name	Proposed Schedule of Amendment/Adoption	8-hour Ozone SIP Commitment	Proposed Action	Status
Fugitive Emissions	Cutback and Emulsified Asphalt Paving Materials (Rule 217)	Possible amendment between 2009 and 2011		Evaluate for amendments needed to meet FCAA RACT and CCAA BARCT requirements	To be considered for amendment between 2012 and 2014
Surface Preparation & Cleanup Solvents	Organic Solvent Cleaning and Degreasing Operations (Rule 216)	Possible amendment between 2009 and 2011		Evaluate for amendments needed to meet FCAA RACT and CCAA BARCT requirements	To be considered for amendment between 2012 and 2014
Architectural Coatings	Architectural Coatings (Rule 218)	Possible amendment between 2009 and 2011	yes (2012)	Evaluate for amendments needed to meet FCAA RACT and CCAA BARCT requirements	Amended on Oct. 14, 2010
Auto Refinishing	Auto Refinishing Operations (Rule 234)	Possible amendment between 2009 and 2011	yes (2015)	Amend to meet CARB SCM standards	Amended on Oct. 14, 2010
Adhesives	Adhesives (Rule 235)	Possible amendment between 2009 and 2011		Evaluate for amendments needed to meet FCAA RACT and CCAA BARCT requirements	To be considered for amendment between 2012 and 2014
Graphic Arts	Graphic Arts Operations (Rule 239)	Possible amendment between 2009 and 2011		Evaluate for amendments needed to meet FCAA RACT and CCAA BARCT requirements	To be considered for amendment between 2012 and 2014
Metal Part Coating	Surface Coating of Metal Parts and products (Rule 245)	Possible amendment between 2009 and 2011	yes (2009)	Evaluate for amendments needed to meet FCAA RACT and CCAA BARCT requirements	Amended on Aug. 20, 2009
Asphaltic Concrete	Asphaltic Concrete (new rule)	for future study	yes (2013)	Regulate NOx emissions from burners	Removed by the SIP revision which was approved on Aug. 11, 2011
Land Use Development	Indirect Source Rule (new rule)	for future study	yes (2013)	Mitigate emissions from indirect and areawide sources from new land use development	Removed by the SIP revision which was approved on Aug. 11, 2011
Large Water Heaters and Small Boilers	Large Water Heaters (new rule)	for future study	yes (2015)	Regulate NOx emissions for all new large water heaters (75,000 to 1,000,000 Btu/hr)	To be considered for adoption between 2012 and 2014

In addition to the above rule activities there are several rules which were amended and/or adopted by the District during this triennial evaluation period (2009-2011). Although emission reductions from these rule activities may not be quantified or qualified for the District’s triennial evaluation the list shows the District’s efforts to look for opportunities to improve air quality:

⁶ PCAPCD 2009 Triennial Progress Report, Table 7-1.

- District Rule 214 - Transfer of Gasoline into Vehicle Fuel Tanks was amended on April 9, 2009, to provide for exemptions for ORVR-equipped vehicles from vapor recovery requirements.
- District Rule 233 - Biomass Boilers was amended on December 10, 2009, to regulate nitrogen oxide (NOx) emissions. Since carbon monoxide (CO) emissions generally have an inverse relationship to NOx, CO is also regulated.
- District Rule 236 - Wood Products Coating Operations was amended on October 14, 2010, to match existing state and federal control measure standards and regional district rules.
- District Rule 238 - Factory Coating of Flat Wood Paneling was amended on October 14, 2010, to include amendments primarily based on the U.S. EPA's "Control Techniques Guidelines for Flat Wood Paneling Coatings".
- District Rule 3 - Open Burning was amended on February 10, 2011. This action rescinded existing rules 301-325 and adopted new rules 301-306 to update the rules to match current state law and to reorganize and update the formatting to enhance rule implementation and enforcement.
- District Rule 502 - New Source Review was amended on February 11, 2010, to update definitions and provisions to comply with the EPA's new source review (NSR) regulations as a revision of the SIP. This rule was amended again on October 13, 2011, to address EPA's comments for SIP approval.
- District Rule 516 - Rice Straw Emission Reduction Credits was adopted on February 19, 2009, to allow for the issuing of Emission Reduction Credits (ERCs) for the reduction of rice straw burning mandated by the H&SC Section 41865. The rule provided for the issuing of ERCs for up to 10,303 acres with an application filing deadline of August 19, 2009.
- District Rule 518 - Prevention of Significant Deterioration Permit Program was adopted on February 10, 2011, to provide for the District's acceptance of delegation from EPA of PSD permitting authority for major sources.

Note: Prior to the adoption of District Rule 516, the anticipated rice burning ERCs were calculated based on 10,303 acres and placed into the 2009 Ozone SIP inventory as the future emissions⁷. The filing deadline has passed with submitted applications received for 3,469 acres. This leaves 6,834 acres of burning emissions that will not be issued as credits which were considered as potential future emissions in the supplemental to the 2009 Ozone SIP inventory projection. Since the actual banked ERCs are less than the anticipated bankable ERCs in 2009 Ozone SIP inventory, these unissued ERC emissions could be considered as a surplus in the regional Ozone SIP progress evaluation. The potential emission reduction from unissued rice burning ERCs is 0.156 ROG tons per day and 0.172 NOx tons per day.

⁷ Sacramento Regional 8-Hour Ozone Attainment and Reasonable Further Progress Plan, Appendix A: Table A6-2 "Summary of Future Bankable Rice Burning Emission Reduction Credits in the Sacramento Nonattainment Area."

4.2 Reduction from Mobile Sources Control Measures

The non-regulatory control measures in the pie charts shown by Figure 3-1, are from mobile sources (including on-road and off-road mobile are about 55% of the total ROG emissions) and are about 85% of total mobile sources NOx emissions in Placer County. Although the District does not have the authority to directly regulate mobile source emissions through the regulatory processes; the District may promote the market-based incentive programs to complement the progress requirement in reducing mobile source emissions.

4.2.1 Regional Incentive Programs for Mobile Sources

In the portions of Placer County located within the Sacramento Federal Ozone Nonattainment Area (SFONA) the District works with the other local air districts in developing the air quality management plan, known as the Sacramento Regional 8-hour Ozone State Implementation Plan (Sacramento 8-hr Ozone SIP). Mobile sources have been recognized as the major contributor to the regional NOx emission inventory. Although the local air districts do not have the authority to regulate mobile sources, reductions can be achieved through market-based incentive programs to promote the lower emission technologies for these mobile sources into the Sacramento ozone non-attainment area. These regional incentive programs include the Carl Moyer Memorial Program, the Sacramento Emergency Clean Air and Transportation (SECAT) Program, and the Lawn Mower Exchange Program.

Carl Moyer Memorial Program and the SECAT Program

The Carl Moyer Memorial Program is a state-funded program codified in H&SC Section 44275 et seq.; it provides incentives on the replacement of agricultural pumps and off road and on road heavy-duty diesel equipment.

The SECAT Program is a partnership between the Sacramento Metropolitan AQMD and the Sacramento Area Council of Governments (SACOG). The Program's goal is to reduce harmful emissions from on-road heavy-duty vehicles operating in the Sacramento region.

Sacramento Metropolitan AQMD administrates both the regional Carl Moyer Memorial Program and the SECAT Program on behalf of the entire SFONA. These emission sources and their associated emission reductions occur throughout the SFONA, with the District's portion of these emission reductions not specifically identified. Since 2009 there have been 409 on-road and 173 off-road vehicle applications and 292 agricultural pumps awarded by the Carl Moyer and SECAT funding in the region which includes Placer County. The Sacramento Region has received about 21.4 million in funding for the Carl Moyer Memorial Program and 13.6 million for the SECAT Program between 2009 and 2011. These two regional market-based incentive programs have provided an estimated NOx emission reduction of 1.52 tons per day from those projects initiated since 2009 including on-road heavy-duty vehicles with 0.5 tons per day reduction and the off-road mobile portion with 0.41 tons per day reduction. Table 4-2 provides additional details on these emission reductions for these two programs.

**Table 4-2
Estimated Emission Reductions from
Regional SECAT and Carl Moyer Incentive Programs**

Project Categories	Number of Engines				Estimated NOx Reductions (tons/day)			
	'09	'10	'11	Total	'09	'10	'11	Total
On-Road Heavy Duty Vehicles	201	112	96	409	.23	.15	.12	.50
Off-road Self Propelled Vehicles	28	46	99	173	.10	.13	.19	.41
Agricultural Water Pumping Engines	210	78	4	292	0.48	.13	.003	.61
Total	439	236	199	874	.81	.41	.31	1.52

Regional Lawn Mower Exchange Program

The Sacramento Regional Lawn Mower Exchange program was an annual one-day event participated in by local air districts (El Dorado County AQMD, Placer County APCD, Sacramento Metropolitan AQMD, and Yolo-Solano AQMD) and the Sacramento Municipal Utility District (SMUD). The purpose of the program was to promote the use of electric lawnmowers, which benefits regional air quality. This program occurred for each year of this triennial evaluation period (2009-2011), but has been discontinued in 2012 due to the lack of manufacturer sponsorship, resource limitations on SMUD and participating air districts.

The Regional Lawn Mower Exchange Program has replaced over 3,309 old gas-powered lawnmowers with 293 replaced in Placer County between 2009 and 2011. The ROG emissions achieved was about 51.1 tons during that time frame – 0.047 tons per day ROG emissions, with 8.9 tons in Placer County, or 0.008 tons per day ROG emission reduction.

4.2.2 District’s Incentive Programs

Clean Air Grant Program

In 2001, the District established the Clean Air Grant (CAG) Program which makes funds available to public and private agencies or individuals for projects whose cost-effectiveness achieves air pollution reductions. The District has two sources of funding available for the CAG Program: the DMV Surcharge Fund and the Air Quality Offsite Mitigation Fund.

DMV Surcharge Fee

The District authorized DMV surcharge was provided for by two Assembly Bills, AB 2766 and AB 923, which allowed for a \$6 surcharge fee on a vehicle registered (DMV surcharge fee) within Placer County. The surcharge revenues are to be used solely to reduce air pollution from on-road motor vehicles and for related planning, monitoring, enforcement and technical studies necessary for the implementation of the California Clean Air Act of 1988. Historically, the District has allocated \$4 of the DMV surcharge to its annual local grant program.

Air Quality Offsite Mitigation Funds

The District receives funding from developers within Placer County through the District's Offsite Mitigation Program for measures that are recommended by the District. This includes the implementing of off-site emission reduction projects or the payment of in-lieu-of fees into the Offsite Mitigation Fund Program in accordance with the District's Board approved Policy Regarding Land Use Air Quality Mitigation Funds. Land use developers can participate in this Program to offset the project's related air quality impacts when the on-site mitigation is not sufficient.

From 2009 to 2011 the District has awarded \$3.6 million to emission reduction projects through the District's CAG program. The overall project lifetime emission reduction for NO_x is about 322 tons, which is a 0.29 tons per day reduction.

Lower-Emission School Bus Funding

In addition to the CAG funding the District received funds from voter approved Proposition 1B, The Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act through the State of California, through Senate Bill 88 funding distribution to local air districts. The District was allocated \$2,700,000 to replace old, high emitting public school buses with new buses and to equip in-use diesel school buses with retrofit devices that significantly reduce toxic particulate matter emissions. This program is administered by CARB. Because this low-emission school bus funding primary focuses on the protection of children/students health by retrofitting or replacing old school buses, the potential emission reduction is not quantified.

4.3 Reduction from the District's Forest Biomass Program

Placer County has over one-half million acres of forested land, stretching from Auburn to Lake Tahoe, covering parts of three national forests including 60 percent of Lake Tahoe's West Shore. Years of successful fire suppression activities have left the forests unnaturally dense, with overstocked vegetation (fuel) and a very hazardous fuel load. This poses a significant risk for catastrophic wildfire. The county has had numerous major wildfires since the year 2001 which affected more than 70,000 acres of forested landscape, including critically important upland watersheds and wildlife habitat.

The condition of Placer County's forests and how they are managed has a very strong effect on air quality. Wildfires are a significant source of air pollution including fine particulate matter (PM), ozone precursors, and air toxics, which are extremely detrimental to regional air quality and public health. In addition to wildfires, prescribed burning and open pile burning, which are important tools of forest management for reducing fuel loads, are also a significant source of air pollution.

To address the risk of catastrophic wildfire and improve air quality, the District has teamed with Placer County and other public and private stakeholders to implement environmentally, economically, and socially sustainable forest management activities to help restore these forested landscapes to a fire-resilient condition. The Biomass program accomplishments have included:

1. Quantify through demonstration projects the significant air pollution benefits that result from the utilization of waste biomass for energy as an alternative to pile burning
2. Develop a protocol to determine greenhouse gas reductions from forest thinning and biomass energy activities
3. Assess strategically located and sized distributed biomass energy generation facilities
4. Advocate for a biomass electricity rate that recognizes the full suite of environmental, societal, and economic benefits

Between 2007 and 2011, the District has sponsored numerous projects throughout the county using forest biomass wastes for energy. These have involved Stewardship Contracts with the U.S. Forest Service Tahoe National Forest and Tahoe Basin Management Unit, land conservancy projects, private and forest industry land owners and contractors, as well as the establishment of a regional biomass collection network. Over 15,000 bone dry tons of forest waste was collected, processed, and transported, creating 15,000 megawatt=hours of renewable electricity generation. All of the biomass waste had been destined to be open-pile burned in the field. The projects achieved an emission reduction of 23 tons of NO_x and 70 tons of VOCs, which is about 0.016 tons per day of NO_x and 0.048 tons per day of VOCs.

4.4 Reduction from Land Use and Miscellaneous Programs

4.4.1 District's Land Use Program

One of the District's goals is to "mitigate effects of growth through the review of development plans for impacts on air quality with work towards mitigating those impacts through initiatives and programs that reduce emissions". As part of an ongoing effort to improve air quality, the District reviews and comments on California Environmental Quality Act (CEQA) documents which are prepared for discretionary development proposals that may result in substantially significant air pollutant emissions within the County. As a part of the review process, District staff makes recommendations for reducing emissions of air pollutants to mitigate potential air quality impacts. These recommendations are then provided to the County, as well as incorporated municipalities within the County, during the planning process.

One of the recognized feasible mitigation measures is the offsite mitigation program which allows an offsite project (e.g., retrofitting vehicles, alternative fuel application, etc.) to be implemented by the applicant or a payment of fees to the District's Offsite Mitigation Funds in lieu of on-site reductions. If a developer chooses to implement the mitigation by paying the fee, the fee received is applied towards emission reduction projects through the District's annual CAG program. The recommendation on the use of offsite mitigation measures is based on an approved action taken by the District's Board in April 2001 in the "Policy Regarding Land Use Air Quality Mitigation Funds". It provides an alternative to developers and lead agencies when a land use project is required to offset the project's related emissions (e.g. vehicle exhaust, water heater, and consumer products) and where on-site mitigation measures are not sufficient to offset the emissions resulting from projects.

During the 2009 to 2011 period, the District received \$594,683 in mitigation fees paid by the land use developers in Placer County. These were managed in concert with the DMV Surcharge fee to provide incentives to emission reduction projects through the annual CAG program. The

overall project lifetime emission reductions from for NOx were about 53 tons, which is equal to 0.05 tons per day. This reduction is already as included in the District CAG program.

4.4.2 District's Fallen Leaves and Pine Needle Drop-Off Program

The Placer County Meadow Vista Community Plan identified smoke from the burning of leaves and pine needles by residents to be an air pollution concern. In 1997, in an effort to decrease smoke impacts from this burning the Placer County APCD, Placer County Facility Services - Solid Waste Division and Recology (formerly Auburn Placer Disposal Service (APDS)) jointly sponsored a leaves and pine needles drop off at the Meadow Vista Transfer Station.

A debris box specifically for leaves and needles is located at the Meadow Vista Transfer station during a four (4) month period for disposal. Information regarding the program is primarily sent through the distribution of bright orange "door hanger" fliers hung on resident's garbage cans on Recology's routes. Fliers are also distributed by Recology to the local schools and the information is posted on the District's webpage.

The emission reductions are achieved by not burning the leaves and pine needles collected and instead using them for composting. Based on data from the Placer County Facility Services, administrator of this program, the overall project's emission reduction for ROG is approximate 11.6 tons - .01 tons/day from 2009 to 2011 period.

4.4.3 District's Technology Assessment Program

The Technology Assessment Program (TAP) was established by the District's Board of Directors in FY 2009-10 to provide financial assistance in the form of grants for the development and evaluation of technologies which have the potential to reduce air pollution in Placer County. The program's intent is to provide grant funding for studies and other analysis that would help to assess the emission's effects on projects and to foster projects that may result in emission reductions in future years. The emphasis is on projects that have the potential to reduce criteria pollutants and/or greenhouse gases from stationary sources and transportation. The Program has been made available for projects that have the potential to push the edges of technology to achieve higher efficiency/lower impact results.

During this triennial period, two grants have been awarded:

1. The City of Lincoln's Wastewater Treatment and Reclamation Facility (WWTRF) to study and provide a 10% design along with an investigation of waste to fuel gas production processes to produce heat and electricity by way of a fuel cell - awarded August 2009,
2. The Western Placer Waste Management Authority (WPWMA) to study the emissions associated with converting municipal solid waste (MSW) residuals currently being landfilled into energy as compared to current waste disposal practices - awarded December 2011.

4.5 Reduction Summary

Emission reductions from rule amendments along with program management between 2009 and 2011 are shown in Table 4-3. During this time period the District has achieved 0.30 tons per day reduction for ROG and 0.31 tons per day reduction for NOx. In addition, there have been 0.008

tons per day reduction for ROG and 1.52 tons per day reduction for NOx resulting from the regional incentive programs (Carl Moyer Memorial Program, SECAT Program, and the Lawnmower Exchange Program).

**Table 4-3
Emission Reductions by the
District Control Strategies Implementation between 2009 and 2011**

Categories	Associated Rules/Programs	Emission Reduction	
		ROG (tpd)	NOx (tpd)
District's Rule/Regulation	Rule 218*	0.2	
	Rule 234*	0.045	
District's emission reduction programs	Clean Air Grant (CAG) Program		0.29
	Fallen Leaves and Pine Needle Drop-off Program	0.01	
	District's Biomass Program	0.048	0.016
Total Emissions from District's Rule/Program		0.30	0.31
Regional emission reduction programs	Regional Mobile Source Incentive Programs		1.52
	Regional Lawnmower Exchange Program	0.008	
Total Emissions from Regional Programs**		0.008	1.52

* The rules were committed in the 2009 Triennial Plan.

** Emission Reductions occur throughout the Sacramento Federal Ozone Nonattainment Area

5 COMMUNITY EDUCATION PROGRAM

As a required element under the District's 1991 Air Quality Attainment Plan (AQAP), the District continues to support public outreach programs within Placer County. However, the emission reductions from some of public outreach programs are not easy to be quantified. Below includes a list of continued existing public outreach efforts by the District.

5.1 Spare the Air Program

The Spare the Air Program is a voluntary, summertime effort aimed at reducing air pollution (specifically, ground-level ozone). The District contributes financially and assists in the implementation of the Spare the Air driving curtailment program, which marked its 19th year of operation in 2013. This program is a cooperative effort by the El Dorado County AQMD, Placer County APCD, Sacramento Metropolitan AQMD, and Yolo-Solano AQMD for the Sacramento Region. This program is coordinated with the Spare the Air Programs in the San Francisco Bay Area and the San Joaquin Valley to maintain statewide program consistency.

The air districts of the region coordinate the "Spare the Air" program which provides notification to the public on the daily air quality forecast and advisories. Residents can subscribe to the "Air Alert" program to receive emails or text messages with regional air quality forecasts.

Highlights of the program effort include:

- Over 1492 active Air Alert subscribers in the District along with 349 partners who promote the program, such as employers
- Radio spots promoting general Spare The Air awareness and specific action alerts on Spare The Air days
- Display of ozone and PM maps and information at www.sparetheair.com.
- Scooter, the Spare the Air Mascot, who attended several community events in Placer County communities
- Spare The Air alerts broadcast during Sacramento weather forecasts and printed on the weather page of the Sacramento Bee

A survey conducted by Aurora Research Group of residents in the Sacramento nonattainment area, was done at the end of 2011 to evaluate the effectiveness of the Spare The Air campaign at modifying driving behaviors. A random sample of individuals were contacted and interviewed. The following conclusions are based on the survey results:

- Up to a half million residents noticed the general Spare The Air advisories
- A quarter of those same resident remembered hearing the specific request not to drive on Spare The Air days
- Employer participation has remained stable at about 20%
- Estimated ROG and NO_x emission reductions during the 2009-2011 period
 - 2009 - .39 tons/day
 - 2010 - .07 tons/day
 - 2011 - 08/tons/day

Over the last 12 years, the highest percentage of those who drove less on Spare The Air days in the Sacramento Region occurred in 2006 (28%), and the lowest percentage occurred in 2004

(15%). The 2011 year results were similar to the 12-year average of 20%. Outreach efforts associated with the Spare The Air Program will continue in future years, as the implementation of the program is listed as a Transportation Control Measure in the SFONA's federal 8-hour ozone plan.

5.2 Additional Public Outreach Efforts

The District has continued the following public outreach efforts, including:

- Participation in Earth Day Events and other public events
- Development of Sacramento Ozone Non-Attainment Air Quality Survey
- Response to public inquires and continued news media coverage
- Development of informational brochures, newsletters and fact sheets and utilization of the District's website: <http://www.placer.ca.gov/apcd>
- Continued Development of a Regional Land Use Development Handbook

6 TRANSPORT MITIGATION REGULATION

The CCAA requires CARB to assess the contribution of ozone and ozone precursors from upwind regions on ozone concentrations that violate the state ozone standard in downwind areas. The CCAA also directs CARB to establish mitigation requirements for upwind districts designed to mitigate their impact on downwind districts. According to the CCAA requirement, CARB originally established mitigation requirements in 1990 which are contained in Title 17, California Code of Regulations, Sections 70600 and 70601. These regulations were amended in 1993 and more recently in 2003. The CARB Board adopted amendments on May 22, 2003, which became effective on January 3, 2004.

The 2003 State Ozone Transport Mitigation Regulation Amendment requires upwind districts to 1) consult with their downwind neighbors and adopt and implement “all feasible measures” and 2) amend their “no net increase” thresholds for permitting so that they are as stringent as those of their downwind neighbors no later than December 31, 2004. This Amendment is intended to make sure that upwind districts that impact downwind districts with their transported air pollution should implement control measures that are at least as stringent as the downwind district. The CARB has identified the “Broader Sacramento Area” as transporting to the upper Sacramento Valley, the San Joaquin Valley, the San Francisco Bay Area, and the Mountain Counties. According to the definition, a portion of Placer County APCD is in the Broader Sacramento Area.

The first requirement of all feasible measures was addressed during the consultation and creation of the Sacramento Regional 8-Hour Ozone Attainment and Reasonable Further Progress Plan⁸. In that plan an extensive all feasible measures analysis was conducted with a list of control measure commitments developed for each air district in the SFONA to reduce air pollutant emissions. The second requirement was implemented through the amendment of District’s Rule 502 - New Source Review which was approved by the District’s Board on December 9, 2004. This rule amendment modified the offset thresholds for ROG and NOx to 10 tons per year, the same thresholds adopted by the San Joaquin Unified APCD, to achieve no net increase in emissions within the District. The following amendment for Rule 502 on February 11, 2010, was to update the definitions and provisions to comply with EPA’s new source review (NSR) reform regulations as a revision of the SIP⁹.

⁸ The 2009 Sacramento Regional Nonattainment Area 8-Hour Ozone Attainment and Reasonable Further Progress Plan which was prepared for 1997 federal 8-hour ozone standard (0.08 ppm) was approved by the Placer County Air Pollution Control District’s Board on February 19, 2009.

⁹ It was amended again in August 2013 to fix a technical correction identified by the EPA.

7 EVALUATION OF FUTURE EMISSION REDUCTIONS

HS&C Section 40914 requires that an air district with a nonattainment designation achieve a reduction in district-wide ozone precursor emissions of 5% or more per year averaged every consecutive three-year period. According to the emission inventories shown in Table 3-1 and 3-2, the overall average rate of total ROG and NOx emission reduction between 2005 and 2008 in Placer County is about 3% per year. This overall averaged emission reduction is less than the mandatory 5% annual emission reduction required by the CCAA, the District is obligated to review and analyze all control measures/reduction programs which are feasible to reduce ozone precursor emissions in Placer County.

7.1 Commitments for the Next Triennial Review Period

All Feasible Measures

The District is committed to reviewing all feasible measures reviewed in conjunction with CARB and other air districts within the SFONA to obtain future emissions reductions. On June 9, 2011, the District's Board adopted the 2011 Reasonably Available Control Technology State Implementation Plan (RACT SIP) which evaluated all feasible control measures. In addition the District is required by the U.S. Environmental Protection Agency to periodically demonstrate that the District's State Implementation Plan (SIP) rules fulfill Reasonably Available Control Technology (RACT) requirements for volatile organic compounds (VOC) and nitrogen oxides (NOx). RACT requires that District rules cover both: (1) source categories for which there is RACT guidance and for which there are affected sources that operate in the District, and (2) major sources in the District. The analysis involved a comparison of all RACT guidance documents with existing District rules and sources that operate in the District.

Table 7-1 contains a list of the proposed control measures scheduled to be amended or adopted for the next triennial period (2012-2014). The actual emission reductions cannot be estimated for those identified control measures at this time; it will be determined during the actual rule evaluation/development process and will be summarized in the next triennial report.

**Table 7-1
List of Rule Proposed to be Considered for Amendment/Adoption through 2014**

Emission Source Control Categories	Associated District Rule Name	Ozone SIP Commitment	Proposed Action
Incinerator Burning/ Pathological Incineration	Incinerator Burning (Rule 206)		Evaluate for amendment needed to resolve conflicting requirements for human/animal cremation
Gasoline Service Stations (Storage Tanks)	Gasoline Transfer into Stationary Storage Containers (Rule 213)		Evaluate for amendment needed to address new standing loss requirements and deficiencies
Gasoline Service Stations (Transfer to Vehicle)	Transfer of Gasoline into Vehicle Fuel Tanks (Rule 214)		Amend to address US EPA comments for SIP approval
Solvent Cleaning	Organic Solvent Cleaning and Degreasing Operations (Rule 216)		Evaluate for amendments needed to meet FCAA RACT requirements
Fugitive Emissions	Cutback and Emulsified Asphalt Paving Materials (Rule 217)		Evaluate for amendments needed to meet FCAA RACT requirements
Boiler, Biomass	Biomass Boilers (Rule 233)		Evaluate for amendments needed to meet FCAA RACT requirements
Adhesives	Adhesives (Rule 235)		Evaluate for amendments needed to meet FCAA RACT requirements
Graphic Arts	Graphic Arts Operations (Rule 239)		Evaluate for amendments needed to meet FCAA RACT requirements
Surface Preparation & Cleanup Solvents	Surface Preparation and Cleanup (Rule 240)		Evaluate for amendments needed to meet FCAA RACT requirements
Large Water Heaters and Small Boilers	Large Water Heaters (Rule 247)	yes (2015)	Regulate NOx emissions for all new large water heaters (75,000 up to less than 5 million Btu/hr)
Plastic Part Coating	Plastic Parts Coating (Rule 249)		Evaluate for amendments needed to meet FCAA RACT and CCAA BARCT requirements

Table 7-1 includes two new control measures which are 1) Rule 247 committed to in the federal 8-hour ozone attainment plan and 2) Rule 249 identified in the RACT SIP. A detailed analysis will be conducted and evaluated in the next triennial report period when they are expected to be adopted.

Note: the District is proposing Rule 247 to cover all new natural gas fired water heaters and boilers with heat input sizes in the range from 75,000 to 5,000,000 Btu/hr and limit NOx

emissions to 20 ppmv. This proposed rule adoption will generate additional emission reductions from the new boilers with the size in the range of 1 million up to 5 million Btu/hr as it is an additional emission reductions to the District's rule commitment to rated input sizes in the range of 75,000 up to 1,000,000 Btu/hr in 2009 Ozone SIP. The tentative schedule to adopt this new rule will be in October 2013.

Mobile Source Incentive Programs

For the next triennial period through 2014, the District will continue participating in the regional mobile source incentive programs to promote the emission reductions from on-road and off-road mobile sources. In addition to the regional incentive programs, the District also will continue to implement the District's annual CAG program by using the DMV surcharge fee and the offsite mitigation fee to provide incentives for cost-effective emission reduction projects in Placer County.

7.2 Additional Emission Reduction Program

In addition to the committed feasible measure evaluations and the mobile source incentive programs, the District continues to look for the other opportunities which may provide additional emission reductions from non-regulatory sources. The District will continue implementing the forest biomass program into the next triennial period through 2014. The District is sponsoring several projects benefiting air quality including forest fuel thinning treatments, evaluating a proposed distributed biomass energy facility and through a cooperative project with the University of California - Berkeley converting biomass waste to energy along with measuring air pollution emissions from an open slash pile burn. The performances of these projects will be reviewed in the next triennial progress report.

8 CONCLUSION

Placer County has made considerable progress in improving air quality. Air quality indicators show significant overall reductions of peak ambient ozone and county-wide exposure to unhealthy concentrations since 1990. It represents that overall exposure to residents from ozone continues to decrease in Placer County.

Emission inventory information shows a significant overall reduction of ozone precursor emissions between the 2009 and 2011 time period. The District has conducted an “all feasible measures” analysis and committed to amending existing rules and adopt new rules to further reduce ozone precursor emissions. Table 7-1 shows the proposed commitments for the next triennial period (2012-2014). Incentive programs such as the Carl Moyer Program and the District’s Offsite Mitigation Program continue to assist in reducing additional NOx emissions from mobile sources. The District believes that this demonstrates progress in the effort set forth in the control plan towards attaining the state ozone standards in accordance with the CCAA requirements.

Special District Risk
Management Authority

Maximizing Protection.
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September 6, 2013

Ms. Jennifer Montgomery
Board Chair 2013
Placer County Air Pollution Control District
110 Maple Street
Auburn, California 95603

Re: No Paid Property/Liability Claims in 2012-13

Dear Ms. Montgomery:

This letter is to formally acknowledge the dedicated efforts of the Placer County Air Pollution Control District's Governing Body, management and staff towards proactive risk management and loss prevention training. Your agency's efforts have resulted in no "paid" property/liability claims for program year 2012-13. A "paid" claim for the purposes of this recognition represents the first payment on an open claim during the prior program year and excludes property claims. This is a great accomplishment!

It is through the efforts of members such as Placer County Air Pollution Control District that SDRMA has been able to continue providing affordable property/liability coverage to over 469 public agencies throughout California. In fact, 382 members or 81% in the property/liability program had no "paid" claims in program year 2012-13.

In addition to this annual recognition, members with no "paid" claims during 2012-13 earn 2 credit incentive points (CIPs) thereby reducing their annual contribution amount. Also, members with no "paid" claims for at least 3 consecutive program years may receive a lower "risk factor" which also reduces their annual contribution amount.

As SDRMA is dedicated to serving its members and preventing claims, we would appreciate your agency taking a moment and sharing with us what made your District successful in preventing property/liability losses. Our goal is to incorporate your successful ideas and suggestions into our loss prevention programs to benefit all members of SDRMA. Please forward any comments or suggestions to Dennis Timoney, SDRMA Chief Risk Officer at dtimoney@sdrma.org.

On behalf of the SDRMA Board of Directors and staff, it is my honor to congratulate the Governing Body, management and staff of Placer County Air Pollution Control District for their commitment to proactive risk management and loss prevention training.

Sincerely,
Special District Risk Management Authority

David Aranda, President
Board of Directors

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SEP 09 2013

Placer County Air Pollution
Control District

