



AGENDA:
PCAPCD Board of Directors Meeting
Thursday, August 14, 2014 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

Page 2 Approval of Minutes: June 12, 2014, 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.

Page 8 Public Hearing/Action: Item 1

1. Proposed Final FY 2014-2015 Budget Public Hearing. Conduct a Public Hearing in accordance with the Health and Safety Code § 40131(3)(A) that states: "The district shall notice and hold a public hearing for the exclusive purpose of reviewing its budget and of providing the public with the opportunity to comment upon the proposed district budget." The District also seeks Board adoption of Resolution #14-15, thereby approving the proposed Final FY 2014-2015 Budget and a 2.2% CPI increase to the fee schedule.

Page 24 Information: Item 2

2. Air Toxics Overview. Information item on Air Toxics Overview. No action required.

Page 45 Air Pollution Control Officer Report

- Page 46**
- a. Art walk and electric vehicles showcase – press release regarding event is attached.
 - b. Fiscal update – financial report will be provided at meeting.

Adjournment

Next Regularly Scheduled Board Meeting: October 9, 2014, 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.



Minutes of the Thursday, June 12, 2014 Meeting of the Board of Directors

The Board of Directors of the Placer County Air Pollution Control District met in a regularly scheduled session at 2:30 PM, Thursday, June 12, 2014, 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; Bruce Springsteen, Compliance and Enforcement Section Manager; Yu-Shuo Chang, Planning and Monitoring Section Manager, John Finnell, Permitting and Engineering Section Manager; Russell Moore, I.T. Technician; and Shannon Harroun, Clerk of the Board.

The meeting was called to order by Chairperson Mike Holmes. Roll call was taken by the Clerk of the Board, with the following members in attendance: Donna Barkle, Jennifer Montgomery, Stan Nader, Mike Holmes, Robert Black, Jim Holmes, Diana Ruslin, and Carol Garcia. Robert Weygandt was absent. A quorum was established.

Approval of Minutes: April 10, 2014, Regularly Scheduled Meeting.

Motion to approve minutes: Jim Holmes. Unanimously approved.

Public Comment: There were no comments from the public.

Director Barkle made an announcement that she would be resigning as a Colfax Council Member at the end of July, and therefore will not be able to continue her duties on this Board.

Chairperson Mike Holmes provided a synopsis of his trip to the Cap-to-Cap conference in Washington D.C. He met with Congressman Tom McClintock's staff, and Representatives Doug LaMalfa, Doris Matsui, and Ami Bera. He attended several sessions with the EPA, and with transportation and other committees relating to clean air issues. He will be attending a meeting in Sacramento as a follow up to the Cap-to-Cap conference.

Public Hearing (No Action): Item 1

1. Preliminary FY 2014-2015 Budget Public Hearing. *Conduct a Public Hearing in accordance with the Health and Safety Code § 40131(3)(A) that states: "The district shall notice and hold a public hearing for the exclusive purpose of reviewing its budget and of providing the public with the opportunity to comment upon the proposed district budget."*

Ms. A.J. Nunez presented the FY 2014-15 Preliminary Budget. The District Budget is made up of three separate funds – the Operations Fund, Mitigation Fund, and DMV fund. Collectively,

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these make up the Consolidated Fund. Ms. Nunez pointed out that the District continues to budget revenues conservatively, and expenditures that are adequate to cover costs, with a small amount for contingencies. Historically, the District ends each fiscal year above revenue projections and below proposed expenditures. This creates a fund balance that provides the seed money for the upcoming year. The proposed preliminary budget for FY 2014-15 is 4.5 million dollars. It is very similar to last year's budget, with only ½% difference. Anticipated revenues are \$3.5 million, with a fund balance carryover of \$1,053,000. Proposed expenditures are \$4.2 million.

Ms. Nunez reported that there is a projected \$518,000 fund carryover for the proposed FY 2014-15 operations budget. The national advisory council on state and local budgeting recommends a fund carryover between 5 and 15%. The District operating fund carry over is at 8.8% of the District's proposed budget, therefore the District is well within that healthy range.

Ms. Nunez presented pie charts for the proposed FY 2014-15 budget Consolidated Fund. DMV funds (AB2766 and AB923) make up almost half of the District revenue. The District plans to spend the DMV funds available on internal operations that are consistent with DMV fund use, including Clean Air Grants. Clean Air Grants are comprised of \$650,000 from the DMV fund and \$248,885 from the Mitigation fund. The District is also recommending \$50,000 for the TAP program. The District has provided approximately \$14.5 million back to the community in the form of Clean Air Grants since the year 2000. A little over half of the District's budget goes to salary and benefits. Services and supplies include contracted services to augment staff, as well as programs and projects. The remaining funds create the fund carryover for FY 2015-16.

Ms. Nunez pointed out that each item in the proposed FY 2014-15 District budget is tied to the District's mission, goals and objectives. Some of the services include forest biomass support; legal support; GDF inspections; database programming and software support; Air Permitting Specialists support; and additional costs in the form of liability insurance, Cap-to-Cap attendance, and settlement fund payback. Ms. Nunez noted that this budget contains \$50,000 towards settlement fund payback for the 2010 office building purchase.

Ms. Nunez stated that the District will incorporate direction from your Board into the final proposed budget for FY 2014-15; and finalize the fiscal position at the close of FY 2013-14 on June 30, 2014, using actual revenues and expenditures to obtain the fund carryover for the FY 2014-15 final District budget. The District will then bring the final proposed budget back to your Board for approval on August 14, 2014.

Director Barkle requested clarification of the FY 2014-15 budgeted amount for Clean Air Grants and TAP grants. Ms. Nunez responded that the amount is \$948,885. Chairperson Mike Holmes commented that there is usually opportunity, depending on revenue, to increase the funding allocated to the Clean Air Grant program.

Director Montgomery asked, on behalf of members of her constituency, if there is a possibility of implementing an electric lawn mower rebate program through the Clean Air Grant Program. Mr. Christofk stated that most of the funding for Clean Air Grants is through DMV mobile

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funding, therefore the District has to use those grant monies for mobile sources. The District did run mower rebate programs for many years in concert with SMUD. There could possibly be an opportunity to do this again. He stated that the problem is the program is not as cost effective as heavy duty diesel equipment, for example.

Chairperson Mike Holmes noted that the District is putting money in reserve for vehicle replacement, even though a vehicle isn't needed at this particular time, noting that the District has been very conservative in putting money aside for contingencies. He also commented that this will be the first full year that the District has had a tenant in the building. Mr. Christofk added that the net operating cost for the building is only about 10% of the costs when the District was located at CDRA.

No public comment was made during the proposed preliminary budget public hearing.

Consent: Items 2 and 3

- 2. Fleet Air Quality Support Services Agreement.** *District Staff Recommendation: Adopt Resolution #14-12, thereby approving a contract between the Placer County Air Pollution Control District and the Placer County Department of Public Works in an amount not to exceed \$60,000 in FY 2014-2015, for the District to provide consultant services for the DPW's fleet air quality compliance; and authorizing the Air Pollution Control Officer to sign the contract and subsequent amendments.*
- 3. Advance Budget Authorization for Contracted Technical Support Services.** *District Staff Recommendation: Adopt Resolution #14-11, thereby authorizing the expenditure of up to a total of One-Hundred Thirty-Nine Thousand Dollars (\$139,000) for contracted technical support services from TSS Consultants and Air Permitting Specialists. This authorization request is in advance of the adoption of the Final FY 2014-2015 District Budget that is scheduled to be heard on August 14, 2014, in order to enable the services to continue uninterrupted after June 30, 2014, the end of the current fiscal year.*

Motion to approve Consent Items 2 and 3: Jim Holmes. Unanimously approved.

Action: Items 4 and 5

- 4. Multi-Year Professional Legal Services Agreement.** *District Staff Recommendation: Adopt Resolution #14-13, thereby authorizing the Air Pollution Control Officer to negotiate, sign, and amend as necessary, a multi-year professional legal services agreement with an independent contractor for advocacy and legal support services; and providing early funding approval, with an effective date of July 1, 2014, for the initial FY 2014-2015 contract year, in the not to exceed amount of Ninety-Five Thousand Dollars (\$95,000).*

Mr. Christofk stated that the District has historically received legal service support from Placer County Counsel through a contractual arrangement. In the last several years, it has become

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evident to the District that the needs for certain advocacy support has increased, which is not a traditional role of County Counsel. The District's agreement with County Counsel does allow the District to seek outside support. The District is proposing in the FY 2014-15 District budget to exercise that option for a bulk of legal support needed, and to continue with County Counsel for traditional legal services support. The \$95,000 in this proposed budget for both these types of services is similar to the scope and amount the District has had in the past for County Counsel services.

Mr. Christofk introduced Val Flood, Placer County Deputy Counsel, who explained that it has become a challenge for the County Counsel's office to continue to meet all of the legal needs of the District. The County Counsel's office has had some resource challenges. In addition, the District's needs have gone in a direction that the County Counsel's office is not accustomed to, and the attorney supporting the District that has some aptitude in these areas is leaving the County Counsel's office.

Director Montgomery commented that this Board and District staff have stepped into a different role than in the past, focusing more on advocacy, and she believes it is a positive step to hire an independent legal representative, as proposed.

Chairperson Mike Holmes asked if it would be the District's decision to decide which firm will provide these legal services. Mr. Christofk responded that the Board's approval would provide the District the authority to negotiate and enter into a contract. The District will solicit an attorney with the appropriate credentials to meet the specific needs of the District, especially with regards to regulations and policies related to air pollution.

Motion to approve Item 4: Jennifer Montgomery. Unanimously approved.

- 5. Foresthill Biomass Utilization Feasibility Study Technology Assessment Program (TAP) Grant Request.** *District Staff Recommendation: Adopt Resolution #14-14, thereby providing a grant of Thirty Thousand Dollars (\$30,000) from the Placer County Air Pollution Control District, to the Placer County Resource Conservation District; and authorizing the Air Pollution Control Officer to negotiate, sign, and amend, as needed, an agreement between the Placer County Air Pollution Control District and the Placer County Resource Conservation District for the TAP grant to assess the feasibility of biomass utilization in Foresthill, California.*

Mr. Bruce Springsteen recommended on behalf of the District, that the Board approve the funding of \$30,000, through the District's Technology Assessment Program (TAP), for a proposal to evaluate and study the feasibility of a forest waste biomass energy facility on the Foresthill Divide. The TAP program was created in 2008 and is geared towards assisting the development and progress of technologies and activities that reduce and control air pollution in Placer County. Traditionally, they have focused on energy efficiency and utilizing waste for energy and other purposes. The funds for this proposed TAP would come from the interest on the District's funds in the County treasury. The TAP grant does not conflict with

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the District's Clean Air Grant program, as the TAP is geared towards research and development, whereas Clean Air Grant programs are for proven technologies. The District has funded two TAP grants in the past; one for the City of Lincoln's wastewater treatment plant and the other for the Western Regional Landfill.

This proposal is from a group coordinated and managed by the Placer Resource Conservation District, with support from Placer County Building and Planning Departments, Placer County Water Agency, the Sierra Nevada Conservancy, the Foresthill Bioenergy Committee, TSS Consultants, Phoenix Energy, and forestry expert, Steve Eubanks. They are looking at the types of materials in the area, what size the plant would be, where it would be located, emissions reductions it would provide, the type of system that would be most appropriate for producing electricity from the biomass, and how to get the power to those who would use it. They are looking at creating a "wood campus", where the energy facility would be located, along with other operations in the same complex that use woody biomass for other potential applications. This facility would provide excellent benefits to air quality by reducing pile burning, managing healthy forests, bringing economic value to the Foresthill area, and protecting watershed areas. The project is expected to be completed by the end of 2014.

Chairperson Mike Holmes asked who would provide the in kind effort on this project. Mr. Springsteen responded that all of the partners would be contributing to add this extra value. The \$30,000 grant funds would mostly be used for the technical consultants.

Members of the public which spoke in support of this grant include Ms. Elisa Noble with Placer Resource Conservation District, and Mr. Neil Cochrane from the Foresthill Bioenergy Committee.

Motion to approve Item 5: Carol Garcia. Unanimously approved.

Air Pollution Control Officer Report:

A. New Health Risk Assessment Methodology: Mr. Christofk introduced Mr. John Finnell, who provided a briefing regarding a new methodology, being introduced by the California Office of Environmental Health and Hazard Assessment (OEHHA), to assess the risks of adverse exposure effects of toxic substances. This new methodology looks in more detail at the risks of exposure to children and sensitive populations. The new numbers will affect how the District assesses risk, and will require reevaluation of current sources and to change assessment on new permits or modifications to facilities, and for land use permits. The District has been working with California Air Resources Board (ARB) and OEHHA to determine how the District is going to respond to the initial implementation of these new guidelines. Currently, the proposed changes are open to a public comment period. The target date for adoption is in November of this year. There will likely be media publicity and citizen interest regarding this issue.

Director Montgomery asked how this would affect the District's workload. Mr. Christofk responded that the District is working with CAPCOA to make comment, with regards to how

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this change affects air pollution districts' facilities and permitting programs. The District is currently evaluating the effects on its operations and the facilities in Placer County. Mr. Christofk will provide additional information on this topic at the August 14, 2014 meeting.

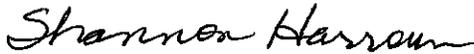
B. Fiscal Update:

Ms. A.J. Nunez presented the balance sheet for the close of month 11 (May 31, 2014). The District is running 34.17% under budget on expenditures and 11.54% above budgeted revenues.

Prior to adjourning the meeting, Director Nader asked Mr. Christofk to report what the District is working on related to bioenergy. Mr. Christofk provided a synopsis of items which are in this proposed FY 2014-15 budget presented today, including work on forest health, black carbon, biochar, and quantifying avoided wildfire emissions. These areas will hopefully eventually yield into credits that can be marketed to industry or entities that need to offset their emission impacts.

Adjournment:

Chairperson Mike Holmes adjourned the meeting at 3:52 p.m.



Shannon Harroun, Clerk of the Board



Board Agenda Item 1

Public Hearing/Action

Agenda Date: August 14, 2014

Prepared By: A.J. Nunez, Administrative Services Officer

Topic: Proposed Final Budget FY 2014-15

Action Requested:

- 1) Conduct a Public Hearing for the purpose of reviewing the District's Fiscal Year 2014-15 Proposed Final Budget.
- 2) Adopt Resolution #14-15 (Attachment #1), thereby approving the District's budget for Fiscal Year 2014-15.

Discussion: The District offers the following analysis of the differences between the *Proposed Final Budget* for FY 2014-15 and the *Approved Budget* for FY 2013-14.¹ Please refer to Table 1 (see Attachment #2) for the following discussion:

Proposed Revenue: The projected Revenue of **\$3,558,372** in the *Proposed* FY 2014-15 Budget is a net increase of **\$71,007** compared to the *Approved* FY 2013-14 Budget¹ revenue total of **\$3,487,364**. Increases to the DMV (AB 2766 and AB 923) revenue of \$24,652; Other Government Assistance of \$61,279, comprised of the DPW MOU (\$60,000) and CPI increase to the TRPA monitoring agreement (\$330), Increase to Federal Grant (\$949); Per Capita Assessment of \$4,268; and Project Generated Revenue of \$5,000, offset slight decreases in Permit Fees of \$2,320 and Interest Income of \$20,000.

Proposed Expenditures: The Total Expense of **\$4,198,035** for FY 2014-15 is **\$131,532** higher than the *Approved* Budget for FY 2013-14¹ showing a Total Expense of **\$4,066,503**. "Salaries and Benefits" are proposed to be \$45,017 higher in FY 2014-15 due to a 2% COLA and other salary adjustments. The District has included "Employee Benefits" in the amount of \$89,168 under the "Salary and Benefits" category moving it from the Supplies and Services category. See the fourth bullet on page 17 of the enclosed Proposed Final Budget for FY 2014-15 for a further detailed explanation. "Supplies and Services" are proposed to be \$115,266 higher and "Clean Air Grants (CAG) and Technology Assessment Program (TAP)" are proposed to be \$64,900 higher than the *Approved* Budget for FY 2013-14. If Mitigation Revenue is received in the current FY 2014-15, the available CAG funding will be increased through a budget revision, as has been the practice in past fiscal years.

The total proposed Revenue -- **\$3,558,372** for FY 2014-15 combined with the total "Fund Carry-Over" -- **\$964,965** from FY 2013-14 are the "Total Funds Available" -- **\$4,523,337** (see the top pie chart shown in Attachment #3).

¹The Approved Budget for FY 2013-14 has been revised one time since the original approval. It was revised to increase the funding for Clean Air Grants to be dispersed to Placer County recipients by \$183,385.

The total proposed Expenditures -- **\$4,198,035** for FY 2014-15 plus the Total Ending Fund Balance -- **\$325,303** for FY 2014-15 equal the "Total Fund Usage" -- **\$4,523,337** (see the bottom pie chart shown in Attachment #3).

In this enclosed Proposed Final Budget for FY 2014-15 (pages 5 through 14), Staff has linked program and project resource expenditures to specific goals and objectives contained within the District's Mission Statement (pages 3-4). Also, page 20 of the enclosed Proposed Final Budget FY 2014-15 has a complete listing of the expenditures proposed in this budget.

Fiscal Impact: The Proposed Final Budget for FY 2014-15 of **\$4,523,337** is 2.85% higher than the budget presented and approved in FY 2013-14. This proposed budget has **\$131,532** more in expenditures than the FY 2013-14 Budget and covers the operational costs, maintains services and program delivery, and provides for selected critical resource needs. It also maintains a Fund Balance of **\$325,303** which is 7.75% of the total Proposed Budgeted expenditures for FY 2014-15.

Recommendation: Having complied with the Health and Safety Code 40131 (3) (A) and 40131 (3) (B) in regards to the adoption of a board approved budget, it is recommended that the Board adopt Resolution #14-15, thereby approving the District's budget for Fiscal Year 2014-15.

Enclosure (s) #1: Proposed Final Budget FY 2014-15.

Attachment(s) #1: Resolution #14-15 for the approval of the proposed Budget FY 2014-15.
#2: Table showing comparison of Proposed Final Budget FY 2014-15 and the Approved Budget FY 2013-14.
#3: Pie Chart showing Funds Available and Fund Usage for FY 2014-15.

ATTACHMENT #1

SUBJECT:

Resolution #14-15
Approval of Proposed Final Budget for FY 2014-15



Board Resolution:
Resolution #14-15

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 Fiscal Year 2014-15 Final Budget.

The following **RESOLUTION** was duly passed by the Placer County Air Pollution Control District Board of Directors at a regular meeting held on **August 14, 2014**, by the following vote:

Ayes: Holmes, M. _____ Douglass _____ Nader _____ Weygandt _____ Black _____
Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
Noes: Holmes, M. _____ Douglass _____ Nader _____ Weygandt _____ Black _____
Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
Abstain: Holmes, M. _____ Douglass _____ Nader _____ Weygandt _____ Black _____
Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____

Signed and approved by me after its passage:

_____ Chairperson

_____ Attest: Clerk of said Board

WHEREAS, on June 13, 2014, the District held a Public Hearing for the exclusive purpose of reviewing its budget and providing the public with an opportunity to comment upon the proposed District budget, as required by Health and Safety Code Section 40131 (a)(3); and

WHEREAS, The District made available to the public at least 30 days prior to the June 13, 2014, public hearing, a summary of the proposed budget, as required by Health and Safety Code Section 40131(a)(1); and

WHEREAS, The District provided public notice and direct mailings to persons subject to District fees in the preceding year at least 30 days in advance of the scheduled public hearing on June 13, 2014, as required by Health and Safety Code Section 40131(a)(2); and

WHEREAS, on August 14, 2014, the District Board held an appropriately noticed public hearing for the purpose of considering and adopting the District Budget for Fiscal Year 2014-15; and

WHEREAS, consideration of the final proposed budget has been made before a public hearing; and

WHEREAS, the Board adopted (Resolution #01-20) a District Fee Schedule on June 14, 2001, and ordered the adjustment of specified District Regulation 6, Fees, annually on July 1 of each year by the annual increase in Consumer Price Index (CPI) in the preceding calendar year; and

WHEREAS, the amount of the annual CPI adjustment is to reflect the increase to the California Consumer Price Index based on the positive annual average for all urban consumers in the major Northern California urban centers; and

WHEREAS, the California Consumer Price Index based on the positive annual average for all urban consumers in the major Northern California urban centers is 2.2% for 2013.

NOW THEREFORE BE IT RESOLVED that the Placer County Air Pollution Control District's Board of Directors hereby approves the proposed budget as the final budget of the Placer County Air Pollution Control District for Fiscal Year 2014-15, as shown in Enclosure #1 of the Staff Memorandum on the Fiscal Year 2014-15 Budget; and

BE IT FURTHER RESOLVED that the Placer County Air Pollution Control District's Board of Directors hereby expressly authorizes and directs the Air Pollution Control Officer or his designee, to negotiate, sign, and amend as necessary, agreements on behalf of the District; to make such purchases; and to expend, encumber, or disencumber funds, for budgeted expenditures included in the final budget of the Placer County Air Pollution Control District for Fiscal Year 2014-15; and

BE IT FURTHER RESOLVED that a CPI adjustment of a 2.2 percent increase is ordered for all fees for which an annual CPI adjustment has been authorized.

ATTACHMENT #2

SUBJECT:

Comparison Between
Proposed Final Budget for FY 2014-15 and the
Approved Budget for FY 2013-14

**COMPARISON OF THE PROPOSED FY 2014-15
TO THE
APPROVED BUDGET FOR FY 2013-14**

Table 1

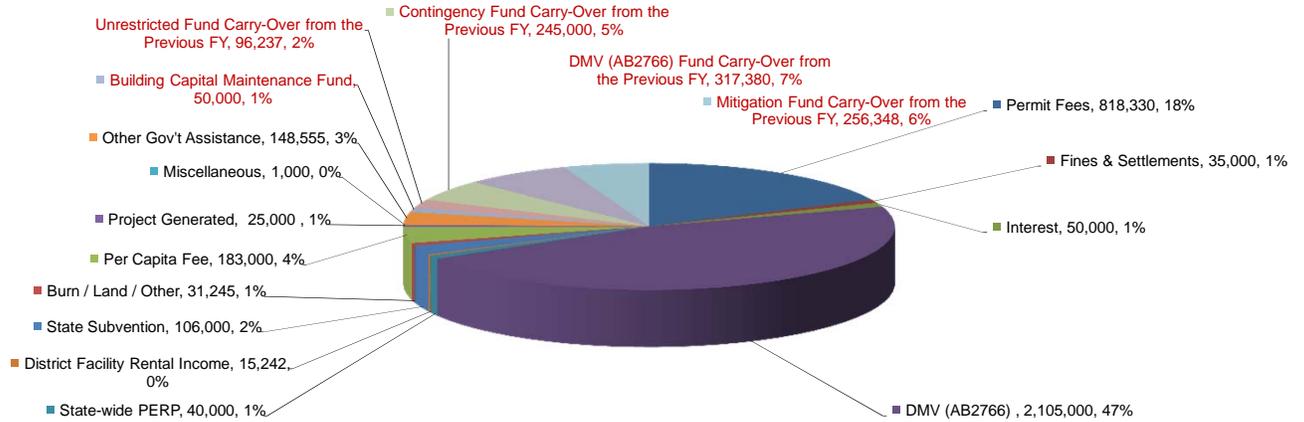
	Proposed Budget FY 2014-15	Approved Budget FY 2013-14	Difference	Percentage Change
Funds Available:				
Permit Fees	818,330	820,900	(2,570)	-0.31%
Fines & Penalties	35,000	35,000	-	0.00%
Interest	50,000	70,000	(20,000)	-28.57%
DMV (AB2766, AB923)	2,105,000	2,080,348	24,652	1.18%
Statewide PERP	40,000	43,000	(3,000)	-6.98%
State Subvention	106,000	106,000	-	0.00%
Other Government Assistance	148,555	87,276	61,279	70.21%
Mitigation Fees		-	-	
Burn / Land / Other Permits	31,245	33,247	(2,002)	-6.02%
Per Capita Assessment	183,000	178,732	4,268	2.39%
District Facility Rental Income	15,242	10,162	5,080	49.99%
From Settlement Fund		-	-	
Project Generated Revenue	25,000	20,000	5,000	25.00%
Miscellaneous	1,000	2,700	(1,700)	-62.96%
TOTAL REVENUE	3,558,372	3,487,365	71,007	2.04%
Operations Fund Carry-Over from the Previous FY*	391,236	469,692	(78,456)	-16.70%
DMV (AB2766, AB923) Carry-Over from the Previous FY	317,380	169,576	147,804	87.16%
Mitigation Fund Carry-Over from the Previous FY	256,349	271,187	(14,838)	-5.47%
TOTAL FUND CARRY-OVER	964,965	910,455	54,510	5.99%
TOTAL FUNDS AVAILABLE	4,523,337	4,397,820	125,517	2.85%
Fund Usage:				
Salary & Benefits	2,349,456	2,310,764	38,692	1.67%
Supplies & Services	773,679	735,739	37,940	5.16%
Clean Air Grants & TAP	1,034,900	970,000	64,900	6.69%
Building Purchase Payback	40,000	50,000	(10,000)	-20.00%
TOTAL EXPENSE	4,198,035	4,066,503	131,532	3.23%
Operations Ending Fund Balance **	317,448	329,698	(12,250)	-3.72%
DMV (AB2766 & AB923) Ending Fund Balance	1,405	431	974	225.99%
Mitigation Ending Fund Balance	6,449	1,187	5,262	443.30%
TOTAL ENDING FUND BALANCE	325,302	331,316	(6,014)	-1.82%
TOTAL FUND USAGE	4,523,337	4,397,819	125,518	2.85%

ATTACHMENT #3

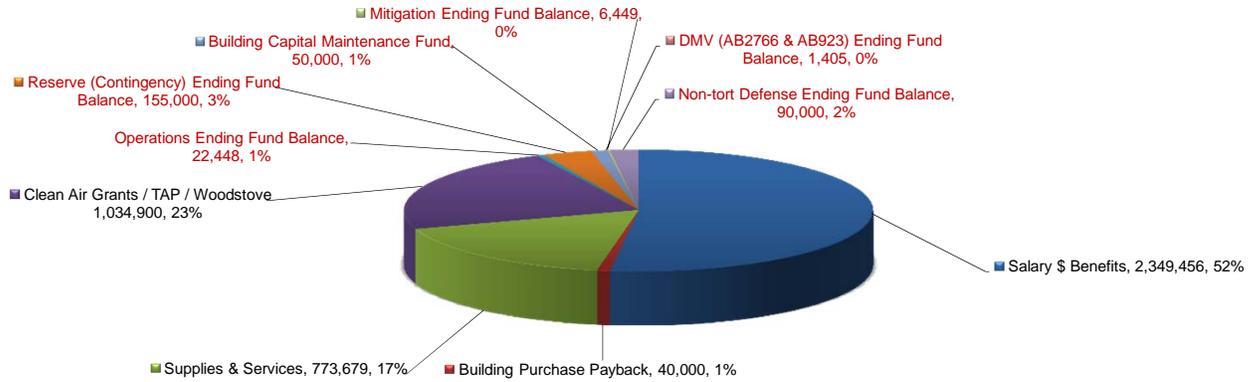
SUBJECT:

Proposed Final Budget for Fiscal Year 2014-15
Pie Charts for Funds Available and Fund Usage

**Consolidated Funds Available
for FY 2014-15 Proposed Budget
Total Funds Available - \$4,523,337**



**Consolidated Fund Usage
for FY 2014-15 Proposed Budget
Total Fund Usage - \$4,523,337**



*The Operations Ending Fund Balance includes \$90,000 Non-Tort Defense Fund, \$95,000 Reserve (Contingency), \$50,000 Building Capital Maintenance Fund, \$60,000 Vehicle Replacement Fund, and \$22,448 general Operations Fund.

** "Clean Air Grants and TAP " are comprised of: \$755,000 from DMV Fund and \$227,277 from the Mitigation Fund for the CAG Program, and \$22,623 for the Tahoe Wood Stove Program. This year the District is proposing to fund \$30,000 for the Technology Assessment Program (TAP).

***The "Services" contained in "Supplies and Services" are for contracted services that augment the Staff in programs and projects. These services include the Biomass Project - \$92,000; Legal Support - \$102,500; Gasoline Dispensing Facility Inspections - \$16,752; Programming and Software Support - \$60,000; Air Permitting Specialist Support - \$84,000; and \$25,000 for special services that augment the existing Staff. Additional costs in the form of Liability Insurance - \$22,895; Air Monitoring Equipment Maintenance - \$15,000; District Facility Operations and Maintenance - \$36675; Other District Participation - \$10,000 and Air Monitoring Site Maintenance and upgrades - \$10,000 are included. The District also contracts with the County for an additional \$120,645 in support services.



Board Agenda Item 2

Information

Agenda Date: August 14, 2014

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

Topic: Air Toxics Overview

Action Requested: Information item on Air Toxics Overview. No action required.

Background: The public has become increasingly aware of the presence of harmful chemicals in our environment. Concerns about pesticides and other substances in food and drinking water, and toxic air pollutants in air, are often expressed in public forums and media. Up until about 30 years ago, air pollution control was focused almost solely on meeting ambient air quality standards through the control of criteria pollutants such as particulate matter, oxides of nitrogen and sulfur, carbon monoxide, and lead. California’s “Toxic Air Contaminant Identification and Control Program” and the “Air Toxics Hot Spot Information and Assessment Act of 1987” were some of the earliest programs that sought to identify and control sources of toxic air emissions. At the same time that more emissions to the air were being identified as being toxic to humans, the methodologies for assessing health risk were maturing. As a result, over time, it has become well known that health impacts of toxics emissions are wide spread and very significant.

The increasing awareness that air toxics emissions have a serious impact upon human health, and recent findings of the significant affect that toxics can have upon children, emphasizes the importance of assessing potential toxics emissions from new and existing emission sources, and are changing the way that air pollution control agencies, such as the District, conduct business. Although programs, plans, and work continues in the traditional area of meeting ambient air quality standards, there is an ever increasing emphasis on assessing and controlling air toxics emissions, and using information about the level of emissions to make land use decisions, such as decisions on the siting of homes near air pollution sources, or the siting of new air pollution sources near homes and schools.

Discussion: This Air Toxics Overview will briefly address a number of areas where the District is currently involved in the toxics area, including:

- Toxic New Source Review (T-NSR)
- State Airborne Toxic Control Measures (ATCMs)
- National Emission Standards for Hazardous Air Pollutants (NESHAPs)
- State Air Toxics “Hot Spots” Information and Assessment Act
- Rule 610, Air Toxics “Hot Spots” Fees
- Office of Environmental Health Hazard Assessment’s (OEHHA’s) new health risk assessment guidance manual
- CalEnviroScreen and AB 32 GHG Cap-and-Trade Funding

An “Air Toxics Overview” staff report is provided as Attachment #1.

The OEHHA health risk assessment guidance manual is of particular current interest because the proposed revised methodology for quantifying the health risk of air toxics increases the risk numbers from 1.5 to 3 times the current methodology. This could have a significant impact on the District. The guidance manual is currently out for public comment and is being reviewed by stakeholders. OEHHA is expected to finalize the manual by the end of this year. CAPCOA has been working with ARB to prepare public information for optional use by the Districts to explain the guidance manual and the process for its adoption. This information is presented as Attachment #2, Upcoming Changes in California's Air Toxics Program.

Recommendation: Information item – no action required.

Attachments: #1: Air Toxics Overview

#2: Upcoming Changes in California's Air Toxics Program

ATTACHMENT # 1

SUBJECT

Air Toxics Overview

**PLACER COUNTY
AIR POLLUTION CONTROL DISTRICT**

STAFF REPORT

AIR TOXICS OVERVIEW

**Prepared By:
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Todd Nishikawa**

August 14, 2014

1.0 Introduction

The public has become increasingly aware of the presence of harmful chemicals in our environment. Concerns about pesticides and other substances in food and drinking water, and toxic air pollutants in air, have often been expressed in public forums and media. Up until about 30 years ago, air pollution control was focused almost solely on meeting ambient air quality standards through the control of criteria pollutants such as particulate matter, oxides of nitrogen and sulfur, carbon monoxide, and lead. California's "Toxic Air Contaminant Identification and Control Program" and the "Air Toxics Hot Spot Information and Assessment Act of 1987" (AB 2588) were some of the earliest programs that sought to identify and control sources of toxic air emissions. At the same time that more emissions to the air were being identified as being toxic to humans, the methodologies for assessing health risk were maturing. As a result, over time, it has become well known that health impacts of toxics emissions are wide spread and very significant. For example, diesel emissions were long considered to be of less importance to control than the emissions from the consumption of gasoline. However, in the year 2000, following the determination that diesel particulate matter contains carcinogens, the California Air Resources Board estimated that compared to other toxics, diesel particulate matter emissions were responsible for about 70 percent of the total ambient air toxics risk statewide [source: Risk Reduction Plan to Reduce Particulate Matter Emissions from Diesel-Fueled Engines and Vehicles, CARB, October 2000]. More recently, based on U.S. EPA's National-scale Air Toxics Assessments (NATA) data, it has been determined that, for the U.S. as a whole, the average cancer risk associated with diesel emissions of 580 per million is 80% of the total estimated cancer risk from all hazardous air pollutants (740 per million) [source: webpage *Scorecard*]. Accordingly, in the last 20 years the control of diesel emissions, especially diesel particulate matter, has become a priority for federal, state, and local air pollution agencies.

The increasing awareness that air toxics emissions have a serious impact upon human health emphasizes the importance of assessing potential toxics emissions from new and existing emission sources, and is changing the way that air pollution control agencies, such as the District, conduct business. Although programs, plans, and work continue in the traditional area of meeting ambient air quality standards, there is an ever increasing emphasis on assessing and controlling air toxics emissions, and using information about the level of emissions to make land use decisions, such as whether or not to site homes near air pollution sources, or siting of new air pollution sources near homes and schools.

Ongoing toxics programs in the District include Toxics New Source Review, enforcement of State Airborne Toxic Control Measures, implementing the California AB 2588 Air Toxics "Hot Spots" Information and Assessment Act of 1987, mitigating Naturally-Occurring Asbestos (NOA) impacts, and occasionally performing toxics health risk assessment reviews of land-use documents for the California Environmental Quality Act (CEQA).

Statewide, these and other state and federal toxic emissions reduction programs have significantly reduced the concentration of toxic air pollutants in the air, and the risk of getting cancer from breathing those pollutants is now 80% lower than it was in 1990. These

reductions happened while California added 8 million people and 8 million cars, and our economy grew by 70%.

Public awareness and concern over toxic pollution impacts continue to grow, and in fact have become heightened with recent studies that have found that children are especially impacted by toxic pollutants. Accordingly, the programs to reduce toxic emission impacts continue, and the District is facing increased responsibilities in air toxics from new requirements to enforce federal regulations for hazardous air pollutants on many smaller sources of air emissions. For example, new guidelines for performing health risk assessments have been proposed by the California Office of Environmental Health Hazard Assessment (OEHHA). In some cases the new methodologies will substantially increase the indicated cancer risk of new projects, as well as for some existing businesses.

Historically, the District has done what it could in the toxics area to meet the responsibilities imposed by federal and state regulations. Over time the District's resources available for the toxics program through the assessment of fees has fallen behind program needs. With increased public awareness of toxics and new toxics responsibilities, the District will need to increase its efforts in this area. The District's fee rule for toxics (Rule 610, Air Toxics "Hot Spots" Fees) does not adequately cover the current costs of the "Hot Spots" program. Furthermore, funding to support other toxics efforts that are mandated by state and federal laws and regulations is not provided by toxics fees, but comes from revenue originally slated for other purposes. The District will need to evaluate how it wants to cover these costs in the future.

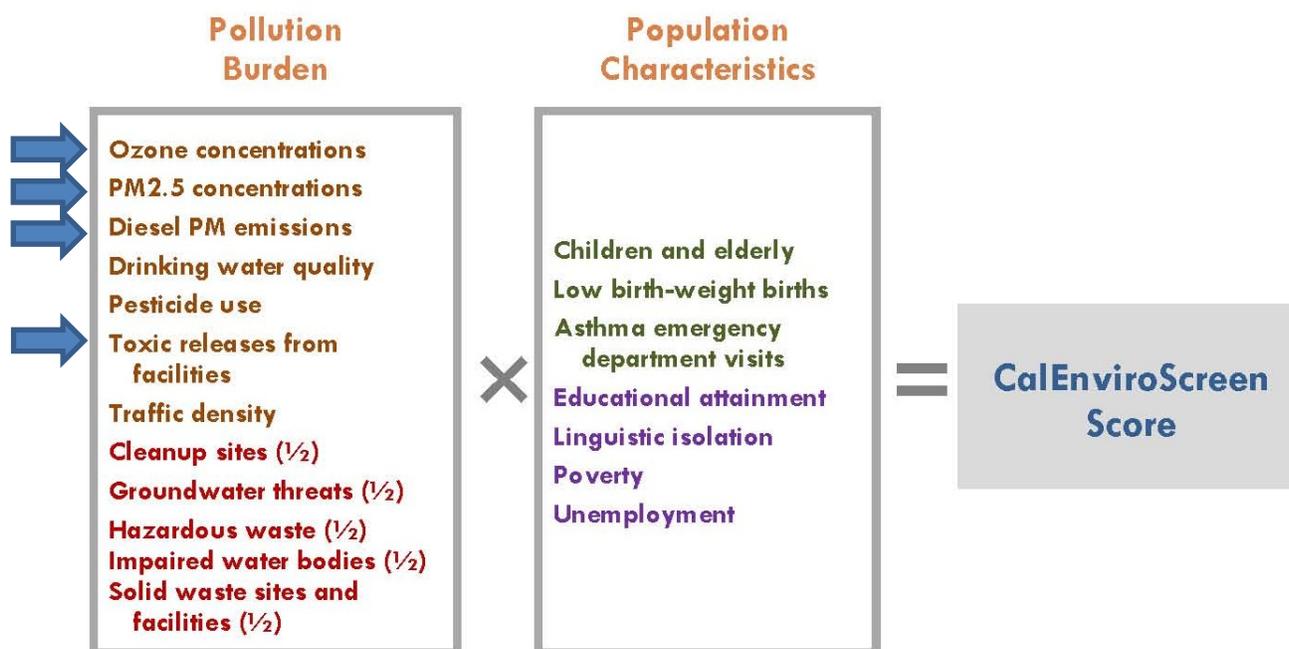
The various toxics efforts of the District will be briefly discussed in this document.

2.0 CalEnviroScreen

The newly revised CalEnviroScreen computer program developed by OEHHA is a community environmental health screening tool that helps identify California communities burdened by multiple sources of pollution. It is viewed by OEHHA as an important first step to assuring that all Californians have access to environmental justice; identifying "the areas of the state that face multiple pollution burdens so programs and funding can be targeted appropriately toward improving the environmental health and economic vitality of the most impacted communities." This tool is bringing a renewed awareness of environmental risks on a community-wide basis. The risks evaluated by the tool are much wider than just air pollution. CalEnviroScreen uses "pollution burden" (air quality, water quality, pesticide use, toxic releases, hazardous waste facilities and solid waste facilities), as well as "population characteristics" (demographic and socioeconomic data), to rank the various communities in the state. CalEnviroScreen has been proposed as a tool to help identify environmentally impacted and disadvantaged communities that should benefit from AB 32 GHG Cap-and-Trade Program funds. Even though air pollution sources complying with the Cap-and-Trade program are the source of funds, air pollution is only one of the factors that determine the CalEnviroScreen scores. State law requires that 25% of Cap-and-Trade Program funds be used for projects that benefit disadvantaged communities, while at least 10% of the 25% is

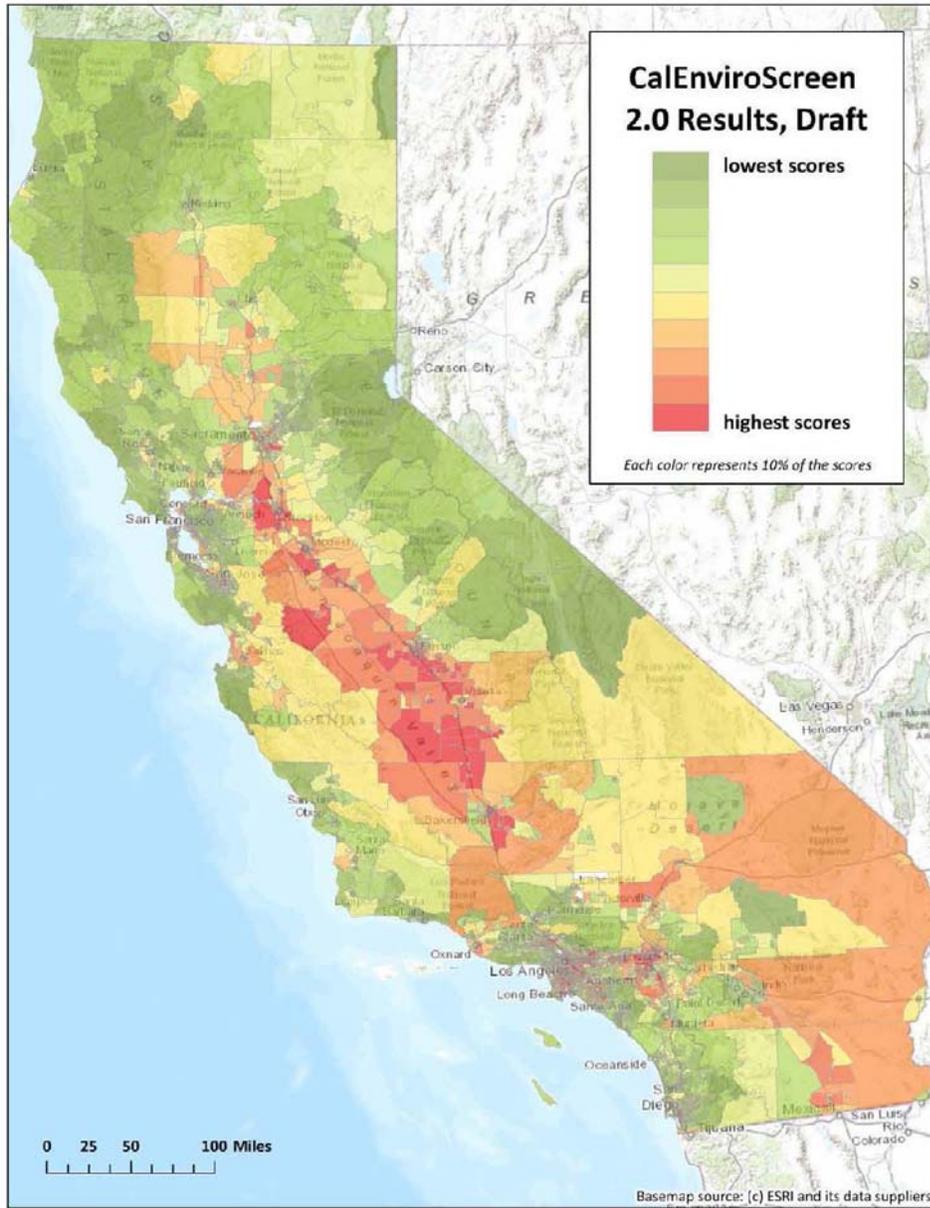
spent on projects located in disadvantaged communities. The Cap-and Trade Program is anticipated to eventually generate \$1 billion each year. CAPCOA is providing input to OEHHA supporting the contention that reducing toxic air pollution should be a major objective of some Cap-and-Trade funds that are derived from the regulation of air pollution sources.

The diagram below illustrates that various air pollution, including toxics air pollutants, are only a few of many factors used to determine the CalEnviroScreen Score.

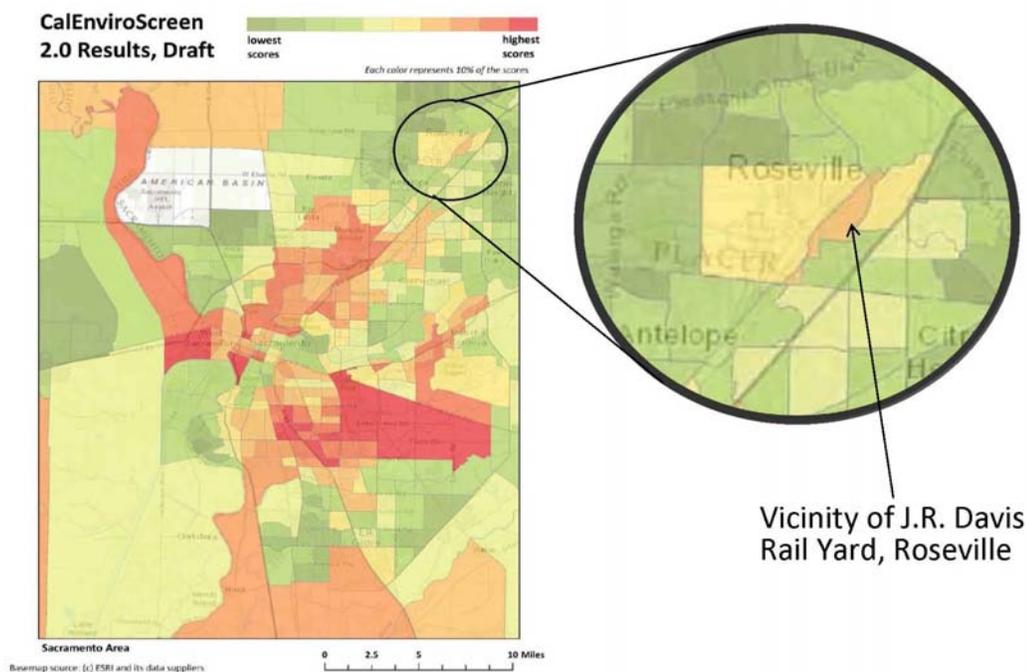


The most recent iteration of CalEnviroScreen results is shown in the following maps of CalEnviroScreen 2.0 results Statewide and for the Sacramento area. The Statewide map shows that the areas with the lowest scores—those communities determined to be most burdened—are predominantly in the Central Valley. The Sacramento area map shows portions of southern Placer County. The highest score for Placer County depicted is in the vicinity of the Union Pacific J.R. Davis Rail Yard. The highest score area appears to be the rail yard property itself, where there are no residents. Placer County has no census tracts that score in the top 20 percent statewide. The implications of these results is that no areas of Placer County will likely qualify for Cap-and-Trade Program funds that are to be allocated to disadvantaged and pollution impacted communities.

CALENVIROSCREEN STATEWIDE RESULTS



Sacramento Area



3.0 Toxics New Source Review

New source review (NSR) is required by the federal Clean Air Act and the California Clean Air Act for new and modified stationary sources of air pollution which emit criteria pollutants. The review imposes the requirements of federal, state, and District rules and regulations on the owner/operator of the new emissions source. As part of the NSR, the District also performs a toxics new source review (T-NSR) of emission sources with known toxic emissions, such as stationary diesel engines and gasoline stations with high annual gasoline sales. A screening health risk assessment is performed to verify that the health risks from the new emissions are below threshold levels. If screening health risks exceed the adopted significance thresholds, a detailed health risk assessment may be performed that may lower identified risks due to more accurate assumptions, or health risks may be lowered through emission controls or other measures taken to reduce the potential risk. Any new permit for stationary emissions within 1,000 feet of a K-12 school requires a public notice which states the level of the health risk.

In addition, Section 112(g) of the federal Clean Air Act, 1990 Amendment, requires Toxics Best Available Control Technology (T-BACT) for new and reconstructed major sources of

Hazardous Air Pollutants. These requirements are implemented through District Rule 513, Toxics New Source Review: Federal Clean Air Act Section 112(g).

4.0 State Airborne Toxic Control Measures (ATCM)

Through the Toxic Air Contaminant Identification and Control Program, the California Air Resources Board has promulgated control measures for specific types of industries that release powerful toxic compounds. There are currently 18 Airborne Toxic Control Measures (ATCMs) covering industries from gas stations to stationary diesel engines. A number of these ATCMs have prompted industry to change how they operate so that these emission processes are now rarely used. Examples of ATCM regulated processes are ethylene oxide sterilizers for hospitals and residential burn barrels. Current facility types in the District which are subject to ATCMs are perchloroethylene dry cleaners, portable diesel engines, stationary diesel engines, gasoline dispensing facilities, and natural occurring asbestos material handling. These ATCMs pertain to approximately 700 of the District's permitted sources.

The requirements of the ATCMs are considered during New Source Review of new and modified sources of stationary emissions. These requirements are reflected in permit conditions and verified through source inspections. The most frequent source types covered by ATCMs are gas stations and stationary diesel engines.

Other ATCMs apply to the control of Naturally-Occurring Asbestos (NOA). Naturally-occurring asbestos, often found in serpentine rock formations, is present in several foothill areas of Placer County. When naturally-occurring asbestos-containing material is disturbed, asbestos fibers may be released and become airborne, thereby creating a potential health hazard. The District requires dust control plans for earth moving work in areas where NOA is most likely to be found, and monitors dust at these sites, in addition to requiring general compliance with dust control requirements.

5.0 Federal Toxics Regulations (National Emission Standards for Hazardous Air Pollutants)

The Federal Clean Air Act (FCAA) is the federal law passed in 1970, and last amended in 1990, which forms the basis for the national air pollution control effort. Basic elements of the Act, include national ambient air quality standards for major air pollutants, hazardous air pollutants standards, state attainment plans, motor vehicle emissions standards, stationary source emissions standards and permits, acid rain control measures, stratospheric ozone protection, and enforcement provisions.

In regard to toxic emissions from major sources and area sources, the FCAA established National Emission Standards for Hazardous Air Pollutants (NESHAPs) which regulate 187 hazardous air pollutants (HAPs) from specific industrial sources. Maximum Achievable Control Technology (MACT) Standards are the industry-based post-1990 NESHAPs designed to reduce HAP emissions to a maximum achievable degree, taking into

consideration the cost of reductions and other factors. When developing a MACT standard for a specific source category, the EPA looks at the current level of emissions achieved by best-performing similar sources through clean processes, control devices, work practices, or other methods. These emissions levels set a baseline—the "**MACT floor**"—for the new standard. At a minimum, a MACT standard must achieve, throughout the industry, a level of emissions control that is at least equivalent to the MACT floor. The EPA can establish a more stringent standard when it makes economic, environmental, and public health sense to do so. The MACT floor differs for existing sources and new sources.

The FCAA mandated that the Environmental Protection Agency identify at least 30 air toxics that pose the greatest health threat in urban areas, list the source categories, and subject them to establishment of MACT standards. Some standards apply only to major sources of hazardous air pollutants (HAPs), some apply only to minor sources called "area sources", and some apply to both. A major HAP source emits over 10 tons per year of a single HAP, or 25 tons per year of combined HAPs. Area sources are defined as those sources of hazardous air pollutants which are not major sources. There are no major HAP sources in Placer County at this time.

There are 112 promulgated NESHAPS covering a wide range of industries. Many of these industries are not present in Placer County, such as steel mills and petroleum refineries. There are eight (8) NESHAPS applicable to source types in Placer County, with six (6) NESHAPS being area source post-1990 NESHAPS or MACT standards for area sources, such as gas stations and stationary internal combustion engines, one (1) NESHAP for major Municipal Solid Waste Landfills, and the final NESHAP applying both to major and area sources. There are approximately 750 individual permits in the District that are subject to these standards. Many of these sources are the same sources that are covered by ATCMs, but the NESHAPS/MACTs have different requirements.

To have jurisdiction to enforce pre-1990 NESHAPS, a district must request and receive delegation from the EPA. If an air district does not have delegation, enforcement is done by EPA. For example, Placer does not have delegation for the Asbestos NESHAP, thus enforcement falls to EPA, and by delegation, to the California Air Resources Board. Placer has not requested delegation of area source NESHAPS. However, despite not having requested delegation, it has been recently determined that State law requires that post-1990 area source NESHAPS be considered ATCMs. Because the California Health and Safety Code requires air districts to enforce ATCMs, air districts must also enforce post-1990 area source NESHAPS, even though a district has not requested or received separate delegation from EPA.

Accordingly, the District now needs to begin enforcement of the area source NESHAPS. This will require amendment of all I.C. engine permits and all auto body painting permits to include the NESHAP control measures. Enforcement will require additional reporting by affected sources and inspections by the District.

Furthermore, the EPA is continually reviewing and amending the NESHAPS. For example, EPA is currently working on a revision of the Municipal Landfill standard which will likely have new or revised controls on landfills. The District will have to review our municipal landfill permits to incorporate any new requirements from the revised NESHAP.

6.0 Air Toxics “Hot Spots” Information and Assessment Act of 1987

The purpose of this legislation, AB 2588, was to gather information on toxic air releases from stationary sources throughout the state, and then to require risk reduction of sources deemed to create a significant risk. Toxic release facilities report emissions, are tracked, and those which pose a health risk to the community above a certain threshold are required to prepare and implement a risk reduction plan and issue a public notice. The California Health and Safety Code requires the implementation of this program by air districts.

There are 797 air toxic substances subject to the Hot Spots program. Any facility that emits one or more of these designated compounds must report their emissions.

- The facility prepares a toxic emissions inventory plan that is reviewed and approved by the air district.
- The facility submits the toxic emissions report to the district.
- The district reviews the emissions report and prioritizes the facility as low, medium, or high priority based on the level of public health risk associated with the facility’s toxic air releases.
- The district requires the high risk facilities to provide a detailed health risk analysis and if the risk is greater than a set threshold, then provide a risk reduction plan. (Each district can set its own risk threshold. Placer uses 10 in a million cancer risk value as the main threshold).

Facilities with criteria pollutant emissions (except CO) in excess of 10 tons per year and have a priority score or an HRA value of one or greater are called “core facilities” in the Hot Spots program. There are currently 11 core facilities identified in the Hot Spots program by the District. Ten of these core facilities are classified as “District update facilities”, which means

they have a priority score or a HRA value of 1.0 or greater and less than 10, and are required to update their toxic emissions every four years for re-evaluation by the District. One facility is classified as having a priority score of greater than 10, which means a detailed HRA is the next step in the process. These facilities are:

Facility	Classification
California Pacific Power	District Update Facility
Capital Drum	District Update Facility
Crossroads Family Final Care	District Update Facility
H. B. Fuller	District Update Facility
Jeld-Wen	District Update Facility
PABCO/Gladding McBean	District Update Facility
Roseville Electric	District Update Facility
Rio Bravo	District Update Facility
SFPP (Santa Fe Pacific Pipelines)	District Update Facility
Sierra Pacific Industries	Priority Score Greater than 10
TSI (Telefunken Semiconductors)	District Update Facility

In a special class of small facilities called “industrywide”, the district does the required tasks for the facility. These are sources like gas stations, dry cleaners, auto refinishing shops, printing shops, and facilities that only have toxic emissions from stationary diesel engines. There are currently 150 industrywide facilities permitted by the District that have a priority score or an HRA value of greater than one. Diesel engine only facilities are a new category and are not included in the 150.

AB 2588 provides authority to the air district to collect fees to cover the state and district costs of administering the Hot Spots program. District Rule 610, Air Toxics “Hot Spots” Fees, specifies the fees for the various classes of facilities. The state bills the district for the state’s portion of up to \$1,350,000 in funds allocated by statute to the state for its costs and the District collects the fees from the facilities and pays the state. The District keeps the rest of the fee to cover District costs. In addition to the Rule 610 fees that are passed on to the state, any costs of the OEHHA for risk assessment reviews is paid on a fee-for-service basis that the District passes-through to sources.

In FY 2011-12 the District collected \$10,872 in Hot Spots fees, \$6,692 was paid to the state, with Placer retaining just \$4,180. In FY 2012-13 the District collected \$9,335 in Hot Spots fees, \$4,348 was paid to the state, with Placer retaining \$4,987. In FY 2012-13 on a statewide basis, \$456,000 in Hot Spots fees were collectively paid by the 35 air districts to the state (\$446,000 for OEHHA work, and ~\$10,000 for ARB). The air districts’ share of fees for this period was \$2,571,000.

Except for Rule 610 for the Hot Spots program, costs of toxics program work are not directly recovered. Rule 610 was last amended in 1998 and the retained amount of fees is currently not adequate to provide the necessary staff resources to meet the District's obligations with regard to this program. The shortfall in toxics revenue is illustrated by data for two recent years.

- In FY 2011-12 approximately 442 hours were expended on Hot Spots work and 299 on other toxics related activities, whereas the only direct cost recovery was \$4,180 collected through Rule 610.
- In FY 2012-13 approximately 195 hours were expended on Hot Spots work and 278 on other toxics related activities, compared to \$4,987 direct cost recovery through Rule 610.

District staff estimate that about 600 hours/year would be required to adequately resource Hot Spots, for the current mix of facilities subject to the program, and more than 200 hours/year would be required for other mandated toxics activities. The estimated 800 hours represents 39% of a Full Time Equivalent employee (FTE) at a fully loaded cost of ~\$78,295 for an Associate Engineer.

Currently, for FY 2014-15, \$4,313 of the \$9,245 in anticipated Rule 610 fees will be paid to the state, with the balance of \$4,932 retained to cover District costs. The amount of fees to be retained by the District represents fifty (50) Associate Engineer work hours – only 8% of the 600 hours estimated as being necessary to fulfill the requirements of the Hot Spots program. Furthermore, the estimate of 600 hours/year is the resources required for the processing of the current facilities in the Hot Spots program, and not the resources necessary to address the likely increase in affected facilities due to the newly revised OEHHA Guidance Manual for risk assessments that is discussed in detail in Section 8.0.

7.0 Risk Assessment Process

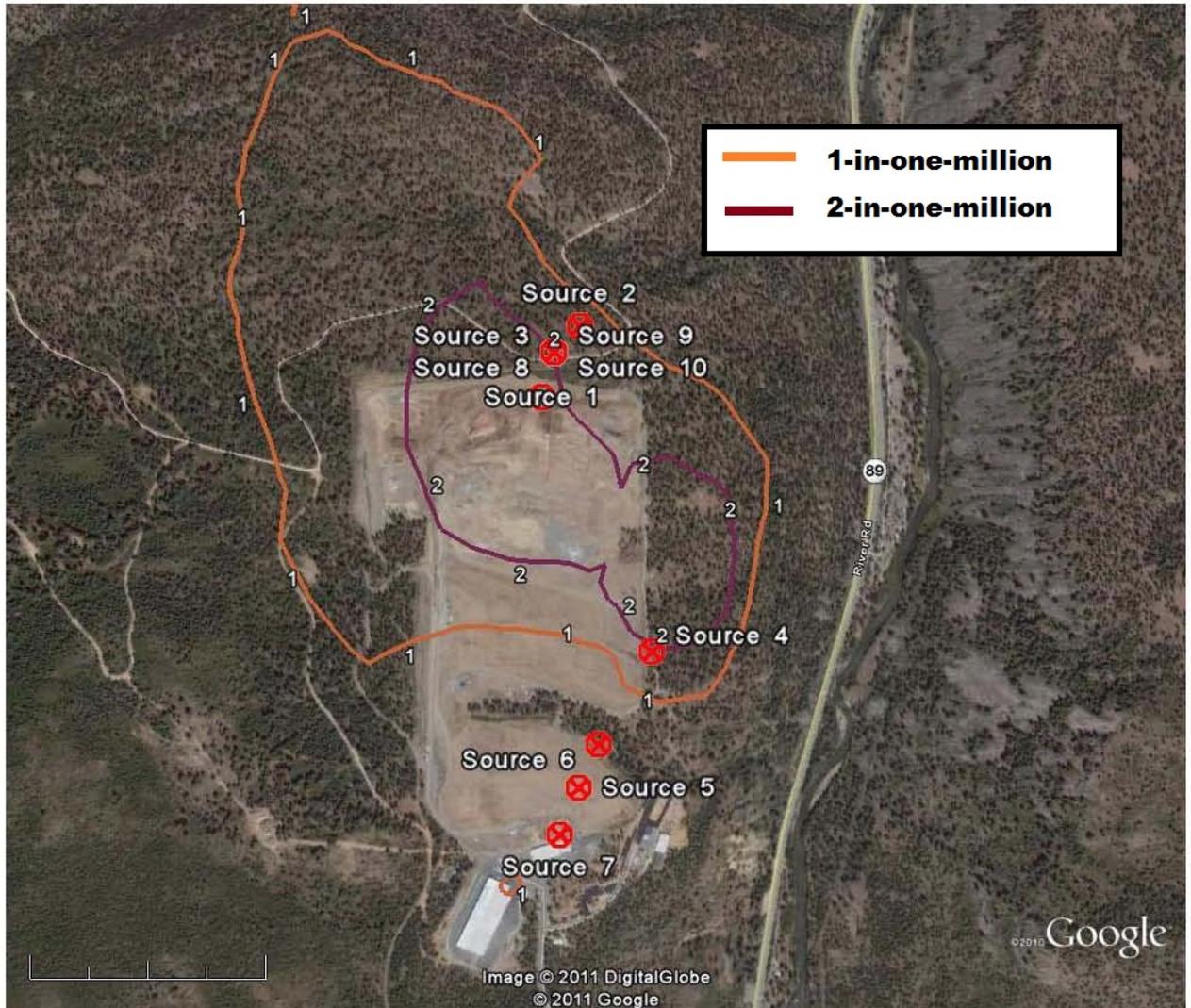
The risk assessment process starts with a complex computer dispersion modeling program that uses the toxic emissions from the source to determine pollutant concentrations around the source. A detailed assessment uses actual metrology (weather) data for wind direction and speed to determine where the pollutants are going. A screening assessment is somewhat simpler and uses an estimate of worst case metrology, rather than actual metrology data.

The health risk assessment uses these concentrations to determine risk from the potency of the individual toxic compound and the dose of the compound that an individual at a specific location would receive. The cancer risk is then calculated using the OEHHA guidelines for the age of the individual and duration of the exposure to the toxic compound in the air. Development of cancer in an individual usually takes years and decades of exposure.

Cancer risk is expressed in terms of the number of persons who may contract cancer in a million persons exposed. "One in a million" means that one person, subjected to a given exposure, will have a one-in-a-million chance of contracting cancer. Risk estimates generated by a health risk assessment should not be interpreted as the expected rates of

disease. Rather, they are estimates of potential risk, based on current knowledge and a number of assumptions. Estimation methodologies used are meant to err on the side of public health protection in order to avoid underestimation of risk.

Example of a Cancer Risk Isopleth Map
Proposed Biomass Plant at Cabin Creek



8.0 Revised Guidance Manual for Cancer Risk Assessment

The California State Legislature, by means of SB 25, Children's Environmental Health Protection, has caused the State Office of Environmental Health Hazard Assessment (OEHHA) to revise the health risk assessment methodology, using the latest science to make the assessments more protective of children. The draft *Air Toxics Hot Spots Program Guidance Manual for Preparation of Health Risk Assessments (Guidance Manual)* is a description of the algorithms, recommended exposure rates, cancer and non-cancer health values, and the air modeling protocols needed to perform a health risk assessment (HRA) under the Air Toxics Hot Spots Information and Assessment Act of 1987 (Health and Safety Code Section 44300 et seq.) The OEHHA Guidance Manual is how the District evaluates projects and facilities for toxic health risk for the purposes of new stationary source permits, CEQA, and AB2588 (Air Toxics Hot Spots Program). The methodology addresses both cancer (chronic) and non-cancer (acute) health risks. The changes were first proposed in late 2011. The new Guidance Manual updates the previous version adopted in 2003.

OEHHA is expected to finalize the release of the new Guidance Manual in November 2014. The full ramifications of the new Guidance Manual are still being evaluated. ARB and CAPCOA (representing the air districts) are working together with OEHHA to determine the best approaches to advise the public and industry of the new methodology and potential outcomes, as well as how to best implement the new guidance.

In the new Guidance Manual, OEHHA has revised the methodology for estimating the health risk from air toxics for the following reasons:

- Over the past 10 years, advances in science have shown that early-life exposures to air toxics contribute to an increased lifetime risk of developing cancer or other adverse health effects, compared to exposures that occur in adulthood
- Children are typically more sensitive than adults to chemicals and this is true of air toxics; children's defenses are not as developed, they breathe faster, and they are far more active than adults. In addition, they have a longer lifetime ahead of them, during which delayed health effects may become apparent
- Clear scientific consensus: exposure during childhood is more harmful than exposure as an adult

Six important changes in the methodology are described in Figure 1.

FIGURE 1
SUMMARY OF KEY CHANGES TO HEALTH RISK ASSESSMENT GUIDELINES

Change	What it Does	Effect on Estimated Risk
Age Sensitivity Factor	Addresses the increased susceptibility of children when exposed to a pollutant early in life. <ul style="list-style-type: none"> • A factor of 10 is applied for exposure to children less than 2 years old • A factor of 3 is applied for exposure between 2 and 16 years old • A factor of 1 is applied to exposure above age 16 	
Age-Specific Breathing Rates	Rather than using a single breathing rate over a 70-year period, age-specific breathing rates are now identified for six age ranges spanning from the last trimester to age 70. <ul style="list-style-type: none"> • The third trimester to birth • 0 to 2 years • 2 to 9 years • 9 to 16 years • 16 to 30 years • 16 to 70 years 	
Time at Home	Allows adjustments for the time a person is away from home each day.	
30-Year Exposure Duration	The assumption regarding the length of time people are exposed is shortened from 70 to 30 years for individual risk estimates	
Use of Spatial Averaging	Uses the air concentration averaged over a small area to calculate health impacts rather than an air concentration at a single point	
Use of Variable Concentrations	Allows modeled concentrations to change if controls improve over time	
Short-Term Project Exposure Duration	Allows risk to be based on the actual duration of a short-term project rather than longer durations	

The proposed OEHHA Guidance Manual will result in significantly different characterization of risks from sources that have already been evaluated by the District. For many situations, use of the new Guidance Manual would result in higher estimated risks than would have been calculated with the existing risk methodology. In some cases, the new estimated risk would be only slightly higher than the estimate using the existing methodology; in other cases, the new estimated risk could be up to three times higher.

The change in risk assessment methodology contained in the new Guidance Manual will likely increase risk numbers:

- The District has a significant risk threshold of 10-in-a-million cancer rate, above which new permits are not issued and CEQA land use recommendations are negative. An increased number of projects will encounter the risk threshold and result in required emission reductions or the denial of permits to construct and operate.
- In the Hot Spots program, a large number of risk assessments will need to be revisited. Higher risk will push some facilities into the high risk category where they will be subject to doing detailed risk assessments, higher program fees, possibly public notices, and risk reduction through additional new emission controls or curtailment of production. Some facilities currently categorized as “low risk”, which are exempt from the requirements and fees of the Hot Spots program, will become medium risk facilities, where they will need to prepare inventory plans, report toxic emissions, and pay program fees. A quick survey of Hot Spots sources suggests that approximately 21 will transition to the high risk category, and 30 facilities will be added to the medium risk category.
- There may be public and environmentalist concerns that previous risk assessment methodology and resulting permits did not provide adequate protection, with homes and businesses sited near toxic emission sources being classified using the new assessment methodology as being at greater risk than previously believed.
- There are also concerns that some businesses that are critical to a functioning economy, such as gas stations, cannot further reduce their emissions without having to limit process rates, e.g. in the case of gas stations, reduce the number of gallons dispensed.
- A number of state ATCMs are based on the current risk methodology and have set control conditions accordingly. ARB will need to re-evaluate and possibly tighten controls in the ATCMs. This will cause the District to have to revise permits affected by the ATCM; and possibly require retrofitting of emission controls.

OEHHA, ARB, CAPCOA, and various districts have been meeting to discuss the issues that all will be faced with due to this new methodology, and are working on collective efforts on communication and outreach, and the implementation of the new methods. At this time, no implementation strategies have been agreed upon. A number of options are being considered, including:

- Districts increase their risk thresholds for permitting, CEQA, and Hot Spots to accommodate the higher risk numbers
- ARB revise the Hot Spots program to allow higher risk
- Districts use less conservative assumptions in performing the risk assessment to limit the increased risk
- Districts re-evaluate risk per the new guidelines and utilize current thresholds.

ATTACHMENT # 2

SUBJECT

Upcoming Changes in California's Air Toxics Program



Upcoming Changes in California's Air Toxics Program

California's Air Toxics Improvement: California has significantly reduced the concentration of toxic air pollutants in the air and the risk of getting cancer from breathing those pollutants is now 80% lower than it was in 1990. Emissions of toxic air pollutants have been substantially reduced and, in some cases eliminated, due to changes in equipment and processes, which also reduces the health impacts on Californians living and working near those air pollution sources. These reductions happened while California added 8 million people and 8 million cars and our economy grew by 70%.

California's Air Toxics Program: A comprehensive suite of laws, regulations, and programs weave together federal, state, and local requirements to reduce exposure to toxic air pollutants and inform the public about the issues. Among other requirements, state law requires industries and businesses in California to maintain inventories of their emissions of over 180 pollutants that can cause adverse health impacts.

- Air Districts review and prioritize inventories and health risk assessments, notify the public where risk is significant, and require risk reduction at higher risk facilities. Air Districts also review risks from new or modified operations, require the best available control of toxic emissions, and can deny permits as appropriate. Districts also implement aggressive toxic reduction rules, evaluate impacts in local communities, and provide grants that reduce toxic emissions.
- Statewide regulations by the Air Resources Board require cleaner fuels (like lead-free gasoline) and improved technology resulting in significantly cleaner trucks, buses and construction equipment, as well as substantial reductions in hexavalent chromium from plating, perchlorethylene from dry cleaning, and other important rules. ARB also supports many of the Air Districts' efforts.
- Investments by businesses to comply with, and many times achieve emission reductions beyond, these requirements, and consistent advocacy by the environmental community and the public, have helped bring cleaner air to California's communities.

Upcoming Program Changes: The Office of Environmental Health Hazard Assessment (OEHHA) Health Risk Assessment Guidelines underpin much of California's Air Toxics Program. OEHHA reviews advances in science concerning health effects and exposure assessment and periodically updates the Guidelines.

- Studies over the last 10 years show children are exposed differently to pollutants in the environment – compared to adults – and those exposures have a different effect on their health. The Legislature directed OEHHA to ensure the Guidelines consider and protect children's health.
- OEHHA proposed updates to the Guidelines on June 20, 2014 that better characterize early childhood exposures, and refine exposure assessment for all ages. The updates incorporate three peer-reviewed elements that were completed in 2008, 2009, and 2012.

- The combined effect of the updates will result in different calculations of the health risk posed by breathing toxic pollutants in the air. In most cases, calculated risks will be higher – ranging from a very small increase to as much as a factor of 2.7, depending on exposure type and other parameters.

Next Steps: OEHHA is accepting comments on the proposed revisions to the Guidelines (see below) after which they will be presented to the Scientific Review Panel for approval, likely in the fall of 2014. During this time, Air Districts and ARB are taking a number of steps to prepare for new risk assessment methods.

- Air Districts and ARB are reviewing their rules, programs, and policies to determine what changes may be needed to implement the revised Guidelines. This includes ARB’s inventory and risk management guidance as well as the Hot Spots Analysis Reporting Program (HARP) software; the California Air Pollution Control Officers Association Prioritization Guidelines; and local permitting, public notification, and risk reduction requirements. Other state and local rules and emission control strategies will also be evaluated for potential updates, as well as ARB’s Land Use Handbook and Air District guidance to lead agencies under the California Environmental Quality Act.
- Air Districts will also require and review revised risk assessments for facilities subject to requirements under the Air Toxics Hot Spots program, beginning with the highest risk facilities, and will use the quadrennial update process to complete the review. Air Districts will work with ARB to identify specific categories of facilities to streamline and expedite the review process.
- The Air Districts and ARB are committed to have key tools and processes in place in time to ensure a smooth transition to new risk assessment procedures.

Workshops and Hearings:

- There will be two public workshops on the proposed Guidelines changes (July 15, 2014, in Diamond Bar, and July 16, 2014, in Sacramento) and comments are due on August 4, 2014. Information about the hearings, instructions to submit comments, and the proposal and supporting documents are available at:
http://oehha.ca.gov/air/hot_spots/riskguidancedraft2014.html.
- The ARB will hold an informational update during its Board meeting on July 24 and 25, 2014, about the OEHHA proposal and the efforts by ARB and the Air Districts to prepare for and implement the changes.
- Air Districts are engaging local stakeholders, and will hold workshops and hearings as appropriate for changes to their local programs.

For the Placer County Air Pollution Control District, please contact Todd Nishikawa, at (530) 745-2322 or tnishika@placer.ca.gov, if you have any questions.

Placer County APCD will post on its webpage any changes determined to be appropriate.



Board Agenda

APCO Report

Agenda Date: August 14, 2014

Air Pollution Control Officer Report:

1. Art Walk and Electric Vehicles Showcase (attached press release regarding event)
2. Fiscal update (financial report to be provided at board meeting)

For Immediate Release

August 1, 2014

Contact: Heather Kuklo at (530) 745-2339

The PCAPCD will be Showcasing Electric Vehicles at the Next Auburn Art Walk

The Placer County Air Pollution Control District (District) has hosted local artists and participated in the Auburn Art Walk for about three years now. The District's old town location and venue have provided a great opportunity for such participation and is now featuring multi-talented artist and painter Karen Fulk (<http://karenfulk.com/PAINTINGS/SCENES/scene.htm>). To add to her amazing art, which will be on display at the District's Office at 110 Maple Street, the District is also planning to showcase in its parking lot several modern electric vehicles (EV) for Art Walk visitors and guests to check out up close. The EVs, which are privately owned, have been made available through the Sacramento Electric Vehicle Association (<http://www.saceva.org/#!objectives/c1s63>). The owners of the EVs will also be present to share their personal experiences and knowledge about their cars and introduce to visitors the new generation of EVs now on the market. The District expects at least nine different models to be showcased, including the Tesla S, Nissan Leaf, and Chevy Volt.

Even though vehicular sources are not in the District's regulatory jurisdiction, they are a large contributor to air pollution within the region and so it has always been part of the District's mission to support and encourage alternative fueled technologies such as electric vehicles. The District is really looking forward to making this technology available at the next Art Walk on August 14th from 6 pm to 9 pm. If you have time, come by for a visit and check out the art and electric vehicles. For more information on the Auburn Art Walk, tour maps, and featured artists, go to <https://www.placerarts.org/>.

Location:

Placer County Air Pollution Control District

110 Maple Street

Auburn, CA 95603

(across from the courthouse on the corner of Maple and Lincoln)

Proposed List of Vehicles:

1. Accord PHEV
2. Nissan LEAF
3. Chevy Volt
4. Spark EV
5. Rav 4 EV
6. Coda EV (no longer manufactured)
7. Tesla Roadster
8. Tesla Model S
9. Tesla Model S