PLACER COUNTY AIR POLLUTION CONTROL DISTRICT BOARD OF DIRECTORS

Thursday, February 11, 2010 2:30 P.M. Board of Directors Meeting Minutes

The Board of Directors of the Placer County Air Pollution Control District met in session at 2:30 P.M., Thursday, February 11, 2010, at the Placer County Board of Supervisors' Chambers, 175 Fulweiler Avenue, Auburn, California. Representing the District were: Tom Christofk, Air Pollution Control Officer; Todd Nishikawa, Compliance and Enforcement Manager; Yu-Shuo Chang, Planning and Monitoring Manager; Jane Bailey, Administrative Services Manager; and Don Duffy, Associate Engineer.

The meeting was called to order by Chairman Ucovich and the Flag Salute was led by Mike Holmes. Roll call was taken by the Board Clerk with the following members in attendance: Mike Holmes, Donna Barkle, Kent Nakata, Miguel Ucovich, Robert Weygandt, Jim Holmes, Peter Hill, and John Allard (Mr. Allard arrived after roll call). Jennifer Montgomery, who was appointed in Kirk Uhler's place on the Board, was absent. A quorum was established.

The Minutes for the December 10, 2009, meeting were approved unanimously, as was the Agenda for the February 11, 2010, meeting.

Public Comment:

There was no public comment

Item 8: Approved Budget Revision #10-01 for budgeted revenue and expenditure for the FY2009-10 Mitigation Fund and DMV Fund: (Consent/Action)

Approved and signed the Budget Revision #10-01 thereby increasing the budgeted expenditure and revenue of the Air Quality Mitigation Fund and the DMV Fund for Clean Air Grants in FY2009-10.

Motion to approve Item 8: Hill/M. Holmes/Unanimous

Item 9: Rule Amendment Rule 502: New Source Review (Public Hearing /Action)

Mr. Christofk explained that this rule amendment entailed rescinding the entire rule and adopting a completely rewritten rule. This Rule, <u>New Source Review</u>, is the primary rule by which the District governs the permitting process of new stationary sources when they first apply for an Authority to Construct. This is a very complex rule and District Staff have been working on the amendment for many years. Staff has been working closely

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with both the ARB (Air Resources Board) and the EPA (Environmental Protection Agency) in order to craft a rule which will meet SIP (State Implementation Plan) approval (being SIP approved is required and allows for federal enforcement of a rule). Mr. Christofk introduced Mr. Don Duffy, Associate Engineer, who was the lead on rewriting this rule.

Mr. Duffy had prepared a Power Point presentation to assist with the explanation of the intricacies of the rule amendment and why it was necessary. The rule has its basis in the Federal Clean Air Act (adopted in 1977 and amended in 1990), the California Clean Air Act, and the California Health and Safety Code. The rule is a preconstruction permitting program for stationary sources based upon the concept that it is easiest and most cost effective to control air emissions by incorporating control equipment at the time of construction.

Mr. Duffy gave a history of the SIP status of the rule over time. The rule has not been SIP approved since the 1979-81 timeframe. In 1993, Rule 508 was rescinded in its entirety and replaced with Rule 502 which was submitted as a SIP revision in both 1993 and 1994; however, both revisions were withdrawn due to approval issues. Rule 502 was most recently amended in December of 2004, in order to address mandated changes but was not submitted for SIP approval.

Not being officially SIP approved since 1979-81 proved to be an advantage for the District when amending this rule. The State legislature in 2003, enacted SB288 the "anti-backsliding" law which prevented the relaxation of SIP approved new source review (NSR) rules in other Districts. The state did this by setting 2002 as the baseline for SIP approved rules, or for any rule under review at that time. Since Rule 502 had not been submitted for SIP approval since 1979-81, it was easier for this district to amend the rule without restriction.

Rule 502 needed to be amended for several reasons; to resolve issues with prior rule revisions, to update definitions to comply with EPA NSR reform, to add PM2.5 as a new non-attainment pollutant, to provide separate requirements for major and non-major sources and to relax some offset thresholds and ratios to be consistent with neighboring districts. But most of all this rule needs to be SIP approved and therefore federally enforceable.

Mr. Duffy went on to explain the NSR requirements for BACT (best available control technology), emission offsets and emission reduction credits (ERC). He also explained that Placer County had three air basins within its jurisdiction which is unique among air districts. The complication with this situation is that each of the air basins are in a different attainment status for the Federal National Ambient Air Quality Standards (NAAQS) and the NSR Rule needs to apply to all three air basins. Mr. Duffy also gave

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some detail as to how PM2.5 will be regulated within the rule, how the rule will have separate requirements for major and non-major sources, and the details of some of the offset changes.

The change that will have the most impact to stationary sources within the district is that the offset threshold and quantity of offsets required have been re-structured. This will make it more cost effective for businesses that might exceed the current emissions thresholds to be more competitive in this county. Mr. Duffy went on to explain the details of this process and the cost impacts in the different air basins.

Mr. Duffy concluded his presentation by stating that the proposed rule amendments were developed with extensive consultation with the EPA and ARB. The primary stakeholders were kept informed throughout the process including workshops and direct mailing. He asked that the Board rescind the text of the current rule, adopt the amended rule and direct the APCO to submit the rule for SIP approval.

After a few comments from the Board, Chairman Ucovich opened public comment. Ms. Becky Wood, Environmental Manager for Teichert, spoke in favor of the new rule as did Mr. Brett Storey, Program Manager for the Placer County Biomass to Energy Program.

Public comment was closed by the Chair and a motion on this item was entertained.

Motion to rescind existing Rule 502 and adopt amended Rule 502 New Source Review: J. Holmes/M. Holmes/Unanimous (by roll call)

Item 10: Regulatory Measures for 2010 (information)

Mr. Todd Nishikawa presented this item. He said that each year the District is required by Health & Safety Code Section 40923 to publish a list of regulatory measures which may be scheduled for consideration within that year. This year the District placed notices in the Auburn Journal, Lincoln Messenger and the Roseville Press Tribune advising the public that the list was available.

Item 11: Air Pollution Control Officer's Report:

a. Cap-to-Cap 2010: Mr. Christofk advised the Board that there is \$3500 in the FY2009-10 Budget for attendance at Cap-to-Cap. He asked the Chair to give direction on how to manage these funds. Chairman Ucovich asked the Board if any of the Directors had a need for the funds. Director Mike Holmes said that he would appreciate being able to use some of the funds and Director Allard said that he would like to as well. Both directors were asked to serve on the air quality team in Washington if they used District funds. Both directors asked for

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reimbursement for the registration fee. Mr. Christofk said that he thought since two Directors were going that the funds be split 50/50 between them allowing each to be reimbursed for up to \$1750. Chairman Ucovich asked for a motion and vote on this decision.

Motion to approve expending funds for Cap-to-Cap: Barkle/Nakata/Unanimous

- **b. 2010 Clean Air Grant Program:** Mr. Christofk gave a brief overview of this year's Clean Air Grant Program. This year there will be \$1,024,751 available for projects. The deadline for applications is February 26, 2010 and Mr. Christofk urged the Board to encourage the submittal of applications if their jurisdictions had a project in mind.
- c. Federal Clean Air Act Failure to Attain (section 185) Fees: Mr. Christofk explained that this act imposes a penalty on major sources of pollution for failing to attain the National Ambient Air Quality Standards (NAAQS). Placer, along with Yolo-Solano, El Dorado, Sacramento, and Feather River air districts failed to attain the 1-hour standard by the deadline of the SIP. (This area would have attained the 1-hour standard if not for the wildfires in 2008.) The District is required to adopt a Section 185 fee rule or face sanctions for not doing so. The EPA has indicated that the District has four (4) alternatives in its adoption of a Section 185 Rule and can adopt one, several or all alternatives. Staff will be working on a rule to address this complicated subject, but believe that the feesequivalent or emission equivalent alternative may be utilized by this district due to the robust Clean Air Grant program as well as the work with the Rail Road and the emissions harvested through these efforts over the years.
- d. New federal National Ambient Air Quality Standards, Ozone 8 hour proposal: Mr. Christofk said that the federal government continues to review the NAAQS and with respect to ozone and are considering lowering the standard. If this happens it will be very difficult to reach attainment of the ozone standard (proposed to be 0.060 ~ 0.070 ppm). Since greater than 80% of NOx emissions come from mobile sources, which are not regulated by the District, it will be very hard to reduce any further emissions from stationary sources. Dr. Chang gave a short Power Point presentation on the history of the federal ozone standards since 1997 when the 8 hour standard was 0.084 ppm, 23% higher than the proposed new standard. The EPA will publish the final area designations in July 2011 and the new SIP should be due in to the EPA in December of 2013.
- **e. Fiscal Update:** Mr. Christofk said that as of the end of December 2009 the District finances are where they should be with regard to the budget. In April, the Clean Air Grants will be awarded and within a month of that date the funds

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should be encumbered and the revenue to expenditure will be more balanced. Mr. Christofk also said that he hadn't seen a decrease in the number of Authority to Construct applications and that the permit revenue was within what he considered normal bounds.

Item 11: Adjournment:

Chairman Ucovich thanked Staff for their work on getting Rule 502 prepared and then adjourned the meeting stating that the next meeting would be held on April 8, 2010.

Margie Koltun, Clerk to the Board