



AGENDA:
PCAPCD Board of Directors Meeting
Thursday, February 19, 2015 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

2015 Board of Directors Introduction / Mike Holmes Acknowledgment

Page 3 **Approval of Minutes:** October 9, 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.

Consent: Items 1 and 2

Page 6 **1. Use of Air Quality Mitigation Funds for the 2015 Clean Air Grant Program.** Adopt Budget Revision #15-01, thereby authorizing the Air Pollution Control Officer to use the available funds in the Mitigation Fund for the 2015 Clean Air Grant program.

Page 9 **2. Accept Funds Used for Black Carbon Research.** Adopt Budget Revision #15-02, thereby authorizing the Air Pollution Control Officer to use the available funds received in the Black Carbon Research Fund for professional services to initiate development of a Black Carbon offset credit protocol.

Public Hearing/Action: Item 3

Page 10 **3) Adoption of Amended Rule 515, Stationary Rail Yard Control Emission Reduction Credits.** Conduct a Public Hearing regarding the proposed approval of amended Rule 515; and adopt Resolution #15-01, thereby approving amended Rule 515 and the findings in the Staff Report.

Information: Items 4 and 5

Page 44 **4) 2015 Regulatory Measures List for 2015.** As required by statute, the District has published a list, prior to January 1, 2015, of regulatory measures that may be considered for adoption in calendar year 2015.

Page 53 **5) Progress Report on the Implementation of the District's Strategic Information Technology Master Plan.** District Staff wish to provide a progress report and obtain feedback from the District Board of Directors on the implementation of the Strategic Information Technology Master Plan.

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Air Pollution Control Officer Report

- Page 56** a. 2015 Clean Air Grant outreach and schedule of events
Page 58 b. Fiscal update – financial report will be provided at meeting
ap update/expense reimbursement direction

Adjournment

Next Regularly Scheduled Board Meeting: April 9, 2015, 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



Minutes of the Thursday, October 9, 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, October 9, 2014, at the Placer County Board of Supervisors' Chambers, 175 Fulweiler Avenue, Auburn, California.

Representing the District were: Tom Christofk, Air Pollution Control Officer; A.J. Nunez, Administrative Services Officer; 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: Kim Douglass, Jennifer Montgomery, Stan Nader, Mike Holmes, Robert Black, Jim Holmes, and Diana Ruslin. Carol Garcia and Robert Weygandt were absent. A quorum was established.

Approval of Minutes: August 14, 2014, Regularly Scheduled Meeting.

Motion to approve minutes: Diana Ruslin. Unanimously approved.

Public Comment: There were no comments from the public.

Public Hearing/Action: Item 1

- 1. Adoption of Amended Rule 610, Air Toxics "Hot Spots" Fees.** *Conduct a Public Hearing regarding the approval of amended Rule 610; and adopt Resolution #14-16, thereby approving the proposed amendments and the findings contained in the Staff Report.*

Mr. John Finnell introduced District consultant, Mr. Don Duffy, who is a recently retired District employee. Don Duffy worked for the District as an Associate Engineer in the Permitting and Engineering Section. Mr. Duffy presented the District's proposal for amending Rule 610. He explained that Rule 610 was originally adopted in 1995, and put into place as a result of work that the California Air Resources Board (ARB) was doing to get information from industries in California about their toxics emissions. Rule 610 was amended in 1998 in response to a major ARB expansion of the "Hot Spots" program, entitled AB2588, Air Toxics "Hot Spots" Information and Assessment Act of 1987. The purpose of this rule is to recover both state and District costs associated with implementing this program. The fees specified in the rule are currently inadequate to cover the current state and District costs, and the fees haven't been amended for 16 years. The funding shortfall has been covered by using discretionary funds, mainly from stationary source permit fees. The amended hot spots fees will be effective upon adoption of the rule amendment.

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Mr. Duffy described what this Rule 610 amendment addresses, as follows:

- Updates fees to cover State and District costs
- Charges the State fee separately from the District fee
- Removes fee amounts from Rule 610 and adds them to the District Fee Schedule, as is done with permit fees
- Provides for annual fee adjustments, per the California Consumer Price Index
- Adds stationary diesel engines as an industrywide category
- Revises penalties for non-payment of fees

Mr. Duffy concluded by stating that the District is requesting that the Board adopt Resolution 14-16, thereby approving amended Rule 610, Air Toxics “Hot Spots” Fees.

Board Chairperson, Mike Holmes asked about the term “Hot Spots”. Mr. Duffy explained that “Hot Spots” refers to very risky geographical areas, in terms of toxic emissions. Mr. Holmes also asked for clarification about whether the District would still collect the state fee, then submit payment to the state; Mr. Duffy confirmed this. Chairperson Holmes asked if adding diesel engines in the rule would affect the reporting requirements of the emergency generators used in the County. Mr. Duffy responded that the District already requires facilities to do this information reporting.

Director Nader asked if there is a third party test of facilities’ emissions based on the information they report. Mr. Duffy explained that for engines, the District calculates emissions based on hours of operation. Manufacturers provide emission factors based on number of hours operated. The more complex facilities are required to send a report every four years of the toxic emissions that came out of that facility. These emissions are usually calculated based on hours of operation/quantity of fuel. However, there have been times when the District has asked facilities to perform toxics emissions tests. These tests, which are performed by state approved independent environmental contractors, provide reliable emission factors of the toxics from the facility, based on each hour of operation.

Motion to approve Action Item 1: Jennifer Montgomery. Unanimously approved via roll call vote.

Information: Item 2

- 2. Drought, El Niño, and Air Quality.** *Information item wherein Chris Smallcomb, Warning Coordination Meteorologist at the National Weather Service forecast office in Reno, presented information regarding the current drought and provided the latest projections for the upcoming winter, along with the potential impacts to regional air quality.*

Mr. Tom Christofk introduced Mr. Chris Smallcomb, who is the primary liaison between the National Weather Service and the emergency management, public safety and media partners in Eastern California and Western Nevada, including the Tahoe Basin and Eastern Placer County.

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Mr. Smallcomb began by discussing new research on the cycles of droughts, explaining the difficulty in predicting if a drought will begin or end. He illustrated that our area is still about one year behind on normal precipitation since October, 2011, and that summer storms have a minimal impact on drought. He stated that the probability of the El Niño Southern Oscillation (ENSO) occurring this winter is 65%, but explained that El Niño is not a good predictor of winter weather. Mr. Smallcomb emphasized that it is also difficult to forecast winter precipitation because a few big storms, which are impossible to predict months ahead, account for a significant portion of our annual rain and snow. He pointed out that continued drought leads to increased inversion frequency, reduced air mixing, and higher pollutant levels; whereas when drought decreases, winds and precipitation increase, there is more air mixing, and pollutant levels are lower.

Air Pollution Control Officer Report

Mr. Christofk announced that the Auburn Art Walk was occurring that night, with the District office highlighting District contractor, Tom Thompson's photography of the American River Canyon.

Ms. A.J. Nunez provided a fiscal update for the end of the first quarter of FY 14-15. The District is 50% below on expenditures, and 26% above on revenues, which is normal for this time of year.

Adjournment

Chairperson Mike Holmes adjourned the meeting at 3:34 p.m.



Shannon Harroun, Clerk of the Board



Board Agenda Item 1

Consent

Agenda Date: February 19, 2015

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

Topic: Use Air Quality Mitigation Funds for the 2015 Clean Air Grant Program

Action Requested: Adopt Budget Revision #15-01 (Attachment #1), thereby authorizing the Air Pollution Control Officer to use the available funds in the Mitigation Fund for the 2015 Clean Air Grant Program.

Discussion: The Mitigation Fund received an additional \$85,275.00 in revenue for the build-out of approved mitigation plan projects. The District has disencumbered DMV funds due to a CAG contract adjustment in the amount of \$23,310.00. These available funds, if approved for addition to the FY 2014-15 budget for Clean Air Grants (\$982,077), will bring the total funding for the 2015 CAG program to \$1,090,662.

Fiscal Impact: There will be no fiscal impact to the District's existing budget if these funds are approved to be used for the CAG program, as the additional funds that increase the budget will be expensed as grants. The District is requesting that the Board approve the use of now available funds from the Mitigation Fund for the 2015 CAG program.

Recommendation: Staff recommends that the Board adopt Budget Revision #15-01, thereby approving the use Air Quality Mitigation Funds for Clean Air Grants in 2015.

Attachment: #1. Budget Revision #15-01; Use of Air Quality Mitigation Funds for the 2015 Clean Air Grant Program.

ATTACHMENT #1

SUBJECT:

Budget Revision #15-01
Use of Air Quality Mitigation Funds
for the 2015 Clean Air Grant Program



Board Agenda Item 2

Consent

Agenda Date: February 19, 2015
Prepared By: A.J. Nunez, Administrative Services Officer
Topic: Accept Funds Used for Black Carbon Research

Action Requested: Adopt Budget Revision #15-02, thereby authorizing the Air Pollution Control Officer to use the available funds received in the Black Carbon Research Fund for professional services to initiate development of a Black Carbon offset credit protocol.

Discussion: The District budget contains funding for Black Carbon Research (BCR) in the amount of \$25,000 and Wild Fire Mitigation (WFM) in the amount of \$10,000. These funds remain unspent thus far in the current FY 2014-15 budget. The District has solicited financial pledges from, and is partnering with, federal, state, and local agencies, as well as private companies and non-profit organizations, to provide additional funding for these two projects. The work will occur over several fiscal cycles due to the scientific research demands and the complexity of the topics. The District has established individual fund accounts for BCR and for WFM in order to manage and track funds received and expended for each account. Sacramento Metropolitan Air Quality Management District (SMAQMD) has recently provided \$10,000 for BCR. These available funds, if approved for addition to the FY 2014-15 Budget for BCR (\$25,000), will bring the total funding for this project to \$35,000. It is anticipated that the District will receive funds for WFM from partners invested in this research effort in the near future to augment the \$10,000 in our budget and allow for initiation of the work plan. When such funding for the WFM is received, staff will again prepare a budget revision for your consideration.

Fiscal Impact: There will be no fiscal impact to the District's existing budget if these funds are approved to be used for the BCR project, as the additional funds that increase the budget will be expensed for professional services. The District is requesting that the Board approve the use of now available funds from the BCR Fund for professional services to develop a Black Carbon offset credit protocol.

Recommendation: Staff recommends that the Board adopt Budget Revision #15-02, thereby approving the use Black Carbon Research Funds for professional services to initiate development of a Black Carbon offset credit protocol.



Board Agenda Item 3

Public Hearing/Action

Agenda Date: February 19, 2015

Prepared By: Don Duffy, Consultant to the Air Pollution Control District

Topic: Adoption of Amended Rule 515, Stationary Rail Yard Control Emission Reduction Credits

Action Requested:

- 1) Conduct a Public Hearing regarding the proposed approval of amended Rule 515, Stationary Rail Yard Control Emission Reduction Credits.
- 2) Adopt Resolution #15-01 (Attachment #1), thereby approving amended Rule 515, Stationary Rail Yard Control Emission Reduction Credits, and the findings in the Staff Report (Attachment #2).

Introduction: The purpose of Rule 515, Stationary Rail Yard Control Emission Reduction Credits, is to provide owners of a rail yard a mechanism for quantifying, certifying, and banking emission reductions from the installation and use of a control device which reduces emissions from locomotive engines in rail yards. Rule 515 has been reviewed by EPA for incorporation into the State Implementation Plan (SIP), which resulted in several unofficial issues to be corrected before the rule can be approved. The District agreed to withdraw the rule from SIP consideration and amend it to resolve the EPA approval concerns.

When the owner or operator of a stationary source of air pollution wishes to install a new source or modify an existing source of air pollution, he must obtain a permit from the District. The District evaluates the new air emissions through a process called New Source Review. If the increase in criteria pollutants is above a certain threshold, the owner or operator must “offset” these emissions by providing for reduced emissions from another nearby source. This is done through acquiring Emission Reduction Credits (ERC). ERCs are generated for facilities that reduce emissions according to District rules. Rule 504, Emission Reduction Credits is the general rule and applies to most situations. Rule 515, Stationary Rail Yard Control Emission Reduction Credits, is a specific rule that applies only to rail yards.

Background: Rule 515 was promulgated on October 8, 2008 and sent to the California Air Resources Board (ARB) on November 5, 2008 and then submitted to EPA for SIP consideration by ARB on December 23, 2008.

In June 2014, an EPA staff member contacted the District to notify the District that Rule 515 was being reviewed for SIP approval and that there are several issues that make the rule un-approvable as written. The rule was withdrawn from SIP consideration by a letter from the District to ARB on July 7, 2014. EPA and the District agreed to collaborate on finding acceptable rule language to allow the rule to be re-submitted for SIP approval. This amendment incorporates the changes agreed to by both EPA and the District.

Rule 515 is an outgrowth of the December, 2004 Memorandum of Understanding (MOU) between the District and Union Pacific Railroad Company to reduce emissions from the J.R. Davis Rail Yard in Roseville. One of the elements of this work was development and feasibility testing of control equipment capturing and treating diesel exhaust emissions from stationary locomotive engines at the yard. This control equipment was called the Advanced Locomotive Emission Control System (ALECS) and often referred to as the “hood”. ALECS demonstrated over 90% control of NO_x, SO_x, and PM-10/PM-2.5.

This rule was promulgated to provide a means of obtaining emission reduction credits (ERCs) for installing and operating such a control system on locomotive exhaust at the rail yard.

Amendments of Rule 515: The agreed upon amendments to the rule make it more enforceable and assure that emission reductions will be obtained to sustain the Emission Reduction Credits issued pursuant to the rule. The primary changes in the rule to make it SIP approvable are:

- Amend “owners and operators” to be only “owners” so that possible third party operators without control of the rail yard are not responsible for achieving the emission reductions.
- Strengthen the Violations section by requiring a compliance plan from the operator to specify how an emission shortfall will be made up. The rule specifies a two-step process.
- Remove the reference to District Rule 404, Upset Conditions, Breakdown or Scheduled Maintenance.

Fiscal Impact: The amendment of Rule 515 will have insignificant fiscal impact on any persons using the rule, compared with business under the current rule.

Public Comment: The amendments to the rule were developed in coordination with EPA to assure SIP approval. A notice was published in a local newspaper on January 11, 2015 and posted on the District’s web site announcing the public hearing and giving instructions on how to obtain information on the proposed amendment.

The staff report and proposed amendment were sent to Union Pacific Railroad, the only party that will be able to obtain ERCs pursuant to Rule 515.

Recommendation: Staff recommends adoption of Resolution #15-01, (Attachment #1), thereby approving amended Rule 515, Stationary Rail Yard Control Emission Reduction Credits, and the findings in the Staff Report of Attachment #2.

- Attachments:**
- #1: Resolution #15-01, Adoption of Amended Rule 515, Stationary Rail Yard Control Emission Reduction Credits, and Exhibit 1, Rule 515, Stationary Rail Yard Control Emission Reduction Credits
 - #2: Staff Report, and Exhibit 1, Strike-Out Version of Rule 515, Stationary Rail Yard Control Emission Reduction Credits

ATTACHMENT #1

SUBJECT

Resolution #15-01, Adoption of Amended Rule 515,
Stationary Rail Yard Control Emission Reduction Credits



Board Resolution:
Resolution #15-01

Before the Placer County Air Pollution Control District Board of Directors

In the Matter Of: Approval of an Amendment of the Placer County Air Pollution Control District’s Rule 515, Stationary Rail Yard Control Emission Reduction Credits.

The following **RESOLUTION** was duly passed by the Placer County Air Pollution Control District Board of Directors at a regular meeting held on **February 19, 2015**, by the following vote:

- Ayes: Berlant _____ Douglass _____ Nader _____ Weygandt _____ Black _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
- Noes: Berlant _____ Douglass _____ Nader _____ Weygandt _____ Black _____
 Holmes, J. _____ Ruslin _____ Montgomery _____ Garcia _____
- Abstain: Berlant _____ Douglass _____ Nader _____ Weygandt _____ Black _____
 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, Section 40709 of the California Health and Safety Code requires that districts establish, by regulation, a system by which all reductions in the emission of air pollutants which are to be used to offset future increases in emissions are banked prior to their use as offsets; and

WHEREAS, the District is required to consider the relative cost effectiveness of control measures by Health and Safety Code Sections 40922 and 40703, this proposed rule is not a control measure so these sections do not apply; 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; and

NOW, THEREFORE, BE IT RESOLVED, that this Board approves and adopts the amendment of Rule 515, Stationary Rail Yard Control Emission Reduction Credits, 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 for approval as a revision to the State Implementation Plan (SIP).

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 as 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.

RESOLUTION #15-01 EXHIBIT 1

Proposed Amended Rule 515,
Stationary Rail Yard Control Emission Reduction Credits

RULE 515 STATIONARY RAIL YARD CONTROL EMISSION REDUCTION CREDITS

Adopted October 9, 2008
(Amended February 19, 2015)

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100 GENERAL

101 PURPOSE: To provide the owners of a rail yard a mechanism for quantifying, certifying, and banking emission reductions from the installation and use of a control device which reduces emissions from locomotive engines in rail yards.

102 APPLICABILITY:

102.1 Geographic: The provisions of this rule apply to rail operations located anywhere in Placer County.

102.2 Application: This rule applies to the owner of a rail yard who installs a control device to reduce emissions from locomotive engines to generate ERCs. The use of ERCs for offsets is subject to the requirements of Rule 502, NEW SOURCE REVIEW and Section 304 of this rule.

102.3 Severability: If any section, subsection, sentence, clause, phrase, or portion of this rule is, for any reason, held invalid, unconstitutional, or unenforceable by any court of competent jurisdiction, that portion shall be deemed as a separate, distinct, and independent provision, and the holding shall not affect the validity of the remaining portions of the rule.

200 DEFINITIONS

201 ACTUAL EMISSIONS: The emissions measured by a certified CEMS at the inlet of a control device which reduces emissions from locomotive engines in rail yards.

202 ACTUAL EMISSION REDUCTIONS: Actual emission reductions means the difference in emissions exiting a control device and emissions entering a control device, as measured by a certified CEMS.

203 APCO: Air Pollution Control Officer.

204 APPLICANT: The owners of a rail yard submitting an application to bank ERCs and obtain ERC certificates in accordance with this rule.

205 BANKING: The system of quantifying, adjusting, certifying, recording, and registering ERCs for future use or transfer. This system shall be called the Emission Reduction Credit Bank (ERC Bank).

206 CEMS: Continuous emission monitoring system.

207 CERTIFIED ERCs: ERCs which have been evaluated under the requirements of this rule and other applicable District, state and federal rules and regulations and which have been authorized by the Air Pollution Control Officer.

208 CONTROL DEVICE: Stationary equipment used to treat and/or control various air emissions such that the outlet emissions are less than the inlet emissions.

209 EMISSION REDUCTION CREDITS (ERCs): Reductions of actual emissions that are registered with the District in accordance with the requirements of this rule.

210 EMISSION REDUCTION SHORTFALL: Amount of emissions in pounds that the quarterly emission reductions achieved by the control device falls short of the permit requirement.

211 ENFORCEABLE: Emission reductions and other required actions are enforceable if: (1) they are independently verifiable; (2) program and permit violations are defined; (3) those liable can be identified; (4) the U.S. Environmental Protection Agency (EPA) and the APCO

- maintain the ability to seek penalties for violations and, where applicable, to secure appropriate corrective action; (5) citizens have access to all the emissions-related information obtained from the source; (6) citizens can file suits against sources for violations; and (7) they are practicably enforceable in accordance with EPA guidance on practicable enforceability.
- 212 ERC CERTIFICATE:** A document which provides title to a defined quantity and pollutant type of ERC's issued by the District.
- 213 ERC OWNER:** The person or legal entity in whose name the ERC Certificate is issued and listed in the Register.
- 214 BASELINE ACTUAL EMISSIONS:** Baseline actual emissions are those exhaust emissions captured from locomotive engines and measured at the control device inlet during the first four calendar quarters of operation after the CEMS has been certified.
- 215 OFFSET:** The use of an ERC to compensate for an emission increase of an affected pollutant from a new or modified source subject to the requirements of Rule 502, NEW SOURCE REVIEW.
- 216 PERMANENT:** Permanent means the actual emission reductions continue or endure for the duration of any project utilizing the resulting ERCs as offsets.
- 217 PRIORITY RESERVE BANK:** A depository for preserving ERCs pursuant to Rule 505, PRIORITY RESERVE.
- 218 QUANTIFIABLE:** Ability to reliably replicate measured emission reductions by adhering to the quantification protocol.
- 219 QUARTERLY:** Pertaining to any calendar quarter beginning in January, April, July, and October.
- 220 REAL:** Actually occurring, implemented, and not artificially devised.
- 221 REGISTER:** The document that records all ERC deposits, withdrawals, transfers, and transactions.
- 222 RELATIVE ACCURACY TEST AUDIT (RATA):** A quality performance procedure performed pursuant to 40 CFR Part 60, Appendix F, Procedure 1 to certify the accuracy of the continuous emissions monitors.
- 223 SURPLUS:** The amount of emission reductions that are, at the time of generation of an ERC, not otherwise required by federal, state, or local law, not required by any legal settlement or consent decree, and not relied upon to meet any requirement related to the California State Implementation Plan (SIP). However, emission reductions required by a state statute that provides that the subject emission reductions shall be considered surplus may be considered surplus for purposes of the Rule if those reductions meet all other requirements of this section. Examples of federal, state, and local laws and of SIP-related requirements include, but are not limited to, the following:
- 223.1 The federally-approved California SIP;
- 223.2 Other adopted State air quality laws, and regulations not in the SIP, including but not limited to, any requirement, regulation, or measure that: (1) the District or the State has included on a legally-required and publicly-available list of measures that are scheduled for adoption by the District or the State in the future; or (2) is the subject of a public notice distributed by the District or the State regarding an intent to adopt such revision;

- 223.3 And other source- or source-category specific regulatory or permitting requirement, including, but not limited to, Reasonable Available Control Technology (RACT), New Source Performance Standards (NSPS), National Emission Standards for Hazardous Air Pollutants (NESHAP), Best Available Control Measures (BACM), Best Available Control Technology (BACT), and the Lowest Achievable Emission Rate (LAER); and
- 223.4 Any regulation or supporting documentation that is required by the federal Clean Air Act but is not contained or referenced in 40 C.F.R. Part 52, including but not limited to: assumptions used in attainment and maintenance demonstrations (including Reasonable Further Progress demonstrations and milestone demonstrations), including any proposed control measure identified as potentially contributing to an enforceable near-term emissions reduction commitment; assumptions used in conformity demonstrations, and assumptions used in emissions inventories.

224 TRANSFER: The change in ownership of an ERC from one person or legal entity to another.

300 STANDARDS

301 CONTROL DEVICE PERMIT REQUIREMENTS:

- 301.1 The applicant shall obtain a permit pursuant to Rule 501, GENERAL PERMIT REQUIREMENTS to install a stationary control device in rail yards for the purpose of reducing exhaust emissions from locomotive engines.
- 301.2 The control device permit shall include enforceable conditions that ensure compliance with the applicable portions of Section 500 – Monitoring, Testing, Recordkeeping, and Reporting.

302 PROPOSED ERC ISSUANCE: Prior to proposing issuance of an ERC certificate pursuant to Section 402.6 of this rule, the APCO shall make the following determinations:

- 302.1 The actual emission reductions are real, surplus, enforceable, permanent, and quantifiable.
- 302.2 The continuous monitors used to measure inlet and outlet emissions of the control device meet the requirements of Section 500 of this rule.
- 302.3 The analysis provided by the applicant of historical locomotive activity and expected future emission reductions in the locomotive fleet are adequate to project future actual emission reductions by the control device.
- 302.4 Actual emissions reductions have been calculated and adjusted pursuant to the provisions of Sections 404 and 405 of this rule, respectively.
- 302.5 The applicant has paid the fees required pursuant to Rule 601, PERMIT FEES.

303 FINAL ERC ISSUANCE: The APCO shall not issue an ERC certificate until the permit for the control device responsible for creating the emission reductions has been modified to include, at a minimum, the following:

- 303.1 The minimum quantity of ERC pollutant(s) to be removed from the exhaust stream per quarter, and
- 303.2 Conditions that ensure compliance with the applicable portions of Section 500 – Monitoring, Testing, Recordkeeping and Reporting, and
- 303.3 A statement that the permittee may not retire the permit for the control device unless the rail yard is shutdown or the permittee surrenders to the District a Certified ERC

certificate for the same quantity of quarterly emission reductions required by the permit.

303.4 Statements that incorporate all of the provisions of Section 406 – Violations.

304 RESTRICTIONS ON USE OF ERCs:

304.1 The use of PM₁₀ and/or PM_{2.5} ERCs generated pursuant to this rule shall not be used to provide offsets for diesel particulate matter. The ERC certificate shall contain a statement prohibiting such use.

304.2 ERCs generated pursuant to this rule from locations in Federal Attainment Areas shall not be used for offsets in Federal Non-attainment Areas.

400 ADMINISTRATIVE REQUIREMENTS

401 APPLICATION PROCEDURES:

401.1 The applicant shall submit an application on forms supplied by the District.

401.2 The application may be for reductions of one or more affected pollutants. The application shall contain sufficient information to allow for adequate evaluation of the actual emission reductions. At a minimum, for each pollutant for which an ERC certificate is requested, the application shall contain emissions data from a certified CEMS for a minimum of four consecutive calendar quarters.

401.3 The applicant shall provide an analysis of historical locomotive activity at the control device location to support emission calculations and show reasonable expectation that a specific amount of emission reductions can be achieved on an on-going basis, taking into account lower than expected activity level, and other factors.

401.4 The applicant shall provide an analysis of expected future emission reductions in the locomotive fleet as the fleet is upgraded with newer, lower-emitting locomotives.

401.5 The applicable fees shall be submitted pursuant to Rule 601, PERMIT FEES.

402 ADMINISTRATIVE PROCEDURES AND TIMETABLE:

402.1 The APCO shall determine whether an ERC application is complete no later than thirty (30) calendar days following receipt of the application, or after a longer time period if agreed upon in writing by both the applicant and the APCO.

402.2 Upon determination that the application is complete, the APCO shall notify the applicant in writing. Thereafter, only information to clarify, correct, or otherwise supplement the information submitted in the application may be requested by the District.

402.3 If the APCO determines that the application is not complete, the applicant shall be notified, in writing, of the decision, specifying the additional information that is required. The applicant shall have sixty (60) days, or a longer time period agreed upon in writing by both the applicant and the APCO, to submit the requested information. Upon receipt of additional information, the APCO shall have another thirty (30) days to determine completeness. If no information is submitted or the application is still incomplete, the APCO may cancel the application with written notification to the applicant.

402.4 Withdrawal of an ERC application by the applicant shall result in cancellation of the application. Any re-submittal shall be processed as a new application.

- 402.5 Upon determination that an application is complete, the APCO shall have 180 calendar days to take final action. During this time period, the District shall follow the public notification procedures in Subsections 402.6, 402.7, and 402.8.
- 402.6 Upon completion of the preliminary evaluation of the application, the APCO shall provide written notice of such to the applicant, the ARB, and EPA and publish a public notice in a local newspaper of general circulation. The public notice shall specify the applicant, the quantity of ERCs proposed to be certified and the location where a copy of the preliminary evaluation and proposed revised operating permit may be inspected.
- 402.7 Publication of the public notice required in Subsection 402.6 shall commence a thirty (30) day public comment period during which the APCO shall accept written comments on the merits of the preliminary evaluation. Upon conclusion of this thirty (30) day period, the APCO shall have another thirty (30) days to render a final decision to approve, conditionally approve, or deny the application taking into consideration all written comments. This final decision shall be provided in writing to the applicant, any commenters, the US Environmental Protection Agency, and the California Air Resources Board.
- 402.8 The APCO shall make available for public inspection at the District's office the information submitted by the applicant and the APCO's preliminary evaluation no later than the date the public notice of the preliminary decision is published.
- 402.9 The applicant or any other party may appeal the APCO's final decision in accordance with Regulation 7, PROCEDURE BEFORE THE HEARING BOARD.
- 403 REGISTRATION OF EMISSION REDUCTION CREDITS:** ERC certificates issued in accordance with this rule shall be registered and maintained by the District according to the provisions of Rule 504, EMISSION REDUCTION CREDITS, Section 410, Registration and Section 411, ERC Register, respectively.
- 404 QUANTIFICATION PROTOCOL:** The following procedures shall be used to calculate actual emission reductions achieved by installing a control device to reduce locomotive exhaust emissions.
- 404.1 Actual emission reductions shall be calculated for each calendar quarter by subtracting measured emissions exiting the control device from measured emissions entering the control device, as measured for each pollutant by a CEMS which complies with the requirements of Sections 501 and 502.
- 404.2 ERCs for particulate matter emission reductions shall be expressed in terms of PM₁₀ and/or PM_{2.5}.
- 404.3 ERCs for nitrogen oxides, reactive organic compounds, carbon monoxide, sulfur oxides, PM₁₀ and PM_{2.5} shall be quantified in terms of pounds of pollutant per quarter for each calendar quarter.
- 404.4 Emission calculations for quantifying emission reductions shall be based upon at least four consecutive calendar quarters of CEMS data.
- 405 EMISSION REDUCTION CREDIT ADJUSTMENTS OF CALCULATED CREDITS:** Before the APCO may issue an ERC certificate, the actual emission reductions calculated for each calendar quarter pursuant to Section 404 shall be reduced by the following amounts:
- 405.1 The APCO shall retire 10% of the calculated quantity of NO_x emission reductions for air quality benefit.

- 405.2 The APCO shall transfer an additional 5% of the calculated quantity of emission reductions to the Priority Reserve Bank.
- 405.3 The APCO shall retire an equivalent percentage of the calculated quantity of emission reductions to account for expected future improvements in the fleet, as determined by Section 401.4.

406 VIOLATIONS:

- 406.1 Failure to comply with any provision of this rule or permit condition established pursuant to this rule shall constitute a violation of this rule.
- 406.2 Failure to provide the quarterly emission reduction incorporated in the permit to operate for the control device shall be considered an emission reduction shortfall and shall be a separate violation for each day of the quarter. If an emission reduction shortfall occurs, the permittee shall take the following corrective actions in order:
- 406.2.1 The permittee shall average the actual emission reductions reported for the previous four quarters to determine if a sufficient quantity of actual emission reductions occurred to satisfy the quarterly emission reduction requirement on an annual basis. If the annual emission reductions satisfy the quarterly emission reduction requirement, the violation will be deemed resolved, if not the permittee shall comply with (ii) below.
- 406.2.2 The permittee shall submit a compliance plan quantifying the amount of the emission reduction shortfall and indicating how the emission reduction shortfall will be remedied within the next 4 quarters. Such remedies may include cancelling any unused ERCs, reducing additional emissions during any of the next four quarters, such that on an annual basis the required quarterly amount of emission reductions is provided, or purchasing and retiring the necessary amount of ERCs.
- 406.3 Unnecessary idling or load testing for the sole purpose of providing the quarterly emission reduction or make-up of a prior quarter shortfall in emission reductions shall be a violation of this rule and the permit to operate.
- 406.4 If a compliance plan is not submitted or any emission reduction shortfall is not made up within four quarters of the shortfall occurrence, and any portion of the ERC certificate remains unused, a portion of the ERC certificate equivalent to the shortfall shall be revoked by the District.
- 406.5 If activity levels at the rail yard fall below those projected pursuant to Section 401.3, the permittee may submit an application to revise the quarterly emission reductions required, based on the new activity levels. EPA must also provide written concurrence as to any new quarterly emission reduction requirement prior to issuance of a revised permit to operate.

500 MONITORING, TESTING, RECORDKEEPING AND REPORTING

501 CONTINUOUS MONITORS:

- 501.1 For each control device installed to generate ERCs, the applicant shall install, and thereafter operate, maintain, certify, and quality-assure a continuous emission monitoring system (CEMS) which measures the inlet and outlet stack gas concentrations for each pollutant for which an ERC is to be issued and the oxygen concentrations in ppmv. The measured concentrations shall be corrected to 15 percent oxygen on a dry basis.
- 501.2 The CEMS shall meet the applicable requirements of 40 CFR 60 Appendix B, Performance Specifications 2 and 3, and 40 CFR Part 60 Appendix F, Procedure 1.

The CEMS shall complete a minimum of one cycle of operations (sampling, analyzing and data recording) for each successive 15-minute period. CEMS for PM shall not be required to include condensables.

- 501.3 The CEMS shall be programmed to calculate and record the actual emission reductions achieved by the control device, measured in pounds, on a daily basis, and summed quarterly.
- 501.4 A CEMS certification test protocol shall be submitted to the District and EPA no later than 30 days prior to the test date to allow review of the test plan and to arrange for an observer to be present at the test. The protocol shall include a process for demonstrating the accuracy of the computer programming used to calculate emissions. The certification test shall be conducted in accordance with the submitted protocol and any changes required by the District or EPA. The applicant shall furnish the District and EPA a written report of the results of performance tests within 60 days of completion. Certification testing of the CEMS may be conducted as part of the initial performance test for each control device.
- 501.5 For each control device installed to generate ERCs, the applicant shall install, and thereafter maintain and operate a continuous monitoring system to measure and record the stack gas volumetric flow rate. The system shall meet the 40 CFR Part 52, Appendix E Performance Specifications.

502 TESTING:

- 502.1 The CEMS shall be tested annually and quarterly in accordance with the requirements of 40 CFR 60 Appendix F, Procedure 1. The PM testing shall include the filter catch only.
- 502.2 A performance test shall be performed on the control device once every five years, in accordance with the requirements of 40 CFR 60.13.

503 RECORDKEEPING AND REPORTING:

- 503.1 The control device permittee shall maintain CEMS records that contain the following: The occurrence and duration of any startup, shutdown or malfunction, performance testing, evaluations, calibrations, checks, adjustments, maintenance, duration of any periods during which a continuous monitoring system or monitoring device is inoperative, and emission measurements.
- 503.2 The control device permittee shall maintain records and submit a written report regarding operation of the control device and CEMS quarterly. The report is due on the 30th day following the end of the calendar quarter and shall include the applicable time and date of each period during which the CEMS was inoperative (monitor down time), except for zero and span checks, and the nature of system repairs or adjustments.
- 503.3 The owner of the control device shall prepare and submit to the District a quarterly report which is due on the 30th day following the end of the calendar quarter. The quarterly report shall detail the quantity and type of emissions reduced by operation of the control device; calculated pursuant to Section 404.1. If actual emission reductions achieved are less than the emission reduction requirements specified in the permit, the permittee shall also submit a compliance plan indicating how the emission reduction shortfall will be remedied.
- 503.4 All records required pursuant to this rule shall be kept for a minimum of five (5) years and made available to District inspectors upon request.

600 PROGRAM EVALUATION

- 601** The APCO shall evaluate this program at least once every 3 years after rule adoption and submit the evaluation program report to the EPA.
- 602** The evaluation report shall include for each applicant:
 - 602.1 The number of Certified ERCs issued for each pollutant (pounds per quarter).
 - 602.2 Actual emission reductions achieved for each pollutant (pounds per quarter).
 - 602.3 The average cost of ERCs (dollars per ton) by pollutant during the evaluation period.
 - 602.4 The attainment status for each pollutant for which an ERC was issued, at the ERC generation and use locations.
- 603** If there were any emission reduction shortfall, the evaluation report shall also describe:
 - 603.1 The number of quarters where there was a shortfall.
 - 603.2 The APCO's analysis of factors which contributed to the shortfall.
 - 603.3 Corrective measures taken to prevent recurrence of the shortfall.
 - 603.4 How long it took the rail yard owner to make up the shortfall.
- 604** The evaluation report shall also describe:
 - 604.1 Any unintentional beneficial or detrimental effects from the program.
 - 604.2 Cost savings, if any, experienced by sources from using these ERCs.
 - 604.3 Whether the APCO had sufficient resources to implement this program.
 - 604.4 Any lessons learned.

ATTACHMENT #2

SUBJECT

Staff Report: Rule 515, Stationary Rail Yard Control Emission Reduction Credits

**PLACER COUNTY
AIR POLLUTION CONTROL DISTRICT**

STAFF REPORT

**RULE 515 AMENDMENT
STATIONARY RAIL YARD CONTROL EMISSION
REDUCTION CREDITS**

February 19, 2015

**Prepared By:
Don Duffy,
Consultant to the Air Pollution Control District**

INTRODUCTION

The purpose of Rule 515, Stationary Rail Yard Control Emission Reduction Credits, is to provide owners of a rail yard a mechanism for quantifying, certifying, and banking emission reductions from the installation and use of a control device which reduces emissions from locomotive engines in rail yards. Rule 515 has been reviewed by EPA for incorporation into the State Implementation Plan (SIP) which resulted in several unofficial issues to be corrected before the rule can be approved. The District agreed to withdraw the rule from SIP consideration and amend it to resolve the EPA approval concerns.

When the owner or operator of a stationary source of air pollution wishes to install a new source or modify an existing source of air pollution, he or she must obtain a permit from the District. The District evaluates the proposed new air emissions through a process called “New Source Review”. If the increase in criteria pollutants is above a certain threshold, the owner or operator must “offset” these emissions by providing for reduced emissions from another nearby source. This is done through acquiring Emission Reduction Credits (ERC). ERCs are generated for facilities that reduce emissions according to District rules. Rule 504, Emission Reduction Credits, is the general rule and applies to most situations. Rule 515, Stationary Rail Yard Control Emission Reduction Credits, is a specific rule that applies only to the reduction of emissions from locomotives in rail yards.

BACKGROUND

Rule 515 was promulgated on October 8, 2008 and sent to the California Air Resources Board (ARB) on November 5, 2008 and then submitted to EPA for SIP consideration by ARB on December 23, 2008.

In June 2014 an EPA staff member contacted the District to notify the District that Rule 515 was being reviewed for SIP approval and there are several issues that make the rule un-approvable as written. The rule was withdrawn from SIP consideration by a letter from the District to ARB on July 7, 2014, in order to avoid formal disapproval occurring through a Federal Register Notice. EPA and the District agreed to collaborate on finding acceptable rule language to allow the rule to be re-submitted for SIP approval. This amendment incorporates the changes agreed to by both EPA and the District.

Rule 515 is an outgrowth of the December, 2004, Memorandum of Understanding (MOU) between the District and Union Pacific Railroad Company to reduce emissions from the J.R. Davis Rail Yard in Roseville. One of the elements of this work was development and feasibility testing of control equipment capturing and treating diesel exhaust emissions from stationary locomotive engines at the yard. This control equipment was called the Advanced Locomotive Emission Control System (ALECS) and often referred to as the “hood”. ALECS demonstrated over 90% control of NO_x, SO_x, and PM-10/PM-2.5.

This rule was promulgated to provide a means of obtaining emission reduction credits (ERCs) for installing and operating such a control system on locomotive exhaust at the rail yard. Because ERCs are difficult to create and are required for new large sources of air emissions, any ERCs

created through stationary locomotive emission reductions are marketable to others if not utilized by the ERC owner. Therefore the value of the ERCs serves as an incentive to reduce stationary locomotive emissions.

AMENDMENTS OF RULE 515

Staff is proposing to make a number of amendments to the rule to gain EPA SIP approval. These amendments are described below. A strikeout version of the amended rule is included as Exhibit 1 to this staff report.

Owners or Operators

The rule addresses the applicant for ERCs as the “owners or operators” of the control system. EPA is taking the position that the party responsible for insuring that the conditions of the operating permit and the ERCs must be the owner of the rail yard since a third party owner and operator of the control equipment would have no authority to require the locomotives to utilize the control system.

In all places where “owners or operators” is stated, it is changed to “operators”.

Final ERC Issuance

Section 303 of the rule requires that the operating permit for the control equipment contain certain conditions before ERCs can be issued for the emission reductions provided by the control equipment. One EPA concern is that the control equipment is shut down and does not continue to provide the emission reductions to support the ERCs. A condition is added to address this situation.

303.3 A statement that the permittee may not retire the permit for the control device unless the rail yard is shutdown or the permittee surrenders to the District a Certified ERC certificate for the same quantity of quarterly emission reductions required by the permit.

The violation section (section 406) of the rule has been enhanced. A condition in section 303 is added to incorporate in the operating permit the following:

303.4 Statements that incorporate all of the provisions of Section 406-Violations.

Calculation of Emission Reductions

Section 401 specifies the procedures and content of the applicant’s application for ERCs to the District. Section 401.4 requires that the applicant provide an analysis of how future reductions in emissions from locomotives due to newer, lower-emitting engines in the locomotive fleet will reduce the emissions available to be treated by the control equipment. A requirement in this section that required discounting of the emission reductions in the future due to improvements in the fleet is moved to Section 405.3 and reworded slightly.

405.3 The APCO shall retire an equivalent percentage of the calculated quantity of emission reductions to account for expected future improvements in the fleet, as determined by Section 401.4.

Violations

Section 406, Violations, mainly deals with the situation where the owner of the rail yard does not provide the quarterly emission reductions from the control system to support the ERCs issued pursuant to this rule. Section 406.2 has been reworded and expanded to read:

406.2 Failure to provide the quarterly emission reduction incorporated in the permit to operate for the control device shall be considered an emission reduction shortfall and shall be a separate violation for each day of the quarter. If an emission reduction shortfall occurs, the permittee shall take the following corrective actions in order:

406.2.1 The permittee shall average the actual emission reductions reported for the previous four quarters to determine if a sufficient quantity of actual emission reductions occurred to satisfy the quarterly emission reduction requirement on an annual basis. If the annual emission reductions satisfy the quarterly emission reduction requirement, the violation will be deemed resolved. If not, the permittee shall comply with 406.2.2 below.

406.2.2 The permittee shall submit a compliance plan quantifying the amount of the emission reduction shortfall and indicating how the emission reduction shortfall will be remedied within the next 4 quarters. Such remedies may include cancelling any unused ERCs, reducing additional emissions during any of the next four quarters, such that on an annual basis the required quarterly amount of emission reductions is provided, or purchasing and retiring the necessary amount of ERCs.

Renumbered Section 406.4 deals with the situation of an emission reduction shortfall and the permittee does not submit a compliance plan to specify how the shortfall will be remedied:

406.4 If a compliance plan is not submitted or any emission reduction shortfall is not made up within four quarters of the shortfall occurrence, and any portion of the ERC certificate remains unused, a portion of the ERC certificate equivalent to the shortfall shall be revoked by the District.

Section 406.5 is added to specify the procedure for dealing with the situation where the rail yard activity falls below the level that allows support of the ERCs.

406.5 If activity levels at the rail yard fall below those projected pursuant to Section 401.3, the permittee may submit an application to revise the quarterly emission reductions required, based on the new activity levels. EPA must also provide

written concurrence as to any new quarterly emission reduction requirement prior to issuance of a revised permit to operate.

Recordkeeping and Reporting

EPA has advised the District that any District rules referenced in a SIP approved rule must also be SIP approved. Section 503.4 requires the permittee to report breakdowns of the control device per District Rule 404, Upset Conditions, Breakdown or Scheduled Maintenance. Since Rule 404 is not SIP approved, this reference is not acceptable. EPA suggested deleting this section because Rule 404 would still apply to the permittee since it is a District rule. Section 503.4 is deleted.

FISCAL IMPACT

The amendment of Rule 515 will have insignificant fiscal impact on any persons using the rule compared with business under the current rule.

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 amendment of Rule 515 should have insignificant financial impact on permit holders or the public as compared with business under the current rule, therefore there is no cost-effectiveness of this amendment.

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 2013, the population of Placer County was approximately 357,000 persons.

California Environmental Quality Act (CEQA)

Proposed amended Rule 515 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. A CEQA analysis is therefore not necessary.

Findings

- A. **Necessity** – The amendment of Rule 515 is necessary in order to obtain federal and state recognition of the District’s Emission Reduction Credit rule in the SIP. SIP approval of this rule will allow ERCs issued to the rule to be used as offsets for major sources and major modifications.
- 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.

STAFF REPORT EXHIBIT 1

Strike-Out Version of Proposed Amended Rule 515,
Stationary Rail Yard Control Emission Reduction Credits

RULE 515 STATIONARY RAIL YARD CONTROL EMISSION REDUCTION CREDITS

Adopted October 9, 2008
[\(Amended February 19, 2015\)](#)

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100 GENERAL

101 PURPOSE: To provide the owners ~~or operators~~ of a rail yard a mechanism for quantifying, certifying, and banking emission reductions from the installation and use of a control device which reduces emissions from locomotive engines in rail yards.

102 APPLICABILITY:

102.1 Geographic: The provisions of this rule apply to rail operations located anywhere in Placer County.

102.2 Application: This rule applies to the owner ~~and/or operator~~ of a rail yard who installs a control device to reduce emissions from locomotive engines to generate ERCs. The use of ERCs for offsets is subject to the requirements of Rule 502, NEW SOURCE REVIEW and Section 304 of this rule.

102.3 Severability: If any section, subsection, sentence, clause, phrase, or portion of this rule is, for any reason, held invalid, unconstitutional, or unenforceable by any court of competent jurisdiction, that portion shall be deemed as a separate, distinct, and independent provision, and the holding shall not affect the validity of the remaining portions of the rule.

200 DEFINITIONS

201 ACTUAL EMISSIONS: The emissions measured by a certified CEMS at the inlet of a control device which reduces emissions from locomotive engines in rail yards.

202 ACTUAL EMISSION REDUCTIONS: Actual emission reductions means the difference in emissions exiting a control device and emissions entering a control device, as measured by a certified CEMS.

203 APCO: Air Pollution Control Officer.

204 APPLICANT: The owners ~~or operators~~ of a rail yard submitting an application to bank ERCs and obtain ERC certificates in accordance with this rule.

205 BANKING: The system of quantifying, adjusting, certifying, recording, and registering ERCs for future use or transfer. This system shall be called the Emission Reduction Credit Bank (ERC Bank).

206 CEMS: Continuous emission monitoring system.

207 CERTIFIED ERCs: ERCs which have been evaluated under the requirements of this rule and other applicable District, state and federal rules and regulations and which have been authorized by the Air Pollution Control Officer.

208 CONTROL DEVICE: Stationary equipment used to treat and/or control various air emissions such that the outlet emissions are less than the inlet emissions.

209 EMISSION REDUCTION CREDITS (ERCs): Reductions of actual emissions that are registered with the District in accordance with the requirements of this rule.

210 EMISSION REDUCTION SHORTFALL: Amount of emissions in pounds that the quarterly emission reductions achieved by the control device falls short of the permit requirement.

211 ENFORCEABLE: Emission reductions and other required actions are enforceable if: (1) they are independently verifiable; (2) program and permit violations are defined; (3) those liable can be identified; (4) the U.S. Environmental Protection Agency (EPA) and the APCO

[October 9, 2008](#)[February 19, 2015](#)

- maintain the ability to seek penalties for violations and, where applicable, to secure appropriate corrective action; (5) citizens have access to all the emissions-related information obtained from the source; (6) citizens can file suits against sources for violations; and (7) they are practicably enforceable in accordance with EPA guidance on practicable enforceability.
- 212 ERC CERTIFICATE:** A document which provides title to a defined quantity and pollutant type of ERC's issued by the District.
- 213 ERC OWNER:** The person or legal entity in whose name the ERC Certificate is issued and listed in the Register.
- 214 BASELINE ACTUAL EMISSIONS:** Baseline actual emissions are those exhaust emissions captured from locomotive engines and measured at the control device inlet during the first four calendar quarters of operation after the CEMS has been certified.
- 215 OFFSET:** The use of an ERC to compensate for an emission increase of an affected pollutant from a new or modified source subject to the requirements of Rule 502, NEW SOURCE REVIEW.
- 216 PERMANENT:** Permanent means the actual emission reductions continue or endure for the duration of any project utilizing the resulting ERCs as offsets.
- 217 PRIORITY RESERVE BANK:** A depository for preserving ERCs pursuant to Rule 505, PRIORITY RESERVE.
- 218 QUANTIFIABLE:** Ability to reliably ~~and replicate by~~ measured emission reductions by adhering to the quantification protocol.
- 219 QUARTERLY:** Pertaining to any calendar quarter beginning in January, April, July, and October.
- 220 REAL:** Actually occurring, implemented, and not artificially devised.
- 221 REGISTER:** The document that records all ERC deposits, withdrawals, transfers, and transactions.
- 222 RELATIVE ACCURACY TEST AUDIT (RATA):** A quality performance procedure performed pursuant to 40 CFR Part 60, Appendix F, Procedure 1 to certify the accuracy of the continuous emissions monitors.
- 223 SURPLUS:** The amount of emission reductions that are, at the time of generation of an ERC, not otherwise required by federal, state, or local law, not required by any legal settlement or consent decree, and not relied upon to meet any requirement related to the California State Implementation Plan (SIP). However, emission reductions required by a state statute that provides that the subject emission reductions shall be considered surplus may be considered surplus for purposes of the Rule if those reductions meet all other requirements of this section. Examples of federal, state, and local laws and of SIP-related requirements include, but are not limited to, the following:
- 223.1 The federally-approved California SIP;
- 223.2 Other adopted State air quality laws, and regulations not in the SIP, including but not limited to, any requirement, regulation, or measure that: (1) the District or the State has included on a legally-required and publicly-available list of measures that are scheduled for adoption by the District or the State in the future; or (2) is the subject of a public notice distributed by the District or the Date regarding an intent to adopt such revision;

- 223.3 And other source- or source-category specific regulatory or permitting requirement, including, but not limited to, Reasonable Available Control Technology (RACT), New Source Performance Standards (NSPS), National Emission Standards for Hazardous Air Pollutants (NESHAP), Best Available Control Measures (BACM), Best Available Control Technology (BACT), and the Lowest Achievable Emission Rate (LAER); and
- 223.4 Any regulation or supporting documentation that is required by the federal Clean Air Act but is not contained or referenced in 40 C.F.R. Part 52, including but not limited to: assumptions used in attainment and maintenance demonstrations (including Reasonable Further Progress demonstrations and milestone demonstrations), including any proposed control measure identified as potentially contributing to an enforceable near-term emissions reduction commitment; assumptions used in conformity demonstrations, and assumptions used in emissions inventories.

224 TRANSFER: The change in ownership of an ERC from one person or legal entity to another.

300 STANDARDS

301 CONTROL DEVICE PERMIT REQUIREMENTS:

- 301.1 The applicant shall obtain a permit pursuant to Rule 501, GENERAL PERMIT REQUIREMENTS to install a stationary control device in rail yards for the purpose of reducing exhaust emissions from locomotive engines.
- 301.2 The control device permit shall include enforceable conditions that ensure compliance with the applicable portions of Section 500 – Monitoring, Testing, Recordkeeping, and Reporting.

302 PROPOSED ERC ISSUANCE: Prior to proposing issuance of an ERC certificate pursuant to Section 402.6 of this rule, the APCO shall make the following determinations:

- 302.1 The actual emission reductions are real, surplus, enforceable, permanent, and quantifiable.
- 302.2 The continuous monitors used to measure inlet and outlet emissions of the control device meet the requirements of Section 500 of this rule.
- 302.3 The analysis provided by the applicant of historical locomotive activity and expected future emission reductions in the locomotive fleet are adequate to project future actual emission reductions by the control device.
- 302.4 Actual emissions reductions have been calculated and adjusted pursuant to the provisions of Sections 404 and 405 of this rule, respectively.
- 302.5 The applicant has paid the fees required pursuant to Rule 601, PERMIT FEES.

303 FINAL ERC ISSUANCE: The APCO shall not issue an ERC certificate until the permit for the control device responsible for creating the emission reductions has been modified to include, at a minimum, the following:

- 303.1 The minimum quantity of ERC pollutant(s) to be removed from the exhaust stream per quarter, and
- 303.2 Conditions that ensure compliance with the applicable portions of Section 500 – Monitoring, Testing, Recordkeeping and Reporting, and
- 303.3 [A statement that the permittee may not retire the permit for the control device unless the rail yard is shutdown or the permittee surrenders to the District a Certified ERC](#)

certificate for the same quantity of quarterly emission reductions required by the permit.

303.4 Statements that incorporate all of the provisions of Section 406 – Violations.

A statement that any quarterly emission reduction shortfall constitutes a separate violation for each day of the compliance period, and

303.4 A condition that requires an emission reduction shortfall be made up within four quarters of the end of the compliance period in which the shortfall occurred.

304 RESTRICTIONS ON USE OF ERCs:

304.1 The use of PM₁₀ and/or PM_{2.5} ERCs generated pursuant to this rule shall not be used to provide offsets for diesel particulate matter. The ERC certificate shall contain a statement prohibiting such use.

304.2 ERCs generated pursuant to this rule from locations in Federal Attainment Areas shall not be used for offsets in Federal Non-attainment Areas.

400 ADMINISTRATIVE REQUIREMENTS

401 APPLICATION PROCEDURES:

401.1 The applicant shall submit an application on forms supplied by the District.

401.2 The application may be for reductions of one or more affected pollutants. The application shall contain sufficient information to allow for adequate evaluation of the actual emission reductions. At a minimum, for each pollutant for which an ERC certificate is requested, the application shall contain emissions data from a certified CEMS for a minimum of four consecutive calendar quarters.

401.3 The applicant shall provide an analysis of historical locomotive activity at the control device location to support emission calculations and show reasonable expectation that a specific amount of emission reductions can be achieved on an on-going basis, taking into account lower than expected activity level, and other factors.

401.4 The applicant shall provide an analysis of expected future emission reductions in the locomotive fleet as the fleet is upgraded with newer, lower-emitting locomotives. ~~The actual emission reductions measured by the CEMS shall be reduced to account for expected future improvements in the fleet.~~

401.5 The applicable fees shall be submitted pursuant to Rule 601, PERMIT FEES.

402 ADMINISTRATIVE PROCEDURES AND TIMETABLE:

402.1 The APCO shall determine whether an ERC application is complete no later than thirty (30) calendar days following receipt of the application, or after a longer time period if agreed upon in writing by both the applicant and the APCO.

402.2 Upon determination that the application is complete, the APCO shall notify the applicant in writing. Thereafter, only information to clarify, correct, or otherwise supplement the information submitted in the application may be requested by the District.

402.3 If the APCO determines that the application is not complete, the applicant shall be notified, in writing, of the decision, specifying the additional information that is required. The applicant shall have sixty (60) days, or a longer time period agreed upon in writing by both the applicant and the APCO, to submit the requested

information. Upon receipt of additional information, the APCO shall have another thirty (30) days to determine completeness. If no information is submitted or the application is still incomplete, the APCO may cancel the application with written notification to the applicant.

- 402.4 Withdrawal of an ERC application by the applicant shall result in cancellation of the application. Any re-submittal shall be processed as a new application.
- 402.5 Upon determination that an application is complete, the APCO shall have 180 calendar days to take final action. During this time period, the District shall follow the public notification procedures in Subsections 402.6, 402.7, and 402.8.
- 402.6 Upon completion of the preliminary evaluation of the application, the APCO shall provide written notice of such to the applicant, the ARB, and EPA and publish a public notice in a local newspaper of general circulation. The public notice shall specify the applicant, the quantity of ERCs proposed to be certified and the location where a copy of the preliminary evaluation and proposed revised operating permit may be inspected.
- 402.7 Publication of the public notice required in Subsection 402.6 shall commence a thirty (30) day public comment period during which the APCO shall accept written comments on the merits of the preliminary evaluation. Upon conclusion of this thirty (30) day period, the APCO shall have another thirty (30) days to render a final decision to approve, conditionally approve, or deny the application taking into consideration all written comments. This final decision shall be provided in writing to the applicant, any ~~commenters~~commenters, the US Environmental Protection Agency, and the California Air Resources Board.
- 402.8 The APCO shall make available for public inspection at the District's office the information submitted by the applicant and the APCO's preliminary evaluation no later than the date the public notice of the preliminary decision is published.
- 402.9 The applicant or any other party may appeal the APCO's final decision in accordance with Regulation 7, PROCEDURE BEFORE THE HEARING BOARD.
- 403 REGISTRATION OF EMISSION REDUCTION CREDITS:** ERC certificates issued in accordance with this rule shall be registered and maintained by the District according to the provisions of Rule 504, EMISSION REDUCTION CREDITS, Section 410, Registration and Section 411, ERC Register, respectively.
- 404 QUANTIFICATION PROTOCOL:** The following procedures shall be used to calculate actual emission reductions achieved by installing a control device to reduce locomotive exhaust emissions.
- 404.1 Actual emission reductions shall be calculated for each calendar quarter by subtracting measured emissions exiting the control device from measured emissions entering the control device, as measured for each pollutant by a CEMS which complies with the requirements of Sections 501 and 502.
- 404.2 ERCs for particulate matter emission reductions shall be expressed in terms of PM₁₀ and/or PM_{2.5}.
- 404.3 ERCs for nitrogen oxides, reactive organic compounds, carbon monoxide, sulfur oxides, PM₁₀ and PM_{2.5} shall be quantified in terms of pounds of pollutant per quarter for each calendar quarter.
- 404.4 Emission calculations for quantifying emission reductions shall be based upon at least four consecutive calendar quarters of CEMS data.

405 EMISSION REDUCTION CREDIT ADJUSTMENTS OF CALCULATED CREDITS: Before the APCO may issue an ERC certificate, the actual emission reductions calculated for each calendar quarter pursuant to Section 404 shall be reduced by the following amounts:

405.1 The APCO shall retire 10% of the calculated quantity of NOx emission reductions for air quality benefit.

405.2 The APCO shall transfer an additional 5% of the calculated quantity of emission reductions to the Priority Reserve Bank.

405.3 The APCO shall retire an equivalent percentage of the calculated quantity of emission reductions to account for expected future improvements in the fleet, as determined by Section 401.4.

406 VIOLATIONS:

406.1 Failure to comply with any provision of this rule or permit condition established pursuant to this rule shall constitute a violation of this rule.

406.2 Failure to provide the quarterly emission reduction incorporated in the permit to operate for the control device shall be considered an emission reduction shortfall and shall be a separate violation for each day of the quarter. If an emission reduction shortfall occurs, the permittee shall take the following corrective actions in order:

406.2.1 The permittee shall average the actual emission reductions reported for the previous four quarters to determine if a sufficient quantity of actual emission reductions occurred to satisfy the quarterly emission reduction requirement on an annual basis. If the annual emission reductions satisfy the quarterly emission reduction requirement, the violation will be deemed resolved, if not the permittee shall comply with (ii) below.

~~406.2.1~~ 406.2.2 The permittee shall submit a compliance plan quantifying the amount of the emission reduction shortfall and indicating how the emission reduction shortfall will be remedied within the next 4 quarters. Such remedies may include cancelling any unused ERCs, reducing additional emissions during any of the next four quarters, such that on an annual basis the required quarterly amount of emission reductions is provided, or purchasing and retiring the necessary amount of ERCs. Any such shortfall shall be made up within four quarters of the shortfall occurrence. The shortfall may be made up through...

406.23 Unnecessary idling or load testing for the sole purpose of providing the quarterly emission reduction or make-up of a prior quarter shortfall in emission reductions shall be a violation of this rule and the permit to operate.

~~406.34 If the owner is unwilling or unable to produce the emissions reduction required in the control device permit to operate and a compliance plan is not submitted or any such emission reduction shortfall is not made up within four quarters of the shortfall occurrence, and any portion of the ERC certificate remains unused, a portion of the ERC certificate equivalent to the shortfall shall be revoked by the District.~~

406.5 If activity levels at the rail yard fall below those projected pursuant to Section 401.3, the permittee may submit an application to revise the quarterly emission reductions required, based on the new activity levels. EPA must also provide written concurrence as to any new quarterly emission reduction requirement prior to issuance of a revised permit to operate.

500 MONITORING, TESTING, RECORDKEEPING AND REPORTING

501 CONTINUOUS MONITORS:

~~October 9, 2008~~ February 19, 2015

- 501.1 For each control device installed to generate ERCs, the applicant shall install, and thereafter operate, maintain, certify, and quality-assure a continuous emission monitoring system (CEMS) which measures the inlet and outlet stack gas concentrations for each pollutant for which an ERC is to be issued and the oxygen concentrations in ppmv. The measured concentrations shall be corrected to 15 percent oxygen on a dry basis.
- 501.2 The CEMS shall meet the applicable requirements of 40 CFR 60 Appendix B, Performance Specifications 2 and 3, and 40 CFR Part 60 Appendix F, Procedure 1. The CEMS shall complete a minimum of one cycle of operations (sampling, analyzing and data recording) for each successive 15-minute period. CEMS for PM shall not be required to include condensables.
- 501.3 The CEMS shall be programmed to calculate and record the actual emission reductions achieved by the control device, measured in pounds, on a daily basis, and summed quarterly.
- 501.4 A CEMS certification test protocol shall be submitted to the District and EPA no later than 30 days prior to the test date to allow review of the test plan and to arrange for an observer to be present at the test. The protocol shall include a process for demonstrating the accuracy of the computer programming used to calculate emissions. The certification test shall be conducted in accordance with the submitted protocol and any changes required by the District or EPA. The applicant shall furnish the District and EPA a written report of the results of performance tests within 60 days of completion. Certification testing of the CEMS may be conducted as part of the initial performance test for each control device.
- 501.5 For each control device installed to generate ERCs, the applicant shall install, and thereafter maintain and operate a continuous monitoring system to measure and record the stack gas volumetric flow rate. The system shall meet the 40 CFR Part 52, Appendix E Performance Specifications.

502 TESTING:

- 502.1 The CEMS shall be tested annually and quarterly in accordance with the requirements of 40 CFR 60 Appendix F, Procedure 1. The PM testing shall include the filter catch only.
- 502.2 A performance test shall be performed on the control device once every five years, in accordance with the requirements of 40 CFR 60.13.

503 RECORDKEEPING AND REPORTING:

- 503.1 The control device permittee shall maintain CEMS records that contain the following: The occurrence and duration of any startup, shutdown or malfunction, performance testing, evaluations, calibrations, checks, adjustments, maintenance, duration of any periods during which a continuous monitoring system or monitoring device is inoperative, and emission measurements.
- 503.2 The control device permittee shall maintain records and submit a written report regarding operation of the control device and CEMS quarterly. The report is due on the 30th day following the end of the calendar quarter and shall include the applicable time and date of each period during which the CEMS was inoperative (monitor down time), except for zero and span checks, and the nature of system repairs or adjustments.
- 503.3 The owner ~~or operator~~ of the control device shall prepare and submit to the District a quarterly report which is due on the 30th day following the end of the calendar

~~October 9, 2008~~ February 19, 2015

quarter. The quarterly report shall detail the quantity and type of emissions reduced by operation of the control device; calculated pursuant to Section 404.1. If actual emission reductions achieved are less than the emission reduction requirements specified in the permit, the permittee shall also submit a compliance plan indicating how the emission reduction shortfall will be remedied.

~~503.4 The control device permittee shall report breakdowns of the control device or the CEMS per District Rule 404, UPSET CONDITIONS, BREAKDOWN OR SCHEDULED MAINTENANCE.~~

503.54 All records required pursuant to this rule shall be kept for a minimum of five (5) years and made available to District inspectors upon request.

600 PROGRAM EVALUATION

601 The APCO shall evaluate this program at least once every 3 years after rule adoption and submit the evaluation program report to the EPA.

602 The evaluation report shall include for each applicant:

602.1 The number of Cecertified ERCs issued for each pollutant (pounds per quarter).

602.2 Actual emission reductions achieved for each pollutant (pounds per quarter).

602.3 The average cost of ERCs (dollars per ton) by pollutant during the evaluation period.

602.4 The attainment status for each pollutant for which an ERC was issued, at the ERC generation and use locations.

603 If there were any emission reduction shortfall, the evaluation report shall also describe:

603.1 The number of quarters where there was a shortfall.

603.2 The APCO's analysis of factors which contributed to the shortfall.

603.3 Corrective measures taken to prevent recurrence of the shortfall.

603.4 How long it took the rail yard owner/operator to make up the shortfall.

604 The evaluation report shall also describe:

604.1 Any unintentional beneficial or detrimental effects from the program.

604.2 Cost savings, if any, experienced by sources from using these ERCs.

604.3 Whether the APCO had sufficient resources to implement this program.

604.4 Any lessons learned.



Board Agenda Item 4

Information

Agenda Date: February 19, 2015

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

Topic: Publication of the Regulatory Measures List for 2015

Discussion: In accordance with Health and Safety Code Section 40923, a regulatory measure may not be considered for adoption during any year that it is not listed in the most recently published listing of proposed regulatory measures, unless earlier consideration is required to satisfy federal requirements, to abate a substantial endangerment to public health or welfare, or comply with Section 39666 (i.e. required to implement State Air Toxic Control Measures) or 40915 (i.e. contingency measures contained in air quality plans).

This listing requirement does not apply to administrative rules that are not control measures, or to the modification of any existing rule that the District finds is necessary to preserve the original intent of the rule or to increase opportunities for alternative compliance methodology.

District Staff have prepared a list of regulatory measures (Attachment #1) that may be considered for adoption in calendar year 2015. There are two (2) rules that are most likely to be considered for adoption or amendment in 2015:

- Amendment of Rule 250, Stationary Gas Turbines, which EPA has identified as having emission limits that do not meet Reasonably Available Control Technology Standards (RACT) as required by the State Implementation Plan (SIP). The District had argued in the 2014 RACT SIP Analysis Report that existing sources met RACT even if the rule was deficient. EPA has stated that the RACT emission limits need to be in an amended Rule, or in federally enforceable permits submitted as part of the SIP. The District Staff have decided to amend Rule 250.
- Amendment of Rule 515, Stationary Rail Yard Control Emission Reduction Credits, which establishes procedures for the issuance of emission reduction credits for voluntary locomotive emission reductions at rail road rail yards. EPA commented informally concerning applicability of the rule and who is responsible for compliance.

There are a number of other rules that may be considered for clean-up amendment or rescission. However, as re-opening of a rule can be problematic, these rules will be considered only if the need for an amendment becomes a priority, and there are staff resources available to process the amendment.

This list was formally published by January 1, 2015, as required by statute. In addition to measures most likely to be considered in 2015, the list of regulatory measures includes a group of measures that may be considered, but are less likely to be adopted or amended this year.

Fiscal Impacts: There may be additional compliance costs for affected facilities, and additional administrative costs to the District, from the adoption of new and amended rules. These costs will be specifically addressed, to the extent they may be determined, in the staff reports accompanying each new or amended rule at the time they are proposed for workshop or adoption.

Public Outreach: The Regulatory Measures List was formally released January 1, 2015, as required by statute, however the District placed a notice in a newspaper of general circulation (the Auburn Journal) on December 28, 2014, advising the public that the Regulatory Measures List for the 2015 calendar year was prepared and available for public review on January 1, 2015, and thereafter. Although it does not appear that law requires a newspaper notice, the notice was published in the interest of advising the public. The Regulatory Measures List for 2015 may also be reviewed at the District offices or on the District's internet webpage.

Attachment 1: 2015 Regulatory Measures List: List of Rules to Be Considered for Adoption

ATTACHMENT #1

SUBJECT:

2015 Regulatory Measures List

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
REGULATORY MEASURES LIST

- List of Rules to Be Considered for Adoption in 2015 -

January 2015

These are the listed rules or regulatory measures being considered for adoption, amendment or rescission in the 2015 calendar year. If the rule or regulatory measure is not addressed in 2015, it may be considered for adoption, amendment, or rescission in the 2016 calendar year or later.

In accordance with California Health and Safety Code Section 40923, a regulatory measure may not be considered for adoption during any year that it is not listed in the most recent published list of proposed regulatory measures, unless earlier consideration is required to satisfy federal requirements; to abate a substantial endangerment to public health or welfare; or to comply with Section 39666 (i.e. required to implement State Air Toxic Control Measures) or 40915 (i.e. contingency measures contained in air quality plans). This listing requirement does not apply to administrative rules that are not control measures, or the modification of any existing rule the District finds is necessary to preserve the original intent of the rule or to increase opportunities for alternative compliance methodology. Although not required by Section 40923, the list provided includes administrative rules to be considered for adoption, amendment or rescission in 2015 as identified by District staff.

Within 60 days from the date of a district's publication, pursuant to Section 40923, of the list of regulatory measures proposed for adoption in the following year, any person may inform the district of any existing federal or state air pollution control requirement or guideline, or proposed or existing district air pollution control requirement or guideline, that applies to the same type of source or equipment in that district as any proposed new or amended district rule or regulation on that district's list of regulatory measures. If any person informs the district of any requirement or guideline that does not apply to the same type of source or equipment, the district shall notify the person to that effect and shall not be required to review that requirement or guideline.

Regulations Being Considered for Adoption or Amendment in 2015:

Most likely to be adopted, amended, or rescinded in 2015:

- Amendment of Rule 250, Stationary Gas Turbines, which EPA has identified having emission limits that do not meet Reasonably Available Control Technology Standards (RACT) as required by the State Implementation Plan (SIP). The District had argued in our 2014 RACT SIP Analysis Report that existing sources met RACT even if the rule was deficient. EPA has stated that the RACT emission limits need to be in an amended Rule, or in federally enforceable permits submitted as part of the SIP. The District will amend Rule 250. (Added 2015)
- Amendment of Rule 515, Stationary Rail Yard Control Emission Reduction Credits, which establishes procedures for the issuance of emission reduction credits for voluntary locomotive emission reductions at railroad rail yards. EPA commented informally concerning applicability of the rule and who is responsible for compliance. (Added 2015)

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT

REGULATORY MEASURES LIST

- List of Rules to Be Considered for Adoption in 2015 -

To be considered, but less likely to be adopted or amended in 2015:

- Amendment of Rule 102, Definitions, Section 228 Exempt Compounds, so the District's definition matches that of the U.S. EPA. EPA has made changes to the exempt compound list that are not reflected in Section 228. In addition, a review will be conducted to see if any other definitions need to be updated. (Added 2015)
- Amendment of Rule 206, Incinerator Burning, due to the previously amended rule receiving comments from EPA indicating it is not SIP approvable. The rule may be amended to resolve EPA's concerns. (Added 2015)
- Amendment of Rule 207, Particulate Matter, to address the Lake Tahoe Air Basin commitment not included in the rule, in the consolidation of rules conducted in 1994. (Added 2012)
- Amendment of Rule 223, Metal Container Coating, to update the VOC Exempt Compound definition by reference to Rule 102, Definitions, and to make formatting adjustments. (Added 2015)
- Amendment of Rule 203, Exceptions to Rule 202, to correct erroneous references to other rules and update formatting.
- Amendment of Rule 225, Wood Burning Appliances, to address conflicts with local ordinances (e.g. CalGreen Code), and to correct errors in internal Section references, along with formatting adjustments. (added 2015)
- Amendment of Rule 244, Semiconductor Operations, to update the VOC Exempt Compound definition reference to Rule 102, Definitions, and to make formatting adjustments. (Added 2015)
- Amendment of Rule 245, Surface Coating of Metal Parts and Products, to correct errors in the internal Section references, along with formatting adjustments. (Added 2015)
- Amendment of Rule 246, Natural Gas-Fired Water Heaters, to correct errors in internal Section references, to make formatting adjustments, and to consider EPA recommendations concerning current rule. (Added 2015)
- Amendment of Rule 247, Natural Gas-Fired Water Heaters, Small Boilers and Process Heaters, to correct errors in internal Section references, to make formatting adjustments, and to consider minor EPA recommendations concerning the current rule. (Added 2015)
- Adoption of a new rule (may be numbered Rule 248) to address the U.S. EPA Control Technique Guideline (CTG) emission control requirements for aerospace coating operations, if a stationary source in the District is identified that is subject to the CTG. (Added 2015)
- Amendment of Rule 305, Residential Allowable Burning, to address conflicts between burning rules and statute, to clarify exceptions for burn barrel prohibitions, to correct errors in references, and to make formatting adjustments. (Added 2015)
- Amendment of Rule 410, Recordkeeping for Volatile Organic Compound Emissions, to update VOC Exempt Compound definition reference to Rule 102, Definitions, to correct errors in references, and to make formatting adjustments. (Added 2015)
- Rescission of Rule 514, Federal Major Modifications, which establishes alternative siting analysis, defines major modification, along with providing requirements for Plant-wide Applicability Limits (PALs). Alternative Siting and the major modification definitions were included in amended Rule 502, New Source Review, last adopted on August 8, 2013. PALs can be established through existing permit requirements and federal regulations. Accordingly, District Staff believe that Rule 514 is no longer required. (Added 2015)
- Rescission of Rule 517, Permitting Requirements for Stationary Sources Emitting Greenhouse Gases. As a result of a District review of outstanding SIP submittals to EPA Region 9 it was

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
REGULATORY MEASURES LIST

- List of Rules to Be Considered for Adoption in 2015 -

determined that Rule 517 was not required as a revision to the SIP. Rule 517 provides procedures for evaluating and processing stationary sources emitting greenhouse gases, and because the District has no commitment in the SIP with regard to greenhouse gas pollutants, federal policy has changed so that GHG only Major Sources do not require PSD permits, and the District has received Prevention of Significant Deterioration (PSD) program approval for permitting of significant sources with attainment pollutant emissions, Rule 517 is not required. (Added 2015)

- Amendment of Rule 601, Permit Fees, to make fee schedule changes that will better reflect actual levels of effort and distributed program costs, while being relatively revenue neutral with respect to the total permit fee revenue derived from stationary sources. Fee rules are administrative and are not regulatory measures; however, the consideration of the fee rules is mentioned to be as complete as possible in the disclosure of planned rules and rule changes. (Added 2009)
- Amendment of Rule 607, Burning Permit Fees, to correct errors in internal Section references and to correct the fee rate of Section 307 to reference the General Labor Rate of Rule 601, Permit Fees, Schedule M(1), and to make formatting adjustments. (Added 2015)
- Amendment of Rule 610, Air Toxics “Hot Spots” Fees, to correct “Industrywide” definitions to match that of ARB and the District. (Added 2015)
- Adoption of new fees for service, that are not Authority to Construct initial permit fees, nor Permit to Operate renewal fees, including fees for toxic new source reviews, area-wide and indirect source reviews, naturally-occurring asbestos dust control plan reviews, and fees to recover District costs for other reviews may be considered. Fee rules are administrative and are not regulatory measures; however, the consideration of the fee rules is mentioned to be as complete as possible in the disclosure of planned rules and rule changes.
- Adoption of a new rule, or amendment of an existing rule, defining the authority of the District to inspect permitted facilities; and to collect, record, and preserve evidence or information upon inspection (including documentation of compliance and non-compliance by the taking of photographs and video images).

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For information and comparative purposes, the regulatory measures that were actually adopted by the District in calendar years 2008 through 2014 are listed below:

Regulatory Measures That Were Adopted/Amended in 2014:

- Amendment of a Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters, that was adopted on October 10, 2013, and set low NOx emission standards for newly installed large water heaters and boilers between 75,000 BTU and less than 5,000,000 BTU. The adoption of Rule 247 by 2015 was a SIP commitment for 2015. Amended February 13, 2014.
- Amendment of Rule 610, Air Toxics “Hot Spots” Fees, to reflect current charges of CARB and current costs to the District. Amended October 9, 2014.

Regulatory Measures That Were Adopted/Amended in 2013:

- Amendment of Rule 206, Incinerator Burning, and a new Rule 241, Crematories, to resolve conflicting requirements for human/animal cremation. Amended and adopted April 11, 2013.
- Amendment of Rule 214, Transfer of Gasoline into Vehicle Fuel Tanks, addressed US EPA comments and corrected deficiencies required for SIP approval. Amended February 21, 2013.

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT

REGULATORY MEASURES LIST

- List of Rules to Be Considered for Adoption in 2015 -

- Amendment of Rule 213, Gasoline Transfer into Stationary Storage Containers, to address new standing loss requirements and deficiencies, and provided an exemption for existing above ground tanks meeting specific requirements from new tank painting requirements so as to preserve public art murals. Amended February 21, 2013.
- Amendment of Rule 502, New Source Review, to address SIP disapproval comments of U.S. EPA. Amended August 8, 2013.
- Adoption of Rule 249, Plastic Parts Coating, to satisfy Federal Reasonably Available Control Technology (RACT) requirements. Adopted August 8, 2013.
- Adoption of a new Rule 247, Natural Gas-Fired Water Heaters, Small Boilers, and Process Heaters, setting low NOx emission standards for newly installed large water heaters and boilers between 75,000 BTU and less than 5,000,000 BTU. This range of heating values was not previously addressed by a District rule. Adoption of a new or revised rule is a SIP commitment for 2015. Adopted October 10, 2013.
- Amendment of Rule 604, Source Test Observation and Report Evaluation, to adjust fees and add an annual CPI adjustment. Fee rules are administrative and are not regulatory measures; however, the consideration of this fee rule is mentioned to be as complete as possible in the disclosure of planned rules and rule changes. Amended October 10, 2013.
- It was determined that the planned amendment of Rule 217, Cutback and Emulsified Asphalt Paving Materials, and Rule 240, Surface Preparation and Cleanup, to meet Federal CAA requirements for the adoption of RACT and California CAA requirements were not required as the rules were found to be compliant with U.S. EPA requirements.

Regulatory Measures That Were Adopted/Amended/Rescinded in 2012:

- Amendment of Rule 233, Biomass Boilers, to address U.S. EPA comments and Federal Reasonably Available Control Technology (RACT) requirements required for SIP approval. Amended June 14, 2012.
- Amendment of Regulation 3, Open Burning, Rules 301 to 306, and Rule 102, Definitions, to address U.S. EPA comments and deficiencies identified by District staff in order to avoid a limited approval/disapproval of the SIP revision. Amended February 8, 2012.
- Amendment of Rule 235, Adhesives, to meet Federal CAA requirements for the adoption of RACT. Amended October 11, 2012.
- Amendment of Rule 239, Graphic Arts Operations, to meet Federal CAA requirements for the adoption of RACT. Amended October 11, 2012.
- Rescission of the following rules, since the RACT requirement is no longer needed for major sources that are no longer operating:
 - Rule 229, Fiberboard Manufacturing (SierraPine Ltd.). Rescinded April 12, 2012.
 - Rule 230, Plastic Products and Materials - Paper Treating Operations (Formica Corporation). Rescinded April 12, 2012.
 - Rule 232, Biomass Suspension Boilers (SierraPine Ltd.). Rescinded April 12, 2012.
 - Rule 241, Boilers at Plastic Laminate Manufacturing Facilities (Formica Corporation). Rescinded April 12, 2012.
 - Rule 227, Petroleum Dry Cleaning Operations (will defer to Federal Standards). Rescinded April 12, 2012.
 - Rule 237, Municipal Landfills (no applicable sources remaining). Rescinded April 12, 2012.

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT

REGULATORY MEASURES LIST

- List of Rules to Be Considered for Adoption in 2015 -

- Rule 506, Biomass Emission Reduction Credits (was replaced by Rule 516, Rice Straw Emission Reduction Credits). Rescinded April 12, 2012.
- Rule 805, Notice to Comply (mandating statute sunset January 1, 2001). Rescinded April 12, 2012.
- Rescission of the following rules in favor of implementing the state regulation.
 - Rule 902, Airborne Chromium Control Measure - Emissions of Hexavalent Chromium From Chrome Plating and Anodizing Operations. Rescinded April 12, 2012.
 - Rule 903, Ethylene Oxide Airborne Toxic Control Measure for Sterilizers and Aerators. Rescinded April 12, 2012.
 - Rule 904, Airborne Toxic Control Measure - Hexavalent Chromium Emissions From Cooling Towers. Rescinded April 12, 2012.
 - Rule 905, Airborne Toxic Control Measure - Asbestos Containing Serpentine Rock in Surfacing Applications. Rescinded April 12, 2012.
 - Rule 906, Airborne Toxic Control Measure - Medical Waste Incinerators. Rescinded April 12, 2012.

Regulatory Measures That Were Adopted/Amended in 2011:

- Amendment of Rule 102, Definitions, to reflect new terms used in recently amended rules, particularly in the amendment of Regulation 3. Amended February 10, 2011.
- Rescission of Regulation 3, Open Burning, Rules 301 through 325, and adoption of new Rules 301 through 306, to update the rules to match current state law, to address the US EPA's comments, and to reorganize and update the formatting of all of the Rules to make the requirements more easily understood. Adopted February 10, 2011.
- Amendment of Rule 412, Registration Requirements for Stationary and Portable Compression Engines Used In Agricultural Operations, to provide for a low use exemption. Amended August 11, 2011.
- Amendment of Rule 502, New Source Review, to address deficiencies identified in a limited approval/disapproval by U.S. EPA of the version of the rule that was adopted on February 11, 2010. Amended October 13, 2011.
- Adoption of Rule 517, Permitting Requirements for Stationary Sources Emitting Greenhouse Gases, to meet mandatory implementation requirements of the federal Greenhouse Gas Tailoring Regulation. Adopted February 10, 2011.
- Adoption of Rule 518, Prevention of Significant Deterioration Permit Program, to provide for the District's acceptance of delegation from the U.S. EPA of PSD permitting authority for Major Sources. Adopted February 10, 2011.
- Amendment of Rule 607, Burning Permit Fees, to reconcile changes in references to Regulation 3 rules and to definitions. No fees were revised. Amended February 10, 2011.
- Amendment of Rule 608, Control Council Fee, to reconcile changes in references to Regulation 3 rules and to definitions. No fees were revised. Amended February 10, 2011.

Regulatory Measures That Were Adopted/Amended in 2010:

- Amendment of Rule 102, Definitions, to reflect new terms used in rules. Amended August 10, 2010.

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT

REGULATORY MEASURES LIST

- List of Rules to Be Considered for Adoption in 2015 -

- Amendment of Rule 218, Architectural Coatings, to level the field for shop coaters and field coaters and to update the Rule for a 2007 CARB Suggested Control Measure. The amendment of Rule 218 is also a SIP commitment for 2012. Amended October 14, 2010.
- Amendment of Rule 234, Automotive Refinishing Operations, revising applicator requirements and updating of requirements to meet a 2005 CARB Suggested Control Measure (SCM). In addition, the District clarified the recordkeeping and reporting required of coating distributors. Amendment of this rule is a SIP commitment for 2015. Amended October 14, 2010.
- Amendment of Rule 236, Wood Products Coating Operations, and Rule 238, Factory Coating of Flat Wood Paneling, to update these rules to match existing state and federal control measure standards. Amended October 14, 2010.
- Amendment of Rule 501, General Permit Requirements, as a revision of the SIP. Amended August 10, 2010.
- Amendment of Rule 502, New Source Review, as a revision of the SIP. Amended February 11, 2010.
- Amendment of Rule 503, Emission Statement, to clarify and update the terminology with regard to the information to be reported. Amended August 10, 2010.
- Amendment of Rule 504, Emission Reduction Credits, to reflect new emission reduction credit rules as a revision of the State Implementation Plan. Amended August 10, 2010.
- Amendment of Rule 601, Permit Fees, to create a new semiconductor fee schedule, and a new fee for Prevention of Significant Deterioration (PSD). Amended December 9, 2010.

Regulatory Measures That Were Adopted/Amended in 2009:

- Amendment of Rule 214, Transfer of Gasoline into Vehicle Fuel Tanks. Amended April 9, 2009
- Amendment of Rule 233, Biomass Boilers. Amended December 10, 2009
- Amendment of Rule 245, Surface Coating of Metal Parts and Products. Amended August 20, 2009
- Adoption of Rule 516, Rice Straw Emission Reduction Credits. Adopted February 19, 2009

Regulatory Measures That Were Adopted/Amended in 2008:

- Negative Declaration, adopted December 11, 2008, with regard to no sources in Placer County exceeding the threshold of the Control Technique Guidelines document “Control of Volatile Organic Emissions from Flexible Package Printing” (EPA-453/R, 06-003, 09/2006) to satisfy federal requirements.
- Amendment of Rule 206, Incinerator Burning. Amended October 9, 2008
- Adoption of Rule 245, Surface Coating of Metal Parts and Products. Adopted December 11, 2008
- Adoption of Rule 411, Indemnification of District. Adopted February 14, 2008
- Amendment of Rule 412, Registration Requirements for Stationary and Portable Compression Engines Used In Agricultural Operations. Amended August 14, 2008
- Adoption of Rule 515, Stationary Rail Yard Control Emission Reduction Credits. Adopted October 9, 2008



Board Agenda Item 5

Information

Agenda Date: February 19, 2015

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

Topic: Progress Report on the Implementation of the District's Strategic Information Technology Master Plan

Action Requested: No action is requested. District Staff wish to provide a progress report and obtain feedback from the District Board of Directors on the implementation of the Strategic Information Technology Master Plan.

Discussion: For over a decade, the Air Pollution Control District has steadily pursued increased operational efficiencies through the use of information technology (IT) solutions, which translate into reduced costs. These technology solutions include an internal database system that provides many different air pollution specific tracking features (e.g. invoice and receivable tracking, initial and renewal stationary source permit issuance and tracking, and compliance and enforcement tracking), and is in the initial phases of development of an Electronic Document Handling System (EDHS).

Since a key goal of the District's mission is "*to improve internal business processes and internal operations in order to provide cost effective and quality service to the citizens and industries of Placer County*", District management determined that the next step in improving the information technology of the District's IT capabilities was to have an Strategic Information Technology Master Plan (Plan) developed. As local government agencies continue to experience reduced funding and staffing levels, information technology solutions are being relied upon to bridge these gaps. The need to identify new and innovative ways to lower costs and continue to provide quality customer service through sustainable service delivery models centered on information technologies has never been greater. Information Technology is one of the key elements of sustainable service delivery models that will enable the District to continue providing cost-effective quality service throughout the years to come.

In conjunction with the FY 2012-13 District Budget, your Board approved a plan to develop an Information Technology Strategic Master Plan, with the goal of evaluating current District use of technology and databases, District business practices, and program needs, so as to look forward with regard to implementing technology improvements. The Plan was completed, and your Board was provided with a briefing on the Plan and District Management's recommendation on an implementation roadmap, on April 11, 2013. The Plan delineates a broad range of technology based improvements, including: database enhancements; implementing an electronic document handling system; providing wireless applications for field staff; providing improved service and access to clients and the public; and reducing the District's reliance upon Placer County IT services through cloud computing.

The proposed IT improvements required a multi-year effort because of budget and resource limitations, and a preliminary implementation schedule and requirement for funding were presented. Funding for contracted services for the multi-year implementation effort is authorized annually through the District budgetary approval process. The contracted services of Clark L. Moots have been obtained to manage and contribute to the Plan implementation, in consultation with Todd Nishikawa, Deputy APCO. Mr. Moots has outstanding technical qualifications and has an unmatched and intimate understanding of County IT systems, as well as County IT policies and procedures, within which the District's IT infrastructure must operate.

Fiscal Impact: Funding for the Strategic Information Technology Master Plan project began in FY 2012-13 when your Board authorized the preparation of the Strategic Information Technology Master Plan. Each year thereafter, the District has included funds in the annual District budget for the incremental implementation of the Strategic Information Technology Master Plan. In FY 2014-15 the project budget was \$40,000 for programming services, \$20,000 for County IT services, and \$5,000 in software and software licensing. This was in addition to \$20,875 for IT consultant services that was encumbered the previous year and not expended. To a large degree, the costs for the implementation of the Strategic IT Plan are offset by the approximate \$74,000 in annual Section 105 grants received from the EPA.

Recommendation: This is an information item. A progress report PowerPoint presentation will be provided that will outline the implementation progress reached to date.



Board Agenda

APCO Report

Meeting Date: February 19, 2015

Air Pollution Control Officer Report:

1. 2015 Clean Air Grant outreach and schedule (supporting document attached)
2. Cap-to-Cap update/expense reimbursement direction (verbal report)
3. Fiscal update (financial report to be provided at board meeting)

Attachment: **2015 Clean Air Grant Outreach and Schedule of Events**

2015 Clean Air Grant Outreach and Schedule of Events

(Grant Funds Available: \$1,090,662)

Dates & Deadlines:	Action:
January 1, 2015	Submittal of applications begin and are available by hard copy or on our website located at www.placer.ca.gov/apcd
February 27, 2015 at 5:00 p.m.	Deadline for all application submittals
Week of March 16, 2015	Peer Review Committee reviews submitted applications
April 9, 2015 at 2:30 pm	CAG projects go before the PCAPCD Board of Directors for approval
Week of April 13, 2015	District staff begin to email award letters and contracts to successful applicants
May 15, 2015	Deadline for submittal of signed contracts to the District
June 2015	Contract funds are encumbered

Below is a brief list of outreach and planning activities performed in order to achieve a successful period of solicitation. The outreach budget is \$4,000.

- Scheduled a series of public notice ads in targeted local papers over the application solicitation period.
- Issued a press release to several different media agencies, announcing the program.
- Scheduled a display ad to run 2 – 3 times in local papers during the application solicitation period.
- Mailed out postcard and email notifications advertising the program and workshops to approximately 500 groups, agencies, and individuals, which included members of the Placer County Contractors Association, city managers, Board of Directors, and County Department Heads.
- Hosted two workshops on January 27th at the District office. The morning workshop was video teleconferenced to the Tahoe Planning Department for those in the Tahoe area, and a second workshop was held in the evening. District Staff are also available for one on one consultation with applicants during the open solicitation.
- The District's website is currently updated with 2015 CAG information, including applications, program guidelines and information, and additional resources. Applications can be filled out online or hand written.

- CAG guidelines and applications are updated to address/consider state regulations and incorporate relevant changes, based on modifications to the Carl Moyer program guidelines, which we are obligated to follow. Also, a new application category has been added to the program. It is *Innovative Forest Management Practices which Reduce Open Burning*.
- Project categories:
 1. Heavy Duty On (>8,500 pounds) and Off Road (> 50 hp) Mobile Vehicles/Equipment
 2. Alternative Fuels Infrastructure
 3. New or Expanding Alternative Transit Service Program
 4. Public Education/Information
 5. Ag Pump Engines (diesel to electric)
 6. Innovative Forest Management Practices which Reduce Open Burning
 7. Other Emission Reducing/Energy Conserving Projects
- Given several conversations with potential applicants that have already occurred, District Staff are confident that the 2015 CAG will be another successful year of projects.

CLEAN AIR GRANT INFORMATION & APPLICATIONS

District Contact for CAG: Heather Kuklo, (530) 745-2339, hkuklo@placer.ca.gov
CAG applications and info available online at: www.placer.ca.gov/apcd

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT BALANCE SHEET FOR FY 2014-15					
Description:	G/L #	BEGINNING BALANCE July 1, 2014	debit	credit	ENDING BALANCE January 31, 2015
Assets:					
CASH IN TREASURY	1000	2,152,493	3,092,442	2,586,704	2,658,230
IMPREST CASH	1020	300	-	-	300
ACCOUNTS RECEIVABLE	1090	360,000			360,000
INVESTMENT RECEIVABLE - INTEREST	1095	3,618	(3,618)		-
EQUIPMENT	1640	-			-
ACC DEPRECIATION	1650	-			-
TOTAL ASSETS		2,516,410			3,018,530
Current Liabilities:					
ACCOUNTS PAYABLE	2020	11,894	730,720	830,650	111,824
SALARIES & BENEFITS PAYABLE	2070	87,342		(87,342)	-
COMPENSATED ABSENCES PAYABLE	2080				-
DEFERRED REVENUE	2211	143,995	-	-	143,995
Long Term Liabilities:					
ENCUMBRANCES FOR DMV FUND	4090.01	613,619	526,531	131,500	218,588
ENCUMBRANCES FOR MITIGATION FUND	4090.02	634,053	116,540	-	517,513
ENCUMBRANCES/OPERATION FUND	4090.03	130,177	70,449	137,500	197,229
Fund Balances:					
IMPREST CASH FUND	2453.02	300		-	300
UNRESERVED/OPERATIONS FUND	2410/2455	32,750	880,293	1,353,625	506,082
DEPRECIATION FIXED ASSETS	2444				-
BUILDING - CAPITAL MAINTENANCE OUTLAY	2453	50,000			50,000
RESERVE	2453	155,000			155,000
NON-TORT DEFENSE FUND	2453	90,000			90,000
DMV FUND	2455.01	317,380	811,660	1,176,345	682,065
MITIGATION FUND	2455.02	249,900	8,184	104,219	345,934
INVESTMENT IN FIXED ASSETS	2460				-
TOTAL LIABILITIES & FUND BALANCES		2,516,410	6,233,201	6,233,202	3,018,530
					0

Total Encumbered Funds	\$ 933,329
Total Fund Balances	1,829,382
Increase/Decrease in Expenditures compared to Budget	-36.49%
Increase/Decrease in Revenues compared to Budget	27.06%

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
 FY 2014-15 BUDGET SUMMARY COMPARISON
 CONSOLIDATED FUND SUMMARY

	APPROVED CONSOLIDATED BUDGET FY 2013-14	REVISED CONSOLIDATED BUDGET FY 2013-14	ACTUAL CONSOLIDATED FUNDS FY 2014-15 1/31/2015	APPROVED CONSOLIDATED BUDGET FY 2014-15
REVENUE:				
Permit Fees	820,900	751,064	767,848	818,330
Fines/Settlement Funds	35,000	35,000	48,622	35,000
Interest	70,000	70,000	22,892	50,000
State Subvention	106,000	106,000	54,301	106,000
Statewide PERP	43,000	43,000	40,644	40,000
State Vehicle Surcharge Fee (AB2766 & AB923)	2,080,348	2,080,348	1,238,258	2,105,000
Other Government Assistance	72,276	72,276	133,842	148,555
Burn / Land / Other	48,247	42,085	27,903	31,245
Mitigation Fees	0	183,385	104,219	-
Per Capita Assessment	178,732	178,732	183,058	183,000
Miscellaneous	2,700	2,700	10,996	11,000
Intra -District Settlement Fund Transfer	0	0	0	-
District Facility Rental Income	10,162	10,162	12,293	15,242
Project Generated	20,000	20,000	-	25,000
Total Revenue:	3,487,364	3,594,751	2,644,876	3,568,372
TOTAL FUND CARRY-OVER PREVIOUS FY	910,455	910,455	964,964	964,964
TOTAL FUNDS AVAILABLE	4,397,819	4,505,206	3,609,840	4,533,337
EXPENSE:				
Salary & Benefits	2,228,270	2,425,365	1,173,649	2,349,456
Supplies & Services	632,113	721,082	279,026	803,679
Clean Air Grants and Woodstove Incentive	1,009,271	1,073,768	62,523	1,004,900
Building Purchase Payback	50,000	-	40,000	40,000
Building Improvement	-	-	-	-
Total Expense:	3,919,654	4,220,214	1,555,198	4,198,035
Ending Fund Balance:	478,165	284,992	2,054,642	335,302
Unencumbered (encumbered) Current			(225,260)	
TOTAL FUND BALANCE	478,165	284,992	1,829,382	335,302
Encumbered Funds (Funds already committed)	2,025,327	2,025,327	777,861	1,377,848
TOTAL FUND BALANCE	2,503,492	2,310,319	1,829,382	1,713,150

*The "Ending Fund Balance" for the proposed FY 2014-15 budget is the consolidated total for the following fund balances:

Operations Fund	\$	23,897
Building - Maintenance Capital Outlay		50,000
Vehicle Replacement Fund		60,000
Reserve -- sub fund to Operations		95,000
Non-Tort Defense Fund--sub fund to Operations		90,000
Sub-Total Unreserved Operations + Reserved Operations	\$	318,897
DMV (AB2766 & AB923) Fund		6,405
Mitigation Fund		-
Ending Fund Balance Totals	\$	<u>325,302</u>

**The "Encumbered Funds" for the approved FY 2014-15 budget are consolidated from the following:

Operations Fund	130,177
DMV (AB2766 & AB923) Fund	613,619
Mitigation Fund	634,053
Encumbered Funds	<u>1,377,848</u>

*** Note that the Settlement Revenue from the SPI case (settlement was received on July 24, 2007) of \$2,742,500 has been removed to a separate sub-fund; likewise, the recovered litigation costs for the same case of \$700,000 has also been moved to a sub-fund in order to separate these funds from the District's Operational Budget. The funds for the purchase of the building were taken from the Settlement Fund (\$1,500,000) leaving \$1,242,500. An additional \$40,000 was used to purchase and install solar panels on the District's building located at 110 Maple Street in Auburn, California. The District paid back \$50,000 to the Building Purchase in FY 13-14 which leaves a balance of \$1,252,500 in the Settlement Fund. Also, \$361,500 was taken from the Litigation Cost Recovery Fund for "Relocation Costs" leaving \$338,500 in that fund. Interest derived from those funds is included in the Operations Fund for FY 2014-15.

Most of the encumbered funds (94.59%) are Clean Air Grants that have been awarded to Placer County recipients over the last three fiscal years. The funds have not been dispersed because the contracted clean air projects have not been completed.